pricol

# PRICOL LIMITED

*Passion to Excel*

## ANNUAL REPORT 2021

**RESILIENCE, RESURGENCE AND SUSTENANCE**

# CONTENT



*Note: Across this report, the word 'Pricol' refers to 'Pricol Limited'.*

*Forward-looking Statements*

*In this Annual Report we may have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.*

*We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.*

*We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.*

# OUR THEME

Pricol has always been a symbol of holding its values, vision, and mission in high regard along with the perusal to achieve engineering excellence. We have committed to it wholeheartedly and this has resulted in us being one of the most recognized providers of precision-engineered technological solutions among leading automotive components and Industrial Brands.

## PRICOL'S THEME FOR THIS YEAR REVOLVES AROUND 3 ASPECTS OF GROWTH - RESILIENCE, RESURGENCE AND SUSTENANCE.

### RESILIENCE

Pricol has always embraced its outcomes even though when things weren't favourable and the paths taken were not the most ideal ones. This amazing quality of ours to stay united and strong through tough times has given us the strength to be resilient towards the hurdles that many organizations may succumb to. Pricol applauds none other but our own workforce family for developing this quality of being resilient with the steady support of all stakeholders. Their sheer will and dedication towards never compromising on our values and working towards the vision and goal of the company irrespective of situations has earned the name and pride of what we are as “Pricol” today.

### RESURGENCE

One thing Pricol can boldly carry on its face is the fact that it has resurged from the toughest of the times. In fact, we have always bounced back to be stronger than we first faced our adversities. Our ability to resurge doesn't just narrow down to coming back from unfavourable business ventures but also from external factors such as the COVID - 19 induced Economic Crisis. Today, we have come out of the red situation completely and have jettisoned all loss making entities. Amidst the pandemic, we were able to pull off a much higher industry performance rate and operational excellence than most of our competitors. We did all that we could possibly do to streamline the business and operations and equipped ourselves better to be robust and ready for growth.

### SUSTENANCE

Pricol's tale of resurgence from adversities is nothing short of a wonder. However, several critics often question if it is a one-time wonder. This is what pushed us to map our theme around another important aspect which we believe we will carry on to the future as well, Sustenance. Our primary focus is to continue this level of performance and open new doors for the business which might have never been pursued before, in a steady manner. We have gone up the value chain in terms of our product offerings with the new business wins, which will definitely help us to sustain the performance and grow from here onwards. Our team morale is at an all-time high, which will only make Pricol a force to reckon with in the market as a frugal innovator of cutting edge technology.

# COMPANY PROFILE

Pricol Limited is one of India's leading automotive components and precision engineered products manufacturers head quartered in Coimbatore. Pricol commenced its operations in the year 1975 in Coimbatore, South India and today it strides as a reputable global brand in the automotive component and products business, highly recognized by top automotive OEMs across the world.

The company carries out its business and operations in Driver Information Systems and Sensors, Pumps and Allied Products, Telematics and Wiping Systems catering to leading automotive OEMs in Two / Three Wheeler, Passenger Vehicles, Commercial Vehicles, Farm Equipment and Offroad Vehicles across India and in International Markets (45+countries) with 2000+ product variants.

Today the company has 7 manufacturing plants across Coimbatore, Manesar, Pantnagar, Pune and Sricity in India, 1 manufacturing plant in Indonesia and 1 subsidiary in Satara in India, with 2 international offices in Tokyo and in Singapore. Pricol Group is powered by 5000+ strong, dedicated workforce which resolutely pursues the mission to be PASSIONATE, SUSTAINABLE, DYNAMIC and EVOLVING.

## OUR VISION

We will strive to attain leadership and excellence in all the products and services that we provide, through socially and environmentally acceptable means.

## OUR MISSION

**Be Dynamic**

Constantly innovate and find better ways to deliver value to our customers

**Constantly Evolve**

Improve in every sphere of our activity

**Work Passionately**

To enhance value to our customers, employees, suppliers and shareholders

**Be Sustainable**

Care for the society and environment around us

## OUR VALUES

**Passion**

Whatever we do, we do it from the bottom of our heart.

**Respect**

We respect those who add value to our lives.

**Integrity**

We never compromise on our values.

**Collaboration**

We believe in working towards a unified goal.

**Ownership**

We are responsible for all our actions.

**Listen**

We listen to both the spoken and unspoken before we act.

# PRICOL'S PRESENCE

# PRODUCTS & SOLUTIONS

## DRIVER INFORMATION SYSTEM

Connected Vehicle Solutions

Instrument Cluster

Telematics

## SENSORS & SWITCHES

TFR Type

Reed Type

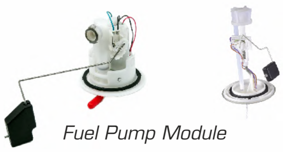
Fuel Level Sensors

Position Sensors

Temperature Switch & Sensors

Speed Sensors

## PUMPS & MECHANICAL PRODUCTS



Fuel Pump Module

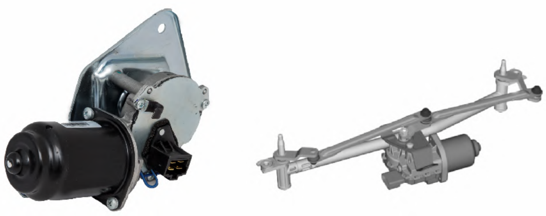
Oil Pumps (Gerotor & Variable Oil Flow)

Electric Water Pump

Heavy Water Pump

Conventional Water Pump

## AUTO ELECTRICAL PRODUCTS



Wiping Systems

# ESTEEMED CLIENTELE

## TWO WHEELERS

| | | | | | | |
|---|---|---|---|---|---|---|
| aprilia | BAJAJ | BMW | DERBI | HARLEY-DAVIDSON | Hero | HONDA |
| Kawasaki | ROYAL ENFIELD | SUZUKI | TRIUMPH | TVS | VICTORY | YAMAHA |

## FOUR WHEELERS

| | | | | | | |
|---|---|---|---|---|---|---|
| FIAT | GM | Mahindra | MARUTI SUZUKI | MITSUBISHI | Mercedes-Benz | NISSAN |
| PSA GROUPE | | ŠKODA | SUZUKI | TATA | TOYOTA | Volkswagen |

# ESTEEMED CLIENTELE

## COMMERCIAL VEHICLE

- ASHOK LEYLAND
- DAIMLER
- FORCE MOTORS
- Mahindra
- PIAGGIO®
- SWARAJ MAZDA
- TATA
- VE COMMERCIAL VEHICLES – A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE

## TRACTORS

- CNH INDUSTRIAL
- ESCORTS
- INDO FARM EQUIPMENT LIMITED
- JOHN DEERE
- Kubota
- Mahindra
- NEW HOLLAND AGRICULTURE
- PREET
- SAME
- SONALIKA INTERNATIONAL
- TAFE
- VST TILLERS TRACTORS LTD.

## OFF ROAD VEHICLE

- Bobcat
- CAT
- DOOSAN
- HYUNDAI CONSTRUCTION EQUIPMENT
- JCB
- TATA HITACHI – Reliable solutions
- TEREX®

# ESTEEMED CLIENTELE

## INDUSTRIAL & OTHERS

## EXPORT CUSTOMERS

# NEW BUSINESS WINS

## 2W CONNECTED, LCD & TFT CLUSTERS

## EV CLUSTERS

## 2W ELECTRONIC DIGITAL CLUSTERS

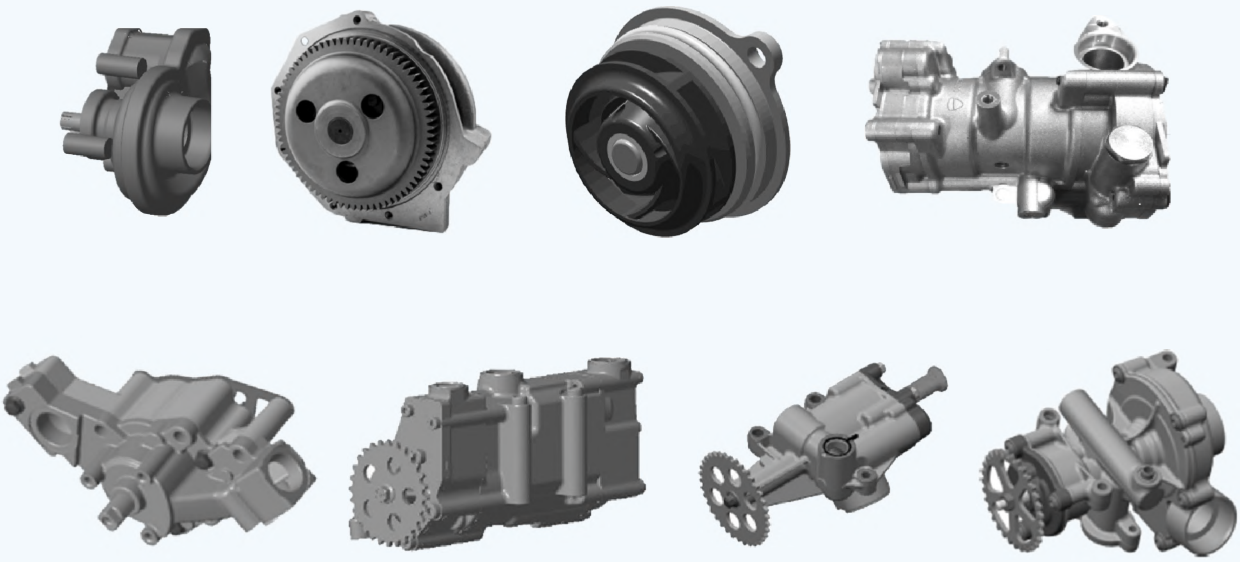
## PASSENGER VEHICLES & COMMERCIAL VEHICLES CLUSTERS

## OFF ROAD VEHICLES EXPORT CLUSTERS

# NEW BUSINESS WINS

## FUEL PUMPS & E-PURGE VALVE

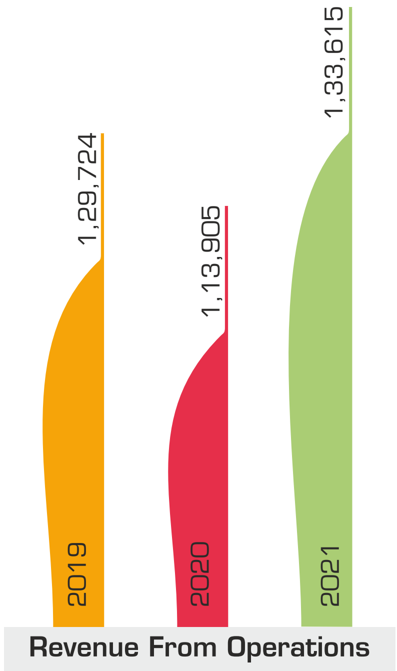
## HEAVY DUTY EXPORT PUMPS

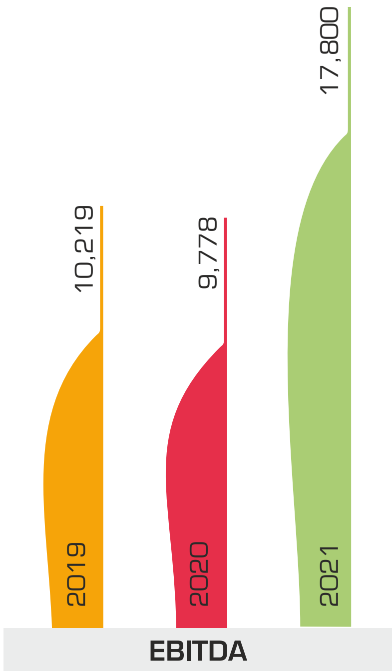


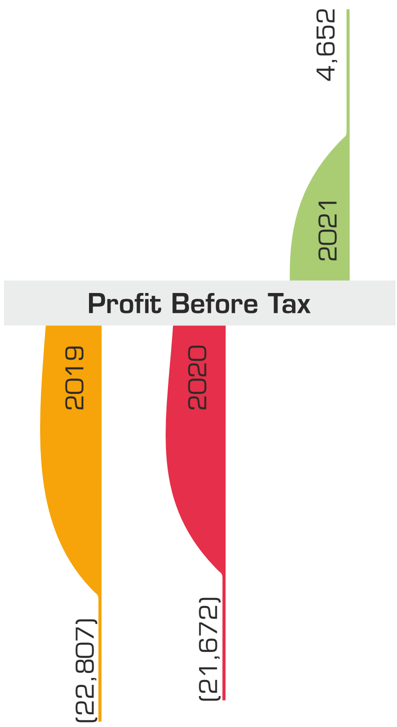
## SPEED SENSORS

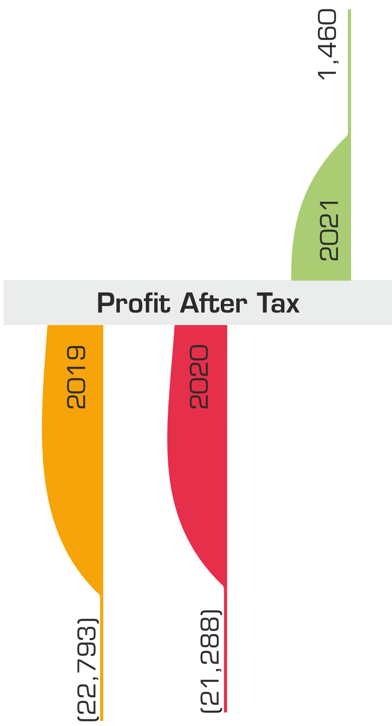
# PERFORMANCE HIGHLIGHTS (STANDALONE)

₹ in Lakhs



# CHAIRMAN'S MESSAGE

***Dear Shareholders,***

Greetings from Pricol!

I hope you and your family are safe from the ongoing COVID-19 pandemic and I pray for everyone's wellbeing. Firstly, I would like to take this opportunity to thank each and every one of you for your continuous support and confidence in us.

The nation is grappling with the pandemic, while simultaneously gearing itself for a phased reopening of the economy and preparing for life beyond the pandemic. The year 2020-21 was an unprecedented one in every sense and it tested our resilience and patience to withstand enormous challenges, which brought out our collective strength to push through paradigm shifts.

We have seen the whole country enter complete lockdown which adversely affected economy at large and businesses across sectors; be it large or small, organized or unorganized. Such extraordinary times called for extraordinary measures to be taken within the organization to be buoyant to sail through the turbulent times.

The auto-ancillary industry account for around 2.5% of India's GDP and it is one of the most important sectors contributing to the Indian economy. The sector saw a big downturn during the start of last fiscal year. However, with relaxations of lockdown followed by the movement of people and goods gaining traction, the sales were up and running again and with Social Distancing becoming a norm, the industry bounced back stronger with increased demand of vehicle sales.

**Change is Constant and the one who does not adapt to it shall perish, as they say.** We at Pricol have been ever adapting to changes and flexible in our approach. This has really helped us to bolster ourselves better and recover from the impact much stronger. We took several initiatives across the organization and our teams have been exhibiting dynamism from the forefront which collectively helped us to achieve much better results than we had anticipated.

**Safety First!** Safety was and is always on top our mind. We have taken all the necessary precautions in order for the operations to continue seamlessly and will continue to follow the guidelines laid out by the government in order to safeguard our employees at all levels from the impact of COVID-19. We had constituted a dedicated task force and volunteer team across all locations to monitor the spread of the disease and effectively control the same.

**Beyond Business.** During this critical time, when the world cries out for help, we felt that reaching out to people beyond our organization was needed more than ever. We have extended our support to the medical fraternity, frontline workers, etc to the best possible extent as our moral responsibility and commitment to give back to our society and our communities.

Today, as Pricolians, we are resilient and united more than ever before and we are looking forward to take on more opportunities and challenges. I would like to take this opportunity to thank all our employees for their sustained contributions. Further, I would like to thank the Board for their continuous guidance and support. I would also like to thank our shareholders, bankers and business partners for their continued support for our company over the years. We will continue to stay focused and work together with all our stakeholders to ensure we all succeed together.

***Best wishes,***
***Vanitha Mohan***
***Chairman***

## MANAGING DIRECTOR'S MESSAGE


**"IF YOU WANT TO GO FAST, GO ALONE;**

**IF YOU WANT TO GO FAR, GO TOGETHER."**

***Dear Shareholders,***

The Old African saying embodies Pricol's approach in promoting togetherness with its stakeholders. The continued success of our business over the past four decades is a testament to our ability to work with our stakeholders - our employees, our customers, our investors, our banking partners, our Corporate relationships and all our well-wishers. In a world of dependencies, these synergistic relationships have been significant contributors to the incredible growth of our company and this will inspire us to draw strength in the years to come, especially in these challenging times.

### Coming out of the red

Pricol has always focussed on efficiency and it will continue to do so. The overseas operations which had a major impact on the bottom-line overall for the company were all hived off in order to become leaner and to be more focussed on profitable geographies. This timely exit of such bleeding overseas operations right before the pandemic helped us to be resilient thereby protecting our cash flows. COVID-19 pandemic made us even more resilient to evaluate all aspects of business and operations and be prudent in our spending by trimming down all unnecessary costs. Further, the launch of high value and high margin new products have put us in a better trajectory of resurgence. Going forward, leaner and efficient organization will be the order of the day with focus on R&D for next-generation products and technologies.

### People Focus

As evident in the logo of our company, the management believes in the interest of its stakeholders, who are the core of its operations. Our employees are the biggest assets of our organization and during these unprecedented times we have ensured their safety and provided complete support in all aspects to the maximum extent possible. All our team members exhibited utmost discipline in following the protocols which helped us to navigate the critical times without any major safety and health impacts.

# MANAGING DIRECTOR'S MESSAGE *(Contd.,)*

**Identifying opportunity amidst crisis**

A crisis brings us the opportunity to challenge ourselves. The advent of COVID-19 has not only challenged us but also brought out the best in us; which is evident with the launch of new products and productionizing those products, which now contribute a large percentage to the top-line and bottom-line. We have launched new products such as connected clusters and digital clusters for 2 wheelers (traditional and EV vehicles), passenger vehicles (traditional and EV vehicles), commercial vehicles, fuel pump module and electronic purge valve.

**The year gone by**

The economy and the auto sector were facing headwinds at unimaginable levels with no cure for COVID-19 at the start of fiscal year, with the economy coming to a halt and a strict nationwide lockdown. To add to that, the raw materials costs skyrocketed compounded with significant disruptions in supply chain, thereby substantially increasing the input costs affecting EBITDA and PAT margins. Also, with manufacturing activity coming to a halt, the migrant labour flocked to their native places in large numbers creating an acute labour shortage which does not auger well for any industrial establishments. However, post the unlocking of the economy, things started to become normalized and the industry bounced back well due to the pent up demand and social distance norms, which saw increased vehicle sales. For the Standalone operations: we were able to achieve a 17.3% growth in revenue from operations in FY 20-21 compared to the previous year. Our Cash profits stood at INR 138 crores in FY 20-21 compared to INR 70 crores in FY 19-20. We were able to generate a free cash flow after capex of about INR 108 crores in FY 20-21 as against INR 16 crores in FY 19-20. With all our combined actions, we have resurged from the downturn and achieved a good results for the year and we hope to sustain the same and grow further.

**Future Readiness**

The instrument clusters are shifting from more of mechanical nature to Driver Information Systems which are highly software driven. Pricol has foreseen this and has started strengthening the in-house capabilities for the same and launched connected vehicle solutions for our customers. We have been able to garner new export customer base especially for the heavy duty pumps, which will add significant business and value in those product verticals in the years to come. Also, the electric vehicle (EV) space is gaining ground faster than expected given the significant rise in fuel costs and a shift towards more greener and sustainable modes of transport, combined with the policy decisions being driven by the Government. We are EV ready in our existing product verticals and have started our supplies to OEMs for their recently launched EV vehicle platforms. We are also in the process of expanding the product offerings to be future ready both for traditional as well as EV vehicles. On behalf of the Board of Directors, I would like to thank our customers, shareholders, banking partners, suppliers and channel partners for reposing trust and faith in us. Last but not the least, I would like to whole heartedly thank my colleagues for going above and beyond their call of duty to support the business in these difficult times. With your continued support, I eagerly look forward to a prosperous year ahead.

***Best wishes,***
***Vikram Mohan***
***Managing Director***

# BOARD OF DIRECTORS

## MRS. VANITHA MOHAN
***Chairman***

Mrs. Vanitha Mohan (68) is a Commerce Graduate with a Post-Graduate Diploma in Business Management from the University of Strathclyde, Glasgow, UK. She has 35 years of experience and heads the Internal Audit functions and Corporate Social Responsibility activities at Pricol along with which she also acts as a Director of Sagittarius Investments Private Limited and Shrimay Enterprises Private Limited. She is the Managing Trustee of SIRUTHULI, an NGO formed to address the environmental issues of Coimbatore with focus on water management and enhancement of green cover of the city. She is also a Trustee of ND Foundation and the Vice Chairman at Kongu Global Forum, an organisation set up for the development of 7 districts forming part of the Kongu region of Tamil Nadu prior to which she is a past President of the 91 year old Indian Chamber of Commerce and Industry, Coimbatore.

## MR. VIKRAM MOHAN
***Managing Director***

Mr. Vikram Mohan (46) holds a bachelor's degree in Production Engineering with an Honors from PSG College of Technology, Coimbatore. He has 25 years of experience and is responsible for Strategy, Finance, Customer Relationship Management and Public Relations at Pricol. He is the founder of the Entrepreneurs Organization (EO) Chapter in Coimbatore and is currently a member of EO South Asia. He is also a member of Young Professions Organization (YPO) Chennai. He has been actively involved in the Confederation of Indian Industries (CII) and the Automotive Components Manufacturers Association (ACMA) in various board positions.

## MR. V. BALAJI CHINNAPPAN
***Chief Operating Officer***

Mr. V. Balaji Chinnappan (56) holds a bachelor's degree in Production Engineering from PSG College of Technology, Coimbatore and a master's degree in Business Administration (Strategy & HR) from PSGIM, Coimbatore. He has 35 years of experience and is responsible for the overall manufacturing operations at Pricol. Certified TPM Facilitator by CII Centre of Quality, Bangalore. Presented more than 20 papers on topics like Low Cost Automation, Lean Manufacturing, Strategic Planning and Management, Best Practices in Industries in the National and International Conferences. Designed and developed more than 50 Special Purpose Machines for auto components manufacturing and assembly. Trained on instrument cluster assembly process at Nippon Seiki, Japan, Denso Corporation, Japan and Toyoda Gosei, Japan for rubber component manufacturing.

## MR. R. VIDHYA SHANKAR
***Independent Director***

Mr. R. Vidhya Shankar (51) holds a Bachelor of Commerce and Bachelor of Law degree from Bharathiyar University, Coimbatore. He is a Gold Medalist and holds the record for a very rare first class in Law at Bharathiyar University. 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 transactions and general corporate advisory services. He has several reported decisions in the field of corporate law to his credit.

# BOARD OF DIRECTORS

## MRS. SRIYA CHARI
**Independent Director**

Mrs. Sriya Chari (47) years of age is a B. Com (Hons.) graduate from Sriram College of Commerce, Delhi and holds an MBA from Cardiff Business School, University of Wales. She comes with 28 years of experience and also acts as the Director of Rajsriya Automotive Industries Private Limited, Yogya Systems Private Limited, and India Motor Parts & Accessories Limited.

## DR. S. K. SUNDARARAMAN
**Independent Director**

Dr. S. K. Sundararaman (48) holds an MBBS Degree in his undergraduate studies and master's in business management from Cambridge University, U.K. He is currently the Managing Director of Shiva Texyarn Limited and the Managing Trustee of the Firebird Institute Of Research In Management. He has been the past Chairman of CII Coimbatore, Education Convener of CII, Tamilnadu. He is currently the Chairman of the Indian Technical Textile Association, Vice Chairman of The Southern India Mills Association & Vice Chairman of SIMA CDRA. He is director in 6 Public Limited Companies and 6 Private Limited Companies. He is also on the Governing Councils of Textile Associations.

## MR. P. SHANMUGASUNDARAM
**Independent Director**

Mr. P. Shanmugasundaram (72) holds a B. Com, LLB, FCA, and comes with 46 years of experience as a Chartered Accountant. He is also a partner at the Reddy Goud & Janardhan, Chartered Accountants Firm, Bengaluru and acts as an Independent Director at Listed Companies namely L.G. Balakrishnan & Bros Limited and LGB Forge Limited. He holds the post of Chairman of Audit Committee in both the companies while holding an additional post of member of Nomination and Remuneration Committee of LGB Forge Limited.

## MR. K. ILANGO
**Independent Director**

Mr. K. Ilango (56) holds a bachelor's degree in engineering and comes with 35 years of experience in manufacture of Auto Components. He also holds the position of Managing Director of RSM Autokast Private Limited and Codissia Industrial Park Limited. He is also a Director of KKR Securities Private Limited, Rajshree Sugars & Chemicals Limited and Tamil Nadu Electricity Consumers' Association. He is a Past President of Round Table India and CODISSIA. He is the Chairman of Round Table India Foundation and Treasurer at Codissia Intec Technology Center.

## MR. NAVIN PAUL
**Independent Director**

Mr. Navin Paul (63) holds a bachelor's degree in Science in Mechanical Engineering (with Honors) from National Institute of Technology, Kurukshetra, Haryana and a master's degree in Business Administration from Faculty of Management Studies, Delhi. He is also a Director in IP Rings Limited, Brakes India Private Limited and Amalgamations Repco Limited. He is also the Executive Committee Member of ACMA and Co-Chair of Government Regulations and Advocacy Sub Pillar. He was the Former Executive Vice President Sales and Marketing of Mobility Solutions with BOSCH, India from 2011-2017 reporting to BOSCH Board of Management in Germany.

# BOARD OF DIRECTORS

| | | |
|---|---|---|
| Mrs. | Vanitha Mohan, Chairman | (DIN: 00002168) |
| Mr. | Vikram Mohan, Managing Director | (DIN: 00089968) |
| Mr. | V. Balaji Chinnappan, Chief Operating Officer | (DIN: 08014402) |
| Mr. | R. Vidhya Shankar, Independent Director | (DIN: 00002498) |
| Mrs. | Sriya Chari, Independent Director | (DIN: 07383240) |
| Dr. | S.K. Sundararaman, Independent Director | (DIN: 00002691) |
| Mr. | P. Shanmugasundaram, Independent Director | (DIN: 00119411) |
| Mr. | K. Ilango, Independent Director | (DIN: 00124115) |
| Mr. | Navin Paul (from 22nd October 2020), Independent Director | (DIN: 00424944) |
| Mr. | Suresh Jagannathan (upto 10th February 2021), Independent Director | (DIN: 00011326) |

# BOARD COMMITTEES

## AUDIT COMMITTEE

Mr. P. Shanmugasundaram
Mr. R. Vidhya Shankar
Mrs. Sriya Chari
Dr. S.K. Sundararaman
Mrs. Vanitha Mohan

## NOMINATION & REMUNERATION COMMITTEE

Mr. R. Vidhya Shankar
Mrs. Sriya Chari
Mr. P. Shanmugasundaram

## STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. R. Vidhya Shankar
Dr. S.K. Sundararaman
Mrs. Vanitha Mohan
Mr. Vikram Mohan

## INVESTMENT AND BORROWING COMMITTEE

Mrs. Vanitha Mohan
Mr. Vikram Mohan
Mr. R. Vidhya Shankar
Mr. P. Shanmugasundaram

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Vanitha Mohan
Mr. Vikram Mohan
Mr. K. Ilango

### CHIEF FINANCIAL OFFICER
Mr. P. Krishnamoorthy

### COMPANY SECRETARY
Mr. T. G. Thamizhanban

### STATUTORY AUDITOR
M/s. VKS Aiyer & Co.,
Chartered Accountants,
No. 380, VGR Puram, Off Alagesan Road,
Saibaba Colony, Coimbatore - 641 011

### SECRETARIAL AUDITOR
M/s. P. Eswaramoorthy and Company,
Company Secretaries,
44, 5th Street, Ramalinga Jothi Nagar,
Ramanathapuram, Coimbatore - 641 045

### COST AUDITOR
Mr. G. Sivagurunathan,
Cost Accountant,
No.277 /1, Second Floor, Thadagam Road,
(Indian Bank Upstairs), Venkitapuram,
Coimbatore - 641 025.

### BANKS / FINANCIAL INSTITUTIONS
State Bank of India
ICICI Bank Limited
The South Indian Bank Limited
IndusInd Bank Limited
Cholamandalam Investment and
Finance Company Limited

### REGISTERED OFFICE
109, Race Course,
Coimbatore - 641 018, India.
Ph: +91 422 4336000
E-mail: cs@pricol.com
Website: www.pricol.com
CIN: L34200TZ2011PLC022194

### FACTORIES

**Plant I**
132, Mettupalayam Road,
Perianaickenpalayam,
Coimbatore - 641 020,
Tamilnadu, India.

**Plant II**
Plot No. 34 & 35, Sector 4,
IMT Manesar, Gurugram - 122 050,
Haryana, India.

**Plant III**
4 / 558, Mettupalayam Road,
Chinnamathampalayam,
Billichi Village, Press Colony Post,
Coimbatore - 641 019,
Tamilnadu, India.

**Plant V**
Global - Raisoni, Industrial Park,
Gat No.180 - 187, Alandi - Markal Road,
Phulgaon, Haveli Taluka,
Pune - 412 216, Maharashtra, India.

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

**Plant IX**
Plot No. 120, Sector 8,
IMT Manesar, Gurugram - 122 050,
Haryana, India.

**Plant X**
650, Benjamin Road,
Sri City - 517 646,
Andhra Pradesh,
India

# GIVING BACK TO SOCIETY


WE CARE

A **PRICOL** INITIATIVE

Pricol's Corporate Social Responsibility (CSR) activities reflect its philosophy of enhancing value to the society and the environment around us. Through Pricol's long standing commitment to service to the society, we strive to attain leadership in our business through a socially and environmentally responsible way, while taking care of the interests of our stakeholders.

We work with the primary objective of contributing to the sustainable development of the society and creating a greener and cleaner environment around us. Towards achieving these objectives, Pricol has initiated 'We Care', a program which executes various social and environmental development activities in and around its operational locations.

Few glimpses of the CSR initiatives undertaken by the company in FY 2020 - 2021

**Knowledge Centre with Library Building**

- A Knowledge Centre with Library Building was inaugurated in January 2021 in Tirupur district, Tamilnadu.
- This library building was constructed keeping in mind the need for knowledge gaining for the local people and their children.
- The library includes a diverse collection of books and also a Digital section.

**Repairs & Renovation of Government School building**

- Pricol has adopted a Government High School in Tirupur District, Tamilnadu over the past 5 years.
- The company has provided the school with facilities like water purifiers, computer accessories, smart class and science lab equipment.
- Pricol has also maintained the infrastructure of the school building which includes painting, tree plantation and rainwater harvesting.
- The newly constructed school arch was inaugurated in January 2021.

# MANAGEMENT DISCUSSION

## GLOBAL SCENARIO

The Federal Reserve has hinted to keep the monetary policy accommodative and shall ignore the near term rise in inflation keeping in mind the economic recovery which has yielded good results and a rise in consumer sentiment

Euromonitor International projects global real GDP growth of 5.9% in 2021 and 4.2% in 2022. USA is expected to be the lead the economic recovery at a global level. United States' GDP is expected to grow at 6% in 2021 on the back of the massive fiscal stimulus announced at approximately 9% of the GDP. Announcement of fiscal stimulus coupled with faster vaccination drive has allowed the economy to open up and recover at a much faster pace. The same can be said about the Chinese economy which was amongst the first to recover from the impact of the pandemic and is on the path to recovery Global merchandise trade has already surpassed pre-pandemic levels, buoyed by strong demand for electrical and electronic equipment, personal protective equipment and other manufactured goods.

## INDIAN ECONOMY

Global slowdown accompanied with nation lockdown and strict restriction on the movement of people and goods in India took a toll on the Indian Economy and the industries came to a literal halt. Although the lockdown eventually lifted and businesses resumed partially consumers' deferred spending due to lack of visibility in the economic recovery on account of job losses and salary cuts across sectors.

The Reserve Bank of India had opted for an accommodative stance and kept rates unchanged and indicated it would keep doing so in order to ease the impact of lockdown. It has provided a relaxation to various business especially SME's in order to restructure the loans. Also, the central bank granted moratorium for loans as the repayment power of the businesses was hampered badly.

The rural sector remained insulated at the beginning of the pandemic but at a later stage got affected resulting into a negative impact on the farming sector.

## AUTO SECTOR

The first wave of Covid-19 had hit the Indian economy badly and India witnessed a never before seen strict nationwide lockdown in order to curb the spread of the virus. Work from home became a necessity with only essential services being allowed. Gradually the lockdown was lifted and employees were required to go back to work at least partially. As a result of which the auto sector witnessed a pent up demand as the consumer preferred to use their own vehicle and avoid public transport due to social distancing guidelines and the limit on the capacity to which public transport can be used.

Due to the work from home culture gaining ground significantly the demand for IC's increased exponentially and resulted in shortage for other industries including the auto ancillary sector. The prices for IC's skyrocketed and negatively impacted the raw material cost for manufacturing auto parts.

One more factor contributing to the substantial increase in raw material cost was steep increase in the cost of steel, copper and aluminium. The prices for these metals are trading at an all time high and are expected to sustain at these levels at least in the short term.

There is a gradual shift from fossil fuel powered vehicles to electric or even hybrid vehicles which are considered to be more environment friendly due to low levels of Carbon emissions. Although today in nascent stage, these vehicles are expected to grow at a higher rate than it is currently today, which opens up new pathways for newer products to be developed. As, Indian markets are on the flow to march towards Electric Vehicles manufacturing, Pricol has already switched its gear to be EV ready across its product verticals and started its supplies to OEMs.

On the flipside, one positive thing in this chaotic situation is that the export market is up and running and companies having exposure to international markets will fare much better than companies catering only to domestic markets owing to receding number in Covid-19 cases in those geographies and economy getting back on track. The overall impact on economy will depend on the duration of the lockdowns and how quickly governments lift these restrictions.

The OEMs and auto ancillaries have learnt to operate efficiently and have an idea for where the costs can be reduced. Furthermore, there is a shift towards digitization of operations and key focus area is on product innovation to drive growth.

# MANAGEMENT DISCUSSION

We are confident that the auto and auto ancillary sector will bounce back with full vigour, provided there are no further lockdowns and anymore disruptions on supply chain.  Now, the OEM's and Auto Ancillaries are much better prepared by optimally managing operations and inventories.

## IMPACT ON COMPANY

Pricol was no exception to take a hit because of the pandemic and its impact on economy and auto sector. However, we at Pricol Ltd have taken active initiatives to mitigate the impact to a large extent. We were constantly in touch with our customers in order to adjust our production schedules to ensure that we meet the demands of our customers without any supply chain disruptions. Also, frequent townhall meetings with proper protocols were conducted for better alignment of people across all levels.

On the raw material front, the prices for steel, aluminium and copper skyrocketed and increased the input cost. This is also evident in the fact that ICRA's Car Input Index went up from 98 in FY20 to 112 in FY21.

With proper planning, better cost control and team efforts, we at Pricol were able to delight our customers by meeting their continuous change in demands and were able to show a growth better than the Industry's growth.

## INITIATIVE TO ENSURE BUSINESS CONTINUITY

Any company's biggest asset is its employees and we have left no stone unturned to ensure their safety. Taking into view the current pandemic situation, a frontline Covid Warrior Programme was setup team by our HR team. A volunteer from each team was appointed who ensured all the government and company issued guidelines were followed in order to arrest the spread of COVID-19. Work from Home, wherever possible was instituted. Body temperature of employees was measured at regular intervals. If any employee was showing some symptoms he/she was quarantined immediately. With great pride, we would like to inform you that each and every one of our employee showed great discipline and ardently followed the stipulated guidelines.

Post easing of the travel restrictions, members of top management travelled to all the plant locations and conducted town halls with proper protocols to boost the morale of the teams.

In order to stay afloat during these testing times, we had to undertake salary cuts across all levels. Chairman and Managing Director does not received salary, perquisites etc., during 1st April 2020 to 30th September 2020. All senior, middle and junior management teams had a varied percentage of salary cuts during the first few months of the financial year without affecting their sustenance living. Furthermore, the independent directors had also forgone their sitting fees during the financial year.

A deep look into each and every aspect of operations was taken to mitigate the financial impact by mapping all the extra cost and trimming the costs wherever it was not necessary.

We have taken all the steps to ensure servicing the demand and efficiently managing supply and logistics chain. At the same time we have also made a point to maintain an optimum level of inventory so as to avoid unnecessary lockup of capital as most of our primary electronic components are imported. We have also reached out to our customers in order to be compensated for the increased prices so to pass on the same. Forex and raw material prices are hedged with customers which is a standard practice which we follow.

Low value and low volume products were discontinued in a bid to reduce the resources utilized for the same.

Even during these times we have not diverted our focus on R&D and have launched a whole host of products which have helped us outperform the industry and we would gladly like to point out the fact that approximately 40% of our revenue came from the newly launched products. Pricol shall remain committed to focus on R&D and come out with new products. We have already incurred capex which we believe will suffice for the current utilization levels and there will not be any significant capex required in the near term.

As the saying goes “When the going gets tough, the tough gets going”. With all the above mentioned initiatives / steps taken to mitigate any monetary or non monetary impact on the company, we assure you that Pricol is resilient enough, financially strong and doing everything in order to sail through these tough times and emerge even more stronger in the months to come.

# PERFORMANCE REVIEW

**FOR STANDALONE OPERATIONS:**

Revenue from operations grew by 17% in FY 20-21 as against FY 19-20 and it stood at ₹ 1,33,615 Lakhs.

Operational EBITDA stood at ₹ 17,800 Lakhs for FY 20-21 at 13% on revenue from operations.

Cash Profit for FY 20-21 stood at ₹ 13,767 Lakhs.

Free Cash flow after CAPEX for FY 20-21 stood at ₹ 10,800 Lakhs.

**SALES FROM APR TO MAR 2019-20 Vs 2020-21**

| | OEM Vehicle Production - Quantity (No in Lakhs) | | | Pricol Sales - Value (₹ in Lakhs) | | |
|---|---|---|---|---|---|---|
| **Segment** | **Apr to Mar 2019 - 20** | **Apr to Mar 2020 - 21** | **Growth** | **Apr to Mar 2019 - 20** | **Apr to Mar 2020 - 21** | **Growth** |
| | **A** | **B** | **%** | **C** | **D** | **%** |
| 2 / 3 Wheelers | 221.72 | 189.65 | (14) % | 77,090 | 88,525 | 15 % |
| Commerical Vehicles | 7.57 | 6.25 | (17) % | 6,229 | 10,636 | 71 % |
| Tractors | 6.95 | 8.99 | 29 % | 5,158 | 5,897 | 14 % |
| 4 Wheelers | 34.25 | 30.62 | (11) % | 4,028 | 5,544 | 38 % |
| Off Road Vehicles | 4.21 | 4.88 | 16 % | 5,165 | 6,348 | 23 % |
| **OEM** | **274.70** | **240.39** | **(12) %** | **97,670** | **1,16,950** | **20 %** |
| After Market + Xenos | | | | 5,326 | 5,327 | — |
| Asset Management Solution | | | | 897 | 1,168 | 30 % |
| SCMS - Domestic | | | | 1,430 | 1,042 | (27) % |
| Exports | | | | 8,418 | 9,115 | 8 % |
| Others | | | | 164 | 13 | (92) % |
| **Total** | | | | **1,13,905** | **1,33,615** | **17 %** |

Vehicle Production : SIAM Data
Tractor Production : ACMA Data

# DIRECTORS' REPORT & MANAGEMENT ANALYSIS

Your Directors have pleasure in presenting the Tenth Annual Report and audited financial statements for the financial year ended 31st March, 2021.

## FINANCIAL RESULTS

₹ Lakhs

| The summarised financial results are: | Standalone | | Consolidated | |
|---|---|---|---|---|
| | **2020-21** | 2019-20 | **2020-21** | 2019-20 |
| Net Sales & Services | | | | |
| - Domestic | **1,24,499.87** | 1,05,486.58 | **1,26,593.45** | 1,09,090.58 |
| - Export | **9,115.46** | 8,418.29 | **9,300.74** | 8,724.18 |
| **Total Sales & Services** | **1,33,615.33** | 1,13,904.87 | **1,35,894.19** | 1,17,814.76 |
| Other Operating Revenue | **5,417.15** | 6,128.12 | **5,417.15** | 6,128.12 |
| Other Income | **748.68** | 1,263.23 | **783.96** | 1,486.46 |
| **Total Revenue** | **1,39,781.16** | 1,21,296.22 | **1,42,095.30** | 1,25,429.34 |
| Profit from Operations before Finance Cost, Depreciation and Amortisation Expense, Exceptional Items & Tax | **17,799.58** | 9,777.88 | **18,575.60** | 10,025.16 |
| Less : Finance Costs | **4,052.86** | 3,108.45 | **4,307.05** | 3,381.71 |
| : Depreciation and Amortisation Expenses | **9,095.04** | 9,269.24 | **9,419.03** | 9,593.63 |
| Profit / (Loss) before Exceptional Items & Tax | **4,651.68** | (2,599.81) | **4,849.52** | (2,950.18) |
| Less : Exceptional Items (Net) # | **—** | 19,072.36 | **—** | — |
| **Profit / (Loss) Before Tax** | **4,651.68** | (21,672.17) | **4,849.52** | (2,950.18) |
| Less : Tax Expense | | | | |
| Current Tax | **3,307.28** | — | **3,463.32** | 54.30 |
| Deferred Tax | **538.73** | (384.20) | **446.95** | (383.65) |
| MAT Credit | — | — | — | — |
| Earlier years (Net) | **(654.54)** | — | **(643.66)** | (26.81) |
| **Profit / (Loss) for the year from continuing operations (A)** | **1,460.21** | (21,287.97) | **1,582.91** | (2,594.02) |
| **Discontinued Operations** | | | | |
| **Profit / (Loss) for the year from discontinued operations (Net off tax expense) (B)** | **—** | — | **2,566.85** | (7,281.41) |
| **Profit / (Loss) for the year (C) = (A) + (B)** | **1,460.21** | (21,287.97) | **4,149.76** | (9,875.43) |
| Other Comprehensive Income | **20.25** | 295.08 | **67.05** | 602.04 |
| Income tax relating to these items | **(7.08)** | (103.11) | **(7.61)** | (104.42) |
| **Other Comprehensive Income for the year after tax (D)** | **13.17** | 191.97 | **59.44** | 497.62 |
| **Total Comprehensive Income for the year (C) + (D)** | **1,473.38** | (21,096.00) | **4,209.20** | (9,377.81) |

**# Exceptional Items:** Details have been provided under Notes to Standalone Financial Statements, Note No: 2.44.

## DIVIDEND & RESERVES

As the current year profit after setting off the losses of the previous years is inadequate to declare dividend, your Directors do not recommend any dividend and not transferred any amount to reserves for the year 2020-21.

# DIRECTORS' REPORT & MANAGEMENT ANALYSIS

## AUTO INDUSTRY

During the year, the Auto Industry's domestic sales de-grew by 14 % and exports by 13 %. The overall Auto Industry's production de-grew by 12 % as against 15 % in the previous financial year.

| Segment | Vehicle Production* | | | Pricol Sale to OEM |
|---|---|---|---|---|
| | **2020-21** | 2019-20 | Growth % | Growth % |
| 2 Wheeler / 3 Wheeler | **1,89,64,948** | 2,21,72,004 | (14) % | 15 % |
| Commercial Vehicle | **6,24,939** | 7,56,725 | (17) % | 71 % |
| Tractors | **8,99,000** | 6,94,600 | 29 % | 14 % |
| 4 Wheeler | **30,62,221** | 34,24,564 | (11) % | 38 % |
| Off - Road Vehicles | **4,88,148** | 4,20,765 | 16 % | 23 % |
| **Total** | **2,40,39,256** | **2,74,68,658** | **(12) %** | **20 %** |

*As per SIAM & ACMA

Due to new products developed catering to BS VI standards, in time to most vehicle segments, your company was able to outperform the industry performance in terms of Sales Growth.

## OPERATIONS

In domestic market, Company primarily caters to 2 wheelers, Commercial Vehicles, Tractors, 4 Wheelers and Off-road vehicles.

## STANDALONE FINANCIALS

The Company's domestic sales was up by 18 % and over all Company's sales up by 17 % compared to the previous year. The profit from operations before Finance cost, Depreciation, Amortisation expenses, Exceptional items & Tax has increased from ₹ 9,777.88 Lakhs to ₹ 17,799.58 Lakhs. The operational performance of the company has improved due to increase in sales volume and better control on costs. Profit before Exceptional Items & Tax is ₹ 4,651.68 Lakhs compared to loss of ₹ 2,599.81 Lakhs. The company's ability to bounce back quickly from the lockdown situation affecting most part of the 1st quarter of 2020-21 and the ability to develop, establish and supply the new products catering to BS VI standards has given a vantage position and has helped the company to register such an impressive growth under very trying conditions.

## CONSOLIDATED FINANCIALS

The profit from operations before Finance cost, Depreciation, Amortisation expenses, Exceptional Items & Tax has increased from ₹ 10,025.16 Lakhs to Profit of ₹ 18,575.60 Lakhs. The operational performance has improved due to increase in sales volume and better control on costs. Profit before Exceptional Items & Tax from continued operations is ₹ 4,849.52 Lakhs compared to Loss of ₹ 2,950.18 Lakhs.

## RIGHTS ISSUE

During the year, the Company had issued 2,70,84,777 fully paid-up Equity Shares of face value of ₹ 1 each for cash at a price of ₹ 30 per Equity Share (including a premium of ₹ 29 per Equity Share) aggregating to ₹ 8,125.43 Lakhs on a rights basis to eligible equity shareholders in the ratio of Two Equity Shares for every seven fully paid-up Equity Shares held on the record date, that is 25th November, 2020. These equity shares were allotted on 25th December 2020.

Paid up share capital of the Company before the Right Issue is ₹ 947.97 Lakhs. The fresh allotment of equity shares through Rights Issue has resulted in an increase of equity share capital by ₹ 270.84 Lakhs and securities premium by ₹ 7,854.59 Lakhs. Paid up share capital after the Rights Issue is ₹ 1,218.81 Lakhs.

The entire proceeds received from rights issue were used for the objects stated in the Offer document for the Rights Issue.

## AMALGAMATION

On 26th May 2021, the Board approved the amalgamation of Pricol Wiping Systems India Limited ("PWSIL"), a Wholly Owned Subsidiary company with its Holding Company, Pricol Limited, with effect from 1st April 2021 ("Appointed Date") by way of Scheme of Amalgamation, subject to all relevant approvals. By this amalgamation, the Wiping Business of PWSIL will be integrated with Pricol Limited. As part of the proposed amalgamation, all assets and liabilities of PWSIL shall stand transferred and vested with Pricol Limited.

# DIRECTORS' REPORT & MANAGEMENT ANALYSIS

The amalgamation will lead to better and more economic control and efficient management with greater focus and attention and optimum utilisation of available financial resources. The merged entity will have higher efficiencies and better leveraging for financial benefits, and contributing to significant future growth. The reasonable size of operations that will improve the stature of the company and integration of administrative practices and implementation of uniform management practices; the proposed amalgamation is in the best interest of shareholders, creditors, employees of the PWSIL and Pricol Limited.

In this amalgamation there is no cash consideration involved being, PWSIL is a Wholly-Owned Subsidiary of Pricol Limited and the entire share capital of PWSIL is held by Pricol Limited. Therefore, upon the Scheme becoming effective, all shares held by the Pricol Limited in the share capital of PWSIL as on the effective date shall stand cancelled.

## SUBSIDIARY COMPANIES

### Pricol Asia Pte Limited, Singapore

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

In the financial year 2020-21, the Company achieved sales of USD 493.09 Lakhs (₹ 36,671.53 Lakhs) as against the previous year sales of USD 270.68 Lakhs (₹ 19,598.19 Lakhs). The company made a Profit of USD 10,78,270 (₹ 801.92 Lakhs) during the year 2020-21 as against USD 5,50,585 (₹ 398.65 Lakhs) in 2019-20.

### Pricol Wiping Systems India Limited

During the financial year 2020-21, the company has achieved sales of ₹ 1,759.75 Lakhs as against sales of ₹ 2,851.33 Lakhs in 2019-20. The company incurred Losses to the extent of ₹ 289.85 Lakhs in 2020-21 as against Loss of ₹ 323.73 Lakhs in 2019-20.

### PT Pricol Surya Indonesia

The Company is supplying Instrument Clusters to the 2-Wheeler manufacturers in Indonesia & Thailand. In the financial year 2020-21, the company has achieved a sales of IDR 2,86,315 Lakhs (₹ 1,382.90 Lakhs) as against the previous year sales of IDR 4,53,879 Lakhs (₹ 2,155.92 Lakhs) a decrease of 37 % in IDR & 36 % in INR terms.

The decrease in sales is mainly on account of phasing out of vehicle models for which the company is supplying. The Company had a Loss before tax of IDR 1,29,794 Lakhs (₹ 626.91 Lakhs) as against the Loss before tax of IDR 52,367 Lakhs (₹ 248.74 Lakhs) of previous year.

### PT Sripri Wiring Systems, Indonesia

The Company, a Wholly Owned Subsidiary Company of PT Pricol Surya Indonesia has achieved sales of IDR 23,509 Lakhs (₹ 113.55 Lakhs) in 2020-21 as against sales of IDR 61,165 Lakhs (₹ 290.53 Lakhs) in 2019-20. The Company made a Profit to the extent of IDR 14,847 Lakhs (₹ 71.71 Lakhs) in 2020-21 as against Profit of IDR 2,951.07 Lakhs (₹ 14.02 Lakhs) in 2019-20.

