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Confirmation of Your Representation: You have accessed the attached Documents on the basis that you have confirmed your representation, agreement and acknowledgement to the Lead Manager that (1) you are not resident in the United States, as defined in Regulation S under the U.S. Securities Act and, to the extent you purchase the securities described in the attached Documents, you will be doing so pursuant to Regulation S under the U.S. Securities Act; and (2) you consent to delivery of the attached Documents and any amendments or supplements thereto by electronic transmission.

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PRICOL LIMITED

Our Company was incorporated as 'Pricol Pune Limited', a public limited company, on May 18, 2011, under the Companies Act, 1956 and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Pune ("**RoC Maharashtra**"). Our Company was granted a certificate of commencement of business by the RoC Maharashtra on July 8, 2011. Thereafter, pursuant to the conversion of our Company to a private limited company, in terms of Section 31(1) of the Companies Act, 1956, with effect from April 30, 2012, the name of our Company was changed to 'Pricol Pune Private Limited'. Subsequently, the name of our Company was changed to 'Johnson Controls Pricol Private Limited' and a fresh certificate of incorporation was issued by the RoC Maharashtra dated July 11, 2012. The name of our Company was subsequently changed to 'Pricol Pune Private Limited' and a fresh certificate of incorporation was granted by the RoC Maharashtra dated May 29, 2015. Thereafter, pursuant to the conversion of our Company to a public limited company, in terms of Section 18 of the Companies Act, 2013, the name of our Company was changed to 'Pricol Pune Limited' and a fresh certificate of incorporation was granted by the Registrar of Companies, Tamil Nadu at Coimbatore ("**RoC**") dated January 22, 2016. Pursuant to the Scheme (as defined hereinafter), the name of our Company was changed to 'Pricol Limited' and a fresh certificate of incorporation was issued to our Company by the RoC dated November 18, 2016. For further details in relation to the change in name and registered office of our Company, see "*General Information*" on page 48.

Corporate Identity Number: L34200TZ2011PLC022194
Registered and Corporate Office: 109, Race Course, Coimbatore, Tamil Nadu – 641 018, India
Contact Person: T.G. Thamizhanban, Company Secretary and Compliance Officer
Telephone: +91 (422) 4336000
E-mail: cs@pricol.co.in / investor@pricol.co.in; **Website:** www.pricol.com

OUR PROMOTERS: VIJAY MOHAN, VANITHA MOHAN, VIKRAM MOHAN, AND VIJAY MOHAN (BHUF)

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF PRICOL LIMITED (OUR "COMPANY")

ISSUE OF UP TO 2,70,84,777 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹ 30 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 29 PER RIGHTS EQUITY SHARE) OF OUR COMPANY FOR AN AMOUNT AGGREGATING UP TO ₹ 8,125.43 LAKHS,* ON A RIGHTS BASIS TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY 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 WEDNESDAY, NOVEMBER 25, 2020 (THE "ISSUE"). FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" ON PAGE 246.
**Assuming full subscription.*

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors shall rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to "*Risk Factors*" on page 17.

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, and that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Company has received in-principle approval from NSE and BSE for listing of the Equity Shares proposed to be issued pursuant to the Issue pursuant to their letters dated November 12, 2020 and November 13, 2020, respectively. For the purposes of the Issue, BSE is the Designated Stock Exchange. For details of the material contracts and documents available for inspection from the date of this Letter of Offer up to the Issue Closing Date, see "*Material Contracts and Documents for Inspection*" on page 293. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
Centrum Capital Limited Centrum House CST Road, Vidyanagari Marg Kalina, Santacruz (East) Mumbai – 400 098, Maharashtra, India **Telephone:** +91 (22) 4215 9000 **Email:** pricol.rights@centrum.co.in **Investor grievance email:** igmbd@centrum.co.in **Contact person:** Gunjan Chauhan / Sugandha Kaushik **Website:** www.centrum.co.in **SEBI registration number:** INM000010445	**Integrated Registry Management Services Private Limited** II Floor, Kences Towers No.1 Ramakrishna Street, North Usman Road T Nagar, Chennai Tamil Nadu – 600 017, India **Telephone:** +91 (44) 2814 0801 / 802 / 803 **E-mail id:** pricol@integratedindia.in **Investor grievance email:** srirams@integratedindia.in **Contact person:** Sriram S **Website:** www.integratedindia.in **SEBI registration number:** INR000000544

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATIONS*	ISSUE CLOSES ON#
THURSDAY, DECEMBER 3, 2020	FRIDAY, DECEMBER 11, 2020	THURSDAY, DECEMBER 17, 2020

** Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*
 # Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses the definitions and abbreviations, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "Statement of Special Tax Benefits", "Financial Information", "Outstanding Litigation and Defaults", and "Restrictions on Purchases and Resales" on pages 61, 104, 233 *and* 283, *respectively, shall have the meaning given to such terms in such sections.*

General terms

Term	Description
"Our Company", "the Company" or "the Issuer"	Pricol Limited, having its registered office at 109, Race Course, Coimbatore, Tamil Nadu – 641 018, India
"We", "us", "our" or "Group"	Unless the context otherwise indicates or implies or unless otherwise specified, our Company together with our Subsidiaries, on a consolidated basis.

Company related terms

Term	Description
"Articles of Association", "Articles" or "AoA"	The articles of association of our Company, as amended.
"Audited Consolidated Financial Statements"	The audited consolidated financial statements of our Company together with our Subsidiaries as at and for the year ended March 31, 2020 which comprises of the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.
"Board of Directors" or "Board"	Board of directors of our Company or a duly constituted committee thereof. For details of the Board of Directors, see "*Our Management*" on page 98.
"Director(s)"	Any or all the directors on our Board, as may be appointed from time to time. For details of the Directors, see "*Our Management*" on page 98.
"Equity Shareholder"	A holder of Equity Shares, from time to time.
"Equity Shares"	The equity shares of our Company of face value of ₹ 1 each.
"Executive Directors"	Executive director(s) of our Company, unless otherwise specified. For details of the Executive Directors, see "*Our Management*" on page 98.
"Independent Director"	A non-executive and independent director of our Company as per the Companies Act, 2013 and the SEBI Listing Regulations. For details of the Independent Directors, see "*Our Management*" on page 98.
"Material Subsidiary"	Pricol Asia Pte. Limited, the 'material subsidiary' of our Company in terms of Regulation 24 of the SEBI Listing Regulations
"Memorandum of Association"	The memorandum of association of our Company, as amended.
"Non-Executive Director"	A Director, not being an Executive Director of our Company.
"Plant I"	The manufacturing facility of our Company situated in Coimbatore, Tamil Nadu
"Plant II"	The manufacturing facility of our Company situated in Manesar, Haryana
"Plant III"	The manufacturing facility of our Company situated in Coimbatore, Tamil Nadu
"Plant V"	The manufacturing facility of our Company situated in Pune, Maharashtra
"Plant VII"	The manufacturing facility of our Company situated in Pantnagar, Uttarakhand
"Plant IX"	The manufacturing facility of our Company situated in Manesar, Haryana
"Plant X"	The manufacturing facility of our Company situated in Sri City, Andhra Pradesh
"Promoter Group"	The promoter group of our Company, in terms of the SEBI ICDR Regulations, and as applicable to our Company.
"Promoters"	Vijay Mohan, Vanitha Mohan, Vikram Mohan, and Vijay Mohan (BHUF)

Term	Description
"Registered Office" or "Registered and Corporate Office"	Registered office of our Company situated at 109, Race Course, Coimbatore, Tamil Nadu – 641 018, India.
"Rights Issue Committee"	The committee of our Board constituted through the resolution dated September 4, 2020, for purposes of this Issue and incidental matters thereof, consisting Vikram Mohan, Ramani Vidhya Shankar and Kasthuri Rangaian Ilango.
"RoC Maharashtra"	Registrar of Companies, Maharashtra at Pune
"Registrar of Companies" or "RoC"	Registrar of Companies, Tamil Nadu at Coimbatore
"Scheme"	Scheme of amalgamation between the erstwhile Pricol Limited and our Company and their respective shareholders.
"Statutory Auditors"	The statutory auditors of our Company, namely, VKS Aiyer & Co., Chartered Accountants.
"Subsidiaries"	The subsidiaries of our Company, being, Pricol Asia Pte. Limited, PT Pricol Surya Indonesia, PT Sripri Wiring Systems, Indonesia and Pricol Wiping Systems India Limited.
"Stakeholders' Relationship Committee"	The stakeholders' relationship committee of our Board constituted in accordance with the Companies Act and the SEBI Listing Regulations.
"Unaudited Consolidated Financial Results"	The unaudited consolidated financial results of our Company together with our Subsidiaries as at and for the six months ended September 30, 2020 which comprises of the consolidated balance sheet as at September 30, 2020, the consolidated statement of profit and loss, including other comprehensive income and the consolidated cash flow statement.

Issue Related Terms

Term	Description
"Abridged Letter of Offer" or "ALOF"	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013.
"Allot", "Allotment" or "Allotted"	Allotment of Rights Equity Shares pursuant to this Issue.
"Allotment Account"	The account opened with the Banker to this Issue, into which the Application Money lying credit to the Escrow Account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
"Allotment Account Bank"	Bank which is a clearing member and registered with SEBI as banker to an issue and with whom the Allotment Account will be opened, in this case being, ICICI Bank Limited.
"Allotment Date"	Date on which the Allotment shall be made pursuant to this Issue.
"Allottee(s)"	Person(s) who shall be Allotted Rights Equity Shares pursuant to the Allotment.
"Applicant(s)" or "Investor(s)"	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Rights Equity Shares pursuant to this Issue in terms of this Letter of Offer.
"Application"	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP, to subscribe to the Rights Equity Shares at the Issue Price.
"Application Form"	Unless the context otherwise requires, an application form (including plain paper application form or online application form available for submission of application at R-WAP facility or though the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
"Application Money"	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price for the Application
"Application Supported by Blocked Amount" or "ASBA"	Application used by an investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB.
"ASBA Account"	Account maintained with the SCSB and specified in the Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application.
"Basis of Allotment"	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in "*Terms of the Issue*" on page 246.
"Banker to the Issue Agreement"	Agreement dated November 20, 2020, entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for receipt of the Application Money in the Escrow Account from Applicants making an Application through

Term	Description
	R-WAP facility, including for the purposes of refunding the surplus funds remitted by such Applicants after Basis of Allotment, remitting funds to the Allotment Account from the Escrow Account and SCSBs in case of Allottees, release of funds from Allotment Account to our Company and other persons, as applicable and providing such other facilities and services as specified in the agreement.
"Banker to the Issue"	Collectively, the Escrow Collection Bank, the Allotment Account Bank and the Refund Account Bank to the Issue.
"Controlling Branches" or "Controlling Branches of the SCSBs"	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time.
"Designated Branches"	Such branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI or the Stock Exchange(s), from time to time.
"Designated Stock Exchange"	BSE Limited
"Eligible Equity Shareholders"	Equity Shareholders of our Company on the Record Date.
"Escrow Account"	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility.
"Escrow Collection Bank"	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, ICICI Bank Limited.
"Issue"	Issue of up to 2,70,84,777 Rights Equity Shares of face value of ₹ 1 each of our Company for cash at a price of ₹ 30 per Rights Equity Share (including a premium of ₹ 29 per Rights Equity Share) aggregating up to ₹ 8,125.43 lakhs* on a rights basis to the existing Eligible Equity Shareholders in the ratio of 2 Rights Equity Shares for every 7 fully paid-up Equity Shares held by the existing Eligible Equity Shareholders on the Record Date. ** Assuming full subscription.*
"Issue Agreement"	Issue agreement dated November 20, 2020, between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to this Issue.
"Issue Closing Date"	Thursday, December 17, 2020.
"Issue Material"	This Letter of Offer / the Abridged Letter of Offer, the Application Form, and other applicable Issue material
"Issue Opening Date"	Thursday, December 3, 2020.
"Issue Period"	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, in accordance with the SEBI ICDR Regulations.
"Issue Price"	₹ 30 per Rights Equity Share.
"Issue Proceeds" / "Gross Proceeds"	Gross proceeds of this Issue.
"Issue Size"	Amount aggregating up to ₹ 8,125.43 lakhs* ** Assuming full subscription.*
"Lead Manager"	Centrum Capital Limited
"Letter of Offer"	This letter of offer dated November 20, 2020 filed with the Designated Stock Exchange, SEBI and NSE for purposes of record keeping.
"Materiality Policy"	'Policy for Determination and Disclosure of Material Events' adopted by our Board in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, read with the materiality policy adopted by the Rights Issue Committee through its resolution dated November 9, 2020 for the purpose of litigation disclosures in this Letter of Offer.
"MCA Circular"	General circular no. 21/2020 dated May 11, 2020 read with general circular no. 27 / 2020 dated August 3, 2020 issued by the MCA
"Net Proceeds"	Issue Proceeds less Issue related expenses. For details, see "*Objects of the Issue*" on page 55.
"On Market Renunciation"	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before Friday, December 11, 2020.
"Off Market Renunciation"	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.

Term	Description
"Record Date"	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being Wednesday, November 25, 2020.
"Refund Account Bank"	The Banker to the Issue with whom the refund account will be opened, in this case being ICICI Bank Limited.
"Registrar to the Issue" or "Registrar"	Integrated Registry Management Services Private Limited.
"Registrar Agreement"	Agreement dated November 20, 2020, entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility.
"Renouncee(s)"	Any person(s) who, not being the original recipient has/have acquired the Rights Entitlement, in accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars.
"Renunciation Period"	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on Friday, December 11, 2020, in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
"Rights Entitlements" / "REs"	The right to apply for the Rights Equity Shares, being offered by way of this Issue, by an Investor, in accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, in this case being 2 Rights Equity Shares for every 7 fully paid up Equity Shares held by an Eligible Equity Shareholder, on the Record Date, excluding any fractional entitlements.
"Rights Entitlement Letter"	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and on the website of our Company.
"Rights Equity Shareholders"	A holder of the Rights Equity Shares, from time to time.
"Rights Equity Shares"	Equity shares of our Company to be Allotted pursuant to this Issue on Allotment.
"R-WAP"	Registrar's web based application platform accessible at https://rights.integratedindia.in, instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 (read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020), for accessing/ submitting online Application Forms by resident Investors.
"SCSB(s)"	Self-certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available at website of SEBI and/or such other website(s) as may be prescribed by SEBI from time to time.
"Stock Exchanges"	Stock exchanges where our Equity Shares are presently listed, being BSE and NSE.
"Transfer Date"	The date on which Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
"Wilful Defaulter"	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes any company whose director or promoter is categorised as such.
"Working Day(s)"	In terms of Regulation 2(1)(mmm) of the SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Conventional terms or abbreviations

Term /Abbreviation	Description / Full Form
"₹", "Rs.","Rupees" or "INR"	Indian Rupee.
"AIF(s)"	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
"ASBA Circulars"	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
"BSE"	BSE Limited.

Term /Abbreviation	Description / Full Form
"CAGR"	Compounded annual growth rate.
"CDSL"	Central Depository Services (India) Limited.
"Central Government", "Government of India" or "GoI"	Central Government of India.
"CIN"	Corporate identity number.
"Companies Act, 1956"	Erstwhile Companies Act, 1956 along with the rules made thereunder.
"Companies Act, 2013"or "Companies Act"	Companies Act, 2013 along with the rules made thereunder.
"Depositories Act"	Depositories Act, 1996.
"Depository"	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
"DIN"	Director identification number.
"DIPP"	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
"DP" or "Depository Participant"	Depository participant as defined under the Depositories Act.
"DP ID"	Depository participant identification.
"DPIT"	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, earlier known as Department of Industrial Policy and Promotion.
"DSIR"	Department of Scientific and Industrial Research. Government of India
"EPS"	Earnings per share.
"FCNR Account"	Foreign Currency Non-Resident Account.
"FDI"	Foreign direct investment.
"FDI Policy"	The consolidated foreign direct investment policy notified by the DIPP (now DPIT) vide circular no. D/o IPP F. No. 5(1)/2017- FC-1 dated August 28, 2017 effective from August 28, 2017.
"FEMA"	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
"FEMA Rules"	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
"Financial Year" or "FY" or "Fiscal"	Period of 12 months ended March 31 of that particular year.
"FPI"	Foreign Portfolio Investor as defined under the SEBI FPI Regulations, registered with SEBI under applicable laws in India.
"Fugitive Economic Offender"	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
"FVCIs"	Foreign venture capital investors as defined in and registered with the SEBI, under the SEBI FVCI Regulations.
"GAAP"	Generally accepted accounting principles
"GDP"	Gross domestic product.
"Government"	Central Government and/or the State Government, as applicable.
"IEPF"	Investor Education and Protection Fund
"IFRS"	International Financial Reporting Standards.
"India"	Republic of India.
"Indian GAAP"	Generally Accepted Accounting Principles followed in India.
"Ind AS"	Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
"ISIN"	International securities identification number.
"Income-tax Act"	Income-tax Act, 1961.
"Listing Agreement"	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015.
"MAT"	Minimum alternate tax.
"MCA"	The Ministry of Corporate Affairs, Government of India.
"Mutual Fund"	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
"NACH"	National Automated Clearing House.
"Net Asset Value per Equity Share"	Net Worth for the year or period / Number of Equity shares subscribed and fully paid outstanding as at the end of the year or period.
"Net Worth"	The aggregate value of the paid up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited/unaudited balance sheet, as the case may be, but does not include reserves created out of revaluation of assets, write back of

Term /Abbreviation	Description / Full Form
	depreciation and amalgamation and capital reserve
"NEFT"	National Electronic Fund Transfer.
"NR" or "NRs"	Non-resident(s) or person(s) resident outside India, as defined under the FEMA.
"NRE Account"	Non-resident external account.
"NRI"	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016.
"NRO Account"	Non-resident ordinary account.
"NSDL"	National Securities Depository Limited.
"NSE"	National Stock Exchange of India Limited.
"OCB" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA.
"p.a."	*Per annum*.
"PAN"	Permanent Account Number.
"Qualified Institutional Buyers"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
"RBI"	Reserve Bank of India.
"Foreign Portfolio Investors" or "FPIs"	Foreign portfolio investors as defined under the SEBI FPI Regulations.
"Regulation S"	Regulation S under the US Securities Act.
"RTGS"	Real Time Gross Settlement.
"SCRA"	Securities Contracts (Regulation) Act, 1956.
"SCRR"	Securities Contracts (Regulation) Rules, 1957.
"SEBI"	Securities and Exchange Board of India.
"SEBI AIF Regulations"	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
"SEBI FPI Regulations"	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
"SEBI FVCI Regulations"	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
"SEBI ICDR Regulations"	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
"SEBI Listing Regulations"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
"SEBI Rights Issue Circulars"	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 (read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020).
"SEBI Takeover Regulations"	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
"SEBI VCF Regulations"	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996.
"SMS"	Short Message Service.
"State Government"	Government of a state of India.
"Total Borrowings"	Aggregate of current borrowings, non-current borrowings and current maturities of non-current borrowings
"U.S.","USA" or "United States"	United States of America, including the territories or possessions thereof.
"US$", "USD", "$" or "U.S. dollars"	United States Dollar.
"US Securities Act"	U.S. Securities Act of 1933, as amended.
"US SEC"	US Securities and Exchange Commission.
"VCFs"	Venture capital funds as defined in and registered with the SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be.

Industry Related Terms

Term	Description
"ADC 12"	Aluminium alloy 383
"ABS"	Acrylonitrile butadiene styrene
"AES"	Acrylonitrile ethylene styrene
"BS VI"	Bharat Stage VI
"CMIE"	Centre for Monitoring Indian Economy

Term	Description
“CV’	Commercial vehicle
“IMF”	International Monetary Fund
“OEM”	Original equipment manufacturer
“PMMA”	Polymethyl metha acrypet
“PBT”	Polybutylene terephthalate
“PV”	Passenger vehicle
“TFPP”	Talc filled poly propylene

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material and the issue of Rights Entitlements and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. For details, see "*Restrictions on Purchases and Resales*" on page 283.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer / the Abridged Letter of Offer, the Application Form, and other applicable Issue material ("**Issue Material**") to e-mail addresses of Eligible Equity Shareholders who have provided an Indian address to our Company in accordance with SEBI circulars bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Issue Material shall not be sent the Issue Material. Further, this Letter of Offer will be provided, through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, and on R-WAP.

Our Company shall also endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company. However, our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of the Issue Material.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with SEBI and the Stock Exchanges. Accordingly, this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form or any offering materials or advertisements in connection with the Issue may not be distributed in any jurisdiction outside India and the Rights Equity Shares may not be offered or sold, directly or indirectly, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter in or into any jurisdiction where to do so would or might contravene local securities laws or regulations or would subject our Company, Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Application Form or Rights Entitlement Letter is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter.

Neither our Company nor the Lead Manager is making any representation to any person regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such person under any investment or any other laws or regulations. No information in this Letter of Offer should be considered to be business, financial, legal, tax or investment advice.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company, the Lead Manager or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to have informed themselves about the restrictions and observe the restrictions set forth in "*Other Regulatory and Statutory Disclosures – Selling Restrictions*" and "*Restrictions on Purchases and Resales*" on pages 242 and 283, respectively.

Neither the delivery of this Letter of Offer nor any sale/ offer of Rights Equity Shares and/ or the Rights Entitlements hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager nor any of their respective affiliates is making any representation to any offeree or purchaser of the Rights Equity Shares or the Rights Entitlements regarding the legality of an investment in the Rights Equity Shares or the Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "**UNITED STATES**" OR "**U.S.**"), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE US SECURITIES ACT ("**REGULATION S**") TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES AND/ OR RIGHTS ENTITLEMENTS ARE PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME. THE RIGHTS EQUITY SHARES AND/ OR RIGHTS ENTITLEMENTS ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED IN THE SECTION ENTITLED "*RESTRICTIONS ON PURCHASES AND RESALES*" ON PAGE 283.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation or purchase of the Equity Shares and/ or Rights Entitlements from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer, the Application Form and other applicable Issue Material only to Eligible Equity Shareholders who have provided an Indian address to our Company.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares and/ or Rights Entitlements are not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Rights Equity Shares and/ or Rights Entitlements under applicable securities laws, and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares and/or Rights Entitlements in respect of any such Application Form.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not, and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company and the Lead Manager are not making, and will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**US SEC**")**,** any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

NOTICE TO THE INVESTOR

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions; (ii) 'India' are to the Republic of India and its territories and possessions; and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

Unless otherwise stated, references to "we", "us", or "our" and similar terms are to Pricol Limited on a consolidated basis and references to "the Company" and "our Company" are to Pricol Limited on a standalone basis.

Financial data

Unless stated otherwise or unless the context requires otherwise, the financial data in this Letter of Offer is derived from the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results. Our Fiscal commences on April 1 and ends on March 31 of the following calendar year. For details, see "*Financial Statements*" on page 104.

Our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results have been prepared in accordance with Ind AS, notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). Our Company publishes its financial statements and financial results in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

The Audited Consolidated Financial Statements take into account the losses of the erstwhile subsidiaries of our Company, being Pricol do Brasil Componentes Automotivos Ltd A, Brazil and Pricol Wiping Systems Mexico S.A. de CV, Mexico which were disposed of with effect from February 11, 2020. Accordingly, the Unaudited Consolidated Financial Results do not take into account the profit / losses of these erstwhile subsidiaries. In addition, the Unaudited Consolidated Financial Results take into account the profit from the disposal of Pricol Espana Sociedad Limiteda, Spain, and its step-down subsidiary Pricol Wiping Systems Czech s.r.o., Czech Republic, which were disposed of by our Company with effect from August 21, 2020. In light of this, the financial information in the Audited Consolidated Financial Statements is not strictly comparable to the financial information in the Unaudited Consolidated Financial Results.

Our Fiscal commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular "Fiscal Year", "Fiscal", "Financial Year" or "FY" are to the 12 months period ended on March 31 of that year.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in lakhs.

Market and industry data

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Letter of Offer consists of estimates based on data reports compiled by governmental bodies, professional organisations and analysts and on data from other external sources, and on our knowledge of markets in which we compete. Statistical information, industry market data, information regarding our position in the market, growth rates, and other industry data pertaining to our business used throughout this Letter of Offer have been obtained from the report titled "Report On Indian Auto-Component Industry" dated November 2, 2020 (the "**CARE Report**"), which is a report prepared by CARE Advisory Research and Training Limited.

We have not commissioned any report for the purposes of this Letter of Offer other than the CARE Report. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Letter of Offer is reliable, it has not been independently verified by us or the Lead Manager or any of their respective affiliates or advisors.

CARE Advisory Research and Training Limited, while preparing the CARE Report, has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in the CARE Report is guaranteed. The opinions expressed are not a recommendation to buy, sell or hold an instrument.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither we nor the Lead Manager have (i) independently verified this data; and / or (ii) make any representation regarding the accuracy or completeness of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have neither been verified by any independent source and nor can we assure potential investors as to their accuracy. In certain cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Similarly, internal estimates and surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither we nor the Lead Manager make any representation as to the accuracy and completeness of information based on trade, industry and government publications and websites, data reports compiled by government bodies, professional organisations and analysts, or from other external sources. **The extent to which the market and industry data used in this Letter of Offer is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors – Industry information included in this Letter of Offer has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third- party statistical, financial and other industry information is complete, reliable or accurate.*" on page 37. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, investment decisions should not be based on such information.**

Industry information included in this Letter of Offer from the CARE Report is subject to the following disclaimer from CARE Advisory Research and Training Limited:

"This report is prepared by CARE Advisory Research and Training Limited (CART). CART has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CART operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to the company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument.

CART is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE (including all divisions) has no financial liability whatsoever to the user of this product. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of CART."

Non-GAAP measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Net Worth, return on Net Worth, Net Asset Value per Equity Share, and earnings before interest, tax, depreciation and amortization have been included in this Letter of Offer. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

Currency of presentation

Unless otherwise specified or the context otherwise requires, all references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India;
- 'US$', 'USD', '$' and 'U.S. Dollars' are to the legal currency of the United States of America; and
- 'Euro' are to the legal currency of Spain.

This Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the dates indicated, information with respect to the exchange rate between the Rupee and the respective foreign currencies:

S. No.	Name of the Currency	Exchange rates as on	
		March 31, 2020 (in ₹)	March 31, 2019 (in ₹)*
1.	1 United States Dollar	75.3859	69.1713
2.	1 Euro	83.0496	77.7024

Source: www.fbil.org.in for March 31, 2020 and March 31, 2019.
**Note: In the event that any of the abovementioned dates of any of the respective financial years is a public holiday, the previous calendar day not being a public holiday has been considered.*

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology including 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'future', 'forecast', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'target', 'will', 'would' or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements may include planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Letter of Offer that are not historical facts.

These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to differ materially from any of the forward-looking statements include, among others:

- COVID-19 pandemic and resulting deterioration of general economic conditions;
- inability to upgrade manufacturing processes and technological capability with evolving trends in the automotive component industry and inability to meet our customers' preferences;
- product liability and other civil claims and costs incurred as a result of product recalls;
- dependence upon sales of our products to a limited number of customers, and the loss of or reduction in sales to any of our major customers;
- inability to compete effectively in the competitive automotive components industry;
- fluctuations in prices of raw materials and other input materials; and
- failure of third parties engaged for the supply of raw materials and delivery of products to meet their obligations.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section "*Risk Factors*" on page 17.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer and neither our Company nor the Lead Manager undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including the sections, "*Objects of the Issue*", *"Outstanding Litigation and Defaults"*, "*Risk Factors*" and "*Business*" on pages 55, 233, 17 and 79 respectively.

Summary of primary business

We are one of the leading manufacturers of automotive components in India, catering primarily to automotive OEMs, both domestically and overseas. We manufacture a wide range of technology-intensive electronic and mechanical automotive products. These have applications across vehicle segments, including for two-wheelers, three-wheelers, four-wheeler passenger vehicles, light commercial vehicles, heavy commercial vehicles, and tractors. We also cater to the construction equipment segment in the global market.

Objects of the Issue

The Net Proceeds are proposed to be utilised by our Company in accordance with the details set forth below:

(in ₹ lakhs)

Particulars	Amount
To meet the working capital requirements of our Company*	6,500.00
General corporate purposes**	1,427.59
Total Net Proceeds* **	**7,927.59**

**Pursuant to the certificate dated November 20, 2020, issued by VKS Aiyer & Co., Chartered Accountants.*
***Subject to the finalization of the Basis of Allotment and the Allotment of the Rights Equity Shares. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*
****Assuming full subscription and Allotment of the Rights Equity Shares.*

For details, see "*Objects of the Issue*" on page 55.

Subscription to the Issue by our Promoters and Promoter Group

Our Promoters and Promoter Group, by way of their letters dated November 20, 2020, have confirmed to subscribe, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by our Promoters and members of our Promoter Group, over and above their Rights Entitlements, as applicable, shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Summary of outstanding litigation and material developments

A summary of the outstanding legal proceedings involving our Company and our Subsidiaries as on date, included in this Letter of Offer, is set out below:

(in ₹ lakhs, unless otherwise specified)

S. No.	Type of Proceedings	Number of cases	Amount to the extent quantifiable
I.	**Litigation involving our Company**		
A.	Proceedings involving moral turpitude or criminal liability on our Company	1	-
B.	Proceedings involving material violations of statutory regulations by our Company	Nil	-
C.	Matters involving economic offences where proceedings have been initiated against our Company	Nil	-

S. No.	Type of Proceedings	Number of cases	Amount to the extent quantifiable
D.	Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	4	5,119.48
	Total	**5**	**5,119.48**
II.	**Litigation involving our Subsidiaries**		
A.	Proceedings involving moral turpitude or criminal liability on our Subsidiaries	Nil	-
B.	Proceedings involving material violations of statutory regulations by our Subsidiaries	Nil	-
C.	Matters involving economic offences where proceedings have been initiated against our Subsidiaries	Nil	-
D.	Other proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	-
	Total	Nil	-

For details, see "*Outstanding Litigation and Defaults*" on page 233.

Risk factors

Specific attention of the Investors is invited to the section "*Risk Factors*" on page 17. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

Contingent liabilities of our Company

For details of the contingent liabilities during Fiscal 2020, see "*Financial Statements*" on page 104.

Related party transactions

For details regarding of the related party transactions during Fiscal 2020, see "*Financial Statements*" on page 104.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Letter of Offer.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section should be read together with the Financial Statements and other financial information included elsewhere in this Letter of Offer.

The risks and uncertainties described below are not the only risks that we currently face, or which are relevant to our Equity Shares or the industry or the regions in which we operate. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also adversely affect our business, prospects, financial condition and results of operations and cash flow. If any or some combination of the following risks, or other risks that are not currently known or believed to be material, actually occur, our business, financial condition and results of operations and cash flow could suffer, the trading price of, and the value of your investment in, Equity Shares could decline and you may lose all or part of your investment. In making an investment decision you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences to you of an investment in the Issue.

Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Further, some events may be material collectively rather than individually.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Letter of Offer.

The Audited Consolidated Financial Statements take into account the losses of the erstwhile subsidiaries of our Company, being Pricol do Brasil Componentes Automotivos LtdA, Brazil and Pricol Wiping Systems Mexico S.A. de CV, Mexico which were disposed of with effect from February 11, 2020. Accordingly, the Unaudited Consolidated Financial Results do not take into account the profit / losses of these erstwhile subsidiaries. In addition, the Unaudited Consolidated Financial Results take into account the profit from the disposal of Pricol Espana Sociedad Limiteda, Spain, and its step-down subsidiary Pricol Wiping Systems Czech s.r.o., Czech Republic, which were disposed of by our Company with effect from August 21, 2020. In light of this, the financial information in the Audited Consolidated Financial Statements is not strictly comparable to the financial information in the Unaudited Consolidated Financial Results.

Unless otherwise stated or unless the context suggests otherwise, references to "we", "us", "our" and similar terms are to Pricol Limited on a consolidated basis and references to "our Company" are to Pricol Limited on a standalone basis.

INTERNAL RISKS

1. The COVID-19 pandemic and resulting deterioration of general economic conditions has adversely impacted our business and results of operations and the extent to which it will continue to do so will depend on future developments, which are difficult to predict.

In late 2019, the recent coronavirus disease ("**COVID-19**"), was first reported in Wuhan, China. On January 30, 2020, the World Health Organisation declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020 it was declared a pandemic. Between January 30, 2020 and the date of this Letter of Offer, the COVID-19 pandemic has spread to many other countries, with the number of reported cases and related deaths increasing daily and, in many countries, exponentially. India has emerged as one of the countries with highest confirmed cases of infection.

The rapid spread of COVID-19 and the global health concerns relating to this outbreak have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on our business, cash flows, results of operations and financial condition. The extent to which the COVID-19 outbreak impacts our business, cash flows, results of operations and financial condition will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in India and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted.

There is currently substantial medical uncertainty regarding COVID-19 and no government-certified treatment or vaccine is available in India. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely may cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and are likely to be severe. The COVID-19 pandemic and government actions to contain it have weighed heavily on global and national economic conditions, have significantly increased economic uncertainty, and have reduced economic activity. The extent of the resulting impact on our business and results of operations will depend, among other things, on the duration and severity of the pandemic, the nature and scope of government actions to contain it, and the potential impact on global and national economic conditions, including inflation, interest rates, availability of capital markets, consumer spending rates, energy availability and costs (including fuel surcharges). Governments around the world have taken steps to mitigate some of the more severe anticipated economic effects, but there can be no assurance that such steps will be effective or achieve their desired results in a timely fashion.

The COVID-19 pandemic and related volatility in financial markets and deterioration of national and global economic conditions could affect our business and operations in a variety of ways. For example, we experienced operational disruptions and financial losses as a result of the following:

- a temporary shutdown of all of our manufacturing facilities commencing from March 23, 2020 for a period of approximately two months, due to government restrictions or illness in connection with COVID-19;
- a decrease in demand for our products as a result of COVID-19 on account of government restrictions imposed;
- supply chain disruptions for us, particularly components imported from China as well as from local suppliers due to a shortage of working capital;
- a significant percentage of our workforce being unable to work, including because of travel or government restrictions in connection with COVID-19, including stay at home orders;
- delays in orders or delivery of orders, which will negatively impact our cash conversion cycle and ability to convert our backlog into cash;
- our strategic projects becoming delayed or postponed;
- our inability to collect full or partial payments from customers owing to their liquidity constraints and our inability to make payments to suppliers due to delay in collections and other liquidity issues.

Accordingly, our results of operations were negatively impacted during the six months ended September 30, 2020. Our revenue from operations in the six months ended September 30, 2020 was ₹ 48,259.62 lakhs compared with ₹ 62,919.27 lakhs in the six months ended September 30, 2019. In addition, the spread of COVID-19 has caused us to modify our business practices and implement significant proactive measures to protect the health and safety of our employees, and we may take further actions as may be required by government authorities or as we determine appropriate under the circumstances. There is no certainty that such measures will be sufficient to mitigate the risks posed by the pandemic.

The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and are difficult to predict, including, but not limited to, the duration and severity of the pandemic, the nature and scope of government actions to contain the pandemic or address its impact, and how quickly and to what extent normal economic and operating conditions can resume. In addition, we cannot predict the impact that the COVID-19 pandemic will have on our customers, suppliers and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us. Adverse consequences of, and conditions resulting from, the COVID-19 pandemic may remain prevalent for a significant period of time and may continue to adversely affect our business, results of operations and financial condition even after the COVID-19 outbreak has subsided. The RBI estimates real GDP growth in FY2021 to remain in negative territory (*Source: RBI Governor Statement dated August 6, 2020*). It is possible that COVID-19 will lead to a prolonged global economic crisis or recession. Further, certain sectors (such as aviation, tourism, hospitality, transportation and logistics, construction and real estate) have in particular been severely affected by COVID-19, which could result in a significant and prolonged loss of demand and revenue for the Group.

Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section.

2. We have incurred significant losses in the recent past and may incur losses in the future which may have an adverse effect on our business.

We incurred a loss of ₹ 9,875.43 lakhs in Fiscal 2020, which was primarily due to a decrease in our sales, which was significantly affected by the downswing in the automotive industry. In addition, there was an increase in finance costs and depreciation, after considering sale of land held as stock-in-trade in the previous year. The operating loss was also a result of decrease in sales, when compared to Fiscal 2019, which resulted in the under absorption of fixed costs. We will need to generate and sustain increased revenue and decrease proportionate expenses in future periods to achieve profitability, and even if we do, we may not be able to maintain or increase profitability.

3. An inability to upgrade manufacturing processes and technological capability with evolving trends in the automotive component industry and inability to meet our customers' preferences may adversely affect our business, results of operations and financial condition.

Changes in competitive technologies may render certain of our products obsolete or less attractive, and to compete effectively we must be able to develop and produce new products or enhanced versions of existing products to meet our customers' demands in a timely manner. We may be unable to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis. In some cases, the technologies that we plan to employ may not yet be widely adopted or may not yet be commercially practical, and their success would depend upon significant future capital expenditures and technological advances made by us and by our suppliers. However, there can be no assurance that we will be able to secure the necessary technological knowledge or capabilities which will allow us to develop our product portfolio in this manner and as a result, may impact our operations and our ability to meet our customers' commitments. Further, we cannot assure you that we will be able to install and commission the equipment needed for new product programs in time for the start of production, or that the transitioning of our manufacturing facilities and resources to full production under new product programs will not impact production rates or other operational efficiency measures at our facilities. In addition, we cannot assure you that our customers will execute on schedule the launch of their new product programs, for which we might supply products.

In addition, we may not be able to secure adequate financing for the capital expenditures required for the research and development of new technologies and products, and, accordingly, we may be forced to curtail our product development programs, and our business, financial conditions and results of operations may be materially and adversely affected. We are also subject to the risks generally associated with new product development, delays in product development, and failure of products due to manufacturing defects.

4. Product liability and other civil claims and costs incurred as a result of product recalls could harm our business, results of operations and financial condition.

We face an inherent business risk of exposure to product liability or recall claims, in the event that our products fail to perform as expected or such failure results, or is alleged to result, in bodily injury or property damage or both. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims.

Vehicle manufacturers have their own policies regarding product recalls and other product liability actions relating to their suppliers such as us. However, as we become more integrally involved in the design process and assume more component assembly functions, vehicle manufacturers may seek compensation from us when faced with product recalls, product liability or warranty claims. Vehicle manufacturers are also increasingly requiring their third-party suppliers to provide warranties for their products and bear the costs of recall, repair and replacement of such products under new vehicle warranties. Depending on the terms under which we supply products, our customers may hold us responsible for some or all of the recall, repair or replacement costs of defective products under new vehicle warranties provided by us or by our customers, when the product supplied does not perform as expected. Such warranties may be enforced against us even in cases where the underlying sales contract has expired. A successful warranty or product liability claim or costs incurred for a product recall in excess of our available insurance coverage, if any, would have an adverse effect on our business, results of operations and financial condition.

In addition, as a result of product liability legislation, civil claims may either be brought against vehicle manufacturers, and we may be made parties to such claims, or such manufacturers may initiate claims against us, where damages may have been caused by any faulty products that we manufactured. For instance, in the past, claims for financial loss have been made against us by certain of our customers, which have been settled between us and such customers. While we have insurance cover for product liability or recall, there can be no assurance that such coverage will be adequate in case of abovementioned claims. We cannot assure you that such claims will not be brought against us in the future, and any adverse determination may have an adverse effect on our business, results of operations and financial condition.

5. ***We depend upon sales of our products to a limited number of customers, and the loss of or reduction in sales to any of our major customers would have a material adverse effect on us.***

Globally, the automotive industry is dominated by a limited number of OEMs and despite our diversified product portfolio, we derive a significant percentage of our revenue from our top five OEM customers in respective segment and/or on an overall basis. In Fiscal 2020, the top five customers of our Company contributed 64.67% of our revenue from operations. While we have long-standing relations with some of our major customers, the loss of any one of our key customers or a significant reduction in demand from such customer, if not replaced, could have an adverse effect on our business, results of operations and financial condition. Decline in vehicle demand could prompt OEMs to reduce their production volumes, directly affecting the demand for our products from such OEM customers. In addition to decline in demand for existing products, insufficient demand for new products launched by our OEMs, financial difficulties experienced by any of our large volume OEM customers or their inability to obtain financing for their business may also have a material adverse impact on our result of operations. Further, our dependence on such major OEMs could potentially impact our ability to negotiate favorable contract terms which may impact our margins, working capital requirements and consequentially our result of operations.

6. ***An inability to compete effectively in the competitive automotive components industry could result in the loss of customers, which could have an adverse effect on our business, results of operations, financial condition, and future prospects.***

The automotive industry is highly competitive, and we primarily compete based on product quality and features, innovation and product development time, and ability to control pricing pressures. We face global competition in our business, which is based on many factors, including product quality and reliability, product range, product design and innovation, manufacturing capabilities, distribution channels, scope and quality and reliability of service, price, customer loyalty and brand recognition. Our primary competitors include a broad range of international, regional and local companies with diverse characteristics. Some of our competitors are focused on sub-markets within targeted industries, while others have greater financial, technical and/or marketing resources than we have along with longer operating histories and greater market penetration, which could enhance their ability to finance acquisitions, fund international growth and/ or respond more quickly to technological changes. Some of our competitors may be able to produce similar or superior products at lower costs. We also encounter competition from similar and alternative products, many of which are produced and marketed by major multinational or national companies, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, as we further expand our presence in emerging markets we face competitive price pressures from low-cost producers in these markets, and we expect such price pressures to increase as our customers continue to expand their manufacturing footprints in these markets, thereby providing opportunities for local manufacturers to compete.

Further, we may not be able to differentiate our products from those of our competitors; to successfully develop or introduce new products on a timely basis or at all, that are less costly than those of our competitors; or to offer customers payment and other commercial terms as favourable as those offered by our competitors. If our competitors outperform our business and develop superior products at a lesser cost in a timely manner, our growth and financial results could be adversely affected. In addition, manufacturers that do not currently compete with us could expand their product portfolios to include products that would compete directly with ours. Changes in the product focus of larger manufacturers could also result in such manufacturers establishing relationships with our customers that reduce or replace entirely our business with those customers. Larger manufacturers could also encourage price competition or acquire small manufacturers in an effort to displace smaller manufacturers. In addition, certain large customers to whom we currently sell certain products could decide to compete with us as manufacturers of these products. Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations.

Increased consolidation among our competitors or between our competitors and any of our OEM customers could allow competitors to further benefit from economies of scale, offer more comprehensive product portfolios and increase the size of their serviceable markets. This could lead to considerable reductions in our profit margins and/ or the loss of market share due to price pressure. Furthermore, competitors may gain control over or influence our suppliers or customers by shareholdings in such companies, which could adversely affect our supplier relationships. An inability to form such alliances or adequately adjust our customer pricing in response to customer demand or market trend in a timely manner, or at all, could have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition.

7. ***We are exposed to fluctuations in prices of raw materials and other input materials, and if we are unable to compensate for or pass on such costs to our customers, such increased costs could have an adverse impact on our profitability.***

The automotive industry experiences volatility with respect to raw materials and other input materials prices. Therefore, if we are not able to compensate for or pass on our increased costs to customers, such increases in cost could have a material adverse impact on our financial results. Although we typically have the ability to pass on such increase in cost of our raw materials to our customers, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and the date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials. In particular, in certain situations, specifically for aftermarket, we do not generally have a contractual right to unilaterally increase the sales price of our components when the costs of our raw materials or other input materials increase.

Our need to maintain a continued supply of raw materials may make it difficult to resist price increases and surcharges imposed by our suppliers, which may have an adverse effect on our business and results of operations. There can be no assurance that we will be successful in negotiating with our customers on an agreed price increase that will fully cover the increase in the costs. Additionally, any increase in the sales price of our components will normally take effect for purchase orders received after such negotiations, and compensation for cost increases incurred prior to such negotiations is unlikely. In such event, the price increases may not have a compensating effect for the periods in which the costs increased. This may have an adverse effect on our business, results of operations and financial condition.

8. ***We depend on third parties for the supply of raw materials and delivery of products and such third parties could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition.***

We are dependent on third party suppliers for the supply of our raw materials. Discontinuation of production by these suppliers, a failure of these suppliers to adhere to any delivery schedule or a failure to provide materials of the requisite quality could hamper our production schedule and therefore affect our business and results of operations. This dependence may also adversely affect the availability of key materials at reasonable prices, thus affecting our margins, and may have an adverse effect on our business, results of operations and financial condition. There can be no assurance that high demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If we were to experience a significant or prolonged shortage of raw materials from any of our suppliers, and we cannot procure the raw materials from other sources, we would be unable to meet our production schedules for some of our key products and deliver such products to our customers in timely fashion, which would adversely affect our sales, margins and customer relations. We cannot assure you that a particular supplier will continue to supply the required components or raw materials to us in the future. Any change in the supplying pattern of our raw materials can adversely affect our business and profits.

9. ***Our Company may not be successful in implementing its strategies, including developing technologically advanced products and increasing exports and expanding international operations, which could adversely affect our business, results of operations and future prospects.***

The success of our business depends largely on our ability to effectively implement our business strategies. Successful execution of our business strategies in the past may not be an assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of our customers. We expect our strategies to place significant demands on our management and other resources. Our strategy of increasing capacity in our existing product portfolio may require substantial capital expenditure, which may necessitate incurring further indebtedness. Further, while we intend to capitalise on unutilised capacity at our manufacturing facilities to increase production of our current portfolio, there may not be a corresponding increase in the demand for such products. In addition, while we continue to pursue partnership opportunities and possibilities for inorganic growth, we may not be able to successfully integrate such partners and acquired entities into our business.

In order to achieve future growth, we may be required to develop new products, identify diverse customer base, accurately assess new markets, obtain sufficient financing for our expected capital expenditures, contain our input cost and fixed costs, maintain sufficient operational and financial controls and make additional capital investments to take advantage of anticipated market conditions. We may not be able to achieve growth in revenues and profits or maintain such rate of growth in the future. If we are unable to execute or manage our strategies effectively, our business and financial results will be adversely affected. Also, see "*Our Business – Our key strategies*" on page 83.

10. We do not have firm commitment purchase agreements with our customers. If our customers choose not to source their requirements from us, our business and results of operations may be adversely affected.

Our customers do not enter into long-term purchase agreements with us and instead give us purchase orders and delivery schedules to govern the volume and other terms of our sales of products, which is consistent with the automotive component industry practice. Most of the purchase orders we receive from customers specify per unit price and model details. We receive delivery schedules and the quantities to be delivered at a later date from our customers as per their project plan. However, in case of any issues with respect to quality, pricing or other terms and conditions such orders may be amended or cancelled prior to or post finalisation, and should such an amendment or cancellation take place, we may be unable to seek compensation for any unpurchased products that we manufacture. Further, since we do not enter into long-term purchase agreements, there is no commitment on the part of the customer to continue to pass on new work orders to us. As a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences.

We typically commit to order raw materials and sub-assembly components from our suppliers based on our customer recommendations, forecasts and orders. Cancellation by customers or any delay or reduction in their orders can result in a mismatch between the inventory of pre-constructed components, raw materials and the manufactured product that we hold. This could also result in excess inventory and increased working capital, till such time as such products are sold. This could materially affect the orderly management of our inventory and could potentially impact our production.

In addition, we make significant decisions, including setting up of facilities, determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel requirements and other resource requirements, based on our estimates of customer orders. This may require us to increase staffing, increase capacity, engage sub-contractors and incur other expenses to meet the anticipated demand of our customers, in relation to changes (such as order getting delayed or cancelled) which could cause reductions in our margins. We cannot assure you that we will be able to realise the value of investments made by us on the basis of such contractual arrangements and any such loss may have an adverse impact on our results of operations.

11. Our Statutory Auditors have provided certain matters of emphasis relating to the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results of our Company. We cannot assure you that such matters of emphasis will not arise in the future.

Our Statutory Auditors have included certain matters of emphasis in their report to the Audited Consolidated Financial Statements. The Statutory Auditors have drawn attention to the following:

- the relevant note of the Audited Consolidated Financial Statements, regarding the re-presentation of the working results of certain subsidiaries from "Discontinued Operations" to "Continuing Operations" and the reclassification of assets and liabilities which were hitherto classified as "Disposal Group"; and
- the relevant note of the Audited Consolidated Financial Statements wherein the component auditors of certain subsidiaries have drawn attention in their auditor's report on the material uncertainty that casts significant doubt on the ability of these subsidiaries to continue as a going concern.

In addition, our Statutory Auditors have included a matter of emphasis in their limited review report to the Unaudited Consolidated Financial Results. The Statutory Auditors have drawn attention to the following:

- the relevant note of the Unaudited Consolidated Financial Results regarding re-presentation of the working results of certain subsidiaries from "Continuing Operations" to "Discontinued Operations".

For details, see "*Financial Statements*" on page 104.

Investors should consider these matters in evaluating our financial position, cash flows and results of operations. There is no assurance that our auditors' reports for any future Fiscals will not contain such matters of emphasis.

12. The cyclical and seasonal nature of automotive sales and production can adversely affect our business.

The automobile industry has witnessed substantial changes in recent years, including, among other things, continued consolidation, outsourcing, decreasing profit margins in certain segments, regulatory changes, shifts in production to low-cost manufacturing centres and technological changes.

Our automotive business is directly related to our customers' vehicle sales and production levels across various segments. Automotive sales and production are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, as well as changes in interest rate levels, consumer confidence and fuel costs. Our sales are also affected by inventory levels and production levels of automotive manufacturers. We cannot predict when manufacturers will decide to increase or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. This may result in variability in our sales and financial condition. Uncertainty regarding inventory levels may be exacerbated by favourable consumer financing programs initiated by manufacturers, which may accelerate sales that would otherwise occur in future periods. As we have high fixed production costs, even relatively modest declines in our customers' production levels and thus, our production volumes, can have a significant adverse impact on our profitability. In addition, lower global automotive sales during the global financial crisis resulted in substantially all automotive manufacturers lowering vehicle production schedules. In recent times, both prior to the global lockdowns owing to the COVID-19 pandemic and during the lockdown, automobile sales have significantly reduced. There is no assurance that post-lifting of lockdown restrictions global automotive sales will continue to recover or not decrease further. Continued uncertainty and other unexpected fluctuations could have an adverse effect on our business, results of operations and financial condition.

The automobile industry is also subject to seasonal characteristics. Our customers may also suddenly increase their request for component volumes, which could cause lead time problems and lead to loss of revenue for our customers if we are unable to meet their demands. As a result our relationship with our customers may be impacted and our projects' sales may be adversely affected and result in loss of revenue and reduced margins. Any cancellation or delay in production could have a material adverse effect on our sales projections and profitability. In addition, the automotive component industry is sensitive to other factors beyond our control such as technological changes, cyclicality and unforeseen events, including political instability, recession, inflation, further volatility in fuel prices and other adverse occurrences. Any such event that results in decreased demand in the automotive industry, or increased pressure on automobile manufacturers to develop, implement and maintain in-house automotive, could have a material adverse effect on our business, financial condition and results of operations.

13. Increasing pressure on prices by our customers on the sale price of our products could materially and adversely affect our business.

Our OEM customers are active in competitive industries and face constant pressure to cut their selling and production costs. Accordingly, component pricing is one of the key metrics by which OEMs choose suppliers for their vehicle programs. As a result, we have in the past experienced and could continue to experience, pressure to reduce our prices and there can be no assurances that our customers will not seek lower-priced options from our competitors. Price reductions are typically agreed on a periodic basis as part of our long-term customer arrangement and can vary by market or region, taking into account the OEM's specific economic objectives. We expect such pricing pressure to continue in the future. Accordingly, we endeavour to continue to innovate and introduce new products and applications as well as to continue to carefully manage and reduce our operating costs in order to maintain our margins and competitive position. However, there can be no assurances that we will continue to achieve sufficient cost savings in the future, which could affect our ability to offer reduced prices to our customers. If we are unable to reduce prices, we may not be able to retain existing customers or win new customers, and any loss of customers or any reduction of our prices that cannot fully be offset by input cost reductions could have a material adverse effect on our business, financial condition and results of operations.

14. An inability to meet the consistent quality requirements of our customers, or adapt to changes in, the preferences of our customers could adversely affect our business and results of operations.

Our customers have specific standards for product quality and delivery schedules. Any failure to meet our customers' expectation could result in the cancellation or non-renewal of contracts/ purchase orders. In order to consistently satisfy the quality requirements of our customers in the domestic and international markets, we are required to continuously invest in new technology and processes. If we are unable to provide the quality desired by, or adapt our product to anticipate the preferences of, our customers, our growth and business may be adversely affected. Further, we also depend significantly on the effectiveness of our quality control systems and standard operating procedures adopted at our processing facilities. Although our products undergo quality control tests at regular intervals of assembly, there can be no assurance that the verification of the sample quality checks conducted by us will be accurate at all times, which may affect our results of operations and financial condition. In addition, we rely on our suppliers for procurement of components and are dependent on their assessment of the quality of components. If any of our suppliers fails to meet our quality specifications, our business and results of operations could be adversely affected.

In addition, some of the countries to which our products are exported may require us to comply with certain additional quality standards and specifications, which may be upgraded or changed from time to time. If we are unable to comply with the standards set by such governments, our products may not be allowed to be imported in such countries, which could have a material adverse effect on our business, results of operations and financial condition.

15. Our global operations subject us to risks in multiple countries that could adversely affect our business.

As of September 30, 2020, our products are exported to customers across 22 countries including United States, Germany, and Indonesia. In addition, we have also incorporated Subsidiaries in Singapore and Indonesia and set up overseas offices in Singapore and Japan. In Fiscal 2020, revenue from operations from India, North and South America, Europe and Asia (excluding India) contributed 92.52%, 3.51%, 2.29% and 1.67%, respectively, of our total revenue from operations. Our future revenue growth depends upon the successful operation of our manufacturing facilities, the efficiency of our delivery and distribution system and the successful management of our sales, marketing, support and service teams through direct and indirect channels in various countries around the world where our current or potential OEM customers are located.

Our growth strategy relies on the expansion of our operations by introducing certain automotive products in markets outside India. The costs associated with entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected, and we may face significant competition in those regions. The expansion of our business has required, and may continue to require, that we establish new offices, manufacturing facilities, hire new personnel and manage businesses in widely disparate locations with different economies, legal systems, languages and cultures. In addition, we are affected by various factors inherent in carrying out business operations on an international scale, such as coordinating and managing global operations; political instability and related uncertainties; different economic and business conditions; difficulties in staffing and managing foreign operations, including coordinating and interacting with our local representatives and partners to understand local business and regulatory requirements; immigration and labour laws, which may prevent us from deploying or retaining an adequate number of employees in foreign countries; compliance with anti-corruption and anti-bribery laws; obtaining licenses, permits and approvals for our operations; foreign currency exchange rate fluctuations; exposure to different legal standards and enforcement mechanisms; compliance with increasingly strict environmental regulations, including the regulation of greenhouse gas emissions and its effect on our operations and those of our OEM customers; and other regulatory changes affecting our business and the automotive industry in general. Further, failure to comply with applicable laws or regulations can lead to civil, administrative or criminal penalties, including fines or the revocation of permits and licenses that may be necessary for our business activities. Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations.

16. Deterioration in the performance of any of our Subsidiaries may result in diminishing value of our investments in such Subsidiaries thereby adversely affecting our financial conditions and results of operations.

We currently conduct a part of our operations through our Subsidiaries. We have made and may continue to make capital commitments to our Subsidiaries, and if the business or operations of any of these Subsidiaries deteriorates, the value of our investments may decline substantially.

The ability of our Subsidiaries to make dividend payments to us depends largely on their financial condition and ability to generate profits as well as regulatory conditions. In addition, because our Subsidiaries are separate and distinct legal entities, they will have no obligation to pay any dividends and may be restricted from doing so by contract, including other financing arrangements, charter provisions, other shareholders or the applicable laws and regulations of the various countries in which they operate.

We cannot assure you that our Subsidiaries will generate sufficient profits and cash flows. Further, in case our Subsidiaries incur losses or are unable to match our expected levels of performance, we may divest or dilute our equity interest in such entities. For instance, our Company had to divest its shareholding in its erstwhile subsidiaries located outside India in the recent past, due to losses incurred by us through such subsidiaries. Our Company had made provisions for impairment losses in respect of investments made in our erstwhile subsidiary, Pricol Espana Sociedad Limiteda, Spain of ₹ 19,445.07 lakhs during Fiscal 2019 and ₹ 10,212.53 lakhs during Fiscal 2020.

Such instances may arise in future as well and in the event that the value of our investment in any of our Subsidiaries diminishes significantly, this could have a material adverse effect on our financial condition and results of operations.

Our financial condition and results of operations could be adversely affected should our equity stake in our Subsidiaries be diluted or in the event they cease to be our subsidiaries.

17. Our research and development efforts may not produce successful products or enhancements to our products that result in significant revenue or other benefits in the near future, if at all.

We have invested a significant amount in R&D in recent years. We incurred ₹ 1,022.32 lakhs and ₹ 4,776.06 lakhs towards research and development expenditure, which is 2.12% and 3.10% of our revenue from operations for the six months ended September 30, 2020 and Fiscal 2020, respectively. We expect to continue to dedicate significant financial and other resources to our research and development efforts in order to maintain our competitive position.

While we seek to develop technology that is sustainable and insulated from possible disruption, investing in research and development, developing new products and enhancing existing products is expensive and time consuming, and there is no assurance that such activities will result in significant new marketable products or enhancements to our products, design improvements, cost savings, revenues or other expected benefits. If we spend significant time and effort on research and development, but are unable to generate an adequate return on our investment, our business and results of operations may be materially and adversely affected.

18. Our inability to meet our obligations, conditions and restrictions imposed by our financing agreements could adversely affect our ability to conduct our business and operations as well as to undertake and consummate the Issue. Further, our Company is required to take prior consent of our lenders under some of our financing agreements for undertaking certain actions, including the Issue.

Our operations are capital intensive and require us to have significant amount of borrowings for capital expenditure and working capital. As of September 30, 2020, our Company, on a consolidated basis, had (a) secured borrowings which comprised of working capital facilities aggregating to ₹ 9,163.13 lakhs, term loans aggregating to ₹ 27,706.67 lakhs and non-fund based facilities aggregating to ₹ 3,190.86 lakhs; and (b) unsecured borrowings comprising of cash credit facility aggregating to ₹ 763.18 lakhs. For details, see "*Financial Statements*" on page 104.

The level of our indebtedness could have several important consequences, including:

- a substantial portion of our cash flows may be used towards repayment of our existing debt, which will reduce the availability of cash flows to fund working capital, capital expenditures, and other general corporate requirements;
- our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favorable to us may be limited;
- fluctuations in market interest rates may affect the cost of our borrowings, as our indebtedness is subject to floating rates of interest;
- we may have difficulty in satisfying repayments and other restrictive covenants under our existing financing arrangements;
- future defaults of payment and other obligations under our financing arrangements may result in an event of default, acceleration of our repayment obligations and enforcement of related security interests over our receivables and other assets; and
- we may be limited in our ability to expand our business and therefore, we may be limited in our capability to withstand competitive pressures.

Given the nature of our business, we will continue to incur indebtedness even after the Issue, and we cannot assure you that the aforementioned risks will not have an adverse effect on our cash flows, results of operations and financial condition.

A significant number of our financing agreements also include various restrictive conditions and covenants that require us to obtain consents from lenders prior to carrying out certain activities such as, initiating and consummating the Issue, altering the Memorandum of Association and Articles of Association, effecting any change in our Company's or our Subsidiaries capital structure and issuing any fresh capital. We may be unable to obtain such consents for any activities we wish to carry out, whether in time or at all, which may impact our business, results of operations and financial condition. In addition, these financing arrangements include covenants pertaining to the maintenance of certain financial ratios, submission of certain documents to our lenders on a periodic basis, security creation, etc. We have, in the past, been non-compliant with covenants pertaining to the maintenance of certain financial ratios, the creation of security, and delay in the submission of certain documents to our lenders and had, accordingly, paid penalties to our lenders for such non-compliances.

We may also be subject to risks associated with debt financing and refinancing, including the risk that our cash flow may be insufficient to meet required payments of principal and interest under such financing. Our ability to generate sufficient cash to satisfy our debt obligations will depend on our future operating performance, which may be affected by prevailing economic conditions and financial, business and other factors beyond our control. There is no assurance that we will be able to generate sufficient cash flow to meet all of our debt obligations. If we are unable to make payments due under our debt facilities, the lenders may be able to declare an event of default and initiate enforcement proceedings relating to any security provided in respect of the loan facilities, and/or call upon any guarantees, and this may materially and adversely affect our results of operations and financial condition. Further, this may also result in a decline in the trading price of our Equity Shares and you may lose all or part of your investment.

Furthermore, if market conditions or other factors at the time of financing or refinancing (including changes in market conditions and maturity term imposed by any lenders) result in higher interest rates, the interest expense may be significant and may have a material and adverse effect on our cash flows and financial condition.

19. Our continued operations are critical to our business and any shutdown of our manufacturing facilities may have an adverse effect on our business, results of operations and financial condition.

Our manufacturing facilities are subject to operating risks, such as (i) the risk of substantial disruption or shutdown due to breakdowns or failure of equipment, natural disasters, storms, fires, explosions, earthquakes, floods and other catastrophic events, actual, potential or suspected epidemic outbreaks, terrorist attacks and wars, labour disputes, strikes, lock-outs, loss of services of our external contractors, and industrial accidents, (ii) performance below expected levels of output or efficiency, and (iii) obsolescence. For instance, our Company's operations have, in the past, been disrupted due to strikes by some of our workers. For further details, see "*Outstanding Litigation and Defaults – Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company – Civil Proceedings*" on page 233. Moreover, catastrophic events could also destroy any inventory located at our facilities. The occurrence of any such event could result in a temporary or long-term closure of any of our manufacturing facilities. If we are required to close any of our facilities, the costs relating to such closure may be significant. In certain locations where our facilities are subject to leases, we may continue to incur significant costs in accordance with the existing lease terms.

Additionally, the assembly lines of some of our OEM customers rely significantly on the timely delivery of our components and our ability to provide an uninterrupted supply of our products is critical to our business and sustained relationships with our OEM customers. Our business and financial results may be adversely affected by any disruption of operations of our product lines, and we cannot assure you that we will not be required to close any of our manufacturing facilities in the future, including as a result of any of the factors mentioned above.

20. Our business could be adversely affected by any delays or increased costs resulting from issues that our common carriers may face in transporting our raw materials, components or finished products.

We rely on a variety of common carriers to transport our raw materials and components from our suppliers to us, and to transport our products from us to our customers. Problems suffered by any of these common carriers, whether due to a natural disaster, labour problems, increased energy prices, inadequacies in transport infrastructure, or any other issue, could result in shipping delays, supply chain disruptions and increased costs, and could therefore have a material adverse effect on our operations.

Moreover, many of the products we produce are transported over long distances, and our customers often demand just-in-time and just-in-sequence component deliveries. As a result, we rely on the close proximity of our facilities to OEM plants to minimize the freight costs associated with transporting our products. To the extent we are forced to transport our products over long distances to customer sites, we separately negotiate freight prices with our customers based on our transportation and logistics costs. Any failure to pass through these increased transportation costs to our customers, or any increase in delivery lead times resulting from long-distance transport of our products, could adversely affect our business, financial condition and results of operations.

Further, although we have entered into supply agreements pursuant to which we can claim compensation for losses incurred due to a breach of delivery obligations by our suppliers, transportation strikes have occurred in the past and, if they were to occur again in the future, they could have an adverse effect on supply and delivery to and from particular plants. An increase in freight costs or the unavailability of adequate port and shipping infrastructure for transportation of our products to our markets could also have an adverse effect on our business and results of operations.

21. The premises for our Registered and Corporate Office and the land for certain of our manufacturing facilities are taken on lease by us. If we are unable to renew existing leases or relocate operations on commercially reasonable terms, there may be an adverse effect on our business, financial condition, result of operations and cash flows.

Some of the premises on which we operate are not currently owned by us. Our Registered and Corporate Office, located at 109, Race Course, Coimbatore, Tamil Nadu – 641 018, India is situated on premises that have been leased out to us pursuant to a lease agreement dated May 29, 2020 entered into by us for a period of one year with effect from March 1, 2020. In addition, Plant V is situated on premises leased for a period of nine years with effect from November 1, 2016; Plant VII is situated on premises leased for a period of 90 years with effect from December 4, 2006; Plant IX is situated on premises leased for a period of 10 years with effect from February 9, 2018; and Plant X is situated on premises leased for a period of 99 years with effect from September 25, 2017. For details, see "*Business – Property*" on page 96.

Upon expiration of the relevant agreement for each such premise, we will be required to negotiate the terms and conditions on which the lease agreement may be renewed. Further, some of our lease deeds for our properties may not be registered and some of our lease deeds may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. In the event that these existing leases are terminated or they are not renewed on commercially acceptable terms or at all, we may suffer a disruption in our operations. If alternative premises are not available at the same or similar costs, size or locations, our business, financial condition and results of operations may be adversely affected.

22. We have experienced growth in recent years and could make investments and acquisitions in the future that involve considerable integration costs. We may be unable to sustain, manage or realize the expected benefits of such growth or may not be able to fund that growth.

Our growth strategy will require significant capital expenditures, which we intend to fund through a combination of cash flow from operations and financing sources. As part of our growth strategy, we have pursued and continue to pursue acquisitions, mergers and strategic investments and collaborations as a mode of expanding our operations. There can be no assurance that the integration of such strategic investments, joint ventures and collaborations, acquisitions and mergers, whether already existing, or which we may enter in the future, will be successful or that the expected strategic benefits of any such action will be realized. Further expansion and acquisitions may require us to incur or assume new debt, or expose us to future funding obligations or integration risks, and we cannot assure you that such expansion or acquisitions will contribute to our profitability. While we believe that our current and projected liquidity will be sufficient to meet our working capital needs and support our growth strategy, it is possible that we may not generate sufficient cash flow from operations or investments and that future borrowings may not be available to us on favourable terms or in an amount sufficient to enable us to realize our growth strategy.

Further, our future growth is dependent on our success in making the right investments at the right time to support product development and manufacturing capacity in areas where we can support our customer base. If we are unable to deepen existing relationships and/or to develop additional customer relationships, we may not only fail to realize expected rates of return on our existing investments, but we may incur losses on such investments and will be unable to timely redeploy the invested capital to take advantage of other markets, potentially resulting in losing market share to our competitors. The success of our strategy also depends in large part on the continued growth and stable economic conditions in these target markets.

Further, we cannot assure you that we will be able to identify suitable acquisition, strategic investment or joint venture opportunities on commercially reasonable terms, obtain the financing necessary to complete and support such acquisitions or investments, integrate such businesses or investments or that any business acquired or investment made will be profitable. Such acquisitions and investments involve a number of risks, including possible adverse effects on our operating results, enhanced regulatory compliance, diversion of management's attention, failure to retain key personnel, currency risks, risks associated with unanticipated events or liabilities, possible contravention of applicable laws in relation to investment and transfer of shareholding, including any pre-emptive rights of existing shareholders of such entities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired businesses or investments, as well as other economic, political and regulatory risks. Any failure to achieve successful integration of such acquisitions or investments could have a material adverse effect on our business, financial condition and results of operations. For instance, our Company has had to divest its stake in its erstwhile subsidiaries located outside India in the recent past due to losses incurred by us through such subsidiaries. Future acquisitions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses, or write-offs of goodwill, any of which could harm our financial condition and may have an adverse impact on the price of our Equity Shares.

Any of these challenges, and the failure or delay by our management in responding to them, could have a material adverse effect on our business, financial condition and results of operations.

23. We are exposed to foreign currency exchange rate fluctuations and exchange control risks, which may adversely affect our results of operations.

Our operating expenses are denominated substantially in Indian Rupees. However, 7.37% of our revenue from operations in Fiscal 2020, was denominated in other currencies.

In addition, we also purchase a significant amount of raw materials in foreign currency; in Fiscal 2020, this amounted to 20.10% of cost of materials consumed. A significant fluctuation in the Indian Rupee and U.S. Dollar rates and / or other foreign currency exchange rates could therefore have a significant impact on our results of operations. Although we enter into forward foreign exchange contracts to hedge against our foreign exchange rate risks as per Company policy, a weakening U.S. Dollar would decrease the relative value of our income denominated in or tied to the U.S. Dollar against our Indian Rupee denominated costs, thus decreasing our profitability. The exchange rates between the Indian Rupee and these currencies, primarily the U.S. Dollar, has fluctuated in the past and any appreciation or depreciation of the Indian Rupee against these currencies can impact our profitability and results of operations.

24. The acquisition of other companies, businesses or technologies could result in operating difficulties, dilution and other adverse consequences.

As part of our growth strategy, we have pursued and may pursue acquisitions, mergers and strategic investments and collaborations as a mode of expanding our operations. There can be no assurance that the integration of such strategic investments, joint ventures and collaborations, acquisitions and mergers, whether already existing, or which we may enter in the future, if any, will be successful or that the expected strategic benefits of any such action will be realized.

We may pursue further acquisitions, mergers, joint ventures, investments and expansions to enhance our operations and technological capabilities. However, we cannot assure you that we will be able to identify suitable acquisition, strategic investment or joint venture opportunities on commercially reasonable terms, obtain the financing necessary to complete and support such acquisitions or investments, integrate such businesses or investments or that any business acquired or investment made will be profitable. Such acquisitions and investments involve a number of risks, including possible adverse effects on our operating results, enhanced regulatory compliance, diversion of management's attention, failure to retain key personnel, currency risks, risks associated with unanticipated events or liabilities, possible contravention of applicable laws in relation to investment and transfer of shareholding, including any pre-emptive rights of existing shareholders of such entities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired businesses or investments, as well as other economic, political and regulatory risks. Any failure to achieve successful integration of such acquisitions or investments could have a material adverse effect on our business, financial condition and results of operations. For instance, our Company has had to divest its stake in its erstwhile subsidiaries located outside India in the recent past due to losses incurred by us through such subsidiaries. Future acquisitions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses, or write-offs of goodwill, any of which could harm our financial condition and may have an adverse impact on the price of our Equity Shares.

25. We rely upon the success of our dealers and retailers network for our aftermarket sales. Our inability to maintain such networks and attract new distributors in the future could adversely affect our business, results of operations and financial condition.

Certain portion of our revenue from operations comprises replacement or aftermarket sales for which we rely on our dealers and retailer network and as of September 30, 2020, we had a network of 164 distributors. In the six months ended September 30, 2020, aftermarket sales and services accounted for 3.15% of our total revenue from operations.

Not all our dealers and retailers are contractually required to sell our products on an exclusive basis. In addition, no assurance can be given that our current dealers and retailers will continue to do business with us or that we can continue to attract new dealers and retailers to our network. Our business to an extent is dependent on our ability to attract and retain third-party dealers and retailers and such parties' ability to promote, sell, and market our products effectively. Maintaining good relations with the dealers and retailers is vital to our business. An inability to maintain the stability of our dealer and retailer network and to attract new distributors to our dealer and retailer network in the future could adversely affect our business, results of operations and financial condition.

26. We appoint contract labour for carrying out certain of our ancillary operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.

In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our ancillary operations. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

27. Damage to our brand and reputation or any of our customers' brand and reputation could have a material adverse effect on our results of operations.

Our business depends to a significant extent on our customers' trust in our brand and associated reputation as a reliable supplier, as well as in our ability to support our customers geographically and in our ability to meet our customers' key performance targets. Our products are subject to express and implied warranty claims. We cannot assure you that we will be successful in maintaining or reducing the historical level of warranty claims or that claims in relation to our products will not increase significantly. Actual or alleged instances of inferior product quality or of damage caused or allegedly caused by our products including our aftermarket products, could damage our reputation and brand and could lead to new or existing customers becoming less willing to conduct business with us. In addition, events or allegations of malfunctioning products could lead to legal claims against us, and we could incur substantial legal fees and other costs in defending such legal claims. The materialization of any of these risks, alone or in combination, could damage our reputation and could have a material adverse effect on our business, financial condition and results of operations.

28. Our operations require significant energy, and any disruption to these power sources could increase our production costs and adversely affect our results of operations.

We have considerable electricity requirements for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. Energy related inputs like power and fuel are also used in transportation of raw materials and finished products and operation of our manufacturing facilities. For the six months ended September 30, 2020 and Fiscal 2020, our total power and fuel costs comprised 1.52% and 1.29% of our total expenses on a consolidated basis, respectively. We primarily source our energy requirements for our manufacturing facilities from local service providers. If supply is not available for any reason, we will need to rely on alternative sources, which may not be able to consistently meet our requirements. The cost of electricity purchased / generated in-house from alternative sources could be significantly higher, thereby adversely affecting our cost of production and profitability.

Further, if for any reason such electricity is not available, we may need to shut down our plants until an adequate supply of electricity is restored. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. In addition, energy prices, particularly for petroleum-based sources, are volatile and an increase in energy prices could lead to an increase in transportation costs for us and our suppliers and customers as well as increase the cost of operating our production facilities. Any such increase in costs could decrease our margins if we are unable to increase our product prices enough to offset these increased costs.

29. We are required to obtain and maintain quality and product certifications for certain markets and customers.

In some countries, certain certifications for products with regard to specifications and quality standards are necessary or preferred in order for these products to be accepted by customers and markets. As such, we need to be able to obtain and maintain the relevant certifications so that our customers are able to sell their products, which include components that are manufactured by us, in these countries. In addition, some customers may also require us to maintain certain standards and conduct inspections at regular intervals to ensure we maintain these standards. Any failure to meet or maintain the requirements needed to secure or renew such certifications could result in a material adverse effect on our business, prospects and results of operations.

Further, we are required to, and wherever applicable are, in the process of obtaining, renewing or rectifying certain registrations, permits, licenses, certificates, authorizations and consents for certain of our operations. An inability to secure such license, or any other licenses, certification, registrations and permits in other jurisdictions in a timely manner or at all, could result in operational delays or suspensions and/or administrative fines and penalties, which could have a material adverse effect on the manufacturing operations of our relevant facilities in those jurisdictions, as well as our overall business, results of operations and financial condition.

30. Our failure to keep our technical knowledge confidential could erode our competitive advantage.

Like many of our competitors, we possess extensive technical knowledge about our products. Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run.

Certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the production process. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors. Although we may seek to enforce non-disclosure agreements in respect of R&D with our key employees, we cannot guarantee that we will be able to successfully enforce such agreements. Our customers and suppliers may also disclose technical knowledge shared during the course of our interaction with them. The potential damage from such disclosure is increased as many of our designs and products are not patented, and thus we may have no recourse against copies of our products and designs that enter the market subsequent to such leakages. In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage we may have over other companies in the automotive components sector could be harmed. If a competitor is able to reproduce or otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

31. The discontinuation of, the loss of business with respect to, or lack of commercial success of, a particular vehicle model for which we are a significant supplier could affect our business and results of operations.

Our purchase contracts typically provide for the purchase of our products for a specified time period for a particular vehicle model and assembly plant. We may be unable to mitigate the impact of the foregoing as it could be difficult to allocate the resulting available capacity in an efficient manner as a result of the manufacturing facility and tooling customization that can be required for a particular product. As a result, the discontinuation of, loss of business with respect to, lack of commercial success of, or fluctuations in demand for, a particular vehicle model for which we are a significant supplier could reduce our sales and affect our estimates of anticipated sales, which could have an adverse effect on our business, prospects, results of operations, cash flows and financial condition.

32. We may be subject to unionization, work stoppages or increased labour costs, which could adversely affect our business and results of operations.

The automotive industry is labour intensive. As on September 30, 2020, we had 6,199 persons working as permanent employees and contractual / casual labour with our Company. In addition, we have entered into arrangements with third party personnel companies for the supply of contract labour. Majority of our employees are not unionized into any labour or workers' unions. The success of our operations depends on availability of labour and maintaining a good relationship with our workforce. Our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in our operations. Although, we have not experienced any major work stoppages due to labour disputes or cessation of work, there can be no assurance that we will not experience any such disruption in the future as a result of disputes or disagreements with our work force, which may adversely affect our ability to continue our business operations. We may also have to incur additional expense to train and retain skilled labour. Any labour unrest experienced by us could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. In the event of any prolonged delay or disruption our business, results of operations and financial condition could be materially and adversely affected. In addition, any increase in the minimum wages of our workforce would result in an increase in our labour costs and such cost increase could adversely affect our financial performance.

33. Employee misconduct could harm us, adversely affect our business and results of operations, and is difficult to detect and deter.

Although we closely monitor our employees, any misconduct (including acts of theft or fraud) by employees or executives could bind us to transactions that exceed authorized limits or present unacceptable risks, which may result in substantial financial losses and damage to our reputation and loss of business from our customers. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter employee or executive misconduct and the precautions taken and systems put in place to prevent and detect such activities may not be effective in all cases. Any instances of such misconduct could adversely affect our reputation.

34. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage, or accurately report, our financial risks.

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that deficiencies in our internal controls will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls. Any inability on our part to adequately detect, rectify or mitigate any such deficiencies in our internal controls may adversely impact our ability to accurately report, or successfully manage, our financial risks, and to avoid fraud.

35. We have not been strictly in compliance with our regulatory / statutory obligations in the past. Any further non-compliance of this nature, or adverse order passed by a regulator or statutory authority against us in this regard may affect our reputation, business, operations and financial condition.

We have not been strictly in compliance with SEBI Listing Regulations in the past, in light of not being able to appoint the independent director on the board of directors of our erstwhile unlisted material subsidiary in compliance with Regulation 24(1) of SEBI Listing Regulations. On June 15, 2019, following the approval of the audited financial results of the Company for Fiscal 2019, Pricol Wiping Systems Czech s.r.o ("**Pricol Czech**") was recognised as a material subsidiary of the Company. However, our Company had entered into a share purchase agreement with Chroma GP LLC, Delaware, USA ("**Chroma**") in June 2019 ("**SPA**"), for the sale of its majority stake in certain of its subsidiaries, which included Pricol Espana Sociedad Limitada ("**Pricol Espana**") i.e. the holding company of Pricol Czech, pursuant to which Pricol Czech would not remain a step-down subsidiary of the Company. Thereafter, pursuant to its discussions with Chroma, the SPA was terminated in February 2020, following which, the Board in its meeting on February 12, 2020, nominated Kasthuri Rangaian Ilango, (independent director of the Company) to be appointed as the director of Pricol Czech. However, due to the COVID 19 pandemic, and the consequential lockdown measures implemented by various countries across the world, including India, Pricol Czech was unable to complete this appointment to their board. Subsequently, in July 2020, the Company entered into a fresh share purchase agreement for the sale of its majority stake in Pricol Espana and Pricol Czech, and such sale was completed in August 2020. As on date, Pricol Czech is not a subsidiary of the Company. In this regard, please also refer to "*Other Regulatory and Statutory Disclosures – Compliance with conditions of fast track issue*" on page 237.

In addition, our Company belatedly filed financial results, required to be filed in terms of Regulation 33(3) of the SEBI Listing Regulations, on June 15, 2019, for the quarter ended March 31, 2019, for which a monetary fine of ₹ 0.80 lakh was imposed by, and paid to, each of the Stock Exchanges.

Further, certain dues to the Investor Protection and Education Fund pertaining to Fiscal 2013 and Fiscal 2014 (for interim dividend) remained unpaid as on September 30, 2020 on account of certain technical glitches with MCA portal. The due dates for transferring the said amounts to the Investor Protection and Education Fund were September 30, 2020 and September 22, 2020. The requisite amount has since been remitted on October 12, 2020 and October 7, 2020 respectively.

In future, there may be instances where we may be in default with regulations applicable to listed companies, or any other statutes or regulations which are applicable to us. Any further non-compliance of this nature, or adverse order passed by a regulator or statutory authority against us in this regard may affect our reputation, business, operations and financial condition.

36. Our ability to pay dividends in the future will depend on our future earnings, cash flows, working capital requirements, capital expenditures and financial condition. Investors of Rights Equity Shares are only entitled to dividend in proportion to the amount paid up and the voting rights (exercisable on a poll by investors) shall also be proportional to such Investor's share of the paid-up equity capital of our Company.

The amount of our future dividend payments, if any, will depend on various factors such as our future earnings, cash flows, financial condition, working capital requirements, capital expenditures and in accordance with applicable laws. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on the Equity Shares. The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or the dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

37. Compliance with, and changes in, environmental, health and safety laws and regulations or stringent enforcement of existing environmental, health and safety laws and regulations may result in increased liabilities and increased capital expenditures may adversely affect our cash flows, business results of operations and financial condition.

Our operations are subject to environmental, health and safety and other regulatory and/ or statutory requirements in the jurisdictions in which we operate. Our project operations may generate dust, pollutants and waste, some of which may be hazardous. We are accordingly subject to various national, state, municipal and local laws and regulations concerning environmental protection in India, including laws addressing the discharge of pollutants into the air and water, the management and disposal of any hazardous substances, and wastes and the clean-up of contaminated sites. We cannot assure you that compliance with such laws and regulations will not result in a material increase in our costs or otherwise have an adverse effect on our financial condition, cash flows and results of operations. Further, manufacturing activities in India are also subject to various health and safety laws and regulations as well as laws and regulations governing their relationship with their respective employees in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring and terminating employees, contract labour and work permits. Accidents, in particular fatalities, may have an adverse impact on our reputation and may result in fines and/or investigations by public authorities as well as litigation from injured workers or their dependents.

Non-compliance with these laws and regulations, which among other things, limit or prohibit emissions or spills of toxic substances produced in connection with our operations, could expose us to civil penalties, criminal sanctions and revocation of key business licences. Environmental laws and regulations in India are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations or financial condition. In addition, we could incur substantial costs, our products could be restricted from entering certain markets, and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with applicable regulations. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs.

38. We require various statutory and regulatory permits and approvals in the ordinary course of our business, and the failure to obtain, renew or maintain them in a timely manner may adversely affect our operations.

We require certain statutory and regulatory permits, approvals, licenses, registrations and permissions for our business and operations. We may need to apply for further approvals in the future including renewal of approvals that may expire from time to time. Our Company has currently made applications for (i) registration under the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 for Plants I and III, (ii) registration under the Explosives Act, 1884 for Plant IV, and (iii) the consent to operate in terms of the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, for Plant V. In addition, our Subsidiary, Pricol Wiping Systems India Limited, is yet to make an application for registration under the Contract Labour Registration Act, 1970 for its manufacturing facility at Satara. There can be no assurance that the relevant authorities will issue (or renew) such permits or approvals in the timeframe anticipated by us or at all.

Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have an adverse effect on our business, financial condition and results of operations. Further, we cannot assure that such approvals, licenses, registrations and permits would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us or our sub-contractors, may impede our operations.

39. We rely on our information technology systems for our operations and its reliability and functionality is critical to the success of our business.

We rely on our information technology systems for our operations and its reliability and functionality is critical to our business success. Our growing dependence on the IT infrastructure, applications, and data has caused us to have a vested interest in its reliability and functionality, which can be affected by a number of factors, including, the increasing complexity of the IT systems, frequent change and short life span due to technological advancements and data security. If our IT systems malfunction or experience extended periods of down time, we may not be able to run our operations safely or efficiently. We may suffer losses in revenue, reputation and volume of business and our financial condition and results of operation may be materially and adversely affected. So far, we have not experienced any material widespread disruptions of service to our clients, but there can be no assurance that we may not encounter disruptions in the future.

Further, our future success will depend in part on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. In addition, Government authorities may require adherence with certain technologies in the execution of projects and we cannot assure you that we would be able to implement the same in a timely manner, or at all. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs (in comparison to our competitors who may be able to successfully implement such technologies) and lead to us bidding at lower margins/loss of bidding opportunities vis-à-vis such competitors. Any of the above events may adversely affect our business, results of operations and financial condition.

40. Our operations are subject to risks of mishaps or accidents that could cause damage or loss to life and property and could also result in loss in our business.

Our business operations are subject to operating risks, including fatal accidents, mishaps, failure of equipment, power supply, labour disputes, natural disasters or other force majeure conditions which are beyond our control. The occurrence of any of these factors could significantly affect our results of operations and financial condition. Long periods of business disruption could result in a termination of our project agreements. Although we take precautions to minimize the risk of any significant operational problems at our operation sites, there can be no assurance that we will not face such disruptions in the future.

We may be exposed to various risks which we may not be able to foresee or may not have adequate insurance coverage. Our insurance coverage may not be adequate to cover such loss or damage to life and property, and any consequential losses arising due to such events will affect our operations and financial condition. Further, in addition to the above, any fatal accident or incident causing damage or loss to life and property, even if we are fully insured or held not to be liable, could negatively affect our reputation, thereby making it more difficult for us to conduct our business operations effectively, availability of insurance coverage in the future and our results of operations. Such incidents could also potentially lead to legal claims for damages and the liabilities and costs arising out of such legal proceedings could have a material adverse effect on our business, results of operations and financial condition.

41. We have certain contingent liabilities that have not been provided for in our financial statements, which if they materialise, may adversely affect our financial condition.

As of March 31, 2020, our contingent liabilities on a consolidated basis, that have not been provided for were as follows:

Particulars	Amount (in ₹ lakhs)
Excise, service tax and customs	1,281.44
Labour related matters	1,608.00
Letter of credit	930.50
Guarantees	279.63
Total	**4,099.57**

For further details, see "*Financial Statements*" on page 104. If a significant portion of these liabilities materializes, it could have an adverse effect on our business, financial condition and results of operations.

42. There is outstanding litigation involving our Company and our Subsidiaries, which if determined adversely, could affect our business and results of operations.

As on the date of this Letter of Offer, we are involved in certain civil, tax, regulatory and criminal proceedings which are pending at different levels of adjudication before various courts, tribunals, forums and appellate authorities. We cannot assure you that these legal proceedings will be decided in our favour. Decisions in proceedings adverse to our interests may have a significant adverse effect on our business, management, financial condition, results of operations and cash flows. In relation to tax proceedings, in the event of any adverse outcome, we may be required to pay the disputed amounts along with applicable interest and penalty and may also incur additional tax incidence going forward.

A summary of pending material civil, tax, regulatory and criminal proceedings involving our Company and our Subsidiaries, as identified by our Company is provided below:

(*₹ in lakhs*)

Sr. No.	Type of Proceedings	Number of cases	Amount to the extent quantifiable
I.	**Litigation involving our Company**		
A.	Proceedings involving moral turpitude or criminal liability on our Company	1	-
B.	Proceedings involving material violations of statutory regulations by our Company	Nil	-
C.	Matters involving economic offences where proceedings have been initiated against our Company	Nil	-

Sr. No.	Type of Proceedings	Number of cases	Amount to the extent quantifiable
D.	Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	4	5,119.48
	Total	**5**	**5,119.48**
II.	**Litigation involving our Subsidiaries**		
E.	Proceedings involving moral turpitude or criminal liability on our Subsidiaries	Nil	-
F.	Proceedings involving material violations of statutory regulations by our Subsidiaries	Nil	-
G.	Matters involving economic offences where proceedings have been initiated against our Subsidiaries	Nil	-
H.	Other proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	-
	Total	**Nil**	**-**

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. We cannot assure you that in matters where orders have been passed in our favour, there will be no appeal from the other parties involved or whether we can ascertain the liabilities involved in such matters at this stage unless we are impleaded in such proceedings. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current or long term liabilities or reduce our cash and bank balance. For further details, see section "*Outstanding Litigation and Defaults*" on page 233.

43. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.

Our Company proposes to utilize the Net Proceeds for its working capital requirements and towards general corporate purposes. Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or other independent agency. Further, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For details, see "*Objects of the Issue*" on page 55.

In addition, we cannot assure you that use of the Net Proceeds to meet our future capital requirements, fund our growth and for other purposes identified by our management would result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

44. We are dependent on a number of key management personnel and senior management personnel and the loss of such persons, or our inability to attract and retain key management personnel and senior management personnel in the future, could adversely affect our business, growth prospects, results of operations and cash flows.

Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We are highly dependent on our Promoters, our Directors, senior management and other key personnel, including skilled project management personnel. Our management and technical personnel are supported by other skilled workers who benefit from regular in-house training initiatives and they are also supported by external consultants with significant industry experience who are not permanent employees of our Company. The loss of any of our Promoters, our Directors, senior management, external consultants or other key management personnel, or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business, growth prospects, results of operations and cash flows.

We face competition to recruit and retain skilled and professionally qualified staff. Due to the limited availability of skilled personnel, competition for senior management and skilled engineers in our industry is intense. We may experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. The risk could be heightened to the extent we invest in business of geographical regions in which we have limited experience. We may also need to increase our pay structures to attract and retain such personnel. Our future performance will depend upon the continued services of these persons.

45. Certain of our Subsidiaries have incurred losses in Fiscal 2020 and may incur losses in the future which may have an adverse effect on our reputation and business.

Certain of our Subsidiaries have incurred losses in the Fiscal 2020. The following table sets forth information on the Subsidiaries of our Company that have incurred losses as per the audited standalone financial statements of the respective entities in Fiscal 2020:

(*₹ in lakhs*)

S. No.	Name of Subsidiary	Losses after tax
1.	PT Pricol Surya Indonesia	254.40
2.	Pricol Wiping Systems India Limited	323.73

There can be no assurance that our Subsidiaries will not incur losses in the future which may have an adverse effect on our reputation and business.

46. A downgrade in our credit rating could adversely affect our ability to raise capital in the future.

Our Company currently has a credit rating for long term fund based facilities of 'BB+' and 'A4+' for short term fund based and non fund based facilities from ICRA. Our credit ratings, which are intended to measure our ability to meet our debt obligations, are a significant factor in determining our finance costs. The interest rates of certain of our borrowings may be significantly dependent on our credit ratings. A downgrade of our credit ratings could lead to greater risk with respect to refinancing our debt and would likely increase our cost of borrowing and adversely affect our business, financial condition, results of operations and prospects.

47. We have, in the past, entered into certain transactions with related parties and may continue to do so in the future. Any related party transactions that are not on an arm's length basis may adversely affect our business, results of operation and financial condition.

We have, in the past, entered into certain transactions with related parties and may continue to do so in the future. For further details, see "*Financial Statements*" on page 104. While we believe that all such transactions have been conducted on an arms-length basis, there can be no assurance that we would not have achieved more favourable commercial terms had such transactions not been entered into with related parties. Further, we may enter into related party transactions in the future, and such transactions may potentially involve conflicts of interest. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our results of operations and financial condition.

48. Our insurance coverage could prove inadequate to satisfy potential claims and our insurance policies may not protect us against all potential losses, which could adversely affect our business and results of operations.

Our business operations are subject to various risks inherent in the manufacturing industry. While we believe that the insurance coverage which we maintain is in keeping with industry standards and would be reasonably adequate to cover the normal risks associated with the operation of our businesses, we cannot assure you that any claim under the insurance policies maintained by us will be covered entirely, in part or on time, or that we have taken out sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all.

To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected. For further information on our insurance arrangements, see "*Our Business – Insurance*" on page 96.

49. Our Company has taken an unsecured loan, which may be recalled at any time. Any recall of such loan may have an adverse effect on our business, prospects, financial condition and results of operations.

Our Company has taken an unsecured loan from a bank, according to the terms of which, it may be recalled at any time at the option of the lender. If the unsecured loan is recalled at any time, the financial condition of our Company may be adversely affected.

50. Industry information included in this Letter of Offer has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate.

We have not independently verified data obtained from industry publications and other external sources referred to in this Letter of Offer and therefore, while we believe them to be accurate, complete and reliable, we cannot assure you that they are accurate, complete or reliable. Such data may also be produced on different bases. Therefore, discussions of matters relating to India, its economy, the financial services industry, are subject to the caveat that the statistical and other data upon which such discussions are based may be inaccurate, incomplete or unreliable. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy, adequacy or completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government sources and publications are also prepared on the basis of information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions that may prove to be incorrect. Accordingly, no investment decision should be made on the basis of such information.

EXTERNAL RISK FACTORS

Risks Relating to India

1. A prolonged slowdown in economic growth in India or financial instability in other countries, particularly in light of the COVID-19 pandemic, could cause our business to suffer.

The current contraction of the Indian economy could adversely affect our business, our lenders and contractual counterparties, especially if such a contraction were to be prolonged. Prior to the outbreak of the COVID-19 pandemic, the Indian economy was widely acknowledged as being in a state of slowdown, due to the high rate of inflation, the increase in the fiscal deficit and the Government's borrowing program. The COVID-19 pandemic, along with mandatory lockdowns and other restrictions put in place by state and central Governments in response, have since had a severe disruptive impact on the Indian economy. In the aftermath of the pandemic, it is widely believed that the Indian GDP is likely to see a negative growth rate in Fiscal 2021. This is compounded by a sharp spike in unemployment rates and a widespread drop in household incomes. The pandemic has also brought severe stress into supply chains. Accordingly, the long-term impact of the pandemic is currently unclear. While the Government and the Reserve Bank of India have announced several measures to stimulate the Indian economy, there is no assurance that the Indian economy shall return to its earlier growth trajectory once the pandemic subsides, or at all.

In addition, the Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly those of emerging market countries in Asia. The COVID-19 pandemic has severely impacted the global economy, and as per the International Monetary Fund, may result in the most severe global economic downturn since the "Great Depression" in the 1930s. Across countries, various industries have been impacted sharply, including the tourism and hospitality industries, consumer spending has shrunk sharply, and stock markets across the world have experienced unprecedented uncertainty and volatility. Major global economic centres, including the United States and the Eurozone are in recession as a result of the pandemic. While the long-term global economic impact of the COVID-19 pandemic is unclear, it is likely that there shall be a material impact on global financial markets, including reduced liquidity, significant volatility, widening of credit spreads and a lack of price transparency. In addition, investors' reactions to developments in one country may also have adverse effects on the economies of other countries, including the Indian economy. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and, indirectly, in the Indian economy in general. Such worldwide financial instability could influence the Indian economy and could have a material adverse effect on our business, cash flows, financial condition and results of operations.

2. ***The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease, with the most recent example being the global outbreak of COVID-19, or man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

3. ***Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.***

The Central Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the Indian economy. Further, our business is also impacted by regulation and conditions in the various states in India where we operate. Our business, and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in central or state Government policies, taxation and other political, economic or other developments in or affecting India. Since 1991, successive Central Governments have pursued policies of economic liberalisation and financial sector reforms. Any slowdown in these demand drivers or change in Government policies may adversely impact our business and operations. Generally, a significant adverse change in the Central Government's policies could adversely affect our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline.

4. ***We are affected by economic trends and adverse developments in the global economy and in countries where we operate.***

Our business is affected by general economic conditions, in particular levels of industrial and manufacturing output in the industries and markets that we serve, and is susceptible to downturns in economies around the world, including major economic centres such as the United States and Europe, as well as emerging markets such as India, China, Mexico and Brazil. General economic conditions and macroeconomic trends can affect overall demand for our products and the markets in which we operate. Most of our revenue is derived from OEMs who could be significantly impacted by adverse economic developments globally and particularly in India, Europe, South East Asia and North America. During periods of slow economic activity, consumers may forego or delay vehicle purchases, or purchase lower-priced models with fewer premium features, resulting in reduced demand by our OEM customers for our products. If the economic environment in any of the markets from which we derive substantial revenue declines, it may impact a significant number of our customers and, consequently, the demand for our product lines, and our business, financial condition and results of operations could be materially and adversely affected.

5. ***If there is a change in policies related to tax, duties or other such levies applicable to us, it may affect our results of operations.***

New or revised accounting policies or policies related to tax, duties or other such levies promulgated from time to time by relevant tax authorities may adversely affect our results of operations. We cannot assure you as to what action current or future Governments will implement regarding tax incentives or GST benefits. We may not be able to comply with the obligations and stipulations that would allow us to avail ourselves of such benefits or concessions, and consequently, we may lose such benefits and concessions.

6. ***We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.***

The Competition Act regulates practices having an appreciable adverse effect on competition in any relevant market in India. The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and may result in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

All agreements entered into by us could be within the purview of the Competition Act. We cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

7. It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.

We are incorporated under the laws of India and our Directors and executive officers reside in India. A substantial portion of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to:

- effect service of process outside of India upon us and such other persons or entities; or
- enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code, on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, United Arab Emirates, Republic of Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the USA has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

8. Our Company has prepared financial statements under Ind AS. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP.

Our Financial Statements have been prepared under Ind-AS, notified under the Companies (Indian Accounting Standards) Rules, 2015 read with the Companies Act, 2013. No attempt has been made to reconcile any information given in this Letter of Offer to any other accounting principles or to base the information on any other accounting standards. Ind-AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the Financial Statements included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS.

9. Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our business, our future financial performance, our shareholders' funds and the price of our Equity Shares.

Risks Relating to the Equity Shares and this Issue

10. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of the Equity Shares are generally taxable in India. Any gain realized on the sale of the Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction (subject to section 112A of the Income Tax Act, 1961). The securities transaction tax will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold. Any gain realized on the sale of the Equity Shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of the Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1, 2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset (introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long term capital gains at the rate of 10%, where the long term capital gains exceed ₹ 100,000, subject to certain exceptions in case of a resident individuals and HUF. Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have been notified on December 10, 2019 and have come into effect from July 1, 2020.

11. Investors will not have the option of getting the allotment of Equity Shares in physical form.

In accordance with the SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. For details, see "*Terms of the Issue*" on page 246. This may impact the ability of our shareholders to receive the Equity Shares in the Issue.

12. We will not distribute the Letter of Offer, Abridged Letter of Offer and Application Form to overseas Shareholders who have not provided an address in India for service of documents.

We will dispatch the Issue Material to shareholders who have provided an address in India for service of documents. The Issue Material will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act and the rules made thereunder with respect to distribution of Issue Material in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Material, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

13. Our Company shall endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders. However, we may be unable to complete delivery of such Issue Material due to the ongoing COVID-19 pandemic.

Our Company shall also endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company. However, due to the ongoing COVID-19 pandemic, restrictions such as the nationwide lockdown and corresponding logistical limitation, we may be unable to complete delivery of such Issue Material. Pursuant to relaxations granted under SEBI circulars bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue Material, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

14. You may not receive the Equity Shares that you subscribe in the Issue until 15 days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you may be allotted in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

15. There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the NSE and BSE, which would adversely affect your ability to sell our Equity Shares.

16. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

17. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.*

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation (the last day for which is Friday, December 11, 2020), such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

18. *There may be less information available in the Indian securities markets than in more developed securities markets in other countries.*

There is a difference between the level of regulation and monitoring of the Indian securities markets and that of the activities of investors, brokers and other participants in securities markets in more developed economies. SEBI is responsible for monitoring disclosure and other regulatory standards for the Indian securities market. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may be, however, less publicly available information about Indian companies than is regularly made available by public companies in more developed countries, which could adversely affect the market for our Equity Shares. As a result, investors may have access to less information about our business, financial condition, cash flows and results of operation, on an ongoing basis, than investors in companies subject to the reporting requirements of other more developed countries.

19. *Our Promoters and Promoter Group may not have the ability to control or influence the outcome of matters submitted to shareholders for approval.*

As at September 30, 2020, our Promoters and the Promoter Group collectively hold 36.53% of the total share capital of our Company. As long as our Promoters and the Promoter Group do not hold the majority stake in the Company, they may not have the ability to control or influence the outcome of matters submitted to shareholders for approval, including (i) matters relating to sale of all or part of our business; (ii) mergers, acquisitions or disposals of assets; (iii) the distribution of dividends; (iv) appointment or removal of our directors or officers; and (v) our capital structure or financing. This could materially and adversely affect our results of operations, financial condition, and cash flows.

20. *We may, at any time in the future, make further issuances or sales of our Equity Shares, and this may significantly dilute your future shareholding and affect the trading price of our Equity Shares.*

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of our Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception that such issuance or sales of shares may occur, may lead to dilution of your shareholding, significantly affect the trading price of our Equity Shares and our ability to raise capital through an issue of our securities. There can be no assurance that such future issuance by us will be at a price equal to or more than the Issue Price. Further, there can be no assurance that we will not issue further shares or that the major shareholders will not dispose of, pledge or otherwise encumber their shares.

21. *Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.*

Our Articles of Association and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction. In accordance with the provisions of the Companies Act, the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company.

22. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

23. The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, a separate web based application platform, i.e., the R-WAP facility (accessible at https://rights.integratedindia.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see "*Terms of the Issue – Procedure for Application through the R-WAP*" on page 259. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users' data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the R-WAP facility.

24. SEBI has recently, by way of circulars dated January 22, 2020 and May 6, 2020 (read with the circular dated July 24, 2020), streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Letter of Offer.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020 and May 6, 2020, read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see "*Terms of the Issue*" on page 246. In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) demat suspense escrow account (namely, 'Pricol Limited Rights Suspense Escrow Account') opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

25. The Eligible Equity Shareholders holding Equity Shares in physical form will have no voting rights in respect of Rights Equity Shares until they provide details of their demat account and Rights Equity Shares are transferred to such demat account from the demat suspense account thereafter.

The Rights Equity Shares will be credited to a demat suspense account to be opened by our Company, in case of Allotment in respect of resident Eligible Equity Shareholders holding Equity Shares in physical form and who have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date. Such Eligible Equity Shareholders are required to send, among others, details of their demat accounts to our Company or the Registrar within six months from the Allotment Date. Unless and until such Eligible Equity Shareholders provide details of their demat account and the Rights Equity Shares are transferred from demat suspense account to such demat accounts thereafter, they will have no voting rights in respect of Rights Equity Shares. For details, see "*Terms of the Issue*" on page 246.

26. The Eligible Equity Shareholders holding Equity Shares in physical form and who do not provide details of their demat accounts within six months of Allotment Date, may suffer loss in case of sale of their Rights Equity Shares by our Company at the prevailing market price.

The Rights Equity Shares will be credited to a demat suspense account to be opened by our Company, in case of Allotment in respect of resident Eligible Equity Shareholders holding Equity Shares in physical form and who have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date. Such Eligible Equity Shareholders are required to send, among others, details of their demat accounts to our Company or the Registrar within six months from the Allotment Date. For details, see "*Terms of the Issue*" on page 246.

Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders. In case of non-receipt of such details of demat account, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. Proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) may be higher or lower than the Application Money paid by such Eligible Equity Shareholders. We cannot assure you that such proceeds by way of sale of such Rights Equity Shares will be higher than the Application Money paid by you, and that you shall not suffer a loss in this regard.

Further, in case, bank accounts of the aforesaid Eligible Equity Shareholders cannot be identified due to any reason or bounce back from such bank accounts, our Company may use payment mechanisms such as cheques, demand drafts etc. to remit the proceeds of sale of the Rights Equity Shares to such Eligible Equity Shareholders. If such bank account from which Application Money was received is closed or non-operational, the sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.

27. Investors will be subject to market risks until our Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading our Equity Shares Allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for our Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that our Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in such Equity Shares will commence in a timely manner.

28. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the FDI Policy, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, foreign investment up to 100% is permitted in our sector, subject to satisfaction of certain conditions. Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements, or falls under any of the exceptions referred to above, then prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

29. Overseas shareholders may not be able to participate in the Company's future rights offerings or certain other equity issues.

If the Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, the Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, the Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless:

- a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for the Company to offer such rights to holders and sell the securities represented by such rights; or

- the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act.

The Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

30. Holders of our Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

31. Your ability to acquire and sell the Rights Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Letter of Offer.

No actions have been taken to permit a public offering of the Rights Equity Shares offered in the Issue in any jurisdiction except India. As such, our Rights Equity Shares and / or Rights Entitlements have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Further, your ability to acquire Rights Equity Shares and / or Rights Entitlements is restricted by the distribution and solicitation restrictions set forth in this Letter of Offer. For further information, see "*Notice to Investors*" and "*Other Regulatory and Statutory Disclosures – Selling Restrictions*" and "*Restrictions on Purchases and Sales*" on pages 8, 242 and 283 respectively. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Rights Equity Shares made other than in compliance with applicable law.

SECTION III: INTRODUCTION

THE ISSUE

This Issue has been authorised by way of a resolution dated September 4, 2020, passed by our Board, pursuant to Section 62(1)(a)and other applicable provisions of the Companies Act, 2013. The following is a summary of the Issue and should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section "*Terms of the Issue*" on page 246.

Rights Equity Shares being offered by our Company	Up to 2,70,84,777 Rights Equity Shares
Rights Entitlements*	2 Rights Equity Share for every 7 fully paid up Equity Shares held on the Record Date
Record Date	Wednesday, November 25, 2020
Issue Price	₹ 30 per Rights Equity Share (including a premium of ₹ 29 per Rights Equity Share)
Face Value per Rights Equity Share	₹ 1
Dividend	Such dividend, in proportion to the amount paid-up on the Rights Equity Shares, as may be recommended by our Board and declared by our Shareholders, as per applicable law.
Issue Size	Up to ₹ 8,125.43 lakhs* * *Assuming full subscription.*
Equity Shares subscribed, paid–up and outstanding prior to the Issue	9,47,96,721 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Equity Shares)	12,18,81,498 Equity Shares
Security codes for our Equity Shares, Rights Equity Shares and Rights Entitlements	ISIN: INE726V01018 BSE: 540293 NSE: PRICOLLTD ISIN for Rights Entitlements: INE726V20018
Terms of the Issue	See "*Terms of the Issue*" on page 246
Use of Issue Proceeds	See "*Objects of the Issue*" on page 55
Terms of Payment	The full amount is payable on application

**For Rights Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 7 Equity Shares or is not in multiples of 7, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements. For details in relation to Fractional Entitlements, see "Terms of the Issue – Fractional Entitlements" beginning on page* 253.

GENERAL INFORMATION

Our Company was incorporated as 'Pricol Pune Limited', a public limited company, on May 18, 2011, under the Companies Act, 1956 and was granted a certificate of incorporation by the RoC Maharashtra. Our Company was granted a certificate of commencement of business by the RoC Maharashtra on July 8, 2011. Thereafter, pursuant to the conversion of our Company to a private limited company, in terms of Section 31(1) of the Companies Act, 1956, with effect from April 30, 2012, the name of our Company was changed to 'Pricol Pune Private Limited'. Subsequently, the name of our Company was changed to 'Johnson Controls Pricol Private Limited' and a fresh certificate of incorporation was issued by the RoC Maharashtra dated July 11, 2012. The name of our Company was subsequently changed to 'Pricol Pune Private Limited' and a fresh certificate of incorporation was granted by the RoC Maharashtra dated May 29, 2015. Thereafter, pursuant to the conversion of our Company to a public limited company, in terms of Section 18 of the Companies Act, 2013, the name of our Company was changed to 'Pricol Pune Limited' and a fresh certificate of incorporation was granted by the RoC dated January 22, 2016. Pursuant to the Scheme, the name of our Company was changed to 'Pricol Limited' and a fresh certificate of incorporation was issued to our Company by the RoC dated November 18, 2016.

Registered and Corporate Office, corporate identity number and registration number of our Company

Pricol Limited
109, Race Course,
Coimbatore, Tamil Nadu – 641 018
India
CIN: L34200TZ2011PLC022194
Registration Number: 022194

Changes to the address of our registered office

The details of changes in the registered office of our Company are set forth below:

Date of change of registered office	Details of the address of registered office	Reason(s) for change
January 11, 2016	The registered office of our Company was changed from survey no.1065 and 1066, Pirangut, Taluk Mulshi, Pune, Maharashtra – 412 108, India to 109, Race Course, Coimbatore, Tamil Nadu – 641 018 India	For administrative convenience

Address of the Registrar of Companies

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies
No.7, AGT Business Park, I Floor, Phase II,
Avinashi Road, Civil Aerodrome Post,
Coimbatore- 641014
Tamil Nadu, India

Company Secretary and Compliance Officer

T. G. Thamizhanban
109, Race Course,
Coimbatore, Tamil Nadu – 641 018
India
Telephone: +91 (422) 4336223
E-mail: cs@pricol.co.in

Lead Manager to the Issue

Centrum Capital Limited
Centrum House
CST Road, Vidyanagari Marg
Kalina, Santacruz (East)

Mumbai – 400 098, Maharashtra, India
Telephone: +91 (22) 4215 9000
Email: pricol.rights@centrum.co.in
Investor grievance email: igmbd@centrum.co.in
Contact person: Gunjan Chauhan / Sugandha Kaushik
Website: www.centrum.co.in
SEBI registration number: INM000010445

Statement of responsibilities of the Lead Manager

Centrum Capital Limited is the sole Lead Manager to the Issue, and accordingly, there is no inter se allocation of responsibilities in the Issue. The details of responsibilities of the Lead Manager are as follows:

S. No.	Activity
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.
2.	Coordination for drafting and design of the Letter of Offer, Application Form, Abridged Letter of Offer, Rights Entitlement Letter and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the offer document
3.	Selection of various agencies connected with the Issue, namely Registrar to the Issue, Banker to the Issue, Printer, Advertising Agency, and coordination for execution of related agreements with such agencies.
4.	Formulating marketing strategy which will cover, inter alia, distribution of publicity and Issue materials including Application Form, Abridged Letter of Offer and Rights Entitlement Letter
5.	Co-ordinating and liasoning with the Stock Exchanges including for completion of prescribed formalities for use of online software, bidding terminal, mock trading, etc., and for submission of 1% security deposit with Designated Stock Exchange
6.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Banker to the Issue and the SCSBs to get quick estimates of collection and advising the Company about the closure of the Issue, finalisation of the basis of Allotment, after weeding out multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds/unblocking and coordination with various agencies connected with the post issue activity such as Registrar to the Issue, Banker to the Issue, SCSBs, etc., coordination for filing of media compliance report, if any, and release of 1% security deposit

Statutory Auditors

VKS Aiyer & Co, Chartered Accountants
380, VGR Puram
Off. Alagesan Road, Saibaba Colony
Coimbatore, Tamil Nadu – 641 011
India
Telephone: +91 (422) 2440 971 / 72 / 73 / 74
Email: sidarth@vksaiyer.com

Legal counsel to the Issue

Khaitan & Co
Max Towers
7th & 8th Floors
Sector 16B, Noida
Gautam Buddh Nagar – 201 301
Uttar Pradesh, India
Telephone: +91 (120) 479 1000

Special Purpose International Legal Counsel to the Lead Manager

Squire Patton Boggs Singapore LLP
1 Marina Boulevard
#21-01 One Marina Boulevard
Singapore 018989
Republic of Singapore
Telephone: +65 6922 8668

Registrar to the Issue

Integrated Registry Management Services Private Limited
II Floor, Kences Towers
No.1 Ramakrishna Street, North Usman Road
T Nagar, Chennai
Tamil Nadu – 600 017, India
Telephone: +91 (44) 2814 0801 / 802 / 803
E-mail id: pricol@integratedindia.in
Investor grievance email: srirams@integratedindia.in
Contact person: Sriram S
Website: www.integratedindia.in
SEBI registration number: INR000000544

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole / first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see "*Terms of the Issue*" on page 246.

Banker to the Issue

ICICI Bank Limited
Capital Market Division, 1st Floor
122, Mistry Bhavan, Dinshaw Vachha Road
Backbay Reclamation, Churchgate
Mumbai – 400 020
Telephone: +91 (22) 6681 8933 / 23 / 24
E-mail: kmr.saurabh@icicibank.com
Contact person: Saurabh Kumar
Website: www.icicibank.com

Expert

Except as stated below, our Company has not obtained any expert opinion.

Our Company has received a written consent from our Statutory Auditors, VKS Aiyer & Co, Chartered Accountants, to include their name in this Letter of Offer and as an "expert", as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as statutory auditors of our Company and in respect of the inclusion of the Audited Consolidated Financial Statements, the Unaudited Consolidated Financial Results, and the statement of special tax benefits dated November 20, 2020, included in this Letter of Offer, and such consent has not been withdrawn as of the date of this Letter of Offer.