## SALE OF SUBSIDIARY COMPANIES

As stated in our earlier Annual Report - 2020, the company had completed the sale of 100 % shareholding held by it, in the erstwhile Wholly Owned Subsidiary Company "Pricol Espana Sociedad Limitada, Spain", along with its Wholly Owned Subsidiary Company "Pricol Wiping Systems Czech s.r.o" on 21st August 2020.

## OUTLOOK, OPPORTUNITIES, CHALLENGES, RISKS & CONCERNS

### India

The automotive industry ended up with de-growth of 12 % in 2020-21 compared to 2019-20. The major reason for the de-growth was the outbreak of COVID-19 and low production during Q1 of 2020-21 due to lockdown. The shortage of imported parts from China continued in 2020-21 thus affecting the auto manufacturing. The industry has moved into the new BS VI emission starting April, 2020-21.

The outlook for 2021-22 is expected to be flat /marginal de-growth due to Covid situation and continued shortage of imported electronic parts. However, the demand across all segments of market is expected to be robust during 2021-22.

Pricol has won many new businesses across various segments in the BS VI platform and around 40 % of the revenue of 2020-21 was contributed by new business. This has helped your company to register a very impressive growth in the current year as compared to the industry growth across all the vehicle segments served by our products.

## DIRECTORS' REPORT & MANAGEMENT ANALYSIS

### International

Robust growth expected during 2021-22 after the downturn in 2020-21 due to Covid both in the US and Europe markets. With Pricol winning a number of new business the growth in 2020-21 was 23 % compared to previous year. Pricol expects this growth momentum to continue in 2021-22.

### COVID 19 IMPACT

While the impact of COVID 19 looked like dying down and the entire economy was seemingly coming back to a near normalcy, the second wave of COVID 19 has hit the world economy at various stages and has started having its impact on India. The second wave has also caused many States to declare lockdown. Many of the OEMs have stopped their operations partially in line with Government requirement, supply chain disturbances and considering their own employee welfare. This is likely to cause serious impact in the sales volumes of the year 2021-22 and it is very unlikely that your company will be able to register the sales growth of the previous year. Although the expectation is that India as a whole will recover by second half, the impact of the stoppage of operations and drop in demand in the 1st quarter of 2021-22 is likely to have a lasting impact on the full year sales.

### RISK MANAGEMENT

Risk Management Policy for identifying and managing risk, at the strategic, operational and tactical level, has been adopted by the Company. 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.

The Risk Management policy has been placed on the website of the Company and the web link there to is https://www.pricol.com/Data/Policy/Risk-Management-Policy.pdf

### 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 departments 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 2021 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.

### Credit Rating

Consequent to the good financial performance, your company was able to improve its credit rating from the current rating agency ICRA and a similar credit rating from India Ratings and Research.

| Credit Agency | Facility | Present Ratings | Previous Ratings |
|---|---|---|---|
| ICRA | Long Term – Fund Based & Term Loan | BBB (Stable) | BB+ |
| | Short Term – Non Fund Based | A3+ | A4+ |
| India Ratings and Research | Fund Based and Non Fund Based Working Capital | IND BBB / Stable / IND A3+ | Not Applicable |
| | Long Term Loans | IND BBB / Stable | Not Applicable |

## DIRECTORS' REPORT & MANAGEMENT ANALYSIS

### 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.

### DIRECTORS

#### Independent Director

As per the provisions of Section 149 of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members appointed Independent Directors as mentioned below:

| Name of Independent Director | Period of Appointment |
|---|---|
| Dr. S. K. Sundararaman | Upto 29th May 2023 |
| Mr. R. Vidhya Shankar | Upto 31st July 2024 |
| Mr. P. Shanmugasundaram | Upto 14th June 2024 |
| Mr. K. Ilango | Upto 14th June 2024 |
| Mr. Navin Paul | Upto 21st October 2025 |
| Mrs. Sriya Chari | Upto 26th May 2026 |

Mr. Navin Paul (DIN: 00424944) was appointed as an Additional (Independent) Director of the company by the Board of Directors at its meeting held on 22nd October 2020 and whose term of office expires at this Annual General Meeting ('AGM'). The Board recommends the appointment of Mr. Navin Paul as an Independent Director of the company to hold office for the term of 5 (five) consecutive years commencing from 22nd October 2020 to 21st October 2025.

Mr. Suresh Jagannathan (DIN: 00011326) has resigned from the Board with effect from 10th February 2021 due to his personal business commitments and health reasons. The Board places on record its special appreciation for his contribution over 36 years for the development of the company.

### EXECUTIVE DIRECTOR / NON - INDEPENDENT DIRECTOR

Members appointed Executive Director / Non - Independent Director as mentioned below :

| Name of Director | Period of Appointment |
|---|---|
| Mr. Vikram Mohan | Upto 31st March 2022 |
| Mr. V. Balaji Chinnappan | Upto 31st March 2022 |
| Mrs. Vanitha Mohan | Upto 31st March 2024 |

The Board of Directors, at their meeting held on 10th February 2021 re-appointed Mrs. Vanitha Mohan as Chairman for a period of three years with effect from 1st April 2021 to 31st March 2024 and fixed the remuneration payable to her as set out in the text of the resolution in the AGM notice, subject to the approval of the Shareholders.

Mr. V. Balaji Chinnappan, a Non-Independent Director retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends the aforesaid appointment (s).

### 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 Companies Act, 2013 are Mr. Vikram Mohan, Managing Director, Mr. P. Krishnamoorthy, Chief Financial Officer & Mr. T. G. Thamizhanban, Company Secretary.

Mr. P. Krishnamoorthy, Chief Financial Officer has been appointed as Key Managerial Personnel with effect from 11th February 2021, in place of Mr. K. Ramesh.

# DIRECTORS' REPORT & MANAGEMENT ANALYSIS

## STATUTORY AUDITORS

M/s. VKS Aiyer & Co., Chartered Accountants, Coimbatore (ICAI Firm Registration No: 000066S), the Statutory Auditors of the Company were appointed as Statutory Auditors of the Company, for a term of 5 years, from the conclusion of 7th Annual General Meeting until the conclusion of the 12th Annual General Meeting of the Company to be held in the calendar year 2023.

Statutory Auditors, M/s. VKS Aiyer & Co., Chartered Accountants, have confirmed their eligibility for continuing as Statutory Auditors of the Company.

## COST AUDITOR

The Board of Directors at their meeting held on 26th May 2021 appointed Mr. G. Sivagurunathan, Cost Accountant, as the Cost Auditor for conducting the Cost Audit for the financial year 2021-22. A resolution seeking members' ratification of the remuneration payable to Cost Auditor is included in the AGM notice. The Cost Audit Report will be filed within the stipulated period. The Company is maintaining the Cost Records as per Section 148(1) of the Companies Act, 2013.

## SECRETARIAL AUDITOR

The Company appointed M/s. P. Eswaramoorthy and Company, Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2021-22. The Secretarial Audit Report for the financial year 2020-21, as per Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) regulations, is annexed herewith as **"Annexure A"**.

## SECRETARIAL STANDARDS

The company had complied with the applicable Secretarial Standards.

## CSR INITIATIVES

Pricol's Corporate Social Responsibility (CSR) activities reflect its philosophy of enhancing value to the society and the environment around us. CSR activities are carried out through registered trust (ND Foundation) and a Section 8 Company (Yashaswi Academy for Skills), in addition to the CSR activities directly undertaken by the Company. The Annual Report on CSR activities is annexed herewith as **"Annexure B"**.

## DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

COVID-19 pandemic had created a big disruption in the company's business during the beginning months of this financial year 2020-21. However, the continuous discussions and interactions with the union office bearers and the line operators has resulted in the whole-hearted support of the employees for the survival during this pandemic. Transparency in dealing with the employees paved way for maintaining the cordial and conducive industrial relations in a smooth way. Terms of wage agreements in Plant 1 & Plant 3, Coimbatore and Plant 2, Gurugram were effectively implemented. Monthly Goodwill Meetings and Union meetings are being continued for redressing the shopfloor issues. The number of people employed as on 31st March 2021 is 5,448.

## DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) & (ca) of the Companies Act, 2013, the Directors would like to state that :

a) in the preparation of annual accounts for the financial year ended 31st March 2021, 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 and loss 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they had prepared the annual accounts for the financial year ended 31st March 2021, on a going concern basis;

e) they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and

f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

# DIRECTORS' REPORT & MANAGEMENT ANALYSIS

## DISCLOSURES :

1. Independent Directors have given declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

2. Salient features of the Nomination and Remuneration Policy is disclosed in the Report on Corporate Governance.

3. Qualification, reservation or adverse remark or disclaimer made by Statutory Auditor & Secretarial Auditor in their report : **NIL**

4. The particulars of Loans, Guarantees and Investments made by the Company under Section 186 of the Companies Act, 2013 are given in Note No.2.71 to the Standalone Financial Statements.

5. **Particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto :**

   All the related party transactions entered by the Company during the financial year 2020-21 are in the ordinary course of business and at arm's length. There is no material contract or arrangement.

6. 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.

7. **Material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report : NIL.**

8. **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo :**

   The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed herewith as **"Annexure C".**

9. **Annual Return :**

   Annual Return in Form No.: MGT-7 is available at the Company's website www.pricol.com and the weblink there:https://www.pricol.com/Data/annual-report/ANNUAL_RETURN_PRICOL2021.pdf

10. **Particulars of Employees :**

    The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed herewith as **"Annexure D"**.

11. **Disclosures of transactions of the listed entity with any person or entity belonging to the promoter / promoter group which hold(s) 10 % or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results :**

    Details are given in Note No.2.70 to the Standalone Financial Statements.

12. **Number of other board of directors or committees in which a director is a member or Chairperson, including separately the names of the listed entities where the person is a director and the category of directorship :**

    Disclosed in the Report on Corporate Governance **"Annexure E"**, point no: 2.

13. **Detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided :**

    Mr.Suresh Jagannathan (DIN: 00011326) has resigned from the Board with effect from 10th February 2021 due to his personal business commitments and health reasons and there are no material reasons other than those provided.

14. **Business Responsibility Reporting :**

    Business Responsibility Reporting as required pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD /10/2015 dated 4th November 2015, is annexed herewith as **"Annexure F"**.

15. **Details in respect of frauds reported by auditors under Section 143(12) of the Companies Act, 2013 :**

    During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under Section 143 (12) of the Companies Act, 2013.

# DIRECTORS' REPORT & MANAGEMENT ANALYSIS

**16. Key Financial Ratios (Explanations for significant change i.e. change of 25% or more as compared to the immediately previous financial year) :**

| Key Financial Ratios | 2020-21 | 2019-20 | % Change | Explanations, if any |
|---|---|---|---|---|
| i) Debtors Turnover | **7.60** | 6.32 | 20 | Consequent to the improved operations of the domestic segment because of better off take the focus was more on improving the various elements of working capital and total capital employed which is showing results. |
| ii) Inventory Turnover | **4.71** | 4.82 | (2) | |
| iii) Current Ratio | **1.20** | 0.81 | 48 | |
| iv) Interest Coverage Ratio | **4.39** | 3.15 | 40 | |
| v) Debt Equity Ratio | **0.44** | 0.80 | (45) | |
| vi) Operating Profit Margin | **5.53** | 0.11 | 4,927 | |
| vii) Net Profit Margin (%) or sector - specific equivalent ratios, as applicable. | **1.09** | (18.64) | 106 | |

**17. Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof:**

₹ Lakhs

| Particulars | 2020-21 | 2019-20 | % Change | Explanations, if any |
|---|---|---|---|---|
| Return on Net Worth | **3.07** | (39.81) | 108 | As stated in Point No16. |

**18. List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad:**

Disclosed under the heading "Finance" in this Report.

**19.** There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

**20.** There was no instance of one-time settlement with any Bank or Financial Institution.

## CORPORATE GOVERNANCE

Your company re-affirms its commitment to good corporate governance practices. The company complies with corporate governance requirements specified in Regulation 17 to 27 and Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, whichever applicable.

Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Report on Corporate Governance which forms a part of this Report, has been annexed herewith as **"Annexure E"**.

Managing Director and Chief Financial Officer have certified to the Board with regard to the financial statements and other matters as required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Practicing Company Secretary's Certificate regarding compliance of conditions of Corporate Governance, is made a part of this Directors' Report. All the Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2020-21.

## CAUTIONARY STATEMENT

Management Discussion and Analysis forming part of this Report is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Customers, Distributors, Dealers, Suppliers, Shareholders, Bankers and Government authorities 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 co-operation and commitment.

For and on behalf of the Board
**Vanitha Mohan**
Chairman
DIN:00002168

Coimbatore
26th May, 2021

★★★★★

# ANNEXURE "A" TO DIRECTORS' REPORT

**Form No. MR – 3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Pricol Limited [CIN: L34200TZ2011PLC022194]
109, Race Course, Coimbatore – 641 018

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Pricol Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the Audit period covering the Financial Year ended **31st March, 2021**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended 31st March, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d. The Securities and Exchange Board of India (Share based Employee benefits) Regulations, 2014 [Not applicable as the Company does not have any Scheme for share based employee benefits during the Financial Year under review];

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable as the Company has not issued and listed any debt securities during the Financial Year under review];

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client [Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the Financial Year under review];

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable as the Equity Shares of the Company have not been delisted during the Financial Year under review];

h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 [Not applicable as the Company has not bought back / proposed to buy back any of its securities during the Financial Year under review]

i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## ANNEXURE "A" TO DIRECTORS' REPORT

(vi) Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

I have relied on the representation made by the Company and its officers, relating to systems and mechanisms framed by the Company, for ensuring compliance with the other Laws and Regulations as applicable to the Company.

**I have also examined compliance with the applicable clauses of the following:**

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards wherever applicable.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate Notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I am informed that there were no dissenting members, on any of the matters, discussed at the Board Meetings during the Financial Year under review, whose views were required to be captured and recorded as part of the minutes.

**I further report that** based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit and on the review of the quarterly compliance reports submitted by the respective department heads and the Company Secretary which is taken on record by the Board of Directors at their meeting(s), I am of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the period covered under the Audit, the Company has not made any specific events / actions having a major bearing on the Company's affairs in pursuance of laws, rules, regulations and guidelines referred to above except issue of Rights shares. 2,70,84,777 equity shares of face value of ₹ 1 each at a price of ₹ 30 per Rights Equity Share (including a premium of ₹ 29 per Rights Equity Share) an amount aggregating up to ₹ 8,125.43 Lakhs, to the existing eligible equity shareholders in the Ratio of 2 Rights Equity Shares for every 7 fully paid-up equity share(s) held by the existing eligible equity shareholders on the record date, that is on November 25, 2020 which were subsequently allotted by the Rights Issue Committee of the Board of Directors of the Company on December 25, 2020.

**P. ESWARAMOORTHY AND COMPANY**
Company Secretaries
**P. Eswaramoorthy**
Proprietor
FCS No.: 6510, CP No.: 7069
UDIN: F006510C000373349
Peer review Cert.No. 933/2020

Place : Coimbatore
Date : 26.05.2021

★★★★★

# ANNEXURE "A" TO DIRECTORS' REPORT

**ANNEXURE TO SECRETARIAL AUDIT REPORT OF EVEN DATE ISSUED BY COMPANY SECRETARY IN PRACTICE**

To
The Members
Pricol Limited
[CIN: L34200TZ2011PLC022194]
109, Race Course,Coimbatore – 641 018

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records, devising proper system to ensure compliance with the provisions of all applicable laws and regulations and ensuring that systems are adequate and operate effectively, are the responsibilities of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on Audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on a test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**P. ESWARAMOORTHY AND COMPANY**
**Company Secretaries**
**P. Eswaramoorthy**
Proprietor
FCS No.: 6510, CP No.: 7069
UDIN: F006510C000373349
Peer review Cert.No. 933/2020

Place : Coimbatore
Date : 26.05.2021

★★★★★

# ANNEXURE "B" TO DIRECTORS' REPORT

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014)

**1. Brief outline on CSR Policy of the Company:**

Through Pricol's long standing commitment to service to the society, we strive to attain leadership in our business through a socially and environmentally responsible way, while taking care of the interests of our stakeholders.

We work with the primary objective of contributing to the sustainable development of the society and creating a greener and cleaner environment around us. Towards achieving these objectives, Pricol has initiated "We Care", a program which executes various social and environmental development activities in and around its operational locations.

The main objective of Pricol's CSR policy is to lay down guidelines for the community centric activities taken up by Pricol for the sustainable development of the society and the environment around it. In alignment with the vision of the Company, Pricol, through its CSR initiatives, will strive to enhance value to the society and the environment through continuous initiatives. Pricol will directly or indirectly take up projects in and around its operational locations in keeping with the laid out guidelines.

**2. Composition of CSR Committee:**

| S.No | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mrs. Vanitha Mohan | Chairman | 2 | 2 |
| 2 | Mr. Vikram Mohan | Managing Director | 2 | 2 |
| 3 | Mr. K. Ilango | Independent Director | 2 | 2 |

**3. Provide the weblink where Composition of CSR committee, CSR policy and CSR projects approved by the board are disclosed on the website of the company:**

CSR Policy : https://www.pricol.com/Data/policy/CSR-Policy_21.pdf

CSR Committee : https://www.pricol.com/Data/composition-of-board-commitee.pdf

CSR Reports : https://www.pricol.com/csr-report.aspx

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable, attach the report.**

Not applicable.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and amount required for set off for the financial year, if any**

| S.No | Financial Year | Amount available for set-off from preceding financial year (in ₹) | Amount required to be set off for the financial year, if any (in ₹) |
|---|---|---|---|
| 1 | 2020-21 | NIL | NIL |
| | **TOTAL** | **NIL** | **NIL** |

6. Average net profit of the company as per Section 35(5) : ₹ 25,30,40,684

7. (a) Two percent of average net profit of the company as per Section 135(5) : ₹ 50,60,814

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil

(c) Amount required to be set off for the financial year, if any : Nil

(d) Total CSR obligation for the financial year (7a + 7b - 7c) : ₹ 50,60,814

# ANNEXURE "B" TO DIRECTORS' REPORT

8. (a) CSR amount spent or unspent for the financial year :

| Total Amount Spent for the Financial Year (in ₹ ) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 53,29,469 | NA | NA | NA | NA | NA |

(b) Details of CSR amount spent against ongoing projects for the financial year :

| S. No | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Project duration | Amount allocated for the project (in ₹) | Amount spent in the current Financial Year (in ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementation Direct (Yes/No) | Mode of Implementation Through Implementing Agency | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | | | | Name | CSR Registration number |
| NIL | | | | | | | | | | | | |

(c) Details of CSR amount spent against other than ongoing projects for the financial year :

| S. No | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes / No) | Location of the project | | Amount spent in for the project (in ₹) | Mode of Implem-entation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | Name | CSR Registration number |
| 1 | Stipend to NEEM Trainees | Women Empowerment | Yes | Tamilnadu | Coimbatore | 36,76,367 | No | Yashaswi Academy for Skills | CSR000 00192 |
| | | | | Haryana | Gurugram | | | | |
| | | | | Uttarakhand | Pantnagar | | | | |
| | | | | Maharashtra | Wardha | | | | |
| 2 | Construction of Library Building | Education | No | Tamilnadu | Tirupur | 13,14,223 | No | ND Foundation | CSR000 02400 |
| 3 | Repairs & Renovation of Government school building | Education | No | Tamilnadu | Tirupur | 2,08,339 | No | ND Foundation | CSR000 02400 |
| 4 | Contribution to Sankara Eye Hospital | Health | Yes | Tamilnadu | Coimbatore | 68,000 | No | ND Foundation | CSR000 02400 |
| 5 | Facilities for Government schools | Education | Yes | Uttarakhand | Pantnagar | 62,540 | Yes | NA | NA |
| | **TOTAL** | | | | | **53,29,469** | | | |

## ANNEXURE "B" TO DIRECTORS' REPORT

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 53,29,469

**(g) Excess amount for set off, if any**

| S. No. | Particulars | Amount (in ₹) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per Section 135(5) | 50,60,814 |
| (ii) | Total amount spent for the Financial Year | 53,29,469 |
| (iii) | Excess amount spent for the Financial Year [ (ii) - (i) ] | 2,68,655 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | NIL |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | 2,68,655 (Not Availed) |

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

| S. No | Preceding Financial Year | Amount transferred to Unspent CSR Account under Section 135(6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any | | | Amount remaining to be spent in succeeding financial years (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| Not applicable | | | | | | | |

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

| S. No | Project ID | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the project – Completed / Ongoing |
|---|---|---|---|---|---|---|---|---|
| Not applicable | | | | | | | | |

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) :**

| | | |
|---|---|---|
| (a) | Date of creation or acquisition of the capital asset(s) | **Not applicable** |
| (b) | Amount of CSR spent for creation or acquisition of capital asset | |
| (c) | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc. | |
| (d) | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) | |

**11.** Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).

**Not Applicable**

Coimbatore
6th May 2021

Vikram Mohan
Managing Director
(DIN: 00089968)

Vanitha Mohan
Chairman CSR Committee
(DIN: 00002168)

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# ANNEXURE "C" TO DIRECTORS' REPORT

**THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

[Statement pursuant to Section 134(3)(m) of The Companies Act, 2013, read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

**A. CONSERVATION OF ENERGY :**

**i) the steps taken or impact on conservation of energy :**

The following steps were taken on the energy conservation :

a) Conventional shop floor lights, street lights are being replaced with LED light when the bulbs are due for replacement which save 50% of bulb power.

b) Apart from replacement, LED bulbs are being purchased for assembly lines machine manufacturing at Central Manufacturing Engineering.

**ii) the steps taken by the company for utilising alternate sources of energy :**

a) Pricol installed 2.62 Mega watt of roof top Solar power for own consumption and generating 37 lakh units per year.

b) Additional 150 KW roof top solar plant is under proposal at Plant - 2 Gurugram.

c) Additional 250 KW roof top solar plant is under proposal at Sricity plant.

d) Third party power purchase from solar plant for Coimbatore plants is under process which will save 36 Lakhs units of our consumption and save ₹ 80 Lakhs per annum.

**iii) the capital investment on energy conservation equipments:**

Energy saving products – ₹ 3.42 Lakhs

**B. 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.
- Established skilled engineering to extend design and services to existing and new customers.
- All new technologies like Thin Film Transistor (TFT) display, Telematics, Intelligent Sensors are developed in-house and managed high degree of localisation content for competitiveness and deployed horizontally for retention & growth to attain market leadership.
- There are 17 inventions filed at various jurisdictions in India and abroad. Out of which 11 are granted and remaining are under review. The Company continues to foster innovation for growth, across all product development functions.
- Technology road maps are evolved and constantly driven to suffice the future and the anticipated technological need of all our customers (2 Wheeler, 4 Wheeler, Commercial Vehicle, Off Road Vehicle, etc), so that we mutually benefit by localizing design, development and manufacturing.
- Recently developed TFT technologies to protect from market disruption with current LCD technology and future ready to penetrate Instrument Cluster technology to all our customers.
- Instrument cluster with TFT display is being developed with various platforms to support constantly changing demand from our customers with the increasing display size and vehicle technology requirements for Safety & Security.
- Developed various versions of Connected Cluster with Bluetooth to satisfy need of our customers ranging from 2 Wheeler, 4 Wheeler, Commercial Vehicle, Off Road Vehicle, etc.
- Aggressive, systematic and structured value engineering initiatives taken to minimize wastages and to improve Productivity, Cost & Quality to sustain.
- We have in-house state-of-the-art Tear down and Bench marking facilities for learning & delivery with Adopt, Adapt and Evolve approach to support our R & D activities across the products.
- Operationalised Hardware in Loop (HIL) and Software in Loop (SIL) system with reusable test cases to improve the Functional & Software quality of instrument cluster.

## ANNEXURE "C" TO DIRECTORS' REPORT

- Recently developed & productionised Integrated Telematics systems with 4G / LTE, Wi-Fi & Bluetooth.
- Developed Fuel pump module which is required for supply of fuel from fuel tank to engine in fuel injection system required to comply for BS VI emission requirements. Implemented in mass production for TVS Motor Company Limited & HMC MM Auto Limited customers. Earlier, Fuel Pump Module with PMDC technology developed & currently BLDC technology is under development to enhance reliability.
- Since all OEMs started concentrating on development of Electrical Vehicles, we have started developing all products directly connected with internal combustion engine to independently Electrically / Electronically driven.

**(ii) Benefits derived from R & D :**

- Won Car cluster business in domestic market & horizontally applied across passenger vehicle models and vehicle platforms.
- Attained market leadership in 2 Wheeler, Commercial Vehicle and Off Road Vehicle segments with high end technology products with more features replacing legacy technology.
- Products with new high-end technology helped to achieve stiff target quality PPM with enhanced reliability goals.
- Helped us to design in optimized way by using reusable functional models and thus to reduce time to market and enhance quality.
- Tear down and Bench marking study helped to learn emerging technology, new process, new features & cost optimization.
- Prompted for Intellectual Property Rights (IPR) and triggered innovation to adopt with acceleration.
- Helping us to be a market leader in the Technology driven products like Driver Information Systems, Sensors, Telematics & Fuel Pumps.

**(iii) In-house R & D and Future plan of action :**

- Continuously driving advanced Technology development to meet customer demand for next 3 years across all R&D verticals like Driver Information System (DIS), Sensors, Telematics, Pumps, Valves & Mechanical Products.
- We are evaluating and adopting global engineering process (ex. ASPICE) to enhance product quality of all our electronic products.

| Expenditure on R & D 2020-21 | (₹ Lakhs) |
|---|---|
| Capital | 151.56 |
| Revenue | 2,253.11 |
| **Total** | **2,404.67** |

R & D expenditure as a percentage of sales **1.80 %**

**II. Technology Absorption, Adaptation and Innovation Imported Technology :**

a. The Company had explored & finalized with Wenzhou Huirun Electrical Machinery Co. Ltd., (ACHR), China, in 2017-18 and JH, China in 2019 for supply of Fuel Pump & Pressure Regulator as products & child parts. Fuel Pump Module using these Pumps and Regulators designed, developed and productionised from December 2019 to various 2 Wheeler OEMs in India.

b. The Company had entered into a technology partnership with Dongguan Shenpeng Electronics Co. Ltd., China for introduction of Electric Coolant Pump (ECP) in India in 2017-18. These pumps are used for all Electric Vehicles (EV), Hybrids and ICEs. These pumps have been offered to both domestic & international OEMs for their new projects for vehicle level testing. Customers have completed testing and working for mass production release. Expecting mass production from second half of 2021-22.

c. The Company had explored & finalized with PVCMT, India, in 2020-21 for exclusive supplier for (Brush Less DC Motor ) type Fuel Pump.

d. We are constantly adding Technology Partners (both for capacity & technological augmentation)to support and enhance in-house product development capabilities.

e. Technology licensing agreement with Kerdea Technologies Inc, USA for the manufacture of Oxygen Sensor for Internal Combustion Engines was cancelled.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, the Company's foreign exchange earnings were ₹ 8,713.69 Lakhs (₹ 8,152.18 Lakhs in 2019-20). The revenue expenditure in foreign currency was ₹ 42,017.99 Lakhs (₹ 21,486.36 Lakhs in 2019-20) and the capital expenditure was ₹ 92.45 Lakhs ( ₹ 816.48 Lakhs in 2019-20). The Company will continue its efforts to enhance the export sales.

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# ANNEXURE "D" TO DIRECTORS' REPORT

**Particulars of Remuneration of Directors and Employees pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

**(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year**

| S.No | Name of the Director | No.of Meetings attended | Ratio * |
|---|---|---|---|
| 1 | Mr. Suresh Jagannathan | 8 | 0.46 |
| 2 | Mr. R. Vidhya Shankar | 29 | 1.15 |
| 3 | Mrs. Sriya Chari | 14 | 0.86 |
| 4 | Dr. S.K. Sundararaman | 17 | 0.68 |
| 5 | Mr. P. Shanmugasundaram | 18 | 0.86 |
| 6 | Mr. K. Ilango | 16 | 0.68 |
| 7 | Mr. Navin Paul (From 22-Oct-2020) | 4 | 0.46 |

| S.No | Name of the Director | Ratio # |
|---|---|---|
| 1 | Mrs. Vanitha Mohan, Chairman | 46.93 |
| 2 | Mr. Vikram Mohan, Managing Director | 72.69 |
| 3 | Mr. V. Balaji Chinnappan, Chief Operating Officer | 19.38 |

* Due to Covid, as per Board's decisions, remuneration to Non - Executive Directors were paid only for the meetings attended from 1st October 2020 to 31st March, 2021.

\# Due to Covid, as per Board's decision Chairman & Managing Director did not receive Salary, Perquisites etc., during 1st April 2020 to 30th September 2020 and Chief Operating Officer also had Salary cut.

**(ii) The percentage increase in remuneration of each Director, Chief Financial Officer (CFO), Chief Executive Officer (CEO), Company Secretary (CS) or Manager, if any, in the financial year**

| S.No | Name of Non Whole Time Director | No. of meeting attended | | % Increase / (Decrease) in remuneration |
|---|---|---|---|---|
| | | 2020-21 | 2019-20 | |
| 1 | Mr. Suresh Jagannathan | 8 | 8 | (10) |
| 2 | Mr. R. Vidhya Shankar | 29 | 25 | — |
| 3 | Mrs. Sriya Chari | 14 | 18 | (11) |
| 4 | Dr. S.K. Sundararaman | 17 | 14 | (19) |
| 5 | Mr. P. Shanmugasundaram | 18 | 16 | (8) |
| 6 | Mr. K. Ilango | 16 | 6 | 111 |
| 7 | Mr. Navin Paul (From 22-Oct-2020) | 4 | NA | NA |

| S.No | Name of Whole Time director/CFO/CEO/CS | % Increase / (Decrease) in remuneration |
|---|---|---|
| 1 | Mrs. Vanitha Mohan, Chairman | 23 |
| 2 | Mr. Vikram Mohan, Managing Director | 5 |
| 3 | Mr. V. Balaji Chinnappan, Chief Operating Officer | (6) |
| 4 | Mr. K. Ramesh, (CFO) (Upto 10th February 2021) | (5) |
| 5 | Mr. P. Krishnamoorthy (CFO) (From 11th February 2021) | NA |
| 6 | Mr. T. G. Thamizhanban (CS) | (3) |

Whole-Time Directors receive remuneration by way of Salary, Allowances, Perquisites and Benefits (fixed component) and commission on net profit (variable component), as approved by shareholders. Non-Whole Time Directors receive remuneration by way of sitting fees and commission on net profit, which will be paid broadly on the basis of Board Meetings and Committee Meetings attended by them.

**(iii) The percentage increase / (decrease) in the median remuneration of employees in the financial year : (10 %)**

**(iv) The number of permanent employees on the rolls of Company : 1,770**

(v) Average percentile increase / (decrease) already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration : **(9)**

**(vi) The key parameters for any variable component of remuneration availed by the directors :**

The Directors are not eligible for any variable compensation other than Commission as per the provisions of the Act.

(vii) We affirm that the remuneration paid to Directors and Key Managerial Personnel is as per the remuneration policy approved by the Board of Directors of the Company.

# ANNEXURE "D" TO DIRECTORS' REPORT

**(viii) Statement of top Ten employees in terms of remuneration drawn and the name of every employee receiving remuneration not less Eight lakh and Fifty thousand rupees per month:**

| Name & (Age) | Designation (Nature of Duties) | Gross Remuneration (₹ Lakhs) | Qualification & Experience (Years) | Date of Commencement of Employment | Last Employment |
|---|---|---|---|---|---|
| Mrs.Vanitha Mohan (68) | Chairman (Internal Audit and Corporate Social Responsibilities) | 131.10 | Commerce Graduate with PG Diploma in Business Management (35) | 1st June1999 | – |
| Mr. Vikram Mohan (46) | Managing Director (Strategy, Finance, Customer Relationship Management and PR) | 203.06 | Bachelor of Engineering (Production Engineering) (25) | 7th November 2011 | Pricol Corporate Services Limited |
| Mr. PM Ganesh (52) | Chief Marketing Officer (Responsible for Business Development) | 59.70 | BE, MBA (33) | 17th January 2013 | Lucas TVS Limited |
| Mr. Tarun Tandon (48) | Senior General Manager (Responsible for Operations – Plant II, Plant VII & Plant IX) | 57.50 | BE.,SMP, DMM (27) | 16th October 2009 | Mahle Filter Systems India Limited |
| Mr. V. Balaji Chinnappan (56) | Vice President & Head Operations (Responsible for Operations of all Plants) | 54.14 | BE, MBA (34) | 9th April 2007 | Roots Industries Limited |
| Mr. K. Ganesh (38) | Head - Pricol Limited Japan, Overseeing Business Development activities at Japan. | 49.07 | MS (Information Technology) (13) | 1st March 2011 | Denso Corporation Japan |
| Mr. Premramesh (50) | General Manager (Responsible for Manufacturing Engineering) | 43.51 | BE (30) | 8th September 2016 | Tractors & Farm Equipment Limited |
| Mr. K.Ramesh (60) | Chief Finance Officer (Responsible for Finance) | 43.27 | B.Com., ICWA (40) | 18th January 2019 | Yazaki India (P) Limited |
| Mr. Kanakaraju.K (52) | General Manager (Responsible for Mechanical Products Design) | 41.47 | BE (31) | 28th August 2015 | Rane TRW Steering Systems Private Limited |
| Mr. Dinesh Govind Dodmane (47) | General Manager (Responsible for Electronics Products Design) | 39.19 | BE (22) | 6th February 2020 | Tata Motors Limited |

1. Mrs.Vanitha Mohan and Mr.Vikram Mohan are related to each other. Mrs.Vanitha Mohan is Mr.Vikram Mohan's Mother.
2. Mrs.Vanitha Mohan and Mr.Vikram Mohan owns more than 2% of the equity shares of the Company as on 31st March 2021.
3. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company contribution to provident fund, gratuity fund and superannuation fund.
4. No person has received remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

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## ANNEXURE "E" TO DIRECTORS' REPORT

## 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 2021, the Company's Board comprised of 9 Directors. The Board consists of 3 (33%) Executive Directors of whom one is a Woman Director and 6 (67%) Non-Executive Directors, of whom all are Independent Directors of whom one is a Woman Director. Details are given in the table below:

The members of the Board are well-experienced professionals and industrialists. The day-to-day management and affairs are handled by Mr.Vikram Mohan, Managing Director, subject to the supervision, control and direction of the Board of Directors and is supported by Mrs.Vanitha Mohan, Chairman and Mr. V. Balaji Chinnappan, Chief Operating Officer. The composition of the Company's Board is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

**b. Category of Directors, Attendance and Committee Membership :**

| Name of the Director | DIN | Category | Attendance Particulars | | No. of Committee Positions including Pricol Limited | | | | No. of shares held |
|---|---|---|---|---|---|---|---|---|---|
| | | | Board Meeting | Last AGM | Member | | Chairman | | |
| | | | | | * | # | * | # | |
| Mr. R. Vidhya Shankar | 00002498 | Non-Executive – Independent | 7 | ✓ | 3 | 6 | 1 | 3 | — |
| Mrs. Sriya Chari | 07383240 | Non-Executive – Independent | 6 | ✓ | 1 | 3 | — | — | — |
| Dr. S.K. Sundararaman | 00002691 | Non-Executive – Independent | 7 | ✓ | 7 | 10 | — | — | — |
| Mr. P. Shanmugasundaram | 00119411 | Non-Executive – Independent | 7 | ✓ | 3 | 5 | 3 | — | — |
| Mr. K. Ilango | 00124115 | Non-Executive – Independent | 7 | ✓ | 1 | 3 | — | — | 9,547 |
| Mr. Navin Paul (w.e.f 22-Oct-2020) | 00424944 | Non-Executive – Independent | 3 | NA | 1 | 1 | — | — | — |
| Mrs. Vanitha Mohan Chairman | 00002168 | Executive Promoter | 7 | ✓ | 2 | 3 | — | 1 | 57,31,468 |
| Mr. Vikram Mohan Managing Director | 00089968 | Executive Promoter | 7 | ✓ | 1 | 2 | — | — | 76,25,506 |
| Mr. V. Balaji Chinnappan Chief Operating Officer | 08014402 | Executive | 7 | ✓ | — | — | — | — | — |

Mr. Suresh Jagannathan, Independent Director resigned from the Board with effect from 10th February 2021.

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.

* As per Regulation 26 of the SEBI LODR, only Chairman / Member of Audit Committee and Stakeholders Relationship Committee considered.

\# Statutory Committees referred under SEBI LODR and Companies Act, 2013 were considered.

## ANNEXURE "E" TO DIRECTORS' REPORT

**c. No. of Directorship in other Companies including the Name of Listed Companies :**

| Name of the Director | No. of Directorship in other Companies | | | Name of other Listed Company (s) | Category of directorship in that Listed Company(s) |
|---|---|---|---|---|---|
| | Public Company | Private Company | Foreign Company | | |
| Mr. R. Vidhya Shankar | 2 | — | — | 1. L G Balakrishnan & Bros Limited | 1. Independent Director |
| Mrs. Sriya Chari | 1 | 2 | — | 1. India Motor Parts & Accessories Limited | 1. Independent Director |
| Dr. S.K. Sundararaman | 6 | 6 | — | 1. Shiva Mills Limited<br>2. Shanthi Gears Limited<br>3. Shiva Texyarn Limited | 1. Director<br>2. Independent Director<br>3. Managing Director |
| Mr. P. Shanmugasundaram | 2 | — | — | 1. L G Balakrishnan & Bros Limited<br>2. LGB Forge Limited | 1. Independent Director<br>2. Independent Director |
| Mr. K. Ilango | 3 | 2 | — | 1. Rajshree Sugars & Chemicals Limited | 1. Independent Director |
| Mr. Navin Paul (w.e.f 22-Oct-2020) | 2 | 1 | — | 1. I P Rings Limited | 1. Independent Director |
| Mrs. Vanitha Mohan | — | 2 | — | Nil | NA |
| Mr. Vikram Mohan | 5 | 5 | 2 | Nil | NA |
| Mr. V. Balaji Chinnappann | — | — | — | Nil | NA |

Mr. Suresh Jagannathan, Independent Director resigned from the Board with effect from 10th February 2021.

**d.** Mrs. Vanitha Mohan and Mr. Vikram Mohan are related to each other. Mrs. Vanitha Mohan is mother of Mr. Vikram Mohan. No other directors are related to each other.

**e. A chart or a matrix setting out the skills / expertise / competence of the Board of Directors:**

To carry out the duties and responsibilities of a director in the Company, following skills / expertise / competence of the Board of Directors were identified and the names of the Directors who possess the skills/expertise / competence:

| Board Members | Years on Board | Board Experience & Governance | Strategic Planning | Risk and compliance oversight | Financial Knowledge | Auto Component Industry Exposure | Business Management | Human Resource Management | Compliance & Legal Management | Integrity Ethics | Influencer and negotiator | Critical and innovative thinker | Leadership | Gender | Age | Previous board experience | Qualification Mix | Executive / Non Executive | Promoter / Non Promoter |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Knowledge, Skills and Experience | | | | | | | | | | | | | | | | | | |
| Skills (Governance – G Industry - I Personal - P Others - O) | | G | G | G | G | I | I | I | I | P | P | P | P | O | O | O | O | O | O |
| Essential (E) / Desirable (D) | | E | E | E | E | D | E | D | D | E | E | E | E | D | D | D | D | D | D |
| Mrs. Vanitha Mohan | 22 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | — | ✓ | ✓ | ✓ | ✓ | F | 68 | ✓ | B.Com, PGDPM | E | P |
| Mr. Vikram Mohan | 12 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | — | ✓ | ✓ | ✓ | ✓ | M | 46 | ✓ | BE | E | P |
| Mr. V. Balaji Chinnappan | 2 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | M | 56 | ✓ | BE.,MBA | E | NP |
| Mr. R. Vidhya Shankar | 16 | ✓ | ✓ | ✓ | ✓ | — | ✓ | — | ✓ | ✓ | ✓ | ✓ | ✓ | M | 51 | ✓ | BL | NE | NP |
| Mrs. Sriya Chari | 5 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | — | ✓ | ✓ | ✓ | ✓ | F | 47 | ✓ | B.Com, MBA | NE | NP |
| Dr. S.K. Sundararaman | 3 | ✓ | ✓ | ✓ | ✓ | — | ✓ | ✓ | — | ✓ | ✓ | ✓ | ✓ | M | 48 | ✓ | MBBS, MBA | NE | NP |
| Mr. P. Shanmugasundaram | 2 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | — | ✓ | ✓ | ✓ | ✓ | ✓ | M | 72 | ✓ | B.Com, LLB.,FCA | NE | NP |
| Mr. K. Ilango | 2 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | — | ✓ | ✓ | ✓ | ✓ | M | 56 | ✓ | BE | NE | NP |
| Mr. Navin Paul | 0.5 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | — | — | ✓ | ✓ | ✓ | ✓ | M | 63 | ✓ | B.Sc., MBA | NE | NP |

## ANNEXURE "E" TO DIRECTORS' REPORT

**f.** Board confirms that in the opinion of the Board, the Independent Directors fulfill the conditions specified for Independent Directors in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

**g.** Mr. Suresh Jagannathan, Independent Director, had resigned during the year 2020-21 with effect from 10th February, 2021.

**h.** The Company conducts familiarisation programmes for the Independent Directors and the details of such programmes have been disclosed on the website of the Company and the weblink thereto is https://www.pricol.com/Data/policy/Familiarisation-Programme-for-Independent-Directors-March-2021.pdf. An exclusive meeting of the Independent Directors of the Company was held on 10th February 2021 without the attendance of the Non-Independent Directors and members of the management to discuss inter alia the matters specified under Schedule IV of the Companies Act, 2013.

**i. Board Meetings :**

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

During the year 2020-21, the Board met 7 times on 29th June 2020, 29th July 2020, 31st August 2020, 4th September 2020, 22nd October 2020, 19th November 2020 and 10th February 2021.

As per Section 73 of Companies Act, 2013 the gap between two Board Meetings should not exceed 120 days. Due to COVID-19, MCA vide their Circular No 11/2020 dated 24th March 2020 relaxed the above gap between two meetings. The gap between the meeting dated 12th February 2020 and 29th June 2020 exceeded 120 days.

**j. Brief note on Directors seeking appointment / re-appointment at the ensuing AGM :**

Shareholders at the meeting held on 22nd August 2018, appointed Mrs. Vanitha Mohan, as Chairman for Period of three Years, 1st April 2018 to 31st March 2021. The Board re-appointed her as Chairman, for period of three years with effect from 1st April 2021 to 31st March 2024. The Board recommends the re-appointment.

Mr. Navin Paul was appointed as the Additional Director (Independent) of the Company by the Board of Directors at its meeting held on 22nd October 2020 and whose term of office expires at this ensuing Annual General Meeting ('AGM'). The Board recommends the appointment of Mr. Navin Paul as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 22nd October 2020 to 21st October 2025.

Mr. V. Balaji Chinnappan, Director is retiring at the ensuing Annual General Meeting. He is eligible and offers himself for re-appointment. The board recommends the re-appoinment.

Brief resume, nature of expertise in specific functional areas, disclosure of relationships between director inter-se, names of listed entities in which the person also holds the directorship and the membership of Committees of the board and their shareholding in the Company, of the aforesaid director(s) seeking appointment / re-appointment at the ensuing AGM, were given in the Notice of the Annual General Meeting.

**3. AUDIT COMMITTEE:**

**a.** The Committee is mandated with the same terms of reference as specified in Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also conforms to the provisions of Section 177 of the Companies Act, 2013. The web link of the Audit Committee Charter is https://www.pricol.com/Data/policy/AuditCommitteeCharter.pdf

## ANNEXURE "E" TO DIRECTORS' REPORT

**b. Composition, Name of Members / Chairman, Meetings held and Members present during the year 2020-21.**

| Name of the member | Category | Date of Meeting / Members present | | | | |
|---|---|---|---|---|---|---|
| | | 29-Jun-20 | 29-Jul-20 | 31-Aug-20 | 22-Oct-20 | 10-Feb-21 |
| Mr. P. Shanmugasundaram (Chairman) | Non-Executive - Independent | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. R. Vidhya Shankar | Non-Executive - Independent | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Sriya Chari | Non-Executive - Independent | — | ✓ | ✓ | ✓ | ✓ |
| Dr. S. K. Sundararaman | Non-Executive - Independent | ✓ | ✓ | ✓ | ✓ | — |
| Mrs. Vanitha Mohan | Executive - Promoter | ✓ | ✓ | ✓ | ✓ | ✓ |

c. The Company Secretary acts as the Secretary to the Committee. Director Finance, Chief Financial Officer, Chief Marketing 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. NOMINATION AND REMUNERATION COMMITTEE :**

a. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees.

b. The Committee shall identify the persons who are qualified to become Directors / Senior Management Personnel of the Company in accordance with the criteria laid down, recommend to the Board their appointment, the remuneration including commission, perquisites and benefits payable to the Directors and their removal. It shall also carry out the evaluation of every Director's performance.

**c. Composition, Name of Members / Chairman, Meetings held and Members present during the year 2020-2021:**

| Name of the member | Category | Date of Meeting / Members present | | | | |
|---|---|---|---|---|---|---|
| | | 10-Jun-20 | 3-Jul-20 | 22-Oct-20 | 11-Jan-21 | 10-Feb-21 |
| Mr. R. Vidhya Shankar (Chairman) | Non-Executive - Independent | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Sriya Chari | Non-Executive - Independent | — | ✓ | ✓ | ✓ | ✓ |
| Mr. P. Shanmugasundaram | Non-Executive - Independent | ✓ | ✓ | ✓ | ✓ | ✓ |

**d. Nomination and Remuneration Policy :**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the policy on the Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors.

## ANNEXURE "E" TO DIRECTORS' REPORT

The Objectives of the Policy are:

I. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.

II. To evaluate the performance of the Directors, Key Managerial Personnel and Senior Management and provide necessary reports to the Board for their further evaluation.

III. To recommend the remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

IV. To provide to the Key Managerial Personnel and Senior Management, rewards linked directly to their effort, performance, dedication and achievement in relation to the Company's operations.

V. To attract, retain, motivate and promote talent and to ensure the long term sustainability of talented managerial persons and create a competitive advantage.

VI. To devise a policy on Board diversity.

VII. To develop a succession plan for the Board and to regularly review the plan.

The Nomination and Remuneration policy of the Company has been disclosed on the website of the Company and the web link thereto is https://www.pricol.com/Data/policy/NRC_policy_20.pdf

**e. Performance evaluation criteria for Independent Directors :**

Performance of Independent Directors has to be evaluated by the Board of Directors, based on the following criteria:

I. Evaluation Criteria laid down under Nomination and Remuneration Policy.

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

III. Code of Independent Directors prescribed in Schedule IV read with Section 149 (8).

**5. REMUNERATION TO DIRECTORS :**

The remuneration payable to the Executive Directors is determined by the Board on the recommendation of the Nomination and 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 sitting fees and commission will be distributed broadly on the basis of Board Meetings and Committee Meetings attended by the Non-Executive Directors. The company has not provided any Stock Options to any of its directors and employees.

**The remuneration paid / payable to the Executive Directors for the year 2020 - 21 :** ₹ Lakhs

| Name of the Director | Designation | Service Contract | Salary, perquisites & benefits (Gross)# | Commission | Total |
|---|---|---|---|---|---|
| Mrs. Vanitha Mohan | Chairman | 1st April 2018 to 31st March 2021 | 59.04 | 72.06 | 131.10 |
| Mr. Vikram Mohan | Managing Director | 1st April 2019 to 31st March 2022 | 106.99 | 96.07 | 203.06 |
| Mr. V. Balaji Chinnappan | Chief Operating Officer | 15th June 2019 to 31st March 2022 | 54.14 | — | 54.14 |

# Due to Covid, as per Board's decision Chairman & Managing Director did not receive Salary, Perquisites etc.,during 1st April 2020 to 30th September 2020 and Chief Operating Officer also had Salary cut .

## ANNEXURE "E" TO DIRECTORS' REPORT

**The remuneration paid / payable to the Non-Executive Directors for the year 2020-2021 and the shares held by them are given below :**

**₹ Lakhs**

| Name of the Non - Executive Director | Commission # | Sitting Fees # | No of Shares held on 31st March 2021 |
|---|---|---|---|
| Mr. Suresh Jagannathan* | 0.65 | 0.65 | 35,000 |
| Mr. R. Vidhya Shankar | 1.60 | 1.60 | — |
| Mrs. Sriya Chari | 1.20 | 1.20 | — |
| Dr. S.K. Sundararaman | 0.95 | 0.95 | — |
| Mr. P. Shanmugasundaram | 1.20 | 1.20 | — |
| Mr. K. Ilango | 0.95 | 0.95 | 9,547 |
| Mr. Navin Paul | 0.65 | 0.65 | — |

* Mr. Suresh Jagannathan resigned from the Board with effect from 10th February 2021.

\# Sitting fees & Commission for the Independent Directors were paid for the Board and Committee meetings attended during the period 1st October, 2020 to 31st March, 2021. No sitting fees & Commissions were paid for the meetings attended during period 1st April, 2020 to 30th September, 2020.

The Company had availed the services of Mr. R.Vidhya Shankar, Advocate who is a Non-Executive-Independent Director, in his professional capacity and paid ₹ 20 Lakhs. The said transaction value does not exceed ten per cent of the gross turnover of his legal firm.

### 6. STAKEHOLDERS RELATIONSHIP COMMITTEE :

The Committee comprises of Mrs.Vanitha Mohan, Mr.Vikram Mohan, Mr.R.Vidhya Shankar and Dr. S.K. Sundararaman. The Committee approves the issue of new / duplicate share certificates.