Our Company has received a written consent dated October 27, 2020 from RM. Mayileru & Co., Chartered Engineers, to include their name in this Letter of Offer and as an "expert", as defined under Section 2(38) of the Companies Act, 2013 in respect of their certificate dated October 27, 2020 and such consent has not been withdrawn as of the date of this Letter of Offer.

Designated intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as updated from time to time or at such other website as may be prescribed from time to time. Further, for a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA applications from the Designated

Intermediaries and updated from time to time, please refer to the above mentioned link or any such other website as may be prescribed by SEBI from time to time. In addition, Applicants should consult with the relevant SCSB to ensure that there is no statutory / regulatory action restricting the Application being submitted through them.

Issue Schedule

Last date for credit of Rights Entitlements:	Wednesday, December 2, 2020
Issue Opening Date:	Thursday, December 3, 2020
Last Date for On Market Renunciation#:	Friday, December 11, 2020
Issue Closing Date*:	Thursday, December 17, 2020
Finalisation of Basis of Allotment (on or about):	Monday, December 28, 2020
Date of Allotment (on or about):	Tuesday, December 29, 2020
Date of credit (on or about):	Thursday, December 31, 2020
Date of listing (on or about):	Friday, January 1, 2021

 # Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.
** Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, Tuesday, December 15, 2020, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts at least one day before the Issue Closing Date, *i.e.*, Wednesday, December 16, 2020. Further, in accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. For details, see "*Terms of the Issue*" on page 246.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application, see "*Terms of the Issue*" on page 246.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholder can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at https://rights.integratedindia.in after keying in their respective details along with other security control measures implemented thereat. For details, see "*Terms of the Issue*" on page 246.

Credit rating

As this Issue is for an issuance of Equity Shares, there is no requirement for credit rating for this Issue.

Debenture trustee

As this Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring agency

Since the size of the Issue does not exceed ₹ 10,000.00 lakhs, our Company is not required to appoint a monitoring agency.

Minimum subscription

The objects of the Issue involve financing other than the financing of capital expenditure for a project. Further, our Promoters and Promoter Group have undertaken that they will subscribe fully to the extent of their rights entitlement and that they shall not renounce their rights (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) subject to the aggregate shareholding of our

Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations. Accordingly, minimum subscription criteria are not applicable to the Issue.

Underwriting

This Issue is not underwritten.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange, SEBI, and NSE, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, submit a copy of this Letter of Offer to SEBI, through an online filing with SEBI through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the email address: cfddil@sebi.gov.in.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Letter of Offer is as provided below:

(in ₹, except share data)

		Aggregate value at face value	Aggregate value at Issue Price
1	**AUTHORISED SHARE CAPITAL**		
	58,20,00,000 Equity Shares of ₹ 1 each	58,20,00,000	-
2	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THIS ISSUE**		
	9,47,96,721 Equity Shares of ₹ 1 each	9,47,96,721	-
3	**PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER**(1)		
	2,70,84,777 Rights Equity Shares, each at a premium of ₹ 29 per Rights Equity Share, *i.e.*, at a price of ₹ 30 per Rights Equity Share	2,70,84,777	81,25,43,310
4	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THIS ISSUE**(2)		
	12,18,81,498 Equity Shares of ₹ 1 each	12,18,81,498	-
SECURITIES PREMIUM ACCOUNT			
Before this Issue		8,09,61,55,615	
After this Issue		8,88,16,14,148*	

(1) *This Issue has been authorised by a resolution passed by our Board at its meeting held on September 4, 2020, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.*

(2) *Assuming full subscription for and Allotment of the Rights Equity Shares.*

** Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue expenses.*

Notes to the Capital Structure

1. The shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations, which includes details of the shareholding of our Promoters and members of our Promoter Group, is available at www.bseindia.com/stock-share-price/pricol-ltd/pricolltd/540293/shareholding-pattern/ and www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PRICOLLTD&tabIndex=equity.

2. Except as disclosed below, no Equity Shares have been acquired by our Promoters or members of the Promoter Group in the last one year immediately preceding the date of this Letter of Offer:

Name of the Promoter / member of the Promoter Group	Date of the transaction	Number of Equity Shares acquired	Price per Equity Share (in ₹)	Nature of transaction
Promoter group				
Sagittarius Investments Private Limited	June 30, 2020	14,98,790	-	Scheme of arrangement*

** Acquisition of 14,98,790 Equity Shares by Sagittarius Investments Private Limited pursuant to the order passed on March 17, 2020 by the Regional Director, Chennai, approving the scheme of arrangement involving the merger of Sagittarius Investments Private Limited and Bhavani Infin Services India Private Limited, with effect from April 1, 2019.*

3. No Equity Shares held by our Promoters or members of the Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.

4. **Details of options and convertible securities outstanding as on the date of this Letter of Offer**

   There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.

5. **Subscription to this Issue by our Promoters and Promoter Group**

Our Promoters and Promoter Group, by way of their letters dated November 20, 2020, have confirmed to subscribe, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by our Promoters and members of our Promoter Group, over and above their Rights Entitlements, as applicable, shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

6. The ex-rights price of the Equity Shares, as computed in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ 45.89 per Equity Share.

7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares outstanding as on the date of this Letter of Offer. The Rights Equity Shares, when issued, shall be fully paid-up. For details on the terms of this Issue, see "*Terms of the Issue*" on page 246.

8. At any given time, there shall be only one denomination of the Equity Shares.

9. **Details of the shareholders holding more than 1% of the issued and paid-up Equity Share capital**

The details of shareholders of our Company holding more than 1% of the issued and paid-up Equity Share capital of our Company, as on September 30, 2020 are available at www.bseindia.com/stock-share-price/pricol-ltd/pricolltd/540293/shareholding-pattern/ and www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PRICOLLTD&tabIndex=equity.

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from this Issue towards the following objects:

1. To meet the working capital requirements of our Company; and
2. General corporate purposes.

Our objects, as stated in our Memorandum of Association, enable our Company to undertake (i) our existing activities; and (ii) the activities for which the funds are being raised by our Company through this Issue.

Issue Proceeds

The details of the Issue Proceeds are set forth in the table below:

(in ₹ lakhs)

Particulars		Amount
Gross Proceeds from this Issue*		8,125.43
Less:	Estimated Issue related expenses	197.85
Net Proceeds		7,927.59

Assuming full subscription and Allotment of the Rights Equity Shares.

Requirement of funds and utilisation of Net Proceeds

The proposed utilization of the Net Proceeds by our Company is set forth in the table below:

(in ₹ lakhs)

Particulars	Amount
To meet the working capital requirements of our Company*	6,500.00
General corporate purposes**	1,427.59
Total Net Proceeds* **	**7,927.59**

**Pursuant to the certificate dated November 20, 2020, issued by VKS Aiyer & Co., Chartered Accountants.*
***Subject to the finalization of the Basis of Allotment and the Allotment of the Rights Equity Shares. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*
****Assuming full subscription and Allotment of the Rights Equity Shares.*

There are no material existing or anticipated transactions in relation to utilization of Net Proceeds between us and our Promoters, Directors, or our key managerial personnel.

Means of Finance

The funding requirements mentioned above are based on our Company's internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities or interest rate fluctuations. We intend to finance the abovementioned objects from the Net Proceeds. Accordingly, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue. Further, our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our management. If additional funds are required for the purposes mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them.

Details of the objects of this Issue

The details in relation to objects of this Issue are set forth herein below.

1. ***To meet the working capital requirements of our Company***

   We fund a majority of our working capital requirements in the ordinary course of business from various banks and internal accruals. As at September 30, 2020, the aggregate amounts outstanding under the fund based and non-fund based working capital facilities of our Company are ₹ 9,675.32 lakhs and ₹ 3,190.86 lakhs, respectively.

Our Company requires additional working capital for funding its working capital requirements in Fiscal 2021.

Basis of estimation of working capital requirement

The details of our Company's working capital as at September 30, 2020, March 31, 2020, and March 31, 2019, and source of funding of the same, on a standalone basis, are provided in the table below:

(in ₹ lakhs)

S. No.	Particulars	Amount (As at September 30, 2020)	Amount (As at March 31, 2020)	Amount (As at March 31, 2019)
	Current assets			
1.	Inventories	19,494.69	17,066.02	17,932.87
2.	Financial assets			
	(i) Investments	-	470.94	268.82
	(ii) Trade receivables	20,812.75	16,927.96	19,184.18
	(iii) Cash and cash equivalents	179.18	233.11	404.82
	(iv) Bank balances other than (iii) above	1,324.68	1,256.95	660.79
	(v) Loans	-	175.00	
3.	(vi) Others	69.17	99.87	277.56
4.	Other current assets	1,325.10	1,532.81	1,509.28
	Total current assets (A)	**43,205.57**	**37,762.66**	**40,238.32**
	Current liabilities			
1.	Financial liabilities			
	(i) Trade payables			
	- Total outstanding dues of micro enterprises and small enterprises	1,959.86	87.68	186.45
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	24,770.42	26,334.80	20,486.89
	(ii) Others	10,106.30	9,873.25	6,000.01
2.	Other current liabilities	2,426.65	919.70	721.37
3.	Provisions	466.24	413.87	442.66
	Total current liabilities (B)	**39,729.47**	**37,629.3**	**27,837.38**
	Working capital requirements (A - B) **Met from short term borrowings and internal accruals**	3,476.10	133.36	12,400.94

**Pursuant to the certificate dated November 20, 2020, issued by VKS Aiyer & Co., Chartered Accountants.*

The details of our Company's expected working capital requirements for Fiscal 2021, as approved by our Board, and funding of the same, on a standalone basis, are as provided in the table below:

(in ₹ lakhs)

S. No.	Particulars	Estimated amount for Fiscal 2021
	Current assets	
1.	Inventories	24,062.00
2.	Financial assets	
	(i) Investments	-
	(ii) Trade receivables	25,474.06
	(iii) Cash and cash equivalents	179.18
	(iv) Bank balances other than (iii) above	1,324.68
	(v) Loans	-
3.	(vi) Others	69.17
4.	Other current assets	1,443.14
	Total current assets (A)	**52,552.23**
	Current liabilities	
1.	Financial liabilities	
	(i) Trade payables	

S. No.	Particulars	Estimated amount for Fiscal 2021
	- Total outstanding dues of micro enterprises and small enterprises	687.10
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	20,604.06
	(ii) Others	9,228.92
2.	Other current liabilities	1,400.76
3.	Provisions	466.24
	Total current liabilities (B)	**32,387.08**
	Working capital requirements (A - B)	**20,165.15**
	Means of Finance	
1.	Working capital funding from banks	9,300.00
2.	Proceeds from the Issue**	6,500.00
3.	Internal accruals	4,365.15
	Total Means of Finance	**20,165.15**

**Pursuant to the certificate dated November 20, 2020, issued by VKS Aiyer & Co., Chartered Accountants.*
*** Assuming full subscription and Allotment of the Rights Equity Shares.*

Assuming full subscription and Allotment of the Rights Equity Shares in the Issue, our Company proposes to utilize ₹ 6,500.00 lakhs from the Net Proceeds towards funding the working capital requirements of the Company.

Assumptions for working capital requirements*

Holding levels:

S. No.	Particulars		No. of Days**		
		Fiscal 2019 (Actual)	Fiscal 2020 (Actual)	Six months ended September 30, 2020 (Actual)	Fiscal 2021 (Projected)
1.	Receivables (A)	54	54	80	59
2.	Inventory (B)	68	74	103	80
3.	Trade payables (C)	86	127	151	72
4.	**Working capital cycle (A + B – C)**	**36**	**1**	**32**	**67**

**Pursuant to the certificate dated November 20, 2020, issued by VKS Aiyer & Co., Chartered Accountants.*
*** Rounded off to the nearest number of days*

Justification for holding levels considered:

S No.	Particulars	Assumptions
1.	Receivables	We had trade receivables of 54 days, 54 days, and 80 days of revenue from operations at the end of Fiscal 2019, Fiscal 2020, and the six months ended September 30, 2020, respectively. We have assumed trade receivables of 59 days of revenue from operations at the end of Fiscal 2021.
2.	Inventory	Inventory days were 68 days, 74 days, and 103 days of cost of goods sold for Fiscal 2019, Fiscal 2020, and the six months ended September 30, 2020, respectively. We have assumed inventory to be 80 days of cost of goods sold in Fiscal 2021.
3.	Trade payables	Trade payable days were 86 days, 127 days, and 151 days of cost of material consumed for Fiscal 2019, Fiscal 2020, and the six months ended September 30, 2020, respectively. We have assumed trade payables to be 72 days of cost of material consumed in Fiscal 2021.
4.	Working capital cycle	The working capital cycle of our Company was at 36 days, 1 day, and 32 days, for Fiscal 2019, 2020, and the six months ended September 30, 2020, respectively. Our Company expects the working capital cycle to be around 67 days in Fiscal 2021.

**Pursuant to the certificate dated November 20, 2020, issued by VKS Aiyer & Co., Chartered Accountants.*

The aforementioned working capital estimates and projections have been approved by the Board through a resolution dated November 19, 2020.

Assuming full subscription and Allotment of the Rights Equity Shares in the Issue, our Company proposes to utilize ₹ 6,500.00 lakhs of the Net Proceeds in Fiscal 2021 towards our working capital requirements. The balance portion of our working capital requirement will be arranged from existing equity, internal accruals and borrowings from banks.

2. ***General corporate purposes***

Our Company intends to deploy the balance Net Proceeds towards general corporate purposes, subject to such utilization not exceeding 25% of the Issue Proceeds, in compliance with applicable laws, to drive our business growth, including, amongst other things, (i) funding growth opportunities, including strategic initiatives; (ii) acquiring assets, such as plant and machinery, furniture and fixtures, and intangibles; (iii) meeting of exigencies which our Company may face in the course of any business; and (iv) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

Schedule of implementation and deployment of funds

(in ₹ lakhs)

Particulars	Amount proposed to be funded from Net Proceeds	Proposed schedule for deployment of the Net Proceeds #
		Fiscal 2021
To meet the working capital requirements of our Company	6,500.00	6,500.00
General corporate purposes	1,427.59	1,427.59
Total	**7,927.59**	**7,927.59**

Assuming full subscription

The above-stated proposed deployment of funds from the Net Proceeds are based on internal management estimates based on current market conditions and have not been appraised by any bank or financial institution or other independent agency. For further details, see "*Risk Factors - Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control*." on page 35. Our management, in response to the competitive and dynamic nature of our industry, as well as on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations, will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular project. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In case of a shortfall in the Net Proceeds, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

Estimated Issue-related expenses

The total expenses of this Issue are estimated to be ₹ 197.85 lakhs. The break-up of the Issue expenses is as follows:

(unless otherwise specified, in ₹ lakhs)

S. No.	Particulars	Amount	Percentage of total estimated Issue expenditure (%)	Percentage of Issue Size (%)#
1.	Fee of the Lead Manager	60.00	30.33	0.74
2.	Fee of the Registrar to the Issue	5.30	2.68	0.07
3.	Fee to the legal advisors, other professional service providers and statutory fee	59.00	29.82	0.73
4.	Advertising, marketing expenses, shareholder outreach, *etc.*	4.00	2.02	0.05
5.	Fees payable to regulators, including depositories, Stock Exchanges and SEBI	33.11	16.73	0.41
6.	Printing and distribution of issue stationery	25.84	13.06	0.32
7.	Other expenses (including miscellaneous expenses and stamp duty)	10.60	5.36	0.13
Total estimated Issue related expenses*^		**197.85**	**100.00**	**2.43**

** Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Equity Shares.*

^ Excluding taxes

 # Assuming full subscription.

Bridge financing facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends and will deposit the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board.

Monitoring utilization of funds from the Issue

Since the size of the Issue does not exceed ₹ 10,000.00 lakhs, our Company is not required to appoint a monitoring agency.

Our Company will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) along with relevant details for all the amounts that have not been utilized and will indicate instances, if any, of unutilised Net Proceeds in our balance sheet for the relevant Fiscals post receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company shall, on a quarterly basis, submit to the Stock Exchanges, the statement indicating deviations, if any, in the use of proceeds from the objects stated above. Such statement of deviation shall be placed before our Audit Committee for review, before its submission to Stock Exchanges.

Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated above and place it before our Audit Committee, until such time the full money raised through this Issue has been fully utilized. The statement shall be certified by the Statutory Auditors.

Appraising entity

None of the objects of this Issue, for which the Net Proceeds will be utilized, have been appraised.

Strategic or financial partners

There are no strategic or financial partners to the objects of the Issue.

Interest of Promoters, Promoter Group and Directors, as applicable to the objects of the Issue

No part of the proceeds of this Issue will be paid by our Company to our Promoters, the members of our Promoter Group, or our Directors.

Government approvals

There are no material pending government or regulatory approvals pertaining to the objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

Date: November 20, 2020

To

The Board of Directors
Pricol Limited
109, Race Course
Coimbatore – 641 018
India

(the "**Company**")

Dear Sirs / Madams

Re: Statement of possible special tax benefits (the "Statement") available to the Company and its shareholders prepared in accordance with the requirement under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), for the proposed rights issue of equity shares of ₹ 1 each (the "Equity Shares") of the Company (the "Issue")

We, VKS Aiyer & Co, Chartered Accountants, the statutory auditors of the Company, hereby confirm that the enclosed Annexure states the possible special tax benefits available to the Company and its shareholders under direct and indirect tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which are based on the business imperatives the Company may face and accordingly the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover only special tax benefits and do not cover general tax benefits available to the Company, or its shareholders. We are informed that the Annexure is only intended to provide general information to the investors and hence it is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his / her / their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor advising the investor to invest money based on this statement.

The contents of the Annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This report is addressed to and is provided to enable the board of directors of the Company to include this report in the Letter of Offer, prepared in connection with the Issue and to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges and in any other material used in connection with the Issue.

Limitations

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed Issue relying on the statement. This statement has been prepared solely in connection with the proposed Issue by the Company under the SEBI ICDR Regulations.

Yours Faithfully,

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

Kaushik Sidartha
Partner
Membership No.217964
UDIN: 20217964AAAAFO8908

Place: Coimbatore

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

I. Special tax benefits to the Company

1. Direct taxes

- Income Tax Act, 1961

a) As per Section 35(2AB), deduction at 100% is available on Research & Development expenditure (except on land and building) incurred by the Company on in house research and development facility as approved by the prescribed authority.

b) Further the company is entitled to a deduction at 100% in respect of expenditure of capital nature (other than those covered in 35(2AB) above) on scientific research related to the business carried on by the assessee.

c) The company is eligible to opt for the beneficial tax rate of 22% (plus applicable surcharge and cess) as provided under section 115BAA (2) of the Act, subject to the condition that going forward it does not claim the deductions as specified in section 115BAA(2) of the Act and computes the total income as per the provision of section 115BAA(2) of the Act. Once the company opts for paying tax as per section 115BAA of the Act, such option cannot be withdrawn. Further, the provisions of section 115JB in relation to Minimum Alternative Taxes (MAT) shall not apply once the company exercises the option under 115BAA.

According to information and explanation given to us, the company may opt for the lower tax regime under section 115BAA in future years based on tax planning.

2. Indirect Taxes

There are no special tax benefits available to the Company under:

a. The Central Goods and Services Tax Act, 2017 and rules thereunder,
b. The Integrated Goods and Services Tax Act, 2017 and rules thereunder,
c. The Union Territory Goods and Services Tax Act, 2017 and rules thereunder,
d. Respective State Goods and Services Tax Act, 2017 and rules thereunder,
e. Goods and Services Tax (Compensation to States) Act, 2017 and rules thereunder,
f. Notifications issued under these Acts and Rules.

II. Special tax benefits to the Shareholders

The shareholders of the Company are not eligible to any special tax benefits under the provisions of the Income Tax Act, 1961 read with the relevant Income Tax Rules, 1962

Notes:

1. *We have not considered the general tax benefits available to the Company, or shareholders of the Company.*
2. *The above is as per the prevalent Tax Laws as on date.*
3. *The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of Equity Shares.*
4. *Our views expressed in the statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretations, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to the change.*
5. *This Statement does not discuss any tax consequences in any country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.*

Date: November 20, 2020

To

The Board of Directors
Pricol Asia Pte. Limited
17 Phillip Street #05-01
Singapore 049695

(the "**Company**")

Dear Sirs / Madams

Re: Statement of possible special tax benefits (the "Statement") available to the Company prepared in accordance with the requirement under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), for the proposed rights issue of equity shares of ₹ 1 each (the "Equity Shares") of Pricol Limited (the "Issue")

We, Prudential Public Accounting Corporation, the statutory auditors of the Company, hereby confirm that there is no special tax benefit applicable to Pricol Asia Pte Limited under applicable direct and indirect tax laws.

This statement is addressed to and is provided to enable the board of directors of the Company and Pricol Limited to include this report in the Letter of Offer, prepared in connection with the Issue and to be filed by Pricol Limited with the Securities and Exchange Board of India and the concerned stock exchanges and in any other material used in connection with the Issue.

Limitations

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed Issue relying on the statement. This statement has been prepared solely in connection with the proposed Issue by the holding company of Pricol Asia Pte. Limited, Pricol Limited.

Yours faithfully

For Prudential Public Accounting Corporation
Chartered Accountants
Firm Registration No : 200402853W

R Rahul Raj
Partner
Membership No.: 01305

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

1. Economic Outlook

1.1 Global Economy

Global growth for the year 2019 was at 2.9%. As a result of Covid-19 pandemic, the same is expected to contract sharply to -4.9% in 2020. Also, it is expected that the pandemic will fade in second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.4% in 2021, as per The World Bank, World Economic Outlook June 2020.

Summary of World Economic Outlook Projections is given below (in %):

	2019	2020p	2021p
World	2.9	-4.9	5.4
Advanced Economies	1.7	-8.0	4.8
United States	2.3	-8.0	4.5
Euro Area	1.3	-10.2	6.0
Japan	0.7	-5.8	2.4
United Kingdom	1.4	-10.2	6.3
Canada	1.7	-8.4	4.9
Other Advanced Economies*	1.7	-4.8	4.2
Emerging market and developing economies (EMDEs)	3.7	-3.0	5.9
Emerging and Developing Asia	5.5	-0.8	7.4
China	6.1	1.0	8.2
India**	4.2	-4.5	6.0
ASEAN-5***	4.9	-2.0	6.2
Emerging and Developing Europe	2.1	-5.8	4.3
Latin America and Caribbean	0.1	-9.4	3.7
Middle East and Central Asia	1.0	-4.7	3.3
Sub-Saharan Africa	3.1	-3.2	3.4

Note: p- Projections
** Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries*
*** For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY 11-12 as a base year.*
**** Indonesia, Malaysia, Philippines, Thailand, Vietnam*
(Source: World Economic Outlook June 2020 as published by IMF)

In 2021 the advanced economy growth rate is projected to strengthen to 4.8 percent, leaving 2021 GDP for the group about 4 percent below its 2019 level.

In 2021 the growth rate for emerging market and developing economies is projected to strengthen to 5.9 percent, largely reflecting the rebound forecast for China (8.2 percent). The growth rate for the group, excluding China, is expected to be –5.0 percent in 2020 and 4.7 percent in 2021, leaving 2021 GDP for this subset of emerging market and developing economies slightly below its 2019 level.

Emerging Asia is projected to have a nominal decline rate in 2020 (-0.8%). The rebound in 2021 with projected growth rate of 7.4% in emerging Asia depends critically on the pandemic fading in the second half of 2020, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence.

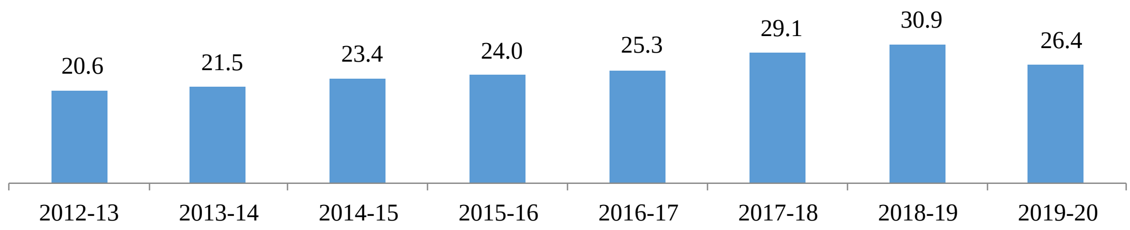
1.2 Indian Economy

The annual growth of India for 2020 has been projected to be -4.5% as per IMF world Economic Outlook June 2020. However, it is expected to rebound to 6.0% in 2021.

2. Overview of Indian Automotive Industry

The automotive industry in India is one of the largest in the world with an annual Domestic automobile production increased at 2.36 per cent CAGR between FY16-FY20 with 26.36 million vehicles manufactured in the country in FY20. Overall, domestic automobiles sales increased at 1.29 per cent CAGR between FY16-FY20 with 21.55 million vehicles being sold in FY20.

Historical Production of Automobiles in India in Million Units

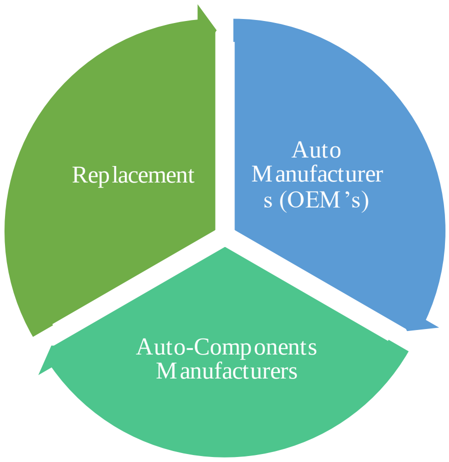


In the period 2012-13 to 2019-20, production of all vehicles registered a CAGR of 2.4%, and the corresponding figures of passenger vehicles and commercial vehicle stood at 7.4% & 10.4% respectively. The automobile industry in India is the world's fourth largest industry. India was the world's fourth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in 2019. Indian automotive industry (including component manufacturing) is expected to reach Rs 16.16-18.18 trillion (US$ 251.4-282.8 billion) by 2026. Indian automobile industry received Foreign Direct Investment (FDI) worth US$ 23.89 billion between April 2000 and December 2019. Five per cent of total FDI inflow in India went to automobiles sector.

- World's largest Tractor Manufacturer
- World's 2nd Largest 2- Wheeler Manufacturer
- Worlds 5th Heavy Truck Manufacturer
- World's 4th Largest Manufacturer of Passenger vehicle
- World's 7th Largest Commercial Vehicle Manufacturer

Across segments of the industry, India is positioned amongst the leading markets, globally. In volume terms, India ranks as the largest market for two-wheelers as well as tractors. It is also among the Top-5 and Top-10 markets for Medium & Heavy Commercial Vehicles (M&HCVs) and Passenger Vehicles (PVs), respectively. Besides favorable growth prospects, India's favorable Foreign Direct Investment (FDI) policy, relatively low cost of manufacturing, adequate manpower pool has attracted several foreign OEMs of the industry to invest in India and set-up manufacturing footprint.

2.1 Structure of Indian Automotive Industry



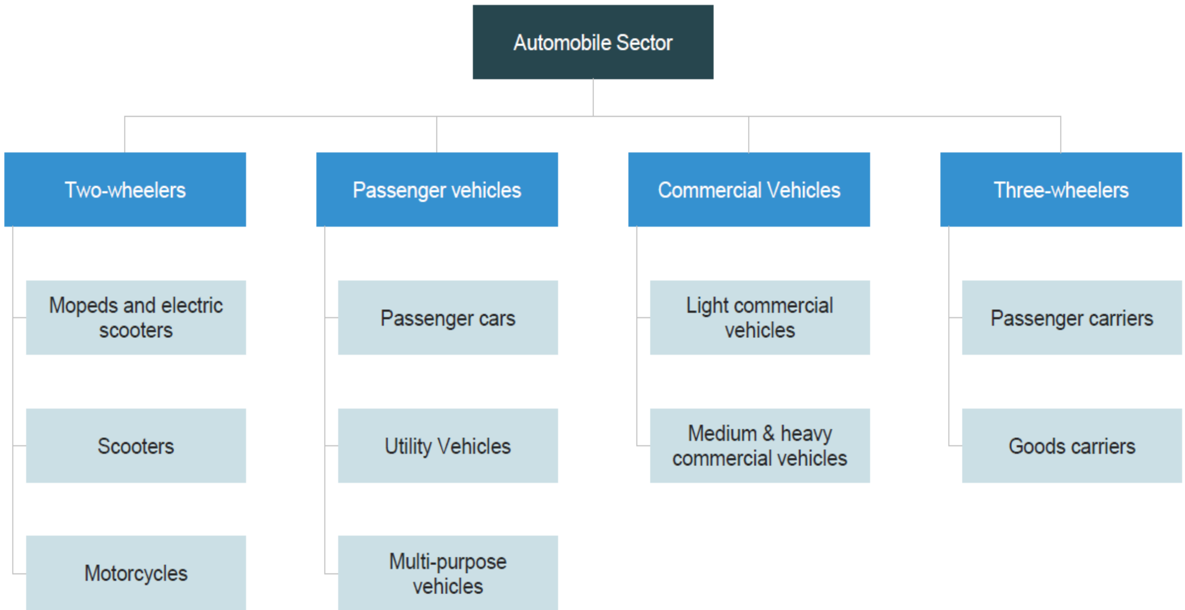
OEM's Consist of

- Two-wheeler,
- Three-wheeler,
- Passenger vehicle
- Commercial vehicle, Tractors
- & Heavy Commercial Vehicle's

Auto-Component Manufacturer

- Engine parts
- Transmission & steering parts & chassis
- Suspension & braking parts
- Electrical parts & Others

Indian Automobile market is split in 4 segments



Two wheelers and passenger vehicles dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. Two wheelers and passenger cars accounted for 80.8 per cent and 12.9 per cent market share, respectively, accounting for a combined sale of over 20.1 million vehicles in FY20.

2.2 Automobile Production Trends

	2015-16	2016-17	2017-18	2018-19	2019-20
Passenger Vehicles	3,465,045	3,801,670	4,020,267	4,028,471	3,434,013
Commercial Vehicles	786,692	810,253	895,448	1,112,405	752,022
Three Wheelers	934,104	783,721	1022,181	1,268,833	1,133,858
Two Wheelers	18,830,227	19,933,739	23,154,838	24,499,777	21,036,294
Grand Total	**24,016,599**	**25,330,967**	**29,094,447**	**30,914,874**	**26,362,282**

Two wheelers and passenger vehicles dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. Two wheelers and passenger cars accounted for 80.8 per cent and 12.9 per cent market share, respectively, accounting for a combined sale of over 24.4 million vehicles in FY20.

2.3 Auto Industry performance FY 2019-20

The auto industry went through one of the most challenging years in FY20, with sales falling by double-digits across all segments compared to FY19 (i.e. PVs and 2Ws sales fell by 18% and CVs by 29%). The expectation was of a decent FY21 for the industry. The coronavirus pandemic further amplified the sharp economic slowdown and dealt a decisive blow to an already bleeding auto industry.

The economic impact of novel coronavirus, or COVID19, led lockdown in all major world economies will be significant. The revival depends on how long the lockdown continues. For the domestic automotive industry, which is already going through a tough phase, the current scenario is becoming even more challenging.

Overall, automobile export reached 4.77 million vehicles in FY20, growing at a CAGR of 6.94 per cent during FY16- FY20. Two wheelers made up 73.9 per cent of the vehicles exported, followed by passenger vehicles at 14.2 per cent, three wheelers at 10.5 per cent and commercial vehicles at 1.3 per cent.

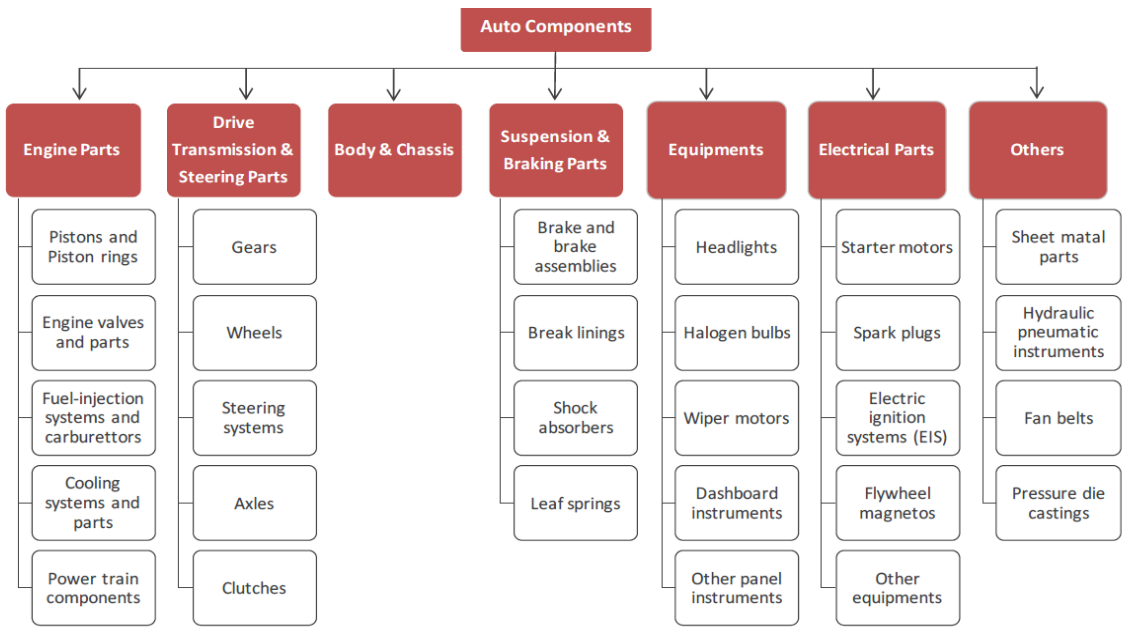
2.4 Future Trends in Automotive Industry

With the advancement of technologies like artificial intelligence (AI), robotics, and Internet of Things (IoT), the automobile industry has made some significant leaps towards growth and development.

The utopian image of the future – with cars that run on eco-friendly fuel and can drive themselves – isn't too far away now. Four major trends that are shaping the future of the automobile industry are clubbed together under the acronym C.A.S.E. The acronym stands for Connected, Autonomous, Shared and Electric.

3. Overview of Indian Auto Component Industry

The Indian Auto components industry registered a turnover of Rs. 3,498 Billion in 2019-20, consisting of domestic supplies to OEMs, domestic aftermarket sales and exports. The sector has grown at a rate of 7% since 2011-12 and at 11% over the last decade. Auto components sector growth has been majorly driven by a growing domestic automobile market, emergence of India as a global hub for the manufacture of small sized engines and cars, inherent cost advantages, favorable policies for manufacturing in India and increase in the number and scale of global and domestic component manufacturers.



The Indian auto component industry is ancillary to the automobile industry. Demand swings in any of the auto segments (Commercial vehicles, cars, two and three-wheelers) have an impact on the auto ancillary demand.

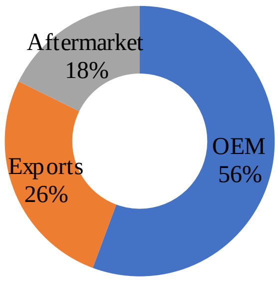
Indian Auto Component Industry is transforming itself from a low-volume, highly fragmented one into a competitive industry backed by strengths like technology, efficiency and evolving value chain.

The industry mainly caters to 2 segments –

(1) Original Equipment manufacturers (OEM);
(2) Replacement market (Aftermarket).

During FY20, OEM continued to dominate the auto component market contributing about 55-57% of the industry turnover followed by the export market at about 25-27%. Domestic aftermarket (replacement market) accounted for about 15-16% of the industry.

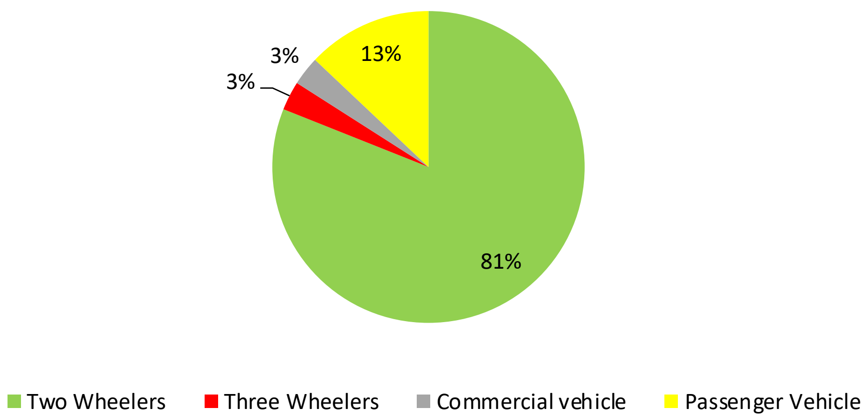
Share in Turnover Auto Component Industry



Source:- Auto Component Manufacturing Association

- Domestic OEM supplies contributed almost 56 per cent to the industry turnover followed by exports and domestic aftermarket at nearly 26 per cent and 18 per cent, respectively.
- Export of automobile components from India in FY19 stood at US$ 15.17 billion. As per Automobile Component Manufacturers Association (ACMA) forecast, automobile component exports from India is expected to reach US$ 80 billion by 2026. Indian auto components industry aims to achieve US$ 200 billion in revenues by 2026.
- Turnover of automotive components industry stood at Rs 3498 Billion (US$ 49.2 billion) in FY20. Two wheelers and passenger vehicles dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. Two wheelers and passenger cars accounted for 80.8 per cent and 12.9 per cent market share, respectively, accounting for a combined sale of over 24.4 million vehicles in FY20.

Total Automobile Production Volume Share FY 19-20

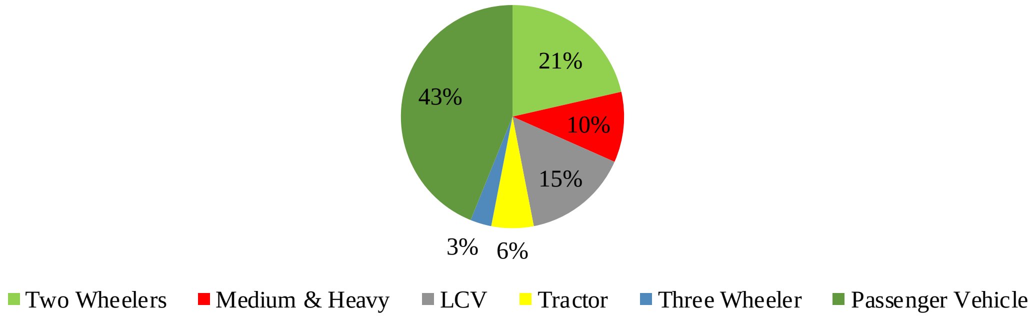


3.1 Product Range and Auto Components Supply to OEMs

Engine and drive transmission parts together contribute about 50% of the auto component industry production. Engine and exhaust parts, which constitute about 26% of the production, mainly comprise pistons, engine valves, carburetors, fuel injection systems, camshafts, crankshafts and cooling systems.

Drive transmission parts, which constitute over 17% of the total production, include axle assembly, steering parts and clutch assembly.

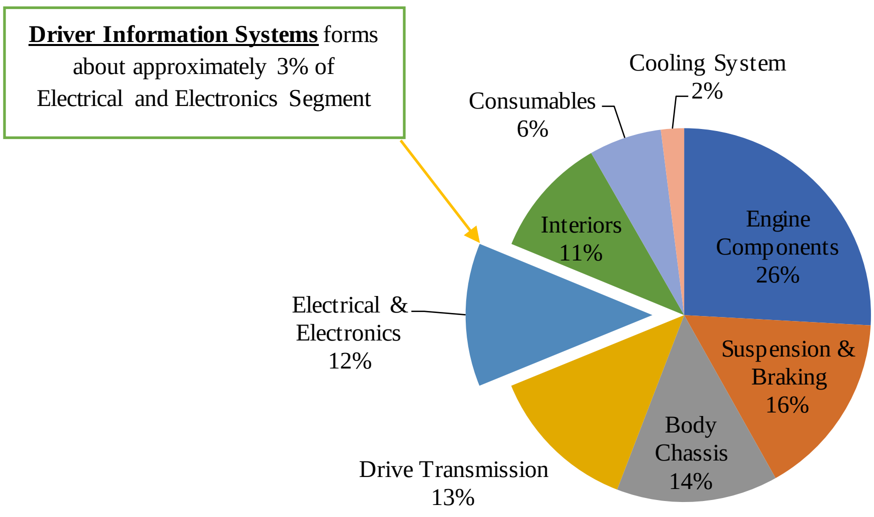
Total Auto Component Consumption by OEM



3.1.1 Product Profile – Auto Components

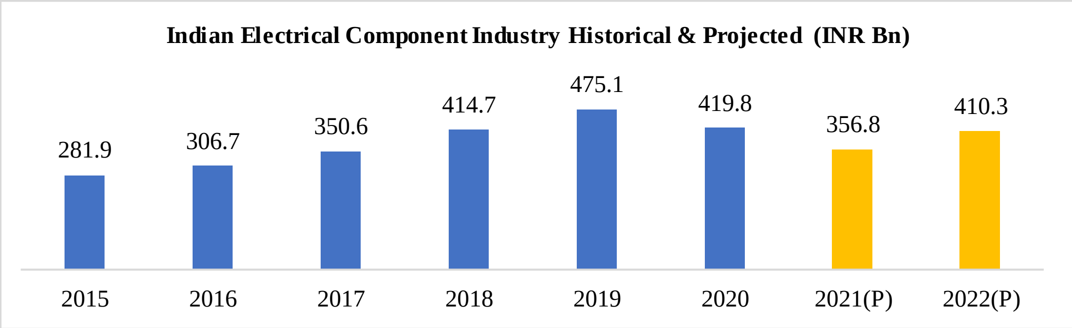
In terms of product segments, manufacturers of most critical engine components which require high level of precision and quality adherence account for 26% of the auto component industry. This segment includes components such as pistons, piston rings, engine valves, crank shafts, etc. Other components include transmission and steering parts (13% of auto component market), body and chassis segment (14%), suspension and braking component (16%) and electrical components segment (12%). The drive transmission and steering system, for instance, is technology and capital-intensive in nature that acts as an entry barrier, especially for smaller players and the unorganized segment. On the other hand, body parts and chassis segment or braking system is not very technology intensive.

Component wise Market Segmentation



3.1.1.1 Electrical and Electronic Component Industry

Automotive electronics are electronic systems used in vehicles, including engine management, ignition, radio, telematics, in-car entertainment systems, and others. Ignition, engine and transmission electronics are also found in trucks, motorcycles, off-road vehicles.

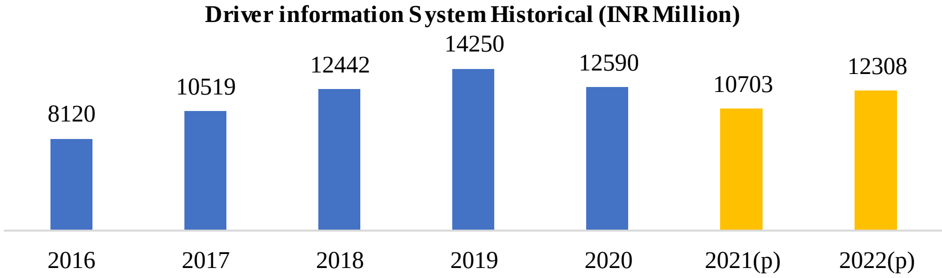


Source:- CARE Research

3.1.1.1.1 Driver Information System

Driver Information System (DIS) is an overall system that provides a driver with essential information, automate difficult or repetitive tasks, and lead to an overall increase in car safety and comfort. These safety features are designed to avoid collisions and accidents. Active safety system comprises a variety of independent electronic systems designed to aid a driver in the driving process and to maneuver demanding traffic situations. DIS supports drivers at various levels by presenting information to the drivers which enables them to alter their driving decisions based on the situation.

The display of the DIS brings together a wide range of different information items in the center of the cockpit and permanently indicates the vehicle's current operating status. It is intuitively laid out, user-friendly, and allows the driver to stay focused on the road. The DIS market has grown from INR 8120 Mn in 2016 to INR 12,590 Mn at a CAGR of 11.1% over last four years.



Source:- CARE Research , AUTOMOTIVE ELECTRONICS Master Plan Development for Auto Components Industry in India ACMA & Frost Sullivan

Market Trends in DIS

- Instrument clusters with 3D dials preferred
- Stepper motor-driven clusters are being used predominantly
- Increasing penetration of digital Instrument Clusters
- Increased number of telltales
- TFT Displays
- Colored LCD displays
- Integrated displays

Growth Drivers

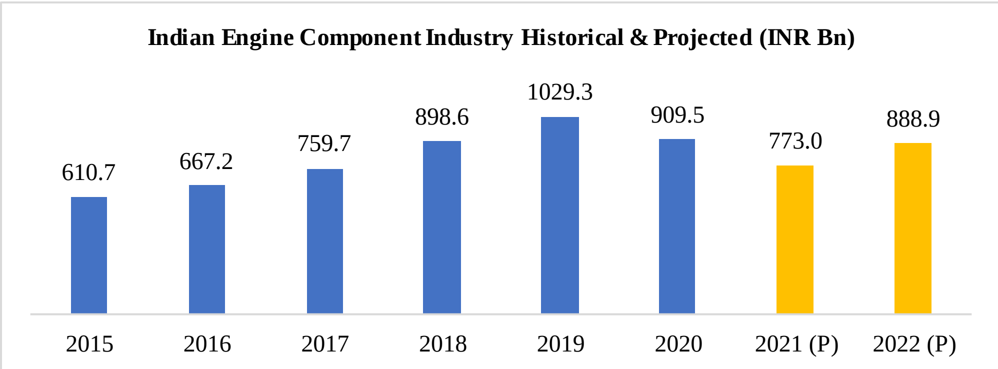
- Increasing electronic content per car
- Increasing premium/luxury cars sales in India
- Emerging technologies
- Huge potential in the aftermarket segment

- Advent of Electric and Connected Vehicles

3.1.1.2 Engine Components

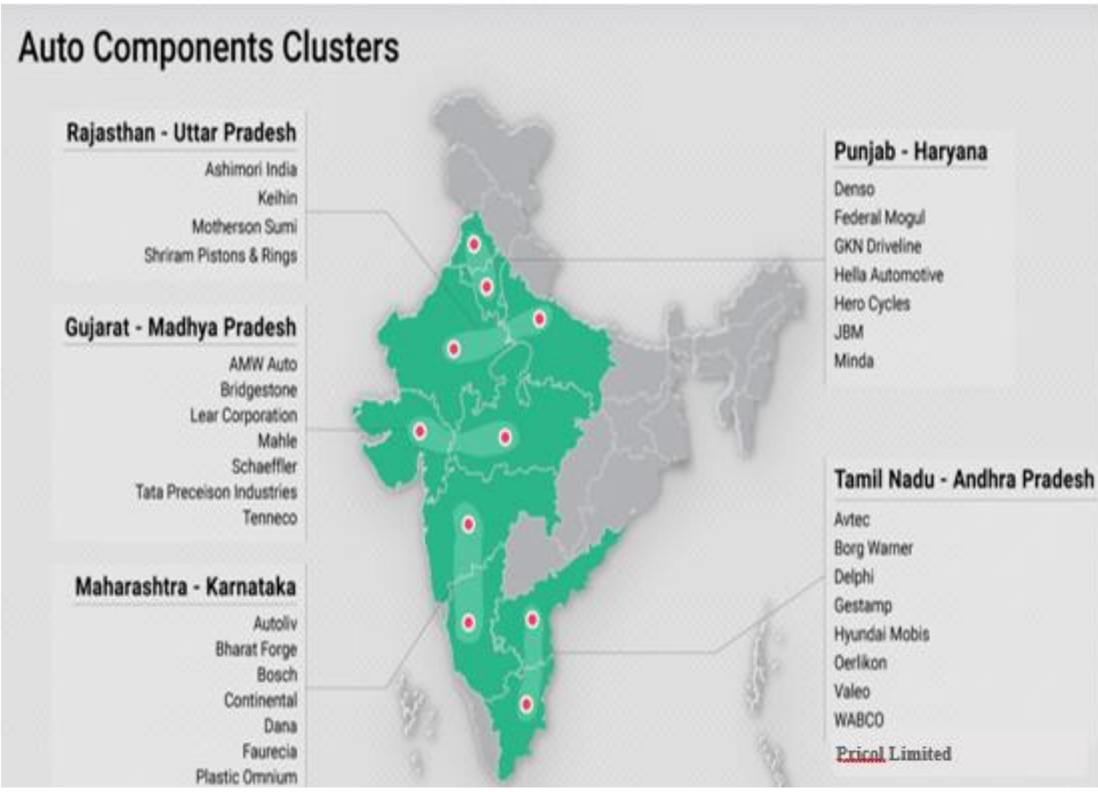
An engine is complex unit in which different components are assembled together, and fuel is burned to produce power or energy. The engine converts chemical energy (heat energy) into mechanical energy, which is then utilised for vehicular movement. There are different ancillary parts that facilitate functioning of engine.

- Pistons & Piston Rings
- Engine Valves and Pipes
- Fuel Injector System
- Cooling System and Parts
- Power Train Components



Source :- CARE Research

3.1.2 Automobile Clusters in India

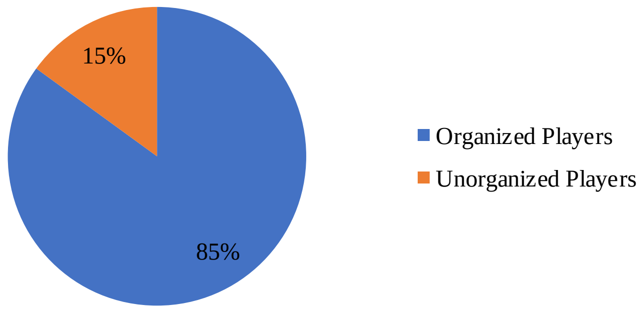


The industry can be broadly classified into the organized and the unorganized sectors. The organized sector caters mostly to OEMs (vehicle manufacturers), while the unorganized sector comprises relatively lower value-added products and caters primarily to the replacement market. The user industry for auto component manufacturers operates in a cyclical environment, leading to periods of low profitability.

Most auto component manufacturers, moreover, do not enjoy adequate bargaining power with their much larger OEM customers or with their large raw material (metal) suppliers. While most OEMs extend support to their key suppliers to help them meet their working capital requirements through arrangements like supplier bills discounting; during periods of downturns, the suppliers' credit periods could be stretched.

However, in terms of turnover, organized market holds about 80-85% share while the remaining comes from the unorganized players.

Auto-Components Organized v/s Unorganized Share



Source:- ACMA

3.1.3 Logistics, Supply Chain and Location of the plant

The auto ancillary industry is primarily located in and around the auto clusters. In India, there are 3 major auto clusters, namely, Gurgaon- Manesar in the north, around Pune-Aurangabad in the west and around Chennai in the south. In the recent times, Gujarat has emerged as a new auto hub. The Tier-I and Tier-II suppliers are generally located in the vicinity of the OEM's units, while the unorganized segment is spread across the country.

OEMs generally follow a just-in-time policy for raw material procurement. So, proximity of the ancillary manufacturer's plant to the OEM's plant helps in supplying the products at the right time and at lower costs. Location of the company's plant in the major auto clusters of the country gives it access to multiple OEMs and Tier I suppliers. Location of the plant in duty-free zones is also looked at favorably as it translates into GST and income-tax benefits of the company. Furthermore, the presence of the suppliers of the auto component companies in the auto clusters benefits the ancillary in terms of timely sourcing of raw material with cost benefits. While assessing import dependence, supplies from few countries or suppliers can create significant concentration risk and at times be faced with disruption in the supply chain.

3.1.4 Technology and Product Complexity

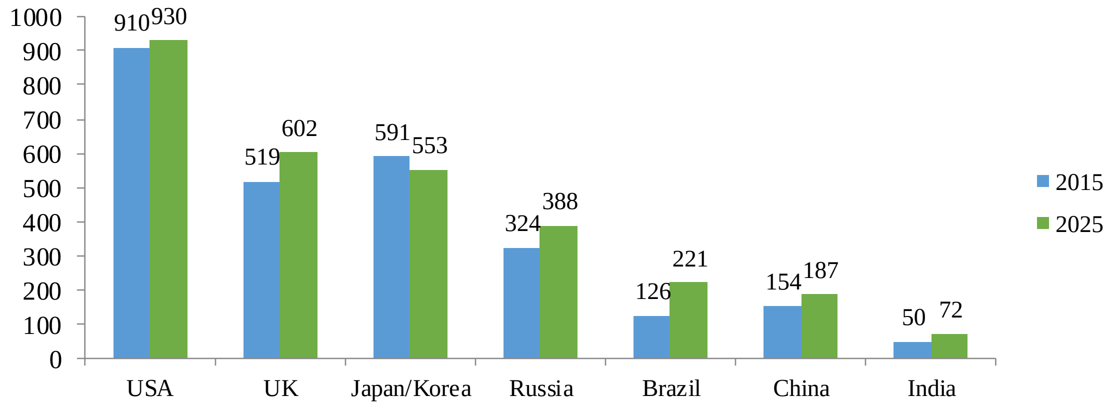
An auto component manufacturer, with a high value-added product portfolio and high entry barriers due to technology or capital-intensive operations, tends to enjoy better pricing flexibility compared to manufacturers of low value-added products with low entry barriers for competition. With the automobile industry moving towards shorter product lifecycles and common platforms, the ability of a supplier to meet an OEM's product development requirements continues to remain critical for sustained business growth. With increasing pressure on product pricing, an entity's efforts towards product engineering to reduce costs and enable product differentiation also plays a critical role in strengthening relationship with the OEM.

Spend on research and development (R&D) is an indicator of an entity's commitment towards product development and innovation. R&D expenses in the Indian auto component industry remain low (<1% of revenues) as compared to developed markets, where some of the larger players invest ~8–10% of their revenues in R&D. In India, several auto component manufacturers have entered into technical collaborations with international Tier I manufacturers for the transfer of technical knowledge; or have formed equity partnerships with foreign players to meet the OEMs' technical requirements. Suppliers that have proprietary knowledge, tend to enjoy superior profitability metrics, relative to those that cater to customer-provided designs. The presence of a strong technology partner not only mitigates technology obsolescence risk to an extent, but in some cases also provides additional business opportunities to domestic establishments of their global customers. Product complexity is measured by the extent of research and development involved, product validation, precision in shape forming and machining operations, and component assembly.

4. Growth Drivers of Indian Auto-Component Industry

a) **Low car penetration & Rising family income:** India has about 120 vehicles (all segments including 19 cars per 1000) on every 1000 people right now, which is expected to rise to almost 300 in next 10 years.

Motorization Rate: Cars per 1000 inhabitant



India has a low vehicle penetration rate compared with other countries, with just 50 passenger cars per 1,000 people (FY 2019-20).

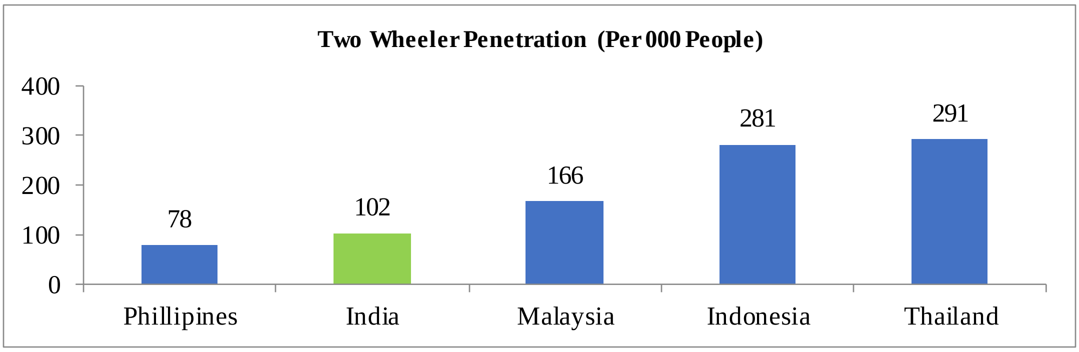
As of 2015, approximately 108 million people were considered to be middle class in India, or about 9% of the population. This figure is forecast to reach 200 million people by FY 2020 and 470 million by FY 2030 – by 2027, it is expected that India will be adding more people to the global middle class than China.

b) **Urbanisation:** Urbanisation was 33.2% of India's population in 2019 and expected to reach 36.2% by 2025 – on a larger population base, warranting a need for more vehicles. This would create opportunity for sales of passenger as well as commercial vehicles. By 2050, 60% of Indians will live in cities. Delhi, Mumbai, and Kolkata will be among the world's largest cities and cumulatively become home to ~100 million people. This rapid urbanization would increase the demand of vehicles.

c) **Greater Availability of cheaper and easier finance:** All nationalized and scheduled banks offers loans for purchase of new vehicles at very low interest rates. In India nearly 70-75% of the new vehicle purchases are done by using bank loans. This indicates that Indian auto industry is unique in the way vehicles are purchased by consumers.

5. Factors Affecting the Two Wheelers Industry

a) **Low Penetration Drive:** despite India being the world's largest two-wheeler market, India still has very low penetration level of two wheelers.



In India, about 102 out of 1000 people have two-wheelers, which is less than half of penetration levels in Indonesia (281) and Thailand (291). Two-wheeler penetration level in Urban India is close to 40-45% while in Rural India it is close to 20-25% resulting in to a national average of 30-40%. We believe, growing urbanization, rising participation of women workforce and improvement in road connectivity amongst others are key catalyst to drive improvement in penetration levels for two wheelers. As a result, the entire values chain in two-wheelers starting from original equipment manufacturers (OEMs) to component supplier is likely to witness steady growth in coming times.

b) Improvement in rural India to drive demand for motorcycles especially for entry level segment

Rural India has been one of the main sources of consumption demand in India, mainly due to a large population residing in this area. In two-wheeler segment, motorcycle sales are predominantly dependent on Rural India, as people living in rural area prefer motorcycle to scooters given its sturdy structure, superior performance, and lower costs, especially in the economy segments. With government keen on improving the standard of living of rural population, in particularly of farmers, it has been announcing various schemes and increasing budget allocation, which is targeted towards increasing the rural income levels. In addition to rising penetration level of two-wheelers and rising income levels driving the sales growth of motorcycle companies particularly strong in entry-level motorcycle segment, improving road connectivity is also resulting in driving the demand for two-wheelers in Rural India. Further, OEMs have been offering heavy discounts on models in entry-level segment like Bajaj CT100 and Bajaj Platina, which is targeted towards Rural India/commuter segment, in order to gain market share

6. Factors influencing Production and Demand of Commercial vehicle:-

Technology Improvements: With evolving regulatory requirements (i.e. emission norms and safety regulations) and foray of international OEMs, the domestic OEMs are steadily investing in developing new and advanced platforms that enable them to compete more effectively with international OEMs. As a result, while evaluating competitive positioning of an OEM going forward, due importance is given to an OEM's future product development strategy, technology tie-ups and R&D plans. This is typically quantified by assessing the company's outlay towards R&D and capital expenditure (as % of sales).

7. Auto Industry Outlook

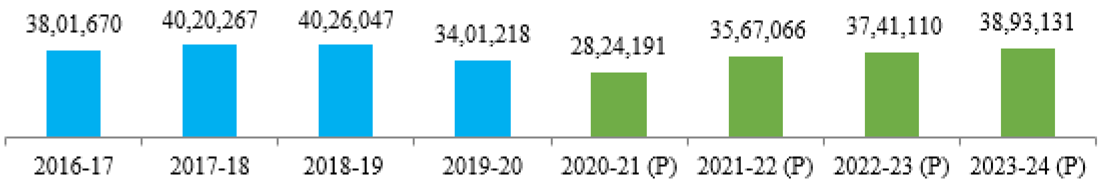
The Indian automobile industry, already dented by a protracted downturn before the Covid-19 pandemic, is in for an even more severe and prolonged disruption, as the global situation and domestic lockdown snaps major links of its supply chain.
Currently, India sources 80-85% of components for all vehicle segments domestically, mainly from the National Capital Region (NCR; including Gurgaon, Manesar, Faridabad and Greater Noida), Pune (including Chakan, Talegaon and Ranjangaon), Mysuru and Sriperumbudur and Hosur clusters. The rest is imported.

a) Passenger Vehicle Outlook:

Passenger Vehicle Production Trends Forecast

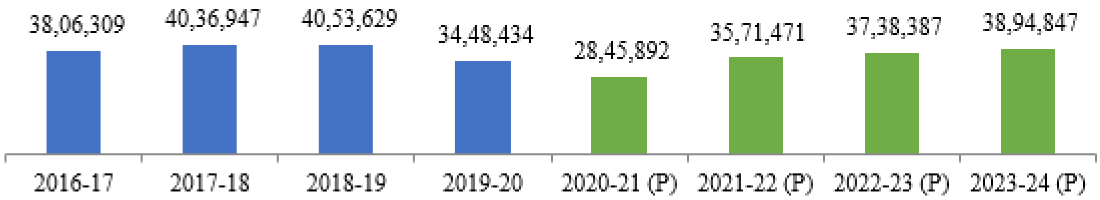
The Indian passenger car market has declined at a CAGR of -3.2 % from FY 2016 to FY 2020 in terms of sales and is expected to grow by 3.1% by 2024.

Projected Production of Passenger Vehicle



Passenger Vehicle Sales Trends Forecast

Projected Sales of Passenger Vehicle

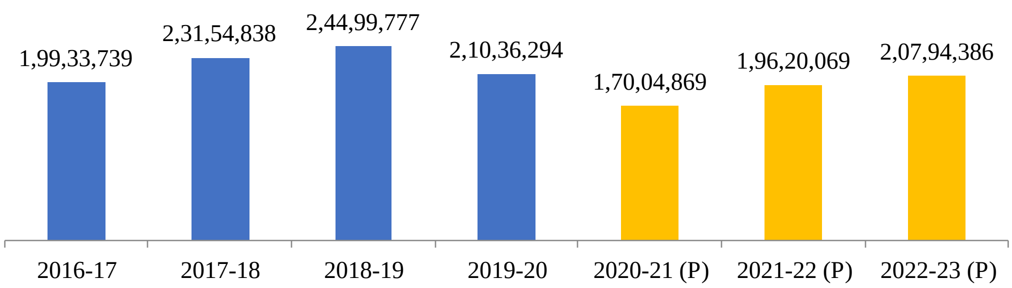


Source :- CMIE, CARE Research

b) Two Wheelers Outlook

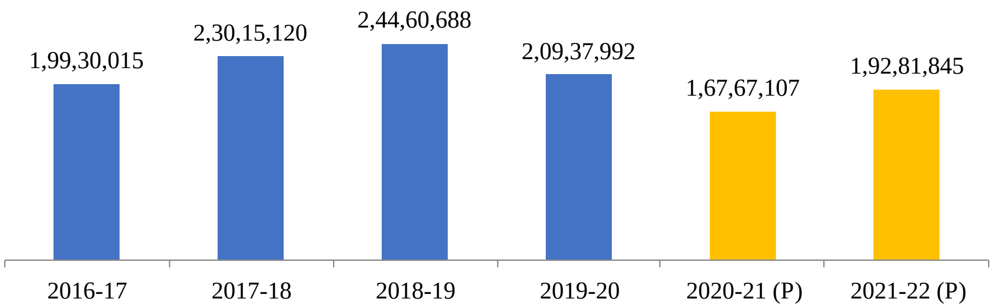
Two wheeler sales in India will contract by 11 per cent to 18.5 million units in the year 2020-21. Sales volumes will be at a six-year low during the period. Motorcycle sales are projected to decline by 10.3 per cent to 12.8 million units. Sales of scooters are expected to fall by 12.1 per cent to 5.2 million units.

Total 2W Production Trends



Source:- CMIE

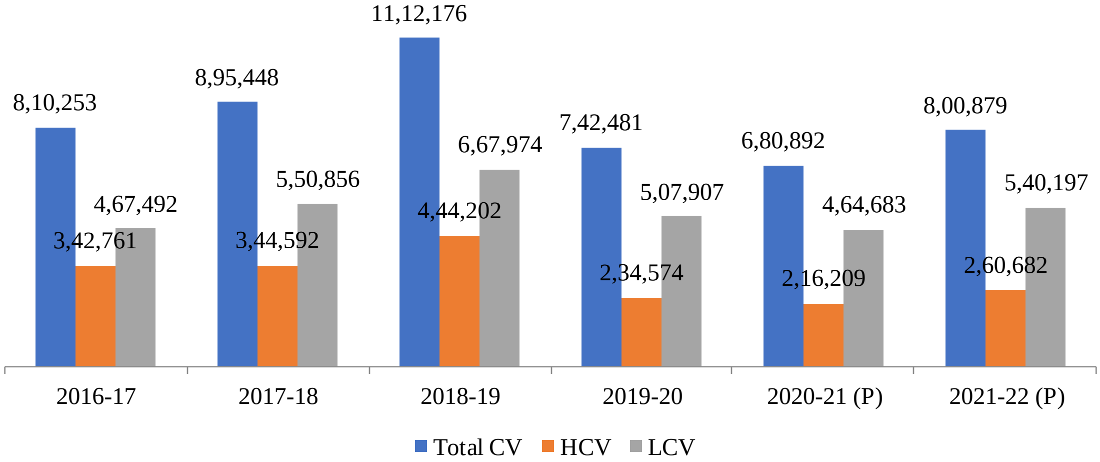
Total 2W Sales Forecasts



Source:- CMIE

c) **Commercial Vehicle Outlook:**

Commercial Vehicle Production Trends Forecast



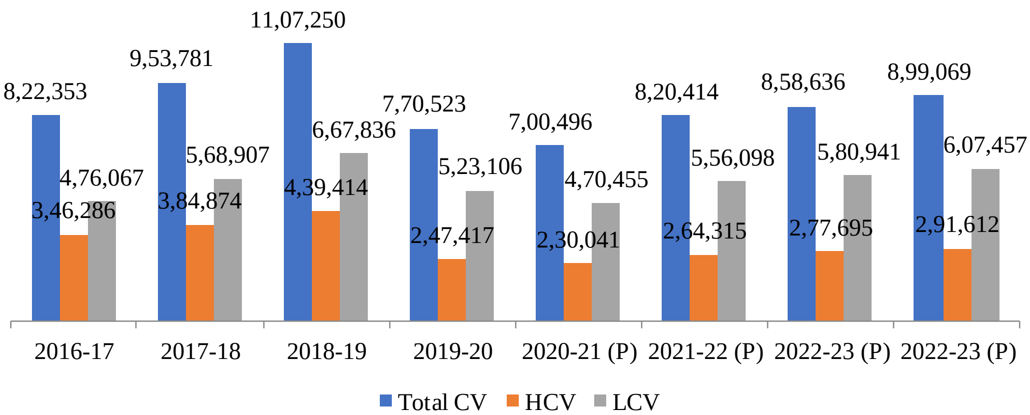
Source: - CMIE

The Indian commercial vehicle market has declined at a CAGR of -2.7 % from FY 2016 to FY 2020 in terms of sales and is expected to grow by 4.1% by 2024.

Commercial Vehicle Sales Trends Forecast

The commercial vehicles industry will witness a decline in sales volumes for the second successive time in the year 2020-21. Total sales are projected to fall by nine per cent during the year at 700,496 units. The sales will be at a decadal low during the year

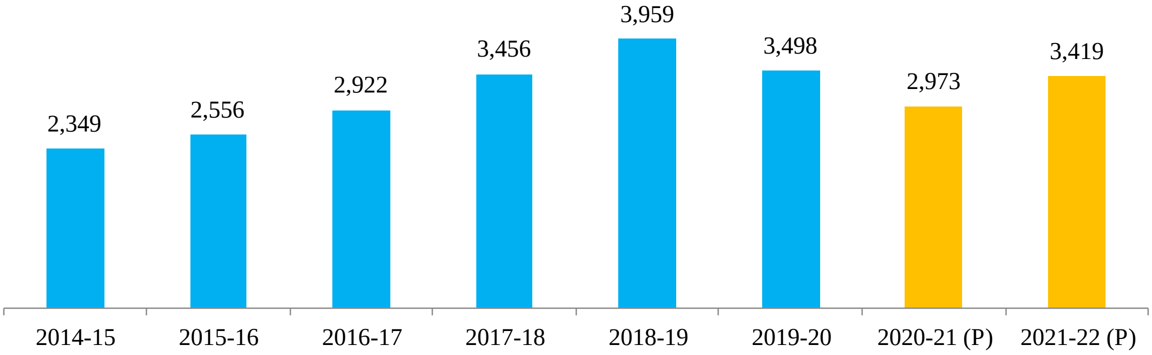
CV Sales Sales trend



8. Auto Component Industry Outlook

The automotive industry faced a prolonged slowdown in FY 2019-20 with vehicle sales in all segments plummeting significantly. Subdued vehicle demand, investments made for transition from BSIV to BSVI, liquidity crunch, lack of a clarity on policy for electrification of vehicles and slow-down in key export markets, among others, had an adverse impact on the performance of the components sector in India as also on its expansion plans The industry faced acute challenges on the front of working capital, production and dysfunctional logistics. However, with unlocking of economy, growth seems to be returning to the industry with uptick in vehicle consumption especially in the two-wheelers, passenger vehicles and the tractor segments, although sales of commercial vehicles continue to be challenged. The component industry's performance is expected to return to pre-COVID levels by the festive season should the ramp-up be not stymied by lockdowns in manufacturing zones and lack of availability of manpower

Aggregate Turnover of Auto Component Industry (INR Billion)



COVID-19 outbreak adds woes to the auto components industry, production revenue expected to decline for second consecutive year.

CARE Research projects domestic auto-component production revenue growth to decline by 15-17% in fiscal 2021 and will start to pick up in fiscal 2022 growing by 10-13%.

BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. You should read the section "Forward Looking Statements" on page 14 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. You should also read "Industry Overview", "Financial Statements", "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations", and "Risk Factors" on pages 65, 104, 194, and 17, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Fiscal 2020 included herein is based on the Audited Consolidated Financial Statements and the financial information included herein for the six months ended September 30, 2020 is based on the Unaudited Consolidated Financial Results, included in this Letter of Offer. For further information, see "Financial Statements", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 104 and 193, respectively.

The Audited Consolidated Financial Statements take into account the losses of the erstwhile subsidiaries of our Company, being Pricol do Brasil Componentes Automotivos LtdA, Brazil and Pricol Wiping Systems Mexico S.A. de CV, Mexico which were disposed of with effect from February 11, 2020. Accordingly, the Unaudited Consolidated Financial Results do not take into account the profit / losses of these erstwhile subsidiaries. In addition, the Unaudited Consolidated Financial Results take into account the profit from the disposal of Pricol Espana Sociedad Limiteda, Spain, and its step-down subsidiary Pricol Wiping Systems Czech s.r.o., Czech Republic, which were disposed of by our Company with effect from August 21, 2020. In light of this, the financial information in the Audited Consolidated Financial Statements is not strictly comparable to the financial information in the Unaudited Consolidated Financial Results.

In this section, unless otherwise indicated or the context requires, a reference to "our Company" is a reference to Pricol Limited on a standalone basis, while any reference to "we", "us" or "our" is a reference to Pricol Limited and its Subsidiaries, on a consolidated basis.

Unless otherwise indicated, all industry and market data used in this section has been derived from the CARE Report. None of our Company, the Lead Manager or any other person connected with the Issue has independently verified such information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CARE Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

Overview

We are one of the leading manufacturers of automotive components in India, catering primarily to automotive OEMs, both domestically and overseas. We manufacture a wide range of technology-intensive electronic and mechanical automotive products. These have applications across vehicle segments, including for two-wheelers, three-wheelers, four-wheeler passenger vehicles, light commercial vehicles, heavy commercial vehicles, and tractors. We also cater to the construction equipment segment in the global market.

We have a diversified product portfolio, which is spread across three major verticals. These include:

i) **Driver information systems:** Under this vertical we manufacture and design products including instrument clusters (both analog and digital) which indicate data such as vehicle speed, fuel level, and coolant temperature; speedometers to indicate vehicle speed; and pressure gauges to indicate the pressure of oil in the engine. Our share in the market for driver information systems for two-wheelers in India is currently 38.50%, while our share in the market for driver information systems for commercial vehicles in India is 48.90% (*Source: CARE Report*).

ii) **Pumps and mechanical products:** Under this vertical we manufacture and design products including fuel pump modules which ensures the delivery of the requisite amount of fuel with specified pressure to the injector; oil pumps to provide oil lubrication to engine parts at the required pressure and delivering sufficient flow; and chain tensioners which ensure the maintenance of tension by exerting force through the rubber pad of the chain guide provided in between the chain tensioner and the cam chain. Our share in the market for oil pumps for two-wheelers in India is currently 37.90% (*Source: CARE Report*).

iii) **Switches and sensors:** This involves the manufacture and design of products including fuel level sensors to measure the fuel level in the tank; speed sensors to measure vehicle speed; and temperature switches, which are signal sender devices which alert when the temperature ranges beyond the safe working limit. Our share in the market for fuel sensors for two-wheelers in India is currently 25.90% (*Source: CARE Report*).

Through our Subsidiary, Pricol Wiping Systems India Limited, we also design and manufacture wiping systems, including wiper sets and wiper motors.

We have established seven manufacturing facilities spread across five states in India and two manufacturing facilities owned and operated by our Subsidiaries, PT Pricol Surya Indonesia and PT Sripri Wiring Systems, in Indonesia. For further details, see " – *Our Manufacturing Facilities*" on page 92. Our manufacturing facilities have a high degree of backward integration. We employ an extensive and stringent quality control mechanism at each stage of the manufacturing process in these facilities to ensure that our finished product conforms to the exact requirement of our customers. All of our manufacturing facilities in India and Indonesia conform to the requirements of the IATF 16949 standard.

We have built strong and long-standing relationships with our customers by aligning our offerings with their business needs. We have followed a deliberate strategy, by way of which, we have gradually expanded our manufacturing presence across India following our customers' manufacturing footprint. Our manufacturing facilities are located in key auto-clusters in the northern, southern, and western parts of India, which ensures that these facilities are in close proximity to the plants of our OEM customers. While this allows us to optimise delivery to our customers, the proximity of our manufacturing facilities to those of our OEM customers also facilitates greater interaction with our customers, thereby enabling us to respond to their requirements in a timely manner. We believe that our proximity to our key customers has played a strong role in building and strengthening our relationship with such customers over time. In recognition of our efficient services and products, we have received several awards and recognitions from our customers such as an award in 2019 at the annual supplier conference of a leading manufacturer and supplier of heavy construction machines and a certificate of appreciation in recognition of our performance in supply excellence from a leading commercial vehicle manufacturer. Our strong, long-standing relationship with our major customers has been one of the most significant factors contributing to our growth.

Further, through two research and development centres located in Coimbatore, which are registered with the DSIR, we undertake our research, design and development activities. We have been able to diversify our product range mainly due to our technological capabilities and our design and development, which we benefit from. We are able to provide novel solutions to our customers, since our design and development team works in conjunction with our sales and marketing team to understand our customers' needs and develop solutions suited to their requirements.

Our revenue from operations for the six months ended September 30, 2020 and Fiscal 2020 was ₹ 48,259.62 lakhs and ₹ 1,53,853.20 lakhs, respectively. Our profit / (loss) for the period for the six months ended September 30, 2020 and Fiscal 2020 was ₹ 1,866.63 lakhs and ₹ (9,875.43) lakhs, respectively.

Our competitive strengths

Our primary competitive strengths are as follows:

Diversified product portfolio

Our portfolio comprises precision engineered products under three major verticals, which include, driver information systems (including instrument clusters, speedometers, and pressure gauges); pumps and mechanical products (including fuel pump modules, oil pumps, purge control valves, and chain tensioners); and switches and sensors (including fuel level sensors, speed sensors, and temperature switches. We have, over the years, diversified into products across various verticals and product segments. Our strength in our product portfolio is exhibited by the fact that we have significant presence and long term relationships with our customers in each of our product segments. Such a diversified portfolio enables us to increase our capacity utilisation, allows deployment of technology across associated industries, and vertical deployment of our capabilities for forward and backward integration.

We also believe that our robust product portfolio enables us to provide integrated solutions for a wide array of our customers' requirements. We attempt to leverage this expansive portfolio to become an integral part of our customers' manufacturing supply chains. In addition to helping increase the number of our customers, this has also enabled us to expand the range of products that we supply to our customers. To achieve this, typically, we enter into a relationship with a new customer and attempt to demonstrate the quality and cost efficiency of our products, relying on which, we expand into other product segments with such customers. This allows us to deepen our relationships with these customers and grow our overall business. We believe that with our evolving manufacturing capabilities, we will be able to grow our market share by supporting our strategy of increasing our share of customer spend per vehicle.

We also believe that the evolution of our product portfolio demonstrates our ability to expand our offerings to meet the needs of our OEM customers. For instance, we recently upgraded various product offerings in response to changing customer needs owing to change in regulation governing emission norms in India. Accordingly, most of our products were upgraded for compliance with BS VI emission norms. These include the fuel pump module, connected clusters, purge control valves for two wheelers, and instrument clusters for commercial vehicles and passenger vehicles. This also necessitated establishing assembly lines required for manufacturing such new products at our manufacturing plants. We are committed to working closely with our customers and offering them solutions; we work with them from the early stages of design and product development to engineering and manufacturing basis their requirements in terms of technology, specifications, styling, reliability standards, etc. This allows us to collaborate deeply with our customers and develop curated solutions to address their needs. Towards achieving this, we have a dedicated design and development team that assists in the design and development of products to serve customers. We also have set up two R&D facilities in Coimbatore which are registered with the DSIR. Our R&D team enables us to provide solutions to improve manufacturing efficiency on the existing products, reduce production costs, and introduce innovative solutions to meet the varied requirements of our customers thereby allowing us to achieve time efficiency in development of new products and technologies.

Strong customer relationships with major OEMs

We have long-standing relationships with automotive OEM customers in India and 22 countries overseas, including in the United States, Germany, and Indonesia. We constantly strive to gain an increasing share of our OEM customers' auto component requirements. We attempt to leverage existing relationships and credibility established with our customers to cross sell multiple products to them. We typically enter into a customer relationship and strengthen it by relying on the quality and cost efficiency of our products. We have, in the past, been able to leverage relationships with our customers to expand our portfolio of product offerings. In doing so, we are able to gain a significant advantage over our competitors. For example, due to our strong relationships with our existing customers, we have been able to procure high value mandates for various components required to transition to BS VI norms, including the fuel pump module, connected clusters, purge control valves for two wheelers, and instrument clusters for passenger and commercial vehicles.

Our OEM customers typically have rigorous and time-consuming selection procedures for procurement of components from manufacturers. These procedures include review of the manufacturers' expertise, available infrastructure, financial capabilities, and logistical capabilities, among others. We believe that our long-term relationships with these customers and increasing volume of supply to them is testament to our ability to consistently meet such requirements, the flexibility in our operations to meet changes in demand, and our track record of ensuring delivery of high quality products, while ensuring cost competitiveness. Our consistent delivery of products irrespective of the size and scale of demand has helped us in maintaining relationships with customers, both in India and abroad. We also believe that our long-standing relationship with our key customers is reflective of our ability to successfully identify and serve their requirements. Our manufacturing facilities are situated in some of the key automotive manufacturing clusters in the India, thereby ensuring that we are in close proximity to the plants of our OEM customers. This allows us the flexibility to remain in constant communication with our customers and to work with them on an ongoing basis to engineer products to meet their designs and specifications. Partnering with our key customers to develop products also strengthens our relationship with these customers and results in customer dependence on us. Moreover, partnering with customers in this manner helps to reduce the cost of development, by reducing testing time and avoiding duplication of work. We also rely on our customers for their feedback on the metrices of quality, cost, and delivery. We have instituted a mechanism wherein our customers provide regular feedback on these metrices, which we then analyse to identify focus areas for performance improvement.

Strategically located manufacturing facilities with extensive backward integration

Our Company's manufacturing facilities are strategically located in Tamil Nadu, Haryana, Maharashtra, Uttarakhand, and Andhra Pradesh and are situated in some of the key automotive manufacturing clusters in India. This ensures that our facilities are close to those of a large number of our customers; our manufacturing facilities in Tamil Nadu, Andhra Pradesh, and Maharashtra are in close proximity to our customers in the southern and western parts of India, while our manufacturing facilities located in Haryana and Uttarakhand ensure proximity to our customers in the northern and the north-eastern parts of India. We have also, through our Subsidiaries, PT Pricol Surya Indonesia and PT Sripri Wiring Systems, established two manufacturing facilities in Indonesia, which cater to two-wheeler manufacturers, primarily in Thailand. Our strategy to establish our manufacturing facilities across geographic regions provides us the opportunity to target a multiplicity of automotive manufacturing clusters, thereby enabling us to expand our customer base as well as product portfolio, and consequently, supporting our strategy to reduce volatility in our sales due to fluctuations in market demand for the products of any specific OEM.

This is in line with our long-term strategy to set up manufacturing facilities close to our OEM customers' plants which, we believe, has been key to establishing and maintaining a strong relationship with our OEM customers. Our presence in proximity to our customers allows us to optimise our deliveries to them and facilitates greater interaction with them, thereby enabling us to respond to their requirements adequately and in a timely manner. Further, setting up our manufacturing facilities near their manufacturing facilities reduces logistical and operating costs, which allows to supply products to them in a cost-competitive manner.

We also have extensive backward integration capabilities at our manufacturing facilities and significant number of our processes are conducted in-house, in comparison to our competitors. This backward integration gives us the flexibility to control our manufacturing processes and reduces dependence on external suppliers. It enables to be consistent and reliable supplier to our customers. In addition, it facilitates us to pursue greater efficiencies of cost, time, quality and scale in our manufacturing processes. We continue to strive to improve our backward integration capabilities across all of our manufacturing facilities.

In addition, we have optimized our manufacturing operations by executing a number of sustainable cost improvement initiatives. We have also made significant investment in capital expenditure, investing ₹ 1,713.67 lakhs and ₹ 6,275.88 lakhs in the six months ended September 30, 2020 and Fiscal 2020, respectively. These have been primarily incurred towards the setting up of assembly lines for new products that we have won mandates for and which have subsequently been productionized.

Strong design and development and technological capabilities

We place a strong emphasis on design, development, and testing, which, we believe, are fundamental to growing our product range and enhancing its performance, cost, and reliability. Our design and development efforts seek to capitalize on emerging trends such as the increased use of electronics, stricter environmental regulations, emission reduction and light-weighting of vehicles, as well as the emergence of new technologies. Towards this, we have established an engineering and technology group, which focuses on design and product and process development. As of September 30, 2020, we had 276 engineers, designers, technicians, and support staff working as part of the engineering and technology group. We have also set up two R&D facilities in Coimbatore which are registered with the DSIR. We incurred ₹ 1,022.32 lakhs and ₹ 4,776.06 lakhs towards research and development expenditure, which is 2.12% and 3.10% of our revenue from operations for the six months ended September 30, 2020 and Fiscal 2020, respectively.

One of the primary functions of the engineering and technology group is to prepare a technology road map for our products and processes to ensure the sustenance and growth of our business. Members of the group frequently visit our customers to assess customer requirements in terms of technology, cost, and delivery. This information is then relied on to design, develop, test, and eventually manufacture products that are in line with our customers' needs and expectations. By partnering with our customers and with other prominent component manufacturers, we are able to strengthen our own product design and development team. This has been one of the primary factors in the expansion of our product offerings.

We have also invested in high-quality testing equipment, software, and human resources, in our design and development for each of our product segments. Through our investment, we believe that we have developed strong product design capabilities, which allow us to develop new products and service our customers effectively and in a timely manner. Our design and development capabilities allow us to reduce the testing and validation workload that our customers need to undertake on our products, thus allowing them to outsource those processes to us and increasing their dependence on us.

As testament to our research, design, and development efforts, we have been granted 11 patents to date in India and overseas jurisdictions and have applied for six patents for a wide range of products.

Experienced and qualified management team

We have a well – qualified management team that has significant experience in all aspects of our business. Our management team is led by our Promoters, Vijay Mohan, Vanitha Mohan (who serves as our Chairman), and Vikram Mohan (who serves as our Managing Director).

Additionally, our senior management possesses extensive industry and management experience which has given us a specialized understanding of the complexities involved in the manufacturing of automotive components and the processes involved. Our business growth is also attributable to our strong management culture fostered by an entrepreneurial spirit, each product segment being managed by experienced and hands-on segment heads having in-depth knowledge of our industry. Our experienced and dedicated management team also enables us to capture market opportunities, formulate and execute business strategies, manage client expectations as well as proactively manage changes in market conditions.

Our key strategies

The key elements of our strategy are as follows:

Expansion of our customer base by focusing on India and other high-growth markets and increasing wallet share from our existing OEM customers

We continue to focus on increasing our customer base, both in India and other high-growth markets. In volume terms, India ranks as the largest market for two-wheelers as well as tractors globally. It is also among the top five and top 10 markets for medium and heavy commercial vehicles and passenger vehicles, respectively. Further, it is projected that domestic auto-component production revenue growth shall increase by 10% - 13% in Fiscal 2022 (*Source: CARE Report*). For more information, see "*Industry Overview*" on page 65 of this Letter of Offer.

In view of our significant experience with the automotive component market in India (including in the sale of components to manufacturers of two-wheelers, tractors, commercial vehicles, and passenger vehicles) and our focus on delivering quality products, we believe that we are well positioned to capture the growth opportunity in these segments in the automotive component manufacturing industry in India and overseas.

Further, we intend to continue to focus on manufacturing products for our existing customers in the two-wheeler, three-wheeler, four-wheeler passenger vehicle, light commercial vehicle, heavy commercial vehicle, tractor, and construction equipment segments in India and overseas. In order to expand our business with these customers, we intend to focus on marketing our existing products as well as design and develop new products based on such customers' feedback and needs, thereby deepening our customer relationships. Further, we intend to leverage our track record of quality, cost and delivery, as well as our product and process know-how, to consolidate our position as a preferred supplier to such OEM customers.

We also seek to expand our global reach through increased customer acceptance of our products in international markets. As the globalisation trend continues and barriers to trade in various markets are reduced across the world, we believe that an export oriented strategy offer us business advantages. The Indian automotive component industry is transforming itself from a low-volume, highly fragmented one into a competitive industry backed by strengths such as technology, efficiency and an evolving value chain. As per forecasts, automobile component exports from India are expected to reach $ 80 billion by 2026 (*Source: CARE Report*). We believe that this trend coupled with our relationship with reputed international OEMs provide us with opportunities to further grow our export sales. Our products are exported to 22 countries overseas, including the United States, Germany, and Indonesia. We intend to leverage the best cost advantages of manufacturing in India and aim to initiate exports into other countries. India's geographic location coupled with initiatives by GoI to increase local component manufacturing eco system will help us in exporting competitively to these countries, as compared to other regional hubs such as China. An increase in our exports will also lower the impact of the volatility of the domestic market on our business leading to higher capacity utilisation of our manufacturing facilities. Further, the export revenue will act as a natural foreign currency hedge against imports of several components.

Increase capacity in existing product portfolio and enhance capacity utilization

We aim to continue to be one of the leading manufacturers of automotive components in India in terms of quantity and sales. As on September 30, 2020, our aggregate installed capacity at our seven manufacturing facilities in India for the manufacture of driver information systems, pumps and mechanical products, switches and sensors, and other products was 100.04 lakh units, 238.64 lakh units, 159.72 lakh units, and 19.35 lakh units, respectively. The table below provides the annual installed capacity across each of our manufacturing facilities in India as on March 31, 2020 and as on September 30, 2020:

Manufacturing facility	Product vertical	Annual installed capacity as on September 30, 2020 (in lakh units)	Annual installed capacity as on March 31, 2020 (in lakh units)
Plant I	Driver information systems	27.57	63.64
	Pumps and mechanical products	-	6.28
	Switches and sensors	54.08	114.39
	Others	0.77	1.85
Plant II	Driver information systems	26.09	41.50
	Pumps and mechanical products	10.39	31.76
	Switches and sensors	7.42	19.51
	Others	1.73	3.88
Plant III	Driver information systems	-	-
	Pumps and mechanical products	107.28	222.46
	Switches and sensors	4.55	1.54
	Others	0.04	0.09
Plant V	Driver information systems	9.22	24.51
	Pumps and mechanical products	18.23	45.40
	Switches and sensors	19.41	52.64
	Others	13.69	23.85
Plant VII	Driver information systems	25.10	46.65
	Pumps and mechanical products	11.34	33.99
	Switches and sensors	23.62	45.49
	Others	3.12	6.85
Plant IX	Driver information systems	-	-
	Pumps and mechanical products	91.40	138.34
	Switches and sensors	45.71	75.30
	Others	-	-
Plant X	Driver information systems	12.06	21.94
	Pumps and mechanical products	-	-
	Switches and sensors	4.93	10.81
	Others	-	-

We believe that increasing our capacities is critical to enable us to continue to capitalize upon the growing demand for automotive components in India and abroad. Further, we also intend to capitalize on the unutilized capacity at our manufacturing facilities to further increase production of our current portfolio and take advantage of the experience of our sales and marketing team to increase acceptance for our products and enhance our visibility in the domestic market.

Continually improve our design, development, and testing capabilities in order to focus on advanced technology, high value-add products

Our customers' demand for higher quality performance in automotive components is growing. As a result, we place a strong emphasis on maintaining advanced product design and development capability led by our engineering and technology group. A critical component of our strategy is the constant enhancement of design, development, and testing capabilities to enable us to provide advanced, high value-added products.

We believe that high-value added and technology-driven components will provide us with early-mover advantages and higher profit margins, and will present us with opportunities to capture shifts in customer preferences as well as evolving regulatory requirements, such as heightened emissions control standards. By providing high-value added and innovative products, we believe that we will be able to become a preferred supplier to our customers, thus giving us the opportunity to consolidate our position with our customers and increase the share of their supply needs that we fulfil.

To enhance our design, development, and testing capabilities we are undertaking a number of short-term and long-term initiatives. In line with these initiatives, we plan to expand our talent pool and increase the manpower in our engineering and technology group.

We have been granted 11 patents to date in India and overseas jurisdictions and we expect that our enhanced research and design capabilities will culminate in increased patent applications and design registrations, improved product development time and enhanced product quality.

Pursuing selective acquisitions, partnership opportunities, and inorganic growth

We intend to continue to pursue strategic alliances and inorganic growth opportunities, with targets that are complementary to our business. We are mainly focused on growing existing product lines and in opportunities that provide us access to better technology for our products and allow us to diversify our product and customer base.

We have historically expanded our business through a combination of organic growth, acquisitions and strategic alliances with our customers and with other component manufacturers. For example, we have expanded our operations in Europe and South America with acquisitions in the past. Similarly, we have historically entered into agreements with a number of partners across vehicle segments in order to ensure that we deliver high quality and technologically advanced products at competitive prices to our customers. These agreements have allowed us to expand our product and technology base, thereby strengthening our business. We will continue to evaluate similar strategic alliances or acquisition opportunities that arise in other markets and we aim to harness our experience of acquiring and integrating new operations in other markets. We will seek to combine our low-cost base and manufacturing capabilities with high-end technologies through agreements with global automotive components manufacturers to obtain a competitive advantage.

Ensure efficiency and cost optimisation and enhance innovation and design capabilities

Since automotive OEMs seek to reduce the cost of manufacturing, we, in turn, constantly endeavour to reduce the costs of our operations while ensuring the quality of our products. We have centralised planning, marketing and raw material procurement teams that help us reduce cost and achieve operational efficiencies and economies of scale. We have also implemented innovative strategic cost-saving and efficiency improvement measures. We intend to continue further integration of our manufacturing facilities and to carry out most of the processes in-house to maximise our efficiencies. We have undertaken initiatives to improve safety, reduce costs, and bring efficiency in all processes with objectives such as reduction of cost of input material, optimisation of tool consumption by using designated tools for designated processes, reduction of waste, reduction of power and utilities costs and loss elimination. We aim to continue the culture of innovation as we propose to undertake other initiatives and programmes aimed at enhancing operational efficiencies and optimising asset and material flows.

We also intend to enhance our research and development and design capabilities which provide us with a competitive advantage with respect to quality, product development and cost, as well as to continuously explore sustainable cost improvement initiatives for our operations.

We also look to focus on our relationships with vendors to ensure that our quality, costs and delivery objectives are met and we have taken steps such as regular audits of major vendors for this purpose. We will continue to have a centralised approach towards sourcing and vendor management to gain economies of scale in raw material procurement.

Our products

We manufacture automotive components and cater primarily to automotive OEMs. Our products are spread across three major product verticals. A brief description of these product verticals, the products that we manufacture within each of them, the manufacturing facilities where they are produced, and an outline of the process for manufacturing a key product under each of the verticals is provided below:

A. Driver information systems

Products manufactured

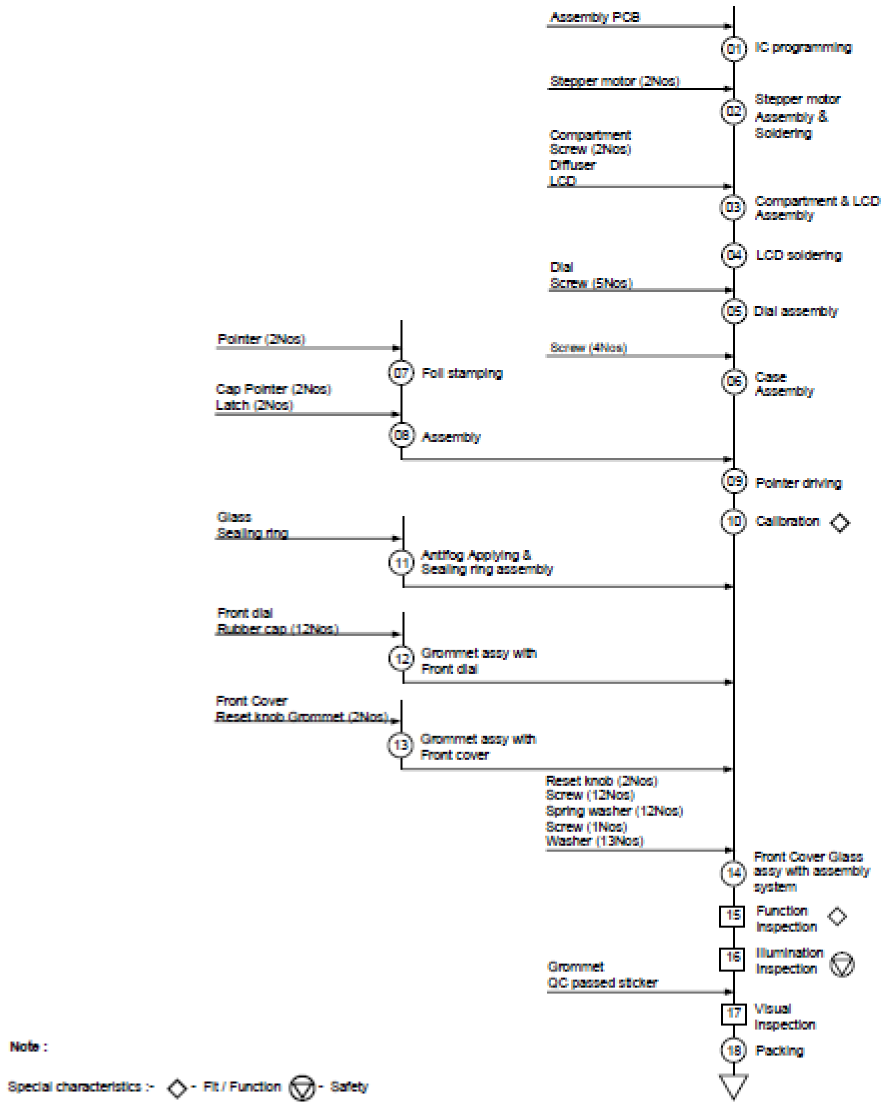
The products we manufacture under this vertical include instrument clusters (both analog and digital), speedometers, and pressure gauges under this vertical.

Manufacturing facilities

The products under this vertical are manufactured at Plant I, Plant II, Plant V, Plant VII, and Plant X.

Process

The following is an outline of the process for the manufacturing of electronic instrument clusters, one of our key products manufactured under this vertical:



B. Pumps and mechanical products

Products manufactured

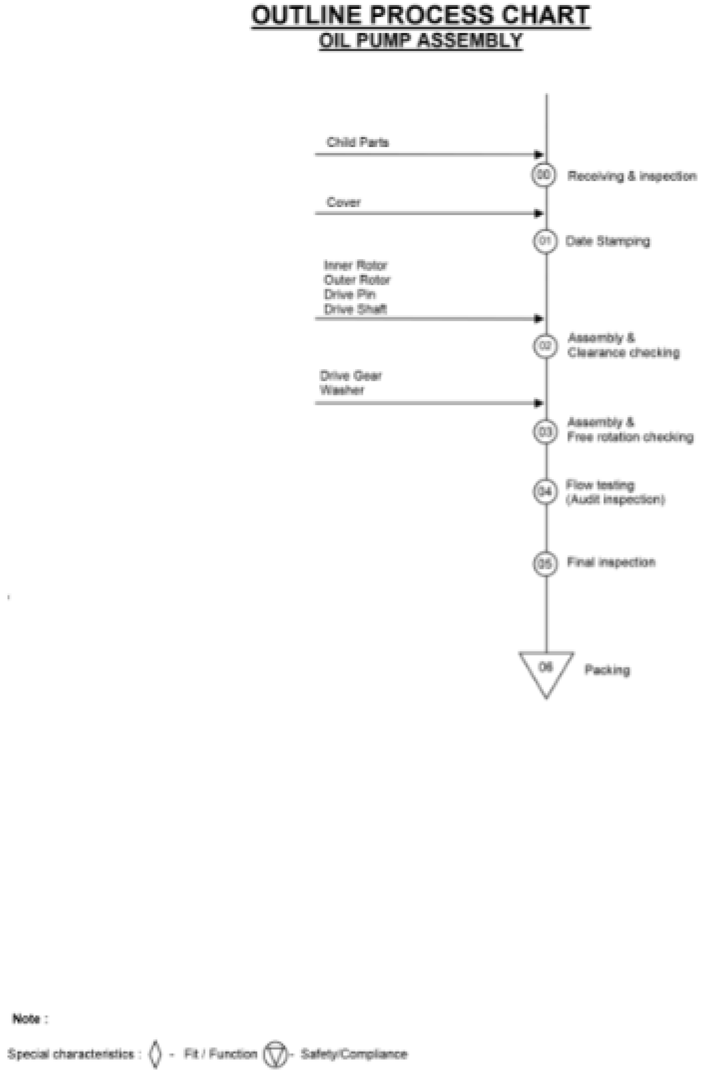
The products we manufacture under this vertical include fuel pump modules, oil pumps, purge control valves, and chain tensioners under this vertical.

Manufacturing facilities

The products under this vertical are manufactured at Plant II, Plant III, Plant V, Plant VII, and Plant IX.

Process

The following is an outline of the process for the manufacturing of oil pumps, one of our key products manufactured under this vertical:



C. Switches and sensors

Products manufactured

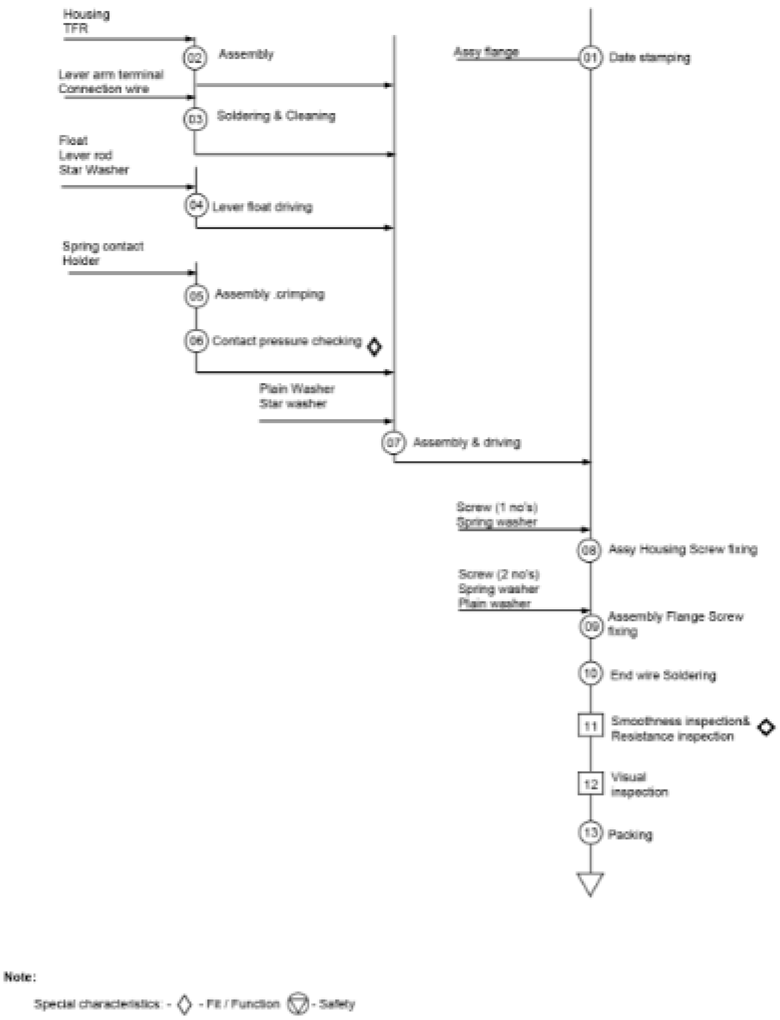
The products we manufacture under this vertical include fuel level sensors, speed sensors, and temperature switches under this vertical.

Manufacturing facilities

The products under this vertical are manufactured at Plant I, Plant II, Plant III, Plant V, Plant VII, Plant IX, and Plant X.

Process

The following is an outline of the process for the manufacturing of fuel level sensors, one of our key products manufactured under this vertical:



Through our Subsidiary, Pricol Wiping Systems India Limited, we also design and manufacture wiping systems, including front wiper sets and wiper motors.

The revenue generated from each of the product verticals in the six months ended September 30, 2020 and Fiscal 2020 are provided in the table hereunder:

Product vertical	**Six months ended September 30, 2020**		**Fiscal 2020**	
	Revenue generated (in ₹ lakhs)	**Revenue as a % of revenue from operations (in %)**	**Revenue generated (in ₹ lakhs)**	**Revenue as a % of revenue from operations (in %)**
Driver information systems	23,550.46	48.80	62,408.85	40.56
Pumps and mechanical products	17,074.53	35.38	31,060.00	20.19
Switches and sensors	4,029.23	8.34	12,760.00	8.29
Others	3,605.40	7.48	47,624.35*	30.96
Total	**48,259.62**	**100.00**	**1,53,853.20**	**100.00**

**Includes revenue from the wiping business of the erstwhile subsidiaries of our Company, which were disposed of in Fiscal 2020.*

The following graphic shows a sample of the products for two-wheelers, four wheelers, commercial vehicles, heavy commercial vehicles, and tractors and off-road vehicles:

TWO WHEELERS

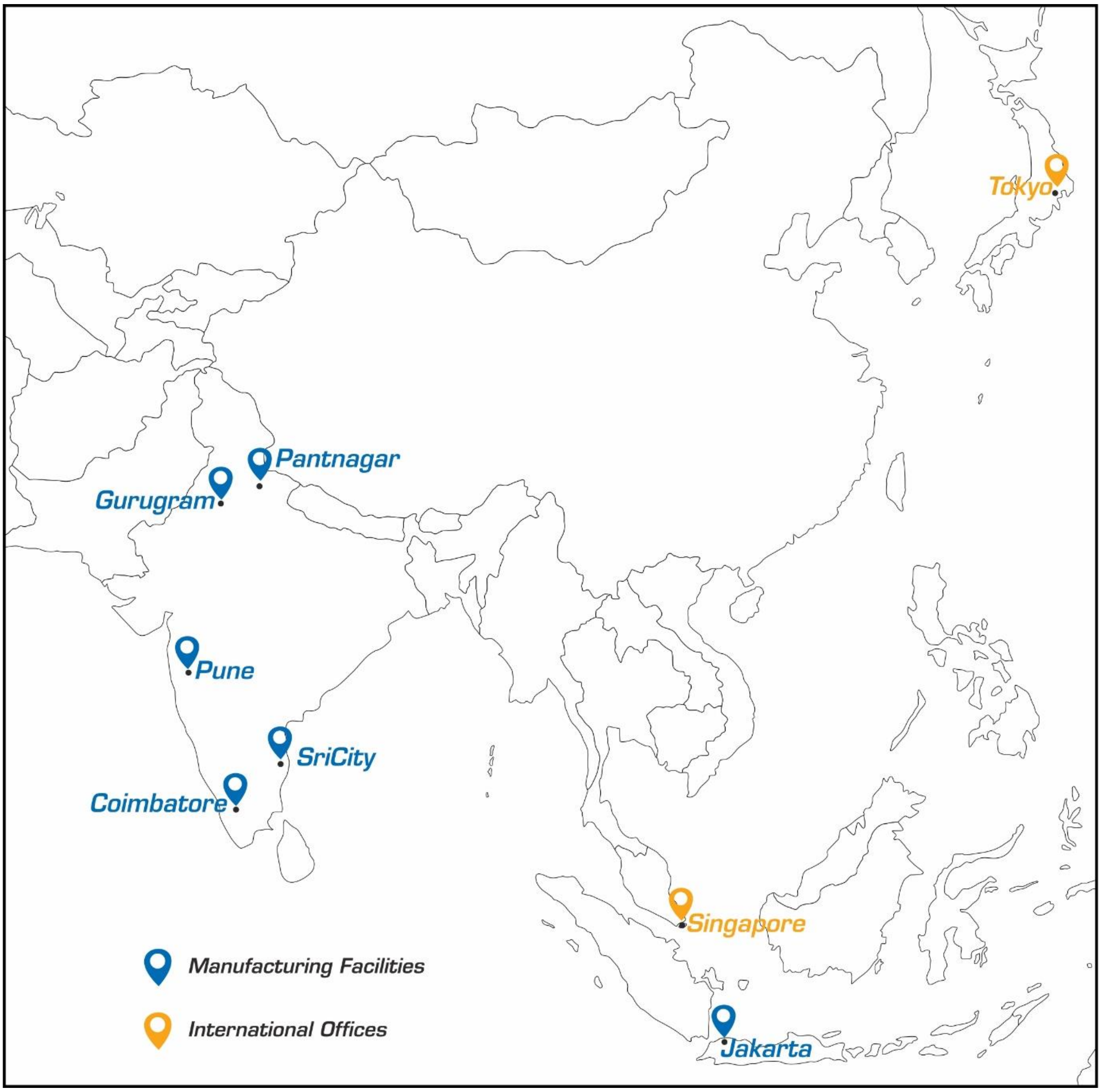
FOUR WHEELERS

COMMERCIAL VEHICLES

TRACTORS & OFF-ROAD VEHICLES

Our presence

The following map illustrates the location of our manufacturing facilities and our international offices:



Our manufacturing facilities

Our Company's manufacturing facilities are strategically located in some of the key automotive manufacturing clusters in India. This ensures that our facilities are close to those of a large number of our customers. The table below sets forth details of our Company's manufacturing facilities in India:

Facility	Location	Product	Annual installed capacity as on September 30, 2020 (in lakh units)	Capacity utilization (as a percent of installed capacity as on September 30, 2020)	Annual installed capacity as on March 31, 2020 (in lakh units)	Capacity utilization (as a percent of installed capacity as on March 31, 2020)
Plant I	Coimbatore, Tamil Nadu	Driver information systems	27.57	29.00	63.64	38.00

Facility	Location	Product	Annual installed capacity as on September 30, 2020 (in lakh units)	Capacity utilization (as a percent of installed capacity as on September 30, 2020)	Annual installed capacity as on March 31, 2020 (in lakh units)	Capacity utilization (as a percent of installed capacity as on March 31, 2020)
		Pumps and Mechanical Products	-	-	6.28	18.00
		Switches and sensors	54.08	17.00	114.39	29.00
		Others	0.77	2.00	1.85	22.00
Plant II	Manesar, Haryana	Driver information systems	26.09	37.00	41.50	65.00
		Pumps and mechanical products	10.39	73.00	31.76	48.00
		Switches and sensors	7.42	14.00	19.51	16.00
		Others	1.73	12.00	3.88	32.00
Plant III	Coimbatore, Tamil Nadu	Pumps and mechanical products	107.28	13.00	222.46	31.00
		Switches and sensors	4.55	57.00	1.54	15.00
		Others	0.04	2.00	0.09	2.00
Plant V	Pune, Maharashtra	Driver information systems	9.22	24.00	24.51	35.00
		Pumps and mechanical products	18.23	34.00	45.40	59.00
		Switches and sensors	19.41	29.00	52.64	36.00
		Others	13.69	22.00	23.85	58.00
Plant VII	Pantnagar, Uttarakhand	Driver information systems	25.10	29.00	46.65	46.00
		Pumps and mechanical products	11.34	42.00	33.99	31.00
		Switches and sensors	23.62	18.00	45.49	37.00
		Others	3.12	0.00	6.85	20.00
Plant IX	Manesar, Haryana	Pumps and mechanical products	91.40	16.00	138.34	62.00
		Switches and sensors	45.71	33.00	75.30	39.00
Plant X	Sri City, Andhra Pradesh	Driver information systems	12.06	30.00	21.94	50.00
		Switches and sensors	4.93	3.00	10.81	7.00

We have also, through our Subsidiaries, PT Pricol Surya Indonesia and PT Sripri Wiring Systems, established two manufacturing facilities in Indonesia, which cater to two-wheeler manufacturers, primarily in Thailand.

Through our Subsidiary, Pricol Wiping Systems India Limited, we also design and manufacture wiping systems, including wiper sets and wiper motors, through its manufacturing facility in Satara, Maharashtra.

Raw material / bought out parts and suppliers

One of the critical factors to develop and grow in our business is to possess the ability to source good quality raw materials at competitive prices. The essential raw materials used by our facilities for manufacturing our products are copper wires, distaloy AB, iron powders, ADC 12, PMMA, PBT, duracon, polycarbonate sheet, AES, ABS, and TFPP, among others. In addition, we also source bought out parts that we require for assembly. We are reliant on our Subsidiary, Pricol Asia Pte Limited, for a portion of our requirement for bought out parts; this entity is primarily involved in the procurement of imported bought out parts and subsequent distribution to our Company. Our cost of materials consumed in the six months ended September 30, 2020 and Fiscal 2020, was ₹ 31,953.73 lakh and ₹ 1,03,119.93 lakh, which represented 66.21% and 67.02%, of our revenue from operations, respectively.

We source our raw material from both domestic and overseas sources. For the sourcing of raw material, while we enter into supply agreements with our suppliers, we do not enter into any firm commitment for long-term contracts. In addition, for certain of our raw materials, we typically agree a fixed per-unit price for raw materials for each purchase order and for that purchase order, we bear the raw material price risk. Depending on how raw material prices fluctuate, we may then be able to adjust the raw material prices for future purchase orders.

As we generally require components that are specifically designed and developed to meet our needs, we employ a component sourcing strategy that is targeted at developing relationships with long – term suppliers who can meet our component needs. Consequently, we have developed a long – term supplier base with an established supply chain. This ensures the timely availability of components of desirable quality and quantity.

We have a diversified supplier base and we believe that this helps us in minimising supplier risk due to low supplier concentration. Suppliers undergo qualification process (called quality assurance validation and vendor performance rating) with us to ensure that we are satisfied that the supplied raw materials are of appropriate quality. While we do not have any long – term contracts with any of our raw material suppliers, we have maintained a long term relationship with each of the major suppliers.