The Committee oversees and reviews all matters connected with share transfers / transmission / demat /remat / issue of share certificates and other issues pertaining to shares. The Committee specifically look into the various aspects of interest of shareholders / stakeholders. The Committee also looks into the investor relations / grievances and redressal of the same, on a periodical basis.

The Committee met 5 times during the year on 3rd April, 2020, 3rd August 2020, 25th September 2020, 11th December 2020 and 26th March 2021. Mr. Vidhya Shankar chaired all the meetings. Mr. T. G. Thamizhanban, Company Secretary is the Compliance Officer.

During the year, 9 letters were received as complaint 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 / investor complaints are kept pending.

### 7. GENERAL BODY MEETINGS :

| Year | Date & Time | Special Resolution | Location |
|---|---|---|---|
| 2018 – 7th AGM | 22nd August 2018 4.30 PM | a. Appointment and Remuneration to Mrs. Vanitha Mohan, Chairman<br>b. Authorisation for Conversion of Loans of the Company into Equity Shares as per Loan agreement | Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore – 641 018 |
| 2019 – 8th AGM | 29th August 2019 4.30 PM | a. Re-appointment and Remuneration to Mr. Vikram Mohan, Managing Director<br>b. Appointment and Remuneration to Mr. V. Balaji Chinnappan, Chief Operating Officer<br>c. Appointment of Mr. P. Shanmugasundaram as an Independent Director<br>d. Sale of Subsidiary Company (s) | 'ARDRA', North Huzur Road (Near Anna Statue), Coimbatore – 641 018 |
| 2020 – 9th AGM | 16th September 2020 3.00 PM | a. Re-appointment of Mrs. Sriya Chari as an Independent Director | Through video conference (VC) |

## ANNEXURE "E" TO DIRECTORS' REPORT

- Court convened meeting of the members held during the year 2020-21 : NIL
- Special resolution passed during the year 2020-21, through postal ballot : NIL
- Person who conducted the postal ballot exercise : NA
- During 2021-22, there is no proposal to conduct postal ballot to pass any special resolution.

**8. MEANS OF COMMUNICATION :**

The quarterly / annual financial results of the Company are published in the Economic Times (English), Business Line (English), New Indian Express (English), The Hindu (Tamil) and Daily Thanthi ( Tamil). The financial results and the annual reports of the Company are uploaded on the Company's website: www.pricol.com and on the Stock Exchange websites: www.bseindia.com and www.nseindia.com.

Management Discussion & Analysis forms part of the Annual Report.

**9. GENERAL SHARE HOLDER INFORMATION :**

**a. Annual General Meeting**

**Date & Time** : Thursday, 19th August, 2021, 3.00 p.m.

**Venue** : Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated 13th January 2021 & SEBI Circular dated 15th January 2021and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

**b. Financial Year** : 1st April 2020 to 31st March 2021

**c. Date of Book Closure / Record Date** : Not Applicable

**d. Financial Calendar** :

| Financial Reporting for the quarter ended | Financial Calendar |
|---|---|
| 30th June, 2021 | Between 15th July and 14th August 2021 |
| 30th September, 2021 | Between 15th October and 14th November 2021 |
| 31st December, 2021 | Between 15th January and 14th February 2022 |
| 31st March, 2022 | Between 15th April and 30th May 2022 |

**e. Particulars of Dividend** : No Dividend has been recommended for the Financial Year 2020-21.

**f. Listing on Stock Exchanges** :

**National Stock Exchange of India Limited,**
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

**BSE Limited,**
Phiroze Jeejeebhoy
Towers,Dalal Street,
Mumbai – 400 001

**g. Stock Code** : National Stock Exchange of India Limited : PRICOLLTD

BSE Limited : 540293

**h. International Security Identification Number (ISIN)** : INE726V01018

**i. Listing and Custodial Fee** : For the year 2021-22:

i) Annual Listing Fees to National Stock Exchange of India Limited and BSE Limited, were paid.

ii) Custodial Fees Central Depository Services (India) Limited and National Securities Depository Limited, were yet to be paid.

## ANNEXURE "E" TO DIRECTORS' REPORT

j. **Stock Market Data :**

| Month | National Stock Exchange of India Limited | | | | BSE Limited | | | |
|---|---|---|---|---|---|---|---|---|
| | Price (₹) | | CNX-500 (Points) | | Price (₹) | | BSE-Small Cap (Points) | |
| | High | Low | High | Low | High | Low | High | Low |
| April-20 | 53.80 | 32.80 | 8041.05 | 6619.55 | 53.75 | 32.85 | 11204.15 | 9379.26 |
| May-20 | 45.00 | 36.00 | 7834.05 | 7234.45 | 45.75 | 36.55 | 11031.00 | 10348.83 |
| June-20 | 44.00 | 37.00 | 8699.55 | 7839.15 | 43.65 | 37.55 | 12801.11 | 11032.21 |
| July-20 | 52.00 | 36.10 | 9180.70 | 8466.70 | 52.20 | 36.00 | 13076.38 | 12363.73 |
| August-20 | 55.75 | 37.35 | 9747.05 | 8925.05 | 55.55 | 37.05 | 15132.57 | 13043.93 |
| September-20 | 53.05 | 41.05 | 9640.95 | 8933.95 | 53.00 | 41.00 | 15461.62 | 14115.44 |
| October-20 | 64.45 | 43.40 | 9822.95 | 9423.80 | 64.00 | 41.70 | 15213.54 | 14589.98 |
| November-20 | 62.75 | 47.25 | 10804.10 | 9524.20 | 62.65 | 47.20 | 16912.34 | 14758.50 |
| December-20 | 55.35 | 45.00 | 11548.35 | 10734.30 | 55.40 | 43.65 | 18137.85 | 16387.53 |
| January-21 | 53.50 | 45.90 | 12167.95 | 11273.55 | 53.80 | 45.85 | 19085.82 | 17882.62 |
| February-21 | 71.45 | 47.90 | 12724.55 | 11304.00 | 71.40 | 48.00 | 20321.33 | 17912.40 |
| March-21 | 77.10 | 60.00 | 12816.15 | 11939.00 | 77.15 | 60.00 | 21419.84 | 19726.12 |

k. **Registrar and Transfer Agents :**

**For Physical transfer and Dematerialisation of shares :**

The Company has appointed M/s. Integrated Registry Management Services Private 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 :**

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. Physical shares received for dematerialization are processed and completed within the stipulated time, if the documents are complete in all respects. The Company obtains from M/s. S.Krishnamurthy & Co., Company Secretaries, Chennai the following certificates :

a. Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, on half yearly basis, for due compliance of share transfer formalities by the Share Transfer Agent of the Company.

b. Pursuant to SEBI (Depositories and Participants) Regulations, 2018, 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.

m. **Distribution of Shareholding as on 31st March 2021 :**

| Shares held by | No of Holders* | No of Shares* | % of Total Paid-up Capital |
|---|---|---|---|
| 1 to 500 | 31,777 | 45,12,552 | 3.70 |
| 501 to 1000 | 3,779 | 30,31,180 | 2.49 |
| 1001 to 2000 | 2,226 | 33,89,176 | 2.78 |
| 2001 to 3000 | 901 | 22,97,069 | 1.89 |
| 3001 to 4000 | 415 | 14,69,566 | 1.21 |
| 4001 to 5000 | 348 | 16,12,927 | 1.32 |
| 5001 to 10000 | 673 | 48,89,843 | 4.01 |
| 10001 and above | 616 | 10,06,79,185 | 82.60 |
| **Total** | **40,735** | **12,18,81,498** | **100.00** |

* Based on PAN consolidation

## ANNEXURE "E" TO DIRECTORS' REPORT

**n. Dematerialisation of shares and liquidity as on 31st March 2021:**

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 Holders | No of Share | % of Total Paid-up Capital |
|---|---|---|---|---|---|
| i. | National Securities Depository Limited (NSDL) | 22,826 | 54.85 | 9,15,34,676 | 75.10 |
| ii. | Central Depository Services (India) Limited (CDSL) | 18,230 | 43.81 | 2,90,48,111 | 23.83 |
| | **Demat Form ( i + ii )** | **41,056** | **98.66** | **12,05,82,787** | **98.93** |
| iii. | Physical Form | 558 | 1.34 | 12,98,711 | 1.07 |
| | **Total ( i + ii + iii )** | **41,614** | **100.00** | **12,18,81,498** | **100.00** |

**o. 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 | 10,77,370 |
| Transferred from Unclaimed Shares Suspense account upto 31st March 2020 | b | 491 | 7,09,590 |
| Closing Balance as on 31st March 2020 | c = a - b | 273 | 3,67,780 |
| Claimed during the year 2020-21 | | 14 | 22,210 |
| Transferred from Unclaimed Shares Suspense account during the year 2020-21 | d | 14 | 22,210 |
| Closing Balance as on 31st March 2021 | e = c - d | 259 | 3,45,570 |

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

**p. As on 31st March 2021, there are no Outstanding GDRs /ADRs / Warrants or any Convertible Instruments.**

**q. Commodity price risk or foreign exchange risk and hedging activities :** Refer to Note No.2.55 to the standalone Financial Statements.

**r. Plant locations :**

**Plant I**
132, Mettupalayam Road,
Perianaickenpalayam,
Coimbatore – 641 020,
Tamilnadu, India.

**Plant II**
Plot No.34 & 35, Sector 4,
IMT Manesar, Gurugram – 122 050,
Haryana, India

**Plant III**
4/558, Mettupalayam Road,
Chinnamathampalayam,
Billichi Village, Press Colony Post,
Coimbatore – 641 019,
Tamilnadu, India

**Plant V**
Global – Raisoni, Industrial Park,
Gat No.180-187, Alandi-Markal Road,
Phulgaon, Haveli Taluka,
Pune – 412 216, Maharashtra, India

**Plant VII**
Plot no 45, Sector 11,Integrated Industrial Estate,
Pantnagar, SIDCUL, Rudrapur – 263 153,
Uttarakhand, India

**Plant IX**
Plot No-120,
Sector – 8,
IMT Manesar,
Gurugram – 122 050,
Haryana, India

**Plant X**
650, Benjamin Road,
Sri City – 517 646
Andhra Pradesh, India

## ANNEXURE "E" TO DIRECTORS' REPORT

s. **Address for correspondence:**

**Registrar & Transfer Agents**

**Integrated Registry Management Services Private 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
E mail : srirams@integratedindia.in

**Company**

**Pricol Limited,**
Secretarial Department
109, Race Course,
Coimbatore – 641 018, India.
Phone : +91 422 4336238 / 6272
E mail : cs@pricol.com / investor@pricol.com

t. **Website address** : www.pricol.com

u. **Name of the Compliance Officer** : Mr. T.G.Thamizhanban, Company Secretary

10. **DISCLOSURES :**

a. 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. 2.70 to Notes to Standalone Financial Statements in accordance with the provision of Indian Accounting Standards. The Company has formulated a policy on related party transactions which has been placed on the website of the Company and the web link thereto is https://www.pricol.com/Data/policy/RPT_policy_20.pdf

b. There was no instance of non-compliance by the Company on any matters relating to the capital markets, nor was there any penalties, strictures, imposed by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years, except the following;

   1. Delay in submission of Financial results for the quarter and year ended 31st March 2019, to the Stock Exchanges (NSE & BSE), for which fine of ₹ 80,000/- was paid to each Stock Exchange.

c. The Company has established a Vigil Mechanism / Whistle Blower Policy to enable the Stakeholders of the Company to report their genuine concerns and grievances. The Policy provides for adequate safeguards against victimization of stakeholders who avail of the vigil mechanism and direct access to the Chairman of the Audit Committee of the Company, in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman.

   The Company hereby affirms that no stakeholders including Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. The Whistle Blower Policy has been disclosed on the website of the Company and the weblink thereto is https://www.pricol.com/Data/policy/Whistle-Blower-Policy_20.pdf

d. The Company has complied with all the mandatory requirement of corporate governance norms as specified in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e. The Company has formulated a Policy on Subsidiary & Material Subsidiary Company and has placed it on the website of the Company and the web link thereto is https://www.pricol.com/Data/policy/Material-Subsidiary_policy_20.pdf

f. Disclosure of commodity price risks and commodity hedging activities. Refer Note No. 2.55 to Notes to Standalone Financial Statements.

g. During the financial year, the company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

## ANNEXURE "E" TO DIRECTORS' REPORT

h. Certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority, is annexed as part of this report.

i. The board accepted all the recommendation of the Committees of the Board which is mandatorily required, in the relevant financial year.

j. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is as follows:

₹ Lakhs

| Particulars | Pricol Limited and Subsidiaries |
|---|---|
| For Audit | 46.25 |
| For Taxation Matters | 20.25 |
| For Certification & Others | 10.04 |
| Reimbursement of Expenses | 1.88 |
| Rights Issue related Services | 15.08 |
| **Total** | **93.50** |

k. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Complaints Committee (CC) had been constituted in compliance with the provisions of above Act, to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy. The Company has not received any sexual harassment complaint during the year 2020-21.

l. The company has complied with all the requirements as specified in sub-paras (2) to (10) of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the Corporate Governance report.

m. The Company has complied with the following Discretionary requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Adopted the best practices to ensure a regime of financial statements with unmodified audit opinion.

n. The company has complied with all the requirements specified in Regulation 17 to 27 and disseminate the information under a separate section on the website, as required under clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board
**Vanitha Mohan**
Chairman
(DIN : 00002168)

Date : 26th May 2021
Place : Coimbatore

### 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 under the web link https://www.pricol.com/Data/policy/Code-of-Conduct-BOD_SM.pdf The declaration of the Managing Director 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 2021.

**Vikram Mohan**
Managing Director
(DIN : 00089968)

Date : 26th May 2021
Place : Coimbatore

★★★★★

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members of Pricol Limited
(CIN: L34200TZ2011PLC022194)
109, Race Course,
Coimbatore – 641018

I have examined all the relevant records of **Pricol Limited** ("hereinafter called as the "Company") for the purpose of certifying compliance with the conditions of Corporate Governance stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended **31st March, 2021**. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance with the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring compliance with the conditions of Corporate Governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**P. ESWARAMOORTHY AND COMPANY**
Company Secretaries
**P. Eswaramoorthy**
Proprietor
FCS No.: 6510, CP No.: 7069
UDIN: F006510C000373404
Peer review Cert. No.933/2020

Date : 26th May 2021
Place : Coimbatore

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Under Regulation 34(3) read with Part C (10) (i) of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of Pricol Limited
(CIN: L34200TZ2011PLC022194)
109, Race Course,
Coimbatore – 641018

As required by Regulation 34(3) read with Part C (10) (i) of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby certify that none of the Directors on the Board of Pricol Limited have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

**P. ESWARAMOORTHY AND COMPANY**
Company Secretaries
**P. Eswaramoorthy**
Proprietor
FCS No.: 6510, CP No.: 7069
UDIN: F006510C000373382
Peer review Cert. No.933/2020

Date : 26th May 2021
Place : Coimbatore

★★★★★

# ANNEXURE "F" TO DIRECTORS' REPORT

## BUSINESS RESPONSIBILITY REPORT (BRR)

[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1. CIN of the Company : L34200TZ2011PLC022194
2. Name of the Company : PRICOL LIMITED
3. Registered address : 109, Race Course, Coimbatore – 641018, India.
4. Website : www.pricol.com
5. E-mail id : cs@pricol.com
6. Financial Year reported : 2020-21
7. Sector(s) that the Company is engaged in (industrial activity code-wise)

| Industrial Activity Code | Description |
|---|---|
| 28132 | Oil Pumps |
| 29301 & 29304 | Auto Components - Motor Vehicles |
| 30913 | Auto Components - Motor Cycles and Three Wheelers |

8. List three key products/services that the Company manufactures/provides
   a) Dashboard Instruments
   b) Pumps & Mechanical Products
   c) Switches & Sensors
9. Total number of locations where business activity is undertaken by the Company
   a) Number of International Locations : 1 (One)
      Tokyo, Japan
   b) Number of National Locations : 5 (Five)
      **Plants**
      Coimbatore (Tamilnadu)
      Pune (Maharashtra)
      Gurugram (Haryana)
      Rudrapur (Uttarakhand)
      Sricity (Andhra Pradesh)
10. Markets served by the Company : Local / State / National / International
    Asia (including all over India), Europe, America

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

| Particulars | FY 2020-21 |
|---|---|
| 1. Paid up Capital (₹) | ₹ 1,218.81 Lakhs |
| 2. Total Turnover (₹) | ₹ 1,33,615.33 Lakhs |
| 3. Total profit after taxes (₹) | ₹ 1,460.21 Lakhs |
| 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | CSR for 2020-21 is ₹ 53.29 Lakhs, which is 2.11% of average net profits of the last 3 financial years. |
| 5. List of activities in which expenditure in 4 above has been incurred | Please refer "Report on CSR" attached with this Annual Report. |

### SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company / Companies?**

   Yes. The Company has following subsidiaries.
   1. Pricol Asia Pte. Limited, Singapore
   2. Pricol Wiping Systems India Limited, India
   3. PT Pricol Surya Indonesia
   4. PT Sripri Wiring Systems, Indonesia (100% subsidiary of PT Pricol Surya Indonesia)
   5. Pricol Espana Sociedad Limitada, Spain (upto 21st August 2020)
   6. Pricol Wiping Systems Czech s.r.o, Czech (100% subsidiary of Pricol Espana Socieda Limitada) (upto 21st August 2020)

# ANNEXURE "F" TO DIRECTORS' REPORT

**2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

The subsidiary companies are not required to comply with the Business Responsibility initiatives as per the laws applicable to them. However, the company proactively encourages its subsidiaries to adopt BR initiatives of the company. Subsidiaries are guided by the Company to conduct their business in an ethical, transparent and accountable manner.

**3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

Company engages on a regular basis with suppliers / vendors through various channels for operational matters and strategic planning and also focuses on emerging and futuristic technologies.

Suppliers / Vendors are provided awareness on environmental and socio-economic issues. Customers, Supplier / Vendor meets are used as a platform to raise awareness on health & safety, legal compliance, environmental and community initiatives of the company.

## SECTION D : BR INFORMATION

**1. Details of Director / Directors responsible for BR**

a) Details of the Director/Director responsible for implementation of the BR policy/policies

| Sl.No | Name of Members | DIN | Designation |
|---|---|---|---|
| 1 | Mr. Vikram Mohan | 00089968 | Executive - Managing Director |

b) Details of the BR Head

| Sl.No | Particulars | Details |
|---|---|---|
| 1 | DIN Number | 00089968 |
| 2 | Name | Mr. Vikram Mohan |
| 3 | Designation | Managing Director |
| 4 | Telephone number | 0422 - 4336000 |
| 5 | e-mail id | vikram@pricol.co.in |

## NATIONAL VOLUNTARY GUIDELINES (NVG) PRINCIPLE

| | |
|---|---|
| Principle 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability |
| Principle 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle |
| Principle 3 | Businesses should promote the well being of all employees |
| Principle 4 | Businesses should respect the interests of, and be responsive towards all stake holders, especially those who are disadvantaged, vulnerable and marginalized |
| Principle 5 | Businesses should respect and promote human rights |
| Principle 6 | Business should respect, protect and make efforts to restore the environment |
| Principle 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner |
| Principle 8 | Businesses should support inclusive growth and equitable development |
| Principle 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner |

# ANNEXURE "F" TO DIRECTORS' REPORT

**2. Principle-wise (as per NVGs) BR Policy / Policies**

**(a) Details of compliance ( Reply in Y / N )**

| No | Questions | Business Ethics | Product Responsibility | Well being of employee | Stakeholders engagement | Human Rights | Environment | Public Policy | CSR | Customer relations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **P1** | **P2** | **P3** | **P4** | **P5** | **P6** | **P7** | **P8** | **P9** |
| 1 | Do you have a policy/ policies for.... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | All the policies of the Company are in compliance with National / International standards to the extent applicable. | | | | | | | | |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director? | Mandatory policies viz., CSR Policy, Whistle Blower Policy, Nomination & Remuneration Policy, Code of Conduct for prevention of Insider Trading, Code of Conduct for Board and Senior Management have been adopted by the Board and other operational internal policies are approved by the management. | | | | | | | | |
| 5 | Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy? | Implementation and adherence to the employees / Human rights related policies are administered by the HR Department.<br>CSR policy is administered by CSR Committee in line with the requirements of the Companies Act, 2013.<br>Environmental, Health and Safety (EHS) policy adherence is overseen by HR Department and Plant Maintenance Department (PMD).<br>Customer, Vendor, Suppliers, other stakeholders related policies adherence are overseen by Business Development (BD) / Strategic Material Sourcing (SMS) Department. | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online. | Mandatory policies are available on https://www.pricol.com/policy.aspx | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Policies are communicated to all relevant stakeholders. | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy / policies? | The Company has an established in-house structures to implement these policies. | | | | | | | | |
| 9 | Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies? | The whistle blower mechanism enables employees to report any concern or grievances pertaining to any potential or actual violation of the Company's Code of Conduct, which covers all aspects of BRR Policies formulated by the Company have an in-built grievance and redressal mechanism | | | | | | | | |
| 10 | Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency? | The implementation of the Company's Code of Conduct and other policies are reviewed through internal / external audit function.The Quality, Safety & Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessment. All policies adopted by the Company for ensuring the orderly and efficient conduct of business including adherence to Company's policies are evaluated annually by an internal and external audit team. | | | | | | | | |

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why (Tick up to 2 options) : **Not applicable.**

# ANNEXURE "F" TO DIRECTORS' REPORT

3. **Governance related to Business Responsibility**

| | |
|---|---|
| a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year | Management team reviews the BR performance of the Company through monthly review meetings. Gap, if any, in the compliance is analysed and suitable measures were taken till it gets closed. |
| b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | BR report is available as part of the Annual Report. The report is available at https://www.pricol.com/annual-report.aspx |

**SECTION E : PRINCIPLE-WISE PERFORMANCE**

**Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the company? : **Yes.**

   Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others? : **Yes.**

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   Company has not received any complaints with regard to violation of Code of Conduct, during 2020-21.

**Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

   Fuel Pump Module has been developed in Pricol, whose design has incorporated social and environmental concerns and thus to meet BS VI emission norms at vehicle level.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   Fuel Pump Module is developed to support fuel injection system which is mandatory to control emission from vehicles to comply with BS VI norms.

   (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain? : **Not applicable**

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year? : **Not applicable**

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

   If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Yes, the company have sourcing procedure for supplier selection and maintaining for all approved suppliers on sustainability. And the expiry dates of ISO 9001 / IATF 16949 / ISO 14001 / ISO 45001 are being tracked and monitored with regular intervals by effective usage of supplier portal and informing to all suppliers through B2B on or before 30 days before expiry.

   Wherever required, Customer approved sources are used for special process like plating, painting, heat treatment for better control and sustainability. Process and system audits at suppliers are being conducted for controlling quality of parts.

   Milk run concept transportation being arranged for critical material transitions at plant level from local suppliers for minimizing the number of vehicles. This will help to meet customer schedules and to reduce inventory.

   It is difficult to ascertain the percentage of inputs sourced from these suppliers accounting towards total input due to different kind of materials being used by the company.

## ANNEXURE "F" TO DIRECTORS' REPORT

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Yes, 70 to 80% of the parts are developed using sources located nearby Pricol plants who are local & small producers. Pricol is focusing on developing local suppliers to improve their capacity and capability on Quality, Cost, Delivery, Serviceability, Technology, Flexibility (QCDSTF) through trainings and periodic audits.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof,in about 50 words or so.

   The nature of the Company's business is such that there are no significant emissions or process wastes. The company recycle materials wherever it is usable within the company which cannot be reused is disposed of in a manner in compliance with applicable statutory provisions.

**Principle 3 : Businesses should promote the well-being of all employees**

| | | |
|---|---|---|
| 1. | Please indicate the Total number of employees, as at 31st March 2021 | 5,448 |
| 2. | Please indicate the Total number of employees hired on temporary/contractual/casual basis, as at 31st March 2021 | 3,678 |
| 3. | Please indicate the Number of permanent women employees, as at 31st March 2021 | 324 |
| 4. | Please indicate the Number of permanent employees with disabilities, as at 31st March 2021 | 3 |
| 5. | Do you have an employee association that is recognized by management? | Yes |
| 6. | What percentage of your permanent employees (workers) is members of this recognized employee association as at 31st March 2021? | Around 90 % |

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| No | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|---|---|---|---|
| 1 | Child labour / forced Labour / involuntary labour | — | — |
| 2 | Sexual harassment | — | — |
| 3 | Discriminatory employment | — | — |

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

| | | |
|---|---|---|
| (a) | Permanent Employees | 100 % |
| (b) | Permanent Women Employees | 100 % |
| (c ) | Casual / Temporary / Contractual Employees | 100 % |
| (d) | Employees with Disabilities | 100 % |

**Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1. Has the company mapped its internal and external stake holders? **Yes.**
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stake holders? **Yes.**
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   The Company has taken initiatives to engage with and uplift the disadvantages, vulnerable, marginalized stakeholders as per its CSR policy.

## ANNEXURE "F" TO DIRECTORS' REPORT

**Principle 5 : Businesses should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs / Others?

   The company has adopted; Code of conduct and whistle blower policy along with Business responsibility policy. These policies are applicable to the Directors and employees of the company, the underlying principles are communicated to vendors, suppliers and distributors and other key business associates of the company, which they are expected to adhere to while dealing with the company.

   For the foreign subsidiaries, the code and policy is applicable in line with the requirement of the respective countries of operations.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   The Company has not received any complaint from any stakeholders, in connection with Human rights.

**Principle 6 : Business should respect, protect and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

   Company's EHS Policy that commits to provide support to the suppliers and contractors in adopting sound EHS practices.

   All manufacturing plants of the Company has been certified with ISO 14001:2015 & ISO 45001: 2018 standards.

   Company is promoting the certification of all its key stakeholders- suppliers and contractors.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for web page etc.

   Yes. Over several years, the Company has undertaken various initiatives to address global environmental issues such as Climate change & Global Warming.

   To overcome, Renewal Energy and Energy conservation measures are ongoing exercise and the initiatives are mentioned in the Company's Annual Report.

   The emissions or waste generated by the company are within the permissible limits specified by the Pollution Control Boards (Central & State).

3. Does the company identify and assess potential environmental risks? Y/N

   Yes. Company is certified under ISO 14001: 2015 standard. As per standard company has laid down procedure for Identification of risk towards environmental and business, identified risk are taken action for continual improvement.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   Company committed to promote renewable source energy and implementation of various energy saving & clean development projects, as follows :

   - Implemented Roof Top Solar power 2.62 MW across all company's plants thereby generating power of 37 Lakh units per year and the generation being utilized as Green Energy for our power consumption. Further we have proposal to implement roof top solar power of 400 KW.
   - Implemented 1.9 MW capacity windmill which produce 11 Lakhs power. Unit's generation neutralizing a part of plant consumption and unitized as Green Energy.
   - VAM (Vapor absorption machine) had been operated between 2006-2016 with 400 KW Captive power plant and both have been replaced with 460 KW Industrial UPS which saves fossil fuel as well as carbon emission.

   All these Clean Development Mechanism (CDM) initiatives have contributed in reduction of Specific power consumption significantly.

   All the plants have filed environmental compliance reports as per the requirement of applicable environmental laws.

## ANNEXURE "F" TO DIRECTORS' REPORT

5. Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   **Energy Efficiency :**

   Company implement energy efficient products for new projects since 2012 like LED lights, VRF type Air conditioners & compressors etc. Subsequently in remaining plants, LED lights are being carried out which gives 40 - 50 % of lighting power savings.

   Energy saving projects are implemented year on year to reduce specific power consumption of plant. The projects includes operational control techniques, energy efficient products like VRF for A/c, LED lights, HVLS fans, VFD's, Motion sensors, Timer cut off, Water saver taps etc.,

   In 2020-21, Plant level Energy saving projects are implemented for the value of ₹ 48 Lakhs across plants. The key initiatives are Optimizing chiller / Air conditioners temperature set points, maximize generator load pattern to have diesel savings etc.,

   Company's plants have 2,634 KL capacity of rain water harvesting structures whereas 2,557 KL are UG Tanks, the water is being used for various internal applications like gardening and flushing etc.,

   Renewable energy: Details as mentioned in point 4.

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

   Yes. All parameters of emission / waste generation by the Company conform to the prescribed norms. Towards compliance management, we have submitted the emission/waste generation reports like ambient air, stack, noise and measurement of key parameters like pH, Chemical Oxygen Demand (COD), Biological Oxygen Demand (BOD), Total Suspended Solids (TSS) to the Tamil Nadu Pollution Control Board and forms and returns under applicable Environmental Acts and Rules.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   Nil. No show cause notices have been issued by the concerned authorities.

**Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   - Confederation of Indian Industry (CII);
   - Automotive Component Manufactures Association (ACMA)
   - Society of Indian Automobile Manufacturers (SIAM)
   - Coimbatore Chamber of Commerce
   - Quality Circle Forum of India
   - The Employers Federation of Southern India

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No: if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) : **No.**

**Principle 8 : Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Yes. Company has a Corporate Social Responsibility Policy which derived its core value on various aspects as per the requirement of Companies Act, 2013. The Company undertakes purposeful activities for the welfare of the society. The details are given in the **"Annexure B"**, Annual Report 2020-21.

## ANNEXURE "F" TO DIRECTORS' REPORT

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

   The CSR programmes are undertaken through in-house team alongwith ND Foundation and other implementing agencies.

3. Have you done any impact assessment of your initiative?

   A formal impact assessment has not been done. However the CSR programme / projects of the Company are giving desired results, for upliftment of underprivileged school children, women, increase in ground water level, health awareness etc.

5. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken

   CSR spent during 2020-21, details are given in the **"Annexure B"** of this Annual Report.

6. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   **Yes**, the company regularly monitors the projects to ensure that they are adopted and continued and sustain within communities beyond our interactions.

**Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year :

   As on FY 2020-21 end, no customer complaints are pending and no consumer cases.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information) :

   **Not Applicable**

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so. :

   **No**

4. Did your company carry out any consumer survey / consumer satisfaction trends?:

   **Yes**,
   Customer Satisfaction trends are carried out.

★★★★★

# TEN YEARS PERFORMANCE AT A GLANCE

## OPERATING RESULTS

₹ Lakhs

| Year Ended 31st March | | 2012 Erstwhile Pricol Limited | 2013 Erstwhile Pricol Limited | 2014 Erstwhile Pricol Limited | 2015 Erstwhile Pricol Limited | 2016 Erstwhile Pricol Limited | 2017 Pricol Limited | 2018 Pricol Limited | 2019 Pricol Limited | 2020 Pricol Limited | **2021 Pricol Limited** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Sales & Services - Domestic | | 78,867.46 | 69,966.84 | 68,996.47 | 78,423.45 | 97,992.03 | 1,13,155.51 | 1,09,564.18 | 1,22,130.04 | 1,05,486.58 | **1,24,499.87** |
| - Export | | 14,280.47 | 12,859.12 | 14,027.83 | 11,625.45 | 10,052.82 | 8,409.61 | 8,107.26 | 7,593.97 | 8,418.29 | **9,115.46** |
| Total Net Sales & Services | | 93,147.93 | 82,825.96 | 83,024.30 | 90,048.90 | 1,08,044.85 | 1,21,565.12 | 1,17,671.44 | 1,29,724.01 | 1,13,904.87 | **1,33,615.33** |
| Gross Surplus from Operation | | 7,373.24 | 6,043.65 | 6,581.28 | 2,328.39 | 10,665.39 | 13,186.52 | 15,050.28 | 9,372.63 | 8,514.65 | **17,050.90** |
| Other Income | | 214.65 | 151.60 | 362.25 | 200.57 | 699.96 | 429.46 | 667.46 | 846.34 | 1,263.23 | **748.68** |
| Depreciation & Amortisation Expense | (a) | 2,919.11 | 3,195.01 | 3,066.46 | 3,525.45 | 3,417.37 | 6,599.73 | 7,156.53 | 8,019.74 | 9,269.24 | **9,095.04** |
| Finance Costs | (b) | 2,979.21 | 1,633.07 | 651.96 | 789.00 | 931.19 | 784.14 | 1,139.39 | 1,808.74 | 3,108.45 | **4,052.86** |
| Profit / (Loss) from operations before Exceptional Items and Tax | | 1,689.57 | 1,367.17 | 3,225.11 | (1,785.49) | 7,016.79 | 6,232.11 | 7,421.82 | 390.49 | (2,599.81) | **4,651.68** |
| Exceptional Items (Net) | | 4,942.03 | — | 5,163.34 | (467.68) | (1,001.62) | — | — | (23,197.75) | (19,072.36) | **—** |
| Profit / (Loss) Before Tax (PBT) | (c) | 6,631.60 | 1,367.17 | 8,388.45 | (2,253.17) | 6,015.17 | 6,232.11 | 7,421.82 | (22,807.26) | (21,672.17) | **4,651.68** |
| Tax Provision incl. Deferred Tax | | 990.00 | (206.87) | 1,688.52 | (453.45) | 1,695.43 | 1,564.73 | 2,074.46 | (14.31) | (384.20) | **3,191.47** |
| Profit / (Loss) After Tax (PAT) | (d) | 5,641.60 | 1,574.04 | 6,699.93 | (1,799.72) | 4,319.74 | 4,667.38 | 5,347.36 | (22,792.95) | (21,287.97) | **1,460.21** |
| Other Comprehensive Income for the year after tax | | NA | NA | NA | NA | NA | (112.87) | 160.64 | 31.09 | 191.97 | **13.17** |
| Total Comprehensive Income for the year | | NA | NA | NA | NA | NA | 4,554.51 | 5,508.00 | (22,761.86) | (21,096.00) | **1,473.38** |
| Dividend (including tax) | (e) | 836.80 | 421.18 | 884.48 | — | 1,140.95 | 1,140.95 | 1,142.82 | — | — | **—** |
| Retained Profit / (Loss) | | 4,804.80 | 1,152.86 | 5,815.45 | (1,799.72) | 3,178.79 | 3,413.56 | 4,365.18 | (22,761.86) | (21,096.00) | **1,473.38** |
| **As at 31st March** | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | **2021** |
| **SOURCES OF FUNDS** | | | | | | | | | | | |
| Share Capital | | 900.00 | 900.00 | 945.00 | 947.97 | 947.97 | 947.97 | 947.97 | 947.97 | 947.97 | **1,218.81** |
| Reserves & Surplus | | 23,399.89 | 24,552.75 | 31,133.20 | 25,805.92 | 28,984.71 | 82,612.01 | 86,979.06 | 63,074.38 | 41,978.38 | **51,132.97** |
| Money received against Share Warrants | | 202.50 | 202.50 | — | — | — | — | — | — | — | **—** |
| Networth | (f) | 24,502.39 | 25,655.25 | 32,078.20 | 26,753.89 | 29,932.68 | 83,559.98 | 87,927.03 | 64,022.35 | 42,926.35 | **52,351.78** |
| Deferred Tax Liability / (Asset) | | 510.00 | 400.00 | 810.00 | 140.00 | (100.00) | 3,714.00 | 5,468.55 | 5,470.94 | 5,189.85 | **5,735.66** |
| Loan Funds | (g) | 17,385.60 | 10,492.40 | 4,394.17 | 6,401.02 | 5,000.00 | 10,834.74 | 12,725.27 | 26,022.67 | 34,328.77 | **22,983.45** |
| Total Capital Employed | (h) | 42,397.99 | 36,547.65 | 37,282.37 | 33,294.91 | 34,832.68 | 98,108.72 | 1,06,120.85 | 95,515.96 | 82,444.97 | **81,070.89** |

# TEN YEARS PERFORMANCE AT A GLANCE (Contd.,)

## OPERATING RESULTS

₹ Lakhs

| As at 31st March | | 2012 Erstwhile Pricol Limited | 2013 Erstwhile Pricol Limited | 2014 Erstwhile Pricol Limited | 2015 Erstwhile Pricol Limited | 2016 Erstwhile Pricol Limited | 2017 Pricol Limited | 2018 Pricol Limited | 2019 Pricol Limited | 2020 Pricol Limited | **2021 Pricol Limited** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **APPLICATION OF FUNDS** | | | | | | | | | | | |
| Gross Fixed Assets | | 50,437.90 | 51,806.39 | 50,415.97 | 45,570.14 | 47,033.34 | 82,983.19 | 88,957.61 | 97,175.34 | 1,06,512.54 | **1,05,154.81** |
| Accumulated Depreciation | | 31,306.29 | 33,471.32 | 32,317.98 | 27,963.29 | 28,987.74 | 12,604.25 | 19,474.67 | 27,401.60 | 36,652.38 | **42,083.76** |
| Net Fixed Assets | | 19,131.61 | 18,335.07 | 18,097.99 | 17,606.85 | 18,045.60 | 70,378.94 | 69,482.94 | 69,773.74 | 69,860.16 | **63,071.05** |
| Investments | | 3,024.07 | 3,880.50 | 6,038.53 | 5,275.63 | 9,544.15 | 11,526.42 | 15,527.62 | 4,671.90 | 4,671.90 | **5,946.90** |
| Other Assets (Net) | | 20,242.31 | 14,332.08 | 13,145.85 | 10,412.43 | 7,242.93 | 16,203.36 | 21,110.29 | 21,070.32 | 7,912.91 | **12,052.94** |
| Net Assets Employed | | 42,397.99 | 36,547.65 | 37,282.37 | 33,294.91 | 34,832.68 | 98,108.72 | 1,06,120.85 | 95,515.96 | 82,444.97 | **81,070.89** |
| **Year Ended 31st March** | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | **2021** |
| **PERFORMANCE INDICATORS** | | | | | | | | | | | |
| Equity shares (Nos. in Lakhs) | (i) | 900.00 | 900.00 | 945.00 | 947.97 | 947.97 | 947.97 | 947.97 | 947.97 | 947.97 | **1,218.81** |
| 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) | 6.27 | 1.75 | 7.16 | (1.90) | 4.56 | 4.92 | 5.64 | (24.04) | (20.41) | **1.34** |
| Diluted Earnings per share (₹) | | 6.18 | 1.67 | 7.16 | (1.90) | 4.56 | 4.92 | 5.64 | (24.04) | (20.41) | **1.34** |
| Dividend per share (₹) | | 0.80 | 0.40 | 0.80 | — | 1.00 | 1.00 | 1.00 | — | — | **—** |
| Networth per share (NWPS) (₹) | (f/i) | 27.22 | 28.51 | 33.95 | 28.22 | 31.58 | 88.15 | 92.75 | 67.54 | 45.28 | **42.95** |
| Return on Average Networth (RONW) (%) | * | 25.65 | 6.28 | 23.21 | (6.12) | 15.24 | 5.69 | 6.24 | (30.00) | (39.81) | **3.07** |
| Return on Average Capital Employed (ROCE) (%) | ** | 22.41 | 7.60 | 24.49 | (4.15) | 20.39 | 7.64 | 8.38 | (20.83) | (20.86) | **10.65** |
| Total Debt to Networth | (g/f) | 0.71 | 0.41 | 0.14 | 0.24 | 0.17 | 0.13 | 0.14 | 0.41 | 0.80 | **0.44** |
| Interest Coverage Ratio | (a+b+c)/b | 4.21 | 3.79 | 18.57 | 2.61 | 11.13 | 17.36 | 13.79 | 5.65 | 3.15 | **4.39** |

* RONW = [ PAT / {(Previous year Networth + Current Year Networth)/2}] x 100

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

# REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS

**To the Members of Pricol Limited**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the Standalone Financial Statements of **Pricol Limited** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2021, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS"), of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| Inventories are held in various plants by the company. There are complexities, manual process involved in determining inventory quantities on hand and valuation of the same due to the diverse & numerous inventory products and multiple storage locations.<br><br>Further, inventories are presented net of provisions for obsolesces on account of non moving/ slow moving inventories and items to be sold at less than cost.<br><br>There is an element of judgment relating to these provisions which are based on historical evidences and current economic conditions. The changing trends and economic environment require judgments in respect of estimating the provisions in respect of inventory obsolescence.<br><br>Accordingly, inventory quantities and valuation is identified as a Key Audit Matter. | We have performed the following procedures:<br>• We assessed whether the management's controls relating to inventory's valuation are appropriately designed and implemented.<br>• We attended inventory counts at certain locations, which we selected based on financial significance and risk, observed management's inventory count procedures to assess the effectiveness, selected a sample of inventory products and compared the quantities counted to the quantities recorded and ensured inventory adjustments, if any, are recorded in the books of account.<br>• Reviewed the internal audit report regarding physical verification of inventories and traced adjustments on sample basis made on basis of such report to the books of account.<br>• Comparative analysis of inventory as at the end of the year with the inventory at the beginning of the year.<br>• We considered the inventory provision for obsolescence and items to be sold at less than cost through evaluating historical inventory, ageing analysis and selling prices achieved subsequent to the year end.<br>• Verification of the correctness of valuation made by the management on a sample basis, with regard to the cost and net realisable value of inventory. |

## REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS (Contd.,)

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual report, for example, Directors' Report and Management Analysis including Annexures thereon but does not include the standalone financial statements and our Auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

**Management's and Board of Director's responsibility for the Standalone Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS (Contd.,)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in "**Annexure 1**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) (A) As required by section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Standalone Balance Sheet, the Standalone Statement of Profit and Loss, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone financial statements comply with the Indian

## REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS (Contd.,)

Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder;

e. On the basis of the written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate report in "**Annexure 2**".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its Standalone Financial Statements – Refer Note 2.47 on Contingent Liabilities to the Standalone Financial Statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 2.25, 2.31 and 2.46 to the Standalone Financial Statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(C) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. The commission payable to Non-Whole time directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Registration No. 000066S
**Kaushik Sidartha**
Partner

Coimbatore
26th May, 2021

Membership No. 217964
UDIN: 21217964AAAACQ1670

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## REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS (Contd.,)

### ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **Pricol Limited** on the standalone financial statements for the year ended March 31, 2021]

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the year, fixed assets have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, material discrepancies identified on such verification have been properly dealt with in the books of account.

(c) According to the information and explanation given to us and on the basis of verification of records of the company, the title deeds of immovable properties (other than leasehold land) recorded as fixed assets in the books of account of the Company, are held in the name of the Company. In respect of leasehold lands, we have verified the lease agreements duly registered with appropriate authorities.

(ii) The inventory (except for goods-in-transit and stocks lying with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have been substantially confirmed by them. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification carried out during the year have been properly dealt with in the books of account.

(iii) The Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that, the terms and conditions of the aforesaid loans granted by the Company are not prejudicial to the interest of the Company.

(b) The schedule of repayment of principal and payment of interest in respect of such loans has been stipulated. The loans granted were converted into equity investments as stated below:

| Name of the subsidiary | Amount of loan granted ( ₹ Lakhs) | Remarks |
|---|---|---|
| Pricol Espana S.L. Spain | 11,000.74 | Converted into equity investments w.e.f. 1st April 2020 |
| Pricol Wiping Systems India Limited | 175.00 | Converted into equity investments w.e.f. 1st August 2020 |

(c) In respect of the loans granted to companies, firms, Limited Liability Partnerships, or other parties listed in the register maintained under Section 189 of the Act, there are no overdue amount for more than 90 days as at the balance sheet date.

(iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.

(v) 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 provisions of Sections 73 to 76 of the Act and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not made a detailed examination of the same.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amount deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, value added tax, goods and service tax, duty of customs, cess and any other material statutory dues have been regularly deposited during the year with the

# REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS (Contd.,)

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT (Contd.,)

appropriate authorities. as explained to us, the company did not have any use on account, sale tax service tax and duty of excise.

AND

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty on account of any dispute, are as follows:

₹ Lakhs

| Name of the Statute | Nature of dues | Amount | Period to which the amount relates | Forum where dispute is pending | Deposits paid under Protest |
|---|---|---|---|---|---|
| Central Excise Act / Service Tax Act / Customs Act | i) Service Tax | 110.73 | 1997-98 to 2016-17 | High Court | 87.76 |
| | ii) Service Tax | 39.84 | | CESTAT | |
| | iii) Excise Duty | 674.96 | | | |
| | iv) Customs Duty | 426.16 | | | |
| | v) Customs Duty | 8.95 | | Joint Secretary – Ministry of Finance | |
| | vi) Excise Duty | 112.29 | | Departmental adjudication | |
| | vii) Customs Duty | 49.35 | | | |
| Central Sales Tax Act | CST | 301.83 | 2009-10 to 2013-14 | Additional Commissioner | 24.25 |
| | CST | 17.15 | 2014-15 | Joint Commissioner Appeals | |
| | VAT | 76.81 | 2012-13 | Appellate Tribunal | |
| | VAT | 487.84 | 2011-12 to 2015-16 | Joint Commissioner Appeals | |
| | CST | 8.97 | 2012-13 to 2017-18 | Assistant Commissioner | 0.87 |
| | CST | 3.49 | 2007-08 | Appellate Authority | |
| | CST | 1.51 | 2017-18 | Superintendent, Audit Circle | |
| | CST | 3.95 | 2015-16 | Departmental adjudication | |
| | CST | 10.76 | 2015—16 | Deputy Commissioner | |
| Goods and Services Tax Act | GST | 74.33 | 2017—18 | Departmental adjudication | — |
| **Total** | | **2,408.92** | | | |

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).

(ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of further public offer for the purposes for which they were raised. The company has not raised any term loans during the year.