Customers

Our customers are predominantly automotive OEMs operating across segments, including for two-wheelers, three-wheelers, four-wheeler passenger vehicles, light commercial vehicles, heavy commercial vehicles, and tractors. We also cater to the construction equipment segment in the global market. We believe our competitive pricing policy coupled with our ability to offer customized solutions to our customers has enabled us to grow our presence not just in India, but in overseas markets as well. Further, we have also incorporated Subsidiaries in Singapore and Indonesia and set up overseas offices in Singapore and Japan to strengthen our marketing and customer outreach.

Our revenue generated from customers within India in the six months ended September 30, 2020 and Fiscal 2020, was ₹ 44,840.74 lakh and ₹ 1,16,995.14 lakh, whereas the revenue generated from our customers outside India was ₹ 3,418.88 lakh and ₹ 36,858.06 lakh, in the same period.

We typically have purchase orders and do not ordinarily enter into supply agreements with our customers. The purchase orders specify prices and quantities for the products. However, the delivery of the products ordered is based on delivery schedules that are independently negotiated with customers. These purchase orders are typically subject to conditions including such as ensuring that all products delivered to the customers have been inspected and are built to customers' specifications and that orders are fulfilled according to predetermined delivery schedules.

Sales, marketing and distribution

Our marketing network is managed by our business development team, led by our Chief Marketing Officer, who are in charge of marketing strategies specific to their assigned product vertical / geography. We supply our components directly to the automotive OEMs, both in India and overseas. We leverage our relationships with our existing customers to procure repeat orders from them, as well as invitations to develop new products for their new models. Based on our credentials and recognitions awarded to us by our valued existing customers, we approach new customers for business. Our management has flexibility to accept customers' specific requirements while negotiating and discussing development of new products.

In addition, we are also involved in the after market sales of all of the products that we manufacture. This is done through a network of 164 distributors, with whom we ordinarily enter into short term agreements. These distributors, in turn, coordinate with dealers, wholesalers, and retailers for the aftermarket sales of our products.

Utilities

For our operations, we need a significant amount of power and fuel. For the six months ended September 30, 2020 and Fiscal 2020, our total power and fuel costs comprised 1.52% and 1.29% of our total expenses on a consolidated basis, respectively. We primarily rely on public utilities for our manufacturing operations.

The manufacturing of our products requires the steady supply of electricity, along with a high electricity load. This apart, the process of manufacturing requires an uninterrupted and constant voltage power. This ensures that the products are of high quality, and also increases the productivity and lifetime of our machines and equipment. We have made arrangements for captive power generation through generator sets in all manufacturing facilities, apart from machines which are equipped with voltage stabilizers. We have also, across all our manufacturing facilities, set up solar power panels.

Our manufacturing processes also require water, although they are not water intensive. The requirement for water is met primarily by sourcing through outside resources, or through local utility companies.

Quality control and services

In the automotive component industry, adherence to quality standards is critical, since any defects in any of the products manufactured by our Company, or failure to comply with the specifications of our customers, may lead to cancellation of their purchase order. In order to maintain the quality standards and comply with the design specifications provided by our customers and to ensure that our products successfully pass all validations and quality checks, the quality control team, led by our Chief Quality Officer, is tasked not only with thorough pre-manufacturing checks and balances but also with employing an extensive and stringent quality control mechanism at each stage of the manufacturing process including inspection of raw materials; in-process inspection of products; and test of finished goods, among other processes.

We employ an extensive and stringent quality control mechanism at each stage of the manufacturing process to ensure that our finished product conforms to the exact requirement of our customers. All of our manufacturing facilities in India and Indonesia conform to the requirements of the IATF 16949 standard.

Information technology

We have implemented various IT solutions and enterprise resource planning solutions to cover key areas of our operations. We extensively use technology for product life cycle management, customer order management and dispatches, production planning and reporting, manufacturing processes, financial accounting and scheduling raw material purchase.

We intend to continue to focus on and make investments in our IT systems and processes, including our backup systems, to improve our operational efficiency, customer service and decision making process and to reduce manual intervention and the risk of system failures and the negative impacts these failures may have on our business thereby improving reliability and efficiency of our business and operations.

Intellectual property

Patents

As on the date of this Letter of Offer, we have registered 11 patents in India and overseas and have applied for six patents for a wide range of products in India and overseas.

Trade marks

We have registered 63 trade marks in India and overseas across various classes, including classes 1, 2, 3, 4, 6, 7, 8, and 9.

Health, safety and environment

We continually aim to comply with the applicable health, environment, and safety regulations and other requirements in our business operations. We constantly take initiatives to reduce the risk of accidents at our facilities by carrying out trainings, safety audits, and by installing safety devices such as sensors, exhaust, fire extinguishers. We observe and celebrate safety day in our facilities to improve awareness among employees on safety at workplaces.

Environmental requirements imposed by the Government will continue to have an effect on us and our operations. We believe that we have complied with, and will continue to comply with, all applicable environmental laws, rules and regulations. We have obtained, or are in the process of renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. Our activities are subject to the environmental laws and regulations of India which govern, *inter alia*, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes. Our overseas subsidiaries are also subject to regulations relating to environmental, health and safety measures.

Human resource

As on September 30, 2020, we had 6,199 persons working as permanent employees and contractual / casual labour with our Company. We undertake selective and need-based recruitment every year to maintain the size of our workforce, which may otherwise decline as a result of attrition and retirement of employees. Our personnel policies are aimed towards recruiting the talent that we need, facilitating the integration of our employees into the Company and encouraging the development of skills in order to support our performance and the growth of our operations.

Insurance

Our operations are subject to various risks inherent in the automotive component manufacturing sector. Accordingly, we have obtained various insurance policies, including product liability insurance, signature management liability insurance, group personal accident insurance, comprehensive general liability insurance, standard fire and special perils insurance, and burglary insurance among, others.

Corporate social responsibility

As a part of our corporate social responsibility ("**CSR**"), we have setup a CSR Committee comprising of our Directors, Vanitha Mohan, Vikram Mohan, and Kasthuri Rangaian Ilango. In addition to activities undertaken directly, our Company's CSR activities are carried out through a registered trust, ND Foundation, and a Section 8 Company, Yashaswi Academy for Skills.

In our efforts towards corporate social responsibility, we focus on healthcare, sanitation, safety, and education. Some of the key CSR initiatives undertaken by us include setting up eye and medical camps, providing water purifiers, facilitating fire safety and first aid training for school students, and providing certain facilities for government schools.

Property

Our Registered and Corporate Office is located in Coimbatore, which is located on premises held by us on leasehold basis. As of September 30, 2020, we operated seven manufacturing facilities in India. For further details on whether our Registered and Corporate Office and our manufacturing facilities are on leasehold or freehold basis, please see the table below:

Facility	Whether underlying land owned or leased	Duration of lease (if applicable)
Registered and Corporate Office	Leased	One year with effect from March 1, 2020
Plant I	Owned	-
Plant II	Owned	-
Plant III	Owned	-

Facility	Whether underlying land owned or leased	Duration of lease (if applicable)
Plant V	Leased	Nine years with effect from November 1, 2016
Plant VII	Lease	90 years with effect from December 4, 2006
Plant IX	Leased	10 years with effect from February 9, 2018
Plant X	Lease	99 years with effect from September 25, 2017

In addition, we have set up overseas offices in Singapore and Japan and two manufacturing facilities in Indonesia, which are owned and operated by our Subsidiaries, PT Pricol Surya Indonesia and PT Sripri Wiring Systems. Our Subsidiary, Pricol Wiping Systems India Limited, has also set up a manufacturing facility in Satara, Maharashtra for the production of wiping systems.

Competition

The automotive component industry is extremely competitive. We face competition from both domestic and international players. Typically, large automotive component players supply exclusively to only a few select OEMs. Since, we cater to various segments in the automotive industry, we compete with various companies for each of our different products. Some of our key competitors are Minda Stoneridge Instruments Limited, Varroc Engineering Limited, JNS Instruments Limited, UCAL Fuel Systems Limited, and Advik Hi-Tech Private Limited (*Source: CARE Report*). For further details, see "*Industry Overview*" on page 65.

OUR MANAGEMENT

Board of Directors

Our Articles of Association provide that the minimum number of Directors shall be three and the maximum number of Directors shall be 15 (including nominee Directors, if any). The composition of the Board and the various committees of the Board is in conformity with Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations. As on the date of this Letter of Offer, our Board of Directors comprises ten Directors including three Executive Directors and seven Independent Directors (including one independent woman Director).

Pursuant to the provisions of the Companies Act, 2013, at least two-third of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring director is eligible for re-appointment. Further, an Independent Director may be appointed for a maximum of two consecutive terms of up to five consecutive years each.

The following table sets forth details regarding our Board of Directors as of the date of this Letter of Offer:

S. No.	Name, designation, date of birth, term, period of directorship, DIN, occupation and address	Age (in years)	Other directorships
1.	**Vanitha Mohan** *Designation:* Chairman *Date of birth:* December 9, 1952 *Term:* Liable to retire by rotation *Period of directorship:* Since November 1, 2016 *DIN:* 00002168 *Occupation:* Business *Address:* N. No. 232, Tea Estates, Race Course, Coimbatore, Tamil Nadu – 641 018, India	67	***Indian companies*** • Libra Conclave Private Limited • Raavi Quattro Private Limited • Sagittarius Investments Private Limited • Shrimay Enterprises Private Limited ***Foreign companies*** Nil
2.	**Vikram Mohan** *Designation:* Managing Director *Date of birth:* May 23, 1975 *Term:* Liable to retire by rotation *Period of directorship:* Since June 1, 2013 *DIN:* 00089968 *Occupation:* Business *Address:* 1 East End, Kallimadai Road, Off Trichy Road, Singanallur, Coimbatore, Tamil Nadu – 641 005, India	45	***Indian companies*** • Infusion Hospitality Private Limited • PPL Enterprises Limited • Pricol Engineering Industries Limited • Pricol Gourmet Private Limited • Pricol Holdings Limited • Pricol Logistics Private Limited • Pricol Properties Limited • Pricol Retreats Limited • Pricol Travel Private Limited • Raavi Quattro Private Limited • Sai VM4 Management Advisors Private Limited ***Foreign companies*** • Pricol Asia PTE Limited, Singapore • PT Pricol Surya Indonesia, Indonesia* • PT Sripri Wiring Systems, Indonesia* • VM International Pte Limited, Singapore ** Appointed to the board of commissioners*
3.	**Venkatachalapathi Balaji Chinnappan** *Designation:* Chief Operating Officer (Executive	55	***Indian companies*** Nil

S. No.	Name, designation, date of birth, term, period of directorship, DIN, occupation and address	Age (in years)	Other directorships
	Director) *Date of birth:* March 8, 1965 *Term:* Liable to retire by rotation *Period of directorship:* Since June 15, 2019 *DIN:* 08014402 *Occupation:* Service *Address:* 28, Bharathi Park, 6 Cross Street, Saibaba Colony, Coimbatore, Tamil Nadu – 641 011, India		***Foreign companies*** Nil
4.	**Suresh Jagannathan** *Designation:* Independent Director *Date of birth:* May 1, 1957 *Term:* Five years with effect from August 1, 2019 *Period of directorship:* Since November 1, 2016 *DIN:* 00011326 *Occupation:* Business *Address:* 222, Race Course, Coimbatore, Tamil Nadu – 641 018, India	63	***Indian companies*** • Cape Flour Mills Private Limited • Cape Power Private Limited • Eltex Precision Dies and Tools Private Limited • Kovilpatti Lakshmi Roller Flour Mills Limited (formerly known as KLRF Limited) • McKinnon India Private Limited ***Foreign companies*** Nil
5.	**Ramani Vidhya Shankar** *Designation:* Independent Director *Date of birth:* March 25, 1970 *Term:* Five years with effect from August 1, 2019 *Period of directorship:* Since November 1, 2016 *DIN:* 00002498 *Occupation:* Professional *Address:* No: 152, Kalidas Road, Ram Nagar, Coimbatore, Tamil Nadu – 641 009, India	50	***Indian companies*** • Anugraha Valve Castings Limited • L. G. Balakrishnan & Bros Limited ***Foreign companies*** Nil
6.	**Sriya Chari** *Designation:* Independent Director *Date of birth:* February 6, 1974 *Term:* November 1, 2016 to May 26, 2021 *Period of directorship:* Since November 1, 2016 *DIN:* 07383240 *Occupation:* Business *Address:* 94, Harrington Road, Chetpet, Chennai, Tamil Nadu – 600 031, India	46	***Indian companies*** • India Motor Parts & Accessories Limited • Rajsriya Automotive Industries Private Limited • Yogya Systems Private Limited ***Foreign companies*** Nil

S. No.	Name, designation, date of birth, term, period of directorship, DIN, occupation and address	Age (in years)	Other directorships
7.	**Sangampalayam Kandasami Sundararaman** *Designation:* Independent Director *Date of birth:* April 15, 1973 *Term:* Five years with effect from May 30, 2018 *Period of directorship:* Since May 30, 2018 *DIN:* 00002691 *Occupation:* Business *Address:* O / No: 107 – 1, N / No: 96, West Periyasamy Road, R.S. Puram, Coimbatore, Tamil Nadu – 641 002, India	47	***Indian companies*** • Abirami Distributors Private Limited • Abirami Ecoplast Private Limited • Confederation of Indian Textile Industry • Firebird Enterprenuerial Ventures Private Limited • Indian Technical Textile Association • L K Distributors Private Limited • S K S Agencies Limited • Shanthi Gears Limited • Shiva Mills Limited • Shiva Texyarn Limited • Sundar Ram Enterprise Private Limited • Vedanayagam Hospital Private Limited ***Foreign companies*** Nil
8.	**Shanmugasundaram Palanisamy** *Designation:* Independent Director *Date of birth:* August 10, 1948 *Term:* Five years with effect from June 15, 2019 *Period of directorship:* Since June 15, 2019 *DIN:* 00119411 *Occupation:* Professional *Address:* Old No: 4, New No: 178, Green Lands, Covai Road, Karur, Tamil Nadu – 639 022, India	72	***Indian companies*** • L. G. Balakrishnan & Bros Limited • LGB Forge Limited ***Foreign companies*** Nil
9.	**Kasthuri Rangaian Ilango** *Designation:* Independent Director *Date of birth:* July 23, 1964 *Term:* Five years with effect from June 15, 2019 *Period of directorship:* Since June 15, 2019 *DIN:* 00124115 *Occupation:* Business *Address:* No. 396, G V Residency, Sowripalayam, Coimbatore, Tamil Nadu – 641 028, India	56	***Indian companies*** • Codissia Industrial Park Limited • Codissia Industrial Infrastructure Upgradation Services • KKR Securities Private Limited • Rajshree Sugars & Chemicals Limited • RSM Autokast Private Limited • Tamilnadu Electricity Consumers Association ***Foreign companies*** Nil
10.	**Navin Paul** *Designation:* Additional Director (Independent Director) *Date of birth:* October 24, 1957 *Term:* Five years with effect from October 22, 2020	63	***Indian companies*** • Amalgamation Repco Limited • Brakes India Private Limited • IP Rings Limited ***Foreign companies*** Nil

S. No.	Name, designation, date of birth, term, period of directorship, DIN, occupation and address	Age (in years)	Other directorships
	Period of directorship: Since October 22, 2020 *DIN:* 00424944 *Occupation:* Business *Address:* No. 239, 4th Cross, 4th Main, Near BBMP Nursery, Koramangala 1st Block, Bengaluru, Karnataka – 560 034, India		

Confirmations

1. Except as stated below, none of our Directors is or was a director of any company during the last five years immediately preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on any stock exchanges, during the term of their directorship in such company:

Name of the Director	Name of the Company	Listed on (give name of the stock exchanges)	Date of suspension on the stock exchanges	If trading suspended for more than three months, reasons for suspension and period of suspension	If the suspension of trading revoked, the date of revocation of suspension	Term (along with relevant dates) of the director in the above company
Vanitha Mohan	Pricol Limited (erstwhile)	BSE and NSE	December 5, 2016	Not applicable	February 10, 2017	May 28, 1999 to October 30, 2016
Vikram Mohan						May 29, 2009 to October 30, 2016
Suresh Jagannathan						July 28, 1984 to October 30, 2016
Ramani Vidhya Shankar						May 21, 2005 to October 30, 2016
Sriya Chari						May 27, 2016 to October 30, 2016
Sangampalayam Kandasami Sundararaman	Shiva Texyarn Limited	BSE and NSE	November 3, 2017	Not applicable	December 26, 2017	May 15, 2006 till date

2. None of our Directors is or was a director of any company which has been or was delisted from the stock exchanges, during the term of their directorship in such company, in the last 10 years immediately preceding the date of filing of this Letter of Offer.

Key Managerial Personnel and Senior Management Personnel

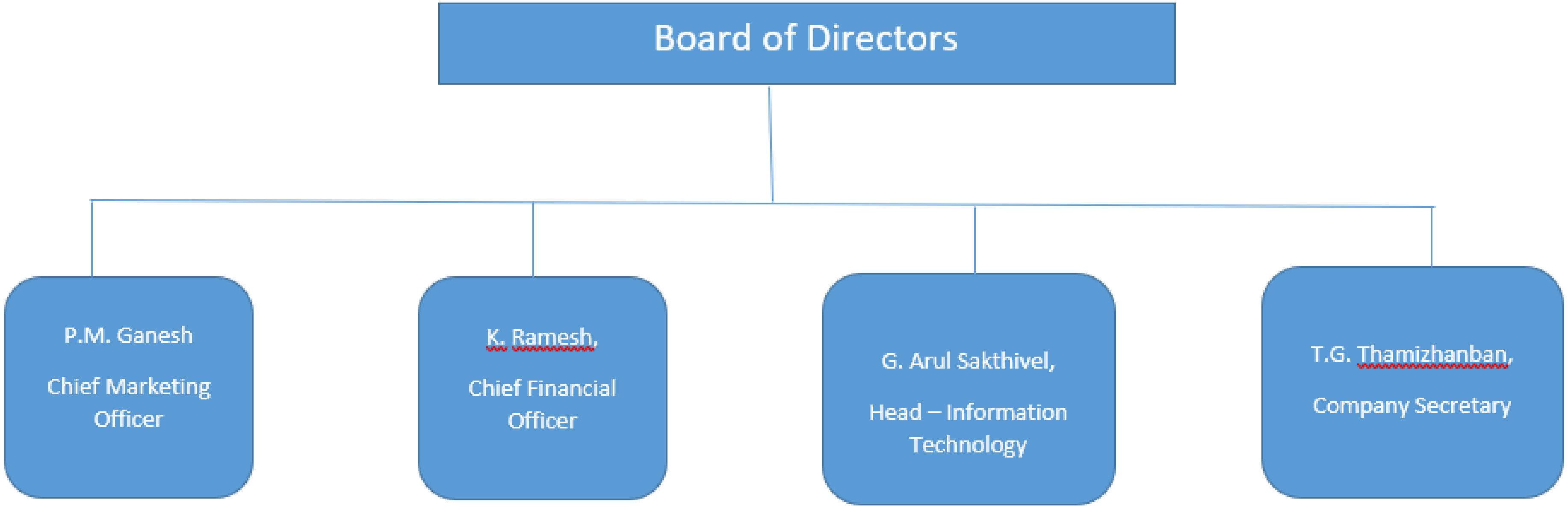
In addition to Vanitha Mohan, Vikram Mohan, and Venkatachalapathi Balaji Chinnappan, who currently hold Directorships in our Company, and whose details are provided above, the following are the Key Managerial Personnel:

Name	Designation
K. Ramesh	Chief Financial Officer
T. G. Thamizhanban	Company Secretary

In addition to the persons named above, the following are the Senior Management Personnel of our Company:

Name	Designation
P. M. Ganesh	Chief Marketing Officer
G. Arul Sakthivel	Head – Information Technology

Organisation structure chart of our Company



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S. No.	Particulars	Page No.
1.	The review report and the unaudited consolidated financial results as at and for the quarter and half year ended September 30, 2020	105 - 111
2.	The auditors' report and the audited consolidated financial statements as at and for the year ended March 31, 2020	112 - 192

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Independent Auditor's Review Report on Unaudited Quarterly and Year-to-Date Consolidated Financial Results of the Company for the Half Year ended 30th September 2020

To the Board of Directors
Pricol Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **PRICOL LIMITED** ("the Parent") and its subsidiaries including its step-down subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended 30th September 2020 and year to date from 1st April 2020 to 30th September 2020 ("the Statement") being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities for the quarter and period ended 30th September 2020:

Sr. No.	Name of the Entity	Relationship	% of Holding
1.	Pricol Limited	Parent	
2.	PT Pricol Surya, Indonesia	Subsidiary	100%
3.	Pricol Asia Pte Limited, Singapore	Subsidiary	100%
4.	Pricol Espana Sociedad Limitada, Spain	Subsidiary – upto the date of disposal	100%
5.	Pricol Wiping Systems India Limited, India	Subsidiary	100%
6.	Pricol Wiping Systems Czech s.r.o, Czech Republic	Step-down Subsidiary (Subsidiary of Pricol Espana Sociedad Limitada, Spain) – upto the date of disposal	100%
7.	PT Sripri Wiring Systems, Indonesia	Step-down Subsidiary (Subsidiary of PT Pricol Surya, Indonesia)	100%

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6.

a. We did not review the interim financial results of 2 subsidiaries (including 1 step-down subsidiary) located outside India, included in the Consolidated Unaudited Financial Results, whose interim financial results reflect total assets of ₹ 11,937.78 Lakhs as at 30th September 2020, total revenues of ₹ 14,785.61 Lakhs and ₹ 24,603.84 Lakhs, total profits (including other comprehensive income) after tax of ₹ 457.18 Lakhs and ₹ 449.09 Lakhs for the quarter ended 30th September 2020 and six month period ended on that date respectively, and net cash inflows of ₹ 1,999.93 Lakhs for the period from 01st April 2020 to 30th September 2020, as considered in the Statement. These interim financial information have been reviewed by other auditors whose reports have been furnished to us by the Management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries located outside India, is based solely on the reports of the other auditors and the procedures performed by us as stated in Paragraph 3 above.

b. The Statement includes the interim financial results of 4 subsidiaries (including 1 step-down subsidiary), whose interim financial results reflect total assets of ₹ 7,487.85 Lakhs as at 30th September 2020, total revenues of □ 643.67 Lakhs and □ 1,020.13 Lakhs, total loss (including other comprehensive income) after tax of □ 188.31 Lakhs and □ 372.26 Lakhs for the quarter ended 30th September 2020 and six month period ended on that date respectively, and net cash outflows of □ 454.01 Lakhs for the period from 01st April 2020 to 30th September 2020, as considered in the Statement. These interim financial information have not been reviewed by their auditors. According to the information and explanations given to us by the Holding Company's Management, these interim financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matters.

7. We draw attention to Note no. 2 of the Statement regarding re-presentation of the working results of certain subsidiaries from "Continuing Operations" to "Discontinued Operations".

Our conclusion on the Statement is not modified in respect of the above matter.

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

Kaushik Sidartha
Partner
Membership No.: 217964
UDIN: 20217964AAAAEV3348
Place: Coimbatore
Date: 22nd October 2020

Unaudited Financial Results for the Quarter and Half Year Ended 30th September, 2020

(₹ in Lakhs)

Particulars	Consolidated					
	For the Three Months Ended			For the Six Months Ended		For the Year Ended
	30-Sep-2020	30-Jun-2020	30-Sep-2019	30-Sep-2020	30-Sep-2019	31-Mar-2020
	Unaudited	Unaudited (Re-presented)	Unaudited (Re-presented)	Unaudited	Unaudited (Re-presented)	Audited (Re-presented)
1. Income						
(a) Revenue from Operations	37619.22	10640.40	31390.08	48259.62	62919.27	118110.33
(b) Other Operating Revenue	1369.57	840.23	1576.54	2209.80	3214.54	6128.12
(c) Other Income	115.62	519.67	149.23	635.29	253.81	1486.46
Total Income	39104.41	12000.30	33115.85	51104.71	66387.62	125724.91
2. Expenses						
(a) Cost of Materials Consumed	25103.32	6850.41	20470.57	31953.73	40911.77	77763.39
(b) Purchases of stock-in-trade	1381.67	833.87	1800.26	2215.54	3529.82	6485.78
(c) Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress	(341.22)	342.92	832.90	1.70	1470.25	1754.67
(d) Employee Benefits Expense	4565.94	2271.33	4404.76	6837.27	8723.67	15832.60
(e) Finance Costs	1101.09	1047.05	681.93	2148.14	1441.41	3381.71
(f) Depreciation and Amortisation expense	2384.89	2390.07	2411.03	4774.96	4771.93	9593.63
(g) Other Expenses	2737.13	1415.14	3684.70	4152.27	7230.33	13863.31
Total Expenses	36932.82	15150.79	34286.15	52083.61	68079.18	128675.09
3. Profit / (Loss) before exceptional items and tax [1 - 2]	2171.59	(3150.49)	(1170.30)	(978.90)	(1691.56)	(2950.18)
4. Exceptional Items (Net)	-	-	-	-	-	-
5. Profit / (Loss) before tax from continuing operations [3 + 4]	2171.59	(3150.49)	(1170.30)	(978.90)	(1691.56)	(2950.18)
6.Tax Expense						
Current Tax	66.92	15.06	13.46	81.98	27.33	54.30
Deferred Tax	(144.00)	(229.02)	37.30	(373.02)	12.14	(383.65)
MAT Credit	-	-	-	-	-	-
For Earlier years	12.36	-	-	12.36	-	(26.81)
7. Profit / (Loss) for the period from continuing operations [5 - 6]	2236.31	(2936.53)	(1221.06)	(700.22)	(1731.03)	(2594.02)
8. Discontinued operations						
Profit / (Loss) for the period from discontinued operations before tax	2715.31	(148.46)	(4767.26)	2566.85	(6849.88)	(7281.41)
Tax Expense of discontinued operations	-	-	(21.15)	-	-	-
Profit / (Loss) for the period from discontinued operations	2715.31	(148.46)	(4746.11)	2566.85	(6849.88)	(7281.41)
9. Profit / (Loss) for the period [7 + 8]	4951.62	(3084.99)	(5967.17)	1866.63	(8580.91)	(9875.43)
10. Other Comprehensive Income						
A. Items that will not be reclassified to profit or loss	81.15	81.15	12.90	162.30	25.80	322.67
B. Income Tax relating to items that will not be reclassified to profit or loss	(28.35)	(28.36)	(4.51)	(56.71)	(9.02)	(104.42)
C. Items that will be reclassified to profit or loss	56.48	(10.37)	574.12	46.11	566.53	279.37
Other Comprehensive Income for the period after tax	109.28	42.42	582.51	151.70	583.31	497.62
11.Total Comprehensive Income for the period [9 + 10]	5060.90	(3042.57)	(5384.66)	2018.33	(7997.60)	(9377.81)
12. Earnings per Equity Share for continuing operations (Face Value of ₹ 1/-) in Rupees						
(a) Basic	2.36	(3.10)	(1.29)	(0.74)	(1.83)	(2.74)
(b) Diluted	2.36	(3.10)	(1.29)	(0.74)	(1.83)	(2.74)
13. Earnings per Equity Share for Discontinued operations (Face Value of ₹ 1/-) in Rupees						
(a) Basic	2.86	(0.15)	(5.00)	2.71	(7.22)	(7.68)
(b) Diluted	2.86	(0.15)	(5.00)	2.71	(7.22)	(7.68)
14. Earnings per Equity Share for Continuing and Discontinued operations (Face Value of ₹ 1/-) in Rupees						
(a) Basic	5.22	(3.25)	(6.29)	1.97	(9.05)	(10.42)
(b) Diluted	5.22	(3.25)	(6.29)	1.97	(9.05)	(10.42)
15. Paid-up Equity Share Capital (Face Value of ₹ 1/-)	947.97	947.97	947.97	947.97	947.97	947.97

Notes :

1. The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board at its meeting held on 22nd October, 2020. The Statutory Auditors have carried out a "Limited Review" of the above unaudited financial results.

2. The Board of Directors at its meeting held on 29th July 2020 have approved the disposal of its Wholly Owned Subsidiary Pricol Espana S.L. Spain along with its subsidiary Pricol Wiping Systems Czech s.r.o, Czech Republic for a consideration of Euro 50,000 net of all liabilities taken over by the buyer. The disposal of the Subsidiaries was completed on 21st August, 2020.

Consequent to the disposal, the working results of these subsidiaries which were included in Continuing Operations in the Consolidated Financial Results upto the previous quarter on individual line item basis have been presented under Discontinued Operations for the quarter / half year ended September 2020. All the comparative / prior periods have been re-presented in Consolidated Financial Results.

3. Profit / (Loss) from Discontinued Operations for the Quarter and Half year ended 30th September 2020 represents: ₹ in Lakhs

Particulars	For the Three Months Ended	For the Six Months Ended
	30-Sep-2020	30-Sep-2020
i. Profit / (Loss) for the period	107.14	(41.32)
ii. Consideration received on disposal	37.44	37.44
iii. Gains on derecognition of excess liabilities over assets on disposal	3,627.37	3,627.37
iv. Reclassification of exchange differences on foreign operations from Other Comprehensive Income to Profit and Loss	(1,056.64)	(1,056.64)
Total	**2,715.31**	**2,566.85**

4. Profit / (Loss) from Discontinued Operations for the quarter / half year ended 30th September 2019 and year ended 31st March 2020 includes the losses of erstwhile subsidiaries Pricol do Brasil Componentes Automotivos LtdA, Brazil and Pricol Wiping Systems Mexico S.A. de C.V., Mexico which were disposed off on 11th February 2020.

5. Other Income in Standalone financial results includes an amount of ₹ 37.44 Lakhs being the consideration received for sale of Investments in Pricol Espana S.L. Spain. The Carrying value of the Investments in these subsidiaries was Nil as on the date of disposal as these were fully recognised as impairment loss in the earlier years.

6. The Company's Operations relate to primarily one segment, Automotive Components. Hence, the results are reported under one segment as per the Ind AS 108 - "Operating Segments".

7. A Scheme of Amalgamation between erstwhile Pricol Limited ("Transferor Company") with erstwhile Pricol Pune Limited ("Transferee Company") was sanctioned by Hon'ble High Court of Judicature at Madras and was accounted for during the financial year 2016-17. The Amalgamation was accounted under Purchase Method as per the then prevailing Accounting Standard 14 - "Accounting for Amalgamation", which is different from treatment prescribed under Ind AS 103 - "Business Combination". 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.

8. The Code on Social Security 2020 has been notified in the Official Gazette on 29th September 2020. 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.

9. The figures for the previous periods have been reclassified / regrouped wherever necessary to conform to current period's classification. Consequent to the disposal of the Subsidiaries as stated above, the figures in the consolidated financial results are not strictly comparable.

By order of the Board

VANITHA MOHAN
CHAIRMAN
DIN : 00002168

Coimbatore
22nd October 2020

STATEMENT OF ASSETS AND LIABILITIES - CONSOLIDATED

Particulars	30-9-2020 ₹ Lakhs	31-3-2020 ₹ Lakhs
ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	**39,808.02**	43,959.45
(b) Right of Use	**4,018.45**	4,226.76
(c) Capital Work-in-progress	**1,573.61**	2,189.79
(d) Investment Property	**1,536.17**	951.74
(e) Goodwill	**9,435.94**	9,934.00
(f) Other Intangible assets	**13,191.48**	14,054.01
(g) Intangible Assets under Development	**-**	54.37
(h) Other Financial Assets	**568.10**	606.53
(i) Other Non-Current Assets	**6,085.24**	6,218.57
Total Non - Current Assets	**76,217.01**	82,195.22
(2) Current Assets		
(a) Inventories	**19,974.62**	23,612.16
(b) Financial Assets		
i) Investments	**-**	470.94
ii) Trade Receivables	**21,162.37**	19,601.85
iii) Cash and Cash equivalents	**2,030.79**	946.53
iv) Bank Balances other than (iii) above	**3,054.12**	3,474.08
v) Others	**62.11**	48.16
(c) Other Current Assets	**2,171.41**	2,641.70
Total Current Assets	**48,455.42**	50,795.42
TOTAL ASSETS	**1,24,672.43**	1,32,990.64
EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity Share Capital	**947.97**	947.97
(b) Other Equity	**41,391.06**	38,791.59
Total Equity	**42,339.03**	39,739.56
(2) Non - Current Liabilities		
(a) Financial Liabilities		
i) Borrowings	**22,313.50**	23,830.36
ii) Others	**3,015.28**	2,791.70
(b) Provisions	**1,157.47**	1,166.41
(c) Deferred Tax Liabilities (Net)	**4,839.74**	5,158.43
(d) Other Non Current Liabilities	**6.17**	12.02
Total Non - Current Liabilities	**31,332.16**	32,958.92
(3) Current Liabilities		
(a) Financial Liabilities		
i) Borrowings	**9,926.30**	13,310.91
ii) Trade Payables		
- Total Outstanding dues of Micro Enterprises and Small Enterprises	**1,983.13**	122.80
- Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**25,130.56**	31,991.74
iii) Other Financial Liabilities	**10,576.72**	12,772.38
(b) Other Current Liabilities	**2,818.16**	1,349.53
(c) Provisions	**466.24**	668.07
(d) Current Tax Liabilities (Net)	**100.13**	76.73
Total Current Liabilities	**51,001.24**	60,292.16
TOTAL EQUITY AND LIABILITIES	**1,24,672.43**	1,32,990.64

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30TH SEPTEMBER 2020 ₹ Lakhs

		Consolidated					
		Half Year Ended 30th September 2020 Unaudited		Half Year Ended 30th September 2019 Unaudited		Year Ended 31st March 2020 Audited	
A.	**Cash flow from operating activities :**						
	Net Profit / (Loss) Before Tax from						
	Continuing operations		**(978.90)**		(1,691.56)		(2,950.18)
	Discontinued operations		**2,566.85**		(6,849.88)		(7,281.41)
	Adjustments for :						
	Depreciation & Amortisation Expense	**5,185.86**		5,834.30		11,531.23	
	Bad debts / Advances written off	**1.08**		8.08		41.21	
	Provision for doubtful debts and advances / (write back)	**75.95**		128.17		(11.71)	
	Exceptional Items (Net)	**-**		-		-	
	Excess Provision no longer required written back	**(40.13)**		-		(473.81)	
	Expected Credit Loss written back	**-**		(26.32)		(81.06)	
	Proceeds on disposal of Non Current Investments	**-**		-		-	
	Net Gain on derecognition of net assets on disposal of subsidiaries	**(3,664.81)**		-		(1,551.90)	
	(Profit) / Loss on sale / disposal of Property, Plant and Equipment (Net)	**22.66**		1,706.85		1,714.95	
	Interest received	**(77.29)**		(27.94)		(154.90)	
	Effect of Change in Foreign Currency Translation Reserve	**533.81**		566.53		(478.94)	
	Exchange Fluctuation (Gain) / Loss on Re-statement	**291.21**		40.72		556.96	
	Gain on Fair Valuation of Investments at Fair Value through P&L	**-**		(14.83)		(27.11)	
	Profit on Sale of Current Investments	**(11.40)**		-		-	
	Provision / (Reversal) of Impairment Loss	**-**		(1,777.94)		(1,777.94)	
	Finance Costs	**2,148.14**		2,454.94		5,432.75	
			4,465.08		8,892.56		14,719.73
	Operating Profit before working capital changes		**6,053.03**		351.12		4,488.14
	Adjustments for :-						
	(Increase) / Decrease in Trade Receivables and other Receivables	**(4,151.10)**		1,162.50		3,432.04	
	(Increase) / Decrease in Inventories	**(2,032.61)**		2,720.91		(89.04)	
	Increase / (Decrease) in Trade Payables and other Payables	**2,660.53**		5,205.53		7,388.84	
			(3,523.18)		9,088.94		10,731.84
	Cash generated from Operations		**2,529.85**		9,440.06		15,219.98
	Direct taxes		**9.25**		(43.73)		(101.00)
	Net cash from operating activities		**2,539.10**		9,396.33		15,118.98
B.	**Cash flow from investing activities :**						
	Purchase of Property, Plant and Equipment	**(1,713.67)**		(3,950.06)		(6,275.88)	
	Sale of Property, Plant and Equipment	**7.32**		3,515.20		3,575.25	
	Proceeds on sale of subsidiary / stepdown subsidiaries	**37.44**		-		1.47	
	Purchase of Non Current Investments	**-**		-		-	
	Purchase of Current Investments	**(150.00)**		(175.00)		(175.00)	
	Proceeds on Sale of Current Investments	**632.34**		-		-	
	Loans to Subsidiaries	**-**		-		-	
	Interest received	**64.92**		27.94		141.26	
	Net Cash (used in) / from investing activities		**(1,121.65)**		(581.92)		(2,732.90)
C.	**Cash flow from financing activities :**						
	Proceeds from / (Repayment of) Current Borrowings (Net)	**2,373.13**		(5,389.92)		(8,550.94)	
	Proceeds from / (Repayment of) Non Current Borrowings (Net)	**(380.63)**		(3,096.69)		(2,990.38)	
	Dividend & Tax on Dividend Paid	**(21.27)**		(9.90)		(3.79)	
	Repayment of Lease Liabilities	**(119.79)**		-		(198.77)	
	Finance Costs paid	**(1,343.20)**		(2,377.16)		(5,143.31)	
	Net Cash from / (used in) financing activities		**508.24**		(10,873.67)		(16,887.19)
D.	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**		**1,925.69**		(2,059.26)		(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		3,895.97
	- Discontinued Operations		**-**		1,849.27		1,849.27
	Less : Adjustment pertaining to Cash and Cash Equivalents of discontinued operations		**-**		1,591.61		-
	Less : On Disposal of Subsidiary / Step down Subsidiaries		**841.43**		-		297.60
	Cash and cash equivalents as at 30.9.2020 and 30.9.2019 (Closing Balance)		**2,030.79**		2,094.37		946.53

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 accompanying consolidated financial statements of Pricol Limited (hereinafter referred to as "the Holding Company") and its subsidiaries including its Step down Subsidiaries (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity and consolidated Statement of Cash Flow 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, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 state of affairs (financial position) of the Group as at March 31, 2020, and loss (financial performance 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 the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the 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 Consolidated Financial Statements.

Emphasis of Matter

We draw attention to:

a) Note No. 2.42 of the Consolidated Financial Statement regarding the re-presentation of the working results of certain subsidiaries from "Discontinued Operations" to "Continuing Operations" and the reclassification of assets and liabilities which were hitherto classified as "Disposal Group".

b) Note No. 2.58 of the Consolidated Financial Statement wherein the component auditors of certain subsidiaries have drawn attention in their auditor's report on the material uncertainty that casts significant doubt on the ability of these subsidiaries to continue as a going concern.

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 audit report.

S.No.	Key Audit Matters	How our audit addressed the Key Audit Matter

1	**Adoption of Ind AS 116 - Leases:**
	Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet.
	The Group has adopted Ind AS 116 with effect from 1st April 2019 using the modified retrospective approach wherein the ROU was created with a corresponding lease liability. Accordingly, the comparatives have not been retrospectively adjusted.
	Lease arrangements in the Group which were previously classified as operating leases under Ind AS 17 'Leases' and held off balance sheet will need to be recognized within assets and liabilities under Ind AS 116.
	Significant judgements are required in the assumptions and estimates 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.
	Additionally, there is a risk the lease data which is underlying the Ind AS 116 computation is incomplete and inaccurate.
	As at 31st March 2020, the carrying amount of ROU asset was ₹ 4,226.76 Lakhs and lease liability was ₹ 2,533.48 Lakhs – Refer Note 2.2 on Right of Use Asset, Note 2.22 and Note 2.28 on Other Financial Liabilities to the Consolidated Ind AS financial statements.
		Our audit procedures with respect to adoption of Ind AS 116 include:
		• We assessed the selection of accounting policies and practical expedients applied by the Group. We evaluated the design and implementation of key controls in respect of the lease accounting standard (Ind AS 116);
		• Assessed the Group's evaluation on the identification of leases based on the contractual agreements and our understanding of the business;
		• Assessed the key terms and conditions of each lease with the underlying lease contracts;
		• Evaluated the reasonableness of the discount rates applied in determining the lease liabilities;
		• Upon transition as at 1 April 2019:
		  • Evaluated the method of transition and related adjustments;
		  • Tested completeness of the lease data used in computing ROU asset and the lease liabilities.
		• Assessed and tested the presentation and disclosures relating to Ind AS 116.

2	**Provisions for pending legal cases:** As at March 31, 2020 the Group has a provision of ₹ 697.48 Lakhs as against various outstanding litigations of ₹ 3,974.89 Lakhs. These provisions are estimated using a significant degree of management judgement.	Assessing the adequacy of provisions by discussing with the management and reviewing correspondence with the respective authorities; Relying on judicial pronouncements; Obtaining views from the Group's external legal advisors regarding the likely outcome, magnitude and exposure to the relevant litigations and claims.

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 preparation of 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 and Board of Directors Responsibilities and Those Charged with Governance 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 consolidated financial statements that give a true and fair view of the state of affairs, profit or loss (including other comprehensive income), changes in equity and 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 of the assets of the Group 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 and ensuring their operating effectiveness and 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 each company 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 Board of Directors either intends to liquidate the company 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 also responsible for overseeing the financial reporting process of each Company.

Auditors' Responsibility 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.

- 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 sub-paragraph (1 & 2) of 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 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 audit 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 5 subsidiaries including step-down subsidiaries incorporated outside India, whose financial statements reflect the total assets of ₹ 30,891.51 Lakhs as at March 31, 2020, total revenues of ₹ 57,972.98 Lakhs, total loss (including other comprehensive income) after tax of ₹ 34,739.61 Lakhs, and net cash outflows of ₹ 3,273.58 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 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 audit reports of such other auditors.
2. The financial statements of 2 step-down subsidiaries (disposed off during the year) incorporated outside India, included in the Statement, whose financial statements

reflect the total revenues of ₹ 11,083.27 Lakhs, total loss (including other comprehensive income) after tax of ₹ 7,928.40 Lakhs, and net cash outflows of ₹ 521.95 Lakhs for the period upto the date of loss of control over these step-down subsidiaries, have been audited / reviewed by other auditors under generally accepted auditing standards applicable in their respective countries, whose reports 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 step-down subsidiaries is based solely on the audit report / review report of such other auditors, and the procedures performed by us as stated in Auditor's Responsibilities for the Audit of the Statement section above.

These Subsidiaries are located outside India whose financial statements 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 and Board of Directors have converted the financial statements of these 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 the conversion adjustments made by the Management and Board of Directors. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors, the conversion adjustments prepared by the management of the Holding Company and the procedures performed by us as stated in Auditor's Responsibilities for the Audit of the Statement section above.

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 certified by the management.

Report on Other Legal and Regulatory Requirements

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, the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flow 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 written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group incorporated in India is disqualified as on March 31, 2020 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**".

g. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act;

   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 subsidiary company incorporated in India, to its directors during the year is in accordance with the provisions of Section 197 of the Act.

h. 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 consolidated financial statements disclose the impact of pending litigations 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 2.51 to the consolidated financial statements in respect of such items as it relates to the Group;

(iii) Dues of ₹ 7.08 Lakhs and ₹14.01 Lakhs to Investor Education and Protection Fund (IEPF) pertaining to FY 2010-11 and FY 2011-12 respectively of Holding Company, have remained unpaid as on 31st March 2020 on account of certain technical glitches with MCA portal. The due dates for transferring the said amounts to IEPF were October 17, 2018 and October 06, 2019. The same has since been remitted on July 08, 2020 and July 20, 2020 respectively.

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

V S Srinivasan
Partner
Membership No. : 13729
UDIN: 20013729AAAACU2865

Coimbatore
29th July 2020

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

[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, 2020]

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")

In conjunction with our audit of the consolidated Ind AS financial statements of Pricol Limited ("the Company") as of and for the year ended March 31, 2020, 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 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 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

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

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 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 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, 2020, 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

V S Srinivasan
Partner
Membership No. : 13729
UDIN: 20013729AAAACU2865

Coimbatore
29th July 2020

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2020

	Note No.	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
I. ASSETS			
1) Non-Current Assets			
a) Property, Plant and Equipment	2.1	**43,959.45**	42,486.36
b) Right of Use	2.2	**4,226.76**	—
c) Capital Work-in-progress	2.3	**2,189.79**	1,360.17
d) Investment Property	2.4	**951.74**	993.94
e) Goodwill	2.5	**9,934.00**	10,927.40
f) Other Intangible assets	2.6	**14,054.01**	15,446.51
g) Intangible Assets under Development	2.7	**54.37**	—
h) Other Financial Assets	2.8	**606.53**	625.64
i) Other Non-Current Assets	2.9	**6,218.57**	7,243.84
Total Non-Current Assets		**82,195.22**	79,083.86
2) Current Assets			
a) Inventories	2.10	**23,612.16**	18,248.96
b) Financial Assets			
i) Investments	2.11	**470.94**	268.82
ii) Trade Receivables	2.12	**19,601.85**	19,478.73
iii) Cash and Cash equivalents	2.13	**946.53**	3,895.97
iv) Bank Balances other than (iii) above	2.14	**3,474.08**	1,956.64
v) Others	2.15	**48.16**	52.18
c) Other Current Assets	2.16	**2,641.70**	2,070.49
Total Current Assets		**50,795.42**	45,971.79
Non-Current Assets held for Sale	2.17	—	3,442.91
Assets pertaining to Disposal Group	2.18	—	31,724.75
		—	35,167.66
		50,795.42	81,139.45
TOTAL ASSETS		**1,32,990.64**	1,60,223.31
II EQUITY AND LIABILITIES			
1) Equity			
a) Equity Share Capital	2.19	**947.97**	947.97
b) Other Equity	2.20	**38,791.59**	48,993.08
Total Equity		**39,739.56**	49,941.05
2) Non-Current Liabilities			
a) Financial Liabilities			
i) Borrowings	2.21	**23,830.36**	9,697.80
ii) Others	2.22	**2,791.70**	115.52
b) Provisions	2.23	**1,166.41**	1,316.76
c) Deferred Tax Liabilities (Net)	2.24	**5,158.43**	5,435.69
d) Other Non-Current Liabilities	2.25	**12.02**	23.71
Total Non-Current Liabilities		**32,958.92**	16,589.48

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2020

	Note No.	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
Consolidated Balance Sheet as at 31st March 2020 (Contd.,)			
3) Current Liabilities			
a) Financial Liabilities			
i) Borrowings	2.26	**13,310.91**	16,451.43
ii) Trade Payables	2.27		
- Total Outstanding dues of Micro Enterprises and Small Enterprises		**122.80**	186.45
- Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		**31,991.74**	21,678.50
iii) Others	2.28	**12,772.38**	6,383.19
b) Other Current Liabilities	2.29	**1,349.53**	721.37
c) Provisions	2.30	**668.07**	442.66
d) Current Tax Liabilities (Net)	2.31	**76.73**	77.68
Total Current Liabilities		**60,292.16**	45,941.28
Liabilities associated with Disposal Group	2.32	**—**	47,751.50
		60,292.16	93,692.78
TOTAL EQUITY AND LIABILITIES		**1,32,990.64**	1,60,223.31

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
V S Srinivasan
Partner
Membership No. : 13729
Coimbatore
29th July 2020

For and on behalf of the Board

Vanitha Mohan
Chairman
(DIN : 00002168)

Vikram Mohan
Managing Director
(DIN : 00089968)

K. Ramesh
Chief Financial Officer
(ACMA No. : A9375)

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

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2020

	Note No.	2019-20 ₹ Lakhs	2018-19 ₹ Lakhs (Re-presented)
CONTINUING OPERATIONS			
INCOME			
Revenue from Operations	2.33	**1,53,853.20**	1,73,364.84
Other Operating Revenue	2.34	**6,128.12**	8,009.12
Other Income	2.35	**1,486.46**	1,252.69
Total Income		**1,61,467.78**	1,82,626.65
EXPENSES			
Cost of Materials Consumed	2.36	**1,03,119.93**	1,18,218.82
Purchases of Stock-in-Trade		**6,754.95**	7,999.98
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress	2.37	**860.79**	694.35
Employee Benefits Expense	2.38	**22,672.76**	25,087.15
Finance Costs	2.39	**4,421.05**	3,534.39
Depreciation and Amortisation Expense	2.40	**10,585.57**	9,396.76
Other Expenses	2.41	**18,083.26**	26,966.48
Total Expenses		**1,66,498.31**	1,91,897.93
Profit / (Loss) before Exceptional Items and Tax		**(5,030.53)**	(9,271.28)
Less : Exceptional Item		**—**	—
Profit / (Loss) before Tax from continuing operations		**(5,030.53)**	(9,271.28)
Less : Tax Expense			
Current Tax		**54.30**	232.31
Deferred Tax		**(383.65)**	(20.53)
MAT Credit		**—**	(95.80)
For earlier years		**(26.81)**	(12.79)
Profit / (Loss) for the year from continuing operations	**(A)**	**(4,674.37)**	(9,374.47)
DISCONTINUED OPERATIONS :	2.42		
Profit / (Loss) for the year from discontinued operations before tax		**(5,201.06)**	(8,011.53)
Less : Tax Expense of discontinued operations		**—**	—
Profit / (Loss) for the year from discontinued operations	**(B)**	**(5,201.06)**	(8,011.53)
Profit / (Loss) for the year	**(C) = (A) + (B)**	**(9,875.43)**	(17,386.00)

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2020

	Note No.	2019-20 ₹ Lakhs	2018-19 ₹ Lakhs (Re-presented)
Consolidated Statement of Profit & Loss for the year ended 31st March 2020 (Contd.,)			
Other Comprehensive Income			
Items that will not be reclassified to profit or loss :			
Remeasurement of post employment benefit obligations		**322.67**	89.72
Income tax relating to these items		**(104.42)**	(26.85)
Items that will be reclassified to profit or loss :			
Exchange differences on translation of foreign operations		**279.37**	(87.26)
Exchange differences on translation of discontinued operations		**—**	1,496.65
Other Comprehensive Income for the year after tax	**(D)**	**497.62**	1,472.26
Total Comprehensive Income for the year	**(C) + (D)**	**(9,377.81)**	(15,913.74)
Earnings per Equity Share for continuing operations (Face Value of ₹ 1/-) in Rupees	2.43		
Basic & Diluted		**(4.93)**	(9.89)
Earnings per Equity Share for discontinued operations (Face Value of ₹ 1/-) in Rupees	2.43		
Basic & Diluted		**(5.49)**	(8.45)
Earnings per Equity Share for continuing and discontinued operations (Face Value of ₹ 1/-) in Rupees	2.43		
Basic & Diluted		**(10.42)**	(18.34)

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
V S Srinivasan
Partner
Membership No. : 13729
Coimbatore
29th July 2020

For and on behalf of the Board

Vanitha Mohan
Chairman
(DIN : 00002168)

Vikram Mohan
Managing Director
(DIN : 00089968)

K. Ramesh
Chief Financial Officer
(ACMA No. : A9375)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2020

a) Equity Share Capital

	₹ Lakhs
Balance as on 1st April 2018	947.97
Movement during the year 2018-19	—
Balance as on 31st March 2019	947.97
Movement during the year 2019-20	—
Balance as on 31st March 2020	**947.97**

₹ Lakhs

b) Other Equity	Reserves and Surplus			Other Comprehensive Income		
	Securities Premium	Capital Reserve	Retained Earnings	Foreign Exchange Translation Reserve	Remeasurement of post employment benefit obligations	Total
Balance as on 1st April 2018	80,961.56	2,605.89	(16,602.30)	(1,405.01)	52.32	65,612.46
- Profit / (Loss) for the year 2018-19	—	—	(17,386.00)	—	—	(17,386.00)
- Addition / Adjustments during the year	—	442.68	—	—	(5.50)	437.18
- Other Comprehensive Income, Net of Income Tax	—	—	—	1,409.39	62.87	1,472.26
- Payment of Dividend including Dividend Distribution Tax	—	—	(1,142.82)	—	—	(1,142.82)
Balance as on 31st March 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 (Gains) on account of 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 of 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**

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
V S Srinivasan
Partner
Membership No. : 13729
Coimbatore
29th July 2020

For and on behalf of the Board

Vanitha Mohan
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Chief Financial Officer
(ACMA No. : A9375)

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

₹ Lakhs

	Year Ended 31st March 2020		Year Ended 31st March 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit / (Loss) Before Tax from				
- Continuing operations		**(5,030.53)**		(9,271.28)
- Discontinued operations		**(5,201.06)**		(8,011.53)
Adjustments for :				
Depreciation & Amortisation Expense	**11,531.23**		9,994.74	
Bad debts / Advances written off	**41.21**		185.69	
Expected Credit Loss written back	**(81.06)**		(105.94)	
Excess Provision no longer required written back	**(473.81)**		(234.17)	
(Profit) / Loss on sale / disposal of Property, Plant and Equipment (Net)	**1,714.95**		(83.02)	
Provision / (Reversal) of Impairment Loss	**(1,777.94)**		200.00	
Provision for doubtful debts and advances / (write back)	**(11.71)**		(71.83)	
(Profit) / Loss on sale of Stepdown subsidiaries	**(1,551.90)**		—	
Interest received	**(154.90)**		(124.55)	
Effect of Change in Foreign Currency Translation Reserve	**(478.94)**		1,878.63	
Exchange Fluctuation (Gain) / Loss on Re-statement	**556.96**		18.40	
Gain on Fair Valuation of Investments at Fair Value through P&L	**(27.11)**		(12.88)	
Impairment of Goodwill on Consolidation	**—**		5,730.25	
Finance Costs	**5,432.75**		5,444.03	
		14,719.73		22,819.35
Operating Profit before working capital changes		**4,488.14**		5,536.54
Adjustments for :-				
(Increase) / Decrease in Trade Receivables and other Receivables	**3,432.04**		3,949.10	
(Increase) / Decrease in Inventories	**(89.04)**		3,133.63	
Increase / (Decrease) in Trade Payables and other Payables	**7,388.84**		(8,637.19)	
		10,731.84		(1,554.46)
Cash generated from Operations		**15,219.98**		3,982.08
Direct taxes		**(101.00)**		384.28
Net cash from operating activities		**15,118.98**		4,366.36

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

₹ Lakhs

		Year Ended 31st March 2020		Year Ended 31st March 2019
Consolidated Cash Flow Statement for the year ended 31st March 2020 (Contd.,)				
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Property, Plant and Equipment	**(7,562.31)**		(10,875.97)	
Sale of Property, Plant and Equipment	**3,575.25**		(368.07)	
Adjustment for Capital Advances	**1,286.43**		42.58	
Sale of stepdown Subsidiaries	**1.47**		—	
Adjustments pertaining to acquisition of subsidiary	**—**		442.68	
Purchase of Investments	**(175.00)**		(75.00)	
Interest received	**141.26**		124.55	
Net Cash (used in) / from investing activities		**(2,732.90)**		(10,709.23)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from / (Repayment of) Current Borrowings (Net)	**(8,550.94)**		406.88	
Proceeds from / (Repayment of) Non Current Borrowings (Net)	**(2,990.38)**		11,814.79	
Dividend & Tax on Dividend Paid	**(3.79)**		(1,126.07)	
Repayment of Lease Liabilities	**(198.77)**		—	
Finance Costs paid	**(5,143.31)**		(5,437.57)	
Net Cash (used in) / from financing activities		**(16,887.19)**		5,658.03
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS : (A+B+C)		**(4,501.11)**		(684.84)
Cash and Cash equivalents as at 1.4.2019 and 1.4.2018 (Opening Balance)				
- Continuing operations		**3,895.97**		6,430.08
- Discontinued operations		**1,849.27**		—
Less : Adjustment pertaining to Cash and Cash Equivalents of discontinued operations		**—**		1,849.27
Less : On Disposal of stepdown subsidiaries		**297.60**		—
Cash and cash equivalents as at 31.3.2020 and 31.3.2019 (Closing Balance) (Refer to Note No. 2.13)		**946.53**		3,895.97

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
V S Srinivasan
Partner
Membership No. : 13729
Coimbatore
29th July 2020

For and on behalf of the Board

Vanitha Mohan
Chairman
(DIN : 00002168)

Vikram Mohan
Managing Director
(DIN : 00089968)

K. Ramesh
Chief Financial Officer
(ACMA No. : A9375)

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

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 2020 were authorised and approved for issue by the Board of Directors on 29th July 2020.