(x) 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 by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

## REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS (Contd.,)

### ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT (Contd.,)

(xi) According to the information and explanations given to us, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The commission payable to Non-whole time directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Registration No. 000066S

**Kaushik Sidartha**
Partner
Membership No. 217964
UDIN: 21217964AAAACQ1670

Coimbatore
26th May, 2021

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### ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

**Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **Pricol Limited** on the Standalone Financial Statements for the year ended March 31, 2021]

We have audited the internal financial controls over financial reporting of **Pricol Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

## REPORT OF THE INDEPENDENT AUDITOR'S TO THE SHAREHOLDERS (Contd.,)

### ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT (Contd.,)

adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Registration No. 000066S
**Kaushik Sidartha**
Partner
Membership No. 217964
UDIN: 21217964AAAACQ1670

Coimbatore
26th May, 2021

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## STANDALONE BALANCE SHEET AS AT 31st MARCH 2021

| | Note No. | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|---|
| **I. ASSETS** | | | |
| **(1) Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 2.1 | **35,293.50** | 39,569.95 |
| (b) Right of Use | 2.2 | **3,675.97** | 3,307.93 |
| (c) Capital Work-in-progress | 2.3 | **1,975.66** | 2,025.41 |
| (d) Investment Property | 2.4 | **1,503.46** | 951.74 |
| (e) Goodwill | 2.5 | **8,940.60** | 9,934.00 |
| (f) Other Intangible assets | 2.6 | **11,681.86** | 14,036.10 |
| (g) Intangible Assets under Development | 2.7 | — | 35.03 |
| (h) Financial Assets | | | |
| i) Investments | 2.8 | **5,946.90** | 4,671.90 |
| ii) Loans | 2.9 | — | — |
| iii) Others | 2.10 | **803.42** | 772.36 |
| (i) Other Non-Current Assets | 2.11 | **3,348.10** | 5,907.95 |
| **Total Non-Current Assets** | | **73,169.47** | 81,212.37 |
| **(2) Current Assets** | | | |
| (a) Inventories | 2.12 | **23,909.12** | 17,066.02 |
| (b) Financial Assets | | | |
| i) Investments | 2.13 | **80.15** | 470.94 |
| ii) Trade Receivables | 2.14 | **18,247.98** | 16,927.96 |
| iii) Cash and Cash equivalents | 2.15 | **1,650.28** | 233.11 |
| iv) Bank Balances other than (iii) above | 2.16 | **1,180.88** | 1,084.24 |
| v) Loans | 2.17 | — | 175.00 |
| vi) Others | 2.18 | **101.21** | 99.87 |
| (c) Other Current Assets | 2.19 | **1,481.91** | 1,532.81 |
| **Total Current Assets** | | **46,651.53** | 37,589.95 |
| Non-Current Investments held for Sale | 2.20 | — | — |
| Non-Current Assets held for Sale | 2.21 | — | — |
| | | — | — |
| | | **46,651.53** | 37,589.95 |
| **TOTAL ASSETS** | | **1,19,821.00** | 118,802.32 |

# STANDALONE BALANCE SHEET AS AT 31st MARCH 2021

| | Note No. | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|---|
| **Standalone Balance Sheet as at 31st March 2021 (Contd.,)** | | | |
| **II. EQUITY AND LIABILITIES** | | | |
| **(1) Equity** | | | |
| (a) Equity Share Capital | 2.22 | **1,218.81** | 947.97 |
| (b) Other Equity | 2.23 | **51,132.97** | 41,978.38 |
| **Total Equity** | | **52,351.78** | 42,926.35 |
| **(2) Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| i) Borrowings | 2.24 | **18,551.43** | 20,410.09 |
| ii) Others | 2.25 | **3,400.17** | 2,791.70 |
| (b) Provisions | 2.26 | **990.35** | 1,023.17 |
| (c) Deferred Tax Liabilities (Net) | 2.27 | **5,735.66** | 5,189.85 |
| (d) Other Non-Current Liabilities | 2.28 | — | 12.02 |
| **Total Non-Current Liabilities** | | **28,677.61** | 29,426.83 |
| **(3) Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| i) Borrowings | 2.29 | — | 8,819.84 |
| ii) Trade Payables | 2.30 | | |
| - Total Outstanding dues of Micro Enterprises and Small Enterprises | | **545.87** | 87.68 |
| - Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises | | **26,656.22** | 26,083.14 |
| iii) Others | 2.31 | **9,826.67** | 10,124.91 |
| (b) Other Current Liabilities | 2.32 | **1,203.28** | 919.70 |
| (c) Provisions | 2.33 | **559.57** | 413.87 |
| **Total Current Liabilities** | | **38,791.61** | 46,449.14 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,19,821.00** | 1,18,802.32 |

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

As per our report of even date attached
For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Regn. No. : 000066S
**Kaushik Sidartha**
Partner
Membership No. : 217964
Coimbatore
26th May 2021

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

## STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2021

| | Note No. | 2020-21 ₹ Lakhs | 2019-20 ₹ Lakhs |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from Operations | 2.34 | **1,33,615.33** | 1,13,904.87 |
| Other Operating Revenue | 2.35 | **5,417.15** | 6,128.12 |
| Other Income | 2.36 | **748.68** | 1,263.23 |
| **Total Income** | | **1,39,781.16** | 1,21,296.22 |
| **EXPENSES** | | | |
| Cost of Materials Consumed | 2.37 | **92,767.54** | 76,158.23 |
| Purchases of Stock-in-Trade | | **5,466.80** | 6,335.09 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress | 2.38 | **(1,752.19)** | 1,723.29 |
| Employee Benefits Expense | 2.39 | **15,815.11** | 14,753.13 |
| Finance Costs | 2.40 | **4,052.86** | 3,108.45 |
| Depreciation and Amortisation Expense | 2.41 | **9,095.04** | 9,269.24 |
| Other Expenses | 2.42 | **9,684.32** | 12,548.60 |
| **Total Expenses** | | **1,35,129.48** | 1,23,896.03 |
| **Profit / (Loss) before Exceptional Items and Tax** | | **4,651.68** | (2,599.81) |
| **Less : Exceptional Items (Net)** | 2.44 | **—** | 19,072.36 |
| **Profit / (Loss) Before Tax** | | **4,651.68** | (21,672.17) |
| Less : Tax Expense | | | |
| Current Tax | | **3,307.28** | — |
| Deferred Tax | | **538.73** | (384.20) |
| MAT Credit | | **—** | — |
| Earlier years (Net) | 2.57 | **(654.54)** | — |
| **Profit / (Loss) for the year** | **(A)** | **1,460.21** | (21,287.97) |

# STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2021

| | Note No. | 2020-21 ₹ Lakhs | 2019-20 ₹ Lakhs |
|---|---|---|---|
| **Standalone Statement of Profit & Loss for the year ended 31st March 2021 (Contd.,)** | | | |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss :** | | | |
| Remeasurement of post employment benefit obligations | | **20.25** | 295.08 |
| Income tax relating to these items | | **(7.08)** | (103.11) |
| **Other Comprehensive Income for the year after tax** | **(B)** | **13.17** | 191.97 |
| **Total Comprehensive Income for the year** | **(A) + (B)** | **1,473.38** | (21,096.00) |
| **Earnings per Equity Share (Face Value of ₹ 1/-) in Rupees** | 2.45 | | |
| Basic & Diluted | | **1.34** | (20.41) |

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

As per our report of even date attached
For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Regn. No. : 000066S
**Kaushik Sidartha**
Partner
Membership No. : 217964
Coimbatore
26th May 2021

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

# STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2021

| a) | **Equity Share Capital** | **₹ Lakhs** |
|---|---|---|
| | Balance as on 1st April 2019 | 947.97 |
| | Movement during the year 2019-20 | — |
| | Balance as on 31st March 2020 | 947.97 |
| | Movement during the year 2020-21 | 270.84 |
| | **Balance as on 31st March 2021** | **1,218.81** |

₹ Lakhs

| b) **Other Equity** | **Securities Premium** | **Retained Earnings** | **Other Comprehensive Income** | **Total** |
|---|---|---|---|---|
| Balance as on 1st April 2019 | 80,961.56 | (17,966.04) | 78.86 | 63,074.38 |
| - Profit / (Loss) for the year 2019-20 | — | (21,287.97) | — | (21,287.97) |
| - Other Comprehensive Income, Net off Income Tax | — | — | 191.97 | 191.97 |
| Balance as on 31st March 2020 | 80,961.56 | (39,254.01) | 270.83 | 41,978.38 |
| - Profit / (Loss) for the year 2020-21 | — | 1,460.21 | — | 1,460.21 |
| - Other Comprehensive Income, Net off Income Tax | — | — | 13.17 | 13.17 |
| - Premium on issue of equity shares (Net off issue expenses) | 7,681.21 | — | — | 7,681.21 |
| **Balance as on 31st March 2021** | **88,642.77** | **(37,793.80)** | **284.00** | **51,132.97** |

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

As per our report of even date attached
For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Regn. No. : 000066S
**Kaushik Sidartha**
Partner
Membership No. : 217964
Coimbatore
26th May 2021

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

| | | Year Ended 31st March 2021 ₹ Lakhs | | | Year Ended 31st March 2020 ₹ Lakhs |
|---|---|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES :** | | | | |
| | Net Profit / (Loss) Before Tax | | **4,651.68** | | (21,672.17) |
| | Adjustments for : | | | | |
| | Exceptional Items (Net) | — | | 19,072.36 | |
| | Depreciation & Amortisation Expense | **9,095.04** | | 9,269.24 | |
| | Expected Credit Loss / Advances Written off (Net off Provisions) | **53.68** | | 12.46 | |
| | Excess Provision no longer required written back | **(32.82)** | | (564.87) | |
| | (Profit) / Loss on sale / disposal of Property, Plant and Equipment (Net) | **13.02** | | (52.99) | |
| | Assets Discarded / Written off | **1,121.96** | | 3.42 | |
| | Proceeds from disposal of Non-Current Investments | **(37.44)** | | — | |
| | Interest received | **(79.09)** | | (259.01) | |
| | Exchange Fluctuation (Gain) / Loss on Re-statement | **365.50** | | (37.63) | |
| | Gain on Fair Valuation / Disposal of Investments at Fair Value through P&L | **(11.55)** | | (27.11) | |
| | Provision / (Reversal) of Impairment Loss | **282.90** | | — | |
| | Finance Costs | **4,052.86** | | 3,108.45 | |
| | | | **14,824.06** | | 30,524.32 |
| | Operating Profit before working capital changes | | **19,475.74** | | 8,852.15 |
| | Adjustments for :- | | | | |
| | (Increase) / Decrease in Trade Receivables | **(1,477.62)** | | 2,483.53 | |
| | (Increase) / Decrease in Inventories | **(6,843.10)** | | 866.85 | |
| | (Increase) / Decrease in Other Assets | **(88.49)** | | (447.49) | |
| | Increase / (Decrease) in Trade Payables | **1,291.66** | | 5,485.35 | |
| | Increase / (Decrease) in Other Payables | **565.20** | | 891.89 | |
| | | | **(6,552.35)** | | 9,280.13 |
| | Cash generated from Operations | | **12,923.39** | | 18,132.28 |
| | Direct taxes | | **(105.35)** | | (13.27) |
| | Net cash from operating activities | | **12,818.04** | | 18,119.01 |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES :** | | | | |
| | Purchase of Property, Plant and Equipment | **(2,983.52)** | | (6,585.94) | |
| | Sale of Property, Plant and Equipment | **46.16** | | 3,571.83 | |
| | Adjustment for capital advances | **16.46** | | 1,213.17 | |
| | Purchase of Non-Current Investments | **(1,277.68)** | | (10,537.54) | |
| | Loan to Subsidiaries | — | | (11,175.73) | |
| | Proceeds from disposal of Non-Current Investments | **37.44** | | — | |
| | Purchase of Current Investments | **(230.00)** | | — | |
| | Proceeds on Sale of Current Investments | **632.34** | | — | |
| | Interest received | **263.12** | | 81.22 | |
| | Net Cash (used in) / from investing activities | | **(3,495.68)** | | (23,432.99) |

# STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

| | Year Ended 31st March 2021 ₹ Lakhs | | Year Ended 31st March 2020 ₹ Lakhs | |
|---|---|---|---|---|
| **Standalone Cash Flow Statement for the Year Ended 31st March 2021 (Contd.,)** | | | | |
| **C. CASH FLOW FROM FINANCING ACTIVITIES :** | | | | |
| Proceeds from / (Repayment of) Current Borrowings (Net) | **(8,819.84)** | | (5,750.95) | |
| Repayment of Long Term Borrowings | **(3,390.64)** | | (3,784.18) | |
| Proceeds from Long Term Borrowings | — | | 17,679.50 | |
| Dividend & Tax on Dividend Paid | **(37.78)** | | (3.79) | |
| Proceeds from Right Issue (Net off Issue Expenses) | **7,952.05** | | — | |
| Repayment of Lease Liabilities | **(268.90)** | | (198.77) | |
| Finance Costs paid | **(3,340.08)** | | (2,799.54) | |
| Net Cash from / (used in) financing activities | | **(7,905.19)** | | 5,142.27 |
| **D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | | **1,417.17** | | (171.71) |
| Cash and cash equivalents as at 1.4.2020 and 1.4.2019 (Opening Balance) | | **233.11** | | 404.82 |
| Cash and cash equivalents as at 31.3.2021 and 31.3.2020 (Closing Balance) (Refer to Note No. 2.15) | | **1,650.28** | | 233.11 |

**Changes in Liability arising from financing activities, disclosing changes arising from Cash and Non Cash Flow:**

**As on 31-3-2021** ₹ **Lakhs**

| **Particulars** | **Non Current Borrowings (including current maturities)** | **Current Borrowings** | **Lease Liability** |
|---|---|---|---|
| Opening Balance as at 1st April, 2020 | 25,508.93 | 8,819.84 | 2,533.48 |
| Cash Flows (Net) - Proceeds / (Repayment) | (3,390.64) | (8,819.84) | (268.90) |
| Addition during the year - Impact on account of Ind AS 116 | — | — | 786.45 |
| Interest converted into Loan | 717.39 | — | — |
| Amortisation | 147.77 | — | — |
| **Closing Balance as at 31st March 2021** | **22,983.45** | **—** | **3,051.03** |
| As on 31-3-2020 | | | |
| Opening Balance as at 1st April, 2019 | 11,451.88 | 14,570.79 | 1.09 |
| Cash Flows (Net) - Proceeds / (Repayment) | 13,895.32 | (5,750.95) | (198.77) |
| Addition during the year - Impact on account of Ind AS 116 | — | — | 2,731.16 |
| Interest converted into Loan | — | — | — |
| Amortisation of Loan origination cost | 161.73 | — | — |
| Closing Balance as at 31st March 2020 | 25,508.93 | 8,819.84 | 2,533.48 |

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

As per our report of even date attached
For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Regn. No. : 000066S
**Kaushik Sidartha**
Partner
Membership No. : 217964
Coimbatore
26th May 2021

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

## 1. SIGNIFICANT ACCOUNTING POLICIES

### i. Corporate Information:

Pricol Limited is a company incorporated on 18th May, 2011 and is engaged in the business of manufacturing and selling of Instrument clusters and other allied automobile components to Original Equipment Manufacturers (OEM) and replacement markets. Pursuant to the Scheme of Amalgamation sanctioned by the Honourable High Court of Judicature at Madras, Erstwhile Pricol Limited (Transferor Company) amalgamated with Pricol Pune Limited (Transferee Company) with the appointed date as 1st April, 2015 and the Transferee Company was renamed from "Pricol Pune Limited" to "Pricol Limited" with effect from 18th November, 2016. The Equity share of the company are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

### ii. General Information and Statement of Compliance with Ind AS:

These Standalone Financial Statements ('financial statements') of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented. The financial statements for the year ended 31 March 2021 were authorised and approved for issue by the Board of Directors on 26th May 2021.

### iii. Basis of Preparation:

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. The presentation of financial statement is based on Ind AS Schedule III of the Companies Act, 2013.

The Financial Statements have been prepared & presented on the historical convention and on accrual basis, except for the following material items in the Balance Sheet:

- Financial assets are measured either at fair value or at amortised cost depending on their classification;
- Derivative instruments are measured at their fair values;
- Employee defined benefit assets/ liabilities are recognised as the net total of fair value of plan assets, adjusted for actuarial gains/losses and the present value of defined benefit obligations;
- Long term borrowings are measured at amortised cost using the effective interest rate (EIR) method;
- Assets held for sale are measured at fair value less cost to sell;
- Right-of-use of Assets are recognised at the present value of lease payments that are not paid as on that date. This amount is adjusted for any lease payments made at or before the commencement of the lease and initial direct cost incurred, if any.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on the basis stated above and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value-in-use under Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**iv. Use of Estimates:**

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these Financial statements have been disclosed separately under the heading "Significant accounting Judgements, estimates and assumptions".

**v. Current versus non-current classification:**

The entity presents assets and liabilities in the balance sheet based on current / non-current classification.

**An asset is classified as current, when:**

- It is expected to be realised or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

**A liability is classified as current, when:**

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The entity classifies all other liabilities as non-current.

Current assets and liabilities include the current portion of non-current assets and liabilities respectively. Deferred tax assets and liabilities are always classified as non-current assets and liabilities.

**vi. Foreign currency transactions:**

**Functional and presentation currency**

The financial statements are presented in Indian Rupee (₹) which is also the functional and presentation currency of the Company. All amounts have been rounded-off to the nearest lakh with two decimals.

**a. Initial recognition**

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**b. Conversion**

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss on a net basis within other gains / (losses) in the year in which they arise.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

**vii. Revenue Recognition:**

**Sale of goods**

Revenue from customers is recognised when the company satisfies performance obligation by transferring promised goods or services to the customers. Revenue is measured based on transaction price, which is the fair value of the consideration received/receivable net of returns and allowances, trade discounts and GST.

Revenue from sale of goods and associated services is recognised at the point of time when the goods are sold or services rendered.

The Company considers any other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the goods, the Company considers the effect of variable consideration, the existence of significant financing components, non cash consideration and consideration payable to the customer, if any. A refund liability (included in other financial liabilities) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30 days to 120 days, which is consistent with market practice. The Company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

**Dividend**

Dividend income from investments is recognised when the Company's right to receive payment has been established.

**Interest Income**

Interest income from a financial asset is recognised using effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Claims**

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.

**viii. Property, Plant and Equipment & Depreciation:**

Property, Plant and Equipment (PPE), being fixed assets are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used for more than a period of twelve months. They are measured at cost less accumulated depreciation and any accumulated impairment. Cost comprises of the purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Own manufactured assets are capitalised at cost including an appropriate share of overheads. Financing costs (if any) relating to acquisition of assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period upto such assets are ready for their intended use.

Items such as spare parts, stand-by equipment and servicing equipment are capitalised if they meet the definition of property, plant and equipment.

Depreciation on Property, Plant and Equipment (PPE) are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, except for leasehold improvements which are amortised as depreciation over the useful life or lease period, which ever is lower and Dies, Tools and Moulds which are depreciated over a period of 3 years.

Where the cost of a part of the PPE is significant to the total cost of the PPE and if that part of the PPE has a different useful life than the main PPE, the useful life of that part is determined separately for depreciation.

The Company has used the following useful lives to provide depreciation on its Property, Plant and Equipment:

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

| Class of Assets | Useful Lives |
|---|---|
| Factory Buildings | 30 years |
| Improvement to Leasehold Buildings | Useful life or lease period whichever is lower |
| Plant & Equipments | 7.5 years (Triple Shift) |
| Furniture & Fixtures | 10 years |
| Vehicles | 8 years |
| Office Equipments | 5 years |
| Dies, Tools and Moulds | 3 years |
| Computer Equipments<br>- Servers and Networks<br>- End User Devices | <br>6 years<br>3 years |
| Spares | 1 - 3 years |

The management believes that the useful lives adopted reflect the expected pattern of consumption of future economic benefits.

The depreciation method applied to an asset is reviewed at each financial year-end and if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged prospectively to reflect the changed pattern.

The carrying amount of an item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of Property, Plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of profit and loss when the asset is derecognised.

**ix. Investment property:**

Investment property is a land or building, held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business.

Investment properties (if any), are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in Statement of profit and loss as incurred. Investment properties are depreciated using the straight-line method over their estimated useful lives.

The Company has used the following useful lives to provide depreciation on its Investment Property:

| Class of Assets | Useful Lives |
|---|---|
| Factory Buildings | 30 years |

**x. Intangible assets and amortisation:**

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalised and amortised along with the related fixed asset.

The Company has used the following useful lives to amortise its intangible assets:

| Class of Assets | Useful Lives |
|---|---|
| Specialised software | 4 Years |
| Fees for Technical Know-how | 4 Years |
| Intangible Assets acquired on Amalgamation | 15 Years (Based on a technical opinion) |
| Goodwill | 15 Years |

**xi. Non-current assets held for sale and discontinued operations:**

Non-current assets and Disposal Group are classified as held for sale if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of held for sale is met when the non-

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

current asset or the Disposal Group is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale. Non-current assets and Disposal Group held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets and Disposal Group that ceases to be classified as held for sale shall be measured at the lower of carrying amount before the non-current asset and Disposal Group was classified as held for sale adjusted for any depreciation/ amortisation and its recoverable amount at the date when the Disposal Group no longer meets the "Held for sale" criteria.

**xii. Impairment of Non-Financial assets:**

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

**xiii. Impairment of Financial assets:**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires Expected Credit Losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

**xiv. Fair value measurement:**

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market Participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level Input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**xv. Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a. Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

**Debt instruments at amortised cost:**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI:**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the Other Comprehensive Income (OCI).

**Debt instrument at FVTPL:**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

### SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

measurement or recognition inconsistency (referred to as 'accounting mismatch').

**Equity investments (other than investments in subsidiaries and joint ventures):**

All equity investments within the scope of Ind AS 109, 'Financial Instruments', are measured at fair value either through statement of profit and loss or other comprehensive income. The Company makes an irrevocable election to present in OCI the subsequent changes in the fair value on an instrument-by-instrument basis. The classification is made on initial recognition.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognised in the OCI. Any gains or losses on de-recognition is recognised in the OCI and are not recycled to the statement of profit or loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

**De-recognition of Financial Assets:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**Investment in Subsidiaries, Associates and Joint ventures:**

The Company's investment in equity instruments of Subsidiaries, Associates and Joint venture are accounted for at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

**b. Financial Liabilities**

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and transaction cost (if any) that is attributable to the acquisition of the financial liabilities is also adjusted.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- **Loans and borrowings:**

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

- **Trade and other payables:**

  These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortised cost unless designated as fair value through profit and loss at the inception.

- **Other financial liabilities at fair value through profit or loss:**

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the profit or loss.

**De-recognition of Financial Liabilities:**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**xvi. Borrowing costs:**

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs are charged to statement of profit and loss.

**xvii. Cash and cash equivalents:**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**xviii. Employee benefits:**

a. **Short Term and other long term employee benefits:**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave, in the period the related service is rendered, at an undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at an undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

b. **Post-Employment Benefits:**

i. **Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Superannuation Fund. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

ii. **Defined Benefit Plans**

For defined benefit retirement plans, the cost of providing benefits is determined

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in OCI in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

**xix. Provisions:**

A provision is recognised when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**xx. Contingent liabilities:**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognised but are disclosed when the inflow of economic benefits are probable.

**xxi. 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. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any.

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

**xxii.Government Grants:**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**xxiii.Taxes on Income:**

Tax expense comprises of current and deferred tax.

**a. Current income tax:**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in other comprehensive income/equity is recognised in other comprehensive income / equity and not in the statement of profit and loss. Management

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**b. Deferred tax**

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**c. Minimum Alternate Tax:**

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax.

Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**xxiv. Inventories:**

Inventories are valued at lower of cost and estimated net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The basis of determining cost for various categories of inventories is as follows:-

i) Raw Materials, Packing Materials & Stores and Spares: Weighted average basis.

ii) Finished Goods and Work-In-Progress: Cost of Direct Material, Labour & Other Manufacturing Overheads.

Stores & Spares which do not meet the definition of Property, Plant and Equipment are accounted as inventories.

**xxv. Leases:**

**a. The Company as a lessee:**

The Company's lease asset classes primarily consist of leases for land, buildings and computer equipments. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a Right-of-Use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short term and low-value leases, the Company recognizes the lease

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**b. The Company as a Lessor :**

Leases for which the company is a lessor is classified as a finance or operating lease. Wherever the terms of the lease transfers substantially all the risks and ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating lease.

**xxvi. Business Combination:**

The Company accounts for each business combination by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, less the net recognised amount of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised as capital reserve.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration (if any). Consideration transferred does not include amounts related to settlement of pre-existing relationships.

Any contingent consideration (if any) is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the Statement of Profit and Loss.

Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

**xxvii. Exceptional Items:**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to the significance of their nature or amount.

**xxviii. Financial guarantee contracts:**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**Significant accounting Judgments, estimates and assumptions:**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies:

**a) Recognition of deferred tax assets:**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**b) Provision and contingent liability:**

On an ongoing basis, the Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements.

**c) Useful lives of depreciable assets:**

Management reviews the useful lives of depreciable assets at each reporting period. As at March 31, 2021 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

**d) Evaluation of indicators for impairment of assets:**

The evaluation of applicable indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**e) Defined benefit obligation:**

Management's estimate of the Defined Benefit obligation is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the obligation amount and the annual defined benefit expenses.

**f) Fair value measurements:**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

**g) Allowances for uncollected accounts receivable and advances:**

Trade receivables do not carry interest and are stated at their normal value as reduced by appropriate

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectable. Impairment is made on the expected credit loss model, which is the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about the risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

**h) Leases:**

Significant judgments are required in the assumptions and made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others.

**Recent pronouncements:**

On 24th March 2021, the Ministry of Corporate Affairs ("MCA") through a Notification amended Schedule III of the Companies Act 2013. The amendments primarily related to;

(a) Change in existing presentation requirement for certain amounts in Balance sheet for example lease liability, Security deposit, current maturities of Long term Borrowings, effect of prior period errors on Equity Share Capital.

(b) Additional disclosure requirements in specified formats for eg., trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

(c) Disclosure of funds that have been used other than for the specified purposes for which it was borrowed from banks and financial institutions.

(d) Additional Regulatory information for eg., compliance with number of layers of Companies, title deed of immovable properties, disclosure on financial ratios, loans and advances to Managerial Personnel, etc.

(e) Disclosure relating to Corporate Social Responsibility, undisclosed income and holding in respect of Crypto or Virtual Currency.

These amendments are extensive and the company is in the process of evaluating the same.

★★★★★

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.)

### 2.1. PROPERTY, PLANT AND EQUIPMENT (PPE)

₹ Lakhs

| Particulars | Land | Leasehold Land | Buildings | Improve-ments to Leasehold Buildings | Plant & Equipment | Furniture and Fixtures | Vehicles | Office Equipments | Computer Equipments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Value** | | | | | | | | | | |
| As at 1st April, 2019 | 8,570.60 | 890.62 | 15,535.61 | 374.46 | 27,770.48 | 809.22 | 273.52 | 75.74 | 2,818.11 | 57,118.36 |
| Additions during 2019-20 | 185.59 | — | 863.67 | — | 4,425.41 | 21.77 | — | 3.08 | 66.61 | 5,566.13 |
| Deletions during 2019-20 | — | — | — | — | 71.50 | 12.81 | 0.52 | — | 2.98 | 87.81 |
| Re-classified as Right of Use (Refer to Note No. 2.2) | — | 890.62 | — | — | — | — | — | — | — | 890.62 |
| As at 31st March, 2020 | 8,756.19 | — | 16,399.28 | 374.46 | 32,124.39 | 818.18 | 273.00 | 78.82 | 2,881.74 | 61,706.06 |
| Additions during 2020-21 | — | — | 336.68 | — | 2,637.46 | 4.00 | 17.15 | — | 37.26 | 3,032.55 |
| Deletions during 2020-21 | — | — | 19.33 | — | 1,613.12 | 41.54 | 10.97 | 15.77 | 73.26 | 1,773.99 |
| Impaired during 2020-21 | — | — | — | — | 242.51 | — | — | — | 1,114.23 | 1,356.74 |
| Re-classified as Investment Property (Refer to Note No. 2.4) | 188.00 | — | 543.83 | — | — | — | — | — | — | 731.83 |
| **As at 31st March, 2021** | **8,568.19** | **—** | **16,172.80** | **374.46** | **32,906.22** | **780.64** | **279.18** | **63.05** | **1,731.51** | **60,876.05** |

**Accumulated Depreciation**

₹ Lakhs

| Particulars | Land | Leasehold Land | Buildings | Improve-ments to Leasehold Buildings | Plant & Equipment | Furniture and Fixtures | Vehicles | Office Equipments | Computer Equipments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| As at 1st April, 2019 | — | 20.84 | 2,694.95 | 103.90 | 11,221.82 | 218.86 | 131.08 | 40.53 | 1,640.67 | 16,072.65 |
| Depreciation for the year 2019-20 | — | — | 826.27 | 36.79 | 4,645.80 | 87.83 | 35.32 | 8.00 | 462.75 | 6,102.76 |
| Withdrawn during the year 2019-20 | — | — | — | — | 13.25 | 2.77 | — | — | 2.44 | 18.46 |
| Re-classified as Right of Use (Refer to Note No. 2.2) | — | 20.84 | — | — | — | — | — | — | — | 20.84 |
| As at 31st March, 2020 | — | — | 3,521.22 | 140.69 | 15,854.37 | 303.92 | 166.40 | 48.53 | 2,100.98 | 22,136.11 |
| **Depreciation for the year 2020-21** | **—** | **—** | **829.92** | **36.57** | **4,611.71** | **78.56** | **28.88** | **5.62** | **291.21** | **5,882.47** |
| Withdrawn during the year 2020-21 | — | — | 3.12 | — | 1,142.35 | 23.12 | 6.17 | 14.38 | 43.44 | 1,232.58 |
| Withdrawn on Impairment during 2020-21 | — | — | — | — | 122.19 | — | — | — | 955.02 | 1,077.21 |
| Re-classified as Investment Property (Refer to Note No. 2.4) | — | — | 126.24 | — | — | — | — | — | — | 126.24 |
| **As at 31st March, 2021** | **—** | **—** | **4,221.78** | **177.26** | **19,201.54** | **359.36** | **189.11** | **39.77** | **1,393.73** | **25,582.55** |

**Net Carrying Value**

₹ Lakhs

| Particulars | Land | Leasehold Land | Buildings | Improve-ments to Leasehold Buildings | Plant & Equipment | Furniture and Fixtures | Vehicles | Office Equipments | Computer Equipments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| As at 31st March, 2020 | 8,756.19 | — | 12,878.06 | 233.77 | 16,270.02 | 514.26 | 106.60 | 30.29 | 780.76 | 39,569.95 |
| **As at 31st March, 2021** | **8,568.19** | **—** | **11,951.02** | **197.20** | **13,704.68** | **421.28** | **90.07** | **23.28** | **337.78** | **35,293.50** |

Certain Property, Plant and Equipment have been given as security against borrowings availed by the company (Refer to Note No. 2.24 & 2.29).

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## 2.2. RIGHT OF USE

₹ Lakhs

| Particulars | Land | Buildings | Computer Equipments | Total |
|---|---|---|---|---|
| **Gross Carrying Value** | | | | |
| As at 1st April, 2019 | — | — | — | — |
| Reclassified from PPE | 890.62 | — | — | 890.62 |
| Additions / Adjustments during 2019-20 | 30.38 | 2,808.69 | — | 2,839.07 |
| Deletions during 2019-20 | — | — | — | — |
| As at 31st March, 2020 | 921.00 | 2,808.69 | — | 3,729.69 |
| Additions during 2020-21 | — | 130.03 | 656.42 | 786.45 |
| Deletions during 2020-21 | — | — | — | — |
| **As at 31st March, 2021** | **921.00** | **2,938.72** | **656.42** | **4,516.14** |

**Accumulated Depreciation**

₹ Lakhs

| | | | | |
|---|---|---|---|---|
| As at 1st April, 2019 | — | — | — | — |
| Reclassified from PPE | 20.84 | — | — | 20.84 |
| Depreciation for the year 2019-20 | 12.65 | 388.27 | — | 400.92 |
| Withdrawn during the year 2019-20 | — | — | — | — |
| As at 31st March, 2020 | 33.49 | 388.27 | — | 421.76 |
| **Depreciation for the year 2020-21** | **13.60** | **393.69** | **11.12** | **418.41** |
| Withdrawn during the year 2020-21 | — | — | — | — |
| **As at 31st March, 2021** | **47.09** | **781.96** | **11.12** | **840.17** |

**Net Carrying Value**

₹ Lakhs

| | | | | |
|---|---|---|---|---|
| As at 31st March, 2020 | 887.51 | 2,420.42 | — | 3,307.93 |
| **As at 31st March, 2021** | **873.91** | **2,156.76** | **645.30** | **3,675.97** |

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## 2.3. CAPITAL WORK-IN-PROGRESS

**As on 31st March 2021**

₹ Lakhs

| Particulars | Buildings | Plant & Equipment | Others | Total |
|---|---|---|---|---|
| As at 1st April, 2020 | 8.41 | 2,017.00 | — | 2,025.41 |
| Add : Addition during the year | 379.58 | 2,543.63 | 59.59 | 2,982.80 |
| Less : Deletion during the year | 336.68 | 2,637.46 | 58.41 | 3,032.55 |
| **As at 31st March, 2021** | **51.31** | **1,923.17** | **1.18** | **1,975.66** |

**As on 31st March 2020**

₹ Lakhs

| | | | | |
|---|---|---|---|---|
| As at 1st April, 2019 | 176.87 | 1,126.96 | 56.34 | 1,360.17 |
| Add : Addition during the year | 695.21 | 5,315.45 | 35.12 | 6,045.78 |
| Less : Deletion during the year | 863.67 | 4,425.41 | 91.46 | 5,380.54 |
| As at 31st March, 2020 | 8.41 | 2,017.00 | — | 2,025.41 |

Others include Furniture and Fixtures, Vehicles, Office Equipments and Computer Equipments.

## 2.4. INVESTMENT PROPERTY

₹ Lakhs

| Particulars | Land | Building | Total |
|---|---|---|---|
| **Gross Carrying Value** | | | |
| As at 1st April, 2019 | 462.00 | 700.00 | 1,162.00 |
| Additions during 2019-20 | — | — | — |
| Deletions during 2019-20 | — | — | — |
| As at 31st March, 2020 | 462.00 | 700.00 | 1,162.00 |
| Additions during 2020-21 | — | — | — |
| Reclassified from PPE | 188.00 | 543.83 | 731.83 |
| Deletions during 2020-21 | — | — | — |
| **As at 31st March, 2021** | **650.00** | **1,243.83** | **1,893.83** |

**Accumulated Depreciation**

₹ Lakhs

| | | | |
|---|---|---|---|
| As at 1st April, 2019 | — | 168.06 | 168.06 |
| Depreciation for the year 2019-20 | — | 42.20 | 42.20 |
| Withdrawn during the year 2019-20 | — | — | — |
| As at 31st March, 2020 | — | 210.26 | 210.26 |
| **Depreciation for the year 2020-21** | — | **53.87** | **53.87** |
| Reclassified from PPE | — | 126.24 | 126.24 |
| Withdrawn during the year 2020-21 | — | — | — |
| **As at 31st March, 2021** | — | **390.37** | **390.37** |

**Net Carrying Value**

₹ Lakhs

| | | | |
|---|---|---|---|
| As at 31st March, 2020 | 462.00 | 489.74 | 951.74 |
| **As at 31st March, 2021** | **650.00** | **853.46** | **1,503.46** |

The above Investment properties have been given as security against borrowings. (Refer to Note No.2.24)

For depreciation method and useful lives - Refer to Note No. 1 (ix) of significant accounting policies.

The Company has identified Land and Building at Karamadai and Poochiyur to be in the nature of investment property as they are being held to earn rentals.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**INVESTMENT PROPERTY (Contd.,)**

i) **Amount recognised in Statement of Profit and Loss for investment properties**

₹ Lakhs

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Rental Income | **94.04** | 37.15 |
| Direct operating expenses arising from investment property that generated rental income during the year | | |
| Less : Depreciation expense | **53.87** | 42.20 |
| Less : Repairs and Maintenance - Buildings | **123.91** | — |
| **Profit / (Loss) from Investment Property** | **(83.74)** | (5.05) |

ii) Fair Value of Land and Building held as Investment Property - ₹ 2,700.63 Lakhs (Previous year - ₹ 2,032.67 Lakhs)

iii) Contractual obligations to construct investment property or for Repairs & Maintenance or enhancement - ₹ Nil (Previous year - ₹ Nil)

## 2.5. GOODWILL

₹ Lakhs

| Particulars | Amount |
|---|---|
| **Gross Carrying Value** | |
| As at 1st April, 2019 | 15,479.67 |
| Additions during 2019-20 | — |
| Deletions during 2019-20 | — |
| As at 31st March, 2020 | 15,479.67 |
| Additions during 2020-21 | — |
| Deletions during 2020-21 | — |
| **As at 31st March, 2021** | **15,479.67** |

**Accumulated Amortisation**

₹ Lakhs

| | |
|---|---|
| As at 1st April, 2019 | 4,552.27 |
| Amortisation for the year 2019-20 | 993.40 |
| Withdrawn during the year 2019-20 | — |
| As at 31st March, 2020 | 5,545.67 |
| **Amortisation for the year 2020-21** | **993.40** |
| Withdrawn during the year 2020-21 | — |
| **As at 31st March, 2021** | **6,539.07** |

**Net Carrying Value**

₹ Lakhs

| | |
|---|---|
| As at 31st March, 2020 | 9,934.00 |
| **As at 31st March, 2021** | **8,940.60** |

Refer to Note No. 2.53 in relation to Scheme of Amalgamation and accounting treatment.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## 2.6. OTHER INTANGIBLE ASSETS

₹ Lakhs

| Particulars | Computer Software | Technical Knowhow | Brand / Trade Mark | Patents & Developed Technology | Total |
|---|---|---|---|---|---|
| **Gross Carrying Value** | | | | | |
| As at 1st April, 2019 | 1,427.27 | 1,597.87 | 4,914.00 | 14,116.00 | 22,055.14 |
| Additions during 2019-20 | 319.54 | — | — | — | 319.54 |
| Deletions during 2019-20 | — | — | — | — | — |
| As at 31st March, 2020 | 1,746.81 | 1,597.87 | 4,914.00 | 14,116.00 | 22,374.68 |
| Additions during 2020-21 | 35.75 | — | — | — | 35.75 |
| Deletions during 2020-21 | 902.02 | 1,087.05 | — | — | 1,989.07 |
| Impaired during 2020-21 | 7.90 | — | — | — | 7.90 |
| **As at 31st March, 2021** | **872.64** | **510.82** | **4,914.00** | **14,116.00** | **20,413.46** |

**Accumulated Amortisation**

₹ Lakhs

| Particulars | Computer Software | Technical Knowhow | Brand / Trade Mark | Patents & Developed Technology | Total |
|---|---|---|---|---|---|
| As at 1st April, 2019 | 981.05 | 552.89 | 1,310.40 | 3,764.28 | 6,608.62 |
| Amortisation for the year 2019-20 | 189.53 | 271.76 | 327.60 | 941.07 | 1,729.96 |
| As at 31st March, 2020 | 1,170.58 | 824.65 | 1,638.00 | 4,705.35 | 8,338.58 |
| **Amortisation for the year 2020-21** | **201.63** | **276.59** | **327.60** | **941.07** | **1,746.89** |
| Withdrawn during 2020-21 | 758.92 | 590.42 | — | — | 1,349.34 |
| Withdrawn on Impairment during 2020-21 | 4.53 | — | — | — | 4.53 |
| **As at 31st March, 2021** | **608.76** | **510.82** | **1,965.60** | **5,646.42** | **8,731.60** |

**Net Carrying Value**

₹ Lakhs

| Particulars | Computer Software | Technical Knowhow | Brand / Trade Mark | Patents & Developed Technology | Total |
|---|---|---|---|---|---|
| As at 31st March, 2020 | 576.23 | 773.22 | 3,276.00 | 9,410.65 | 14,036.10 |
| **As at 31st March, 2021** | **263.88** | **—** | **2,948.40** | **8,469.58** | **11,681.86** |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.7. INTANGIBLE ASSETS UNDER DEVELOPMENT** | | |
| **COMPUTER SOFTWARE** | | |
| As at 1st April 2020 & 1st April 2019 | **35.03** | — |
| Add : Additions during the year | **0.72** | 354.57 |
| Less : Deletions during the year | **35.75** | 319.54 |
| **As at 31st March 2021 & 31st March 2020** | **—** | 35.03 |
| **2.8. INVESTMENTS** | | |
| **Investments in Equity Instruments, fully paid-up** | | |
| **In Subsidiaries (at Cost)** | | |
| **In Equity Shares, unquoted** | | |
| a) 7,500 Equity Shares of USD 1,000/- each fully paid-up in PT Pricol Surya Indonesia - (Previous year - 7,500 Equity Shares of USD 1,000/- each) (Extent of holding - 100%) | **4,521.52** | 4,521.52 |
| b) 2,50,000 Equity Shares of USD 1/- each fully paid-up in Pricol Asia Pte Limited, Singapore - (Previous year - 2,50,000 Equity Shares of USD 1/- each) (Extent of holding - 100%) | **150.38** | 150.38 |
| c) 21,25,00,000 Equity Shares of ₹ 1/- each fully paid-up in Pricol Wiping Systems India Limited (Previous year - 8,50,00,000 Equity Shares of ₹ 1/- each) (Extent of holding - 100%) | **2,125.00** | 850.00 |
| | **6,796.90** | 5,521.90 |
| **Less : Provision for Impairment** | | |
| In relation to Pricol Wiping Systems India Limited | **850.00** | 850.00 |
| | **5,946.90** | 4,671.90 |

**Aggregate amount of Quoted and Unquoted investments**

| **Investments in Equity Instruments** | | |
|---|---|---|
| Aggregate amount of quoted investments | — | — |
| Aggregate market value of quoted investments | — | — |
| Aggregate amount of unquoted investments | **6,796.90** | 5,521.90 |
| Aggregate amount of impairment in value of investments | **850.00** | 850.00 |

**Note :**

1. Refer to Note No. 2.20 and 2.43 in relation to re-classification of investment and its related provision for impairment between Non-current investments and Non-current Investments held for sale during the financial year 2020-21 and 2019-20 consequent to the decision of the Board in relation to the disposal of the subsidiaries (including stepdown subsidiary).
2. Provision of Impairment loss of ₹ 850 Lakhs in relation to its wholly-owned subsidiary, Pricol Wiping Systems India Limited was recognised in earlier years consequent to the decision of the board to dispose off the subsidiary along with other subsidiaries. The Board at its meeting dated 26th May 2021 approved the draft scheme of amalgamation of the subsidiary company with Pricol Limited. Considering the synergies in operations on amalgamation, the management is of the view that no further impairment is necessary.
3. The investment amount of ₹ 400 Lakhs made in its wholly-owned subsidiary Pricol Wiping Systems India Limited during March 2021 was allotted by the subsidiary on 26th March 2021 and the effect of the increase was reflected in the demat account in April 2021.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | | **31-3-2021 ₹ Lakhs** | | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **2.9. LOANS** | | | | |
| **Loan Receivables - Credit Impaired** | | | | |
| Loan to Wholly owned subsidiary, Pricol Espana S.L. Spain | **11,585.41** | | 11,585.41 | |
| Interest Accrued on the above | **177.10** | | 177.10 | |
| Less : Interest Received / Other Adjustments | **761.77** | | — | |
| Less : Converted into Equity instrument in respect of investment held for sale (Refer to Note No. 2.20) | **11,000.74** | | — | |
| | | — | | 11,762.51 |
| Provision for Expected Credit Loss | **11,762.51** | | 11,762.51 | |
| Less : Reclassification of Provision for Expected Credit Loss (Refer to Note No. 2.20) | **11,762.51** | | — | |
| | | — | | 11,762.51 |
| | | — | | — |

During the previous financial year, the company had granted a Loan of Euro 139.50 Lakhs equivalent to ₹11,000.74 Lakhs to wholly owned subsidiary, Pricol Espana S.L. Spain. The board at its meeting held on 29th June, 2020 had approved the conversion of the said loan into equity with effect from 1st April, 2020.

Also, Refer to Note No. 2.43 - Disposal of step down subsidiaries and Note No. 2.70 - Related party disclosure.

| **2.10. OTHER FINANCIAL ASSETS** | | |
|---|---|---|
| Security Deposits | **656.81** | 625.75 |
| Fixed Deposits with Banks # | **172.71** | 172.71 |
| Less : Allowance for Doubtful Deposits | **26.10** | 26.10 |
| | **803.42** | 772.36 |

# Fixed Deposit provided as security is towards borrowings availed.

| **2.11. OTHER NON CURRENT ASSETS** | | |
|---|---|---|
| Capital Advances | **63.75** | 82.34 |
| Advance Tax, Net off Provision | **794.27** | 261.10 |
| MAT Credit Entitlement (Refer to Note No. 2.57) | **2,372.59** | 5,453.15 |
| Deposits and Prepayments | **203.92** | 199.92 |
| Less : Provision for doubtful advances / deposits | **86.43** | 88.56 |
| | **3,348.10** | 5,907.95 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.12. INVENTORIES** | | |
| Raw Materials & Components | **15,632.02** | 8,995.94 |
| Goods in Transit - Raw Materials & Components | **1,088.46** | 2,695.68 |
| Work-in-progress | **1,719.10** | 927.73 |
| Finished Goods | **4,792.37** | 3,856.73 |
| Stores & Spares | **446.88** | 384.83 |
| Traded Goods | **230.29** | 205.11 |
| | **23,909.12** | 17,066.02 |

Mode of valuation of inventories is stated in Note No. 1 (xxiv) of significant accounting policies.

Inventories have been given as securities for the borrowings availed by the Company. Refer to Note No. 2.29.

Inventories as stated above is net off Provision for / (Reversal) of Non / Slow Moving Inventory of ₹ 425.29 Lakhs - Previous year - ₹ 759.05 Lakhs

**Cost of Inventory recognised as an expense**

| Particulars | 2020-21 ₹ Lakhs | 2019-20 ₹ Lakhs |
|---|---|---|
| Cost of Materials Consumed | **92,767.54** | 76,158.23 |
| Cost of Traded Goods Sold | **5,441.62** | 6,407.10 |
| Stores and Spares | **153.32** | 152.84 |

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.13. INVESTMENTS** | | |
| **Investments in Mutual Funds (at Fair Value through P&L)** | | |
| **Quoted - Non Trade** | | |
| 1. ICICI Prudential Regular Savings Fund- Growth | — | 9.97 |
| 2. IDFC Asset Allocation Fund of Funds - Aggressive Plan - Growth - (Regular Plan) | — | 7.21 |
| 3. Aditya Birla Sun Life Regular Savings Fund- Growth - Regular Plan | — | 8.61 |
| 4. ICICI Prudential Banking & PSU Debt Fund- Growth | — | 89.41 |
| 5. Kotak Dynamic Bond Fund Regular Plan - Growth | — | 92.66 |
| 6. Aditya Birla Sunlife Liquid Fund - Growth - Regular Plan | — | 132.83 |
| 7. ICICI Prudential Liquid Fund - Growth | **40.09** | 130.25 |
| 8. HDFC Liquid Fund - Regular Plan - Growth | **40.06** | — |
| **Total** | **80.15** | 470.94 |
| Aggregate amount of Quoted Investments | **80.15** | 470.94 |
| Aggregate Market Value of Quoted Investments | **80.15** | 470.94 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2021 ₹ Lakhs | | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **2.14. TRADE RECEIVABLES** | | | | |
| **Unsecured Considered Good** | | **18,529.41** | | 17,184.58 |
| Less : Allowance for Expected Credit Loss | | **281.43** | | 256.62 |
| Trade Receivables - Credit Impaired | **29.52** | | — | |
| Less : Allowance for Expected Credit Loss | **29.52** | | — | |
| | | **—** | | — |
| | | **18,247.98** | | 16,927.96 |

Trade Receivables have been given as securities for the borrowings availed by the Company. Refer to Note No. 2.29.

Trade Receivables are non interest bearing and generally on credit terms in the range of 30 - 120 days.

The company's exposure to credit and currency risk and loss allowances related to Trade Receivables are disclosed in Note No. 2.55.

| | | | | |
|---|---|---|---|---|
| **2.15. CASH AND CASH EQUIVALENTS** | | | | |
| **Balances with Banks** | | | | |
| In Cash Credit Account | **1,360.92** | | — | |
| In Current Account | **279.40** | | 228.38 | |
| Cash on hand | **9.96** | | 4.73 | |
| | | **1,650.28** | | 233.11 |

| | | |
|---|---|---|
| **2.16. BANK BALANCES OTHER THAN ABOVE** | | |
| **Earmarked Balances** | | |
| In Unpaid Dividend Account | **63.75** | 101.53 |
| In Margin Money Account | **739.81** | 628.43 |
| In Escrow Account | **180.00** | 180.00 |
| **Others** | | |
| In Fixed Deposit (with original maturity period of more than 3 months and less than 12 months) | **197.32** | 174.28 |
| | **1,180.88** | 1,084.24 |

**Notes :**

i. Margin Money with banks is towards issue of Bank Guarantee and Letter of Credit.

ii. Balances in Escrow Account represent One EMI for repayment of term loan availed from Cholamandalam Investment and Finance Company Limited.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|

## 2.17. LOANS

**Unsecured considered Good**

| | | |
|---|---|---|
| Loan to Wholly Owned Subsidiary | — | 175.00 |

During the previous year 2019-20, the Company has granted a Loan of ₹ 175.00 Lakhs at the interest rate of 14% p.a to Pricol Wiping Systems India Limited. The same has been converted into equity shares during the current year 2020-21.

Refer to Note No. 2.70

## 2.18. OTHER FINANCIAL ASSETS

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **Accrued Income** | | |
| Export Incentives | **22.92** | 10.58 |
| Interest from Banks | **14.25** | 20.60 |
| Receivable from Wholly Owned / Erstwhile Subsidiary (Refer to Note No. 2.70) | **64.04** | 68.69 |
| | **101.21** | 99.87 |

## 2.19. OTHER CURRENT ASSETS

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| GST Input Credits | **848.07** | 728.29 |
| Customs Duty Receivable | **20.19** | 10.52 |
| **Others** | | |
| Advances to Suppliers | **168.15** | 159.96 |
| Advances for Expenses | **261.87** | 257.93 |
| Prepayments | **141.19** | 225.65 |
| Gratuity Fund (Refer to Note No. 2.60) | **47.16** | 154.79 |
| Less : Provision for Doubtful Advances | **4.72** | 4.33 |
| | **1,481.91** | 1,532.81 |

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.20. NON CURRENT INVESTMENTS HELD FOR SALE** | | |
| **(Refer to Note No. 2.43)** | | |
| **Investments in Equity Instruments, fully paid-up** | | |
| **In Subsidiaries (at lower of its carrying amount and fair value less cost to sell)** | | |
| **In Equity Shares, unquoted** | | |
| a) Investment in Pricol Espana S.L. Spain | **28,970.86** | 29,657.60 |
| b) Investment in Pricol Wiping Systems India Limited | — | 850.00 |
| | **28,970.86** | 30,507.60 |
| **Less: Re-classified to Non Current Investments** | | |
| a) Pricol Espana S.L. Spain. (Attributable to Investment made in Pricol Wiping Systems Czech s.r.o. through Pricol Espana S.L. Spain) (Extent of holding - 100 %) | — | 686.74 |
| b) 8,50,00,000 Equity Shares of ₹ 1/- each fully paid-up in Pricol Wiping Systems India Limited | — | 850.00 |
| | **28,970.86** | 28,970.86 |
| **Add : Re-classified from Non Current Investments** | | |
| a) Pricol Espana S.L. Spain. (Attributable to Investment made in Pricol Wiping Systems Czech s.r.o. through Pricol Espana S.L. Spain) (Extent of holding - 100 %) | **686.74** | — |
| **Add : Loan converted into Equity during the year** | | |
| 1,39,50,000 Equity Shares of Euro 1/- each fully paid-up in Pricol Espana S.L. Spain. (Refer to Note No. 2.9) | **11,000.74** | — |
| **Add : Investment during the year** | | |
| 2,05,000 Equity Shares of Euro 1/- each fully paid-up in Pricol Espana S.L. Spain. | **177.68** | — |
| **Less: Provision for impairment attributable to disposal of Stepdown subsidiaries in Brazil and Mexico** | — | 28,970.86 |
| | **40,836.02** | — |
| **Less: Disposed off during the year** | **40,836.02** | — |
| | — | — |

**Aggregate amount of Quoted and Unquoted investments**

| Particulars | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **Investments in Equity Instruments** | | |
| Aggregate amount of quoted investments | — | — |
| Aggregate market value of quoted investments | — | — |
| Aggregate amount of unquoted investments | — | 28,970.86 |
| Aggregate amount of impairment in value of investments | — | 28,970.86 |

Note: The aggregate number of equity shares at the time of disposal of the subsidiaries was 5,18,55,716 Equity Shares of Euro 1/- each (including the loan converted during the year).

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2021 ₹ Lakhs | | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **2.21. NON CURRENT ASSETS HELD FOR SALE** | | | | |
| **(Measured at Fair Value less costs to sell)** | | | | |
| Land and Building | — | | 4,089.27 | |
| Building under construction | — | | 1,131.58 | |
| | — | | 5,220.85 | |
| Less : Deletion on Disposal | — | | 3,442.91 | |
| Add : Provision for Impairment / (Reversal) | — | | (1,777.94) | |
| | | — | | — |

The non current assets held for sale were disposed off during the previous year for a sale consideration of ₹ 3,510 Lakhs resulting in a loss on disposal of ₹ 1,710.85 Lakhs. The impairment loss amounting to ₹ 1,777.94 Lakhs, provided for in earlier years, has been reversed. The net amount of ₹ 67.09 Lakhs (net off impairment provision reversed) has been disclosed under other income.

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.22. EQUITY SHARE CAPITAL** | | |
| **Authorised** | | |
| 58,20,00,000 Equity Shares of ₹ 1/- each (As at 31st March 2020 - 58,20,00,000 Equity Shares of ₹ 1/- each ) | **5,820.00** | 5,820.00 |
| **Issued, Subscribed and Paid-up** | | |
| 12,18,81,498 Equity Shares of ₹ 1/- each (As at 31st March 2020 9,47,96,721 Equity Shares of ₹ 1/- each) | **1,218.81** | 947.97 |

**Reconciliation of the Shares Outstanding at the beginning and at the end of the reporting year :**

| | **31-3-2021** | | 31-3-2020 | |
|---|---|---|---|---|
| **Equity Shares** | **No.of Shares (in Lakhs)** | **₹ Lakhs** | No.of Shares (in Lakhs) | ₹ Lakhs |
| At the beginning of the year | **947.97** | **947.97** | 947.97 | 947.97 |
| Add : Issued during the year | **270.84** | **270.84** | — | — |
| At the closing of the year | **1,218.81** | **1,218.81** | 947.97 | 947.97 |

a) **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. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|

**EQUITY SHARE CAPITAL (Contd.,)**

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

| | 31-3-2021 | | 31-3-2020 | |
|---|---|---|---|---|
| | No. of Shares | % held | No. of Shares | % held |
| - Pricol Holdings Limited | **1,10,01,762** | **9.03%** | 85,56,926 | 9.03% |
| - Vijay Mohan | **96,15,636** | **7.89%** | 91,40,278 | 9.64% |
| - Vikram Mohan | **76,25,506** | **6.26%** | 35,21,175 | 3.71% |
| - Viren Mohan | **66,58,409** | **5.46%** | 66,58,409 | 7.02% |
| - PHI Capital Solutions LLP | **69,84,428** | **5.73%** | 44,99,000 | 4.75% |

c) **Details of Shares held by Holding Company :**

There are no Shares held by Holding Company / Subsidiaries of ultimate Holding Company as on 31st March 2021.

d) **Details of Shares issued for consideration other than Cash :**

9,47,96,721 shares of ₹1/- each were allotted for consideration other than cash during the financial year 2016-17 in terms of the Scheme of Amalgamation with Erstwhile Pricol Limited which was sanctioned by the Hon'ble High Court of Judicature at Madras on 6th October 2016.

e) There are no shares allotted by way of Bonus Shares and there have been no shares bought back in the immediately preceding five years.

f) **Shares issued during the year :**

Pursuant to the authorisation for the further infusion of capital through Rights issue by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and the applicable Rules prescribed thereunder and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Company had issued 2,70,84,777 fully paid-up Equity Shares of face value of ₹ 1/- each for cash at a price of ₹ 30/- per Equity Share (including a premium of ₹ 29/- per Equity Share) aggregating to ₹ 8,125.43 lakhs on a rights basis to eligible equity shareholders in the ratio of two Equity Shares for every seven fully paid-up Equity Shares held on the record date, that is 25th November, 2020. These equity shares were allotted on 25th December 2020.

The fresh allotment of equity shares through Rights Issue as stated above has resulted in an increase of equity share capital by ₹ 270.84 Lakhs and securities premium by ₹ 7,854.59 Lakhs.

The share issue expenses of ₹ 173.38 Lakhs has been adjusted against securities premium.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2021 ₹ Lakhs | | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **2.23. OTHER EQUITY** | | | | |
| **Securities Premium** | | | | |
| Opening Balance | **80,961.56** | | 80,961.56 | |
| Add : Premium on issue of equity shares (Net off issue expenses - Refer to Note 2.22 (f)) | **7,681.21** | | — | |
| | | **88,642.77** | | 80,961.56 |
| **Surplus / (Deficit) in the Statement of Profit & Loss** | | | | |
| Opening Balance | **(39,254.01)** | | (17,966.04) | |
| Add : Profit / (Loss) for the year | **1,460.21** | | (21,287.97) | |
| | | **(37,793.80)** | | (39,254.01) |
| **Other Comprehensive Income** | | | | |
| Opening Balance | **270.83** | | 78.86 | |
| Add : Addition during the year | **13.17** | | 191.97 | |
| | | **284.00** | | 270.83 |
| | | **51,132.97** | | 41,978.38 |

### 2.24. BORROWINGS

| | Non-Current portion | | Current Maturities | |
|---|---|---|---|---|
| | **31-3-2021 ₹ Lakhs** | 31-3-2020 ₹ Lakhs | **31-3-2021 ₹ Lakhs** | 31-3-2020 ₹ Lakhs |
| **Secured Loans at amortised cost :** | | | | |
| Rupee Term Loan from Banks | **12,626.01** | 14,263.00 | **3,237.01** | 3,966.67 |
| Rupee Term Loan from Others | **6,077.06** | 6,422.55 | **1,318.83** | 1,279.94 |
| Less: Unamortised portion of Finance Charges | **151.64** | 275.46 | **123.82** | 147.77 |
| | **18,551.43** | 20,410.09 | **4,432.02** | 5,098.84 |

| Description | Frequency / No.of Instalments Due | Maturity | **As at 31-3-2021** | As at 31-3-2020 | Security | Interest Rate/ Effective Interest Rate (EIR) |
|---|---|---|---|---|---|---|
| HDFC Bank Limited | — | — | — | 666.67 | — | — |
| Bank of Bahrain and Kuwait B.S.C | — | Preclosed | — | 760.00 | — | — |
| Indusind Bank Limited | Quarterly / 1 of ₹ 60 Lakhs for Jun-2021 Quarterly / 14 of ₹ 180 Lakhs Jul-2021 to Dec-2024 & Final Instalment of ₹ 303.50 Lakhs for Mar-2025 | Mar-25 | **2,883.50** | 2,940.00 | Note 1 | One year MCLR plus 0.70% EIR - 11.46% |
| The South Indian Bank Limited | Equal Quarterly / 14 of ₹ 284.25 Lakhs | Nov-24 | **3,979.53** | 4,363.00 | Note 2 | One year MCLR plus 0.80% EIR - 11.29% |
| Cholamandalam Investment & Finance Company Limited | EMI / 54 of ₹ 178 Lakhs | Sep-25 | **7,395.88** | 7,702.49 | Note 3 | Floating Interest EIR - 13.80% |
| ICICI Bank Limited | Half Yearly / 8 of varying instalments | Nov-24 | **9,000.00** | 9,500.00 | Note 4 | One year MCLR plus 3.45% EIR - 11.70% |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|

### BORROWINGS (Contd.,)

The above maturity is based on the total principal outstanding gross of issuance expenses.

Note 1 : Pari-passu first charge on specific immovable property situated at Plant I, Perianaickenpalayam, Coimbatore.

Note 2 : Pari-passu first charge on specific immovable property situated at Plant I, Perianaickenpalayam, Coimbatore (Restricted to ₹ 1,500 Lakhs), exclusive charge on the immovable property situated at Plant X, 650, Benjamin Road, Sri City-517 646, Andhra Pradesh and exclusive charge by hypothecation of specific plant and machinery.

Note 3 : a) Exclusive charge on equitable mortgage of specific immovable properties of the Company situated at Billichi Village, Narasimhanaickenpalayam Village Poochiyur, Tea Estate Compound Race Course, Commercial Flats at Avinashi Road and Land & Building at Karamadai all situated in Coimbatore District, Tamilnadu.

b) Exclusive charge on specific Plant and Machineries installed in various plants of the Company.

c) Exclusive charge on specific immovable properties of certain promoters and Personal Guarantee of Chairman, Managing Director and his Relative.

d) Charge on specific immovable properties and Corporate Guarantee from Pricol Holdings Limited and Pricol Retreats Limited.

Note 4 : Exclusive Charge by way of Mortgage of immovable properties viz.,

a) Land measuring 6.68 acres in Perianaickenpalayam, Coimbatore.

b) Plant II Land and Building located at Plot No. 34 & 35, Sector 4, IMT Manesar, Gurugram.

c) Plant III Land and Building at 4/558, Mettupalayam Road, Chinnamathampalayam, Billichi Village, Press Colony Post, Coimbatore - 641 019.

d) Exclusive charge on specific Plant and Machinery installed at Plant III, Chinnamathampalayam Coimbatore and Plant II, IMT Manesar, Gurugram.

For Current Maturities of Long Term Debt Refer to Note No. 2.31.

### 2.25. OTHER FINANCIAL LIABILITIES

| | 31-3-2021 | 31-3-2020 |
|---|---|---|
| Lease Liabilities (Refer to Note No. 2.59) | **2,499.17** | 2,287.46 |
| Rental Advance Received | **31.28** | 59.25 |
| Derivative Liability (Net) | **799.63** | 380.01 |
| Security Deposits from Customers | **70.09** | 64.98 |
| | **3,400.17** | 2,791.70 |

### 2.26. PROVISIONS

| | 31-3-2021 | 31-3-2020 |
|---|---|---|
| For Central Excise, Service Tax and Customs Demands (Refer to Note No. 2.46) | **215.17** | 215.17 |
| For Potential Statutory Liabilities (Refer to Note No. 2.46) | **775.18** | 808.00 |
| | **990.35** | 1,023.17 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|---|
| **2.27. DEFERRED TAX LIABILITIES (NET)** | | | |
| **Deferred Tax Liability** | | | |
| On Fixed Assets | | **7,324.70** | 7,320.62 |
| On Other temporary differences | | **96.26** | 47.73 |
| | A | **7,420.96** | 7,368.35 |
| **Deferred Tax Asset** | | | |
| On Disallowance under the Income Tax Act | | **1,645.58** | 893.91 |
| On Unused tax losses | | — | 1,209.10 |
| On Other temporary differences | | **39.72** | 75.49 |
| | B | **1,685.30** | 2,178.50 |
| **Deferred Tax Liabilities (Net)** (Refer to Note No. 2.58) | A - B | **5,735.66** | 5,189.85 |
| **2.28. OTHER NON CURRENT LIABILITIES** | | | |
| Deferred Income from Government grants | | — | 12.02 |
| | | — | 12.02 |
| **2.29. BORROWINGS** | | | |
| **Secured Loans** | | | |
| Working Capital facilities from Banks | | | |
| - In Rupee | | — | 8,025.62 |
| **Unsecured Loans** | | | |
| Working Capital Facilities from Banks | | | |
| - In Rupee | | — | 794.22 |
| | | — | 8,819.84 |

Working Capital Facilities from State Bank of India and ICICI Bank Limited are secured by pari-passu first charge on the current assets of the company. Working Capital Facilities are further secured by pari-passu second charge on the specific immovable properties situated at Plant I - Perianaickenpalayam, Coimbatore District, Tamilnadu.

Working Capital Facilities from Banks are repayable on demand and carries interest rates varying from 9.75% to 9.95% p.a.

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.30. TRADE PAYABLES** | | |
| - Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer to Note No. 2.63) | **545.87** | 87.68 |
| - Total Outstanding Dues of creditors other than Micro Enterprises and Small Enterprises | **26,656.22** | 26,083.14 |
| | **27,202.09** | 26,170.82 |

The company's exposure to currency risk related to Trade Payables are disclosed in Note No. 2.55.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.31. OTHER FINANCIAL LIABILITIES** | | |
| Current Maturities of Long Term Debt (Refer to Note No. 2.24) | **4,432.02** | 5,098.84 |
| Lease Liabilities (Refer to Note No. 2.59) | **551.86** | 246.02 |
| Interest accrued and not due on borrowings | **81.94** | 234.32 |
| Unpaid Dividend | **63.75** | 80.44 |
| Dues to Investor Education and Protection Fund | — | 21.09 |
| Employee Benefits Payable | **2,149.62** | 1,614.46 |
| Derivative Liability (Net) | **159.93** | 57.58 |
| Retention Money Payable | **133.92** | 251.66 |
| Payable for Expenses | **2,253.63** | 2,520.50 |
| | **9,826.67** | 10,124.91 |
| **2.32. OTHER CURRENT LIABILITIES** | | |
| Statutory Dues Payable | **449.72** | 316.80 |
| Advance from Customers | **753.56** | 602.90 |
| | **1,203.28** | 919.70 |
| **2.33. PROVISIONS** | | |
| For Labour Settlement (Refer to Note No. 2.46) | **261.72** | 261.72 |
| For Warranty Related Claims (Refer to Note No. 2.46) | **297.85** | 152.15 |
| | **559.57** | 413.87 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | | 2020-21 ₹ Lakhs | | 2019-20 ₹ Lakhs |
|---|---|---|---|---|
| **2.34. REVENUE FROM OPERATIONS** | | | | |
| **Sale of Products and Services** | | | | |
| Domestic | 1,23,197.82 | | 1,03,935.19 | |
| Export | 9,115.46 | | 8,418.29 | |
| Traded Goods | 1,290.09 | | 1,537.25 | |
| Service Income | 11.96 | | 14.14 | |
| | | 1,33,615.33 | | 1,13,904.87 |
| **Disaggregation of Revenue :-** | | | | |
| 1. Dashboard Instruments | | 69,127.33 | | 60,133.58 |
| 2. Pumps and Mechanical Products | | 43,494.99 | | 31,060.00 |
| 3. Switches and Sensors | | 11,922.31 | | 12,760.00 |
| 4. Others & Service Income | | 9,070.70 | | 9,951.29 |
| | | 1,33,615.33 | | 1,13,904.87 |
| **Reconciliation of Revenue recognised in Statement of Profit and Loss Account with contracted price :** | | | | |
| Revenue from contract with customers as per contract Price | | 1,34,130.76 | | 1,15,501.81 |
| Less : Trade discounts, Volume Rebates, Refunds etc., | | 515.43 | | 1,596.94 |
| **Revenue from contract with customers as per Statement of Profit and Loss** | | 1,33,615.33 | | 1,13,904.87 |
| **2.35. OTHER OPERATING REVENUE** | | | | |
| Export Incentives | | 140.29 | | 106.69 |
| Sale of Traded Goods - Others | | 5,276.86 | | 6,021.43 |
| | | 5,417.15 | | 6,128.12 |
| **2.36. OTHER INCOME** | | | | |
| Interest Income | | | | |
| From Banks | | 56.78 | | 46.56 |
| From Loans to Subsidiaries (Refer to Note No.2.9 and 2.17) | | 8.05 | | 199.56 |
| From Others | | 15.84 | | 12.89 |
| On Income Tax Refund | | 367.71 | | — |
| Gain on Fair Valuation of investments at Fair Value through P&L (Includes realised gain on sale of investments ₹ 61.34 Lakhs (Previous year - Nil) ) | | 11.55 | | 27.11 |
| Lease Rental Receipts | | 173.12 | | 209.95 |
| Disposal of subsidiary (Net off provisions made - Refer to Note No. 2.42 & 2.43) | | 37.44 | | — |
| Profit on Sale of Property, Plant & Equipment (Net) | | — | | 52.99 |
| Miscellaneous Income | | 45.37 | | 149.30 |
| Excess Provision no longer required written back | | 32.82 | | 564.87 |
| | | 748.68 | | 1,263.23 |
| **2.37. COST OF MATERIALS CONSUMED** | | | | |
| Materials Consumed | | 92,767.54 | | 76,158.23 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2021 ₹ Lakhs | | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **2.38. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS** | | | | |
| **Opening Stock** | | | | |
| Work-in-progress | **927.73** | | 1,411.31 | |
| Finished Goods | **3,856.73** | | 5,024.43 | |
| Traded Goods | **205.11** | | 277.12 | |
| | | **4,989.57** | | 6,712.86 |
| **Less : Closing Stock** | | | | |
| Work-in-progress | **1,719.10** | | 927.73 | |
| Finished Goods | **4,792.37** | | 3,856.73 | |
| Traded Goods | **230.29** | | 205.11 | |
| | | **6,741.76** | | 4,989.57 |
| | | **(1,752.19)** | | 1,723.29 |
| **2.39. EMPLOYEE BENEFITS EXPENSE** | | | | |
| Salaries and Wages | **14,233.03** | | 12,707.40 | |
| Contribution to Provident and other funds | **709.86** | | 793.25 | |
| Staff Welfare Expenses | **872.22** | | 1,252.48 | |
| | | **15,815.11** | | 14,753.13 |
| **2.40. FINANCE COSTS** | | | | |
| Interest on Borrowings (Net) | **3,616.97** | | 2,561.88 | |
| Other Borrowing Costs | **28.40** | | 106.50 | |
| Interest on Lease Obligations (Refer to Note No. 2.59) | **259.72** | | 278.34 | |
| Unwinding of interest on financial instruments carried at amortised cost | **147.77** | | 161.73 | |
| | | **4,052.86** | | 3,108.45 |

Interest expenses is net off interest income on derivatives ₹ 487.10 Lakhs (Previous year - ₹ 156.65 Lakhs).

Other Borrowing Costs represent processing fee in respect of working capital borrowings.

| | | 31-3-2021 ₹ Lakhs | | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **2.41. DEPRECIATION AND AMORTISATION EXPENSE** | | | | |
| Depreciation (Refer to Note No. 2.1 & 2.4) | **5,936.34** | | 6,144.96 | |
| Right of Use Asset (Refer to Note No. 2.2) | **418.41** | | 400.92 | |
| Amortisation of Intangibles (Refer to Note No. 2.5 & 2.6) | **2,740.29** | | 2,723.36 | |
| | | **9,095.04** | | 9,269.24 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | | 2020-21 ₹ Lakhs | | 2019-20 ₹ Lakhs |
|---|---|---|---|---|
| **2.42. OTHER EXPENSES** | | | | |
| Power & Utilities (Net) (Refer to Note No. 2.49) | | **1,759.02** | | 1,902.58 |
| Stores & Spares Consumed | | **153.32** | | 152.84 |
| Repairs and Maintenance : | | | | |
| - Machinery | | **687.07** | | 691.44 |
| - Building | | **261.48** | | 97.46 |
| - IT Assets | | **518.69** | | 693.69 |
| - Others | | **157.08** | | 154.38 |
| Postage & Telephone | | **184.71** | | 151.75 |
| Rates, Taxes & Licence | | **75.35** | | 147.36 |
| Insurance | | **310.37** | | 225.70 |
| Travelling & Conveyance | | **121.99** | | 568.70 |
| Freight & Forwarding | | **1,443.03** | | 2,037.64 |
| Warranty Claims | | **603.40** | | 645.59 |
| Selling Expenses | | **160.45** | | 383.12 |
| Expected Credit Loss / Advances Written off | | | | |
| (Net off Provisions) | | **53.68** | | 12.46 |
| Loss on disposal of Subsidiary | **40,836.02** | | — | |
| Less : Provision for Impairment Loss made | | | | |
| in earlier years | **40,836.02** | | — | |
| (Refer to Note No. 2.43) | | **—** | | — |
| Provision for Statutory Liabilities | | **—** | | 348.76 |
| Remuneration to Non-Whole Time Directors | | | | |
| (Refer to Note No. 2.52) | | **14.40** | | 13.35 |
| Auditors' Remuneration (Refer to Note No. 2.50) | | **70.69** | | 64.95 |
| Professional Charges | | **1,003.94** | | 3,423.11 |
| Loss on Exchange Fluctuation (Net) | | **320.95** | | 239.64 |
| Loss on Sale of Property, Plant and Equipment (Net) | | **13.02** | | — |
| Provision for Impairment Loss | | **282.90** | | — |
| Assets Discarded / Written Off | | **1,121.96** | | 3.42 |
| Contribution to Political Party | | **25.00** | | — |
| Miscellaneous Expenses | | **288.53** | | 479.86 |
| CSR Expenses (Refer to Note No. 2.62) | | **53.29** | | 110.80 |
| | | **9,684.32** | | 12,548.60 |

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## 2.43. DISPOSAL AND RECLASSIFICATION OF NON-CURRENT INVESTMENTS HELD FOR SALE

The Board of Directors at their meetings held on 19th March 2019 and 29th July 2020 approved the disposal of its Wholly Owned Subsidiaries - Pricol Wiping Systems India Limited (PWS India) and Pricol Espana S.L.Spain ( Pricol Espana) along with its subsidiaries - Pricol do Brasil Componentes Automotivos LtdA, Brazil (PdB) and Pricol Wiping Systems Mexico S.A. de C.V, Mexico (PWS Mexico) and Pricol Wiping Systems Czech s.r.o (PWS Czech). The same was approved by the Shareholders in their meeting held on 29th August 2019.

During the previous financial year 2019-20, the Company had disposed off the subsidiaries of Pricol Espana - PdB and PWS Mexico for a sale Consideration of USD 2,000.

The investment in Pricol Espana along with its subsidiary PWS Czech was disposed off in August 2020 for a sale consideration of Euro 50,000 net off all liabilities taken over. The investment in PWS India were retained by the company.

The investment in these subsidiaries were appropriately classified and disclosed as 'Non Current Investments held for sale' in accordance with recognition and measurement principles laid out in Ind AS 105.

The disposal of the investment in Pricol Espana has resulted in a net loss of ₹ 40,798.58 Lakhs. The impairment loss of ₹ 40,836.02 Lakhs, provided for in earlier years have been reversed and the actual loss has been accounted for during the current year.

## 2.44. EXCEPTIONAL ITEMS (NET)

Exceptional items for the year 2019-20 represent the impairment loss in respect of additional investment made by way of equity shares and loan granted to erstwhile subsidiary Pricol Espana and equity shares in PWS India.

## 2.45. EARNINGS PER SHARE

| | **2020-21 ₹ Lakhs** | 2019-20 ₹ Lakhs |
|---|---|---|
| Profit / (Loss) After Tax | **1,460.21** | (21,287.97) |
| Weighted Average No. of Shares Outstanding | | |
| Basic & Diluted (Nos. in Lakhs.) (Re-stated) | **1,089.73** | 1,043.00 |
| Basic / Diluted Earnings per share (in ₹) | **1.34** | (20.41) |
| Face Value per Equity Share ( in ₹ ) | **1.00** | 1.00 |

The Earnings per share (Basic and Diluted) for the previous year has been restated for the bonus element in respect of the rights issue in accordance with Ind AS 33.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## 2.46. PROVISIONS AS ON THE CLOSING DATE

₹ Lakhs

| Particulars | Non-Current Provisions | | | Current Provisions | | | Total Provisions |
|---|---|---|---|---|---|---|---|
| | Excise, Service Tax & Customs Demands | Potential Statutory Liabilities | Total | Labour Settlement | Warranty related claims | Total | |
| Balance as on 1-4-2019 | 598.89 | 549.33 | 1,148.22 | 261.72 | 171.95 | 433.67 | 1,581.89 |
| Add : Addition | 90.10 | 359.71 | 449.81 | — | 645.59 | 645.59 | 1,095.40 |
| Less : Utilised / Reversed | 473.82 | 101.04 | 574.86 | — | 665.39 | 665.39 | 1,240.25 |
| Balance as on 31-3-2020 | 215.17 | 808.00 | 1,023.17 | 261.72 | 152.15 | 413.87 | 1,437.04 |
| Add : Addition | — | — | — | — | 603.40 | 603.40 | 603.40 |
| Less : Utilised / Reversed | — | 32.82 | 32.82 | — | 457.70 | 457.70 | 490.52 |
| **Balance as on 31-3-2021** | **215.17** | **775.18** | **990.35** | **261.72** | **297.85** | **559.57** | **1,549.92** |

During the financial year 2019-20, the company had opted for settlement of certain pending litigations pertaining to Central Excise & Service Tax under the "Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019". Necessary applications were filed in this regard against which the company has received discharge certificates against the tax dues from the Designated committee. Consequently, the provision made in respect of the disputed liability (including interest ) in earlier years amounting to ₹ 397.36 Lakhs has been derecognised and credited to 'Other Income'.

## 2.47. CONTINGENT LIABILITIES AND COMMITMENTS

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **i) CONTINGENT LIABILITIES** | | |
| **a) On account of Pending Litigations** | | |
| Sales Tax Matters (excluding Interest if any) | — | — |
| Excise, Service Tax and Customs Matters (excluding Interest if any) (Of which ₹ 87.76 Lakhs has been paid under protest) | **1,281.44** | 1,281.44 |
| | **1,281.44** | 1,281.44 |

**b) Labour related Matters**

As at 31st March, 2021, the company has various labour related cases pending before various legal forums, amounting to ₹ 2,733 Lakhs (Previous year - ₹ 1,608 Lakhs.)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **c) Others** | | |
| Letter of Credit | **1,557.55** | 930.50 |
| Guarantees | **238.66** | 279.63 |
| Other Claims not acknowledged as debts | **295.64** | — |
| | **2,091.85** | 1,210.13 |

The company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required or disclosed as contingent liability where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management estimates and no significant liability is expected to arise out of the same.

**ii) COMMITMENTS**

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| Estimated Value of Contracts remaining to be executed on Capital account | **150.78** | 327.72 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 2019-20 ₹ Lakhs |
|---|---|---|
| **2.48. RESEARCH AND DEVELOPMENT EXPENDITURE** | | |
| Capital | **151.56** | 483.19 |
| Revenue | **2,253.11** | 4,292.87 |
| | **2,404.67** | 4,776.06 |

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 PPE.

**2.49.** Power & Utilities is net off Wind Power of ₹ 65.40 Lakhs (Previous year - ₹ 83.20 Lakhs) representing units supplied to the grid against which equivalent consumption was made in-house.

| | 31-3-2021 ₹ Lakhs | 2019-20 ₹ Lakhs |
|---|---|---|
| **2.50. PAYMENTS TO STATUTORY AUDITORS (EXCLUSIVE OF GST) *** | | |
| For Audit | **41.25** | 37.50 |
| For Taxation Matters | **17.75** | 13.00 |
| For Certification & Others | **10.00** | 12.36 |
| Reimbursement of Expenses | **1.69** | 2.09 |
| **Total** | **70.69** | 64.95 |

* Remuneration to auditors during the year includes ₹ 15.08 Lakhs towards Rights Issue related services included in share issue expenses and adjusted against premium on issue of shares.

**2.51.** Balances in parties accounts are subject to confirmation / reconciliation. Appropriate adjustments, if any, will be made as and when the balances are reconciled.

**2.52.** Provision and payment of Commission to Non whole time directors amounting to ₹ 7.20 Lakhs is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**2.53. AMALGAMATION OF ERSTWHILE PRICOL LIMITED WITH THE COMPANY**

The Hon'ble High Court of Judicature at Madras vide its order dated 6th October, 2016 has sanctioned the Scheme of Amalgamation of erstwhile Pricol Limited ('Transferor Company') with erstwhile Pricol Pune Limited ('Transferee Company') with the appointed date as 1st April, 2015. Pursuant to the Scheme of Amalgamation, the Transferee Company was renamed as "Pricol Limited" vide fresh Certificate of Incorporation granted by Ministry of Corporate Affairs on 18th November, 2016.

The Amalgamation was accounted in financial year 2016-17 under the "Purchase Method" as per the then prevailing Accounting Standard 14- "Accounting for Amalgamation", as per the Scheme of Amalgamation approved by the High Court of Judicature at Madras, which is different from the accounting treatment prescribed under Ind AS 103 - "Business Combinations". The intangible assets, including Goodwill represented by Customer relationship and Assembled work force, are being amortised over its estimated useful life of 15 years from the appointed date.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## 2.54. FAIR VALUE MEASUREMENTS

### i. Financial instruments by category

**The carrying value of financial instruments by categories as at 31st March 2021 are as follows:**

₹ Lakhs

| Particulars | Note No. | FVTPL | FVTOCI | Cost / Amortised cost | Total Carrying value | Total Fair value |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Investments | 2.8 & 2.13 | 80.15 | — | 5,946.90 | 6,027.05 | 6,027.05 |
| Trade receivables | 2.14 | — | — | 18,247.98 | 18,247.98 | 18,247.98 |
| Cash and cash equivalents | 2.15 | — | — | 1,650.28 | 1,650.28 | 1,650.28 |
| Other bank balances | 2.16 | — | — | 1,180.88 | 1,180.88 | 1,180.88 |
| Other Financial assets including Loans | 2.9,2.10, 2.17 & 2.18 | — | — | 904.63 | 904.63 | 904.63 |
| **Financial Liabilities** | | | | | | |
| Borrowings | 2.24, 2.29 & 2.31 | — | — | 22,983.45 | 22,983.45 | 22,983.45 |
| Trade payables | 2.30 | — | — | 27,202.09 | 27,202.09 | 27,202.09 |
| Other financial liabilities excluding Current Maturities of Long Term Debt | 2.25 & 2.31 | 959.56 | — | 7,835.26 | 8,794.82 | 8,794.82 |

The carrying value of financial instruments by categories as at 31st March 2020 are as follows:

₹ Lakhs

| Particulars | Note No. | FVTPL | FVTOCI | Cost / Amortised cost | Total Carrying value | Total Fair value |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Investments | 2.8 & 2.13 | 470.94 | — | 4,671.90 | 5,142.84 | 5,142.84 |
| Trade receivables | 2.14 | — | — | 16,927.96 | 16,927.96 | 16,927.96 |
| Cash and cash equivalents | 2.15 | — | — | 233.11 | 233.11 | 233.11 |
| Other bank balances | 2.16 | — | — | 1,084.24 | 1,084.24 | 1,084.24 |
| Other Financial assets including Loans | 2.9,2.10, 2.17 & 2.18 | — | — | 1,047.23 | 1,047.23 | 1,047.23 |
| **Financial Liabilities** | | — | — | | | |
| Borrowings | 2.24, 2.29 & 2.31 | — | — | 34,328.77 | 34,328.77 | 34,328.77 |
| Trade payables | 2.30 | — | — | 26,170.82 | 26,170.82 | 26,170.82 |
| Other financial liabilities excluding Current Maturities of Long Term Debt | 2.25 & 2.31 | 437.59 | — | 7,380.18 | 7,817.77 | 7,817.77 |

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## FAIR VALUE MEASUREMENTS (Contd.,)

ii. The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Investments in subsidiaries are carried at cost.

iii. **Fair values hierarchy**

Financial assets and financial liabilities are measured at fair value in the financial statement and are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

**Given below are the fair values based on their hierarchy**

₹ Lakhs

| Particulars | Carrying Amount as on 31-3-2021 | As at 31-3-2021 | | | Carrying Amount as on 31-3-2020 | As at 31-3-2020 | | |
|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| **Financial Assets measured at Fair value through Profit and Loss excluding investment in subsidiaries** | | | | | | | | |
| Investments in Mutual Funds | **80.15** | **80.15** | — | — | 470.94 | 470.94 | — | — |
| **Financial Assets not measured at Fair value*** | | | | | | | | |
| Trade receivables | **18,247.98** | — | — | — | 16,927.96 | — | — | — |
| Cash and cash equivalents | **1,650.28** | — | — | — | 233.11 | — | — | — |
| Other bank balances | **1,180.88** | — | — | — | 1,084.24 | — | — | — |
| Other Financial assets | **904.63** | — | — | — | 1,047.23 | — | — | — |
| **Financial Liabilities not measured at fair value*** | | | | | | | | |
| Borrowings | | | | | | | | |
| - Current | **4,432.02** | — | — | — | 13,918.68 | — | — | — |
| - Non-Current | **18,551.43** | — | — | — | 20,410.09 | — | — | — |
| | | | | — | — | — | | |
| Trade payables | **27,202.09** | — | — | — | 26,170.82 | — | — | — |
| Other financial liabilities excluding Current Maturities of Long Term Debt | **8,794.82** | — | **959.56** | — | 7,817.77 | — | 437.59 | — |

* The Company has not disclosed the fair values for short term / current financial instruments (such as short term trade receivables, short term trade payables, Current Loans and Short term borrowings etc), because their carrying amounts are a reasonable approximation of Fair value.

iv. **Measurement of fair values :**

The basis of measurement in respect of each class of financial assets and liabilities are disclosed in point no. 1 (xiv) of significant accounting policies.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## 2.55. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk | Exposure arising from | Measurement |
|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables and financial assets. | Ageing analysis, Credit ratings |
| Liquidity risk | Borrowings and other liabilities. | Rolling cash flow forecasts |
| Market risk - Interest rate risk | Long-term borrowings at variable rates. | Cash flow forecasting, Sensitivity analysis |
| Market risk - Financial Currency Risk | Adverse movements in the exchange rate between the Rupee and any relevant foreign currency. | Internal Foreign Curreny Exposure and risk management policy |

### a. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

**Credit risk management**

**Credit risk rating**

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk B: Moderate credit risk C: High credit risk

| Assets Group | Description of category | Provision for expected credit loss* |
|---|---|---|
| Low credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | 12 month expected credit loss / life time expected credit loss |
| Moderate credit risk | Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong | 12 month expected credit loss / life time expected credit loss |
| High credit risk | Assets where there is a high probability of default. | 12 month expected credit loss / life time expected credit loss/fully provided for |

* Life time expected credit loss (if required) is provided for trade receivables and for those financial assets where the credit risk has increased significantly, since the initial recognition.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Any subsequent recoveries made are recognised in statement of profit and loss.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**FINANCIAL RISK MANAGEMENT (Contd.,)**

**Classification of financial assets among risk categories:**

**As at 31st March 2021**

**₹ Lakhs**

| Credit rating | Particulars | Gross Carrying Amount | Provisions | Carrying Amount net off Provisions |
|---|---|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, Current investments, loans, trade receivables and other financial assets | **22,400.97** | **337.05** | **22,063.92** |
| Moderate credit risk | Nil | | — | |
| High credit risk | Nil | — | — | — |

As at 31st March 2020

₹ Lakhs

| Credit rating | Particulars | Gross Carrying Amount | Provisions | Carrying Amount net off Provisions |
|---|---|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, Current investments, loans, trade receivables and other financial assets | 20,046.20 | 282.72 | 19,763.48 |
| Moderate credit risk | Nil | — | — | — |
| High credit risk | Nil | 11,762.51 | 11,762.51 | — |

**Movement of Expected Credit Loss / Allowance for doubtful debts & advances in respect of financial assets**

**₹ Lakhs**

| Financial Assets | Note No. | Balance as on 1-4-2019 | Addition / (Deletion) | Balance as on 31-3-2020 | Addition / (Deletion) | Balance as on 31-3-2021 |
|---|---|---|---|---|---|---|
| Trade Receivables | 2.14 | 337.68 | (81.06) | 256.62 | 54.33 | **310.95** |
| Loans | 2.9 | — | 11,762.51 | 11,762.51 | (11,762.51) | — |
| Non Current Financial Assets - Others | 2.10 | 26.10 | — | 26.10 | — | **26.10** |
| **Total** | | **363.78** | **11,681.45** | **12,045.23** | **(11,708.18)** | **337.05** |

**b. Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

### FINANCIAL RISK MANAGEMENT (Contd.,)

**Maturities of financial liabilities:** ₹ Lakhs

| 31-3-2021 | On Demand | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | — | 4,432.02 | 18,551.43 | — | 22,983.45 |
| Trade payables | — | 27,202.09 | — | — | 27,202.09 |
| Other financial liabilities excluding Current Maturities of Long Term Debt | — | 5,496.02 | 2,900.56 | 398.24 | 8,794.82 |
| **Total** | — | 37,130.13 | 21,451.99 | 398.24 | 58,980.36 |

| 31-3-2020 | On Demand | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | 8,819.84 | 5,098.84 | 20,410.09 | — | 34,328.77 |
| Trade payables | — | 26,170.82 | — | — | 26,170.82 |
| Other financial liabilities excluding Current Maturities of Long Term Debt | — | 5,150.29 | 1,906.14 | 761.33 | 7,817.77 |
| Total | 8,819.84 | 36,419.95 | 22,316.23 | 761.33 | 68,317.36 |

c. **Interest rate risk**

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. However, the company's variable rate borrowings are subject to interest rate risk.

Below is the overall exposure of the borrowings:

**Interest rate risk exposure** ₹ Lakhs

| Particulars | 31-3-2021 | 31-3-2020 |
|---|---|---|
| Fixed rate borrowing | — | — |
| Variable rate borrowing | **22,983.45** | 34,328.77 |
| **Total** | **22,983.45** | 34,328.77 |

**Sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change (100 basis points) in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on variable rate borrowings, as follows:

**Interest sensitivity** ₹ Lakhs

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Interest rates – increase / decrease by 100 basis points | **257.68** | 309.49 |

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**FINANCIAL RISK MANAGEMENT (Contd.,)**

**d. Financial Currency Risk**

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency results in increase in the Company's overall debt position in Rupee terms without the Company having incurred additional debt and favourable movements in the exchange rates will conversely result in reduction in the Company's receivables in foreign currency. In order to hedge exchange rate risk, the Company has a policy to hedge cash flows (either using natural hedge or an artificial hedge) upto a specific tenure using forward exchange contracts and hedges based on their Internal Foreign Currency Exposure and risk management policy as approved by the management and in accordance with the applicable regulations where the Company operates.

The carrying amounts of the Company's monetary assets and monetary liabilities at the end of the reporting period are as follows:

**As at 31st March 2021**

**₹ Lakhs**

| **Particulars** | **EURO** | **GBP** | **USD** | **CHF** | **JPY** | **OTHER CURRENCIES** |
|---|---|---|---|---|---|---|
| Financial Assets | **776.90** | **134.28** | **2,131.31** | **—** | **7.31** | **0.03** |
| Financial Liabilities | **1,013.01** | **—** | **6,261.04** | **102.08** | **1,245.47** | **5.84** |

**As at 31st March 2020**

₹ Lakhs

| Particulars | EURO | GBP | USD | CHF | JPY | OTHER CURRENCIES |
|---|---|---|---|---|---|---|
| Financial Assets | 12,139.48 | 62.82 | 1,668.35 | — | 14.82 | 0.05 |
| Financial Liabilities | 563.88 | 0.89 | 6,555.17 | 79.62 | 761.97 | 1.57 |

The following table details the Company's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies net of hedge accounting impact. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency. For a 1% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

**Impact on Profit / (loss) for the year for a 1% change:**

**₹ Lakhs**

| **Particulars** | **2020-21** | 2019-20 |
|---|---|---|
| increase / decrease by 1% | **55.78** | 59.22 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

### 2.56. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

| Particulars | | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|---|
| Borrowings (long-term and short-term, including current maturities of long term borrowings) | | **22,983.45** | 34,328.77 |
| Less: Cash and cash equivalents | | **1,650.28** | 233.11 |
| Less: Other Bank Balances - Excluding balances in unpaid dividend account (Balances with maturity of more than 3 months) | | **1,117.13** | 982.71 |
| Less: Margin Money against Borrowings | | **172.71** | 172.71 |
| **Net Debt** | **(A)** | **20,043.33** | 32,940.24 |
| Equity Share Capital | | **1,218.81** | 947.97 |
| Other Equity | | **51,132.97** | 41,978.38 |
| **Total Equity** | **(B)** | **52,351.78** | 42,926.35 |
| **Net Debt to Equity Ratio** | **(A) / (B) X 100** | **38.28%** | 76.74% |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

**2.57. a.** Income Tax Assessments are completed upto Assessment year 2017-18.

The company has filed revised returns / made additional claims in respect of certain deductions and exemptions. These claims have been rejected by the Assessing Officer against which the company has preferred an appeal before various appellate authorities. Certain claims allowed in appeal has been challenged by the Income Tax Department.

During the year, the company had reviewed the pending tax litigations and opted for the settlement scheme under the "Vivad se Vishwas Scheme" (VsVs) for some of the years under which the taxes were under dispute. Necessary forms were filed and settlement orders / certificate received in respect of these years. Consequent to the above, the excess provision (net) made in respect of those years were reversed and recognised as income during the year and disclosed under Taxation-earlier years in the statement of profit and loss.

In respect of the other years, in which the company has not opted for the VsVs, the management is of the view that the provision for taxation available in the books is adequate and no significant liability is expected to arise out of the litigation.

**b.** The Management has evaluated the MAT Credit Entitlement recognised in the book of accounts. Based on the availability and sunset clause in respect of certain deductions available under the Income Tax Act, the Management is of the view that the carrying value of MAT Credit will be utilised in subsequent years.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## 2.58. NOTES ON TAXATION :

a. Income tax expense for the year reconciled to the accounting profit

₹ Lakhs

| Particulars | As at 31-3-2021 | As at 31-3-2020 |
|---|---|---|
| Profit / (Loss) before Tax | **4,651.68** | (21,672.17) |
| Applicable income tax rate | **34.944%** | 34.944% |
| Expected Income tax expense | **1,625.48** | (7,573.12) |
| **Tax Effect on adjustment to reconcile expected income tax expense to reported income tax expense :** | | |
| - Effect of concessions (Research and Development and other allowance) | **(35.35)** | (289.06) |
| - Effect of Impairment loss on non current investment and Effect of provisions / expenses not deductible in determining profits | **2,561.83** | 7,195.23 |
| - Others | **(305.95)** | 282.75 |
| **Tax Expense for the year** | **3,846.01** | (384.20) |

The above workings are based on the provisional computation of tax expenses and are subject to finalisation including that of tax audit.

b. Income tax recognised in other comprehensive income

₹ Lakhs

| | | |
|---|---|---|
| **Deferred tax** | | |
| Remeasurement of defined benefit obligation - (Expense) / Income | **(7.08)** | (103.11) |
| **Total income tax recognised in OCI** | **(7.08)** | (103.11) |

c. Statement of Changes in Deferred tax assets / Liabilities

**As on 31-3-2021**

₹ Lakhs

| Particulars | As at 1-4-2020 | Recognised in Profit and Loss | Recognised in OCI | As at 31-3-2021 |
|---|---|---|---|---|
| **Deferred Tax Liability** | | | | |
| On Fixed Assets and others | **7,320.62** | **4.08** | — | **7,324.70** |
| Other temporary differences | **47.73** | **48.53** | — | **96.26** |
| | **7,368.35** | **52.61** | — | **7,420.96** |
| **Deferred Tax Asset** | | | | |
| On disallowance under the Income Tax Act | **893.91** | **758.75** | **(7.08)** | **1,645.58** |
| On Unused tax losses | **1,209.10** | **(1,209.10)** | — | — |
| On Other temporary differences | **75.49** | **(35.77)** | — | **39.72** |
| | **2,178.50** | **(486.12)** | **(7.08)** | **1,685.30** |
| **Total** | **5,189.85** | **538.73** | **7.08** | **5,735.66** |

As on 31-3-2020

₹ Lakhs

| Particulars | As at 1-4-2019 | Recognised in Profit and Loss | Recognised in OCI | As at 31-3-2020 |
|---|---|---|---|---|
| **Deferred Tax Liability** | | | | |
| On Fixed Assets and others | 6,855.84 | 464.78 | — | 7,320.62 |
| Other temporary differences | 92.41 | (44.68) | — | 47.73 |
| | **6,948.25** | **420.10** | — | **7,368.35** |
| **Deferred Tax Asset** | | | | |
| On disallowance under the Income Tax Act | 1,287.60 | (290.58) | (103.11) | 893.91 |
| On Unused tax losses | 139.30 | 1,069.80 | — | 1,209.10 |
| On Other temporary differences | 50.41 | 25.08 | — | 75.49 |
| | 1,477.31 | 804.30 | (103.11) | 2,178.50 |
| Total | 5,470.94 | (384.20) | 103.11 | 5,189.85 |

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## NOTES ON TAXATION (Contd.)

₹ Lakhs

| Particulars | As at 31-3-2021 | As at 31-3-2020 |
|---|---|---|
| **Tax Losses** | | |
| Tax Losses carried forward (including Capital Losses) | **48,474.64** | 9,049.61 |
| Tax Losses for which no deferred tax asset were recognised (including Capital Losses) | **48,474.64** | 6,067.12 |

Significant Management Judgements are involved in determining provision for tax, deferred tax and recoverability of deferred tax asset. The recoverability of Deferred Tax Asset is based on estimates of taxable income in future and the management is fairly confident that there will be sufficient future profits to utilise the deferred tax asset.

The figures for tax losses disclosed above are based on Income Tax returns filed / provisional computation of tax for the financial year 2020-21 and are subject to change based on Income Tax assessments and appeals. (Refer to Note No. 2.57)

## 2.59. LEASES

### DISCLOSURE AS REQUIRED UNDER IND AS 116

**Movement of Lease Liability**

₹ Lakhs

| Particulars | As at 31-3-2021 | As at 31-3-2020 |
|---|---|---|
| Opening Balance | **2,533.48** | 1.09 |
| Additions during the year | **786.45** | 2,731.16 |
| Repayments during the year | **268.90** | 198.77 |
| **Closing Balance** | **3,051.03** | 2,533.48 |
| Current | **551.86** | 246.02 |
| Non Current | **2,499.17** | 2,287.46 |

| | | |
|---|---|---|
| **Maturity Analysis** | | |
| Within one year | **551.86** | 246.02 |
| 1 - 5 years | **2,100.93** | 1,526.13 |
| More than five years | **398.24** | 761.33 |

**The broad range of effective Interest rate for the Lease Liabilities is 10% to 10.50%**

**The following are the amounts recognised in the Statement of Profit and Loss**

₹ Lakhs

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Depreciation expense of Right of Use Assets | **418.41** | 400.92 |
| Interest Expense on Lease Liabilities | **259.72** | 278.34 |
| Expense relating to Short Term Lease Liabilities | **40.54** | 170.38 |
| Expense relating to Lease of Low Value Assets | **21.32** | 27.42 |
| Income from Right of Use | **4.90** | 2.49 |

**Maturity Analysis in respect of lease contract which are not recorded as lease liability**

| | | |
|---|---|---|
| **Maturity Analysis** | | |
| Within one year | **3.93** | 120.09 |
| 1 - 5 years | — | 14.96 |
| More than five years | — | — |

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## 2.60. EMPLOYEE BENEFITS

**Defined contribution plan**

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

₹ Lakhs

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Employer's Contribution to Provident Fund | **505.34** | 524.85 |
| Employer's Contribution to Superannuation Fund | **20.06** | 8.81 |

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Defined contribution plan contribution towards Key Managerial Personnel | **11.81** | 19.07 |

**Defined Benefit Plan**

The Company has an obligation towards gratuity, a defined benefit obligation. The benefits are governed by the Payment of Gratuity Act, 1972. The company makes lumpsum payment to vested employees an amount based on 15 days last drawn basic salary including dearness allowance (if any) for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The most recent actuarial valuation of the defined benefit obligation was carried out at the balance sheet date. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation as at balance sheet date:

₹ Lakhs

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | **2020-21** | 2019-20 |
| **i) Reconciliation of opening and closing balances of Defined Benefit Obligation** | | |
| Defined Benefit Obligation at beginning of the year | **2,966.44** | 3,007.44 |
| Current Service Cost | **208.57** | 217.24 |
| Interest Cost | **190.65** | 212.92 |
| Remeasurements | | |
| Effect of changes in demographic assumptions | **—** | — |
| Effect of changes in financial assumptions | **(4.60)** | (312.00) |
| Effect of experience adjustments | **(25.93)** | 1.78 |
| Benefits Paid | **(358.27)** | (314.21) |
| Transfer of obligation due to Transfer of Employees from Group Entities - Refer to Note No. 2.70 (iv) | **—** | 153.27 |
| **Defined Benefit Obligation at year end** | **2,976.86** | 2,966.44 |
| - Non-Current | **2,847.94** | 2,851.69 |
| - Current | **128.92** | 114.75 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**EMPLOYEE BENEFITS (Contd.,)**

₹ Lakhs

| Particulars | Gratuity (Funded) 2020-21 | Gratuity (Funded) 2019-20 |
|---|---|---|
| **ii) Reconciliation of opening and closing balances of fair value of Plan Assets** | | |
| Fair value of Plan Assets at beginning of year | **2,967.96** | 2,998.45 |
| Interest Income | **204.93** | 222.85 |
| **Remeasurements:** | | |
| Return on plan assets (excluding interest income) | **(10.27)** | (15.14) |
| Transfer of obligation due to Transfer of Employees from Group Entities | **170.97** | — |
| Employer Contribution | **48.70** | 76.01 |
| Benefits Paid | **(358.27)** | (314.21) |
| Fair value of Plan Assets at year end | **3,024.02** | 2,967.96 |
| **iii) Reconciliation of fair value of Assets and Obligations** | | |
| Fair value of Plan Assets | **3,024.02** | 2,967.96 |
| Present value of Obligation | **2,976.86** | 2,966.44 |
| Amount recognised in Balance Sheet - Surplus / (Deficit) | **47.16** | 1.52 |
| - Non-Current | **—** | — |
| - Current | **47.16** | 1.52 |
| **iv) Expenses recognised during the year** | | |
| **In Income Statement** | | |
| Current Service Cost | **208.57** | 217.24 |
| Interest Cost | **190.65** | 212.92 |
| Return on Plan Assets | **(204.93)** | (222.85) |
| **Net (Income) / Expense for the period recognised in Statement of Profit & Loss** | **194.29** | 207.31 |
| **In Other Comprehensive Income** | | |
| **Remeasurement of net defined benefit liability** | | |
| Effect of changes in demographic assumptions | **—** | — |
| Effect of changes in financial assumptions | **(4.59)** | (312.00) |
| Effect of experience adjustments | **(25.93)** | 1.78 |
| (Return) on plan assets (excluding interest income) | **10.27** | 15.14 |
| Changes in asset ceiling (excluding interest income) | **—** | — |
| **Net (Income) / Expense for the period recognised in OCI** | **(20.25)** | (295.08) |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**EMPLOYEE BENEFITS (Contd.,)**

₹ Lakhs

| Particulars | Gratuity (Funded) 2020-21 (Ultimate) | Gratuity (Funded) 2019-20 (Ultimate) |
|---|---|---|
| **v) Actuarial assumptions** | | |
| Discount Rate (per annum) | **6.86%** | 6.84% |
| Rate of escalation in Salary (per annum) | **Uniform 8.00%** | Uniform 8.00% |
| Attrition Rate | **Uniform 4.00%** | Uniform 4.00% |
| Retirement Age | **58** | 58 |
| Pre-retirement mortality | **Indian Assured Lives Mortality (2012-14) Ultimate** | Indian Assured Lives Mortality (2012-14) Ultimate |
| Disability | **Nil** | Nil |

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**vi) The expected future contribution and estimated future benefit payments from the fund are as follows:**

| Particulars | Amount ₹ Lakhs |
|---|---|
| a) Expected contribution to the fund during the year ending March 31, 2022 | **130.05** |
| b) Estimated benefit payments from the fund for the year ending March 31: | |
| Year 1 | **244.14** |
| Year 2 | **266.44** |
| Year 3 | **231.62** |
| Year 4 | **258.15** |
| Year 5 | **259.69** |
| Beyond 5 years | **1,085.48** |
| **Total** | **2,345.52** |

**vii) Sensitivity Analysis**

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occuring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below:

₹ Lakhs

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Discount rate +100 basis points | **(218.12)** | (224.44) |
| Discount rate -100 basis points | **247.83** | 255.75 |
| Salary Increase Rate +1% | **227.84** | 235.55 |
| Salary Increase Rate-1% | **(204.99)** | (211.34) |
| Attrition Rate +1% | **(27.76)** | (28.63) |
| Attrition Rate -1% | **31.72** | 32.78 |

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**EMPLOYEE BENEFITS (Contd.,)**

viii) **These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.**

**Name of the Risk and its Description**

**Investment risk** - The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest risk** - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

**Longevity risk** - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk** - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Disclosure relating to KMPs:**

₹ Lakhs

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | **2020-21** | 2019-20 |
| Expense towards defined benefit plan for Key Management Personnel | **44.58** | 36.55 |

### 2.61. SEGMENT REPORTING

As per Ind AS 108 "Operating Segments", segment information has been provided under the Notes to Consolidated Financial Statements.