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 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 in to 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

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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;
- 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

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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
- 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 derecognises 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 unrealised gains on transactions between group companies are eliminated. Unrealised 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	100%
Pricol Espana S.L.	Spain	100%
Pricol Wiping Systems India Limited	India	100%
PT Sripri Wiring Systems (Subsidiary of PT Pricol Surya Indonesia)	Indonesia	100%
Pricol Wiping Systems Czech s.r.o. (Subsidiary of Pricol Espana S.L)	Czech Republic	100%
Pricol do Brasil Componentes Automotivos LtdA (Subsidiary of Pricol Espana S.L) - till date of loss of control	Brazil	100%
Pricol Wiping Systems Mexico S.A. de C.V., (Subsidiary of Pricol Espana S.L) - till date of loss of control	Mexico	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 decimal.

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

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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.

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 & 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

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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 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 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
Buildings	20 to 30 years
Improvement to Leasehold Buildings	Useful life or lease period whichever is lower
Plant & Equipments	7.5 to 8 years
Furniture & Fixtures	10 years
Vehicles	8 years
Office Equipments	4 to 5 years
Dies, Tools and Moulds	3 years
Computer Equipments - Servers and Networks	6 years
- End User Devices	3 years
Spares	1 to 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 PPE 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.

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

x. Investment property:

Investment property is a property 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.

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

Class of Assets	Useful Lives
Buildings	30 Years

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 evaluation)
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.

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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 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.

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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, 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 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;
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- **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).

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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 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 instruments 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 instruments 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 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.

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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 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.

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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 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.

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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 IncomeTax :

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 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.

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 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.

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

xxv. Inventories:

Inventories are valued at lower of cost and estimated net realisable 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 :

Adoption of new Standard IND AS 116 with effect from 1st April 2019

a. The Group as a lessee:

The Group's lease asset classes primarily consist of leases for land and buildings. 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 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 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 recognised 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 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.

Upto 31.3.2019:

Assets acquired under lease where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalised at

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

the inception of the lease at lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate from the lessor's expected inflationary cost increase.

Transition:

Effective 1st April,2019, the Group has adopted Ind AS 116 "Leases" for all long term lease contracts existing as on 1st April 2019 using the modified retrospective method. Consequently, the Group recorded the lease liability at the present value of lease payments discounted at the incremental borrowing rate and right of use asset at its carrying amount at the date of its initial application. Comparatives presented have not been retrospectively adjusted.

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 contact is classified as finance lease. All other leases are classified as operating lease. The Application of IND AS 116 did not have any implication as a Lessor.

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 incase 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 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 POLICIES (Contd.,)

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, 2020 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 are 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 assumption 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.

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

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 Standards Issued or modified:

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS. Some of the important amendments relate to:

- Ind AS-1, Presentation of Financial Statements and Ind AS-8, Accounting Policies, Changes in Accounting Estimates and Error: Refined the definition of term 'material' and related clarifications. Consequential amendments to other standards have been made based on the refined definition of material in Ind AS-10, Events after the Reporting Period, Ind AS-34, Interim Financial Reporting and Ind AS-37, Provisions, Contingent liabilities and Contingent Assets.
- Ind AS-103, Business Combinations: Revised definition of a 'business' and introduction of an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business
- Ind AS-109, Financial Instruments: Modification to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the Interest Rate Benchmark Reform (IBOR).
- Ind AS-116, Leases: Practical expedient which permits lessees not to account for COVID-19 related rent concessions as a lease modification.

The amendments are effective from annual reporting periods beginning on or after 1 April 2020. However, with respect to Ind AS 116, in case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after 1 April 2019.

The Group is in the process of evaluating the impact on the adoption of these standards.

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, 2018	9,639.81	1,261.12	14,449.57	507.09	39,182.62	771.27	286.25	477.32	2,404.27	68,979.32
Additions during 2018-19	432.35	465.63	2,341.59	140.24	6,226.48	176.51	3.43	26.55	453.85	10,266.63
Less : Deletions during 2018-19	—	—	—	—	840.03	7.86	0.10	0.73	3.35	852.07
Less : Reclassified as held for Sale (Refer to Note No. 2.17)	761.33	—	—	—	—	—	—	—	—	761.33
Less : Reclassification to 'Assets held for sale as part of disposal group' (Refer to Note No. 2.18)	99.34	836.13	244.26	200.66	14,629.91	100.21	14.86	176.61	60.52	16,362.50
Other Adjustments	—	—	(3.59)	(63.26)	640.13	(19.93)	(0.18)	24.38	22.54	600.09
Translation Adjustment	8.92	—	31.56	(8.95)	(1,151.83)	(10.56)	(1.02)	(8.94)	1.32	(1,139.50)
As at 31st March, 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
Less : Deletions during 2019-20	—	—	—	—	71.50	12.81	0.52	—	2.98	87.81
Add : Reclassification from 'Assets Held for sale as part of disposal group' (Refer to Note No. 2.18)	—	836.13	244.26	200.66	4,353.63	4.79	—	9.45	27.22	5,676.14
Less: Reclassified as Right of Use (Refer to Note No. 2.2)	—	1,726.75	—	—	—	—	—	—	—	1,726.75
Other Adjustments	—	—	—	—	—	—	—	—	—	—
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**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

PROPERTY, PLANT AND EQUIPMENT (PPE) (Contd.,)

₹ Lakhs

Particulars	Land	Leasehold Land	Buildings	Improvements to Leasehold Buildings	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computer Equipments	Total
Accumulated Depreciation										
As at 1st April, 2018	—	19.20	2,458.13	131.70	16,329.85	251.93	105.56	425.75	1,159.57	20,881.69
Depreciation for the year 2018-19	—	23.46	816.14	43.77	5,622.40	72.29	40.46	28.15	528.39	7,175.06
Less : Withdrawn during the year 2018-19	—	—	—	55.35	253.07	3.47	0.13	(6.79)	4.56	309.79
Less : Reclassification to 'Assets held for sale as part of disposal group' (Refer to Note No. 2.18)	—	21.82	12.97	9.81	8,471.41	91.94	13.94	156.09	43.96	8,821.94
Other Adjustments	—	—	—	—	68.22	—	—	—	—	68.22
Translation Adjustment	—	—	17.04	(6.40)	(741.75)	(9.96)	(0.89)	(8.25)	1.25	(748.96)
As at 31st March, 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**
Less : Withdrawn during the year 2019-20	—	—	—	—	13.25	2.77	—	—	2.44	18.46
Add : Reclassification from 'Assets Held for sale as part of disposal group' (Refer to Note No. 2.18)	—	21.82	12.97	9.81	1,456.69	0.72	—	2.78	11.48	1,516.27
Less : Reclassified as Right of Use (Refer to Note No. 2.2)	—	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**

Net Carrying Value

₹ Lakhs

As at 31st March, 2019	9,220.41	869.78	13,296.53	270.55	16,873.22	590.37	142.46	45.62	1,177.42	42,486.36
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**

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	Amount
Gross Carrying Value	
As at 1st April, 2018	—
Additions during 2018-19	—
Deletions during 2018-19	—
As at 31st March, 2019	—
Additions / Adjustments during 2019-20	2,957.47
Reclassified from PPE	1,726.75
Deletions during 2019-20	—
As at 31st March, 2020	**4,684.22**

Accumulated Depreciation

₹ Lakhs

As at 1st April, 2018	—
Depreciation for the year 2018-19	—
Withdrawn during the year 2018-19	—
As at 31st March, 2019	—
Depreciation for the year 2019-20	**414.80**
Reclassified from PPE	42.66
Withdrawn during the year 2019-20	—
As at 31st March, 2020	**457.46**

Net Carrying Value

₹ Lakhs

As at 31st March, 2019	—
As at 31st March, 2020	**4,226.76**

Effective 1st April, 2019, the Group has adopted Ind AS 116 ‘ Leases ’ and applied the standard to all lease contracts existing as on that date using the modified retrospective method, wherein the Right of Use asset was created with corresponding lease liability. Accordingly, the comparatives have not been retrospectively adjusted.

2.3. CAPITAL WORK-IN-PROGRESS

₹ Lakhs

Particulars	31-3-2020	31-3-2019
Opening Capital Work-in-progress	**1,360.17**	6,222.11
Add : Addition during the year	**7,195.39**	11,510.00
Less : Deletion during the year	**7,028.21**	10,266.63
Less : Reclassified as held for Sale (Refer to Note No. 2.17)	**—**	1,131.58
Less : Reclassification to ‘Assets held for sale as part of disposal group’ (Refer to Note No. 2.18)	**—**	4,973.73
Add : Reclassification from ‘Assets held for sale as part of disposal group’ (Refer to Note No. 2.18)	**662.44**	—
Closing Capital Work-in-progress	**2,189.79**	1,360.17

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.4. INVESTMENT PROPERTY

₹ Lakhs

Particulars	Land	Building	Total
Gross Carrying Value			
As at 1st April, 2018	462.00	700.00	1,162.00
Additions during 2018-19	—	—	—
Deletions during 2018-19	—	—	—
As at 31st March, 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**

Accumulated Depreciation

₹ Lakhs

As at 1st April, 2018	—	125.86	125.86
Depreciation for the year 2018-19	—	42.20	42.20
Withdrawn during the year 2018-19	—	—	—
As at 31st March, 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**

Net Carrying Value

₹ Lakhs

As at 31st March, 2019	462.00	531.94	993.94
As at 31st March, 2020	**462.00**	**489.74**	**951.74**

The above Investment Property has been given as security against borrowings. (Refer to Note No.2.21)

The Company has identified Land and Building at Karamadai 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	2019-20	2018-19
Rental Income	**37.15**	24.34
Less: Depreciation expense	**42.20**	42.20
Profit / (Loss) from Investment Property	**(5.05)**	(17.86)

ii) Fair Value of Land and Building held as Investment Property : ₹ 2,032.67 Lakhs

2.5. GOODWILL

₹ Lakhs

Particulars	Goodwill #	Goodwill on Consolidation	Total
Gross Carrying Value			
As at 1st April, 2018	15,479.67	5,730.25	21,209.92
Additions during 2018-19	—	—	—
Deletions during 2018-19	—	—	—
As at 31st March, 2019	15,479.67	5,730.25	21,209.92
Additions during 2019-20	—	—	—
Deletions during 2019-20	—	—	—
As at 31st March, 2020	**15,479.67**	**5,730.25**	**21,209.92**

Accumulated Amortisation

₹ Lakhs

As at 1st April, 2018	3,558.87	—	3,558.87
Amortisation for the year 2018-19	993.40	—	993.40
Withdrawn during the year 2018-19	—	—	—
Impairment during the year 2018-19	—	5,730.25	5,730.25
As at 31st March, 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	—	—	—
As at 31st March, 2020	**5,545.67**	**5,730.25**	**11,275.92**

Net Carrying Value

₹ Lakhs

As at 31st March, 2019	10,927.40	—	10,927.40
As at 31st March, 2020	**9,934.00**	**—**	**9,934.00**

Refer to Note No. 2.44 in relation to Scheme of Amalgamation and accounting treatment.

₹ Lakhs

Particulars	2019-20	2018-19 (Re-presented)
Impairment pertaining to		
- Continuing Operations (Refer to Note No. 2.41)	—	4,678.37
- Discontinued Operations (Refer to Note No. 2.42)	—	1,051.88
	—	5,730.25

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, 2018	2,443.79	510.82	5,103.21	14,116.00	22,173.82
Additions during 2018-19	376.46	1,087.05	(0.09)	—	1,463.42
Deletions during 2018-19	—	—	—	—	—
Other Adjustments	(1.74)	—	—	—	(1.74)
Reclassification to 'Assets held for sale as part of disposal group' (Refer to Note No. 2.18)	(1,285.81)	—	(170.22)	—	(1,456.03)
Translation Adjustment	(105.44)	—	(18.89)	—	(124.33)
As at 31st March, 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' (Refer to Note No. 2.18)	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**

Accumulated Amortisation

₹ Lakhs

Particulars	Computer Software	Technical Knowhow	Brand / Trade Mark	Patents & Developed Technology	Total
As at 1st April, 2018	1,118.07	505.14	1,072.46	2,823.21	5,518.88
Amortisation for the year 2018-19	458.68	47.75	336.58	941.07	1,784.08
Other Adjustments	0.21	—	—	—	0.21
Withdrawn during the year 2018-19	59.90	—	1.01	—	60.91
Reclassification to assets 'Assets held for sale as part of disposal group' (Refer to Note No. 2.18)	(499.76)	—	(88.25)	—	(588.01)
Translation Adjustment	(36.24)	—	(9.38)	—	(45.62)
As at 31st March, 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' (Refer to Note No. 2.18)	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**

OTHER INTANGIBLE ASSETS (Contd.,)

Net Carrying Value

₹ Lakhs

Particulars	Computer Software	Technical Knowhow	Brand / Trade Mark	Patents & Developed Technology	Total
As at 31st March, 2019	446.20	1,044.98	3,603.61	10,351.72	15,446.51
As at 31st March, 2020	**594.13**	**773.22**	**3,276.01**	**9,410.65**	**14,054.01**

2.7. INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ Lakhs

Particulars	31-3-2020	31-3-2019
Opening Carrying Value	—	769.60
Add : Addition during the year	**373.90**	728.94
Less : Reclassification to "Assets held for sale as part of disposal group" (Refer to Note No. 2.18)	—	35.12
Add : Reclassification from "Assets held for sale as part of disposal group" (Refer to Note No. 2.18)	**16.83**	—
Less : Deletion / Adjustment during the year	**336.36**	1,463.42
Closing Carrying Value	**54.37**	—

			31-3-2020 ₹ Lakhs		31-3-2019 ₹ Lakhs
2.8.	**OTHER FINANCIAL ASSETS**				
	Unsecured Considered good				
	Security Deposits		**606.53**		625.64
	Unsecured Considered Doubtful				
	Security Deposits - Credit Impaired	**26.10**		26.10	
	Less : Allowance for Doubtful Deposits	**26.10**		26.10	
			—		—
			606.53		625.64
2.9.	**OTHER NON-CURRENT ASSETS**				
	Unsecured Considered good				
	Capital Advances		**186.17**		1,293.38
	Others				
	Advance Tax, Net of Provision		**465.76**		304.80
	MAT Credit Entitlement		**5,453.15**		5,453.15
	Deposits and Prepayments		**113.49**		192.51
	Unsecured Considered Doubtful				
	Capital Advances - Credit Impaired	**3.26**		10.27	
	Other Deposits #	**86.43**		102.23	
		89.69		112.50	
	Less : Provision for Doubtful Advances	**89.69**		112.50	
			—		—
			6,218.57		7,243.84

Other Deposits represent amount paid under protest / disputed dues

2.10. INVENTORIES
(Valued at Lower of Cost and Net Realisable Value)

	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
Raw Materials & Components	**12,251.23**	9,872.97
Goods-in-Transit - Raw Materials & Components	**3,664.39**	1,177.89
Work-in-progress	**2,068.44**	1,446.58
Finished Goods	**5,026.59**	5,062.47
Stores & Spares	**396.40**	411.93
Traded Goods	**205.11**	277.12
	23,612.16	18,248.96

Inventories have been given as securities for the borrowings availed by the respective companies. Refer to Note No. 2.26.

INVENTORIES (Contd.,)

Cost of Inventory recognised as an expense

₹ Lakhs

Particulars	2019-20	2018-19 (Re-presented)
Cost of Materials Consumed	**1,03,119.93**	1,18,218.82
Cost of Traded Goods Sold	**6,826.96**	7,986.93
Cost of Land held as Stock-in-Trade	**—**	173.14
Stores and Spares	**384.85**	572.49

2.11. INVESTMENTS

Sl. No.	Particulars	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
	Investments in Mutual Funds (at Fair Value through P & L)		
	Quoted - Non Trade		
1.	ICICI Prudential Regular Savings Fund - Growth	**9.97**	9.76
2.	IDFC Asset Allocation Fund of Funds - Aggressive Plan - Growth - (Regular Plan)	**7.21**	9.05
3.	Aditya Birla Sun Life Regular Savings Fund - Growth - Regular Plan	**8.61**	9.33
4.	ICICI Prudential Banking & PSU Debt Fund - Growth	**89.41**	81.93
5.	Kotak Dynamic Bond Fund Regular Plan - Growth	**92.66**	83.68
6.	Aditya Birla Sunlife Liquid Fund - Growth - Regular Plan	**132.83**	75.07
7.	ICICI Prudential Liquid Fund - Growth	**130.25**	—
	Total	**470.94**	268.82
	Aggregate amount of Quoted Investments	**470.94**	268.82
	Aggregate Market Value of Quoted Investments	**470.94**	268.82

No. of Units as on the closing date

in Numbers

Sl. No.	Particulars	31-3-2020	31-3-2019
1.	ICICI Prudential Regular Savings Fund - Growth	**22,904.26**	22,904.26
2.	IDFC Asset Allocation Fund of Funds - Aggressive Plan - Growth - (Regular Plan)	**38,980.06**	38,980.06
3.	Aditya Birla Sun Life Regular Savings Fund - Growth - Regular Plan	**23,972.27**	23,972.27
4.	ICICI Prudential Banking & PSU Debt Fund - Growth	**3,86,016.32**	3,86,016.32
5.	Kotak Dynamic Bond Fund Regular Plan Growth	**3,44,800.10**	3,44,800.10
6.	Aditya Birla Sunlife Liquid Fund - Growth - Regular Plan	**41,802.52**	25,110.29
7.	ICICI Prudential Liquid Fund - Growth	**44,532.35**	—

		31-3-2020 ₹ Lakhs		31-3-2019 ₹ Lakhs
2.12. TRADE RECEIVABLES				
Unsecured Considered Good		**19,870.26**		19,816.41
Trade Receivables which have significant increase in credit risk		**—**		—
Trade Receivables - credit impaired		**—**		—
Less : Allowance for Expected Credit Loss		**268.41**		337.68
		19,601.85		19,478.73

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.

2.13. CASH AND CASH EQUIVALENTS				
Balances with Banks				
In Current Account	**938.60**		3,802.26	
In Deposit Account (with original maturity of 3 months or less)	**—**		72.40	
Cash on hand	**7.93**		21.31	
		946.53		3,895.97

2.14. BANK BALANCES OTHER THAN ABOVE		
Earmarked Balances		
In Unpaid Dividend Account	**101.53**	105.33
In Margin Money Account	**628.43**	120.96
In Deposit	**172.71**	—
In Escrow Account	**180.00**	—
Others		
In Fixed Deposit (with original maturity period of more than 3 months and less than 12 months)	**2,391.41**	1,730.35
	3,474.08	1,956.64

Notes : -

i. Balances with Banks in Unpaid Dividend Account includes an amount ₹ 21.09 Lakhs (Previous year - ₹ 7.08 Lakhs) which is pending for transfer to Investor Education and Protection Fund as on 31st March 2020. This has since been remitted. (Refer to Note No. 2.28).

ii. Margin Money with banks is towards issue of Bank Guarantee and issue of Letter of Credit.

iii. Earmarked Balances in Deposit accounts has been provided as security towards borrowings availed.

iv. Balances in Escrow Account represent One EMI for repayment of term loan availed from Cholamandalam Investment and Finance Company Limited.

		31-3-2020 ₹ Lakhs		31-3-2019 ₹ Lakhs
2.15. OTHER FINANCIAL ASSETS				
Unsecured Considered Good				
Accrued Income				
Export Incentives		**10.58**		28.24
Interest from Banks		**37.58**		23.94
		48.16		52.18
2.16. OTHER CURRENT ASSETS				
Unsecured Considered Good				
GST Input Credits		**1,527.40**		1,288.67
Others				
Advances to Suppliers		**235.80**		248.50
Advances for Expenses		**289.36**		208.62
Prepayments		**430.71**		324.70
Gratuity Fund (Refer to Note No.2.50)		**158.43**		—
Unsecured Considered Doubtful				
Advances to Suppliers - Credit Impaired	**15.57**		7.90	
Less : Provision for Doubtful Advances	**15.57**		7.90	
		—		—
		2,641.70		2,070.49
2.17. NON CURRENT ASSETS HELD FOR SALE				
(Measured at Fair Value less costs to sell)				
Land and Building	**4,089.27**		4,089.27	
Building under construction	**1,131.58**		1,131.58	
	5,220.85		5,220.85	
Less : Deletion on Disposal	**3,442.91**		—	
Less : Provision for Impairment / (Reversal)	**(1,777.94)**		1,777.94	
		—		3,442.91

During the year the non current assets held for sale were disposed off 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 gain (net of impairment provision reversed) amounting to ₹ 67.09 Lakhs has been disclosed under other income.

	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
2.18. ASSETS PERTAINING TO DISPOSAL GROUP		
(Refer to Note No. 2.42)		
Property, Plant and Equipment (including Capital work-in-progress)	—	7,540.53
Other Non Current Assets	—	6,378.87
Inventories	—	7,423.30
Trade Receivables	—	6,097.38
Other Current Assets	—	4,284.67
	—	31,724.75

	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
2.19. EQUITY SHARE CAPITAL		
Authorised		
58,20,00,000 Equity Shares of ₹ 1/- each (As at 31st March 2019 - 58,20,00,000 Equity Shares of ₹ 1/- each)	**5,820.00**	5,820.00
Issued, Subscribed and Paid-up		
9,47,96,721 Equity Shares of ₹ 1/- each (As at 31st March 2019 - 9,47,96,721 Equity Shares of ₹ 1/- each)	**947.97**	947.97

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

	31-3-2020		31-3-2019	
Equity Shares	**No. of Shares in Lakhs**	**₹ Lakhs**	No. of Shares in Lakhs	₹ Lakhs
At the beginning / closing of the year	**947.97**	**947.97**	947.97	947.97

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.

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

	31-3-2020		31-3-2019	
	No. of Shares	**% held**	No. of Shares	% held
- Vijay Mohan	**91,40,278**	**9.64%**	91,40,278	9.64%
- Pricol Holdings Limited	**85,56,926**	**9.03%**	85,56,926	9.03%
- Viren Mohan	**66,58,409**	**7.02%**	66,58,409	7.02%

Details of Shares held by Holding Company :

There are no Shares held by Holding Company / Subsidiaries of ultimate Holding Company as on 31st March 2020.

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.

There are no shares allotted by way of Bonus Shares and there have been no shares bought back in the immediately preceding five years.

		31-3-2020 ₹ Lakhs		31-3-2019 ₹ Lakhs
2.20. OTHER EQUITY				
Securities Premium				
Balance - Opening / Closing		**80,961.56**		80,961.56
Capital Reserve				
Opening Balance	**3,048.57**		2,605.89	
Add : Addition / Adjustments during the year	**—**		442.68	
Less : Adjustment on account of disposal of Stepdown subsidiaries	**2,221.24**		—	
		827.33		3,048.57
Surplus / (Deficit) in the Statement of Profit & Loss				
Opening Balance	**(35,131.12)**		(16,602.30)	
Add : Profit / (Loss) for the year	**(9,875.43)**		(17,386.00)	
Add : Adjustment on account of disposal of Stepdown subsidiaries	**2,221.24**		—	
Less : Payment of Dividend including Dividend Distribution Tax	**—**		1,142.82	
		(42,785.31)		(35,131.12)
Other Comprehensive Income				
i) Foreign Exchange Translation Reserve Gain / (Loss)				
Opening Balance	**4.38**		(1,405.01)	
Add : Addition / Adjustments during the year (Net)	**(544.31)**		1,409.39	
		(539.93)		4.38
ii) Remeasurement of post employment benefit obligations				
Opening Balance	**109.69**		52.32	
Add : Addition / Adjustments during the year	**218.25**		57.37	
		327.94		109.69
		38,791.59		48,993.08

2.21. BORROWINGS

	Non-Current portion		Current Maturities	
	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
Secured Loans at amortised cost :				
Rupee Term Loan From Banks	**14,263.00**	9,889.67	**4,224.17**	1,826.67
Rupee Term Loan From Others	**6,422.55**	—	**1,279.94**	—
Foreign Currency Term Loan from Banks	**3,420.27**	—	**645.74**	—
Less : Unamortised portion of Finance Charges	**275.46**	191.87	**147.77**	72.59
	23,830.36	9,697.80	**6,002.08**	1,754.08

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

BORROWINGS (Contd.,)

₹ Lakhs

Description	Frequency / No. of Instalments Due	Maturity	**As at 31-03-2020**	As at 31-03-2019	Security	Interest Rate / Effective Interest Rate (EIR)
HDFC Bank Limited	Equal Quarterly / 4 of ₹ 166.67 Lakhs	Feb-21	**666.67**	1,333.34	Note 1	One year MCLR
Bank of Bahrain and Kuwait B.S.C - Loan I	Equal Quarterly / 3 of ₹ 166.67 Lakhs	Oct-19	**—**	500.00	Note 2	One year MCLR plus 0.10%
Bank of Bahrain and Kuwait B.S.C - Loan II	Equal Quarterly / 5 of ₹ 140.00 Lakhs till 2021 & Final Instalment of ₹ 60 Lakhs	Aug-21	**760.00**	2,520.00	Note 3	One year MCLR plus 0.50%
IndusInd Bank Limited	Quarterly / 4 of ₹ 60 Lakhs till 2021 Quarterly / 15 of ₹180 Lakhs till 2024	Dec-24	**2,940.00**	3,000.00	Note 4	One year MCLR plus 0.70% EIR- 11.46%
The South Indian Bank Limited	Equal Quarterly / 14 of ₹ 312.50 Lakhs till 2024	May-20 to Feb-24	**4,363.00**	4,363.00	Note 5	One year MCLR plus 0.80% EIR- 11.29%
Cholamandalam Investment and Finance Company Limited	EMI / 60 of ₹ 180 Lakhs till 2024	Dec-24	**7,702.49**	—	Note 6	Floating Interest EIR- 13.80%
ICICI Bank Limited	Half Yearly / 9 of varying instalments	Aug-24	**9,500.00**	—	Note 7	One year MCLR plus 3.45%
ICICI Bank Limited	Equal Quarterly / 3 of ₹ 85.83 Lakhs till 2020	Nov-20	**257.50**	—	Note 8	One year MCLR plus 0.30%
Unicredit Bank	Equal Quarterly / 16 of Euro 1.93 Lakhs till 2024	Jan-24	**2,406.06**	—	Note 9	Euribor
PT Bank SBI Indonesia	Due after 43 months from April 2019	Oct-22	**1,659.95**	—	Note 10	SBDK plus 0.50%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

BORROWINGS (Contd.,)

The above maturity is based on the total principal outstanding gross of issuance expenses.

Note 1 : Exclusive charge by hypothecation of specific plant and machinery installed at Plant II, IMT Manesar, Gurugram and Plant III,Chinnamathampalayam, Coimbatore.

Note 2 : Exclusive charge by hypothecation of specific Movable fixed assets of Plant V situated at Gat No. 180-187, Global Raisoni Industrial Park, Alandi-Markal Road, Phulgaon, Tal-Haveli, Pune - 412 216.

Note 3 : Pari-passu first charge on specific immovable property situated at Plant I, Perianaickenpalayam, Coimbatore.

Note 4 : Pari-passu first charge on specific immovable property situated at Plant I, Perianaickenpalayam, Coimbatore. The Company is yet to create charge over the assets for the loan obtained.

Note 5 : 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 6 : 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 (Charge yet to be created) all situated in Coimbatore District, Tamilnadu.

b) Exclusive charge on specific immovable properties of certain promoters and promoter's companies. Personal Guarantee of Chairman, Managing Director and his Relative. Corporate Guarantee from Pricol Holdings Limited and Pricol Retreats Limited.

c) Exclusive charge on specific Plant and Machineries installed in various plants of the Company.

Note 7 : 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.

Note 8 : Secured by movable fixed assets situated in Satara, Maharashtra and Corporate Guarantee from Holding Company.

Note 9 : Secured by movable fixed assets of stepdown subsidiary company situated at Czech Republic.

Note 10 : Secured by way of Land and factory building, inventories of subsidiary company situated at Indonesia and Corporate Guarantee from holding company.

For Current Maturities of Long Term Debt Refer to Note No. 2.28.

			31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
2.22.	**OTHER FINANCIAL LIABILITIES**			
	Lease Liabilities (Refer to Note No. 2.54)		**2,287.46**	1.09
	Rental Advance Received		**59.25**	57.24
	Derivative Liability (Net)		**380.01**	—
	Security Deposits from Customers		**64.98**	57.19
			2,791.70	115.52
2.23.	**PROVISIONS**			
	a) For Employee Benefits :			
	- Gratuity (Refer to Note No. 2.50)		**143.24**	168.54
	b) For Central Excise Demands (Refer to Note No. 2.51)		**215.17**	598.89
	c) For Potential Statutory Liabilities (Refer to Note No. 2.51)		**808.00**	549.33
			1,166.41	1,316.76
2.24.	**DEFERRED TAX LIABILITIES (NET)**			
	Deferred Tax Liability			
	On Fixed Assets		**7,347.33**	6,884.76
	On Other temporary differences		**47.73**	92.41
		A	**7,395.06**	6,977.17
	Deferred Tax Asset			
	On Disallowance under the Income Tax Act		**952.04**	1,351.78
	On Unused tax losses		**1,209.10**	139.30
	On Other temporary differences		**75.49**	50.40
		B	**2,236.63**	1,541.48
	Deferred Tax Liabilities - Net (Refer to Note No. 2.52)	**A - B**	**5,158.43**	5,435.69
2.25.	**OTHER NON-CURRENT LIABILITIES**			
	Deferred Income From Government grants		**12.02**	23.71
			12.02	23.71
2.26.	**BORROWINGS**			
	Secured Loans			
	Working Capital Facilities from Banks			
	- In Rupee		**8,275.57**	9,585.89
	- In Foreign Currency		**4,241.12**	1,880.64
	Unsecured Loans			
	Working Capital Facilities from Banks			
	- In Rupee		**794.22**	4,984.90
			13,310.91	16,451.43

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 9.50% to 13.75% p.a.

		31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
2.27.	**TRADE PAYABLES**		
	- Total Outstanding Dues of Micro Enterprises and Small Enterprises	**122.80**	186.45
	- Total Outstanding Dues of creditors other than Micro Enterprises and Small Enterprises	**31,991.74**	21,678.50
		32,114.54	21,864.95

The Group's exposure to currency risk related to Trade Payables are disclosed in Note No. 2.49.

		31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
2.28.	**OTHER FINANCIAL LIABILITIES**		
	Current Maturities of Long Term Debt (Refer to Note No. 2.21)	**6,002.08**	1,754.08
	Lease Liabilities (Refer to Note No. 2.54)	**246.02**	—
	Interest accrued and not due on borrowings	**234.32**	87.14
	Unpaid Dividend	**80.44**	98.24
	Dues to Investor Education and Protection Fund #	**21.09**	7.08
	Employee Benefits Payable	**1,810.75**	2,119.29
	Derivative Liability (Net)	**57.58**	—
	Payable for Expenses	**4,320.10**	2,317.36
		12,772.38	6,383.19

\# Dues to Investor Education and Protection Fund (IEPF) pertaining to unclaimed dividend of Erstwhile Pricol Limited remain unpaid on account of certain technical glitches with MCA portal, as on 31st March 2020. The due date for transferring the amounts to IEPF were 17th October, 2018 for ₹ 7.08 Lakhs and 6th October, 2019 for ₹ 14.01 Lakhs. The same has since been remitted on 8th July 2020 and 20th July 2020 respectively.

		31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
2.29.	**OTHER CURRENT LIABILITIES**		
	Statutory Dues Payable	**523.97**	353.33
	Advance from Customers	**825.56**	368.04
		1,349.53	721.37
2.30.	**PROVISIONS**		
	For Employee Benefits :		
	- Gratuity (Refer to Note No. 2.50)	**—**	8.99
	For Labour Settlement (Refer to Note No. 2.51)	**261.72**	261.72
	For Warranty Related Claims (Refer to Note No. 2.51)	**406.35**	171.95
		668.07	442.66
2.31.	**CURRENT TAX LIABILITIES (NET)**		
	For Taxation	**76.73**	77.68
		76.73	77.68
2.32.	**LIABILITIES ASSOCIATED WITH DISPOSAL GROUP (Refer to Note No. 2.42)**		
	Non Current Borrowings	**—**	21,722.45
	Current Financial Liabilities	**—**	19,260.05
	Other Liabilities including provisions	**—**	6,769.00
		—	47,751.50

		2019-20 ₹ Lakhs		2018-19 ₹ Lakhs (Re-presented)
2.33. REVENUE FROM OPERATIONS				
Sale of Products and Services				
Domestic	**1,14,194.59**		1,32,262.90	
Export	**36,858.06**		38,920.92	
Traded Goods	**1,537.25**		1,786.00	
Service Income	**1,263.30**		395.02	
		1,53,853.20		1,73,364.84
Disaggregation of Revenue :-				
1. Dashboard Instruments		**62,408.85**		67,945.89
2. Pumps and Mechanical Products		**31,060.00**		36,350.00
3. Switches and Sensors		**12,760.00**		17,850.00
4. Others & Service Income		**47,624.35**		51,218.95
		1,53,853.20		1,73,364.84
2.34. OTHER OPERATING REVENUE				
Sale of Land held as Stock-in-Trade		**—**		1,183.50
Export Incentives		**106.69**		119.87
Sale of Traded Goods - Others		**6,021.43**		6,705.75
		6,128.12		8,009.12
2.35. OTHER INCOME				
Interest Income				
From Banks		**142.01**		110.98
From other financial assets carried at amortised cost		**12.89**		11.85
On Income Tax Refund		**—**		174.93
Gain on Fair Valuation of Investments at Fair Value through P&L		**27.11**		12.88
Lease Rental Receipts		**209.42**		138.39
Profit on Sale of Property, Plant and Equipment (Net)		**52.99**		44.26
Miscellaneous Income		**477.17**		419.30
Excess Provision no longer required written back #		**483.81**		234.16
Expected Credit Loss written back		**81.06**		105.94
		1,486.46		1,252.69

Excess provision no longer required written back during the current year includes reversal in respect of provision for disputed indirect tax cases settled under "Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019".

2.36. COST OF MATERIALS CONSUMED		
Materials Consumed	**1,03,119.93**	1,18,218.82

		2019-20 ₹ Lakhs		2018-19 ₹ Lakhs (Re-presented)
2.37. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS				
Opening Stock				
Work-in-progress	**1,446.58**		1,184.00	
Finished Goods	**5,062.47**		6,091.26	
Traded Goods	**277.12**		264.07	
Land-Stock-in-Trade	**—**		173.14	
		6,786.17		7,712.47
Add : Adjustments / Reclassification of Inventory from disposal group				
Work-in-progress	**861.71**		(253.33)	
Finished Goods	**513.05**		21.38	
Traded Goods	**—**		—	
Land-Stock-in-Trade	**—**		—	
		1,374.76		(231.95)
Less : Closing Stock				
Work-in-progress	**2,068.44**		1,446.58	
Finished Goods	**5,026.59**		5,062.47	
Traded Goods	**205.11**		277.12	
Land-Stock-in-Trade	**—**		—	
		7,300.14		6,786.17
		860.79		694.35
2.38. EMPLOYEE BENEFITS EXPENSE				
Pay, Allowances and Bonus	**19,417.87**		21,558.96	
Contribution to Provident and other funds	**810.48**		857.69	
Welfare Expenses	**2,444.41**		2,670.50	
		22,672.76		25,087.15
2.39. FINANCE COSTS				
Interest on Borrowings (Net)	**3,775.51**		3,410.82	
Other Borrowing Costs	**205.47**		108.76	
Interest on Lease Obligations (Refer Note No. 2.54)	**278.34**		4.27	
Unwinding of interest on financial instruments	**161.73**		10.54	
		4,421.05		3,534.39

			2019-20 ₹ Lakhs		2018-19 ₹ Lakhs (Re-presented)
2.40.	**DEPRECIATION AND AMORTISATION EXPENSE**				
	Depreciation (Refer to Note No. 2.1, 2.2 & 2.4)	**7,745.76**		7,217.26	
	Amortisation of Intangibles (Refer to Note No. 2.5 & 2.6)	**2,839.81**		2,777.48	
	Less : Depreciation and Amortisation pertaining to disposal group	**—**		597.98	
			10,585.57		9,396.76
2.41.	**OTHER EXPENSES**				
	Power & Utilities (Net)		**2,146.25**		2,441.40
	Stores & Spares Consumed		**384.85**		572.49
	Repairs and Maintenance :				
	- Machinery		**1,579.84**		1,661.53
	- Building		**114.22**		155.35
	- Others		**317.40**		423.24
	Printing & Stationery		**150.92**		121.40
	Postage & Telephone		**184.47**		235.63
	Lease Expenses		**934.40**		1,481.85
	Rates, Taxes & Licence		**356.55**		588.46
	Insurance		**243.73**		239.53
	Bank Charges		**54.28**		216.47
	Travelling & Conveyance		**706.23**		1,165.99
	Freight & Forwarding		**2,263.82**		3,079.91
	Warranty Claims		**2,096.42**		2,317.28
	Selling Expenses		**559.55**		818.35
	Bad Debts / Advances Written off	**41.21**		185.30	
	Provision for / (write back of) doubtful debts and advances	**(11.71)**		(107.92)	
			29.50		77.38
	Provision for Statutory Liabilities		**348.76**		117.88
	Commission / Sitting Fees to Non-Whole Time Directors		**13.35**		8.85
	Auditors' Remuneration (Refer to Note No. 2.45)		**73.22**		77.55
	Professional Charges		**4,066.87**		4,956.62
	Loss on Exchange Fluctuation (Net)		**1,132.50**		818.13
	Assets Discarded / Written Off		**3.42**		94.32
	Provision for Impairment Loss - Asset held for Sale		**—**		200.00
	Impairment of Goodwill on consolidation		**—**		4,678.37
	Miscellaneous Expenses		**211.91**		396.73
	CSR Expenses		**110.80**		21.77
			18,083.26		26,966.48

2.42. DISCONTINUED OPERATIONS

1) Description

During the previous financial year 2018-19, the company had taken a considered decision to dispose off its investment in its wholly owned subsidiary Pricol Espana S.L.Spain (Pricol Espana) (along with the stepdown subsidiaries, Pricol do Brasil Componentes Automotivos LtdA, Brazil (PdB) , Pricol Wiping Systems Czech s.r.o, Czech Republic (PWS Czech), Pricol Wiping Systems Mexico S.A. de C.V, Mexico (PWS Mexico)) and Pricol Wiping Systems India Limited, India (PWS India).

On 21st June 2019, the Company had entered into a Share Purchase Agreement (SPA) with Chroma GP, LLC, USA for disposal of 80.50% of its investment in wholly owned subsidiary, Pricol Espana, along with its stepdown subsidiaries (PdB, PWS Mexico and PWS Czech) and 74% of its Investment in PWS India.

The said SPA, as amended from time to time was terminated through an agreement dated 7th February 2020. A new Share Sale and Purchase Agreement dated 7th February 2020 had been entered into between Pricol Espana and the Purchasing Entities, 2NDM LLC and NELP FOUR LP, which are part of Chroma GP LLC Group for Divestment of its 100% shareholding in PdB and PWS Mexico for a Net Consideration of USD 2000 subject to fulfillment of certain terms and conditions. The Purchasing Entities have made the payment of Net Consideration on 11th February 2020, ('Transaction date'). In view of the above, PWS India and Pricol Espana with its Subsidiary PWS Czech remain as Subsidiaries of Pricol Limited.

Based on the conclusion of the sale as stated above, the Assets and Liabilities pertaining to PWS India and Pricol Espana with its Subsidiary PWS Czech do not meet the criteria for 'Disposal Group' with effect from the transaction date.

Consequent to the above the assets and liabilities pertaining to the Subsidiaries PWS India, Pricol Espana alongwith its stepdown Subsidiary PWS Czech do not meet the criteria of 'Non Current Assets held for Sale and Discontinued Operations' as per Ind AS 105. Consequently, the working results of PWS India and Pricol Espana alongwith its Subsidiary PWS Czech have been included in Continuing Operations on Individual Line item basis with comparative / prior periods being re-presented / re-stated in Consolidated Financial Statements. The assets and liabilities for the year ended 31st March 2020 have been reclassified from Assets / Liabilities pertaining to Disposal Group for which Comparatives have not been restated.

	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
2) Description of Assets		
Property, Plant and Equipment	—	7,540.53
Other Non Current Assets	—	6,378.87
Inventories	—	7,423.30
Trade Receivables	—	6,097.38
Other Current Assets	—	4,284.67
	—	31,724.75
3) Description of Liabilities		
Non Current Borrowings	—	21,722.45
Current Financial Liabilities	—	19,260.05
Other Liabilities including provisions	—	6,769.00
	—	47,751.50

	2019-20 ₹ Lakhs	2018-19 ₹ Lakhs Re-presented
DISCONTINUED OPERATIONS (Contd.,)		
4) Financial Performance		
Revenue	**11,823.05**	10,685.39
Expenses		
Cost of Materials Consumed	**7,318.26**	6,009.38
Purchases of Stock-in-Trade	**—**	—
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-progress	**181.14**	(126.82)
Employee Benefits Expense	**3,350.72**	4,363.93
Finance Costs	**1,011.70**	1,909.63
Depreciation and Amortisation Expense	**945.66**	597.98
Other Expenses	**6,117.63**	5,942.82
	18,925.11	18,696.92
Profit / (Loss) before tax	**(7,102.06)**	(8,011.53)
Net Gain on Disposal of Subsidiaries (Refer to Note No. 2.42 (5))	**1,901.00**	—
Tax Expense	**—**	—
Profit / (Loss) after tax from discontinued operations	**(5,201.06)**	(8,011.53)
Other Comprehensive Income		
Exchange differences on translation of discontinued operations	**—**	1,496.65
Total Comprehensive Income for the year	**(5,201.06)**	(6,514.88)

	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
DISCONTINUED OPERATIONS (Contd.,)		
5) Details of Sale of Subsidiaries		
Consideration received	**1.47**	—
Excess carrying amount of liabilities over assets	**1,550.43**	—
Gain on disposal before income tax and reclassification of foreign currency translation reserve	**1,551.90**	—
Add : Reclassification of exchange differences (Gains) from OCI on disposal of subsidiaries	**349.10**	—
Tax Expense	**—**	—
Net Gain on disposal after income tax	**1,901.00**	—
The carrying amount of assets and liabilities as at the date of sale (11th February 2020) were as follows:-		
Property, Plant and Equipment	**9,862.25**	—
Trade Receivables	**2,396.95**	—
Inventory	**2,149.13**	—
Other Assets	**2,038.14**	—
Total Assets	**16,446.47**	—
Borrowings	**2,523.59**	—
Trade Payables	**2,765.70**	—
Other Payables	**12,707.61**	—
Total Liabilities	**17,996.90**	—
Net Assets	**(1,550.43)**	—

	2019-20 ₹ Lakhs	2018-19 ₹ Lakhs Re-presented
2.43. EARNINGS PER SHARE		
Profit / (Loss) After Tax from continuing operations	**(4,674.37)**	(9,374.47)
Profit / (Loss) After Tax from discontinued operations	**(5,201.06)**	(8,011.53)
Profit / (Loss) After Tax for the year	**(9,875.43)**	(17,386.00)
Weighted Average No. of Shares Outstanding :		
- Basic & Diluted (Nos. in Lakhs)	**947.97**	947.97
Face Value per Equity Share (in ₹)	**1.00**	1.00
Basic & Diluted Earnings per share from continuing operations (in ₹)	**(4.93)**	(9.89)
Basic & Diluted Earnings per share from discontinued operations (in ₹)	**(5.49)**	(8.45)
Basic & Diluted Earnings per share from continuing and discontinued operations (in ₹)	**(10.42)**	(18.34)

2.44. 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.

2.45. PAYMENTS TO AUDITORS (EXCLUSIVE OF GST) :

	2019-20 ₹ Lakhs	2018-19 ₹ Lakhs Re-presented
For Audit	**42.50**	42.50
For Taxation Matters	**16.05**	17.75
For Certification and Others *	**12.36**	12.05
For Company Law Matters	**—**	4.00
Reimbursement of Expenses	**2.31**	1.25
	73.22	77.55

* For the year 2018-19, the amount includes ₹ 4.83 Lakhs paid to predecessor Auditor.

2.46. CONTINGENT LIABILITIES AND COMMITMENTS :

	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
I. CONTINGENT LIABILITIES		
In respect of Holding Company		
a) On account of Pending Litigations		
Sales Tax Matters (excluding Interest if any)	**—**	294.44
(Of which ₹ 9.09 Lakhs has been paid under protest)		
Excise, Service Tax and Customs Matters (excluding Interest and penalty if any)	**1,281.44**	1,113.96
(Of which ₹ 87.76 Lakhs has been paid under protest)		
	1,281.44	1,408.40

b) Labour related Matters

As at 31st March, 2020, the company has various labour related cases pending before various legal forums, amounting to ₹ 1,608 Lakhs.

	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs
c) Others		
Letter of Credit	**930.50**	951.33
Guarantees	**279.63**	390.80
	1,210.13	1,342.13
II. COMMITMENTS		
Estimated Value of contracts remaining to be executed on Capital account		
- in respect of Holding Company	**327.72**	1,538.65

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.47. SEGMENT REPORTING

The Group primarily operates in the automotive segment. The automotive segment includes manufacture 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

	2019-20 ₹ Lakhs	2018-19 ₹ Lakhs Re-presented
a) Revenue from Operations including other operating revenue		
Continuing operations		
Within India	**1,14,716.19**	1,33,243.36
Outside India	**45,265.13**	48,130.60
	1,59,981.32	1,81,373.96
Discontinued operations		
Within India	**—**	—
Outside India	**11,611.58**	10,576.73
	11,611.58	10,576.73

	31-3-2020 ₹ Lakhs	31-3-2019 ₹ Lakhs (Not Re-stated)
b) Non-current assets		
Continuing operations		
Within India	**77,585.21**	76,960.62
Outside India	**4,003.48**	1,497.60
	81,588.69	78,458.22
Discontinued operations		
Within India	**—**	1,780.77
Outside India	**—**	12,137.40
	—	13,918.17

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 2020 were as follows :

₹ Lakhs

Particulars	**Note No.**	**FVTPL**	**FVTOCI**	**Cost / Amortised cost**	**Total Carrying value**	**Total Fair value**
Financial Assets						
Investments	2.11	**470.94**	—	—	**470.94**	**470.94**
Trade receivables	2.12	—	—	**19,601.85**	**19,601.85**	**19,601.85**
Cash and cash equivalents	2.13	—	—	**946.53**	**946.53**	**946.53**
Other bank balances	2.14	—	—	**3,474.08**	**3,474.08**	**3,474.08**
Other Financial assets	2.8 & 2.15	—	—	**654.69**	**654.69**	**654.69**
Financial Liabilities						
Borrowings	2.21, 2.26 & 2.28	—	—	**43,143.35**	**43,143.35**	**43,143.35**
Trade payables	2.27	—	—	**32,114.54**	**32,114.54**	**32,114.54**
Other financial liabilities excluding Current Maturities of Long Term Debt	2.22 & 2.28	—	—	**9,562.00**	**9,562.00**	**9,562.00**

The carrying value of financial instruments by categories as at 31 March 2019 were as follows:

₹ Lakhs

Particulars	Note No.	FVTPL	FVTOCI	Cost / Amortised cost	Total Carrying value	Total Fair value
Financial Assets						
Investments	2.11	268.82	—	—	268.82	268.82
Trade receivables	2.12	—	—	19,478.73	19,478.73	19,478.73
Cash and cash equivalents	2.13	—	—	3,895.97	3,895.97	3,895.97
Other bank balances	2.14	—	—	1,956.64	1,956.64	1,956.64
Other Financial assets	2.8 & 2.15	—	—	677.82	677.82	677.82
Financial Liabilities						
Borrowings	2.21, 2.26 & 2.28	—	—	27,903.31	27,903.31	27,903.31
Trade payables	2.27	—	—	21,864.95	21,864.95	21,864.95
Other financial liabilities excluding Current Maturities of Long Term Debt	2.22 & 2.28	—	—	4,744.63	4,744.63	4,744.63

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 31-3-2020	As at 31-3-2020			Carrying Amount as on 31-3-2019	As at 31-3-2019		
		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	**470.94**	**470.94**	—	—	268.82	268.82	—	—
Financial Assets not measured at Fair value*								
Trade receivables	**19,601.85**	—	—	—	19,478.73	—	—	—
Cash and cash equivalents	**946.53**	—	—	—	3,895.97	—	—	—
Other bank balances	**3,474.08**	—	—	—	1,956.64	—	—	—
Other Financial assets	**654.69**	—	—	—	677.82	—	—	—
Financial Liabilities not measured at fair value*								
Borrowings								
- Current	**19,312.99**	—	—	—	18,205.51	—	—	—
- Non-Current	**23,830.36**	—	—	—	9,697.80	—	—	—
Trade payables	**32,114.54**	—	—	—	21,864.95	—	—	—
Other financial liabilities excluding Current Maturities of Long Term Debt	**9,562.00**	—	—	—	4,744.63	—	—	—

* 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. xv of significant accounting policies.

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, financial assets measured at amortised cost.	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 Currency 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 of 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 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 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 counter party 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.

FINANCIAL RISK MANAGEMENT (Contd.,)

Classification of Financial Assets among Risk categories :

₹ Lakhs

Credit rating	Particulars	31-3-2020	31-3-2019
Low credit risk	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets	**25,148.09**	26,277.98
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

31-3-2020	**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	**—**	**32,114.54**	**—**	**—**	**32,114.54**
Other financial liabilities excluding Current Maturities of Long Term Debt	**—**	**7,274.54**	**1,526.13**	**761.33**	**9,562.00**
Total	**13,310.91**	**45,391.16**	**25,356.49**	**761.33**	**84,819.89**

₹ Lakhs

31-3-2019	On Demand	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	16,451.43	1,754.08	9,697.80	—	27,903.31
Trade payables	—	21,864.95	—	—	21,864.95
Other financial liabilities excluding Current Maturities of Long Term Debt	—	4,744.63	—	—	4,744.63
Total	16,451.43	28,363.66	9,697.80	—	54,512.89

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.

FINANCIAL RISK MANAGEMENT (Contd.,)

Below is the overall exposure of the borrowings :

Interest rate risk exposure

₹ Lakhs

Particulars	31-3-2020	31-3-2019
Fixed rate borrowing	—	—
Variable rate borrowing	43,143.35	27,903.31
Total	43,143.35	27,903.31

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	2019-20	2018-19
Interest rates – Increase / Decrease by 100 basis points	324.69	196.20

d. Financial currency risk

The Group's functional currency is Indian Rupee (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 Indian 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 Curreny 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 Currency Risk (Contd.,)

The carrying amounts of the Group's monetary assets and monetary liabilities at the end of the reporting period are as follows:

As at 31st March 2020

₹ Lakhs

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**

As at 31st March 2019

₹ Lakhs

Particulars	EURO	GBP	USD	CHF	JPY	INR	SGD	OTHER CURRENCIES
Financial Assets	684.72	50.21	2,779.64	83.51	603.09	7.94	72.59	0.98
Financial Liabilities	114.44	0.06	4,067.22	121.02	1,152.87	238.52	—	1.91

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	31-3-2020	31-3-2019
Increase / Decrease by 1%	**27.88**	14.13

2.50. EMPLOYEE BENEFITS

In respect of Holding Company :

Defined contribution plan

The Company's contribution to provident fund, employee state insurance scheme 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	2019-20	2018-19
Employer's Contribution to Provident Fund	**524.85**	504.09
Employer's Contribution to Superannuation Fund	**8.81**	36.91

Particulars	2019-20	2018-19
Defined contribution plan contribution towards Key Managerial Personnel	**19.07**	21.17

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 Group 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)	
	2019-20	2018-19
i) Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the year	**3,007.44**	2,984.47
Current Service Cost	**217.24**	180.20
Interest Cost	**212.92**	214.43
Remeasurements		
Effect of changes in demographic assumptions	**—**	—
Effect of changes in financial assumptions	**(312.00)**	23.60
Effect of experience adjustments	**1.78**	(91.54)
Benefits Paid	**(314.21)**	(303.72)
Transfer of obligation due to Transfer of Employees to Group Entities	**153.27**	—
Defined Benefit Obligation at year end	**2,966.44**	3,007.44
- Non-Current	**2,851.69**	2,826.47
- Current	**114.75**	180.97

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

EMPLOYEE BENEFITS (Contd.,)

₹ Lakhs

Particulars	Gratuity (Funded)	
	2019-20	2018-19
ii) Reconciliation of opening and closing balances of fair value of Plan Assets		
Fair value of Plan Assets at beginning of year	**2,998.45**	3,070.55
Interest Income	**222.85**	229.71
Remeasurements :		
Return on plan assets (excluding interest income)	**(15.14)**	(20.15)
Employer Contribution	**76.01**	22.06
Benefits Paid	**(314.21)**	(303.72)
Fair value of Plan Assets at year end	**2,967.96**	2,998.45
iii) Reconciliation of fair value of Assets and Obligations		
Fair value of Plan Assets	**2,967.96**	2,998.45
Present value of Obligation	**2,966.44**	3,007.44
Amount recognised in Balance Sheet - (Surplus / (Deficit))	**1.52**	(8.99)
- Non-Current	**—**	—
- Current	**1.52**	(8.99)
iv) Expenses recognised during the year		
In Income Statement		
Current Service Cost	**217.24**	180.20
Interest Cost	**212.92**	214.43
Return on Plan Assets	**(222.85)**	(229.71)
Net (Income) / Expense for the period recognised in Statement of Profit and Loss	**207.31**	164.92
In Other Comprehensive Income		
Remeasurement of net defined benefit liability		
Effect of changes in demographic assumptions	**—**	—
Effect of changes in financial assumptions	**(312.00)**	23.60
Effect of experience adjustments	**1.78**	(91.54)
Return on plan assets (excluding interest income)	**15.14**	20.15
Changes in asset ceiling (excluding interest income)	**—**	—
Net (Income) / Expense for the period recognised in OCI	**(295.08)**	(47.79)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

EMPLOYEE BENEFITS (Contd.,)

v) Investment Details

Particulars	31-3-2020		31-3-2019	
	₹ Lakhs	**% invested**	₹ Lakhs	% invested
GOI Securities	**566.58**	**19.09**	580.20	19.35
State Government Securities	**1,512.77**	**50.97**	1,679.73	56.02
NCD / Bonds	**707.86**	**23.85**	627.88	20.94
Others (including bank balances)	**180.75**	**6.09**	110.64	3.69
Total	**2,967.96**	**100.00**	2,998.45	100.00

vi) Actuarial assumptions

Particulars	Gratuity (Funded)	
	2019-20	2018-19
Discount Rate (per annum)	**6.84%**	7.47%
Rate of escalation in Salary (per annum)	**Uniform 8.00%**	Uniform 10.00%
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.

vii) 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, 2021	128.98
b) Estimated benefit payments from the fund for the year ending March 31:	
Year 1	245.02
Year 2	236.75
Year 3	260.99
Year 4	225.79
Year 5	243.58
Next 5 years	1,087.15
Total	**2,299.28**

EMPLOYEE BENEFITS (Contd.,)

viii) 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	31-3-2020	31-3-2019
Discount rate +100 basis points	**(224.44)**	(223.58)
Discount rate -100 basis points	**255.75**	254.20
Salary Increase Rate +1%	**235.55**	230.91
Salary Increase Rate -1%	**(211.34)**	(207.87)
Attrition Rate +1%	**(28.63)**	(33.48)
Attrition Rate -1%	**32.78**	36.88

ix) 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)	
	2019-20	2018-19
Expense towards defined benefit plan for Key Management Personnel	**36.55**	37.66

EMPLOYEE BENEFITS (Contd.,)

ix) In respect of Subsidiary :

PT Pricol Surya Indonesia

₹ Lakhs

Particulars	2019-20	2018-19
Funded Status :		
Present Value of Net Obligation	**143.24**	168.54
Movement in the liability recognised in the statement of profit and Loss :		
Obligation at beginning period	**168.54**	177.18
Beginning period adjustment due to Business Combination transaction	**—**	—
Expense recognised during the year	**10.78**	38.21
Actual benefit payment	**(0.88)**	(5.63)
Amount recognised in Other Comprehensive Income ('OCI')	**(25.56)**	(41.22)
On account of translation differences	**(9.64)**	—
	143.24	168.54
Details of Post Employment benefit expenses recognised in the Statement of comprehensive income :		
Current Service Cost	**24.30**	27.14
Interest Cost	**11.12**	11.07
Past Service Cost and (Gain) or Loss on Settlements	**(24.64)**	—
	10.78	38.21
Actuarial Assumptions :		
Discount Rate	**8.50%**	8.50%
Annual Salary increase Rate	**8.00%**	10.00%
Retirement age (year)	**56**	55
Disability Rate	**10.00%**	10.00%

Sensitivity Analysis

₹ Lakhs

Particulars	31-3-2020	31-3-2019
Discount rate +100 basis points	**120.48**	124.62
Discount rate -100 basis points	**144.55**	155.83
Salary Increase Rate +1%	**144.42**	155.33
Salary Increase Rate -1%	**120.40**	124.74

In respect of Pricol Wiping Systems India Limited

Defined contribution plan

The Company's contribution to provident fund, employee state insurance scheme 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	2019-20	2018-19
Employer's Contribution to Provident Fund	**12.71**	14.20

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)	
	2019-20	2018-19
i) Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the year	**31.22**	24.08
Current Service Cost	**3.96**	5.09
Interest Cost	**2.00**	1.86
Remeasurements		
Effect of changes in demographic assumptions	**(0.15)**	(0.01)
Effect of changes in financial assumptions	**(0.17)**	0.05
Effect of experience adjustments	**(1.22)**	0.15
Benefits Paid	**(10.55)**	—
Defined Benefit Obligation at year end	**25.09**	31.22
- Non-Current	**23.94**	25.14
- Current	**1.15**	6.08

EMPLOYEE BENEFITS (Contd.,)

₹ Lakhs

Particulars	Gratuity (Funded)	
	2019-20	2018-19
ii) Reconciliation of opening and closing balances of fair value of Plan Assets		
Fair value of Plan Assets at beginning of year	**30.88**	—
Interest Income	**2.29**	1.19
Remeasurements:		
Return on plan assets (excluding interest income)	**(0.29)**	(0.96)
Employer Contribution	**6.40**	30.65
Benefits Paid	**(10.55)**	—
Fair value of Plan Assets at year end	**28.73**	30.88
iii) Reconciliation of fair value of Assets and Obligations		
Fair value of Plan Assets	**28.73**	30.88
Present value of Obligation	**25.09**	31.22
Amount recognised in Balance Sheet - (Surplus / (Deficit))	**3.64**	(0.34)
- Non-Current	**—**	—
- Current	**3.64**	(0.34)
iv) Expenses recognised during the year		
In Income Statement		
Current Service Cost	**3.96**	5.09
Interest Cost	**(0.30)**	0.67
Return on Plan Assets	**—**	—
Net (Income) / Expense for the period Recognised in Statement of Profit and Loss	**3.66**	5.76
In Other Comprehensive Income		
Remeasurement of net defined benefit liability		
Effect of changes in demographic assumptions	**—**	—
Effect of changes in financial assumptions	**—**	—
Effect of experience adjustments	**(1.25)**	1.15
Return on plan assets (excluding interest income)	**—**	—
Changes in asset ceiling (excluding interest income)	**—**	—
Net (Income) / Expense For the period Recognised in OCI	**(1.25)**	1.15

EMPLOYEE BENEFITS (Contd.,)

v) Actuarial assumptions

Particulars	Gratuity (Funded)	
	2019-20	2018-19
Discount Rate (per annum)	**6.84%**	7.70%
Rate of escalation in Salary (per annum)	**Uniform 5.00%**	Uniform 6.00%
Attrition Rate	**Uniform 4.00%**	Uniform 5.00%
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	**31-3-2020 ₹ Lakhs**	31-3-2019 ₹ Lakhs
a) Expected contribution to the fund during the year ending March 31, 2020 & March 31, 2019	**3.14**	8.79
b) Estimated benefit payments from the fund for the year ending March 31:		
Year 1	**1.21**	6.08
Year 2	**1.33**	1.48
Year 3	**1.23**	1.55
Year 4	**3.24**	1.69
Year 5	**7.43**	3.79
Next 5 years	**5.90**	12.63
Total	**20.34**	27.22

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	31-3-2020	31-3-2019
Discount rate +100 basis points	**23.11**	29.19
Discount rate -100 basis points	**27.40**	33.56
Salary Increase Rate +1%	**27.29**	33.42
Salary Increase Rate -1%	**23.17**	29.28
Attrition Rate +1%	**25.28**	31.41
Attrition Rate -1%	**24.86**	30.98

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.