### 2.62. CSR EXPENDITURE

₹ Lakhs

| | Particulars | 2020-21 | 2019-20 |
|---|---|---|---|
| i) | Gross amount required to be spent by the company during the year | **50.61** | 107.57 |
| ii) | Amount spent during the year | **53.29** | 110.80 |

**For the year 2020-21**

₹ Lakhs

| | Particulars | Incurred | Yet to be incurred | Total |
|---|---|---|---|---|
| a) | Construction / acquisition of any asset | — | — | — |
| b) | On other purpose other than (a) above | **53.29** | — | **53.29** |

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**2.63. DISCLOSURE RELATING TO SUPPLIERS REGISTERED UNDER MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006**

₹ Lakhs

| Particulars | As at 31-3-2021 | As at 31-3-2020 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in: | | |
| - Principal amount due to micro and small enterprises | 545.87 | 87.68 |
| - Interest due on above | — | — |
| **Total** | **545.87** | 87.68 |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond appointed day. | — | — |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006. | — | — |
| The amount of interest accrued and remaining unpaid at the end of each accounting year. | — | — |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act, 2006. | — | — |

The Company has disclosed the suppliers who have registered themselves under "Micro, Small and Medium Enterprises Development Act, 2006" to the extent they have confirmed.

**2.64.** The company's operation were adversely impacted by the outbreak of Covid-19 pandemic during the first half of the financial year 2020-21. The situation is continuously evolving, the impact assessed may be different from the estimates made as at the date of approval of these financial statements and management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the company and take necessary measures to address the situation.

**2.65.** On 26th May 2021, the Board approved the amalgamation of Pricol Wiping Systems India Limited ("PWS India"), a Wholly Owned Subsidiary company with its Holding Company, Pricol Limited with effect from 1st April 2021 ("Appointed Date") by way of a Scheme of Amalgamation, subject to all regulatory approvals.

Upon the Scheme becoming effective, all assets and liabilities, including reserves of the Transferor Companies shall be recorded in the books of the Transferee Company at their existing carrying values under 'Pooling of Interest Method' as described in Appendix "C" of Indian Accounting Standards 103 ("Ind AS 103"), Business Combinations.

**2.66.** The New Code on Social Security 2020 (the Code) has been enacted which would impact the contribution by the company towards PF and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in the period in which the said Code becomes effective and the rules framed thereunder are published.

**2.67. EVENTS OCCURING AFTER THE BALANCE SHEET DATE**

No adjusting or significant non-adjusting events have occurred between 31st March 2021 and the date of authorisation of these standalone financial statements.

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

**2.69.** All figures are in Lakhs unless otherwise stated.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

## 2.70. RELATED PARTY DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 24

**i) Names of related parties and description of relationship:**

**1. Enterprises where control exists**

**Subsidiary Companies :**

PT Pricol Surya Indonesia
Pricol Asia Pte Limited, Singapore
Pricol Espana Sociedad Limitada, Spain - Upto 21st August 2020
Pricol Wiping Systems India Limited

**Step Down Subsidiaries :**

PT Sripri Wiring Systems, Indonesia
- Subsidiary of PT Pricol Surya Indonesia

Pricol Wiping Systems Czech s.r.o, Czech Republic
- Subsidiary of Pricol Espana Sociedad Limitada - Upto 21st August 2020

Pricol Do Brasil Componentes Automotivos LtdA, Brazil
- Subsidiary of Pricol Espana Sociedad Limitada - Upto 11th February 2020

Pricol Wiping Systems Mexico S.A.de C.V, Mexico
- Subsidiary of Pricol Espana Sociedad Limitada - Upto 11th February 2020

**2. Related parties and nature of relationship with whom transaction have taken place :**

**(a) Key Management Personnel :**
Mrs.Vanitha Mohan - (Chairman - Executive Director)
Mr.Vikram Mohan - (Managing Director - Executive Director)
Mr.R Vidhya Shankar - (Independent Director)
Mr.Suresh Jagannathan - (Independent Director) upto 10th February 2021
Mrs. Sriya Chari - (Independent Director)
Mr. K. Ilango - (Independent Director)
Mr. P. Shanmugasundaram - (Independent Director)
Dr. S.K. Sundararaman - (Independent Director)
Mr.Navin Paul - (Independent Director) from 22nd October 2020
Mr. V. Balaji Chinnappan - (Chief Operating Officer)

**(b) Entities in which the Key Managerial Personnel of the company and their relatives are able to exercise control / significant influence :**

**(i) Partnership firms :**
Bhavani Global Enterprises
Libra Industries

**(ii) Private Limited Companies :**
Pricol Gourmet Private Limited
Pricol Travel Private Limited
Pricol Logistics Private Limited
Pricol Automotive Industries Private Limited
Infusion Hospitality Private Limited
Shrimay Enterprises Private Limited
Sagittarius Investments Private Limited

**(iii) Public Limited Companies :**
Pricol Holdings Limited
PPL Enterprises Limited
Pricol Properties Limited
Pricol Engineering Industries Limited
Pricol Corporate Services Limited
Target Manpower Services Limited
Pricol Retreats Limited, Prinfra Limited

**(iv) Trusts :**
N D Foundation, Siruthuli

**(c) Relatives of Key Management Personnel :**
Mr. Vijay Mohan, Mr. Viren Mohan
Mrs. Lakshmi Mohan, Ms. Madhura Mohan,
Ms. Manasa Mohan

## NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**RELATED PARTY DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 24 (Contd.,)**

**ii) Related party transactions:**

₹ Lakhs

| Nature of Transaction | Subsidiaries | | Key Management Personnel and their Relatives | | Others | |
|---|---|---|---|---|---|---|
| | **2020-21** | 2019-20 | **2020-21** | 2019-20 | **2020-21** | 2019-20 |
| **Transactions during the year** | | | | | | |
| Purchase / Labour Charges | **36,891.04** | 19,179.70 | — | — | **1,945.34** | 2,009.03 |
| Purchase of Fixed Assets | — | — | — | — | — | 862.47 |
| Sale of Fixed Assets | — | — | — | — | **5.04** | 1.01 |
| Sales /Job Work Charges | **473.85** | 637.81 | — | — | **82.13** | 218.46 |
| Receiving of Services / Remuneration to directors / Reimbursement of Expenses Paid | **6.21** | — | **422.71** | 373.11 | **4,232.86** | 6,499.37 |
| Rendering of Services / Reimbursement of Expenses Received | **2.10** | 16.20 | — | — | **277.37** | 353.31 |
| Donation / CSR Expenses | — | — | — | — | **15.00** | — |
| Interest Received | **8.05** | 199.56 | — | — | — | — |
| Right Shares allotted (including securities premium) | — | — | **2,006.56** | — | **964.11** | — |
| Loss on disposal of investment in subsidiary | **40,798.58** | — | — | — | — | — |
| **Loans and Advances :** | | | | | | |
| a. Loans and advances given / (Received) | — | 11,760.41 | — | — | **(10.08)** | — |
| b. Loans and advances repaid / Converted into Equity | **11,175.74** | — | — | — | **30.75** | — |
| **Investments:** | | | | | | |
| a. Made during the year | **12,453.42** | 10,362.53 | — | — | — | — |
| b. Disposed during the year | **40,836.02** | — | — | — | — | — |
| **Provisions:** | | | | | | |
| a. Provision for / (Reversal of) Loans and advances & Interest thereon | **(11,762.51)** | 11,762.51 | — | — | — | — |
| b. Provision for / (Reversal of) Impairment of Investments | **(29,657.60)** | 10,440.59 | — | — | — | — |
| **Guarantees:** | | | | | | |
| a. Made during the year | — | 6,030.87 | — | — | — | — |
| b. Adjustment on Exchange Fluctuation | **(150.49)** | 502.64 | — | — | — | — |
| c. Released during the year | **7,806.66** | 18,593.25 | — | — | — | — |

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**RELATED PARTY DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 24 (Contd.,)**

iii) **Amount outstanding as at the balance sheet date :**

₹ Lakhs

| Nature of Transaction | Subsidiaries | | Key Management Personnel and their Relatives | | Others | |
|---|---|---|---|---|---|---|
| | **31-3-2021** | 31-3-2020 | **31-3-2021** | 31-3-2020 | **31-3-2021** | 31-3-2020 |
| Trade Receivables and Other Receivables | **432.90** | 538.22 | — | — | **104.20** | 298.76 |
| Trade Payables and Other Payables | **5,492.02** | 3,899.28 | **175.43** | 64.11 | **1,083.50** | 1,141.49 |
| Investments | **6,796.90** | 35,179.50 | — | — | — | — |
| Loans | — | 11,760.41 | — | — | — | — |
| Interest Receivable | — | 177.10 | — | — | — | — |
| Provision for Loans and advances & Interest thereon | — | 11,762.51 | — | — | — | — |
| Provision for Impairment of Investments | **850.00** | 30,507.60 | — | — | — | — |
| Guarantees | **9,030.38** | 16,987.53 | — | — | — | — |

iv) During the previous year, 248 employees have been transferred from Pricol Corporate Services Ltd to Pricol Ltd, where in the entitlements like salary, other benefits and terms and conditions of the employment of the transferred remains the same.

v) During the previous year, the company has taken a loan from Cholamandalam Investment and Finance Company Limited, for which the following securities were given by related parties and relatives of KMP.

a. Specific immovable properties of certain promoters and promoter's companies.

b. Personal Guarantee of Chairman, Managing Director and his Relative.

c. Corporate Guarantee from Pricol Holdings Limited and Pricol Retreats Limited.

**2.71. DISCLOSURE OF INVESTMENTS, LOANS AND GUARANTEES AS REQUIRED UNDER SECTION 186 (4) OF COMPANIES ACT, 2013**

**a) INVESTMENTS**

₹ Lakhs

| Name of the Subsidiary | As at 31-3-2021 | As at 31-3-2020 |
|---|---|---|
| Pricol Espana S.L. Spain | — | 29,657.60 |
| PT Pricol Surya Indonesia | **4,521.52** | 4,521.52 |
| Pricol Wiping Systems India Limited | **2,125.00** | 850.00 |
| Pricol Asia Pte Limited, Singapore | **150.38** | 150.38 |

**b) LOANS GRANTED**

₹ Lakhs

| Name of the Subsidiary | As at 31-3-2021 | As at 31-3-2020 | Purpose |
|---|---|---|---|
| Pricol Espana S.L. Spain @ | — | 11,585.41 | To settle an existing loan liability |
| PT Pricol Surya Indonesia | — | — | — |
| Pricol Wiping Systems India Limited * | — | 175.00 | For working capital requirements |
| Pricol Asia Pte Limited, Singapore | — | — | — |

@ Converted into Equity investment with effect from 1st April 2020. The loan / investment were impaired and the entire investment in subsidiary disposed off. (Refer to Note No. 2.43)

* Converted into Equity investment during the year 2020-21.

# NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd.,)

**DISCLOSURE OF INVESTMENTS, LOANS AND GUARANTEES AS REQUIRED (Contd.)**

**c) GUARANTEES OR SECURITIES PROVIDED**

| Name of the Company | Currency | As at 31-3-2021 | | As at 31-3-2020 | | Purpose |
|---|---|---|---|---|---|---|
| | | Foreign Currency in Lakhs | ₹ Lakhs | Foreign Currency in Lakhs | ₹ Lakhs | |
| PT Pricol Surya Indonesia | USD | 30.00 | 2,100.00 | 30.00 | 2,100.00 | Term Loan / Working Capital |
| Pricol do Brasil (Step down subsidiary of Pricol Espana S.L. Spain) | Euro | — | — | 94.00 | 7,806.66 | Term Loan / Working Capital |
| Pricol Wiping Systems India Limited | INR | — | 1,050.00 | — | 1,050.00 | Term Loan / Working Capital |
| Pricol Asia Pte Limited, Singapore | USD | 80.00 | 5,880.38 | 80.00 | 6,030.87 | Guarantee to overseas suppliers for payment by Pricol Asia Pte Limited, to the supplier |

**2.72. DISCLOSURE AS REQUIRED UNDER REGULATION 34(3) OF SEBI LODR**

**As at 31st March 2021** **₹ Lakhs**

| Name of the Company | Status | Outstanding Amount Loan/Advance | Maximum Loan / Advance outstanding during the year | Investment by the Loanee in Shares of Parent / Subsidiary |
|---|---|---|---|---|
| Pricol Espana S.L. Spain @ | Subsidiary | — | 11,585.41 | — |
| PT Pricol Surya Indonesia | Subsidiary | — | — | — |
| Pricol Asia Pte Limited, Singapore | Subsidiary | — | — | — |
| Pricol Wiping Systems India Limited * | Subsidiary | — | 175.00 | — |

@ Converted into Equity investment with effect from 1st April 2020. The loan / investment were impaired and the entire investment in subsidiary disposed off. (Refer to Note No. 2.43)

* Converted into Equity investment during the year 2020-21.

As at 31st March 2020 **₹ Lakhs**

| Name of the Company | Status | Outstanding Amount Loan/Advance | Maximum Loan / Advance outstanding during the year | Investment by the Loanee in Shares of Parent / Subsidiary |
|---|---|---|---|---|
| Pricol Espana S.L. Spain | Subsidiary | 11,585.41 | 11,585.41 | — |
| PT Pricol Surya Indonesia | Subsidiary | — | — | — |
| Pricol Asia Pte Limited, Singapore | Subsidiary | — | — | — |
| Pricol Wiping Systems India Limited | Subsidiary | 175.00 | 175.00 | — |

As per our report of even date attached
For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Regn. No. : 000066S
**Kaushik Sidartha**
Partner
Membership No. : 217964
Coimbatore
26th May 2021

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

# INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**To the Members of Pricol Limited**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of **Pricol Limited** ("the Holding Company") and its subsidiaries including its step-down subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and notes to the Consolidated Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules , 2015, as amended ("Ind AS"), of the consolidated state of affairs of the Group as at March 31, 2021, their consolidated profit including other comprehensive income, consolidated changes in equity and their consolidated cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit report of other auditors referred to in 'Other Matters' paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

**Emphasis of Matter**

We draw attention to:

Note No. 2.41 of the Consolidated Financial Statements regarding the re-presentation of the working results of certain subsidiaries from "Continuing Operations" to "Discontinued Operations" and the reclassification of assets and liabilities pertaining to the "Disposal Group".

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| Key Audit Matter | How our Audit addressed the Key Audit Matter |
|---|---|
| Inventories are held in various plants by the Group. There are complexities, manual process involved in determining inventory quantities on hand and valuation of the same due to the diverse & numerous inventory products and multiple storage locations.<br><br>Further, inventories are presented net off provisions for obsolescence on account of non moving / slow moving inventories and items to be sold at less than cost.<br><br>There is an element of judgment relating to these provisions which are based on historical evidences and current economic conditions. The changing trends and economic environment require judgments in respect of estimating the provisions in respect of inventory obsolescence.<br><br>Accordingly, inventory quantities and valuation is identified as a Key Audit Matter. | We have performed the following procedures:<br>• We assessed whether the management's controls relating to inventory's valuation are appropriately designed and implemented.<br>• We attended inventory counts at certain locations, which we selected based on financial significance and risk, observed management's inventory count procedures to assess the effectiveness, selected a sample of inventory products and compared the quantities counted to the quantities recorded and ensured inventory adjustments, if any, are recorded in the books of account.<br>• Reviewed the internal audit report regarding physical verification of inventories and traced adjustments on sample basis made on basis of such report to the books of account.<br>• Comparative analysis of inventory as at the end of the year with the inventory at the beginning of the year.<br>• We considered the inventory provision for obsolescence and items to be sold at less than cost through evaluating historical inventory, ageing analysis and selling prices achieved subsequent to the year end.<br>• Verification of the correctness of valuation made by the management on a sample basis, with regard to the cost and net realizable value of inventory. |

**Information Other than the Consolidated Financial Statements and Auditor's Report thereon**

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual report, for example, Directors' Report and Management Analysis including Annexures thereon but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

**Management's and Board of Director's responsibility for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting standards (Ind AS) specified under section 133 of the Act, read with relevant rules issued thereunder.

The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management and board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Management and Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the group has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work and (ii) evaluating the effect of any identified misstatements in the consolidated financial statements.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

1. We did not audit the financial statements of 3 subsidiaries including 1 step-down subsidiary incorporated outside India, whose financial statements reflects the total assets of ₹ 15,085.35 Lakhs as at March 31, 2021, total revenues of ₹ 38,302.26 Lakhs, total profit (including other comprehensive income) after tax of ₹ 337.97 Lakhs, and net cash inflows of ₹ 2,660.26 Lakhs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act, is based solely on the audit reports of such other auditors.

   These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

2. The financial statements of 2 subsidiaries including 1 step-down subsidiary (disposed off during the year) incorporated outside India, included in the consolidated financial statements, whose financial statements reflect the total revenues of ₹ 8,882.15 Lakhs, total loss (including other comprehensive income) after tax of ₹ 32.40 Lakhs, and net cash inflows of ₹ 680.32 Lakhs for the period upto the date of loss of control over these subsidiaries, are unaudited and have been furnished to us by the management. Our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on the unaudited financial statements furnished by the management. In our opinion and according to the information and explanations given to us by the management, these financial statements/financial information are not material to the Group.

   Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the management.

**Report on Other Legal and Regulatory Requirements**

(A) As required by section 143(3) of the Act, we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the group so far as it appears from our examination of those books and the reports of the other auditors;

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder;

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164(2) of the Act;

   f. With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, we give our separate report in the "Annexure".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 other auditors on the separate financial statements of the subsidiaries as stated in 'Other Matters' paragraph:

   (i) The Consolidated Financial Statements disclose the impact of pending litigations as at March 31, 2021 on the consolidated financial position of the Group - Refer Note 2.46 to the consolidated financial statements;

   (ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 2.22, 2.28 & 2.51 to the Consolidated Financial Statements in respect of such items as it relates to the Group.

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India;

(C) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company and its subsidiaries incorporated in India to its directors during the year is in accordance with the provisions of section 197 of the Act. The commission payable to Non-Wholetime Directors of the Holding Company is subject to the approval of the shareholders at the ensuing Annual General Meeting.

For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Registration No. 000066S

**Kaushik Sidartha**
Partner
Membership No. 217964
UDIN: 21217964AAAACR9354

Coimbatore
26th May 2021

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## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

**Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **Pricol Limited** on the Consolidated Financial Statements for the year ended March 31, 2021]

In conjunction with our audit of the Consolidated Financial Statements of **Pricol Limited** ("the Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of the Group, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

### ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT (Contd.,)

evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the respective Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Group, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by such companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Registration No. : 000066S

**Kaushik Sidartha**
Partner
Membership No. 217964
UDIN: 21217964AAAACR9354

Coimbatore
26th May 2021

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# CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2021

| | | Note No. | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **I.** | **ASSETS** | | | |
| **1)** | **Non-Current Assets** | | | |
| a) | Property, Plant and Equipment | 2.1 | **37,466.79** | 43,959.45 |
| b) | Right of Use | 2.2 | **4,591.39** | 4,226.76 |
| c) | Capital Work-in-progress | 2.3 | **1,975.66** | 2,189.79 |
| d) | Investment Property | 2.4 | **1,503.46** | 951.74 |
| e) | Goodwill | 2.5 | **8,940.60** | 9,934.00 |
| f) | Other Intangible assets | 2.6 | **11,682.96** | 14,054.01 |
| g) | Intangible Assets under Development | 2.7 | — | 54.37 |
| h) | Other Financial Assets | 2.8 | **804.43** | 779.24 |
| i) | Deferred Tax Assets (Net) | 2.9 | **129.83** | 31.42 |
| j) | Other Non-Current Assets | 2.10 | **3,501.84** | 6,218.57 |
| | **Total Non-Current Assets** | | **70,596.96** | 82,399.35 |
| **2)** | **Current Assets** | | | |
| a) | Inventories | 2.11 | **24,315.82** | 23,612.16 |
| b) | Financial Assets | | | |
| i) | Investments | 2.12 | **80.15** | 470.94 |
| ii) | Trade Receivables | 2.13 | **18,787.82** | 19,601.85 |
| iii) | Cash and Cash equivalents | 2.14 | **3,820.52** | 946.53 |
| iv) | Bank Balances other than (iii) above | 2.15 | **3,653.98** | 3,301.37 |
| v) | Others | 2.16 | **94.71** | 48.16 |
| c) | Other Current Assets | 2.17 | **2,274.89** | 2,641.70 |
| | **Total Current Assets** | | **53,027.89** | 50,622.71 |
| | Non-Current Assets held for Sale | 2.18 | — | — |
| | | | **53,027.89** | 50,622.71 |
| | **TOTAL ASSETS** | | **1,23,624.85** | 1,33,022.06 |

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2021

| | Note No. | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|---|
| **CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2021 (Contd.,)** | | | |
| **II. EQUITY AND LIABILITIES** | | | |
| **1) Equity** | | | |
| a) Equity Share Capital | 2.19 | **1,218.81** | 947.97 |
| b) Other Equity | 2.20 | **51,263.14** | 38,791.59 |
| **Total Equity** | | **52,481.95** | 39,739.56 |
| **2) Non-Current Liabilities** | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | 2.21 | **19,968.01** | 23,830.36 |
| ii) Others | 2.22 | **3,404.13** | 2,791.70 |
| b) Provisions | 2.23 | **1,173.83** | 1,166.41 |
| c) Deferred Tax Liabilities (Net) | 2.24 | **5,735.66** | 5,189.85 |
| d) Other Non-Current Liabilities | 2.25 | — | 12.02 |
| **Total Non-Current Liabilities** | | **30,281.63** | 32,990.34 |
| **3) Current Liabilities** | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | 2.26 | **309.71** | 13,310.91 |
| ii) Trade Payables | 2.27 | | |
| - Total Outstanding dues of Micro Enterprises and Small Enterprises | | **574.91** | 122.80 |
| - Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises | | **27,605.24** | 31,740.08 |
| iii) Others | 2.28 | **10,201.93** | 13,024.04 |
| b) Other Current Liabilities | 2.29 | **1,436.72** | 1,349.53 |
| c) Provisions | 2.30 | **559.57** | 668.07 |
| d) Current Tax Liabilities (Net) | 2.31 | **173.19** | 76.73 |
| **Total Current Liabilities** | | **40,861.27** | 60,292.16 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,23,624.85** | 1,33,022.06 |

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

As per our report of even date attached
For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Regn. No. : 000066S
**Kaushik Sidartha**
Partner
Membership No. : 217964
Coimbatore
26th May 2021

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

# CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2021

| | Note No. | 2020-21<br>₹ Lakhs | 2019-20<br>₹ Lakhs<br>(Re-presented) |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **INCOME** | | | |
| Revenue from Operations | 2.32 | **1,35,894.19** | 1,17,814.76 |
| Other Operating Revenue | 2.33 | **5,417.15** | 6,128.12 |
| Other Income | 2.34 | **783.96** | 1,486.46 |
| **Total Income** | | **1,42,095.30** | 1,25,429.34 |
| **EXPENSES** | | | |
| Cost of Materials Consumed | 2.35 | **92,775.99** | 77,763.39 |
| Purchases of Stock-in-Trade | | **5,466.80** | 6,335.09 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress | 2.36 | **(1,762.25)** | 1,754.67 |
| Employee Benefits Expense | 2.37 | **16,651.71** | 15,937.78 |
| Finance Costs | 2.38 | **4,307.05** | 3,381.71 |
| Depreciation and Amortisation Expense | 2.39 | **9,419.03** | 9,593.63 |
| Other Expenses | 2.40 | **10,387.45** | 13,613.25 |
| **Total Expenses** | | **1,37,245.78** | 1,28,379.52 |
| **Profit / (Loss) before Exceptional Items and Tax** | | **4,849.52** | (2,950.18) |
| **Less: Exceptional Item** | | **—** | — |
| **Profit / (Loss) before tax from continuing operations** | | **4,849.52** | (2,950.18) |
| Less : Tax Expense | | | |
| Current Tax | | **3,463.32** | 54.30 |
| Deferred Tax | | **446.95** | (383.65) |
| MAT Credit | | **—** | — |
| For earlier years (Net) | | **(643.66)** | (26.81) |
| **Profit / (Loss) for the year from continuing operations** | **(A)** | **1,582.91** | (2,594.02) |
| **DISCONTINUED OPERATIONS :** | 2.41 | | |
| **Profit / (Loss) for the year from discontinued operations before tax** | | **2,566.85** | (7,281.41) |
| Less : Tax Expense of discontinued operations | | **—** | — |
| **Profit / (Loss) for the year from discontinued operations** | **(B)** | **2,566.85** | (7,281.41) |
| **Profit / (Loss) for the year** | **(C) = (A) + (B)** | **4,149.76** | (9,875.43) |

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2021

| | Note No. | 2020-21 ₹ Lakhs | 2019-20 ₹ Lakhs (Re-presented) |
|---|---|---|---|
| **CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)** | | | |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss :** | | | |
| Remeasurement of post employment benefit obligations | | **18.23** | 322.67 |
| Income tax relating to these items | | **(7.61)** | (104.42) |
| **Items that will be reclassified to profit or loss :** | | | |
| Exchange differences on translation of foreign operations | | **48.82** | 90.45 |
| Exchange differences on translation of Discontinued operations | | **—** | 188.92 |
| **Other Comprehensive Income for the year after tax** | **(D)** | **59.44** | 497.62 |
| **Total Comprehensive Income for the year** | **(C) + (D)** | **4,209.20** | (9,377.81) |
| **Earnings per Equity Share for profit / (loss) from Continuing operations (Face Value of ₹ 1/-) in Rupees** | 2.42 | | |
| Basic & Diluted | | **1.45** | (2.49) |
| **Earnings per Equity Share for profit / (loss) from Discontinued operations (Face Value of ₹ 1/-) in Rupees** | 2.42 | | |
| Basic & Diluted | | **2.36** | (6.98) |
| **Earnings per Equity Share for profit / (loss) from Continuing and Discontinued operations (Face Value of ₹1/-) in Rupees** | 2.42 | | |
| Basic & Diluted | | **3.81** | (9.47) |

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

As per our report of even date attached
For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Regn. No. : 000066S
**Kaushik Sidartha**
Partner
Membership No. : 217964
Coimbatore
26th May 2021

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2021

**a) Equity Share Capital**

| | ₹ Lakhs |
|---|---|
| Balance as on 1st April 2019 | 947.97 |
| Movement during the year 2019-20 | — |
| Balance as on 31st March 2020 | 947.97 |
| Movement during the year 2020-21 | 270.84 |
| **Balance as on 31st March 2021** | **1,218.81** |

**b) Other Equity**

₹ Lakhs

| | Securities Premium | Capital Reserve | Retained Earnings | Other Comprehensive Income: Foreign Exchange Translation Reserve | Other Comprehensive Income: Remeasurement of post employment benefit obligations | Total |
|---|---|---|---|---|---|---|
| Balance as on 1st April 2019 | 80,961.56 | 3,048.57 | (35,131.12) | 4.38 | 109.69 | 48,993.08 |
| - Profit / (Loss) for the year 2019-20 | — | — | (9,875.43) | — | — | (9,875.43) |
| - Fluctuation Differences - Gain / (Loss) for the year upto the period of disposal of stepdown subsidiaries | — | — | — | (474.58) | — | (474.58) |
| - Reclassification of Exchange differences Gain / (Loss) on disposal of Stepdown subsidiaries | — | — | — | (349.10) | — | (349.10) |
| - Adjustment on account of disposal of Stepdown subsidiary | — | (2,221.24) | 2,221.24 | — | — | — |
| - Other Comprehensive Income, Net off Income Tax | — | — | — | 279.37 | 218.25 | 497.62 |
| Balance as on 31st March 2020 | 80,961.56 | 827.33 | (42,785.31) | (539.93) | 327.94 | 38,791.59 |
| - Profit / (Loss) for the year 2020-21 | — | — | 4,149.76 | — | — | 4,149.76 |
| - Premium on issue of Equity Shares (Net off issue expenses) | 7,681.21 | — | — | — | — | 7,681.21 |
| - Fluctuation Differences - Gain / (Loss) for the year upto the period of disposal of subsidiary (including stepdown subsidiary) | — | — | — | (475.50) | — | (475.50) |
| - Reclassification of Exchange differences Gain / (Loss) on disposal of subsidiary (including stepdown subsidiary) | — | — | — | 1,056.64 | — | 1,056.64 |
| - Other Comprehensive Income, Net off Income Tax | — | — | — | 48.82 | 10.62 | 59.44 |
| **Balance as on 31st March 2021** | **88,642.77** | **827.33** | **(38,635.55)** | **90.03** | **338.56** | **51,263.14** |

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

As per our report of even date attached
For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Regn. No. : 000066S
**Kaushik Sidartha**
Partner
Membership No. : 217964
Coimbatore
26th May 2021

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

## CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

₹ Lakhs

| | | Year Ended 31st March 2021 | | Year Ended 31st March 2020 |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES :** | | | | |
| Net Profit / (Loss) Before Tax from | | | | |
| - Continuing operations | | **4,849.52** | | (2,950.18) |
| - Discontinued operations | | **2,566.85** | | (7,281.41) |
| Adjustments for : | | | | |
| Depreciation & Amortisation Expense | **9,419.03** | | 11,531.23 | |
| Expected Credit Loss / Advances Written off (Net off Provisions) | **216.20** | | 29.50 | |
| Excess Provision no longer required written back | **33.14** | | (564.87) | |
| (Profit) / Loss on sale / disposal of Property, Plant and Equipment (Net) | **13.02** | | (52.99) | |
| Assets Discarded / Written off | **1,121.96** | | 3.42 | |
| Provision / (Reversal) for Impairment Loss | **282.90** | | — | |
| Net Gain on derecognition of net assets on disposal of subsidiaries | **(3,664.81)** | | (1,551.90) | |
| Interest received | **(483.84)** | | (154.90) | |
| Effect of Change in Foreign Currency Translation Reserve | **515.46** | | (478.94) | |
| Exchange Fluctuation (Gain) / Loss on Re-statement | **365.50** | | 556.96 | |
| Gain on Fair Valuation / Disposal of Investments at Fair Value through P&L | **(11.55)** | | (27.11) | |
| Finance Costs | **4,307.05** | | 5,432.75 | |
| | | **12,114.06** | | 14,723.15 |
| Operating Profit before working capital changes | | **19,530.43** | | 4,491.56 |
| Adjustments for :- | | | | |
| (Increase) / Decrease in Trade Receivables and other Receivables | **(3,127.89)** | | 3,432.04 | |
| (Increase) / Decrease in Inventories | **(6,373.81)** | | (89.04) | |
| Increase / (Decrease) in Trade Payables and other Payables | **2,942.66** | | 7,388.84 | |
| | | **(6,559.04)** | | 10,731.84 |
| Cash generated from Operations | | **12,971.39** | | 15,223.40 |
| Direct taxes | | **(111.37)** | | (101.00) |
| Net cash from operating activities | | **12,860.02** | | 15,122.40 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES :** | | | | |
| Purchase of Property, Plant and Equipment | **(3,199.81)** | | (7,562.31) | |
| Sale of Property, Plant and Equipment | **46.16** | | 3,571.83 | |
| Adjustment for Capital Advances | **108.90** | | 1,286.43 | |
| Proceeds from Disposal of Subsidiary | **37.44** | | 1.47 | |
| Purchase of Current Investments | **(230.00)** | | (175.00) | |
| Proceeds on Sale of Current Investments | **632.34** | | — | |
| Interest received | **507.09** | | 141.26 | |
| Net Cash (used in) / from investing activities | | **(2,097.88)** | | (2,736.32) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES :** | | | | |
| Proceeds from / (Repayment of) Current Borrowings (Net) | **(7,243.46)** | | (8,550.94) | |
| Proceeds from / (Repayment of) Non Current Borrowings (Net) | **(3,846.26)** | | (2,990.38) | |
| Proceeds from Rights issue(Net off issue expenses) | **7,952.05** | | — | |
| Dividend & Tax on Dividend Paid | **(37.78)** | | (3.79) | |
| Repayment of Lease Liabilities | **(280.94)** | | (198.77) | |
| Finance Costs paid | **(3,590.33)** | | (5,143.31) | |
| Net Cash from / (used in) financing activities | | **(7,046.72)** | | (16,887.19) |

# CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

₹ Lakhs

| | | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|
| **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)** | | | |
| **D.** | **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **3,715.42** | (4,501.11) |
| | Cash and Cash equivalents as at 1.4.2020 and 1.4.2019 (Opening Balance) | | |
| | - Continuing operations | **946.53** | 3,895.97 |
| | - Discontinued operations | — | 1,849.27 |
| | Less : On Disposal of Subsidiary/stepdown subsidiaries | **841.43** | 297.60 |
| | Cash and cash equivalents as at 31.3.2021 and 31.3.2020 (Closing Balance) (Refer to Note No. 2.14) | **3,820.52** | 946.53 |

**Changes in Liability arising from financing activities, disclosing changes arising from Cash and Non Cash Flow :**

**As on 31-3-2021** ₹ Lakhs

| **Particulars** | **Non Current Borrowings (including current maturities)** | **Current Borrowings** | **Lease Liability** |
|---|---|---|---|
| Opening Balance as at 1st April, 2020 | 29,832.44 | 13,310.91 | 2,533.48 |
| Cash Flows (Net) - Proceeds / (Repayment) | (3,846.26) | (7,243.46) | (280.94) |
| Additions/Adjustments during the year | (2,365.48) | (5,757.74) | — |
| Additions during the year - Impact on account of Ind AS 116 | — | — | 807.98 |
| Interest converted into Loan | 717.39 | — | — |
| Amortisation of Loan origination cost | 147.77 | — | — |
| **Closing Balance as at 31st March 2021** | **24,485.86** | **309.71** | **3,060.52** |

As on 31-3-2020 ₹ Lakhs

| Particulars | Non Current Borrowings (including current maturities) | Current Borrowings | Lease Liability |
|---|---|---|---|
| Opening Balance as at 1st April, 2019 | 35,184.67 | 21,861.85 | 1.09 |
| Cash Flows (Net) - Proceeds / (Repayment) | (2,990.38) | (8,550.94) | (198.77) |
| Additions/Adjustments during the year | (2,523.58) | — | — |
| Additions during the year - Impact on account of Ind AS 116 | — | — | 2,731.16 |
| Interest converted into Loan | — | — | — |
| Amortisation of Loan origination cost | 161.73 | — | — |
| Closing Balance as at 31st March 2020 | 29,832.44 | 13,310.91 | 2,533.48 |

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

As per our report of even date attached
For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Regn. No. : 000066S
**Kaushik Sidartha**
Partner
Membership No. : 217964
Coimbatore
26th May 2021

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

## 1. SIGNIFICANT ACCOUNTING POLICIES

### i. Corporate Information:

Pricol Limited is a company incorporated on 18th May, 2011 and is engaged in the business of manufacturing and selling of Instrument clusters and other allied automobile components to Original Equipment Manufacturers (OEM) and replacement markets. Pursuant to the Scheme of Amalgamation sanctioned by the Honourable High Court of Judicature at Madras, Erstwhile Pricol Limited (Transferor Company) amalgamated with Pricol Pune Limited (Transferee Company) with the appointed date as 1st April, 2015 and the Transferee Company was renamed from "Pricol Pune Limited" to "Pricol Limited" with effect from 18th November, 2016. The Equity shares of the Holding company are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). The Company along with its subsidiaries and Step down subsidiaries is referred to as the Group.

### ii. General Information and Statement of Compliance with Ind AS:

These consolidated financial statements ('financial statements') of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Group has uniformly applied the accounting policies during the periods presented. The financial statements for the year ended 31 March 2021 were authorised and approved for issue by the Board of Directors on 26th May 2021.

### iii. Basis of Preparation:

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. The presentation of financial statement is based on Ind AS Schedule III of the Companies Act, 2013.

The Financial Statements have been prepared & presented on the historical cost convention and on accrual basis, except for following material items mentioned in the Balance Sheet:

- Financial assets are measured either at fair value or at amortised cost depending on their classification;
- Derivative instruments are measured at their fair values;
- Employee defined benefit assets / liabilities are recognised as the net total of fair value of plan assets, adjusted for actuarial gains / losses and the present value of defined benefit obligations;
- Long term borrowings are measured at amortised cost using the effective interest rate (EIR) method;
- Assets held for sale are measured at fair value less cost to sell;
- Right-of-use of Assets are recognised at the present value of lease payments that are not paid as on that date. This amount is adjusted for any lease payments made at or before the commencement of the lease and initial direct cost incurred, if any.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on the basis stated above and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use under Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**iv. Use of Estimates:**

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Group to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed separately under the heading "Significant accounting judgements, estimates and assumptions".

**v. Current versus Non-Current classification**

The entity presents assets and liabilities in the balance sheet based on current / non-current classification.

**An asset is classified as current, when:**

- It is expected to be realised or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

**A liability is classified as current, when:**

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The entity classifies all other liabilities as non-current.

Current assets and liabilities include the current portion of non-current assets and liabilities respectively. Deferred tax assets and liabilities are always classified as non-current assets and liabilities.

**vi. Principles of Consolidation:**

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries including step-down subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, related Non-Controlling Interest, if any, and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The consolidated financial statement comprises the financial statements of the following subsidiaries:

| Name of the subsidiary | Country of Incorporation | Extent of holding (%) |
|---|---|---|
| PT Pricol Surya Indonesia | Indonesia | 100% |
| Pricol Asia Pte Limited, Singapore | Singapore | 100% |
| Pricol Wiping Systems India Limited, India | India | 100% |
| PT Sripri Wiring Systems Step-down Subsidiary (Subsidiary of PT Pricol Surya, Indonesia) | Indonesia | 100% |
| Pricol Espana Sociedad Limitada, Spain (upto 21st August 2020) | Spain | 100% |
| Pricol Wiping Systems Czech s.r.o, Czech Republic Step-down Subsidiary (Subsidiary of Pricol Espana Sociedad Limitada, Spain) - upto 21st August 2020 | Czech | 100% |

**vii. Foreign currency transactions**

Functional and presentation currency

The financial statements are presented in Indian Rupee (₹) which is also the functional and presentation currency of the Group. All amounts have been rounded-off to the nearest lakh with two decimals.

**(a) Initial recognition**

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**(b) Conversion**

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss on a net basis within other gains / (losses) in the year in which they arise.

**(c) Foreign Operations:**

The assets and liabilities of foreign operations (subsidiaries, associates and joint ventures) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency, at the exchange rates at the reporting date. The income and expenses of the foreign operations are translated into INR at the exchange rates at the dates of the transaction or an average rate if it approximates the actual rate at the date of the transaction.

Foreign currency translation differences are recognised in OCI and accumulated in equity, except to the extent that the exchange differences are allocated to NCI (if any).

When a foreign operation is disposed off in its entirety or partially such that control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal.

**viii. Revenue Recognition:**

**a. Sale of goods**

Revenue from customers is recognised when the Group satisfies performance obligation by transferring promised goods or services to the customers. Revenue is measured based on transaction price, which is the fair value of the consideration received / receivable net of returns and allowances, trade discounts and GST.

Revenue from sale of goods and associated services is recognised at the point of time when the goods are sold or services rendered.

The Group considers any other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the goods, the Group considers the effect of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer, if any. A refund liability (included in other financial liabilities) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30 days to 120 days, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

**b. Dividend**

Dividend income from investments is recognised when the Group's right to receive payment has been established.

**c. Interest Income**

Interest income from a financial asset is recognised using effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**d. Claims**

Claims made by the Group including price escalations and those made on the Group are recognised in the Statement of Profit and Loss as and when the claims are accepted / Liability is crystallised.

**ix. Property, Plant and Equipment and Depreciation:**

Property, Plant and Equipment (PPE), being fixed assets are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used for more than a period of twelve months. They are measured at cost less accumulated depreciation and any accumulated impairment. Cost comprises of the purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Own manufactured assets are capitalised at cost including an appropriate share of

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

overheads. Financing costs (if any) relating to acquisition of assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use.

Items such as spare parts, stand-by equipment and servicing equipment are capitalised if they meet the definition of property, plant and equipment

Depreciation on Property, Plant and Equipment (PPE) are provided under straight line method so as to expense the depreciable amount ie., cost less estimated value, over its estimated useful lives as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, except for the certain asset class such as leasehold improvements which are amortised as depreciation over the lower of useful life or lease period and Dies, Tools and Moulds which are depreciated over a period of 3 years.

Where the cost of a part of the PPE is significant to the total cost of the PPE and if that part of the PPE has a different useful life than the main PPE, the useful life of that part is determined separately for depreciation.

The Group has used the following useful lives to provide depreciation on its Property, Plant and Equipment:

| Class of Assets | Useful Lives |
|---|---|
| Factory Buildings | 20 - 30 years |
| Improvement to Leasehold Buildings | Useful life or lease period whichever is lower |
| Plant & Equipments | 7.5 - 8 years |
| Furniture & Fixtures | 10 years |
| Vehicles | 8 years |
| Office Equipments | 4 - 5 years |
| Dies, Tools and Moulds | 3 years |
| Computer Equipments<br>- Servers and Networks | 6 years |
| - End User Devices | 3 years |
| Spares | 1 - 3 years |

The management believes that the useful lives adopted reflect the expected pattern of consumption of future economic benefits.

The depreciation method applied to an asset is reviewed at each financial year-end and if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged prospectively to reflect the changed pattern.

The carrying amount of an item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of Property, Plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of profit and loss when the asset is de-recognised.

x. **Investment property:**

Investment property is a land or building held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business.

Investment properties (if any), are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in Consolidated Statement of profit and loss as incurred. Investment properties are depreciated using the straight-line method over their estimated useful lives.

The Group has used the following useful lives to provide depreciation on its Investment Property:

| Class of Assets | Useful Lives |
|---|---|
| Buildings | 30 Years |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

## SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

### xi. Intangible assets and amortisation:

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalised and amortised along with the related fixed asset.

The Group has used the following useful lives to amortise its intangible assets:

| Class of Assets | Useful Lives |
|---|---|
| Specialised software | 4 Years |
| Fees for Technical Know-how | 4 Years |
| Intangible Assets acquired on Amalgamation | 15 Years (Based on a technical opinion) |
| Goodwill | 15 Years |

### xii. Non-current assets held for sale and discontinued operations :

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

When the Group is committed to sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets held for sale / for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell / distribute.

Assets and liabilities classified as held for sale / distribution are presented separately in the balance sheet. Property, Plant and Equipment and intangible assets once classified as held for sale / distribution to owners are not depreciated or amortised. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss before tax from discontinued operations in the Consolidated Statement of Profit and Loss.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**Reclassification**

When the Group has classified an asset (or disposal group) as held for sale, but the criteria for the same are no longer met, the Group shall cease to classify

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

### SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

the asset (or disposal group) as held for sale. The Group measures the non-current asset (or disposal group) at the lower of carrying amount before the non-current asset and Disposal Group was classified as held for sale and its recoverable amount at the date when the Disposal Group no longer meets the "Held for sale" criteria. Financial statements for the periods since classification as held for sale shall be amended if the disposal group or non-current asset that ceases to be classified as held for sale.

**xiii. Impairment of Non-Financial assets:**

The Group periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

**xiv. Impairment of Financial assets:**

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires Expected Credit Losses to be measured through a loss allowance. The Group recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

**xv. Fair value measurement:**

The Group measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

## SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level Input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**xvi. Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a. Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

**Debt instruments at amortized cost:**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI:**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

**Debt instrument at FVTPL:**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

### SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

**Equity investments (other than investments in subsidiaries and joint ventures):**

All equity investments within the scope of Ind AS 109,' Financial Instruments', are measured at fair value either through statement of profit and loss or other comprehensive income. The Group makes an irrevocable election to present in OCI the subsequent changes in the fair value on an instrument-by-instrument basis. The classification is made on initial recognition.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognised in the OCI. Any gains or losses on de-recognition is recognised in the OCI and are not recycled to the statement of profit or loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

**De-recognition of Financial Assets:**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

**b. Financial Liabilities**

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and transaction cost (if any) that is attributable to the acquisition of the financial liabilities is also adjusted.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- **Loans and borrowings**

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

- **Trade and other payables**

  These amounts represent liabilities for goods or services provided to the Group which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

## SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

and are measured at amortised cost unless designated as fair value through profit and loss at the inception.

- Other financial liabilities at fair value through profit or loss:

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the profit or loss.

**De-recognition of Financial Liabilities:**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**xvii. Borrowing costs:**

Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/ sale. All other borrowing costs are charged to statement of profit and loss.

**xviii. Cash and cash equivalents:**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**xix. Employee benefits**

**a. Short Term and other long term employee benefits:**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave, in the period the related service is rendered, at an undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at an undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

**b. Post-Employment Benefits**

**i. Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separate entity. The Group makes specified monthly contributions towards Provident Fund and Superannuation Fund. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

**ii. Defined Benefit Plans**

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in OCI in the period in which they occur. Re-measurement recognised in other

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

### SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

**xx. Provisions:**

A provision is recognised when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**xxi. Contingent liabilities:**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognised but are disclosed when the inflow of economic benefits are probable.

**xxii. 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. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any.

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

**xxiii. Government Grants:**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**xxiv. Taxes on Income:**

Tax expense comprises of current and deferred tax.

**a. Current income tax:**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in other comprehensive income / equity is recognised in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**b. Deferred tax:**

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**c. Minimum Alternate Tax:**

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax.

Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

**xxv. Inventories:**

Inventories are valued at lower of cost and estimated net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The basis of determining cost for various categories of inventories is as follows:-

i) **Raw Materials, Packing Materials & Stores and Spares:** Weighted average basis.

ii) **Finished Goods and Work-In-Progress:** Cost of Direct Material, Labour & Other Manufacturing Overheads.

Stores & Spares which do not meet the definition of Property, Plant and Equipment are accounted as inventories.

**xxvi. Leases:**

**a. The Group as a lessee:**

The Group's lease asset classes primarily consist of leases for Land, Buildings, Computer Equipments and Vehicles. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a Right-of-Use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short term and low-value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Group changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**b. The Group as a Lessor:**

Leases for which the Group is a lessor is classified as a finance or operating lease. Wherever the terms of the lease transfers substantially all the risks and ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating lease.

**xxvii. Business Combination:**

The Group accounts for each business combination by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, less the net recognised amount of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised as capital reserve.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration (if any). Consideration transferred does not include amounts related to settlement of pre-existing relationships.

Any contingent consideration (if any) is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the Statement of Profit and Loss.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

**xxviii. Financial Guarantee Contracts:**

Financial Guarantee Contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

### SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**Significant accounting judgments, estimates and assumptions:**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies:**

**a) Recognition of deferred tax assets:**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

**b) Provision and contingent liability:**

On an ongoing basis, the Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements.

**c) Useful lives of depreciable assets:**

Management reviews the useful lives of depreciable assets at each reporting period. As at March 31, 2021 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

**d) Evaluation of indicators for impairment of assets:**

The evaluation of applicable indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**e) Defined benefit obligation:**

Management's estimate of the Defined Benefit obligation is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the obligation amount and the annual defined benefit expenses.

**f) Fair value measurements:**

Group applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

**g) Allowances for uncollected accounts receivable and advances**

Trade receivables do not carry interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectable. Impairment is made on the expected credit loss model, which is the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about the risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.,)

**SIGNIFICANT ACCOUNTING POLICIES (Contd.,)**

the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

**h) Leases:**

Significant judgments are required in the assumptions and made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others.

**Recent accounting pronouncements :**

On 24th March 2021, the Ministry of Corporate Affairs ("MCA") through a Notification amended Schedule III of the Companies Act 2013. The amendments primarily related to;

(a) Change in existing presentation requirement for certain amounts in Balance sheet for example lease liability, Security deposit, current maturities of Long term Borrowings, effect of prior period errors on Equity Share Capital.