2.51. PROVISIONS

₹ Lakhs

Particulars	Non-Current Provisions				Current Provisions			Total Provisions
	Excise Demands	Potential Statutory Liabilities	Labour related Claims	Total	Labour Settlement	Warranty related Claims	Total	
Balance as on 1-4-2018	691.58	431.45	582.39	1,705.42	261.72	306.95	568.67	2,274.09
Add : Addition	—	117.88	—	117.88	—	171.95	171.95	289.83
Less : Utilised / Reversed	92.69	—	4.99	97.68	—	306.95	306.95	404.63
Less : Re-classified as Liabilities associated with Discontinued Operations (Refer to Note No. 2.32.)	—	—	577.40	577.40	—	—	—	577.40
Balance as on 31-3-2019	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**

The holding 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 since 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.

2.52. NOTES ON TAXATION

a. Income tax expense for the year reconciled to the accounting profit :

₹ Lakhs

Particulars	31-3-2020	31-3-2019
Profit / (Loss) before Tax	**(10,231.59)**	(17,282.81)
Enacted tax rate in India	**34.944%**	34.944%
Income tax expense	**(3,575.32)**	(6,039.31)
Tax Effect on the following:		
- Weighted Deductions u/s 35(2AB) & 32AC(1A)	**(289.06)**	(252.98)
- Expenses not deductible in determining taxable profits	**530.58**	183.40
- Non-recognition of brought forward capital tax losses	**—**	(35.09)
- Current year losses for which no deferred tax asset was recognised	**2,759.20**	3,842.92
- Differences in tax rates in foreign jurisdictions	**—**	2,450.35
- Others	**218.44**	(46.10)
Tax Expense for the year	**(356.16)**	103.19

NOTES ON TAXATION (Contd.,)

Income tax recognised in other comprehensive income

₹ Lakhs

	31-3-2020	31-3-2019
Deferred tax		
Remeasurement of defined benefit obligation - (Expense) / Income	**(104.42)**	(26.85)
Total income tax recognised in OCI	**(104.42)**	(26.85)

b. Statement of Changes in Deferred tax assets / Liabilities

₹ Lakhs

Particulars	Deferred Tax Liabilities	Deferred Tax Assets			Others	Net Charge in P&L and OCI
	On Fixed Assets and Others	On Disallowance under the Income Tax Act	On Unused Tax losses	On Other temporary differences		
At 1st April, 2018	7,134.35	993.02	—	114.36	—	
Recognised in Profit and Loss	460.00	412.39	139.30	(63.96)	7.20	(20.53)
Recognised in OCI	—	(26.85)	—	—	—	26.85
Pertains to discontinued operations	(617.18)	(26.78)	—	—	—	
At 31st March 2019	6,977.17	1,351.78	139.30	50.40	—	
Recognised in Profit and Loss	417.89	(295.32)	1,069.80	25.09	(1.97)	**(383.65)**
Recognised in OCI	—	(104.42)	—	—	—	**104.42**
At 31st March 2020	**7,395.06**	**952.04**	**1,209.10**	**75.49**	—	

2.53. 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 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		31-3-2020	31-3-2019
Borrowings (long-term and short-term, including current maturities of long term borrowings)		**43,143.35**	27,903.31
Less: Cash and cash equivalents		**946.53**	3,895.97
Less: Other Bank Balances (Balances with maturity more than 3 months)		**3,121.37**	1,956.64
Less: Margin Money against Borrowings		**352.71**	—
Net Debt	**(A)**	**38,722.74**	22,050.70
Equity Share Capital		**947.97**	947.97
Other Equity		**38,791.59**	48,993.08
Total Equity	**(B)**	**39,739.56**	49,941.05
Net Debt to Equity Ratio	**(A) / (B) X 100**	**97.44%**	44.15%

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 year ended March 31, 2020 and March 31, 2019.

2.54. LEASES

Effective 1st April, 2019, the Group has adopted Ind AS 116 " Leases " and applied the standard to all lease contracts existing as on that date using the modified retrospective method, wherein the Right of Use asset was created with corresponding lease liability. Accordingly, the comparatives have not been retrospectively adjusted.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Movement of Lease Liability

₹ Lakhs

Particulars	31-3-2020
Opening Balance	**1.09**
Additions during the year	**2,732.28**
Repayments during the year	**199.89**
Closing Balance	**2,533.48**
Current	**246.02**
Non-Current	**2,287.46**

Maturity Analysis	
Within one year	**246.02**
1 - 5 years	**1,526.13**
More than five years	**761.33**

Effective Interest rate for the Lease Liabilities is **10.50%**

The following are the amounts recognised in the Statement of Profit and Loss :

₹ Lakhs

Particulars	2019-20
Depreciation expense of Right of Use Assets	**414.80**
Interest Expense on Lease Liabilities	**278.06**
Expense relating to Short Term Lease Liabilities	**906.98**
Expense relating to Lease of Low Value Assets	**27.42**
Income from Right of Use	**2.49**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.55. INTEREST IN OTHER ENTITIES

The subsidiaries considered in the consolidated financial statements are set out below :

S. No.	Name of the entity	Country of Incorpo-ration	Percentage of Ownership		Nature of Relationship	Method of Con-solidation	Principal activities
			As at 31-3-2020	As at 31-3-2019			
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%**	100%	Subsidiary	Line by Line	
4	Pricol Wiping Systems India Limited #	India	**100%**	100%	Subsidiary	Line by Line	
5	Pricol do Brasil Componentes Automotivos LtdA #	Brazil	—	100%	Subsidiary of Pricol Espana S.L. (upto 11-Feb- 2020)	Line by Line	
6	Pricol Wiping Systems Mexico S.A. de C.V., #	Mexico	—	100%	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%**	100%	Sudsidiary of Pricol Espana S.L.	Line by Line	

Refer to Note No. 2.42

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.56. ADDITIONAL INFORMATION PURSUANT TO SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTITIES CONSOLIDATED AS SUBSIDIARIES

For the Financial year 2019-20

Sl. 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	112.26	44,614.57	169.50	16,738.38	38.58	191.97	180.53	16,930.35
	Subsidiaries - Indian								
1	Pricol Wiping Systems India Limited	2.19	870.49	(2.22)	(218.88)	0.25	1.24	(2.32)	(217.64)
	Subsidiaries - Foreign								
1	PT Pricol Surya Indonesia	4.14	1,644.48	0.08	8.86	(13.73)	(68.34)	(0.63)	(59.48)
2	Pricol Espana S.L.	0.17	66.74	(9.20)	(908.42)	114.66	570.58	(3.60)	(337.84)
3	Pricol Asia Pte. Limited	(10.78)	(4,284.61)	(195.06)	(19,263.03)	36.94	183.83	(203.45)	(19,079.20)
	Stepdown Subsidiaries - Foreign								
1	PT Sripri Wiring Systems	0.08	30.57	0.18	17.82	—	—	0.19	17.82
2	Pricol do Brasil Componentes Automotivos LtdA	—	—	(16.55)	(1,634.59)	—	—	(17.43)	(1,634.59)
3	Pricol Wiping Systems Mexico S.A. de C.V.,	—	—	(36.11)	(3,566.46)	—	—	(38.03)	(3,566.46)
4	Pricol Wiping Systems Czech s.r.o.	(8.06)	(3,202.68)	(10.62)	(1,049.11)	(76.70)	(381.66)	(15.26)	(1,430.77)
	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.,)

ADDITIONAL INFORMATION PURSUANT TO SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTITIES CONSOLIDATED AS SUBSIDIARIES (Contd.,)

For the Financial year 2018-19

Sl. 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	129.56	64,705.09	122.03	21,215.50	2.11	31.08	133.51	21,246.58
	Subsidiaries - Indian								
1	Pricol Wiping Systems India Limited	1.63	812.43	(2.66)	(462.04)	0.09	1.34	(2.89)	(460.70)
	Subsidiaries - Foreign								
1	PT Pricol Surya Indonesia	4.26	2,128.49	(1.61)	(279.79)	6.06	89.25	(1.20)	(190.54)
2	Pricol Espana S.L.	(27.08)	(13,523.87)	(8.17)	(1,420.27)	(34.23)	(503.98)	(12.09)	(1,924.25)
3	Pricol Asia Pte. Limited	(0.47)	(234.13)	(119.87)	(20,840.70)	8.33	122.60	(130.19)	(20,718.10)
	Stepdown Subsidiaries - Foreign								
1	PT Sripri Wiring Systems	(1.26)	(631.65)	(0.88)	(153.18)	—	—	(0.96)	(153.18)
2	Pricol do Brasil Componentes Automotivos LtdA	(12.11)	(6,045.91)	(40.13)	(6,976.20)	97.00	1,428.10	(34.86)	(5,548.10)
3	Pricol Wiping Systems Mexico S.A. de C.V.,	9.98	4,982.91	(5.95)	(1,035.32)	4.66	68.55	(6.08)	(966.77)
4	Pricol Wiping Systems Czech s.r.o.	(4.51)	(2,252.31)	(42.76)	(7,434.00)	15.98	235.32	(45.24)	(7,198.68)
	TOTAL	100.00	49,941.05	(100.00)	(17,386.00)	100.00	1,472.26	(100.00)	(15,913.74)

2.57. SIGNIFICANT MATTERS STATED IN THE FINANCIAL STATEMENT OF SUBSIDIARIES

The Component Auditors of Pricol Wiping Systems India Limited, has given a modified / qualified opinion with respect to valuation of inventories. The relevant note is reproduced below :

The Company's carrying value of Finished Goods (FG) and Work-in-Progress (WIP) inventories as at 31st March 2020 is ₹ 74.62 Lakhs. The valuation of FG and WIP does not include the updated cost of raw material, cost of conversion of inventories directly related to the production and allocation of fixed and variable production overheads that are incurred in converting raw materials into FG and WIP. This constitutes a departure from the Indian Accounting Standard – 2 "Inventories" which could potentially result in misstatements in the Company's consumption and inventory balances.

The subsidiary is not material to the group and the above qualification would not have a material impact on the consolidated financial statements of the Group.

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 Other Comprehensive Income) of ₹ 323.73 Lakhs during the year ended 31st March 2020, and as on that date, the Company's current liabilities exceeds its current assets by ₹ 1,212.07 Lakhs. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

b. PRICOL ESPANA S.L. SPAIN

The Company has a negative equity of EURO 8.10 Million as of 31st March 2020, for which reason, it would be an event of dissolution as per Article 363 of the 'Consolidated Text of the Capital Companies Law'. On June 2020, the sole partner decided to transform a Loan of EURO 13.95 Million into a participative loan. In accordance with the current regulations, when assessing the possible cause of dissolution, participative loans are understood as an integral part of the company's own funds, thereby avoiding the legal cause of dissolution.

c. PRICOL WIPING SYSTEMS CZECH s.r.o, CZECH REPUBLIC

The auditors of Pricol Espana, in their audit report has described the situation of the investment in the subsidiary, Pricol Wiping Systems Czech, presenting negative equity. As of 31st March 2020, Pricol Espana has not recorded any impairment on the investment, pending the viability plan that allows the company to balance its networth, which indicates the existence of a material uncertainty that may raise significant doubts about the capacity of the company to continue as a going concern given the impact of such investment on its assets.

d. PT SRIPRI WIRING SYSTEMS, INDONESIA

The financial statements show an equity deficiency amounting to IDR 1,60,678.02 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.

In relation to the above subsidiaries, the parent company is evaluating various options and alternatives for revival of business including disposal of certain subsidiaries. Further, the parent / ultimate holding company assured the subsidiaries for continued financial support.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.59. The outbreak of Covid-19 pandemic is causing significant disturbance and slowdown of economic activities globally which has resulted in significant reduction in economic activities and also the business operations of the Group in terms of sales and production. As per current assessment there is no significant impact on carrying amounts of inventories, trade receivables, investments and other financial assets except to the extent for which impairment loss has been provided for. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of the consolidated financial statements.

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

2.61. As explained in Note No. 2.42, the figures of current year are strictly not comparable with those of previous year.

2.62. All figures are in Lakhs unless otherwise stated.

2.63. EVENTS OCCURING AFTER THE BALANCE SHEET DATE :

The Board of Directors at its meeting held on 29th July 2020 have approved the disposal of its Wholly Owned Subsidiary Pricol Espana along with its subsidiary PWS Czech for a consideration of Euro 50,000 net of all liabilities taken over by the buyer. The draft Share Purchase Agreement for the said disposal has been approved by the Board. No adjustment is considered necessary in the consolidated financial statements in relation to the disposal of the subsidiary for the year ended 31st March 2020.

2.64. RELATED PARTY DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 24

(i) Names of related parties and description of relationship:

Related parties where significant influence exists and with whom transactions have taken place during the year :

(a)	**Partnership firms under common control**	:	Bhavani Global Enterprises, Libra Industries.
(b)	**Private Companies**	:	Pricol Gourmet Private Limited, Pricol Travel Private Limited, Pricol Logistics Private Limited, VM International Pte. Limited, Infusion Hospitality Private Limited.
(c)	**Public 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.
(d)	**Trusts under common control**	:	N D Foundation, Siruthuli.
(e)	**Key Management Personnel**	:	Mrs. Vanitha Mohan - (Chairman - Executive Director) Mr. Vikram Mohan - (Managing Director - Executive Director) Mr. R. Vidhya Shankar - (Non Executive Director) Mr. Suresh Jagannathan - (Non Executive Director) Mrs. Sriya Chari - (Non Executive Director) Mr. S.K. Sundararaman - (Non Executive Director) Mr. K. Ilango - (Non Executive Director) - from 15th June 2019 Mr. P. Shanmugasundaram - (Non Executive Director) - from 15th June 2019 Mr. Balaji Chinnappan - (Chief Operating Officer - Executive Director) - from 15th June 2019 Mr. G. Soundararajan - (Non Executive Director) - upto 31st July 2019 Mr. G. Sundararaman - (President) - upto 30th April 2018

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

RELATED PARTY DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 24 (Cond.,)

ii) Related party transactions :

₹ Lakhs

Nature of Transaction	Key Management Personnel and their Relatives		Others	
	2019-20	2018-19	**2019-20**	2018-19
Transactions during the year				
Purchase / Labour Charges	**—**	—	**2,009.03**	2,668.14
Purchase of Fixed Assets	**—**	—	**862.47**	—
Sale of Fixed Assets			**1.01**	—
Sales / Job Work Charges	**—**	—	**219.41**	345.57
Receiving of Services / Reimbursement of Expenses Paid	**373.11**	257.16	**6,887.13**	7,477.91
Rendering of Services / Reimbursement of Expenses Received	**—**	—	**353.31**	323.86
Donation / CSR Expenses	**—**	—	**—**	20.00
Loans and Advances :				
Loans and advances given	**—**	—	**—**	163.98

iii) Amount outstanding as at the balance sheet date :

₹ Lakhs

Nature of Transaction	Key Management Personnel and their Relatives		Others	
	31-3-2020	31-3-2019	**31-3-2020**	31-3-2019
Trade Receivables and Other Receivables	**—**	—	**294.74**	1,096.57
Trade Payables and Other Payables	**64.11**	—	**1,206.09**	801.19

iv) During the 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 year, the holding company has taken a loan from Cholamandalam Investment and Finance Company Limited, for which the following securities were given by related parties

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
V S Srinivasan
Partner
Membership No. : 13729
Coimbatore
29th July 2020

For and on behalf of the Board

Vanitha Mohan
Chairman
(DIN : 00002168)

Vikram Mohan
Managing Director
(DIN : 00089968)

K. Ramesh
Chief Financial Officer
(ACMA No. : A9375)

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

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)	Pricol Asia Pte Limited, Singapore	Pricol Espana S.L., Spain	* Pricol Do Brasil Componentes Automotivos LtdA, Brazil (Subsidiary of Pricol Espana)	Pricol Wiping Systems Czech s.r.o, Czech Republic (Subsidiary of Pricol Espana)	* Pricol Wiping Systems Mexico S.A. de C.V., Mexico (Subsidiary of Pricol Espana)	Pricol Wiping System India Limited, India
Reporting Period	Apr - Mar	Apr - Mar	Apr - Mar	Apr - Mar	Apr - Mar	Apr - Mar	Apr - Mar	Apr - Mar
Reporting Currency	Indonesian Rupiah (IDR)	Indonesian Rupiah (IDR)	US Dollar (USD)	(EURO)	Brazilian Real (BRL)	Czech Koruna (CZK)	Mexican Peso (MXN)	Indian Rupee (INR)
Exchange Rate for 1 reporting currency as on 31st March 2020 (INR)	0.00461	0.00461	75.2371	83.205	17.615	3.045	4.058	N.A.
Share Capital	4,119.90	325.38	188.09	31,369.03	—	0.30	—	850.00
Reserves and Surplus	(1,876.70)	(1,066.11)	2,460.49	(37,296.21)	—	(3,176.21)	—	(243.73)
Total Assets	5,211.32	196.39	8,021.30	5,876.23	—	11,586.27	—	2,612.09
Total Liabilities	5,211.32	196.39	8,021.30	5,876.23	—	11,586.27	—	2,612.09
Investments	5.10	—	—	5,779.22	—	—	—	—
Turnover	2,155.92	290.53	19,598.19	—	8,871.64	35,790.55	2,102.62	2,851.33
Profit / (Loss) before Tax	(248.74)	14.02	426.14	(33,928.03)	(6,845.20)	(977.33)	(1,081.01)	(323.73)
Provision for Tax	5.66	(3.80)	27.49	—	—	—	—	—
Profit / (Loss) after Tax	(254.40)	17.82	398.65	(33,928.03)	(6,845.20)	(977.33)	(1,081.01)	(323.73)
Proposed Dividend	—	—	—	—	—	—	—	—
% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%

* The said subsidiaries were sold on 11th February 2020. Refer to Note No. 2.42.

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)

K. Ramesh
Chief Financial Officer
(ACMA No. : A9375)

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

Coimbatore
29th July 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Audited Consolidated Financial Statements and our Unaudited Consolidated Financial Results on pages 112 and 105, respectively.

This Letter of Offer may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Letter of Offer. For further information, see "Forward Looking Statements" on page 14. Please also read "Business", "Industry Overview", "Financial Statements", "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Condition", and "Risk Factors" on pages 79, 65, 104, 194, and 17, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Fiscal 2020 included herein is based on the Audited Consolidated Financial Statements and the financial information included herein for the six months ended September 30, 2020 is based on the Unaudited Consolidated Financial Results, included in this Letter of Offer. For further information, see "Financial Statements" on page 104.

The Audited Consolidated Financial Statements take into account the losses of the erstwhile subsidiaries of our Company, being Pricol do Brasil Componentes Automotivos LtdA, Brazil and Pricol Wiping Systems Mexico S.A. de CV, Mexico which were disposed of with effect from February 11, 2020. Accordingly, the Unaudited Consolidated Financial Results do not take into account the profit / losses of these erstwhile subsidiaries. In addition, the Unaudited Consolidated Financial Results take into account the profit from the disposal of Pricol Espana Sociedad Limiteda, Spain, and its step-down subsidiary Pricol Wiping Systems Czech s.r.o., Czech Republic, which were disposed of by our Company with effect from August 21, 2020. In light of this, the financial information in the Audited Consolidated Financial Statements is not strictly comparable to the financial information in the Unaudited Consolidated Financial Results.

In this section, unless otherwise indicated or the context requires, a reference to "our Company" is a reference to Pricol Limited on a standalone basis, while any reference to "the Company and its Subsidiaries" is a reference to Pricol Limited and its Subsidiaries.

Unless otherwise indicated, all industry and market data used in this section has been derived from the CARE Report. None of our Company, the Lead Manager or any of their affiliates or advisors, or any other person connected with the Issue has independently verified such information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CARE Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For further information, see "Industry Overview" on page 65.

OVERVIEW

We are one of the leading manufacturers of automotive components in India, catering primarily to automotive OEMs, both domestically and overseas. We manufacture a wide range of technology-intensive electronic and mechanical automotive products. These have applications across vehicle segments, including for two-wheelers, three-wheelers, four-wheeler passenger vehicles, light commercial vehicles, heavy commercial vehicles, and tractors. We also cater to the construction equipment segment in the global market.

We have a diversified product portfolio, which is spread across three major verticals. These include:

i) **Driver information systems:** Under this vertical we manufacture and design products including instrument clusters (both analog and digital) which indicate data such as vehicle speed, fuel level, and coolant temperature; speedometers to indicate vehicle speed; and pressure gauges to indicate the pressure of oil in the engine. Our share in the market for driver information systems for two-wheelers in India is currently 38.50%, while our share in the market for driver information systems for commercial vehicles in India is 48.90% (*Source: CARE Report*).

ii) **Pumps and mechanical products:** Under this vertical we manufacture and design products including fuel pump modules which ensures the delivery of the requisite amount of fuel with specified pressure to the injector; oil pumps to provide oil lubrication to engine parts at the required pressure and delivering sufficient flow; and chain tensioners which ensure the maintenance of tension by exerting force through the rubber pad of the chain guide provided in between the chain tensioner and the cam chain. Our share in the market for oil pumps for two-wheelers in India is currently 37.90% (*Source: CARE Report*).

iii) **Switches and sensors:** This involves the manufacture and design of products including fuel level sensors to measure the fuel level in the tank; speed sensors to measure vehicle speed; and temperature switches, which are signal sender devices which alert when the temperature ranges beyond the safe working limit. Our share in the market for fuel sensors for two-wheelers in India is currently 25.90% (*Source: CARE Report*).

Through our Subsidiary, Pricol Wiping Systems India Limited, we also design and manufacture wiping systems, including wiper sets and wiper motors.

We have established seven manufacturing facilities spread across five states in India and two manufacturing facilities owned and operated by our Subsidiaries, PT Pricol Surya Indonesia and PT Sripri Wiring Systems, in Indonesia. For further details, see " *Business – Our Manufacturing Facilities*" on page 92. Our manufacturing facilities have a high degree of backward integration. We employ an extensive and stringent quality control mechanism at each stage of the manufacturing process in these facilities to ensure that our finished product conforms to the exact requirement of our customers. All of our manufacturing facilities in India and Indonesia conform to the requirements of the IATF 16949 standard.

We have built strong and long-standing relationships with our customers by aligning our offerings with their business needs. We have followed a deliberate strategy, by way of which, we have gradually expanded our manufacturing presence across India following our customers' manufacturing footprint. Our manufacturing facilities are located in key auto-clusters in the northern, southern, and western parts of India, which ensures that these facilities are in close proximity to the plants of our OEM customers. While this allows us to optimise delivery to our customers, the proximity of our manufacturing facilities to those of our OEM customers also facilitates greater interaction with our customers, thereby enabling us to respond to their requirements in a timely manner. We believe that our proximity to our key customers has played a strong role in building and strengthening our relationship with such customers over time. In recognition of our efficient services and products, we have received several awards and recognitions from our customers such as an award in 2019 at the annual supplier conference of a leading manufacturer and supplier of heavy construction machines and a certificate of appreciation in recognition of our performance in supply excellence from a leading commercial vehicle manufacturer. Our strong, long-standing relationship with our major customers has been one of the most significant factors contributing to our growth.

Further, through two research and development centres located in Coimbatore, which are registered with the DSIR, we undertake our research, design and development activities. We have been able to diversify our product range mainly due to our technological capabilities and our design and development, which we benefit from. We are able to provide novel solutions to our customers, since our design and development team works in conjunction with our sales and marketing team to understand our customers' needs and develop solutions suited to their requirements.

Our revenue from operations for the six months ended September 30, 2020 and Fiscal 2020 was ₹ 48,259.62 lakhs and ₹ 1,53,853.20 lakhs, respectively. Our profit / (loss) for the period for the six months ended September 30, 2020 and Fiscal 2020 was ₹ 1,866.63 lakhs and ₹ (9,875.43) lakhs, respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review, and may continue to affect our results of operations and financial condition in the future:

Macro-economic factors affecting the automotive manufacturing industry

We primarily derive our revenue from the manufacture and supply of components for automotive OEMs. These include manufacturers across vehicle segments, including for two-wheelers, three-wheelers, four-wheeler passenger vehicles, light commercial vehicles, heavy commercial vehicles, and tractors. As a result, the demand for the products and services of these automotive OEMs has an impact on us as well. We are particularly affected by factors impacting the two-wheeler market, which contributes to 69.15% and 70.51% of the revenue from operations of our Company, for the six months ended September 30, 2020 and Fiscal 2020, respectively. The quantum of demand for automotive components depends on conditions in the automotive industry in our target markets which, in turn, depend largely on general macro-economic conditions in these markets.

Some of the general macro-economic factors that can affect the demand for the products of our automotive OEM customers include:

- general levels of GDP growth in a country or region, and growth in personal disposable income in that country or region;
- global and local economic or fiscal crises / instability;
- regulatory developments such as involuntary phasing out of older vehicles, move towards electrification, changes in pollution norms, etc.;
- global oil prices, which impacts the automotive industry and subsequently the components industry, both globally and in India;
- global and local fiscal and monetary dynamics, such as rises or falls in interest rates (resulting in greater or lesser ability by customers to borrow money, including for auto purchases), foreign exchange rates and inflation rates;
- demographic conditions and population dynamics, such as the absolute size of a market and the growth rates of the population in that market; and
- economic development and shifting of wealth in India, in particular growth in the middle class, rural areas, and the agricultural sector, which is highly dependent on the outcome of the monsoons.

Stronger macro-economic indicators tend to correlate with higher demand for automotive vehicles, while weaker macro-economic indicators tend to correlate with lower demand for automotive vehicles.

The cyclical nature of general macro-economic conditions and, therefore, of the demand in the automotive industry means that our results of operations may vary substantially from period to period. We expect that these macro-economic factors and conditions in the automotive industry, particularly changes in consumer confidence, employment levels, fuel prices, consumer spending on passenger vehicles, urbanisation, government policies and interest rates, will continue to be the most important factor affecting our revenues and results of operations. Other factors, such as our competitiveness, quality and pricing, have an effect on our market share and our ability to win customers in competitive situations, but the overall direction of the automotive industry tends to have a more pronounced effect on our revenues and results of operations.

Purchasing behaviour of major customers

We depend on a limited number of major customers for a significant portion of our revenues. In Fiscal 2020, our Company's top five customers contributed 64.67% of our revenue from operations. Demand from such key customers has a significant impact on our results of operations and financial condition and our sales are particularly affected by their inventory and production levels. We are not in a position to predict when our key customers will decide to either increase or reduce inventory levels which may have an impact on us. We may experience reduction in cash flows and liquidity if we lose one or more of our key customers or if the amount of business from them is reduced for any reason.

We typically have short term purchase orders and do not ordinarily enter into firm-commitment, long term supply agreements with our customers. The purchase orders specify prices and quantities for the products. However, the delivery of the products ordered is based on delivery schedules that are independently negotiated with customers which are, in turn, affected by the customers' own demand and supply situation. Although our customers provide us with forecasts of annual business volumes, which enable us to predict our income for a portion of our business, the actual orders are only placed by way of on-going purchase orders and delivery schedules. Our customers do not provide a firm commitment for any specific product quantity and purchase orders may be amended or cancelled prior to finalisation. Uncertainty regarding inventory levels may be exacerbated by favourable consumer financing programs initiated by manufacturers which may accelerate sales that would otherwise occur in future periods. This may result in variability in our sales.

Actual production volumes may vary from these estimates due to variations in consumer demand for the related vehicles leading to underutilized capacity or incurring additional expenditure to deploy additional resources to meet delivery timelines.

OEMs and suppliers are continuing to implement various cost-cutting strategies, which include the restructuring of operations, relocation of production facilities to low-cost regions, vendor rationalisation and sourcing on a global basis. We believe that our operations in India, our strong relationships with many of our customers and our ability to produce diverse range of products across a number of geographies will allow us to take advantage of such cost-cutting strategies.

Raw material and operating costs

Operating costs and maintaining efficiencies is critical to our competitiveness and profitability. Our profitability is partially dependent on our ability to spread fixed production costs over higher production volumes. In addition, we face substantial pressure from our principal customers to reduce prices, and in order to maintain our profitability, we must be able to reduce our operating expenses. We continually undertake efforts to reduce our costs in order to protect our margins, such as sourcing from low-cost suppliers, negotiating volume discounts, outsourcing non-critical processes, reducing energy usage and rationalizing our manpower. For further details, see "*Business — Our key strategies — Ensure efficiency and cost optimisation and enhance innovation and design capabilities*" on page 85 of this Letter of Offer. Our ability to reduce our operating costs in line with customer pressure is subject to risks and uncertainties, as our costs depend, in part, on external factors beyond our control.

In addition, raw material costs (consisting of the costs of materials consumed, purchases of stock-in-trade and changes in inventories of finished goods, stock-in-trade and work-in-progress) constitute the most significant portion of our expenses, representing 67.71% and 69.42% of revenue from operations in the six months ended September 30, 2020 and Fiscal 2020, respectively.The essential raw materials used by our facilities for manufacturing our products are copper wires, distaloy AB, iron powders, ADC 12, PMMA, PBT, duracon, polycarbonate sheet, AES, ABS and TFPP. Prices for these raw materials can be volatile and depend on commodity prices in the markets, which, in turn, depend on changes in global economic conditions, industry cycles, supply-and-demand dynamics, attempts by individual producers to capture market share, and market speculation, among other factors. In addition to market fluctuations, our raw material prices can be affected by contractual arrangements and hedging strategies, if any.

Further, an increase in raw material prices may result in increased prices for our customers' products, which may in turn result in decreased demand for their products and, consequently, the components that we supply for their products.

Impact of the COVID-19 pandemic

In late 2019, the recent coronavirus disease ("**COVID-19**"), was first reported in Wuhan, China. On January 30, 2020, the World Health Organisation declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020 it was declared a pandemic. Between January 30, 2020 and the date of this Letter of Offer, the COVID-19 pandemic has spread to many other countries, with the number of reported cases and related deaths increasing daily and, in many countries, exponentially. India has emerged as one of the countries with highest confirmed cases of infection. The pandemic outbreak has resulted in a global economic downturn, including closures of businesses and reduced consumer spending, as well as significant market disruption and volatility.

However, due to the COVID 19 pandemic, and the consequential lockdown measures implemented, operations at all of our manufacturing facilities were suspended. This resulted in a decrease in demand for our products particularly during the months of March, April and May 2020 on account of the nationwide lockdown and other government restrictions imposed. We also experienced supply chain disruptions as well as delays in orders and payments. A significant percentage of our workforce was also unable to work, including because of travel or government restrictions in connection with COVID-19. Further, we were required to implement additional safety measures, such as, regular temperature checks, regular sanitization, and compulsory use of masks and hand sanitization, and resumed manufacturing operations with limited workforce. Accordingly, our results of operations were negatively impacted during the six months ended September 30, 2020. Our revenue from operations in the six months ended September 30, 2020 was ₹ 48,259.62 lakhs compared with ₹ 62,919.27 lakhs in the six months ended September 30, 2019.

With the easing of the lockdown in May 2020, we restarted manufacturing operations at our manufacturing facilities partially and by June 2020, we commenced regular production based on customer needs. In addition, we have adopted cost control measures aimed at monitoring fixed costs, improving productivity and rationalizing employee cost. We continue to closely monitor the impact that COVID-19 may have on our business and results of operations. Adverse effects of the COVID-19 pandemic may also significantly increase the effect of the aforementioned factors affecting our results of operations. While the overall sentiment in the market continues to remain uncertain in Fiscal 2021 due to COVID-19, we remain focused on our manufacturing activity and the development of new products.

Also, see "*Risk Factors – The COVID-19 pandemic and resulting deterioration of general economic conditions has adversely impacted our business and results of operations and the extent to which it will continue to do so will depend on future developments, which are difficult to predict*." on page 17.

Expansion in product portfolio

We have, over time, expanded our portfolio of products to include a multitude of automotive components across three major product verticals. We plan to leverage current trends in the automotive sector such as increasing focus on safety, security, fuel efficiency, comfort, customisation, entertainment and communication to develop products that meet our OEM customers' requirements in these areas. In addition, through our dedicated design and development team, we are working closely with our customers and to understand their specific requirements and offering them novel, innovative solutions.

The success of our design and development efforts and the products created depends on our management's ability to identify high growth potential opportunities and utilise our resources to develop these opportunities, which could have a significant impact on our results of operations.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 in to 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;

- 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.

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".

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.

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
- 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 derecognises 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 unrealised gains on transactions between group companies are eliminated. Unrealised 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	100%
Pricol Espana S.L.	Spain	100%
Pricol Wiping Systems India Limited	India	100%
PT Sripri Wiring Systems (Subsidiary of PT Pricol Surya Indonesia)	Indonesia	100%
Pricol Wiping Systems Czech s.r.o. (Subsidiary of Pricol Espana S.L)	Czech Republic	100%
Pricol do Brasil Componentes Automotivos LtdA (Subsidiary of Pricol Espana S.L) - till date of loss of control	Brazil	100%
Pricol Wiping Systems Mexico S.A. de C.V., (Subsidiary of Pricol Espana S.L) - till date of loss of control	Mexico	100%

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 decimal.

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. Nonmonetary 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.

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.

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. Are fund 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.

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 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 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
Buildings	20 to 30 years
Improvement to Leasehold Buildings	Useful life or lease period whichever is lower
Plant & Equipments	7.5 to 8 years
Furniture & Fixtures	10 years
Vehicles	8 years

Class of Assets	Useful Lives
Office Equipments	4 to 5 years
Dies, Tools and Moulds	3 years
- Computer Equipments - Servers and Networks	6 years
- End User Devices	3 years
Spares	1 to 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 PPE 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

Investment property:

Investment property is a property 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.

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

Class of Assets	Useful Lives
Buildings	30 Years

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 15 Years (Based on a Amalgamation	15 Years (Based on a technical evaluation)
Goodwill	15 Years

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 noncontrolling 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 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.

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.

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 asse has increased significantly since initial recognition.

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, 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 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;

- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or

- 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.

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 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 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 instruments 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 instruments 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 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 derecognition 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 'passthrough' 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 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.

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.

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.

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 postemployment 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 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.

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.

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

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.

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.

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 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.

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 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.

Inventories:

Inventories are valued at lower of cost and estimated net realisable 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.

Leases :

Adoption of new Standard IND AS 116 with effect from 1st April 2019

a. The Group as a lessee:

The Group's lease asset classes primarily consist of leases for land and buildings. 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 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 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 recognised 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 valuein-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.

Upto 31.3.2019:

Assets acquired under lease where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalised at the inception of the lease at lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate from the lessor's expected inflationary cost increase.

Transition:

Effective 1st April,2019, the Group has adopted Ind AS 116 "Leases" for all long term lease contracts existing as on 1st April 2019 using the modified retrospective method. Consequently, the Group recorded the lease liability at the present value of lease payments discounted at the incremental borrowing rate and right of use asset at its carrying amount at the date of its initial application. Comparatives presented have not been retrospectively adjusted.

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 contact is classified as finance lease. All other leases are classified as operating lease. The Application of IND AS 116 did not have any implication as a Lessor.

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 incase 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.

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 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, 2020 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 are 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 assumption 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 accounting pronouncements on Standards Issued or modified:

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS. Some of the important amendments relate to:

- Ind AS-1, Presentation of Financial Statements and Ind AS-8, Accounting Policies, Changes in Accounting Estimates and Error: Refined the definition of term 'material' and related clarifications. Consequential amendments to other standards have been made based on the refined definition of material in IndAS-10, Events after the Reporting Period, Ind AS-34,Interim Financial Reporting and Ind AS-37,Provisions, Contingent liabilities and Contingent Assets.

- Ind AS-103, Business Combinations: Revised definition of a 'business' and introduction of an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business

- Ind AS-109, Financial Instruments: Modification to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the Interest Rate Benchmark Reform (IBOR).

- Ind AS-116, Leases: Practical expedient which permits lessees not to account for COVID-19 related rent concessions as a lease modification.

The amendments are effective from annual reporting periods beginning on or after 1 April 2020. However, with respect to Ind AS 116, in case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after 1 April 2019.

The Group is in the process of evaluating the impact on the adoption of these standards.

For further information, see "*Financial Statements*" on page 104.

PRINCIPAL COMPONENTS OF INCOME AND EXPENSES

Income

Our total income comprises (i) revenue from operations, (ii) other operating revenue, and (ii) other income.

Revenue from operations

Revenue from operations comprises the sale of products and services which includes (i) domestic; (ii) export; (iii) traded goods; and (iv) service income.

Other operating revenue

Other operating revenue comprises (i) sale of land held as stock-in-trade; (ii) export incentives; and (iii) sale of traded goods – others.

Other income

Other income includes (i) interest income, including from banks, from other financial assets carried at amortised cost, and on income tax refund; (ii) gain on fair valuation of investment at fair value through P&L; (iii) lease rental receipts; (iv) profit on sale of property, plant and equipment (net); (v) miscellaneous income; (vi) excess provision no longer required written back (excess provision no longer required written back during the current year includes reversal in respect of provision for disputed indirect tax cases settled under "Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019"); and (vii) expected credit loss written back.

Expenses

Our total expenses comprise (i) cost of materials consumed; (ii) purchases of stock-in-trade; (iii) changes in inventories of finished goods, stock-in-trade and work-in-progress; (iv) exployee benefits expense; (v) finance costs; (vi) depreciation and amortisation expense; and (vii) other expenses.

Costs of materials consumed

Costs of materials consumed comprises material consumed such as copper wires, distaloy AB, iron powders, ADC 12, PMMA, PBT, duracon, polycarbonate sheet, AES, ABS and TFPP.

Purchases of stock-in-trade

Purchases of stock in trade comprises fuel, traded goods, and accessories, including vehicle security systems, car cameras, mobile chargers, music players, speakers for car, etc.

Changes in inventories of finished goods, stock-in-trade and work-in-progress

Changes in inventories of finished goods, stock-in-trade and work-in-progress comprises changes in the position of (i) work-in progress; (ii) finished goods; (iii) traded goods; and (iv) land-stock-in-trade.

Employee benefits expense

Employee benefits expense comprises (i) pay, allowances and bonus; (ii) contribution to provident and other funds; and (iii) welfare expenses.

Finance costs

Finance costs comprise (i) interest on borrowings (net); (ii) other borrowing costs; (iii) interest on lease obligations; and (iv) unwinding of interest on financial instruments.

Depreciation and amortisation expense

Depreciation and amortisation expense comprises (i) depreciation; and (ii) amortisation of intangibles reduced by the depreciation and amortisation pertaining to disposal group.

Other expenses

Other expenses include, among others (i) power and utilities (net); (ii) stores and spares consumed; (iii) repairs and maintenance on machinery, building, and others; (iv) selling expenses; (v) postage and telephone; (vi) lease expenses; (vii) rates, taxes, and license; (viii) travelling and conveyance; (ix) freight and forwarding; (x) insurance; and (x) warranty claims.

RESULTS OF OPERATIONS

SIX MONTHS ENDED SEPTEMBER 30, 2020 COMPARED WTH THE SIX MONTHS ENDED SEPTEMBER 30, 2019

Our consolidated financial results for the six months ended September 30, 2020 and 2019, included in the table and the discussion below is derived from our unaudited consolidated financial results as of and for the six months ended September 30, 2020. Our financial information for September 30, 2019 included in our unaudited consolidated financial results as of and for the six months ended September 30, 2020 was extracted from our unaudited consolidated financial results as of and for the six months ended September 30, 2019 and then regrouped / reclassified wherever necessary (to conform to the classification made for the six months ended September 30, 2020).

The following table sets forth certain information relating to our results of operations for the six months ended September 30, 2020 and six months ended September 30, 2019:

Particulars	Six months ended September 30		Change (%)
	2020 (₹ in lakhs)	2019 (₹ in lakhs)	
Income			
Revenue from Operations	48,259.62	62,919.27	(23.30)
Other Operating Revenue	2,209.80	3,214.54	(31.26)
Other Income	635.29	253.81	150.30
Total Income	51,104.71	66,387.62	(23.02)
Expenses			
Cost of Materials Consumed	31,953.73	40,911.77	(21.90)
Purchases of stock-in-trade	2,215.54	3,529.82	(37.23)
Changes in inventories of Finished goods, Stock-in-trade and Work-in-progress	1.70	1,470.25	(99.88)
Employee Benefits Expense	6,837.27	8,723.67	(21.62)
Finance Costs	2,148.14	1,441.41	49.03
Depreciation and Amortization Expense	4,774.96	4,771.93	0.06
Other Expenses	4,152.27	7,230.33	(42.57)
Total Expenses	52,083.61	68,079.18	(23.50)
Profit / (Loss) before exceptional items and tax	(978.90)	(1,691.56)	42.13
Exceptional Items (Net)			
Profit / (Loss) before tax from continuing operations	(978.90)	(1,691.56)	42.13
Tax Expense			
Current Tax	81.98	27.33	199.96
Deferred Tax	(373.02)	12.14	(3,172.65)
MAT Credit			
For Earlier years	12.36	-	100.00
Profit / (Loss) for the period from continuing operations	(700.22)	(1,731.03)	59.55
Discontinued operations			
Profit / (Loss) for the period from discontinued operations before tax	2,566.85	(6,849.88)	137.47
Tax expense of discontinued operations			
Profit / (Loss) for the period from discontinued operations	2,566.85	(6,849.88)	137.47
Profit / (Loss) for the period	1,866.63	(8,580.91)	121.75
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	162.30	25.80	529.07
Income tax relating to Items that will not be reclassified to profit or loss	(56.71)	(9.02)	528.71
Items that will be reclassified to profit or loss	46.11	566.53	(91.86)

Particulars	Six months ended September 30		Change (%)
	2020 (₹ in lakhs)	2019 (₹ in lakhs)	
Other comprehensive income for the period after tax	151.70	583.31	(73.99)
Total comprehensive income for the period	2,018.33	(7,997.60)	125.24

Income

Total income decreased by ₹ 15,282.91 lakh or by 23.02%, from ₹ 66,387.62 lakh for the six months ended September 30, 2019 to ₹ 51,104.71 lakh for the six months ended September 30, 2020, for the reasons discussed below.

Revenue from operations

Revenue from operations decreased by ₹ 14,659.65 lakh or by 23.30%, from ₹ 62,919.27 lakh for the six months ended September 30, 2019 to ₹ 48,259.62 lakh for the six months ended September 30, 2020, primarily due to lower revenue resulting from the impact on operations on account of COVID-19.

Other operating revenue

Other operating revenue decreased by ₹ 1,004.74 lakh or by 31.26%, from ₹ 3,214.54 lakh for the six months ended September 30, 2019 to ₹ 2,209.80 lakh for the six months ended September 30, 2020, primarily due to lower revenue resulting from the impact on operations on account of COVID-19.

Other income

Other income increased by ₹ 381.48 lakh or by 150.30%, from ₹ 253.81 lakh for the six months ended September 30, 2019 to ₹ 635.29 lakh for the six months ended September 30, 2020, primarily due to the receipt of interest income on refund of income tax.

Expenses

Total expenses decreased by ₹ 15,995.57 lakh or by 23.50%, from ₹ 68,079.18 lakh for the six months ended September 30, 2019 to ₹ 52,083.61 lakh for the six months ended September 30, 2020, primarily due to a decrease in cost of materials consumed, purchases of stock-in-trade, employee benefit expenses, changes in inventories of finished goods, stock-in-trade and work-in-progress, employee benefits expense, and other expenses. These reductions in expenses were partially offset by an increase in finance costs and depreciation and amortisation expense.

Cost of materials consumed

Cost of materials consumed decreased by ₹ 8,958.04 lakh or by 21.89%, from ₹ 40,911.77 lakh for the six months ended September 30, 2019 to ₹ 31,953.73 lakh for the six months ended September 30, 2020 due to lower sales resulting from the impact on operations on account of COVID-19.

Purchases of stock-in-trade

Purchases of stock-in-trade decreased by ₹ 1,314.28 lakh or by 37.23%, from ₹ 3,529.82 lakh for the six months ended September 30, 2019 to ₹ 2,215.54 lakh for the six months ended September 30, 2020 due to lower sales resulting from the impact on operations on account of COVID-19.

Changes in inventories of finished goods, stock-in-trade and work-in-progress

Changes in inventories of finished goods, stock-in-trade and work-in-progress significantly decreased by ₹ 1,468.55 lakh or by 99.88%, from ₹ 1,470.25 lakh for the six months ended September 30, 2019 to ₹ 1.70 lakh for the six months ended September 30, 2020 on account of depletion of stock accumulated before lock down, which was sold after our Company commenced productions subsequent to the lifting of lockdown restrictions.

Employee benefits expense

Employee benefits expense decreased by ₹ 1,886.40 lakh or by 21.62%, from ₹ 8,723.67 lakh for the six months ended September 30, 2019 to ₹ 6,837.27 lakh for the six months ended September 30, 2020 on account of COVID-19. This was primarily due to the reduction of temporary manpower at our manufacturing facilities due to shutdown of operations at such facilities in the months of April and May and reduced number of working days in June.

Finance costs

Finance costs increased by ₹ 706.73 lakh or by 49.03%, from ₹ 1,441.41 lakh for the six months ended September 30, 2019 to ₹ 2,148.14 lakh for the six months ended September 30, 2020 on account of increase in borrowings.

Depreciation and amortisation expense

Depreciation and amortisation expense increased marginally by ₹ 3.03 lakh or by 0.06%, from ₹ 4,771.93 lakh for the six months ended September 30, 2019 to ₹ 4,774.96 lakh for the six months ended September 30, 2020 on account of limited additions to fixed assets during this period and the consequent depreciation on such additions.

Other expenses

Other expenses decreased by ₹ 3,078.06 lakh or by 42.57%, from ₹ 7,230.33 lakh for the six months ended September 30, 2019 to ₹ 4,152.27 lakh for the six months ended September 30, 2020 on account of lower sales.

Profit / (loss) before exceptional items and tax

For the reasons discussed above, our loss before exceptional items and tax decreased by ₹ 712.66 lakh or by 42.13%, from ₹ (1,691.56) lakh for the six months ended September 30, 2019 to ₹ (978.90) lakh for the six months ended September 30, 2020.

Exceptional items (net)

There were no exceptional items (net) for the six months ended September 30, 2019 and the six months ended September 30, 2020.

Profit / (loss) before tax from continuing operations

For the reasons discussed above, our loss before tax from continuing operations decreased by ₹ 712.66 lakh or by 42.13%, from ₹ (1,691.56) lakh for the six months ended September 30, 2019 to ₹ (978.90) lakh for the six months ended September 30, 2020.

Tax expense

Current tax expenses increased by ₹ 54.65 lakh or by 199.96%, from ₹ 27.33 lakh for the six months ended September 30, 2019 to ₹ 81.98 lakh for the six months ended September 30, 2020. Deferred tax expenses significantly decreased by ₹ 385.16 lakh or by 3,172.65%, from ₹ 12.14 lakh for the six months ended September 30, 2019 to ₹ (373.02) lakh for the six months ended September 30, 2020. There was an adjustment of tax expense for earlier years by ₹ 12.36 lakh or by 100.00%, from nil for the six months ended September 30, 2019 to ₹ 12.36 lakh for the six months ended September 30, 2020.

Profit / (loss) for the period from continuing operations

For the reasons discussed above, our loss for the period from continuing operations decreased by ₹ 1,030.81 lakh or by 59.55%, from ₹ 1,731.03 lakh for the six months ended September 30, 2019 to ₹ 700.22 lakh for the six months ended September 30, 2020.

Profit / (loss) for the period from discontinued operations before tax

Profit for the period from discontinued operations before tax significantly increased by ₹ 9,416.73 lakh or by 137.47%, from ₹ (6,849.88) lakh for the six months ended September 30, 2019 to ₹ 2,566.85 lakh for the six months ended September 30, 2020, primarily due to the sale of Pricol Espana Sociedad Limiteda, Spain, and its step-down subsidiary Pricol Wiping Systems Czech s.r.o., Czech. Republic.

Tax expense of discontinued operations

There were no tax expenses of discontinued operations for the six months ended September 30, 2019 and the six months ended September 30, 2020.

Profit / (loss) for the period from discontinued operations

For the reasons discussed above, profit for the period from discontinued operations significantly increased by ₹ 9,416.73 lakh or by 137.47%, from ₹ (6,849.88) lakh for the six months ended September 30, 2019 to ₹ 2,566.85 lakh for the six months ended September 30, 2020.

Profit / (loss) for the period

For the various reasons discussed above, we recorded a profit of ₹ 1,866.63 lakh for the six months ended September 30, 2020 as compared to a loss ₹ (8,580.91) lakh for the six months ended September 30, 2019.

Total comprehensive income for the period

Total comprehensive income for the period (comprising profit / (loss) and other comprehensive income for the period) was ₹ 2,018.33 lakh for the six months ended September 30, 2020 as compared to ₹ (7,997.60) lakh for the six months ended September 30, 2019.

FISCAL 2020 COMPARED WITH FISCAL 2019

Our consolidated financial information for Fiscals 2020 and 2019 included in the table and the discussion below is derived from our audited consolidated financial statements as of and for Fiscal 2020. Our financial information for Fiscal 2019 included in our audited consolidated financial statements as of and for Fiscal 2020 was extracted from our audited consolidated financial statements as of and for Fiscal 2019 and then regrouped / reclassified wherever necessary (to conform to the classification made for Fiscal 2020).

The following table sets forth certain information with respect to our results of operations on a consolidated basis for Fiscals 2020 and 2019:

Particulars	**Fiscal**		**Change (%)**
	2020 (₹ in lakhs)	**2019 (₹ in lakhs)**	
Income			
Revenue from Operations	1,53,853.20	1,73,364.84	(11.25)
Other Operating Revenue	6,128.12	8,009.12	(23.49)
Other Income	1,486.46	1,252.69	18.66
Total Income	1,61,467.78	1,82,626.65	(11.59)
Expenses			
Cost of Materials Consumed	1,03,119.93	1,18,218.82	(12.77)
Purchases of stock-in-trade	6,754.95	7,999.98	(15.56)
Changes in inventories of Finished goods, Stock-in-trade and Work-in-progress	860.79	694.35	23.97
Employee Benefits Expense	22,672.76	25,087.15	(9.62)
Finance Costs	4,421.05	3,534.39	25.09
Depreciation and Amortization Expense	10,585.57	9,396.76	12.65
Other Expenses	18,083.26	26,966.48	(32.94)
Total Expenses	1,66,498.31	1,91,897.93	(13.24)
Profit / (Loss) before exceptional items and tax	(5,030.53)	(9,271.28)	45.74
Less: Exceptional Item			
Profit / (Loss) before tax from continuing operations	(5,030.53)	(9,271.28)	45.74
Less: Tax Expense			
Current Tax	54.30	232.31	(76.62)

Particulars	Fiscal		Change (%)
	2020 (₹ in lakhs)	2019 (₹ in lakhs)	
Deferred Tax	(383.65)	(20.53)	1,768.73
MAT Credit		(95.80)	(100.00)
For earlier years	(26.81)	(12.79)	109.62
Profit / (Loss) for the year from continuing operations	(4,674.37)	(9,374.47)	50.13
Discontinued operations			
Profit / (Loss) for the year from discontinued operations before tax	(5,201.06)	(8,011.53)	35.08
Less: Tax expense of discontinued operations			
Profit / (Loss) for the year from discontinued operations	(5,201.06)	(8,011.53)	35.08
Profit / (Loss) for the year	(9,875.43)	(17,386.00)	43.20
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Remeasurement of post employment benefit obligations	322.67	89.72	259.64
Income tax relating to these items	(104.42)	(26.85)	288.90
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	279.37	(87.26)	420.16
Exchange differences on translation of discontinued operations	-	1,496.65	(100.00)
Other comprehensive income for the year after tax	497.62	1,472.26	(66.20)
Total comprehensive income for the year	(9,377.81)	(15,913.74)	41.07

Income

Total income decreased by ₹ 21,158.87 lakh or by 11.59%, from ₹ 1,82,626.65 lakh in Fiscal 2019 to ₹ 1,61,467.78 lakh in Fiscal 2020, for the reasons discussed below.