(b) Additional disclosure requirements in specified formats for eg., trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters etc.

(c) Disclosure of funds that have been used other than for the specified purposes for which it was borrowed from banks and financial institutions.

(d) Additional Regulatory information for eg., compliance with number of layers of Companies, title deed of immovable properties, disclosure on financial ratios, loans and advances to Managerial Personnel etc.

(e) Disclosure relating to Corporate Social Responsibility, undisclosed income and holding in respect of Crypto or Virtual Currency.

These amendments are extensive and the company is in the process of evaluating the same.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

### 2.1. PROPERTY, PLANT AND EQUIPMENT (PPE)

₹ Lakhs

| Particulars | Land | Leasehold Land | Buildings | Improvements to Leasehold Buildings | Plant & Equipment | Furniture and Fixtures | Vehicles | Office Equipments | Computer Equipments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Value** | | | | | | | | | | |
| As at 1st April, 2019 | 9,220.41 | 890.62 | 16,574.87 | 374.46 | 29,427.46 | 809.22 | 273.52 | 341.97 | 2,818.11 | 60,730.64 |
| Additions during 2019-20 | 185.59 | — | 863.67 | 12.61 | 5,266.85 | 21.77 | — | 3.08 | 67.74 | 6,421.31 |
| Deletions during 2019-20 | — | — | — | — | 71.50 | 12.81 | 0.52 | — | 2.98 | 87.81 |
| Reclassification from 'Assets held for sale as part of disposal group' | — | 836.13 | 244.26 | 200.66 | 4,353.63 | 4.79 | — | 9.45 | 27.22 | 5,676.14 |
| Reclassified as Right of Use | — | 1,726.75 | — | — | — | — | — | — | — | 1,726.75 |
| Translation Adjustment | (37.21) | — | (59.51) | 1.17 | (74.46) | — | — | (15.24) | 1.58 | (183.67) |
| As at 31st March, 2020 | 9,368.79 | — | 17,623.29 | 588.90 | 38,901.98 | 822.97 | 273.00 | 339.26 | 2,911.67 | 70,829.86 |
| Additions during 2020-21 | — | — | 336.68 | — | 2,907.93 | 4.00 | 17.15 | — | 37.26 | 3,303.02 |
| Deletions during 2020-21 | — | — | 19.33 | — | 1,613.12 | 41.54 | 10.97 | 15.77 | 73.26 | 1,773.99 |
| Impaired during 2020-21 | — | — | — | — | 242.51 | — | — | — | 1,114.23 | 1,356.74 |
| Reclassification to 'Assets held for sale as part of disposal group' | — | — | — | (214.44) | (4,276.45) | — | — | — | — | (4,490.89) |
| Reclassified as Investment Property | 188.00 | — | 543.83 | — | — | — | — | — | — | 731.83 |
| Translation Adjustment | 58.47 | — | 93.51 | — | 153.56 | — | — | 23.95 | (0.54) | 328.95 |
| **As at 31st March, 2021** | **9,239.26** | — | **17,490.32** | **374.46** | **35,831.39** | **785.43** | **279.18** | **347.44** | **1,760.90** | **66,108.38** |
| **ACCUMULATED DEPRECIATION** | | | | | | | | | | |
| As at 1st April, 2019 | — | 20.84 | 3,278.34 | 103.91 | 12,554.24 | 218.85 | 131.06 | 296.35 | 1,640.69 | 18,244.28 |
| Depreciation for the year 2019-20 | — | — | 884.53 | 46.03 | 5,745.64 | 88.29 | 35.32 | 17.29 | 471.66 | 7,288.76 |
| Withdrawn during the year 2019-20 | — | — | — | — | 13.25 | 2.77 | — | — | 2.44 | 18.46 |
| Reclassification from 'Assets held for sale as part of disposal group' | — | 21.82 | 12.97 | 9.81 | 1,456.69 | 0.72 | — | 2.78 | 11.48 | 1,516.27 |
| Reclassified as Right of Use | — | 42.66 | — | — | — | — | — | — | — | 42.66 |
| Translation Adjustment | — | — | (34.90) | 0.08 | (69.67) | — | — | (14.87) | 1.58 | (117.78) |
| As at 31st March, 2020 | — | — | 4,140.94 | 159.83 | 19,673.65 | 305.09 | 166.38 | 301.55 | 2,122.97 | 26,870.41 |
| **Depreciation for the year 2020-21** | — | — | **888.96** | **36.57** | **4,841.06** | **79.02** | **28.88** | **10.43** | **295.21** | **6,180.13** |
| Withdrawn during the year 2020-21 | — | — | 3.12 | — | 1,142.35 | 23.12 | 6.17 | 14.38 | 43.44 | 1,232.58 |
| Withdrawn on Impairment during 2020-21 | — | — | — | — | 122.19 | — | — | — | 955.02 | 1,077.21 |
| Reclassification to 'Assets held for sale as part of disposal group' | — | — | — | (19.12) | (2,168.25) | — | — | — | — | (2,187.37) |
| Reclassified as Right of Use | — | — | — | — | — | — | — | — | — | — |
| Reclassified as Investment Property | — | — | 126.24 | — | — | — | — | — | — | 126.24 |
| Translation Adjustment | — | — | 59.51 | — | 131.63 | — | — | 23.85 | (0.54) | 214.45 |
| **As at 31st March, 2021** | — | — | **4,960.05** | **177.28** | **21,213.55** | **360.99** | **189.09** | **321.45** | **1,419.18** | **28,641.59** |
| **NET CARRYING VALUE** | | | | | | | | | | |
| As at 31st March, 2020 | 9,368.79 | — | 13,482.35 | 429.07 | 19,228.33 | 517.88 | 106.62 | 37.71 | 788.70 | 43,959.45 |
| **As at 31st March, 2021** | **9,239.26** | — | **12,530.27** | **197.18** | **14,617.84** | **424.44** | **90.09** | **25.99** | **341.72** | **37,466.79** |

Certain Property, Plant and Equipment have been given as security against non-current borrowings availed by the Group (Refer to Note No. 2.21 and 2.26).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## 2.2. RIGHT OF USE

₹ Lakhs

| Particulars | Land | Buildings | Computer Equipments | Vehicles | Total |
|---|---|---|---|---|---|
| **Gross Carrying Value** | | | | | |
| As at 1st April, 2019 | — | — | — | — | — |
| Reclassified from PPE | 1,726.75 | — | — | — | 1,726.75 |
| Additions/Adjustments during 2019-20 | 148.77 | 2,808.70 | — | — | 2,957.47 |
| Deletions during 2019-20 | — | — | — | — | — |
| Translation Adjustment | — | — | — | — | — |
| As at 31st March, 2020 | 1,875.52 | 2,808.70 | — | — | 4,684.22 |
| Additions during 2020-21 | — | 136.97 | 656.42 | 14.59 | 807.98 |
| Deletions during 2020-21 | — | — | — | — | — |
| Translation Adjustment | — | — | — | — | — |
| **As at 31st March, 2021** | **1,875.52** | **2,945.67** | **656.42** | **14.59** | **5,492.20** |

**Accumulated Depreciation**

₹ Lakhs

| | | | | | |
|---|---|---|---|---|---|
| As at 1st April, 2019 | — | — | — | — | — |
| Reclassified from PPE | 42.66 | — | — | — | 42.66 |
| Depreciation for the year 2019-20 | 26.52 | 388.28 | — | — | 414.80 |
| Withdrawn during the year 2019-20 | — | — | — | — | — |
| Translation Adjustment | — | — | — | — | — |
| As at 31st March, 2020 | 69.18 | 388.28 | — | — | 457.46 |
| **Depreciation for the year 2020-21** | **29.28** | **397.31** | **11.13** | **5.23** | **442.95** |
| Withdrawn during the year 2020-21 | — | — | — | — | — |
| Translation Adjustment | — | — | 0.17 | 0.23 | 0.40 |
| **As at 31st March, 2021** | **98.46** | **785.59** | **11.30** | **5.46** | **900.81** |

**Net Carrying Value**

₹ Lakhs

| | | | | | |
|---|---|---|---|---|---|
| As at 31st March, 2020 | 1,806.34 | 2,420.42 | — | — | 4,226.76 |
| **As at 31st March, 2021** | **1,777.06** | **2,160.08** | **645.12** | **9.13** | **4,591.39** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## 2.3. CAPITAL WORK-IN-PROGRESS

**As on 31st March 2021** ₹ Lakhs

| Particulars | Buildings | Improvements to Leasehold Buildings | Plant & Equipment | Others | Total |
|---|---|---|---|---|---|
| As at 1st April, 2020 | 8.41 | — | 2,181.38 | — | 2,189.79 |
| Add : Addition during the year | 379.58 | — | 2,803.55 | 59.59 | 3,242.72 |
| Less : Deletion during the year | 336.68 | — | 2,907.93 | 58.41 | 3,303.02 |
| Less : On disposal of subsidiary | — | — | 153.83 | — | 153.83 |
| **As at 31st March, 2021** | **51.31** | — | **1,923.17** | **1.18** | **1,975.66** |

As on 31st March 2020 ₹ Lakhs

| | | | | | |
|---|---|---|---|---|---|
| As at 1st April, 2019 | 176.87 | — | 1,126.96 | 56.34 | 1,360.17 |
| Add : Addition during the year | 695.21 | 12.61 | 5,658.83 | 36.25 | 6,402.90 |
| Less : Deletion during the year | 863.67 | 12.61 | 5,266.85 | 92.59 | 6,235.72 |
| Add : Reclassification from 'Assets Held for sale as part of disposal group' | — | — | 662.44 | — | 662.44 |
| As at 31st March, 2020 | 8.41 | — | 2,181.38 | — | 2,189.79 |

Others include Furniture and Fixtures, Vehicles, Office Equipments and Computer Equipments.

## 2.4. INVESTMENT PROPERTY

₹ Lakhs

| Particulars | Land | Building | Total |
|---|---|---|---|
| **Gross Carrying Value** | | | |
| As at 1st April, 2019 | 462.00 | 700.00 | 1,162.00 |
| Additions during 2019-20 | — | — | — |
| Deletions during 2019-20 | — | — | — |
| As at 31st March, 2020 | 462.00 | 700.00 | 1,162.00 |
| Additions during 2020-21 | — | — | — |
| Reclassified from PPE | 188.00 | 543.83 | 731.83 |
| Deletions during 2020-21 | — | — | — |
| **As at 31st March, 2021** | **650.00** | **1,243.83** | **1,893.83** |

**Accumulated Depreciation** ₹ Lakhs

| | | | |
|---|---|---|---|
| As at 1st April, 2019 | — | 168.06 | 168.06 |
| Depreciation for the year 2019-20 | — | 42.20 | 42.20 |
| Withdrawn during the year 2019-20 | — | — | — |
| As at 31st March, 2020 | — | 210.26 | 210.26 |
| **Depreciation for the year 2020-21** | — | **53.87** | **53.87** |
| Reclassified from PPE | — | 126.24 | 126.24 |
| Withdrawn during the year 2020-21 | — | — | — |
| **As at 31st March, 2021** | — | **390.37** | **390.37** |

**Net Carrying Value** ₹ Lakhs

| | | | |
|---|---|---|---|
| As at 31st March, 2020 | 462.00 | 489.74 | 951.74 |
| **As at 31st March, 2021** | **650.00** | **853.46** | **1,503.46** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## INVESTMENT PROPERTY (Contd.,)

The above Investment properties have been given as security against borrowings. (Refer to Note No. 2.21)

For depreciation method and useful lives - Refer to Note No. 1(x) of significant accounting policies.

The Company has identified Land and Building at Karamadai and Poochiyur to be in the nature of investment property as they are being held to earn rentals.

**i) Amount recognised in Statement of Profit and Loss for investment properties**

₹ Lakhs

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Rental Income | **94.04** | 37.15 |
| Direct operating expenses arising from investment property that generated rental income during the year | | |
| Less : Depreciation expense | **53.87** | 42.20 |
| Less : Repairs and Maintenance - Buildings | **123.91** | — |
| **Profit / (Loss) from Investment Property** | **(83.74)** | (5.05) |

ii) Fair Value of Land and Building held as Investment Property - ₹ 2,700.63 Lakhs (Previous year - ₹ 2,032.67 Lakhs)

iii) Contractual obligations to construct investment property or for Repairs & Maintenance or enhancement - ₹ Nil (Previous year - ₹ Nil)

## 2.5. GOODWILL

₹ Lakhs

| Particulars | Goodwill # | Goodwill on Consolidation | Total |
|---|---|---|---|
| **Gross Carrying Value** | | | |
| As at 1st April, 2019 | 15,479.67 | 5,730.25 | 21,209.92 |
| Additions during 2019-20 | — | — | — |
| Deletions during 2019-20 | — | 1,051.88 | 1,051.88 |
| As at 31st March, 2020 | 15,479.67 | 4,678.37 | 20,158.04 |
| Additions during 2020-21 | — | — | — |
| Deletions during 2020-21 | — | 4,118.79 | 4,118.79 |
| **As at 31st March, 2021** | **15,479.67** | **559.58** | **16,039.25** |

**Accumulated Amortisation**

₹ Lakhs

| | | | |
|---|---|---|---|
| As at 1st April, 2019 | 4,552.27 | 5,730.25 | 10,282.52 |
| Amortisation for the year 2019-20 | 993.40 | — | 993.40 |
| Withdrawn during the year 2019-20 | — | 1,051.88 | 1,051.88 |
| As at 31st March, 2020 | 5,545.67 | 4,678.37 | 10,224.04 |
| **Amortisation for the year 2020-21** | **993.40** | — | **993.40** |
| Withdrawn during the year 2020-21 | — | 4,118.79 | 4,118.79 |
| **As at 31st March, 2021** | **6,539.07** | **559.58** | **7,098.65** |

**Net Carrying Value**

₹ Lakhs

| | | | |
|---|---|---|---|
| As at 31st March, 2020 | 9,934.00 | — | 9,934.00 |
| **As at 31st March, 2021** | **8,940.60** | — | **8,940.60** |

# Refer to Note No. 2.43 in relation to Scheme of Amalgamation and accounting treatment.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## 2.6. OTHER INTANGIBLE ASSETS

₹ Lakhs

| Particulars | Computer Software | Technical Knowhow | Brand / Trade Mark | Patents & Developed Technology | Total |
|---|---|---|---|---|---|
| **Gross Carrying Value** | | | | | |
| As at 1st April, 2019 | 1,427.26 | 1,597.87 | 4,914.01 | 14,116.00 | 22,055.14 |
| Additions during 2019-20 | 319.54 | — | — | — | 319.54 |
| Deletions during 2019-20 | — | — | — | — | — |
| Reclassification from 'Assets held for sale as part of disposal group' | 324.04 | — | — | — | 324.04 |
| Translation Adjustment | 1.84 | — | — | — | 1.84 |
| As at 31st March, 2020 | 2,072.68 | 1,597.87 | 4,914.01 | 14,116.00 | 22,700.56 |
| Additions during 2020-21 | 35.75 | — | — | — | 35.75 |
| Deletions during 2020-21 | 902.02 | 1,087.05 | — | — | 1,989.07 |
| Impaired during 2020-21 | 7.90 | — | — | — | 7.90 |
| Reclassification to 'Assets held for sale as part of disposal group' | (318.33) | — | — | — | (318.33) |
| Translation Adjustment | — | — | — | — | — |
| **As at 31st March, 2021** | **880.18** | **510.82** | **4,914.01** | **14,116.00** | **20,421.01** |

**Accumulated Amortisation**

₹ Lakhs

| Particulars | Computer Software | Technical Knowhow | Brand / Trade Mark | Patents & Developed Technology | Total |
|---|---|---|---|---|---|
| As at 1st April, 2019 | 981.06 | 552.89 | 1,310.40 | 3,764.28 | 6,608.63 |
| Amortisation for the year 2019-20 | 305.98 | 271.76 | 327.60 | 941.07 | 1,846.41 |
| Withdrawn during the year 2019-20 | — | — | — | — | — |
| Reclassification from 'Assets held for sale as part of disposal group' | 190.19 | — | — | — | 190.19 |
| Translation Adjustment | 1.32 | — | — | — | 1.32 |
| As at 31st March, 2020 | 1,478.55 | 824.65 | 1,638.00 | 4,705.35 | 8,646.55 |
| **Amortisation for the year 2020-21** | **203.42** | **276.59** | **327.60** | **941.07** | **1,748.68** |
| Withdrawn during the year 2020-21 | 758.92 | 590.42 | — | — | 1,349.34 |
| Withdrawn on Impairment during 2020-21 | 4.53 | — | — | — | 4.53 |
| Reclassification to 'Assets held for sale as part of disposal group' | (303.31) | — | — | — | (303.31) |
| Translation Adjustment | — | — | — | — | — |
| **As at 31st March, 2021** | **615.21** | **510.82** | **1,965.60** | **5,646.42** | **8,738.05** |

**Net Carrying Value**

₹ Lakhs

| Particulars | Computer Software | Technical Knowhow | Brand / Trade Mark | Patents & Developed Technology | Total |
|---|---|---|---|---|---|
| As at 31st March, 2020 | 594.13 | 773.22 | 3,276.01 | 9,410.65 | 14,054.01 |
| **As at 31st March, 2021** | **264.97** | **—** | **2,948.41** | **8,469.58** | **11,682.96** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|---|
| **2.7. INTANGIBLE ASSETS UNDER DEVELOPMENT** | | | |
| **COMPUTER SOFTWARE** | | | |
| As at 1st April 2020 & 1st April 2019 | | **54.37** | — |
| Add : Addition during the year | | **0.72** | 357.08 |
| Add : Reclassification from 'Assets held for sale as part of disposal group' | | — | 16.83 |
| Less : On disposal of subsidiary | | **19.34** | — |
| Less : Deletion / Adjustment during the year | | **35.75** | 319.54 |
| **As at 31st March 2021 & 31st March 2020** | | — | 54.37 |
| **2.8. OTHER FINANCIAL ASSETS** | | | |
| Security Deposits | | **657.82** | 632.63 |
| Fixed Deposits with Banks # | | **172.71** | 172.71 |
| Less : Allowance for Doubtful Deposits | | **26.10** | 26.10 |
| | | **804.43** | 779.24 |
| # Fixed Deposit provided as security is towards borrowings availed. | | | |
| **2.9. DEFERRED TAX ASSETS (NET)** | | | |
| **Deferred Tax Asset** | | | |
| On Disallowance under the Income Tax Act | | **157.61** | 58.13 |
| On Unused tax losses | | — | — |
| On Other temporary differences | | — | — |
| | **A** | **157.61** | 58.13 |
| **Deferred Tax Liability** | | | |
| On Fixed Assets | | **27.78** | 26.71 |
| On Other temporary differences | | — | — |
| | **B** | **27.78** | 26.71 |
| **Deferred Tax Assets - Net (Refer to Note No. 2.53)** | **A - B** | **129.83** | 31.42 |
| **2.10. OTHER NON CURRENT ASSETS** | | | |
| Capital Advances | | **78.01** | 189.43 |
| Advance Tax, Net off Provision | | **934.49** | 465.76 |
| MAT Credit Entitlement | | **2,372.59** | 5,453.15 |
| Deposits and Prepayments | | **203.92** | 199.92 |
| Less : Provision for Doubtful Advances / deposits | | **87.17** | 89.69 |
| | | **3,501.84** | 6,218.57 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.11. INVENTORIES** | | |
| Raw Materials & Components | **15,862.88** | 12,251.23 |
| Goods in Transit - Raw Materials & Components | **1,096.63** | 3,664.39 |
| Work-in-progress | **1,756.93** | 2,068.44 |
| Finished Goods | **4,917.23** | 5,026.59 |
| Stores & Spares | **451.86** | 396.40 |
| Traded Goods | **230.29** | 205.11 |
| | **24,315.82** | 23,612.16 |

Mode of valuation of inventories is stated in Note No.1(xxv) of significant accounting policies.

Inventories as stated above is net off Provision for / (Reversal) of Non / Slow Moving Inventory of ₹ 439.05 Lakhs - Previous year - ₹ 649.81 Lakhs)

Inventories have been given as securities for the borrowings availed by the respective companies. Refer to Note No. 2.26.

**Cost of Inventory recognised as an expense** ₹ Lakhs

| Particulars | 2020-21 | 2019-20 (Re-presented) |
|---|---|---|
| Cost of Materials Consumed | **92,775.99** | 77,763.39 |
| Cost of Traded Goods Sold | **5,441.62** | 6,407.10 |
| Stores and Spares | **173.56** | 160.06 |

### 2.12. INVESTMENTS

₹ Lakhs

| Sl.No. | Particulars | 31-3-2021 | 31-3-2020 |
|---|---|---|---|
| | **Investments in Mutual Funds (at Fair Value through P&L)** | | |
| | **Quoted - Non Trade** | | |
| 1. | ICICI Prudential Regular Savings Fund- Growth | — | 9.97 |
| 2. | IDFC Asset Allocation Fund of Funds - Aggressive Plan - Growth - (Regular Plan) | — | 7.21 |
| 3. | Aditya Birla Sun Life Regular Savings Fund - Growth - Regular Plan | — | 8.61 |
| 4. | ICICI Prudential Banking & PSU Debt Fund - Growth | — | 89.41 |
| 5. | Kotak Dynamic Bond Fund Regular Plan - Growth | — | 92.66 |
| 6. | Aditya Birla Sunlife Liquid Fund - Growth - Regular Plan | — | 132.83 |
| 7. | ICICI Prudential Liquid Fund - Growth | **40.09** | 130.25 |
| 8. | HDFC Liquid Fund - Regular Plan - Growth | **40.06** | — |
| | **Total** | **80.15** | 470.94 |
| | Aggregate amount of Quoted Investments | **80.15** | 470.94 |
| | Aggregate Market Value of Quoted Investments | **80.15** | 470.94 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2021 ₹ Lakhs | | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **2.13. TRADE RECEIVABLES** | | | | |
| **Unsecured, Considered Good** | | **19,231.98** | | 19,870.26 |
| Less : Allowance for Expected Credit Loss | | **444.16** | | 268.41 |
| Trade Receivables - Credit Impaired | **29.52** | | — | |
| Less : Allowance for Expected Credit Loss | **29.52** | | — | |
| | | — | | — |
| | | **18,787.82** | | 19,601.85 |

Trade Receivables have been given as securities for the borrowings availed by the Group. Refer to Note No. 2.26.

Trade Receivables are non interest bearing and generally on credit terms in the range of 30 - 120 days.

The Group's exposure to credit and currency risk and loss allowances related to Trade Receivables are disclosed in Note No. 2.49.

| | | 31-3-2021 ₹ Lakhs | | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **2.14. CASH AND CASH EQUIVALENTS** | | | | |
| **Balances with Banks** | | | | |
| In Cash Credit Account | **1,360.92** | | — | |
| In Current Account | **2,448.85** | | 938.60 | |
| Cash on hand | **10.75** | | 7.93 | |
| | | **3,820.52** | | 946.53 |
| **2.15. BANK BALANCES OTHER THAN ABOVE** | | | | |
| **Earmarked Balances** | | | | |
| In Unpaid Dividend Account | | **63.75** | | 101.53 |
| In Margin Money Account | | **739.81** | | 628.43 |
| In Escrow Account | | **180.00** | | 180.00 |
| **Others** | | | | |
| In Fixed Deposit (with original maturity period of more than 3 months and less than 12 months) | | **2,670.42** | | 2,391.41 |
| | | **3,653.98** | | 3,301.37 |

**Notes : -**

i. Margin Money with banks is towards issue of Bank Guarantee and Letter of Credit.

ii. Balances in Escrow Account represent One EMI for repayment of term loan availed from Cholamandalam Investment and Finance Company Limited.

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.16. OTHER FINANCIAL ASSETS** | | |
| **Accrued Income** | | |
| Export Incentives | **22.92** | 10.58 |
| Interest from Banks | **14.33** | 37.58 |
| Receivable from Erstwhile Subsidiary | **57.46** | — |
| | **94.71** | 48.16 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2021 ₹ Lakhs | | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **2.17. OTHER CURRENT ASSETS** | | | | |
| GST Input Credits | | **1,447.11** | | 1,527.40 |
| Customs Duty Receivable | | **20.19** | | 10.52 |
| **Others** | | | | |
| Advances to Suppliers | | **318.25** | | 240.85 |
| Advances for Expenses | | **263.98** | | 289.36 |
| Prepayments | | **196.48** | | 430.71 |
| Gratuity Fund (Refer to Note No.2.50) | | **44.91** | | 158.43 |
| Less : Provision for Doubtful Advances | | **16.03** | | 15.57 |
| | | **2,274.89** | | 2,641.70 |
| **2.18. NON CURRENT ASSETS HELD FOR SALE** | | | | |
| **(Measured at Fair Value less costs to sell)** | | | | |
| Land and Building | — | | 4,089.27 | |
| Building under construction | — | | 1,131.58 | |
| | — | | 5,220.85 | |
| Less : Deletion on Disposal | — | | 3,442.91 | |
| Add : Provision for Impairment / (Reversal) | — | | (1,777.94) | |
| | | — | | — |

The non current assets held for sale were disposed off during the previous year for a sale consideration of ₹ 3,510 Lakhs resulting in a loss on disposal of ₹ 1,710.85 Lakhs. The impairment loss amounting to ₹ 1,777.94 Lakhs, provided for in earlier years, has been reversed. The net amount of ₹ 67.09 Lakhs (net off impairment provision reversed) has been disclosed under other income.

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.19. EQUITY SHARE CAPITAL** | | |
| **Authorised** | | |
| 58,20,00,000 Equity Shares of ₹ 1/- each (As at 31st March 2020 - 58,20,00,000 Equity Shares of ₹ 1/- each ) | **5,820.00** | 5,820.00 |
| **Issued, Subscribed and Paid-up** | | |
| 12,18,81,498 Equity Shares of ₹ 1/- each (As at 31st March 2020 - 9,47,96,721 Equity Shares of ₹ 1/- each) | **1,218.81** | 947.97 |

**Reconciliation of the Shares Outstanding at the beginning and at the end of the reporting year :**

| | 31-3-2021 | | 31-3-2020 | |
|---|---|---|---|---|
| **Equity Shares** | **No.of Shares ( in Lakhs)** | **₹ Lakhs** | No.of Shares (in Lakhs) | ₹ Lakhs |
| At the beginning of the year | **947.97** | **947.97** | 947.97 | 947.97 |
| Add : Issued during the year | **270.84** | **270.84** | — | — |
| At the closing of the year | **1,218.81** | **1,218.81** | 947.97 | 947.97 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|

**EQUITY SHARE CAPITAL (Contd.,)**

a) **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. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders

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

| | **31-3-2021** | | 31-3-2020 | |
|---|---|---|---|---|
| | **No. of Shares** | **% held** | No. of Shares | % held |
| - Pricol Holdings Limited | **1,10,01,762** | **9.03%** | 85,56,926 | 9.03% |
| - Vijay Mohan | **96,15,636** | **7.89%** | 91,40,278 | 9.64% |
| - Vikram Mohan | **76,25,506** | **6.26%** | 35,21,175 | 3.71% |
| - Viren Mohan | **66,58,409** | **5.46%** | 66,58,409 | 7.02% |
| - PHI Capital Solutions LLP | **69,84,428** | **5.73%** | 44,99,000 | 4.75% |

c) **Details of Shares held by Holding Company :**

There are no Shares held by Holding Company / Subsidiaries of ultimate Holding Company as on 31st March 2021.

d) **Details of Shares issued for consideration other than Cash :**

9,47,96,721 shares of ₹ 1/- each were allotted for consideration other than cash during the financial year 2016-17 in terms of the Scheme of Amalgamation with Erstwhile Pricol Limited which was sanctioned by the Hon'ble High Court of Judicature at Madras on 6th October 2016.

e) There are no shares allotted by way of Bonus Shares and there have been no shares bought back in the immediately preceding five years.

f) **Shares issued during the year :**

Pursuant to the authorisation for the further infusion of capital through Rights issue by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and the applicable Rules prescribed thereunder and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Company had issued 2,70,84,777 fully paid-up Equity Shares of face value of ₹ 1/- each for cash at a price of ₹ 30/- per Equity Share (including a premium of ₹ 29/- per Equity Share) aggregating to ₹ 8,125.43 lakhs on a rights basis to eligible equity shareholders in the ratio of two Equity Shares for every seven fully paid-up Equity Shares held on the record date, that is 25th November, 2020. These equity shares were allotted on 25th December 2020.

The fresh allotment of equity shares through Rights Issue as stated above has resulted in an increase of equity share capital by ₹ 270.84 Lakhs and securities premium by ₹ 7,854.59 Lakhs.

The share issue expenses of ₹ 173.38 Lakhs has been adjusted against securities premium.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2021 ₹ Lakhs | | 31-3-2020 ₹ Lakhs |
|---|---|---|---|---|
| **2.20. OTHER EQUITY** | | | | |
| **Securities Premium** | | | | |
| Opening Balance | **80,961.56** | | 80,961.56 | |
| Add : Premium on issue of equity shares (Net off issue expenses - Refer to Note 2.19 (f)) | **7,681.21** | | — | |
| | | **88,642.77** | | 80,961.56 |
| **Capital Reserve** | | | | |
| Opening Balance | **827.33** | | 3,048.57 | |
| Less : Adjustment on account of disposal of Stepdown subsidiaries | — | | 2,221.24 | |
| | | **827.33** | | 827.33 |
| **Surplus / (Deficit) in the Statement of Profit & Loss** | | | | |
| Opening Balance | **(42,785.31)** | | (35,131.12) | |
| Add : Profit / (Loss) for the year | **4,149.76** | | (9,875.43) | |
| Add : Adjustment on account of disposal of Stepdown subsidiaries | — | | 2,221.24 | |
| | | **(38,635.55)** | | (42,785.31) |
| **Other Comprehensive Income** | | | | |
| **i) Foreign Exchange Translation Reserve Gain / (Loss)** | | | | |
| Opening Balance | **(539.93)** | | 4.38 | |
| Add : Addition/Adjustments during the year (Net) | **629.96** | | (544.31) | |
| | | **90.03** | | (539.93) |
| **ii) Remeasurement of post employment benefit obligations** | | | | |
| Opening Balance | **327.94** | | 109.69 | |
| Add : Addition / Adjustments during the year | **10.62** | | 218.25 | |
| | | **338.56** | | 327.94 |
| | | **51,263.14** | | 38,791.59 |

**2.21. BORROWINGS**

| | Non-Current portion | | Current Maturities | |
|---|---|---|---|---|
| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
| **Secured Loans at amortised cost :** | | | | |
| Rupee Term Loan From Banks | **12,626.01** | 14,263.00 | **3,322.84** | 4,224.17 |
| Rupee Term Loan From Others | **6,077.06** | 6,422.55 | **1,318.83** | 1,279.94 |
| Foreign Currency Term Loan from Banks | **1,416.58** | 3,420.27 | — | 645.74 |
| Less : Unamortised portion of Finance Charges | **151.64** | 275.46 | **123.82** | 147.77 |
| | **19,968.01** | 23,830.36 | **4,517.85** | 6,002.08 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## BORROWINGS (Contd.,)

| Description | Frequency / No.of Instalments Due | Maturity | **As at 31-3-2021** | As at 31-3-2020 | Security | Interest Rate/ Effective Interest Rate (EIR) |
|---|---|---|---|---|---|---|
| HDFC Bank Limited | — | — | — | 666.67 | — | — |
| Bank of Bahrain and Kuwait B.S.C | — | Preclosed | — | 760.00 | — | — |
| Indusind Bank Limited | Quarterly / 1 of ₹ 60 Lakhs for Jun-2021<br>Quarterly / 14 of ₹180 Lakhs Jul-2021 to Dec-2024 & Final Instalment of ₹ 303.50 Lakhs for Mar-2025 | Mar-25 | **2,883.50** | 2,940.00 | Note 1 | One year MCLR plus 0.70%<br>EIR - 11.46% |
| The South Indian Bank Limited | Equal Quarterly / 14 of ₹ 284.25 Lakhs | Nov-24 | **3,979.53** | 4,363.00 | Note 2 | One year MCLR plus 0.80%<br>EIR - 11.29% |
| Cholamandalam Investment & Finance Company Limited | EMI / 54 of ₹ 178 Lakhs | Sep-25 | **7,395.88** | 7,702.49 | Note 3 | Floating Interest<br>EIR - 13.80% |
| ICICI Bank Limited | Half Yearly / 8 of varying instalments | Nov-24 | **9,000.00** | 9,500.00 | Note 4 | One year MCLR plus 3.45%<br>EIR - 11.70% |
| ICICI Bank Limited | | May-21 | **85.83** | 257.50 | Note 5 | MCLR plus 0.30%<br>EIR - 8.55% |
| PT Bank SBI Indonesia | Full amount at the end of the tenure | Note 6 | **1,416.58** | 1,659.95 | Note 6 | Note 6 |
| Unicredit Bank | Stepdown subsidiary disposed off | | — | 2,406.06 | — | — |

The above maturity is based on the total principal outstanding gross of issuance expenses.

Note 1 : Pari-passu first charge on specific immovable property situated at Plant I, Perianaickenpalayam, Coimbatore.

Note 2 : Pari-passu first charge on specific immovable property situated at Plant I, Perianaickenpalayam, Coimbatore (Restricted to ₹ 1,500 Lakhs), exclusive charge on the immovable property situated at Plant X, 650, Benjamin Road, Sri City - 517 646, Andhra Pradesh and exclusive charge by hypothecation of specific plant and machinery.

Note 3 :
- a) Exclusive charge on equitable mortgage of specific immovable properties of the Company situated at Billichi Village, Narasimhanaickenpalayam Village Poochiyur, Tea Estate Compound Race Course, Commercial Flats at Avinashi Road and Land & Building at Karamadai all situated in Coimbatore District, Tamilnadu.
- b) Exclusive charge on specific Plant and Machineries installed in various plants of the Company.
- c) Exclusive charge on specific immovable properties of certain promoters and Personal Guarantee of Chairman, Managing Director and his Relative.
- d) Charge on specific immovable properties and Corporate Guarantee from Pricol Holdings Limited and Pricol Retreats Limited.

Note 4 : Exclusive Charge by way of Mortgage of immovable properties viz.,
- a) Land measuring 6.68 acres in Perianaickenpalayam, Coimbatore.
- b) Plant II Land and Building located at Plot No. 34 & 35, Sector 4, IMT Manesar, Gurugram.
- c) Plant III Land and Building at 4/558, Mettupalayam Road, Chinnamathampalayam, Billichi Village, Press Colony Post, Coimbatore - 641 019.
- d) Exclusive charge on specific Plant and Machinery installed at Plant III, Chinnamathampalayam Coimbatore and Plant II, IMT Manesar, Gurugram.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

**BORROWINGS (Contd.,)**

Note 5 : Secured by movable fixed assets situated in Satara, Maharashtra and Corporate Guarantee from Holding Company.

Note 6 : Demand Loan Facility I - Facility of USD 27,00,000 at the interest rate of 8% p.a. The Loan will be due in December 2022.

Demand Loan Facility II - Facility of IDR 9,975,000,000 at the interest rate of SBDK plus 0.5% p.a. The Loan will be due in December 2022.

Demand Loan Facility III - Facility of IDR 9,975,000,000 at the interest rate of SBDK plus 0.5% p.a. The Loan will be due in December 2022.

Term Loan Facility I - Facility of USD 5,20,043.44 at the interest rate of 7.5% p.a. The Loan will be due 42 months after 4th April 2019.

Term Loan Facility II - Facility of IDR 2,83,070,117 at the interest rate of SBDK plus 0.5% p.a. The Loan will be due 40 months after 4th April 2019.

Term Loan Facility III - Facility of IDR 5,320,000,000 at the interest rate of SBDK plus 0.5% p.a. The Loan will be due 43 months after 4th April 2019.

Secured by way of Land and factory building, inventories and corporate guarantee from holding company.

For Current Maturities of Long Term Debt - Refer to Note No. 2.28.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|---|
| **2.22. OTHER FINANCIAL LIABILITIES** | | | |
| Lease Liabilities (Refer to Note No.2.55) | | **2,503.13** | 2,287.46 |
| Rental Advance Received | | **31.28** | 59.25 |
| Derivative Liability (Net) | | **799.63** | 380.01 |
| Security Deposits from Customers | | **70.09** | 64.98 |
| | | **3,404.13** | 2,791.70 |
| **2.23. PROVISIONS** | | | |
| a) For Employee Benefits : | | | |
| - For Gratuity (Refer to Note No. 2.50) | | **183.48** | 143.24 |
| b) For Central Excise, Service Tax and Customs Demands (Refer to Note No. 2.51) | | **215.17** | 215.17 |
| c) For Potential Statutory Liabilities (Refer to Note No. 2.51) | | **775.18** | 808.00 |
| | | **1,173.83** | 1,166.41 |
| **2.24. DEFERRED TAX LIABILITIES (NET)** | | | |
| **Deferred Tax Liability** | | | |
| On Fixed Assets | | **7,324.70** | 7,320.62 |
| On Other temporary differences | | **96.26** | 47.73 |
| | **A** | **7,420.96** | 7,368.35 |
| **Deferred Tax Asset** | | | |
| On Disallowance under the Income Tax Act | | **1,645.58** | 893.91 |
| On Unused tax losses | | — | 1,209.10 |
| On Other temporary differences | | **39.72** | 75.49 |
| | **B** | **1,685.30** | 2,178.50 |
| **Deferred Tax Liabilities - Net** | **A - B** | **5,735.66** | 5,189.85 |
| (Refer to Note No. 2.53) | | | |
| **2.25. OTHER NON-CURRENT LIABILITIES** | | | |
| Deferred Income From Government grants | | — | 12.02 |
| | | — | 12.02 |
| **2.26. BORROWINGS** | | | |
| **Secured Loans** | | | |
| Working Capital Facilities from Banks | | | |
| - In Rupee | | **88.94** | 8,275.57 |
| - In Foreign Currency | | **220.77** | 4,241.12 |
| **Unsecured Loans** | | | |
| Working Capital Facilities from Banks | | | |
| - In Rupee | | — | 794.22 |
| | | **309.71** | 13,310.91 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|

### BORROWINGS (Contd.,)

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 second pari-passu charge on the specific immovable properties of the respective Companies. The loans are further Guaranteed by the holding company.

Working Capital Facilities from Banks are repayable on demand and carries interest rates varying from 9.75% to 9.95% p.a.

### 2.27. TRADE PAYABLES

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| - Total Outstanding Dues of Micro Enterprises and Small Enterprises | **574.91** | 122.80 |
| - Total Outstanding Dues of creditors other than Micro Enterprises and Small Enterprises | **27,605.24** | 31,740.08 |
| | **28,180.15** | 31,862.88 |

The company's exposure to currency risk related to Trade Payables are disclosed in Note No. 2.49.

### 2.28. OTHER FINANCIAL LIABILITIES

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| Current Maturities of Long Term Debt (Refer to Note No. 2.21) | **4,517.85** | 6,002.08 |
| Lease Liabilities (Refer to Note No.2.55) | **557.39** | 246.02 |
| Interest accrued and not due on borrowings | **85.87** | 234.32 |
| Unpaid Dividend | **63.75** | 80.44 |
| Dues to Investor Education and Protection Fund | — | 21.09 |
| Employee Benefits Payable | **2,171.85** | 1,810.75 |
| Derivative Liability (Net) | **159.93** | 57.58 |
| Retention Money Payable | **133.92** | 251.66 |
| Payable for Expenses | **2,511.37** | 4,320.10 |
| | **10,201.93** | 13,024.04 |

### 2.29. OTHER CURRENT LIABILITIES

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| Statutory Dues Payable | **457.27** | 523.97 |
| Advance from Customers | **979.45** | 825.56 |
| | **1,436.72** | 1,349.53 |

### 2.30. PROVISIONS

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| For Labour Settlement (Refer to Note No. 2.51) | **261.72** | 261.72 |
| For Warranty Related Claims (Refer to Note No. 2.51) | **297.85** | 406.35 |
| | **559.57** | 668.07 |

### 2.31. CURRENT TAX LIABILITIES (NET)

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| For Taxation | **173.19** | 76.73 |
| | **173.19** | 76.73 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | | 2020-21 ₹ Lakhs | | 2019-20 ₹ Lakhs |
|---|---|---|---|---|
| **2.32. REVENUE FROM OPERATIONS** | | | | |
| **Sale of Products and Services** | | | | |
| Domestic | 1,25,291.40 | | 1,07,539.50 | |
| Export | 9,300.74 | | 8,724.18 | |
| Traded Goods | 1,290.09 | | 1,537.25 | |
| Service Income | 11.96 | | 13.83 | |
| | | 1,35,894.19 | | 1,17,814.76 |
| **Disaggregation of Revenue :-** | | | | |
| 1. Dashboard Instruments | | 69,646.45 | | 61,192.14 |
| 2. Pumps and Mechanical Products | | 43,494.99 | | 31,060.00 |
| 3. Switches and Sensors | | 11,922.31 | | 12,760.00 |
| 4. Others & Service Income | | 10,830.44 | | 12,802.62 |
| | | 1,35,894.19 | | 1,17,814.76 |
| **Reconciliation of Revenue recognised in Statement of Profit and Loss Account with contracted price :** | | | | |
| Revenue from contract with customers as per contract Price | | 1,36,409.62 | | 1,19,411.70 |
| Less : Trade discounts, Volume Rebates, Refunds etc., | | 515.43 | | 1,596.94 |
| **Revenue from contract with customers as per Statement of Profit and Loss** | | 1,35,894.19 | | 1,17,814.76 |
| **2.33. OTHER OPERATING REVENUE** | | | | |
| Export Incentives | | 140.29 | | 106.69 |
| Sale of Traded Goods - Others | | 5,276.86 | | 6,021.43 |
| | | 5,417.15 | | 6,128.12 |
| **2.34. OTHER INCOME** | | | | |
| Interest Income | | | | |
| From Banks | | 114.55 | | 142.01 |
| From Others | | 15.84 | | 12.89 |
| On Income Tax Refund | | 367.71 | | — |
| Gain on Fair Valuation of Investments at Fair Value through P&L (Includes realised gain on sale of investments ₹ 61.34 Lakhs (Previous year - Nil) ) | | 11.55 | | 27.11 |
| Lease Rental Receipts | | 172.53 | | 209.42 |
| Profit on Sale of Property, Plant and Equipment (Net) | | — | | 52.99 |
| Miscellaneous Income | | 68.64 | | 477.17 |
| Excess Provision no longer required written back | | 33.14 | | 564.87 |
| | | 783.96 | | 1,486.46 |
| **2.35. COST OF MATERIALS CONSUMED** | | | | |
| Materials Consumed | | 92,775.99 | | 77,763.39 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | | 2020-21 ₹ Lakhs | | 2019-20 ₹ Lakhs |
|---|---|---|---|---|
| **2.36. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS** | | | | |
| **Opening Stock** | | | | |
| Work-in-progress | **2,068.44** | | 1,446.58 | |
| Finished Goods | **5,026.59** | | 5,062.47 | |
| Traded Goods | **205.11** | | 277.12 | |
| | | **7,300.14** | | 6,786.17 |
| **Add : Adjustments / Reclassification of Inventory from disposal group** | | | | |
| Work-in-progress | **(1,109.91)** | | 1,125.01 | |
| Finished Goods | **(1,048.03)** | | 1,143.63 | |
| Traded Goods | **—** | | — | |
| | | **(2,157.94)** | | 2,268.64 |
| **Less : Closing Stock** | | | | |
| Work-in-progress | **1,756.93** | | 2,068.44 | |
| Finished Goods | **4,917.23** | | 5,026.59 | |
| Traded Goods | **230.29** | | 205.11 | |
| | | **6,904.45** | | 7,300.14 |
| | | **(1,762.25)** | | 1,754.67 |
| **2.37. EMPLOYEE BENEFITS EXPENSE** | | | | |
| Salaries and Wages | **15,039.89** | | 13,856.33 | |
| Contribution to Provident and other funds | **728.97** | | 814.59 | |
| Staff Welfare Expenses | **882.85** | | 1,266.86 | |
| | | **16,651.71** | | 15,937.78 |
| **2.38. FINANCE COSTS** | | | | |
| Interest on Borrowings (Net) | **3,871.16** | | 2,835.14 | |
| Other Borrowing Costs | **28.40** | | 106.50 | |
| Interest on Lease Obligations (Refer to Note No.2.55) | **259.72** | | 278.34 | |
| Unwinding of interest on financial instruments carried at amortised cost | **147.77** | | 161.73 | |
| | | **4,307.05** | | 3,381.71 |

Interest expenses is net off interest income on derivatives ₹ 487.10 Lakhs (Previous year - ₹ 156.65 Lakhs).

Other Borrowing Costs represent processing fee in respect of working capital borrowings.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | | 2020-21 ₹ Lakhs | | 2019-20 ₹ Lakhs |
|---|---|---|---|---|
| **2.39. DEPRECIATION AND AMORTISATION EXPENSE** | | | | |
| Depreciation (Refer to Note No. 2.1 & 2.4) | **6,234.00** | | 7,330.96 | |
| Right of Use Asset (Refer to Note No. 2.2) | **442.95** | | 414.80 | |
| Amortisation of Intangibles (Refer to Note No. 2.5 & 2.6) | **2,742.08** | | 2,839.81 | |
| Less : Depreciation and Amortisation pertaining to disposal group | — | | 991.94 | |
| | | **9,419.03** | | 9,593.63 |
| **2.40. OTHER EXPENSES** | | | | |
| Power & Utilities (Net) | | **1,806.20** | | 1,970.11 |
| Stores & Spares Consumed | | **173.56** | | 160.06 |
| Repairs and Maintenance : | | | | |
| - Machinery | | **727.11** | | 727.56 |
| - Building | | **262.91** | | 120.43 |
| - IT Assets | | **518.69** | | 693.69 |
| - Others | | **160.34** | | 159.41 |
| Postage & Telephone | | **191.38** | | 164.47 |
| Rates, Taxes & Licence | | **107.82** | | 217.44 |
| Insurance | | **323.81** | | 244.44 |
| Travelling & Conveyance | | **134.76** | | 620.21 |
| Freight & Forwarding | | **1,479.76** | | 2,134.91 |
| Warranty Claims | | **603.40** | | 645.59 |
| Selling Expenses | | **160.57** | | 383.44 |
| Expected Credit Loss / Advances Written off (Net off Provisions) | | **216.20** | | 29.50 |
| Provision for Statutory Liabilities (Net) | | — | | 348.76 |
| Remuneration to Non-Whole Time Directors (Refer to Note No. 2.45) | | **14.40** | | 13.35 |
| Auditors' Remuneration (Refer to Note No. 2.44) | | **78.42** | | 73.22 |
| Professional Charges | | **1,414.89** | | 3,785.65 |
| Loss on Exchange Fluctuation (Net) | | **140.30** | | 496.82 |
| Loss on Sale of Property, Plant and Equipment (Net) | | **13.02** | | — |
| Provision for Impairment Loss | | **282.90** | | — |
| Assets Discarded / Written Off | | **1,121.96** | | 3.42 |
| Contribution to Political Party | | **25.00** | | — |
| Miscellaneous Expenses | | **376.76** | | 509.97 |
| CSR Expenses | | **53.29** | | 110.80 |
| | | **10,387.45** | | 13,613.25 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

### 2.41. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

**1) Description**

The Board of Directors at their meetings held on 19th March 2019 and 29th July 2020 approved the disposal of its Wholly Owned Subsidiaries - Pricol Wiping Systems India Limited (PWS India) and Pricol Espana S.L. Spain along with its subsidiary, Pricol Wiping Systems Czech s.r.o, Czech Republic. The same was approved by the Shareholders in their meeting held on 29th August 2019. The disposal as stated above, except the disposal of PWS India, was completed in two tranches, as detailed below :-

| Tranche | Name of the Subsidiary / Step down subsidiary | Date of Disposal | Consideration |
|---|---|---|---|
| Tranche - I | Pricol do Brasil Componentes Automotivos LtdA, Brazil & Pricol Wiping Systems Mexico S.A. de C.V, Mexico | 11-2-2020 | USD 2,000 |
| Tranche - II | Pricol Espana S.L. Spain & Pricol Wiping Systems Czech s.r.o, Czech Republic | 21-8-2020 | Euro 50,000 |

Consequent to the disposal as stated above, the assets and liabilities pertaining to these subsidiaries were re-classified as "Assets / Liabilities held for sale" in accordance with recognition and measurement principles laid out in Ind AS 105 (Non Current Assets held for sale and discontinued operations) and disclosed accordingly. The financial performance of these subsidiaries have been excluded from the results of continuing operations and have been presented as a single line item as "Profit/ (Loss) from Discontinued operations" with comparatives being re-presented / restated.

**2) The description of broad category of assets, liabilities, revenue and expenses are given below :**

| | **2020-21 ₹ Lakhs** | 2019-20 ₹ Lakhs (Re-presented) |
|---|---|---|
| **a) Financial Performance** | | |
| **Revenue** | **9,339.75** | 47,565.93 |
| **Expenses** | | |
| Cost of Materials Consumed | **5,729.90** | 32,674.80 |
| Purchases of Stock-in-Trade | — | 269.17 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress | **624.86** | (712.74) |
| Employee Benefits Expense | **1,824.04** | 10,190.88 |
| Finance Costs | **114.49** | 2,051.04 |
| Depreciation and Amortisation Expense | **410.91** | 1,937.60 |
| Other Expenses | **676.87** | 10,337.59 |
| | **9,381.07** | 56,748.34 |
| **Profit / (Loss) before tax** | **(41.32)** | (9,182.41) |
| **Net Gain on Disposal of Subsidiaries*** | **2,608.17** | 1,901.00 |
| Tax Expense | — | — |
| **Profit / (Loss) after tax from discontinued operation** | **2,566.85** | (7,281.41) |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 2020-21 ₹ Lakhs | 2019-20 ₹ Lakhs (Re-presented) |
|---|---|---|

**DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES (Contd.,)**

| | 2020-21 ₹ Lakhs | 2019-20 ₹ Lakhs (Re-presented) |
|---|---|---|
| * **Net Gain on disposal of subsidiaries :** | | |
| Consideration received | **37.44** | 1.47 |
| Excess carrying amount of liabilities over assets on de-consolidation | **3,627.37** | 1,550.43 |
| Add : Reclassification of exchange differences (Gains) from OCI on disposal of subsidiaries | **(1,056.64)** | 349.10 |
| Net Gain on disposal after income tax | **2,608.17** | 1,901.00 |

b) **The carrying amount of assets and liabilities as at the date of disposal were as follows:-**
**Refer Note No.1 (vi) on significant accounting policy for de-consolidation procedures on loss of control.**

| | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs |
|---|---|---|
| Property, Plant and Equipment | **2,448.48** | 9,862.25 |
| Trade Receivables | **3,340.71** | 2,396.95 |
| Inventory | **5,670.15** | 2,149.13 |
| Other Assets | **1,015.66** | 2,038.14 |
| **Total Assets** | **12,475.00** | 16,446.47 |
| Borrowings | **8,123.23** | 2,523.59 |
| Trade Payables | **7,629.11** | 2,765.70 |
| Other Payables | **350.03** | 12,707.61 |
| **Total Liabilities** | **16,102.37** | 17,996.90 |
| **Net Assets / (Liabilities)** | **(3,627.37)** | (1,550.43) |

### 2.42. EARNINGS PER SHARE

| | 2020-21 ₹ Lakhs | 2019-20 ₹ Lakhs (Re-presented) |
|---|---|---|
| Profit / (Loss) After Tax from Continuing Operations | **1,582.91** | (2,594.02) |
| Profit / (Loss) After Tax from Discontinued Operations | **2,566.85** | (7,281.41) |
| Profit / (Loss) After Tax for the year | **4,149.76** | (9,875.43) |
| Weighted Average No. of Shares Outstanding : | | |
| - Basic & Diluted (Nos. in Lakhs) (Re-stated) | **1,089.73** | 1,043.00 |
| Face Value per Equity Share ( in ₹ ) | **1.00** | 1.00 |
| Basic & Diluted Earnings per share from Continuing Operations (in ₹) | **1.45** | (2.49) |
| Basic & Diluted Earnings per share from Discontinued Operations (in ₹) | **2.36** | (6.98) |
| Basic & Diluted Earnings per share from Continuing and Discontinued Operations (in ₹) | **3.81** | (9.47) |

The Earnings per share (Basic and Diluted) for the previous year has been restated for the bonus element in respect of the rights issue in accordance with Ind AS 33.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## 2.43. AMALGAMATION OF ERSTWHILE PRICOL LIMITED WITH THE COMPANY :

The Hon'ble High Court of Judicature at Madras vide its order dated 6th October, 2016 has sanctioned the Scheme of Amalgamation of erstwhile Pricol Limited ('Transferor Company') with erstwhile Pricol Pune Limited ('Transferee Company') with the appointed date as 1st April, 2015. Pursuant to the Scheme of Amalgamation, the Transferee Company was renamed as "Pricol Limited" vide fresh Certificate of Incorporation granted by Ministry of Corporate Affairs on 18th November, 2016.

The Amalgamation was accounted in financial year 2016-17 under the "Purchase Method" as per the then prevailing Accounting Standard 14 – "Accounting for Amalgamation", as per the Scheme of Amalgamation approved by the High Court of Judicature at Madras, which is different from the accounting treatment prescribed under Ind AS 103 - "Business Combinations". The intangible assets, including Goodwill represented by Customer relationship and Assembled work force, are being amortised over its estimated useful life of 15 years from the appointed date.

## 2.44. PAYMENTS TO STATUTORY AUDITORS (EXCLUSIVE OF GST) : *

| | **2020-21 ₹ Lakhs** | 2019-20 ₹ Lakhs |
|---|---|---|
| For Audit | **46.25** | 42.50 |
| For Taxation Matters | **20.25** | 16.05 |
| For Certification and Others | **10.04** | 12.36 |
| Reimbursement of Expenses | **1.88** | 2.31 |
| **Total** | **78.42** | 73.22 |

* Remuneration to auditors during the year includes ₹ 15.08 Lakhs towards Rights Issue related services included in share issue expenses and adjusted against premium on issue of shares.

**2.45.** Provision and payment of Commission to Non-whole time directors amounting to ₹ 7.20 Lakhs is subject to the approval of the shareholders in the ensuing Annual General Meeting.

| | **31-3-2021 ₹ Lakhs** | 31-3-2020 ₹ Lakhs |
|---|---|---|
| **2.46. CONTINGENT LIABILITIES AND COMMITMENTS** | | |
| **CONTINGENT LIABILITIES** | | |
| **I. In respect of Holding Company** | | |
| **a) On account of Pending Litigations** | | |
| Sales Tax Matters (excluding Interest if any) | — | — |
| Excise, Service Tax and Customs Matters (excluding Interest if any) | **1,281.44** | 1,281.44 |
| (Of which ₹ 87.76 Lakhs has been paid under protest) | **1,281.44** | 1,281.44 |
| **b) Labour related Matters** | | |
| As at 31st March, 2021, the company has various labour related cases pending before various legal forums, amounting to ₹ 2,733 Lakhs (Previous year - ₹ 1,608 Lakhs.) | | |
| **c) Others** | | |
| Letter of Credit | **1,557.55** | 930.50 |
| Guarantees | **238.66** | 279.63 |
| Other Claims not acknowledged as debt | **295.64** | — |
| | **2,091.85** | 1,210.13 |

The company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required or disclosed as contingent liability where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management estimates and no significant liability is expected to arise out of the same.

**II. COMMITMENTS**

| | | |
|---|---|---|
| Estimated Value of contracts remaining to be executed on Capital account | | |
| - in respect of Holding Company and its subsidiary - Pricol Wiping Systems India Limited | **180.05** | 388.23 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

**2.47. Segment Reporting**

The Group primarily operates in the automotive segment. The automotive segment includes manfacture and trading of automotive components. The board of directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicator of the Group as a single unit. Therefore, there is no reportable segment for the Group as per the requirement of Ind AS 108 'Operating Segments'.

**Information about geographical revenue and non-current assets:**

1. **Revenue from Operations:** Based on location of Customers
2. **Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts:** Based on Location of the Assets

a) **Revenue from Operations including other operating revenue**

₹ Lakhs

| | 2020-21 | 2019-20 (Re-presented) |
|---|---|---|
| **Continuing operations** | | |
| Within India | **1,31,662.21** | 1,14,420.62 |
| Outside India | **9,649.13** | 9,522.26 |
| | **1,41,311.34** | 1,23,942.88 |
| **Discontinued operations** | | |
| Within India | — | — |
| Outside India | **9,339.75** | 47,431.13 |
| | **9,339.75** | 47,431.13 |

| b) **Non-Current Assets** | 31-3-2021 ₹ Lakhs | 31-3-2020 ₹ Lakhs (Not Re-stated) |
|---|---|---|
| **Continuing operations** | | |
| Within India | **68,136.14** | 77,585.21 |
| Outside India | **1,526.56** | 4,003.48 |
| | **69,662.70** | 81,588.69 |
| **Discontinued operations** | | |
| Within India | — | — |
| Outside India | — | — |
| | — | — |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## 2.48. FAIR VALUE MEASUREMENTS

### i. Financial Instruments by category

**The Carrying Value of financial instruments by categories as at 31 March 2021 are as follows:**

₹ Lakhs

| Particulars | Note No. | FVTPL | FVTOCI | Cost/ Amortised Cost | Total Carrying value | Total Fair value |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Investments | 2.12 | **80.15** | — | — | **80.15** | **80.15** |
| Trade receivables | 2.13 | — | — | **18,787.82** | **18,787.82** | **18,787.82** |
| Cash and cash equivalents | 2.14 | — | — | **3,820.52** | **3,820.52** | **3,820.52** |
| Other bank balances | 2.15 | — | — | **3,653.98** | **3,653.98** | **3,653.98** |
| Other Financial assets | 2.8 & 2.16 | — | — | **899.14** | **899.14** | **899.14** |
| **Financial Liabilities** | | | | | | |
| Borrowings | 2.21, 2.26 & 2.28 | — | — | **24,795.57** | **24,795.57** | **24,795.57** |
| Trade payables | 2.27 | — | — | **28,180.15** | **28,180.15** | **28,180.15** |
| Other financial liabilities excluding Current Maturities of Long Term Debt | 2.22 & 2.28 | **959.56** | — | **8,128.65** | **9,088.21** | **9,088.21** |

The carrying value of financial instruments by categories as at 31 March 2020 are as follows:

₹ Lakhs

| Particulars | Note No. | FVTPL | FVTOCI | Cost/ Amortised Cost | Total Carrying value | Total Fair value |
|---|---|---|---|---|---|---|
| Financial assets | | | | | | |
| Investments | 2.12 | 470.94 | — | — | 470.94 | 470.94 |
| Trade receivables | 2.13 | — | — | 19,601.85 | 19,601.85 | 19,601.85 |
| Cash and cash equivalents | 2.14 | — | — | 946.53 | 946.53 | 946.53 |
| Other bank balances | 2.15 | — | — | 3,301.37 | 3,301.37 | 3,301.37 |
| Other Financial assets | 2.8 & 2.16 | — | — | 827.40 | 827.40 | 827.40 |
| Financial Liabilities | | | | | | |
| Borrowings | 2.21, 2.26 & 2.28 | — | — | 43,143.35 | 43,143.35 | 43,143.35 |
| Trade payables | 2.27 | — | — | 31,862.88 | 31,862.88 | 31,862.88 |
| Other financial liabilities excluding Current Maturities of Long Term Debt | 2.22 & 2.28 | 437.59 | — | 9,376.07 | 9,813.66 | 9,813.66 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

**FAIR VALUE MEASUREMENTS (Contd.,)**

ii. The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

iii. **Fair values hierarchy**

Financial assets and financial liabilities are measured at fair value in the financial statement and are grouped into three levels of a fair value hierarchy.

The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

**Given below are the fair values based on their hierarchy**

₹ Lakhs

| Particulars | Carrying Amount as on 31-3-2021 | As at 31-3-2021 | | | Carrying Amount as on 31-3-2020 | As at 31-3-2020 | | |
|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| **Financial Assets measured at Fair value through Profit and Loss** | | | | | | | | |
| Investments in Mutual Funds | 80.15 | 80.15 | — | — | 470.94 | 470.94 | — | — |
| **Financial Assets not measured at Fair value*** | | | | | | | | |
| Trade receivables | 18,787.82 | — | — | — | 19,601.85 | — | — | — |
| Cash and cash equivalents | 3,820.52 | — | — | — | 946.53 | — | — | — |
| Other bank balances | 3,653.98 | — | — | — | 3,301.37 | — | — | — |
| Other Financial assets | 899.14 | — | — | — | 827.40 | — | — | — |
| **Financial Liabilities not measured at fair value*** | | | | | | | | |
| Borrowings | | | | | | | | |
| - Current | 4,827.56 | — | — | — | 19,312.99 | — | — | — |
| - Non-Current | 19,968.01 | — | — | — | 23,830.36 | — | — | — |
| Trade payables | 28,180.15 | — | — | — | 31,862.88 | — | — | — |
| Other financial liabilities excluding Current Maturities of Long Term Debt | 9,088.21 | — | 959.56 | — | 9,813.66 | — | 437.59 | — |

* The Group has not disclosed the fair values for short term / current financial instruments (such as short term trade receivables, short term trade payables, Current Loans and Short term borrowings etc), because their carrying amounts are a reasonable approximation of Fair value.

iv. **Measurement of fair values :**

The basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in point no. 1 (xv) of significant accounting policies.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## 2.49. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk, liquidity risk and credit risk. The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk | Exposure arising from | Measurement |
|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables and financial assets. | Ageing analysis, Credit ratings |
| Liquidity risk | Borrowings and other liabilities. | Rolling cash flow forecasts |
| Market risk – Interest rate risk | Long-term borrowings at variable rates. | Cash flow forecasting, Sensitivity analysis |
| Market risk – Financial Currency Risk | Adverse movements in the exchange rate between the Rupee and any relevant foreign currency. | Internal Foreign Curreny Exposure and risk management policy |

### a. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Group has adopted a policy of only dealing with creditworthy counter parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

**Credit risk management**

**Credit risk rating**

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk B: Moderate credit risk C: High credit risk

| Assets Group | Description of category | Provision for expected credit loss* |
|---|---|---|
| Low credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | 12 month expected credit loss / life time expected credit loss |
| Moderate credit risk | Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong | 12 month expected credit loss / life time expected credit loss |
| High credit risk | Assets where there is a high probability of default. | 12 month expected credit loss / life time expected credit loss/fully provided for |

* Life time expected credit loss (if required) is provided for trade receivables and for those financial assets where the credit risk has increased significantly, since the initial recognition.

Based on business environment in which the Group operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Any subsequent recoveries made are recognised in statement of profit and loss.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

**FINANCIAL RISK MANAGEMENT (Contd.,)**

**Classification of Financial assets among risk categories:** ₹ Lakhs

| Credit rating | Particulars | 31-3-2021 | 31-3-2020 |
|---|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, current investments, trade receivables and other financial assets | **27,241.61** | 25,148.09 |
| Moderate credit risk | Nil | — | — |
| High credit risk | Nil | — | — |

**b. Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Maturities of financial liabilities:**

₹ Lakhs

| **31-3-2021** | **On Demand** | **Less than 1 year** | **1-5 years** | **More than 5 years** | **Total** |
|---|---|---|---|---|---|
| Borrowings | **309.71** | **4,517.85** | **19,968.01** | — | **24,795.57** |
| Trade payables | — | **28,180.15** | — | — | **28,180.15** |
| Other financial liabilities excluding Current Maturities of Long Term Debt | — | **5,785.45** | **2,904.52** | **398.24** | **9,088.21** |
| **Total** | **309.71** | **38,483.45** | **22,872.53** | **398.24** | **62,063.93** |

₹ Lakhs

| 31-3-2020 | On Demand | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | 13,310.91 | 6,002.08 | 23,830.36 | — | 43,143.35 |
| Trade payables | — | 31,862.88 | — | — | 31,862.88 |
| Other financial liabilities excluding Current Maturities of Long Term Debt | — | 7,146.19 | 1,906.14 | 761.33 | 9,813.66 |
| Total | 13,310.91 | 45,011.15 | 25,736.50 | 761.33 | 84,819.89 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## FINANCIAL RISK MANAGEMENT (Contd.,)

### c. Interest rate risk

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. However, the Group's variable rate borrowings are subject to interest rate risk.

Below is the overall exposure of the borrowings:

**Interest rate risk exposure** ₹ Lakhs

| Particulars | 31-3-2021 | 31-3-2020 |
|---|---|---|
| Fixed rate borrowing | — | — |
| Variable rate borrowing | **24,795.57** | 43,143.35 |
| **Total** | **24,795.57** | 43,143.35 |

**Sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change (100 basis points) in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on variable rate borrowings, as follows:

**Interest sensitivity** ₹ Lakhs

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Interest rates – Increase / Decrease by 100 basis points | **261.36** | 326.75 |

### d. Financial Currency Risk

The Group's functional currency is Indian Rupees (INR). The Group undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Group's revenue from export markets and the costs of imports.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency results in increase in the Group's overall debt position in Rupee terms without the Group having incurred additional debt and favourable movements in the exchange rates will conversely result in reduction in the Group's receivables in foreign currency. In order to hedge exchange rate risk, the Group has a policy to hedge cash flows (either using natural hedge or an artificial hedge) upto a specific tenure using forward exchange contracts and hedges based on their Internal Foreign Currency Exposure and risk management policy as approved by the management and in accordance with the applicable regulations where the Group operates.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

### FINANCIAL RISK MANAGEMENT (Contd.,)

**The carrying amounts of the Group's monetary assets and monetary liabilities at the end of the reporting year are as follows:**

**As at 31st March 2021**

**₹ Lakhs**

| **Particulars** | **Euro** | **GBP** | **USD** | **CHF** | **JPY** | **INR** | **SGD** | **OTHER CURRENCIES** |
|---|---|---|---|---|---|---|---|---|
| Financial Assets | **972.70** | **134.28** | **2,577.76** | **102.34** | **563.35** | — | — | **1.71** |
| Financial Liabilities | **1,134.65** | — | **7,935.88** | **158.67** | **1,446.34** | — | — | **1.37** |

As at 31st March 2020

| Particulars | Euro | GBP | USD | CHF | JPY | INR | SGD | OTHER CURRENCIES |
|---|---|---|---|---|---|---|---|---|
| Financial Assets | 14,600.73 | 63.71 | 2,487.27 | 79.82 | 495.02 | — | 30.12 | 0.65 |
| Financial Liabilities | 4,354.50 | 0.89 | 9,239.89 | 140.69 | 939.09 | 292.89 | — | 1.57 |

The following table details the Group's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies net of hedge accounting impact. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency. For a 1% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

**Impact on Profit / (loss) for the year for a 1% change:**

**₹ Lakhs**

| **Particulars** | **2020-21** | 2019-20 |
|---|---|---|
| Increase / Decrease by 1% | **63.25** | 27.88 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

### 2.50. EMPLOYEE BENEFITS

**In respect of Holding Company and its Indian Subsidiary - Pricol Wiping Systems India Limited :**

**Defined contribution plan**

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

₹ Lakhs

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Employer's Contribution to Provident Fund | **514.83** | 537.57 |
| Employer's Contribution to Superannuation Fund | **20.06** | 8.81 |

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Defined contribution plan contribution towards Key Managerial Personnel | **11.81** | 19.07 |

**Defined Benefit Plan**

The Company has an obligation towards gratuity, a defined benefit obligation. The benefits are governed by the Payment of Gratuity Act, 1972. The Company makes lumpsum payment to vested employees an amount based on 15 days last drawn basic salary including dearness allowance (if any) for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The most recent actuarial valuation of the defined benefit obligation was carried out at the balance sheet date. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation as at balance sheet date:

₹ Lakhs

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2020-21 | 2019-20 |
| **(i) Reconciliation of opening and closing balances of Defined Benefit Obligation** | | |
| Defined Benefit Obligation at beginning of the year | **2,991.53** | 3,038.66 |
| Current Service Cost | **213.94** | 221.20 |
| Interest Cost | **192.36** | 214.92 |
| **Remeasurements** | | |
| Effect of changes in demographic assumptions | — | (0.15) |
| Effect of changes in financial assumptions | **4.62** | (312.17) |
| Effect of experience adjustments | **(20.76)** | 0.56 |
| Benefits Paid | **(358.56)** | (324.76) |
| Transfer of obligation due to Transfer of Employees from Group Entities | — | 153.27 |
| **Defined Benefit Obligation at year end** | **3,023.13** | 2,991.53 |
| - Non-Current | **2,892.44** | 2,875.63 |
| - Current | **130.69** | 115.90 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

EMPLOYEE BENEFITS (Contd.,)

₹ Lakhs

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | **2020-21** | 2019-20 |
| **(ii) Reconciliation of opening and closing balances of fair value of Plan Assets** | | |
| Fair value of Plan Assets at beginning of year | **2,996.69** | 3,029.33 |
| Interest Income | **207.42** | 225.14 |
| **Remeasurements:** | | |
| Return on plan assets (excluding interest income) | **(0.35)** | (15.43) |
| Transfer of obligation due to Transfer of Employees from Group Entities | **170.97** | — |
| Employer Contribution | **51.87** | 82.41 |
| Benefits Paid | **(358.56)** | (324.76) |
| Fair value of Plan Assets at year end | **3,068.04** | 2,996.69 |
| **(iii) Reconciliation of fair value of Assets and Obligations** | | |
| Fair value of Plan Assets | **3,068.04** | 2,996.69 |
| Present value of Obligation | **3,023.13** | 2,991.53 |
| Amount recognised in Balance Sheet (Surplus/(Deficit)) | **44.91** | 5.16 |
| - Non-Current | — | — |
| - Current | **44.91** | 5.16 |
| **(iv) Expenses recognised during the year** | | |
| **In Income Statement** | | |
| Current Service Cost | **213.94** | 221.20 |
| Interest Cost | **192.36** | 214.92 |
| Return on Plan Assets | **(207.42)** | (225.14) |
| **Net (Income) / Expense For the period Recognised in Statement of Profit and Loss** | **198.88** | 210.98 |
| **In Other Comprehensive Income** | | |
| **Remeasurement of net defined benefit liability** | | |
| Effect of changes in demographic assumptions | — | (0.15) |
| Effect of changes in financial assumptions | **4.63** | (312.17) |
| Effect of experience adjustments | **(20.75)** | 0.56 |
| (Return) on plan assets (excluding interest income) | **0.34** | 15.43 |
| Changes in asset ceiling (excluding interest income) | — | — |
| **Net (Income) / Expense for the year recognised in OCI** | **(15.78)** | (296.33) |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

**EMPLOYEE BENEFITS (Contd.,)**

**(v) Actuarial assumptions**

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | **2020-21** | 2019-20 |
| Discount Rate (per annum) | **6.82 - 6.86%** | 6.84% |
| Rate of escalation in Salary (per annum) | **Uniform 8%** | Uniform 5% - 8% |
| Attrition Rate | **Uniform 4%** | Uniform 4% |
| Retirement Age | **58** | 58 |
| Pre-retirement mortality | **Indian Assured Lives Mortality (2012-14) Ultimate** | Indian Assured Lives Mortality (2012-14) Ultimate |
| Disability | **Nil** | Nil |

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**(vi) The expected future contribution and estimated future benefit payments from the fund are as follows:**

| | Particulars | Amount ₹ Lakhs |
|---|---|---|
| a) | Expected contribution to the fund during the year ending March 31, 2022 | 134.19 |
| b) | Estimated benefit payments from the fund for the year ending March 31: | |
| | Year 1 | 245.99 |
| | Year 2 | 270.83 |
| | Year 3 | 235.79 |
| | Year 4 | 267.78 |
| | Year 5 | 263.20 |
| | Beyond 5 years | 1,094.18 |
| | **Total** | **2,377.77** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

**EMPLOYEE BENEFITS (Contd.,)**

**(vii) Sensitivity Analysis**

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below:

₹ Lakhs

| Particulars | 31-3-2021 | 31-3-2020 |
|---|---|---|
| Discount rate +100 basis points | **(175.91)** | (201.33) |
| Discount rate -100 basis points | **298.91** | 283.15 |
| Salary Increase Rate +1% | **278.58** | 262.84 |
| Salary Increase Rate -1% | **(162.58)** | (188.17) |
| Attrition Rate +1% | **17.94** | (3.35) |
| Attrition Rate -1% | **78.65** | 57.64 |

**(viii )** These plans typically expose the Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

**Name of the Risk and its Description**

**Investment risk** - The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest risk** - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

**Longevity risk** - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk** - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Disclosure relating to KMPs:**

₹ Lakhs

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | **2020-21** | 2019-20 |
| Expense towards defined benefit plan for Key Management Personnel | **44.58** | 36.55 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## EMPLOYEE BENEFITS (Contd.,)

**In respect of Subsidiary :**

**PT Pricol Surya, Indonesia**

₹ Lakhs

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| **Funded Status :** | | |
| Present Value of Net Obligation | **183.48** | 143.24 |
| **Movement in the liability recognised in the statement of profit and Loss :** | | |
| Obligation at beginning period | **143.24** | 168.54 |
| Beginning period adjustment due to Business Combination transaction | — | — |
| Expense recognised during the year | **32.20** | 10.78 |
| Actual benefit payment | **(3.08)** | (0.88) |
| Amount recognised in Other Comprehensive Income ('OCI') | **(2.45)** | (26.34) |
| On account of translation differences | **13.57** | (8.86) |
| | **183.48** | 143.24 |
| **Details of Post Employment benefit expenses recognised in the Statement of comprehensive income :** | | |
| Current Service Cost | **22.01** | 24.30 |
| Interest Cost | **12.11** | 11.12 |
| Past Service Cost and (Gain) or Loss on Settlements | **(1.92)** | (24.64) |
| | **32.20** | 10.78 |
| **Actuarial Assumptions :** | | |
| Discount Rate | **7.50%** | 8.50% |
| Annual Salary increase Rate | **8.00%** | 8.00% |
| Retirement age (year) | **56** | 56 |
| Disability Rate | **10.00%** | 10.00% |

**Sensitivity Analysis**

₹ Lakhs

| Particulars | 31-3-2021 | 31-3-2020 |
|---|---|---|
| Discount rate +100 basis points | **131.98** | 120.48 |
| Discount rate -100 basis points | **158.35** | 144.55 |
| Salary Increase Rate +1% | **158.20** | 144.42 |
| Salary Increase Rate -1% | **131.89** | 120.40 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## 2.51. PROVISIONS AS ON THE CLOSING DATE :

₹ Lakhs

| Particulars | Non-Current Provisions | | | Current Provisions | | | Total Provisions |
|---|---|---|---|---|---|---|---|
| | Excise, Service Tax & Customs Demands | Potential Statutory Liabilities | Total | Labour Settlement | Warranty related claims | Total | |
| Balance as on 1-4-2019 | 598.89 | 549.33 | 1,148.22 | 261.72 | 171.95 | 433.67 | 1,581.89 |
| Add : Addition | 90.10 | 359.71 | 449.81 | — | 2,096.42 | 2,096.42 | 2,546.23 |
| Less : Utilised / Reversed | 473.82 | 101.04 | 574.86 | — | 1,862.02 | 1,862.02 | 2,436.88 |
| Balance as on 31-3-2020 | 215.17 | 808.00 | 1,023.17 | 261.72 | 406.35 | 668.07 | 1,691.24 |
| Add : Addition | — | — | — | — | 603.40 | 603.40 | 603.40 |
| Less : Utilised / Reversed | — | 32.82 | 32.82 | — | 711.90 | 711.90 | 744.72 |
| **Balance as on 31-3-2021** | **215.17** | **775.18** | **990.35** | **261.72** | **297.85** | **559.57** | **1,549.92** |

**2.52.** **(a)** Income Tax Assessments are completed upto Assessment year 2017-18.

The company has filed revised returns / made additional claims in respect of certain deductions and exemptions. These claims have been rejected by the Assessing Officer against which the company has preferred an appeal before various appellate authorities. Certain claims allowed in appeal has been challenged by the Income Tax Department.

During the year, the company had reviewed the pending tax litigations and opted for the settlement scheme under the "Vivad se Vishwas Scheme" (VsVs) for some of the years under which the taxes were under dispute. Necessary forms were filed and settlement orders / certificate received in respect of these years. Consequent to the above, the excess provision (net) made in respect of those years were reversed and recognised as income during the year and disclosed under Taxation-earlier years in the statement of profit and loss.

In respect of the other years, in which the company has not opted for the VsVs, the management is of the view that the provision for taxation available in the books is adequate and no significant liability is expected to arise out of the litigation.

**(b)** The Management has evaluated the MAT Credit Entitlement recognised in the books of accounts. Based on the availability and sunset clause in respect of certain deductions available under the Income Tax Act, the Management is of the view that the carrying value of MAT Credit will be utilised in subsequent years.

## 2.53. NOTES ON TAXATION:

### a. Income tax expense for the year reconciled to the accounting profit:

₹ Lakhs

| Particulars | 31-3-2021 | 31-3-2020 (Re-presented) |
|---|---|---|
| Profit / (Loss) before Tax | **7,416.37** | (10,231.59) |
| Enacted tax rate in India | **34.944%** | 34.944% |
| Expected Income tax expense | **2,591.58** | (3,575.32) |
| **Tax Effect on adjustment to reconcile expected income tax expense to reported income tax expense :** | | |
| - Effect of concessions (Research and Development and other allowance) | **(35.35)** | (289.06) |
| - Effect of provisions / expenses not deductible in determining profits | **2,561.83** | 530.58 |
| - Effect of Gain / (Loss) on discontinuance | **(896.96)** | 2,544.42 |
| - Current year losses for which no deferred tax asset was recognised | **97.62** | 206.84 |
| - Others | **(408.45)** | 253.19 |
| **Tax Expense for the year** | **3,910.27** | (329.35) |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## NOTES ON TAXATION (Contd.,)

b. Income tax recognised in other comprehensive income

₹ Lakhs

| Particulars | 31-3-2021 | 31-3-2020 |
|---|---|---|
| **Deferred tax** | | |
| Remeasurement of defined benefit obligation - (Expense) / Income | **(7.61)** | (104.42) |
| **Total income tax recognised in OCI** | **(7.61)** | (104.42) |

c. Statement of Changes in Deferred tax assets / Liabilities (Refer to Note No. 2.9 and 2.24)
As on 31-3-2021

₹ Lakhs

| Particulars | As at 1-4-2020 | Recognised in Profit and Loss | Recognised in OCI | As at 31-3-2021 |
|---|---|---|---|---|
| **Deferred Tax Liability** | | | | |
| On Fixed Assets and others | 7,395.06 | 53.68 | — | 7,448.74 |
| Others | — | 7.16 | — | — |
| | 7,395.06 | 60.84 | — | 7,448.74 |
| **Deferred Tax Asset** | | | | |
| On Disallowance under the Income Tax Act | 952.04 | 858.76 | (7.61) | 1,803.19 |
| On Unused tax losses | 1,209.10 | (1,209.10) | — | — |
| On other temporary differences | 75.49 | (35.77) | — | 39.72 |
| | 2,236.63 | (386.11) | (7.61) | 1,842.91 |
| **Total** | 5,158.43 | 446.95 | 7.61 | 5,605.83 |

As on 31-3-2020

₹ Lakhs

| Particulars | As at 1-4-2019 | Recognised in Profit and Loss | Recognised in OCI | As at 31-3-2020 |
|---|---|---|---|---|
| **Deferred Tax Liability** | | | | |
| On Fixed Assets and others | 6,977.17 | 417.89 | — | 7,395.06 |
| Others | — | (1.97) | — | — |
| | 6,977.17 | 415.92 | — | 7,395.06 |
| **Deferred Tax Asset** | | | | |
| On Disallowance under the Income Tax Act | 1,351.78 | (295.32) | (104.42) | 952.04 |
| On Unused tax losses | 139.30 | 1,069.80 | — | 1,209.10 |
| On other temporary differences | 50.40 | 25.09 | — | 75.49 |
| | 1,541.48 | 799.57 | (104.42) | 2,236.63 |
| **Total** | 5,435.69 | (383.65) | 104.42 | 5,158.43 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

**NOTES ON TAXATION (Contd.)**

₹ Lakhs

| Particulars | As at 31-3-2021 | As at 31-3-2020 |
|---|---|---|
| **Tax Losses** | | |
| Tax Losses carried forward (including Capital Losses) | **49,738.45** | 9,954.43 |
| Tax Losses for which no deferred tax asset were recognised (including Capital Losses) | **49,738.45** | 6,971.94 |

Significant Management Judgements are involved in determining provision for tax, deferred tax and recoverability of deferred tax asset. The recoverability of Deferred Tax Asset is based on estimates of taxable income in future and the management is fairly confident that there will be sufficient future profits to utilise the deferred tax asset.

The figures for tax losses disclosed above are based on Income Tax returns filed / provisional computation of tax for the financial year 2020-21 and are subject to change based on Income Tax assessments and appeals. (Refer to Note No. 2.52)

### 2.54. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

₹ Lakhs

| Particulars | | 31-3-2021 | 31-3-2020 |
|---|---|---|---|
| Borrowings (long-term and short-term, including current maturities of long term borrowings) | | **24,795.57** | 43,143.35 |
| Less: Cash and cash equivalents | | **3,820.52** | 946.53 |
| Less: Other Bank Balances - Excluding Balances in Unpaid Dividend account (Balances with maturity more than 3 months) | | **3,590.23** | 3,199.84 |
| Less: Margin Money against Borrowings | | **172.71** | 172.71 |
| **Net Debt** | **(A)** | **17,212.11** | 38,824.27 |
| Equity Share Capital | | **1,218.81** | 947.97 |
| Other Equity | | **51,263.14** | 38,791.59 |
| **Total Equity** | **(B)** | **52,481.95** | 39,739.56 |
| **Net Debt to Equity Ratio** | **(A) / (B) X 100** | **32.80%** | 97.70% |

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## 2.55. LEASES

**DISCLOSURE AS REQUIRED UNDER IND AS 116 :**

**Movement of Lease Liability** ₹ Lakhs

| Particulars | As at 31-3-2021 | As at 31-3-2020 |
|---|---|---|
| Opening Balance | **2,533.48** | 1.09 |
| Additions during the year | **807.98** | 2,731.16 |
| Repayments during the year | **280.94** | 198.77 |
| **Closing Balance** | **3,060.52** | 2,533.48 |
| Current | **557.39** | 246.02 |
| Non-Current | **2,503.13** | 2,287.46 |

| | | |
|---|---|---|
| **Maturity Analysis** | | |
| Within one year | **557.39** | 246.02 |
| 1 - 5 years | **2,104.89** | 1,526.13 |
| Morethan five years | **398.24** | 761.33 |

**The broad range of effective Interest rate for the Lease Liabilities is 10% to 10.50%**

**The following are the amounts recognised in the Statement of Profit and Loss :** ₹ Lakhs

| Particulars | 2020-21 | 2019-20 Re-presented |
|---|---|---|
| Depreciation expense of Right of Use Assets | **442.95** | 414.80 |
| Interest Expense on Lease Liabilities | **259.72** | 278.34 |
| Expense relating to Short Term Lease Liabilities | **46.99** | 189.49 |
| Expense relating to Lease of Low Value Assets | **21.32** | 27.42 |
| Income from Right of Use | **4.90** | 2.49 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

### 2.56. INTEREST IN OTHER ENTITIES

The subsidiaries considered in the consolidated financial statements are set out below:

| S. No | Name of the entity | Country of Incorporation | Percentage of Ownership | | Nature of Relationship | Method of Con-solidation | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | As at 31-3-2021 | As at 31-3-2020 | | | |
| 1 | PT Pricol Surya Indonesia | Indonesia | **100%** | 100% | Subsidiary | Line by Line | Manufacture and sale of Automobile Accessories and Trading of Automobile Spares etc., |
| 2 | Pricol Asia Pte. Limited | Singapore | **100%** | 100% | Subsidiary | Line by Line | |
| 3 | Pricol Espana S.L. # | Spain | — | 100% | Sudsidiary (upto 21-Aug-2020) | Line by Line | |
| 4 | Pricol Wiping Systems India Limited | India | **100%** | 100% | Subsidiary | Line by Line | |
| 5 | Pricol do Brasil Componentes Automotivos LtdA # | Brazil | — | — | Subsidiary of Pricol Espana S.L. (upto 11-Feb-2020) | Line by Line | |
| 6 | Pricol Wiping Systems Mexico S.A. de C.V., # | Mexico | — | — | Subsidiary of Pricol Espana S.L. (upto 11-Feb-2020) | Line by Line | |
| 7 | PT Sripri Wiring Systems | Indonesia | **100%** | 100% | Subsidiary of PT Pricol Surya Indonesia | Line by Line | |
| 8 | Pricol Wiping Systems Czech s.r.o. # | Czech Republic | — | 100% | Sudsidiary of Pricol Espana S.L.(upto 21-Aug-2020) | Line by Line | |

# Refer Note No. 2.41.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

**2.57. ADDITIONAL INFORMATION PURSUANT TO SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTITIES CONSOLIDATED AS SUBSIDIARIES**

**For the Financial year 2020-21**

| S. No | Name of the entity | Net Assets | | Share in Profit / (Loss) | | Share in Other Comprehensive Income (OCI) | | Share in total comprehensive Income (TCI) | |
|---|---|---|---|---|---|---|---|---|---|
| | | As a % of consolidated Net Assets | Amount ₹ Lakhs | As a % of consolidated Profit / (Loss) | Amount ₹ Lakhs | As a % of consolidated OCI | Amount ₹ Lakhs | As a % of consolidated TCI | Amount ₹ Lakhs |
| | **Parent** | | | | | | | | |
| 1 | Pricol Limited | 99.75 | 52,351.78 | 35.19 | 1,460.21 | 22.15 | 13.17 | 35.00 | 1,473.38 |
| | **Subsidiaries - Indian** | | | | | | | | |
| 1 | Pricol Wiping Systems India Limited | 3.03 | 1,591.42 | (6.88) | (285.38) | (7.52) | (4.47) | (6.89) | (289.85) |
| | **Subsidiaries - Foreign** | | | | | | | | |
| 1 | PT Pricol Surya Indonesia | 3.61 | 1,896.87 | (12.96) | (537.92) | 3.24 | 1.92 | (12.73) | (536.00) |
| 2 | Pricol Asia Pte. Limited | 6.43 | 3,374.04 | 19.31 | 801.20 | — | — | 19.03 | 801.20 |
| 3 | Pricol Espana S.L. | — | — | (0.99) | (41.08) | — | — | (0.98) | (41.08) |
| | **Stepdown Subsidiaries - Foreign** | | | | | | | | |
| 1 | PT Sripri Wiring Systems | (1.39) | (736.07) | 1.73 | 72.07 | — | — | 1.73 | 72.07 |
| 2 | Pricol do Brasil Componentes Automotivos LtdA | — | — | — | — | — | — | — | — |
| 3 | Pricol Wiping Systems Mexico S.A. de C.V., | — | — | — | — | — | — | — | — |
| 4 | Pricol Wiping Systems Czech s.r.o. | — | — | (3.97) | (164.94) | — | — | (3.92) | (164.94) |
| | **Total before intercompany Elimination / Adjustments** | 111.43 | 58,478.04 | 31.43 | 1,304.16 | 17.87 | 10.62 | 31.24 | 1,314.78 |
| | **Intercompany Elimination / Adjustments** | (11.43) | (5,996.09) | 68.57 | 2,845.60 | 82.13 | 48.82 | 68.76 | 2,894.42 |
| | **TOTAL** | 100.00 | 52,481.95 | 100.00 | 4,149.76 | 100.00 | 59.44 | 100.00 | 4,209.20 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

**ADDITIONAL INFORMATION PURSUANT TO SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTITIES CONSOLIDATED AS SUBSIDIARIES (Contd.,)**

For the Financial year 2019-20

| S. No | Name of the entity | Net Assets | | Share in Profit / (Loss) | | Share in Other Comprehensive Income (OCI) | | Share in total comprehensive Income (TCI) | |
|---|---|---|---|---|---|---|---|---|---|
| | | As a % of consolidated Net Assets | Amount ₹ Lakhs | As a % of consolidated Profit / (Loss) | Amount ₹ Lakhs | As a % of consolidated OCI | Amount ₹ Lakhs | As a % of consolidated TCI | Amount ₹ Lakhs |
| | **Parent** | | | | | | | | |
| 1 | Pricol Limited | 108.02 | 42,926.35 | 215.56 | (21,287.97) | 38.58 | 191.97 | 224.96 | (21,096.00) |
| | **Subsidiaries - Indian** | | | | | | | | |
| 1 | Pricol Wiping Systems India Limited | 1.53 | 606.27 | 3.28 | (323.72) | 0.25 | 1.24 | 3.44 | (322.48) |
| | **Subsidiaries - Foreign** | | | | | | | | |
| 1 | PT Pricol Surya Indonesia | 5.64 | 2,243.20 | 2.58 | (254.40) | 5.03 | 25.04 | 2.45 | (229.36) |
| 2 | Pricol Espana S.L. | (14.92) | (5,927.18) | 343.34 | (33,906.28) | — | — | 361.56 | (33,906.28) |
| 3 | Pricol Asia Pte. Limited | 6.66 | 2,648.59 | (4.04) | 398.65 | — | — | (4.25) | 398.65 |
| | **Stepdown Subsidiaries - Foreign** | | | | | | | | |
| 1 | PT Sripri Wiring Systems | (1.85) | (740.38) | (0.18) | 17.82 | — | — | (0.21) | 17.82 |
| 2 | Pricol do Brasil Componentes Automotivos LtdA | — | — | 69.39 | (6,852.96) | — | — | 73.08 | (6,852.96) |
| 3 | Pricol Wiping Systems Mexico S.A. de C.V., | — | — | 10.94 | (1,079.97) | — | — | 11.52 | (1,079.97) |
| 4 | Pricol Wiping Systems Czech s.r.o. | 2.37 | 942.89 | 9.91 | (978.23) | — | — | 10.43 | (978.23) |
| | **Total before intercompany Elimination / Adjustments** | 107.45 | 42,699.74 | 650.78 | (64,267.06) | 43.86 | 218.25 | 682.98 | (64,048.81) |
| | **Intercompany Elimination / Adjustments** | (7.45) | (2,960.18) | (550.78) | 54,391.63 | 56.14 | 279.37 | (582.98) | 54,671.00 |
| | **TOTAL** | 100.00 | 39,739.56 | 100.00 | (9,875.43) | 100.00 | 497.62 | 100.00 | (9,377.81) |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

**2.58. MATERIAL UNCERTAINTY RELATING TO GOING CONCERN :**

The Component Auditors have, without qualifying / modifying their opinion, have drawn attention in their respective audit reports in relation to Going concern which is reproduced below:

**a. PRICOL WIPING SYSTEMS INDIA LIMITED**

The Company has incurred a net loss (including OCI) of ₹ 289.85 Lakhs during the year ended 31st March 2021. As on that date, the company's current liabilities exceeds its current assets by ₹ 125.56 Lakhs. The parent company has assured the company of continued financial support. Consequently, these financials have been prepared on the principles applicable to a going concern entity.

**b. PT SRIPRI WIRING SYSTEMS INDONESIA**

The financial statements show an equity deficiency amounting to IDR 1,45,756.86 Lakhs, the company's management has responded that the shareholder has committed to support and maintain the company, by setting strategic plans for its going concern and undertaken measures to overcome such condition. They believe that the company would continue its normal operation.

The Board at its meeting dated 26th May 2021 approved the draft scheme of amalgamation of the subsidiary company with Pricol Limited considering the synergies in operations.

In relation to other stepdown subsidiary, the holding company is evaluating various options and alternatives for revival of business.

**2.59.** The company's operation were adversely impacted by the outbreak of Covid-19 pandemic during the first half of the financial year 2020-21. The situation is continuously evolving, the impact assessed may be different from the estimates made as at the date of approval of these financial statements and management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the company and take necessary measures to address the situation.

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

**2.61.** The other matters are as stated in standalone financial statements.

**2.62.** All figures are in Lakhs unless otherwise stated.

**2.63. EVENTS OCCURINGS AFTER THE BALANCE SHEET DATE :**

No adjusting or significant non-adjusting events have occurred between 31st March 2021 and the date of authorisation of these consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## 2.64 RELATED PARTY DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 24

**i) Related parties and nature of relationship with whom transaction have taken place :**

(a) Key management personnel :
Mrs.Vanitha Mohan - (Chairman - Executive Director)
Mr.Vikram Mohan - (Managing Director - Executive Director)
Mr.R. Vidhya Shankar - (Independent Director)
Mr.Suresh Jagannathan - (Independent Director) upto 10th February 2021
Mrs. Sriya Chari - (Independent Director)
Mr. K. Ilango - (Independent Director)
Mr. P. Shanmugasundaram - (Independent Director)
Dr. S.K. Sundararaman - (Independent Director)
Mr. Navin Paul - (Independent Director) from 22nd October 2020
Mr. V. Balaji Chinnappan - (Chief Operating Officer)

**(b) Entities in which the Key Managerial Personnel of the company and their relatives are able to exercise control / significant influence :**

(i) Partnership firms : Bhavani Global Enterprises, Libra Industries

(ii) Private Limited Companies : Pricol Gourmet Private Limited, Pricol Travel Private Limited,
Pricol Logistics Private Limited,
Pricol Automotive Industries Private Limited,
Infusion Hospitality Private Limited,
Shrimay Enterprises Private Limited,
Sagittarius Investments Private Limited
VM International Pte. Limited.

(iii) Public Limited Companies : Pricol Holdings Limited, PPL Enterprises Limited,
Pricol Properties Limited, Pricol Engineering Industries Limited,
Pricol Corporate Services Limited,
Target Manpower Services Limited,
Pricol Retreats Limited, Prinfra Limited

(iv) Trusts : N D Foundation, Siruthuli

**(c) Relatives of Key Management Personnel** : Mr. Vijay Mohan, Mr. Viren Mohan,
Mrs. Lakshmi Mohan, Ms. Madhura Mohan,
Ms. Manasa Mohan

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

## RELATED PARTY DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 24 (Contd.,)

ii) **Related party transactions:**

₹ Lakhs

| Nature of Transaction | Key Management Personnel and their Relatives | | Others | |
|---|---|---|---|---|
| | **2020-21** | 2019-20 | **2020-21** | 2019-20 |
| Purchase / Labour Charges | — | — | **2,001.26** | 2,009.03 |
| Purchase of Fixed Assets | — | — | **14.79** | 862.47 |
| Sale of Fixed Assets | — | — | **5.04** | 1.01 |
| Sales / Job Work Charges | — | — | **112.79** | 219.41 |
| Receiving of Services / Remuneration to Directors / Reimbursement of Expenses Paid | **422.71** | 373.11 | **4,596.63** | 6,887.13 |
| Rendering of Services / Reimbursement of Expenses Received | — | — | **277.37** | 353.31 |
| Donation / CSR Expenses | — | — | **15.00** | — |
| Right Shares allotted (including securities premium) | **2,006.56** | — | **964.11** | — |
| **Loans and Advances :** | | | | |
| Loans and advances given | — | — | **(10.08)** | — |
| Loans and advances repaid | — | — | **30.75** | — |

iii) **Amount outstanding as at the balance sheet date :**

₹ Lakhs

| Nature of Transaction | Key Management Personnel and their Relatives | | Others | |
|---|---|---|---|---|
| | **31-3-2021** | 31-3-2020 | **31-3-2021** | 31-3-2020 |
| Trade Receivables and Other Receivables | — | — | **113.01** | 294.74 |
| Trade Payables and Other Payables | **175.43** | 64.11 | **1,120.11** | 1,206.09 |

iv) During the previous year, 248 employees have been transferred from Pricol Corporate Services Limited to Pricol Limited, where in the entitlements like salary, other benefits and terms and conditions of the employment of the transferred remains the same.

v) During the previous year, the company has taken a loan from Cholamandalam Investment and Finance Company Limited, for which the following securities were given by related parties and relatives of KMP.

a. Specific immovable properties of certain promoters and promoter's companies.

b. Personal Guarantee of Chairman, Managing Director and his Relative.

c. Corporate Guarantee from Pricol Holdings Limited and Pricol Retreats Limited.

As per our report of even date attached
For VKS Aiyer & Co.
Chartered Accountants
ICAI Firm Regn. No. : 000066S
**Kaushik Sidartha**
Partner
Membership No. : 217964
Coimbatore
26th May 2021

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

### ANNEXURE – Form AOC - I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Part - "A" - Subsidiaries**

Information in respect of each subsidiary

₹ Lakhs

| Particulars | PT Pricol Surya Indonesia | PT Sripri Wiring Systems Indonesia (Subsidiary of PT Pricol Surya Indonesia) | Pricol Asia Pte Limited, Singapore | *Pricol Espana S.L. Spain | *Pricol Wiping Systems Czech s.r.o, Czech Republic (Subsidiary of Pricol Espana) | Pricol Wiping Systems India Limited |
|---|---|---|---|---|---|---|
| Reporting Period | Apr - Mar | Apr - Mar | Apr - Mar | Apr - Mar | Apr - Mar | Apr - Mar |
| Reporting Currency | Indonesian Rupiah (IDR) | Indonesian Rupiah (IDR) | US Dollar (USD) | Euro | Czech Koruna (CZK) | Indian Rupee (INR) |
| Exchange Rate for 1 reporting currency as on 31st March 2021 (INR) | 0.00505 | 0.00505 | 73.50470 | 87.165 | 3.344 | N.A. |
| Share Capital | 4,513.12 | 356.44 | 183.76 | — | — | 2,125.00 |
| Reserves and Surplus | (2,616.25) | (1,092.51) | 3,196.42 | — | — | (533.58) |
| Total Assets | 4,551.40 | 185.04 | 10,348.91 | — | — | 2,717.26 |
| Total Liabilities | 4,551.40 | 185.04 | 10,348.91 | — | — | 2,717.26 |
| Investments | 5.59 | — | — | — | — | — |
| Turnover | 1,382.90 | 113.55 | 36,671.53 | — | 9,344.84 | 1,759.75 |
| Profit / (Loss) before Tax | (626.91) | 71.71 | 968.99 | (41.08) | (165.03) | (289.85) |
| Provision for Taxation | (90.89) | (0.36) | 167.07 | — | — | — |
| Profit / (Loss) after Tax | (536.02) | 72.07 | 801.92 | (41.08) | (165.03) | (289.85) |
| Proposed Dividend | — | — | — | — | — | — |
| % of Shareholding | 100% | 100% | 100% | 100% | 100% | 100% |

* The said subsidiaries were sold on 21st August 2020. Refer to Note No. 2.41.

**Part - "B" - Associates and Joint Ventures**

**Not Applicable**

For and on behalf of the Board

**Vanitha Mohan**
Chairman
(DIN : 00002168)

**Vikram Mohan**
Managing Director
(DIN : 00089968)

**P. Krishnamoorthy**
Chief Financial Officer
(ACA No. : 28799)

**T. G. Thamizhanban**
Company Secretary
(FCS No. : 7897)

Coimbatore
26th May 2021

PASSIONATE

SUSTAINABLE

DYNAMIC

EVOLVING

pricol

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