Revenue from operations

Revenue from operations decreased by ₹ 19,511.64 lakh or by 11.25%, from ₹ 1,73,364.84 lakh in Fiscal 2019 to ₹ 1,53,853.20 lakh in Fiscal 2020, primarily due to the following:

- Domestic sale of products decreased by ₹ 18,068.31 lakh or by 13.66%, from ₹ 1,32,262.90 lakh in Fiscal 2019 to ₹ 1,14,194.59 lakh in Fiscal 2020.

- Export of products decreased by ₹ 2,062.86 lakh or by 5.30%, from ₹ 38,920.92 lakh in Fiscal 2019 to ₹ 36,858.06 lakh in Fiscal 2020.

- Sale of traded goods decreased by ₹ 248.75 lakh or by 13.93%, from ₹ 1,786.00 lakh in Fiscal 2019 to ₹ 1,537.25 lakh in Fiscal 2020.

This was partially offset by an increase in service income by ₹ 868.28 lakh or by 219.81%, from ₹ 395.02 lakh in Fiscal 2019 to ₹ 1,263.30 lakh in Fiscal 2020.

In terms of the disaggregation of revenue, the decrease in revenue from operations from ₹ 1,73,364.84 lakh in Fiscal 2019 to ₹ 1,53,853.20 lakh in Fiscal 2020, was a result of the following:

- Revenue from dashboard instruments decreased by ₹ 5,537.04 lakh or by 8.15%, from ₹ 67,945.89 lakh in Fiscal 2019 to ₹ 62,408.85 lakh in Fiscal 2020.

- Revenue from pumps and mechanical products decreased by ₹ 5,290.00 lakh or by 14.55%, from ₹ 36,350.00 lakh in Fiscal 2019 to ₹ 31,060.00 lakh in Fiscal 2020.

- Revenue from switches and sensors decreased by ₹ 5,090.00 lakh or by 28.52%, from ₹ 17,850.00 lakh in Fiscal 2019 to ₹ 12,760.00 lakh in Fiscal 2020.

- Revenue from others and service income decreased by ₹ 3,594.60 lakh or by 7.02%, from ₹ 51,218.95 lakh in Fiscal 2019 to ₹ 47,624.35 lakh in Fiscal 2020.

Other operating revenue

Other operating revenue decreased by ₹ 1,881.00 lakh or by 23.49%, from ₹ 8,009.12 lakh in Fiscal 2019 to ₹ 6,128.12 lakh in Fiscal 2020. This was due to (i) no sale of land held as stock-in-trade in Fiscal 2020; (ii) the decrease in export incentives by ₹ 13.18 lakh or by 11.00%, from ₹ 119.87 lakh in Fiscal 2019 to ₹ 106.69 lakh in Fiscal 2020; and (iii) the decrease of sale of traded goods – others by ₹ 684.32 lakh or by 10.20%, from ₹ 6,705.75 lakh in Fiscal 2019 to ₹ 6,021.43 lakh in Fiscal 2020.

Other income

Other income increased by ₹ 233.77 lakh or by 18.66%, from ₹ 1,252.69 lakh in Fiscal 2019 to ₹ 1,486.46 lakh in Fiscal 2020. This was due to the increase in (i) interest income from banks by ₹ 31.03 lakh or by 27.96%, from ₹ 110.98 lakh in Fiscal 2019 to ₹ 142.01 lakh in Fiscal 2020; (ii) interest income from other financial assets carried at amortised cost by ₹ 1.04 lakh or by 8.78%, from ₹ 11.85 lakh in Fiscal 2019 to ₹ 12.89 lakh in Fiscal 2020; (iii) gain on fair valuation of investments at fair value through P&L by ₹ 14.23 lakh or by 110.48%, from ₹ 12.88 lakh in Fiscal 2019 to ₹ 27.11 lakh in Fiscal 2020; (iv) lease rental receipts by ₹ 71.03 lakh or by 51.33%, from ₹ 138.39 lakh in Fiscal 2019 to ₹ 209.42 lakh in Fiscal 2020; (v) profit on sale of property, plant and equipment (net) by ₹ 8.73 lakh or by 19.72%, from ₹ 44.26 lakh in Fiscal 2019 to ₹ 52.99 lakh in Fiscal 2020; (vi) miscellaneous income by ₹ 57.87 lakh or by 13.80%, from ₹ 419.30 lakh in Fiscal 2019 to ₹ 477.17 lakh in Fiscal 2020; and (vii) excess provision no longer required written back (excess provision no longer required written back during the current year includes reversal in respect of provision for disputed indirect tax cases settled under "Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019"). This increase was partially offset by there being no income tax refund, which is a decrease by ₹ 174.93 lakh or by 100.00%, from ₹ 174.93 lakh in Fiscal 2019 and a decrease in the expected credit loss written back by ₹ 24.88 lakh or by 23.48%, from ₹ 105.94 lakh in Fiscal 2019 to ₹ 81.06 lakh in Fiscal 2020.

Expenses

Total expenses decreased by ₹ 25,399.62 lakh or by 13.24%, from ₹ 1,91,897.93 lakh in Fiscal 2019 to ₹ 1,66,498.31 lakh in Fiscal 2020. This was primarily due to a decrease in cost of materials consumed, purchases of stock-in-trade, employee benefits expense, and other expenses. This decrease in expenses was offset by an increase in changes in inventories of finished goods, land, stock-in-trade and work-in-progress, finance costs, and depreciation and amortisation expense.

Cost of materials consumed

Cost of materials consumed decreased by ₹ 15,098.89 lakh or by 12.77%, from ₹ 1,18,218.82 lakh in Fiscal 2019 to ₹ 1,03,119.93 lakh in Fiscal 2020. This was primarily due to a downswing in the automotive industry and the impact on operations on account of COVID-19.

Purchases of stock-in-trade

Purchases of stock-in-trade decreased by ₹ 1,245.03 lakh or by 15.56%, from ₹ 7,999.98 lakh in Fiscal 2019 to ₹ 6,754.95 lakh in Fiscal 2020. This was primarily due to a downswing in the automotive industry and the impact on operations on account of COVID-19.

Changes in inventories of finished goods, stock-in-trade and work-in-progress

Changes in inventories of finished goods, stock-in-trade and work-in-progress were by ₹ 166.44 lakh or by 23.97%, from ₹ 694.35 lakh in Fiscal 2019 to ₹ 860.79 lakh in Fiscal 2020. This was primarily due to a downswing in the automotive industry and the impact on operations on account of COVID-19.

Employee benefits expense

Employee benefits expense decreased by ₹ 2,414.39 lakh or by 9.62%, from ₹ 25,087.15 lakh in Fiscal 2019 to ₹ 22,672.76 lakh in Fiscal 2020. This was due to a decrease in pay, allowances, and bonus by ₹ 2,141.09 lakh or by 9.93%, from ₹ 21,558.96 lakh in Fiscal 2019 to ₹ 19,417.87 lakh in Fiscal 2020, decrease in contribution to provident and other funds by ₹ 47.21 lakh or by 5.50%, from ₹ 857.69 lakh in Fiscal 2019 to ₹ 810.48 lakh in Fiscal 2020 and a decrease in welfare expenses by ₹ 226.09 lakh or by 8.47%, from ₹ 2,670.50 lakh in Fiscal 2019 to ₹ 2,444.41 lakh in Fiscal 2020.

Finance costs

Finance costs increased by ₹ 886.66 lakh or by 25.09%, from ₹ 3,534.39 lakh in Fiscal 2019 to ₹ 4,421.05 lakh in Fiscal 2020 on account of increase in borrowings. This was primarily due to increase in (i) interest on borrowings (net) by ₹ 364.69 lakh or by 10.69%, from ₹ 3,410.82 lakh in Fiscal 2019 to ₹ 3,775.51 lakh in Fiscal 2020; (ii) other borrowing costs by ₹ 96.71 lakh or by 88.92%, from ₹ 108.76 lakh in Fiscal 2019 to ₹ 205.47 lakh in Fiscal 2020; (iii) interest on lease obligations by ₹ 274.07 lakh or by 6,418.50%, from ₹ 4.27 lakh in Fiscal 2019 to ₹ 278.34 lakh in Fiscal 2020; and (iv) unwinding of interest on financial instruments by ₹ 151.19 lakh or by 1,434.44%, from ₹ 10.54 lakh in Fiscal 2019 to ₹ 161.73 lakh in Fiscal 2020.

Depreciation and amortisation expense

Depreciation and amortisation expense increased by ₹ 1,188.81 lakh or by 12.65%, from ₹ 9,396.76 lakh in Fiscal 2019 to ₹ 10,585.57 lakh in Fiscal 2020. This was primarily due to (i) an increase in depreciation by ₹ 528.50 lakh or by 7.32%, from ₹ 7,217.26 lakh in Fiscal 2019 to ₹ 7,745.76 lakh in Fiscal 2020 (ii) a decrease in depreciation and amortisation pertaining to disposal group by ₹ 597.98 lakh or by 100.00%, from ₹ 597.98 lakh in Fiscal 2019 to nil in Fiscal 2020 and (iii) increase in amortisation of intangibles by ₹ 62.33 lakh or by 2.24%, from ₹ 2,777.48 lakh in Fiscal 2019 to ₹ 2,839.81 lakh in Fiscal 2020. Such increase in amortization of intangibles was primarily on account of technology purchased.

Other expenses

Other expenses decreased by ₹ 8,883.22 lakh or by 32.94%, from ₹ 26,966.48 lakh in Fiscal 2019 to ₹ 18,083.26 lakh in Fiscal 2020 primarily due to the impact of downsizing in the automotive industry, leading to a consequent decrease in power and utilities (net) from ₹ 2,441.40 lakh in Fiscal 2019 to ₹ 2,146.25 lakh in Fiscal 2020, stores and spares consumed from ₹ 572.49 lakh in Fiscal 2019 to ₹ 384.85 lakh in Fiscal 2020, repairs and maintenance of machinery from ₹ 1,661.53 lakh in Fiscal 2019 to ₹ 1,579.84 lakh in Fiscal 2020, repairs and maintenance of building from ₹ 155.35 lakh in Fiscal 2019 to ₹ 114.22 lakh in Fiscal 2020, repairs and maintenance of others from ₹ 423.24 lakh in Fiscal 2019 to ₹ 317.40 lakh in Fiscal 2020, postage and telephone from ₹ 235.63 lakh in Fiscal 2019 to ₹ 184.47 lakh in Fiscal 2020, lease expenses from ₹ 1,481.85 lakh in Fiscal 2019 to ₹ 934.40 lakh in Fiscal 2020, rates, taxes and licence from ₹ 588.46 lakh in Fiscal 2019 to ₹ 356.55 lakh in Fiscal 2020, bank charges from ₹ 216.47 lakh in Fiscal 2019 to ₹ 54.28 lakh in Fiscal 2020, travelling and conveyance from ₹ 1,165.99 lakh in Fiscal 2019 to ₹ 706.23 lakh in Fiscal 2020, freight and forwarding from ₹ 3,079.91 lakh in Fiscal 2019 to ₹ 2,263.82 lakh in Fiscal 2020, warranty claims from ₹ 2,317.28 lakh in Fiscal 2019 to ₹ 2096.42 lakh in Fiscal 2020, selling expenses from ₹ 818.35 lakh in Fiscal 2019 to ₹ 559.55 lakh in Fiscal 2020, bad debts written off from ₹ 185.30 lakh in Fiscal 2019 to ₹ 41.21 lakh in Fiscal 2020, (write back of) doubtful debts and advances from ₹ 107.92 lakh in Fiscal 2019 to ₹ 11.71 lakh in Fiscal 2020, auditors' remuneration from ₹ 77.55 lakh in Fiscal 2019 to ₹ 73.22 lakh in Fiscal 2020, professional charges from ₹ 4,956.62 lakh in Fiscal 2019 to ₹ 4,066.87 lakh in Fiscal 2020, assets discarded / written off from ₹ 94.32 lakh in Fiscal 2019 to ₹ 3.42 lakh in Fiscal 2020, provision for impairment loss – asset held for sale from ₹ 200.00 lakh in Fiscal 2019 to nil in Fiscal 2020, impairment of goodwill on consolidation from ₹ 4,678.37 lakh in Fiscal 2019 to nil in Fiscal 2020 and miscellaneous expenses from ₹ 396.73 lakh in Fiscal 2019 to ₹ 211.91 lakh in Fiscal 2020. This was partially offset by an increase in printing and stationery from ₹ 121.40 lakh in Fiscal 2019 to ₹ 150.92 lakh in Fiscal 2020, insurance from ₹ 239.53 lakh in Fiscal 2019 to ₹ 243.73 lakh in Fiscal 2020, provision for statutory liabilities from ₹ 117.88 lakh in Fiscal 2019 to ₹ 348.76 lakh in Fiscal 2020, commission / sitting fees to non-whole time directors from ₹ 8.85 lakh in Fiscal 2019 to ₹ 13.35 lakh in Fiscal 2020, loss on exchange fluctuation (net) and CSR expenses from ₹ 839.90 lakh in Fiscal 2019 to ₹ 1,243.30 lakh in Fiscal 2020.

Profit / (loss) before exceptional items and tax

For the reasons discussed above, our loss before exceptional items and tax decreased by ₹ 4,240.75 lakh or by 45.74%, from ₹ 9,271.28 lakh in Fiscal 2019 to ₹ 5,030.53lakh in Fiscal 2020.

Exceptional items

There were no exceptional items for Fiscal 2019 and Fiscal 2020.

Profit / (loss) before tax from continuing operations

For the reasons discussed above, our loss before tax from continuing operations decreased by ₹ 4,240.75 lakh or by 45.74%, from ₹ 9,271.28 lakh in Fiscal 2019 to ₹ 5,030.53 lakh in Fiscal 2020.

Tax expense

Current tax expenses decreased by ₹ 178.01 lakh or by 76.63%, from ₹ 232.31 lakh in Fiscal 2019 to ₹ 54.30 lakh in Fiscal 2020. Deferred tax expenses significantly decreased by ₹ 363.12 lakh or by 1,768.73%, from ₹ 20.53 lakh in Fiscal 2019 to ₹ 383.65 lakh in Fiscal 2020. MAT credit expenses increased by ₹ 95.80 lakh or by 100.00%, from ₹ 95.80 lakh in Fiscal 2019 to nil in Fiscal 2020. There was an adjustment of tax expense for earlier years by ₹ 14.02 lakh or by 109.62%, from ₹ 12.79 lakh to ₹ 26.81 lakh in Fiscal 2020.

Profit / (loss) for the year from continuing operations

For the reasons discussed above, our loss for the year from continuing operations decreased significantly by ₹ 4,700.10 lakh or by 50.14%, from ₹ 9,374.47 lakh in Fiscal 2019 to ₹ 4,674.37 lakh in Fiscal 2020.

Profit / (loss) for the period from discontinued operations before tax

Loss for the year from discontinued operations before tax significantly decreased by ₹ 2,810.47 lakh or by 35.08%, from ₹ 8,011.53 lakh in Fiscal 2019 to ₹ 5,201.06 lakh in Fiscal 2020, primarily due to the sale of Pricol do Brasil Componentes Automotivos LtdA, Brazil and Pricol Wiping Systems Mexico S.A. de CV, Mexico.

Tax expense of discontinued operations

There were no tax expenses of discontinued operations in Fiscal 2019 and Fiscal 2020.

Profit / (loss) for the year from discontinued operations

For the reasons discussed above, loss for the year from discontinued operations significantly decreased by ₹ 2,810.47 lakh or by 35.08%, from ₹ 8,011.53 lakh in Fiscal 2019 to ₹ 5,201.06 lakh in Fiscal 2020.

Profit / (loss) for the year

For the various reasons discussed above, we recorded a loss of ₹ 9,875.43 lakh in Fiscal 2020 as compared to a loss ₹ 17,386.00 lakh in Fiscal 2019.

Total comprehensive income for the year

Total comprehensive income for the year (comprising profit / (loss) for the year and other comprehensive income for the year after tax) was ₹ 9,377.81 lakh in Fiscal 2020 as compared to ₹ 15,913.74 lakh in Fiscal 2019.

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed the expansion of our business and operations primarily through internal accruals from our operations and debt financing. From time to time, we may obtain loan facilities to finance our short term working capital requirements. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Indebtedness*" on page 225.

CASH FLOWS

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	Six months ended September 30, 2020	Six months ended September 30, 2019	Fiscal	
			2020	2019
	(₹ in lakhs)			
Net cash from / (used in) operating activities	2,539.10	9,396.33	15,118.98	4,366.36
Net cash from / (used in) investing activities	(1,121.65)	(581.92)	(2,732.90)	(10,709.23)
Net cash flows from / (used in) financing activities	508.24	(10,873.67)	(16,887.19)	5,658.03
Net increase / (decrease) in cash and cash equivalents	1,925.69	(2,059.26)	(4,501.11)	(684.84)
Cash and cash equivalents at the beginning of the period / year	946.53	5,745.24	5,745.24	6,430.08
Cash and cash equivalents at the end of the period / year	2,030.79	2,094.37	946.53	3,895.97

Operating activities

Six months ended September 30, 2020

Net cash from operating activities was ₹ 2,539.10 lakh for the six months ended September 30, 2020. Net loss before tax from continuing operations was ₹ 978.90 lakh for the six months ended September 30, 2020 and net profit before tax from discontinued operations was ₹ 2,566.85 lakh for the six months ended September 30, 2020. Adjustments to reconcile net loss before tax from continuing operations and net profit before tax from discontinued operations to net cash flows primarily consisted of (i) depreciation and amortization expense of ₹ 5,185.86 lakh; (ii) bad debts / advances written off of ₹ 1.08 lakh; (iii) provision for doubtful debts and advances of ₹ 75.95 lakh; (iv) excess provision no longer required written back of ₹ (40.13) lakh; (v) net gain on derecognition of net assets on disposal of subsidiaries of ₹ (3,664.81) lakh; (vi) loss on sale / disposal of property, plant and equipment (net) of ₹ 22.66 lakh; (vii) interest received of ₹ (77.29) lakh; (viii) effect of change in foreign currency translation reserve of ₹ 533.81 lakh; (ix) exchange fluctuation loss on re-statement of ₹ 291.21 lakh; (x) profit on sale of current investments of ₹ (11.40) lakh; and (xii) finance costs of ₹ 2,148.14 lakh. Operating profit before working capital changes was ₹ 6,053.03 lakh for the six months ended September 30, 2020. The main working capital adjustments for the six months ended September 30, 2020, included increase in trade receivables and other receivables of ₹ (4,151.10) lakh and increase in inventories of ₹ (2,032.61) lakh. This was offset by an increase in trade payables and other payables of ₹ 2,660.53 lakh. Accordingly, the cash generated from operations for the six months ended September 30, 2020 amounted to ₹ 2,529.85 lakh. Direct taxes paid amounted to ₹ 9.25 lakh.

Six months ended September 30, 2019

Net cash from operating activities was ₹ 9,396.33 lakh for the six months ended September 30, 2019. Net loss before tax from continuing operations was ₹ (1,691.56) lakh for the six months ended September 30, 2019 and net loss before tax from discontinued operations was ₹ (6,849.88) lakh for the six months ended September 30, 2019. Adjustments to reconcile net loss before tax from continuing operations and net loss before tax from continued operations to net cash flows primarily consisted of (i) depreciation and amortization expense of ₹ 5,834.30 lakh; (ii) bad debts / advances written off of ₹ 8.08 lakh; (iii) provision for doubtful debts and advances of ₹ 128.17 lakh; (iv) expected credit loss written back of ₹ (26.32) lakh; (v) loss on sale / disposal of property, plant and equipment (net) of ₹ 1,706.85 lakh; (vi) interest received of ₹ (27.94) lakh; (vii) effect of change in foreign currency translation reserve of ₹ 566.53 lakh; (viii) exchange fluctuation loss on re-statement of ₹ 40.72 lakh; (ix) gain on fair valuation of investment at fair value through P&L of ₹ (14.83) lakh; (x) reversal of impairment loss of ₹ (1,777.94) lakh; and (xi) finance costs of ₹ 2,454.94 lakh. Operating profit before working capital changes was ₹ 351.12 lakh for the six months ended September 30, 2019. The main working capital adjustments for the six months ended September 30, 2019, included decrease in trade receivables and other receivables of ₹ 1,162.50 lakh and decrease in inventories of ₹ 2,720.91 lakh. This was offset by an increase in trade payables and other payables of ₹ 5,205.53 lakh. Accordingly, the cash generated from operations for the six months ended September 30, 2019 amounted to ₹ 9,440.06 lakh. Direct taxes paid amounted to ₹ (43.73) lakh.

Fiscal 2020

Net cash from operating activities was ₹ 15,118.98 lakh in Fiscal 2020. Net loss before tax from continuing operations was ₹ (5,030.53) lakh in Fiscal 2020 and net loss before tax from discontinued operations was ₹ (5,201.06) lakh in Fiscal 2020. Adjustments to reconcile net loss before tax from continuing operations and net loss before tax from continued operations to net cash flows primarily consisted of (i) depreciation and amortization expense of ₹ 11,531.23 lakh; (ii) bad debts / advances written off of ₹ 41.21 lakh; (iii) expected credit loss written back of ₹ (81.06) lakh; (iv) excess provision no longer required written back of ₹ (473.81) lakh; (v) loss on sale / disposal of property, plant and equipment (net) of ₹ 1,714.95 lakh (vi) reversal of impairment loss of ₹ (1,777.94) lakh; (vii) write back for doubtful debts and advances of ₹ (11.71) lakh; (viii) profit on sale of stepdown subsidiaries of ₹ (1,551.90) lakh; (ix) interest received of ₹ (154.90) lakh; (x) effect of change in foreign currency translation reserve of ₹ (478.94) lakh; (xi) exchange fluctuation loss on re-statement of ₹ 556.96 lakh; (xii) gain on fair valuation of investment at fair value through P&L of ₹ (27.11) lakh; and (xiii) finance costs of ₹ 5,432.75 lakh. Operating profit before working capital changes was ₹ 4,488.14 lakh for Fiscal 2020. The main working capital adjustments for Fiscal 2020, included decrease in trade receivables and other receivables of ₹ 3,432.04 lakh. This was offset by an increase in inventories of ₹ 89.04 lakh and an increase in trade payables and other payables of ₹ 7,388.84 lakh. Accordingly, the cash generated from operations for Fiscal 2020 amounted to ₹ 15,219.98 lakh. Direct taxes paid amounted to ₹ (101.00) lakh.

Fiscal 2019

Net cash from operating activities was ₹ 4,366.36 lakh in Fiscal 2019. Net loss before tax from continuing operations was ₹ (9,271.28) lakh in Fiscal 2019 and net loss before tax from discontinued operations was ₹ (8,011.53) lakh in Fiscal 2020. Adjustments to reconcile net loss before tax from continuing operations and net loss before tax from continued operations to net cash flows primarily consisted of (i) depreciation and amortization expense of ₹ 9,994.74 lakh; (ii) bad debts / advances written off of ₹ 185.69 lakh; (iii) expected credit loss written back of ₹ (105.94) lakh; (iv) excess provision no longer required written back of ₹ (234.17) lakh; (v) profit on sale / disposal of property, plant and equipment (net) of ₹ (83.02) lakh (vi) provision of impairment loss of ₹ 200.00 lakh; (vii) write back for doubtful debts and advances of ₹ (71.83) lakh; (viii) interest received of ₹ (124.55) lakh; (ix) effect of change in foreign currency translation reserve of ₹ 1,878.63 lakh; (x) exchange fluctuation loss on re-statement of ₹ 18.40 lakh; (xi) gain on fair valuation of investment at fair value through P&L of ₹ (12.88) lakh; (xii) impairment of goodwill on consolidation of ₹ 5,730.25 lakh; and (xiii) finance costs of ₹ 5,444.03 lakh. Operating profit before working capital changes was ₹ 5,536.54 lakh for Fiscal 2019. The main working capital adjustments for Fiscal 2019, included decrease in trade receivables and other receivables of ₹ 3,949.10 lakh, a decrease in inventories of ₹ 3,133.63 lakh, and a decrease in trade payables and other payables of ₹ (8,637.19) lakh. Accordingly, the cash generated from operations for Fiscal 2019 amounted to ₹ 3,982.08 lakh. Direct taxes paid amounted to ₹ 384.28 lakh.

Investing Activities

Six months ended September 30, 2020

Net cash used in investing activities was ₹ (1,121.65) lakh for the six months ended September 30, 2020. This primarily reflected (i) purchase of property, plant and equipment of ₹ (1,713.67) lakh; and (ii) purchase of current investments of ₹ (150.00) lakh. This was partially offset by (i) sale of property, plant and equipment of ₹ 7.32 lakh; (ii) proceeds on sale of subsidiary / stepdown subsidiaries of ₹ 37.44 lakh; (iii) proceeds on sale of current investments of ₹ 632.34 lakh; and (iv) interest received of ₹ 64.92 lakh.

Six months ended September 30, 2019

Net cash used in investing activities was ₹ (581.92) lakh for the six months ended September 30, 2019. This primarily reflected (i) purchase of property, plant and equipment of ₹ (3,950.06) lakh; and (ii) purchase of current investments of ₹ (175.00) lakh. This was partially offset by (i) sale of property, plant and equipment of ₹ 3,515.20 lakh; and (ii) interest received of ₹ 27.94 lakh.

Fiscal 2020

Net cash used in investing activities was ₹ (2,732.90) lakh in Fiscal 2020. This primarily reflected (i) purchase of property, plant and equipment of ₹ (7,562.31) lakh; and (ii) purchase of investments of ₹ (175.00) lakh. This was partially offset by (i) sale of property, plant and equipment of ₹ 3,575.25 lakh; (ii) adjustment for capital advances of ₹ 1,286.43 lakh; (iii) sale of stepdown subsidiaries of ₹ 1.47 lakh; and (iv) interest received of ₹ 141.26 lakh.

Fiscal 2019

Net cash used in investing activities was ₹ (10,709.23) lakh in Fiscal2019. This primarily reflected (i) purchase of property, plant and equipment of ₹ (10,875.97) lakh; (ii) sale of property, plant and equipment of ₹ (368.07) lakh; and (iii) purchase of investments of ₹ (75.00) lakh. This was partially offset by (i) adjustment for capital advances of ₹ 42.58 lakh; (ii) adjustments pertaining to acquisition of subsidiary of ₹ 442.68 lakh; and (iii) interest received of ₹ 124.55 lakh.

Financing Activities

Six months ended September 30, 2020

Net cash from financing activities was ₹ 508.24 lakh in the six months ended September 30, 2020. This primarily reflected (i) repayment of non current borrowings of ₹ (380.63) lakh; (ii) dividend and tax on dividend paid of ₹ (21.27) lakh; (iii) repayment of lease liabilities of ₹ (119.79) lakh; and (iv) finance costs paid of ₹ (1,343.20) lakh. This was partially offset by proceeds from current borrowings (net) of ₹ 2,373.13 lakh.

Six months ended September 30, 2019

Net cash used in financing activities was ₹ (10,873.67) lakh in the six months ended September 30, 2019. This primarily reflected (i) repayment of current borrowings of ₹ (5,389.92) lakh; (ii) repayment of non current borrowings of ₹ (3,096.69) lakh; (iii) dividend and tax on dividend paid of ₹ (9.90) lakh; and (iv) finance costs paid of ₹ (2,377.16) lakh.

Fiscal 2020

Net cash used in financing activities was ₹ (16,887.19) lakh in Fiscal 2020. This primarily reflected (i) repayment of current borrowings (net) of ₹ (8,550.94) lakh; (ii) repayment of non current borrowings (net) of ₹ (2,990.38) lakh; (iii) dividend and tax on dividend paid of ₹ (3.79) lakh; (iv) repayment of lease liabilities of ₹ (198.77) lakh; and (v) finance costs paid of ₹ (5,143.31) lakh.

Fiscal 2019

Net cash from financing activities was ₹ (5,658.03) lakh in Fiscal 2019. This primarily reflected (i) dividend and tax on dividend paid of ₹ (1,126.07) lakh; and (ii) finance costs paid of ₹ (5,437.57) lakh. This was partially offset by proceeds from current borrowings (net) of ₹ 406.88 lakh and proceeds from non current borrowings (net) of ₹ 11,814.79 lakh.

INDEBTEDNESS

As of September 30, 2020, we had total borrowings (consisting of long term borrowings and short term borrowings) of ₹ 37,632.98 lakh, of which ₹ 27,706.68 lakh was long term borrowings (including current maturities) and ₹ 9,926.30 lakh was short term borrowings. Our gross debt to equity ratio was 1.09 times and 0.89 times as of March 31, 2020 and as of September 30, 2020, respectively. Further, see "*Risk Factors - Our inability to meet our obligations, conditions and restrictions imposed by our financing agreements could adversely affect our ability to conduct our business and operations as well as to undertake and consummate the Issue. Further, our Company is required to take prior consent of our lenders under some of our financing agreements for undertaking certain actions, including the Issue*" on page 25.

The following table sets forth certain information relating to our outstanding indebtedness as of the six months ended September 30, 2020, and our repayment obligations in the periods indicated:

Particulars	As of September 30, 2020				
	Payment due by period				
	(₹ in lakhs)				
	Total	Not later than 1 year	1-3 years	3 -5 years	More than 5 years
Long Term Borrowings					
Term loans (secured)	27,706.68	5,393.18	12,486.00	9,827.50	-
Term loans (unsecured)	-	-	-	-	-
Others	-	-	-	-	-
Total long term borrowings (including current maturities)	**27,706.68**	**5,393.18**	**12,486.00**	**9,827.50**	-
Short Term Borrowings					
Secured	9,163.12	-	-	-	-
Unsecured	763.18	-	-	-	-
Total Short Term Borrowings	**9,926.30**	-	-	-	-
Total Borrowings	**37,632.98**	-	-	-	-

CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2020, our contingent liabilities and commitments were as follows:

Particulars	Amount (₹ in lakhs)
I. CONTINGENT LIABILITIES	
In respect of holding company	
a) On account of pending litigations	
Sales tax matters (excluding interest if any) (of which ₹ 9.09 lakh has been paid under protest)	-
Excise, service tax and customs matters (excluding interest and penalty if any) (of which ₹ 87.76 lakh has been paid under protest)	1,281.44
b) Labour related matters	
As at 31st March, 2020, the company has various labour related cases pending before various legal forums, amounting to ₹ 1,608 Lakhs.	1,608.00
c) Others	
Letter of credit	930.50
Guarantees	279.63
II. COMMITMENTS	
Estimated value of contracts remaining to be executed on capital account	
- in respect of holding company	327.72
Total	**4,427.29**

For further information on our contingent liabilities, see "*Financial Statements*" on page 104.

Except as disclosed in the audited consolidated financial statements or the unaudited consolidated financial results or elsewhere in this Letter of Offer, there are no off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates, other unconsolidated entities or financial partnerships that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth certain information relating to future payments due under known contractual commitments as at March 31, 2020, aggregated by type of contractual obligation:

Particulars	As at March 31, 2020				
	Payment due by period				
	Total	Less than 1 year*	1-3 years	3-5 years	More than 5 years
	(₹ in lakhs)				
Contractual obligations (Works Contract)	327.72	327.72	-	-	-

Particulars	As at March 31, 2020				
	Payment due by period				
	Total	Less than 1 year*	1-3 years	3-5 years	More than 5 years
	(₹ in lakhs)				
Total	**327.72**	**327.72**	-	-	-

For further information on our capital and other commitments, see "*Financial Statements*" on page 104.

CAPITAL EXPENDITURES

In Fiscal 2020 and in the six months ended September 30, 2020, our capital expenditure towards additions to fixed assets (property, plant and equipment, right of use, and capital work-in-progress) were ₹ 10,208.40 lakh and ₹ 1,224.11 lakh, respectively. The following table sets forth our fixed assets for the periods indicated:

Particulars	Six months ended September 30, 2020	Fiscal 2020
	(₹ in lakhs)	
Property, plant and equipment	1,840.29	6,421.31
Rights of use	-	2,957.47
Capital work-in progress	(616.18)	829.62
Total	1,224.11	10,208.40

For further information, see "*Financial Statements*" on page 104.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see "*Financial Statements*" on page 104.

CHANGES IN ACCOUNTING POLICIES

Except as disclosed in this Letter of Offer, there have been no changes in our accounting policies during Fiscal 2020.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of market risks during the normal course of business. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate on account of changes in market prices. Market risk comprises of currency rate risk, interest rate risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments and other market changes that affect market risk sensitive instruments. We manage market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by senior management and the Audit Committee. The activities of the treasury department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies and ensuring compliance with market risk limits and policies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate on account of changes in market interest rates. Interest rates for borrowings have been volatile in India in recent periods. Our exposure to the risk of changes in market interest rates relates primarily to the long term debt obligations and buyer's credit obligations with floating interest rates. We did not have any buyer's credit outstanding as of September 30, 2020. Our policy is to manage our floating interest rate on foreign currency loans and borrowings by entering into interest rate swaps, in which we agree to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon principal amount.

Foreign exchange risk

Changes in currency exchange rates influence our results of operations. Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the change in foreign currency exchange rates. We have obtained foreign currency payables for supply of raw material and equipment and are therefore, exposed to foreign exchange risk; however, this is partially offset by our foreign currency receivables due to our export sales. We use cross currency swaps and forward currency contracts to eliminate the currency exposures. There can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against other relevant foreign currencies.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss We are subject to the risk that our counterparties under various financial or customer agreements will not meet their obligations. We are exposed to credit risk from our operating activities (primarily trade receivables) and from our investing activities including deposits with banks and other financial instruments.

We extend credit to customers in normal course of business. We consider factors, such as, credit track record in the market and past dealings for extension of credit to customers. We monitor the payment track record of our customers. Outstanding customer receivables are regularly monitored. In the six months ended September 30, 2020 and Fiscal 2020, our net trade receivables were ₹ 21,162.37 lakh and ₹ 19,601.85 lakh, respectively.

Liquidity risk

Liquidity risk is the risk that we may not be able to meet our present and future cash and collateral obligations without incurring unacceptable losses. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. We monitor our risk to a shortage of funds using a recurring liquidity-planning tool, which considers the maturity of both our financial investments and financial assets (*i.e.* trade receivables and other financial assets) and projected cash flows from operations. We aim to maintain a balance between continuity of funding and flexibility through the use of working capital loans, letter of credit facility, bank loans and credit purchases.

Inflation

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

TOTAL TURNOVER OF EACH MAJOR INDUSTRY SEGMENT IN WHICH THE COMPANY OPERATED

Our Company does not have a reportable segment, in terms of the requirement under Ind AS 108 'Operating Segments'. For further information, see "*Business*", "*Industry Overview*" and "*Financial Statements*" on pages 79, 65 and 104, respectively.

NEW PRODUCTS OR BUSINESS SEGMENTS

We have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and introduction of new products.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Letter of Offer, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

KNOWN TRENDS OR UNCERTAINTIES

Other than as described in this Letter of Offer, particularly in the sections "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 17 and 193, respectively, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described elsewhere in the sections "*Risk Factors*", "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 17, 79 and 193, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW CUSTOMERS OR SUPPLIERS

Other than as described in the sections of this Letter of Offer titled "*Business*" and "*Risk Factors*" on pages 79 and 17, respectively, we do not have any material dependence on a single or a few suppliers or customers.

SEASONALITY OF BUSINESS

Our business and the industry we operate in are subject to seasonal characteristics. For further information, see "*Industry Overview*", "*Business*", and "*Risk Factors*" on pages 65, 79, and 17, respectively.

COMPETITIVE CONDITIONS

We operate in a competitive environment. See sections, "*Business*", "*Industry Overview*", and "*Risk Factors*" on pages 79, 65 and 17, respectively.

SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2020 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed in the section titled "*Material Developments*" on page 230 and elsewhere in this Letter of Offer, to our knowledge no circumstances have arisen since September 30, 2020, that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer, to our knowledge, no circumstances have arisen since September 30, 2020, which materially affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets.

ACCOUNTING RATIOS

Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results included in "*Financial Statements*" on page 104:

Particulars	Consolidated	
	Half year ended September 30, 2020*	Financial year ended March 31, 2020
Earnings per Equity Share		
a. Basic earnings per Equity Share (₹)	1.97*	(10.42)
b. Diluted earnings per Equity Share (₹)	1.97*	(10.42)
Return on Net Worth (%)	4.50	(25.38)
Net asset value per Equity Share (₹)	43.79	41.05
EBITDA (₹ in lakhs)	5,792.99	3,133.46
EBITDA – continuing operations (₹ in lakhs)	5,308.91	8,489.63
EBITDA – discontinued operations (₹ in lakhs)	484.08	(5,356.17)

** not annualised*

The formulae used in the computation of the above ratios are as follows:

Basic earnings per Equity Share	Net profit / (loss) after tax as per consolidated statement of profit and loss attributable to owners of Company / weighted average number of equity shares outstanding during the relevant period
Diluted earnings per Equity Share	Net profit / (loss) after tax as per consolidated statement of profit and loss attributable to owners of Company / weighted average number of equity shares outstanding during the relevant period and for the effects of all dilutive potential equity shares
Return on Net Worth	Profit / (loss) after tax for the relevant period as presented in the consolidated statement of profit and loss in the financial statements / net worth
Net asset value per Equity Share	Net Worth / number of equity shares subscribed and fully paid outstanding as at the end of the relevant period
EBITDA	Total comprehensive income for the relevant period adjusted for income tax, finance costs, depreciation and amortisation expense, other income and other comprehensive income as presented in the consolidated statement of profit and loss in the audited financial statements / unaudited financial results.
EBITDA – continuing operations	Profit / loss after tax for the relevant period from continuing operations adjusted for income tax, finance costs, depreciation and amortisation expense and other income as presented in the consolidated statement of profit and loss in the audited financial statements / unaudited financial results.
EBITDA – discontinued operations	Profit / loss after tax for the relevant period from discontinued operations adjusted for income tax, finance costs, depreciation and amortisation expense and other income as presented in the consolidated statement of profit and loss in the audited financial statements / unaudited financial results.
Net Worth	The aggregate value of the paid up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited / unaudited balance sheet, as the case may be, but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation and capital reserve

Note:

a) The financial information for the year ended March 31, 2020, takes into account the losses of the erstwhile step-down subsidiaries, being Pricol do Brasil Componentes Automotivos LtdA, Brazil and Pricol Wiping Systems Mexico S.A. de CV, Mexico (Subsidiaries of Pricol Espana Sociedad Limiteda, Spain), which were disposed off with effect from February 11, 2020.

b) In addition, the financial information for the six months ended September 30, 2020, takes into account the profit from disposal of the erstwhile wholly-owned subsidiary of our Company, Pricol Espana Sociedad Limiteda, Spain, and the step-down subsidiary Pricol Wiping Systems Czech s.r.o., Czech Republic (Subsidiary of Pricol Espana Sociedad Limiteda, Spain) which were disposed off with effect from August 21, 2020.

In light of this, the financial information for the year ended March 31, 2020 disclosed in this Letter of Offer is not strictly comparable with the financial information disclosed in this Letter of Offer for the period ended September 30, 2020.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

*Except as disclosed below, there is no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and / or our Subsidiaries; (ii) material violations of statutory regulations by our Company and / or our Subsidiaries; (iii) economic offences where proceedings have been initiated against our Company and / or our Subsidiaries; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position; and (v) other litigation, including civil or tax litigation proceedings, which involves an amount in excess of the Materiality Threshold (as defined below) or is otherwise material in terms of (a) the 'Policy for Determination of Materiality of Events and Information' adopted by our Board, in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, and (b) the materiality policy adopted by the Rights Issue Committee through its resolution dated November 9, 2020, for the purpose of litigation disclosures in this Letter of Offer ("**Materiality Policy**").*

In this regard, please note the following:

1. *Any outstanding litigation involving our Company and / or our Subsidiaries, i.e., proceedings other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences, shall be considered material and shall be disclosed in this Letter of Offer or the Abridged Letter of Offer, if (i) the monetary claim involved in such proceedings is an amount equal to or exceeding ₹ 800.00 lakhs ("**Materiality Threshold**"), and / or (ii)is otherwise determined to be material in terms of the Materiality Policy.*

2. *Pre-litigation notices received by our Company and / or our Subsidiaries from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company and/or our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.*

All terms defined herein in a particular litigation disclosure pertain to that litigation only.

Litigation involving our Company

Proceedings involving issues of moral turpitude or criminal liability on the part of our Company

1. A first information report dated June 20, 2018 was filed by Sweta Kumari against two of our employees ("**Accused**"). It was alleged that the Accused, being Plant Incharge and Production Manager at our Company's manufacturing facility in Manesar, Haryana, were responsible for an injury caused to Sweta Kumari, who was a worker at the manufacturing facility. It was alleged, therefore, that the Accused were liable for negligent conduct with respect to machinery and causing grievous hurt by an act endangering the life or personal safety of others, in terms of the provisions of the Indian Penal Code, 1860. The matter is currently pending in the Court of the Judicial Magistrate First Class, Gurugram.

Proceedings involving material violations of statutory regulations by our Company

Nil

Economic offences where proceedings have been initiated against our Company

Nil

Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company

Civil Proceedings

1. Agreements were entered into between our Company and Miranda Tools Private Limited ("**Miranda Tools**"), among others, for the acquisition of the Czech business of Miranda Tools, operated by it through

its subsidiary ("**Acquisition Agreements**"). Subsequently, our Company alleged that certain erroneous representations were made by Miranda Tools at the time of execution of the Acquisition Agreements. In February 2020, our Company made an application with the National Company Law Tribunal, Mumbai bench, seeking the initiation of corporate insolvency process in relation to Miranda Tools. It was alleged that a settlement had been agreed to by our Company with the promoter of Miranda Tools for a sum of ₹ 1,400.00 lakhs. However, it was alleged that the payment of this sum had not been made and, accordingly, relief was sought in terms of the Insolvency and Bankruptcy Code, 2016. Subsequently, on June 18, 2020, it is alleged, a press release was issued by Sandvik AB, stating that it was acquiring the entire business of Miranda Tools. Accordingly, on July 24, 2020, our Company along with its erstwhile subsidiary, Pricol Wiping Systems Czech s.r.o, ("**Petitioners**") initiated proceedings under Section 9 of the Arbitration and Conciliation Act, 1996 against Miranda Tools and Sandvik AB (together with Miranda Tools, "**Respondents**"), seeking, among others, that an order be passed directing Miranda Tools to furnish a bank guarantee / any other security for securing an amount of ₹ 1,400.00 lakhs; that an order of temporary injunction be passed against Miranda Tools restraining it from disposing of, or allowing, the creation of any third party rights on its assets (as disclosed in its most recent financial statements); and that Miranda Tools be directed to disclose a true and complete status of its assets. In addition, on July 31, 2020, the Petitioners entered into consent terms with the Respondents for amount of ₹ 1,400.00 lakhs to be secured by Miranda Tools, pending settlement and arbitration (if required) between it and the Petitioners. The matter is currently pending.

2. Our Company and certain workmen on strike were engaged in conciliation proceedings pursuant to which, on November 29, 2018, the Joint Commissioner of Labour, Chennai issued advice for, among others, a settlement between our Company and the workmen and their resumption of work. On December 1, 2018, our Company passed an order for the transfer of 302 workmen citing its inability to accommodate them in our Company's manufacturing facilities at Coimbatore and, accordingly, transferring them to Plants V, VII, and X, in Maharashtra, Uttarakhand, and Andhra Pradesh, respectively. In response to the alleged refusal of 294 of such workmen to report to duty at their transferred locations, our Company passed an order for dismissal dated February 11, 2019 against such workmen. Following this, our Company also filed an approval petition with the Principal Labour Court, Coimbatore, seeking approval for such dismissal in terms of Section 33(2)(b) of the Industrial Disputes Act, 1994. In response, the Kovai Mavatta Pricol Thozhilalar Otrumai Sangam, the labour union representing such workmen ("**Union**") filed a writ petition with the High Court of Judicature at Madras ("**High Court**"). The High Court, by way of an order dated March 6, 2019, granted interim stay on the order for dismissal and directed that conciliation proceedings be concluded in this matter. In response, our Company filed a writ petition with the High Court. The High Court, by way of an order dated March 22, 2019, modified its earlier order dated March 6, 2019 and directed the Secretary to Government of Tamil Nadu, Labour and Employment Department ("**Secretary**") to issue an order referring the dispute to the Labour Court for adjudication. The Secretary issued an order dated May 3, 2019, referring the dispute to adjudication by the Industrial Tribunal, Chennai. Following this, the Union filed a writ petition seeking that our Company be prosecuted for its failure to comply with the order dated May 3, 2019. The amount involved in this matter is approximately ₹ 1,538.48 lakhs. The matter is currently pending.

Tax Proceedings

1. An assessment order dated March 27, 2015 has been passed by the Deputy Commissioner of Income-tax, Corporate Circle-2, Coimbatore ("**Deputy Commissioner**") against our Company for the assessment year 2012-13, disallowing a claim for exclusion of a certain amount from book profits under Section 115JB of the Income-tax Act, 1961. Our Company filed an appeal against the order dated March 27, 2015, before the Commissioner of Income Tax (Appeals) - 1, which was decided by way of an order dated February 23, 2018. The Deputy Commissioner has filed an appeal with the Income Tax Appellate Tribunal, Chennai against this order. The amount involved in this matter is ₹ 831.00 lakhs. The matter is currently pending.

2. An assessment order dated December 28, 2016 was passed by the Assistant Commissioner of Income-tax, Corporate Circle-2, Coimbatore ("**Assistant Commissioner**") against our Company for the assessment year 2014-15, disallowing certain exemptions availed by us and including certain capital gains as part of our assessable income. Our Company filed an appeal against the order dated December 28, 2016 before the Commissioner of Income Tax (Appeals) – 1, which was decided by an order dated October 1, 2019. Our Company has filed an appeal against this order with the Income Tax Appellate Tribunal, Chennai. The amount involved in this matter is ₹ 1,350.00 lakhs. The matter is currently pending.

Litigation involving our Subsidiaries

Proceedings involving issues of moral turpitude or criminal liability on the part of our Subsidiaries

Nil

Proceedings involving material violations of statutory regulations by our Subsidiaries

Nil

Economic offences where proceedings have been initiated against our Subsidiaries

Nil

Other proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company

Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

This Issue has been authorised by a resolution of our Board passed at its meeting held on September 4, 2020 pursuant to Section 62(1)(a)and other applicable provisions of the Companies Act, 2013.

The Rights Issue Committee, at its meeting held on November 19, 2020, has resolved to issue Rights Equity Shares to the Eligible Equity Shareholders, at ₹ 30 per Rights Equity Share (including a premium of ₹ 29 per Rights Equity Share), in the ratio of 2 Rights Equity Shares for every 7 fully paid up Equity Shares, as held on the Record Date. The Issue Price of ₹ 30 per Rights Equity Share has been arrived at, in consultation with the Lead Manager, prior to determination of the Record Date.

Our Company has received in-principle approvals from NSE and BSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to their letters dated November 12, 2020 and November 13, 2020, respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN INE726V20018 for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, see "*Terms of the Issue*" on page 246.

Prohibition by SEBI

Neither of our Company, our Promoters, members of our Promoter Group, or our Directors have been, or are, prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither of our Company, our Promoters, members of our Promoter Group, or our Directors are debarred from accessing the capital market by the SEBI.

The companies with which our Promoters or our Directors are associated as promoters or directors have not been debarred from accessing the capital market by SEBI.

Neither our Promoters nor our Directors are declared as Fugitive Economic Offenders.

Association of our Directors with securities market

None of our Directors are associated with the securities market.

Prohibition by RBI

Neither our Company, nor our Promoters or Directors have been or are identified as Wilful Defaulters.

Eligibility for this Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and has received their in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for this Issue.

Compliance with conditions of fast track issue

Our Company satisfies conditions stipulated below in terms of Regulation 99 of the SEBI ICDR Regulations read with the SEBI circular bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 dated April 21, 2020, our Company is eligible to make this Issue by way of a 'fast track issue', as explained below:

1. Our Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having, nationwide trading terminals, for a period of at least 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

2. The entire shareholding of the members of the Promoter Group is held in dematerialized form as at the date of filing this Letter of Offer with the Designated Stock Exchange;

3. The average market capitalization of the public shareholding (as defined under the SEBI ICDR Regulations) of our Company is at least ₹ 100 crore;

4. The annualized trading turnover of our Equity Shares during the six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six-month period;

5. The annualized delivery-based trading turnover of our Equity Shares during the six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualized trading turnover of Equity Shares during such six-month period;

6. Our Company has been in compliance with the equity listing agreement and the SEBI Listing Regulations, for a period of at least 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange, except with respect to a single instance. For further details, see "*Risk Factors – We have not been strictly in compliance with our regulatory / statutory obligations in the past. Any further non-compliance of this nature, or adverse order passed by a regulator or statutory authority against us in this regard may affect our reputation, business, operations and financial condition.*" on page 31;

7. Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month of filing this Letter of Offer with the Designated Stock Exchange;

8. No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and / or are pending against our Company or our Promoters or whole-time Directors as at the date of filing this Letter of Offer with the Designated Stock Exchange. Further, there are no show cause notices issued by SEBI in a proceeding for imposition of penalty and / or prosecution proceedings initiated by SEBI against our Company, Promoters, or whole-time Directors as at the date of filing this Letter of Offer with the Designated Stock Exchange;

9. Our Company, our Promoters, the members of the Promoter Group and our Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI;

10. Our Equity Shares have not been suspended from trading as a disciplinary measure during 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

11. There are no conflicts of interest between the Lead Manager and our Company or the group companies in accordance with applicable regulations;

12. Our Promoters and members of the Promoter Group shall mandatorily subscribe to their Rights Entitlements and shall not renounce their rights (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). For subscription by our Promoters and members of the Promoter Group and details in relation to compliance with minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957, see "*Capital Structure – Subscription to this Issue by our Promoters and Promoter Group*" on page 54; and

13. There are no audit qualifications (as defined under the SEBI ICDR Regulations) in the Audited

Consolidated Financial Statements or the Unaudited Consolidated Financial Results.

Our Company filed an exemption application with SEBI dated September 24, 2020 along with a supplemental letter dated September 30, 2020 seeking an exemption under Regulation 300(1)(c) from the strict enforcement of Regulation 99(f) of the SEBI ICDR Regulations read with the SEBI circular, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 dated April 21, 2020 ("**Exemption Application**"), seeking permission to enable our Company to undertake the Issue by way of a 'fast track issue'. In terms of Regulation 99(f) of the SEBI ICDR Regulations, our Company is required to be in compliance with the equity listing agreement and the SEBI Listing Regulations, for a period of at least 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange. On October 21, 2020, SEBI approved the Exemption Application ("**SEBI Approval**") and permitted our Company to undertake the Issue by way of a 'fast track issue'.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodically reports, statements and information in compliance with applicable provisions of the SEBI Listing Regulations, read with any circulars issued by SEBI in this regard, for the last one year immediately preceding the date of filing of this Letter of Offer with SEBI;

2. The reports, statements and information referred to above are available on the websites of BSE and NSE; and

3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, BEING CENTRUM CAPITAL LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI ICDR REGULATIONS") IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, BEING CENTRUM CAPITAL LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 20, 2020 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE

LETTER OF OFFER OF THE SUBJECT ISSUE;

(2) **ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

(a) **THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**

(b) **ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

(c) **THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

(3) **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE, SUCH REGISTRATION IS VALID. <u>COMPLIED WITH.</u>**

(4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – <u>NOT APPLICABLE</u>**

(5) **WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. – <u>NOT APPLICABLE.</u>**

(6) **ALL APPLICABLE PROVISONS OF THE SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. – <u>NOT APPLICABLE.</u>**

(7) **ALL APPLICABLE PROVISONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. – <u>NOT APPLICABLE.</u>**

(8) **NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF**

SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE COMPANY SEPCIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE

(9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE

(10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR RIGHTS EQUITY SHARES – COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. – COMPLIED WITH

(11) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE INCLUDING WITH THE SEBI CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 6, 2020 READ WITH CIRCULAR BEARING REFERENCE NUMBER SEBI/HO/CFD/DIL1/CIR/P/2020/136 DATED JULY 24, 2020.

(12) IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS. – NOT APPLICABLE

(13) NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY– COMPLIED WITH.

(14) THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS READ WITH THE SEBI CIRCULAR BEARING REFERENCE NO. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 DATED APRIL 21, 2020. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION (READ WITH THE SEBI CIRCULAR BEARING REFERENCE NO. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 DATED APRIL 21, 2020) BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER– COMPLIED WITH TO THE EXTENT APPLICABLE. THE COMPANY HAS RECEIVED EXEMPTION FROM SEBI, THROUGH ITS LETTER DATED OCTOBER 21, 2020 FROM THE STRICT ENFORCEMENT OF REGULATION 99(F) OF THE SEBI ICDR REGULATIONS.

(15) THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS – COMPLIED WITH.

(16) ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE COMPANY UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE RIGHTS EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN – COMPLIED WITH AND NOTED FOR COMPLIANCE.

(17) AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY – COMPLIED WITH.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Caution

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Coimbatore only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of this Issue is BSE.

Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

"BSE Limited (the "**Exchange**") has given, vide its letter dated November 13, 2020 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of NSE

As required, a copy of this letter of offer has been submitted to NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Letter of Offer is set out below:

"As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/25260 dated November 12, 2020 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Selling Restrictions

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and the issue of Rights Entitlements and Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions.

This Letter of Offer and its accompanying documents is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders in offshore transactions outside the United States in compliance with Regulation S to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares and / or Rights Entitlements is permitted under laws of such jurisdictions. Our Company will dispatch the Issue Material to e-mail addresses of the Eligible Equity Shareholders who have provided an Indian address to our Company, in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020. Our Company shall also endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Issue Material, shall not be sent the Issue Material. Further, this Letter of Offer will be provided, through an e-mail by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and in each case who make a request in this regard. Investors can also access

this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, and on R-WAP.

Accordingly, persons receiving a copy of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, Abridged Letter of Offer or the Application Form in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form.

The Rights Equity Shares and Rights Entitlements may not be offered or sold, directly or indirectly, and none of this Letter of Offer, the Abridged Letter of Offer, Application Forms, the Rights Entitlement Letter or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlements may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. No action has been or will be taken to permit this Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Forms, the Rights Entitlement Letter or any other material relating to our Company, the Rights Equity Shares or Rights Entitlements in any jurisdiction, where any action would be required in such jurisdiction for that purpose, except that this Letter of Offer will be filed with the Stock Exchanges and SEBI.

Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer. In those circumstances, this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Investors are advised to consult their legal counsel prior to applying for the Rights Entitlements and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlements.

Neither the delivery of this Letter of Offer nor any sale/ offer hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager are making any representation to any offeree or purchaser of the Rights Equity Shares or the Rights Entitlements regarding the legality of an investment in the Rights Equity Shares and/ or the Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE RIGHTS EQUITY SHARES AND THE RIGHTS ENTITLEMETNS REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES AND/ OR THE RIGHTS ENTITLEMETNS ARE PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE SAID SECURITIES.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation or purchase of the Equity Shares and/ or Rights Entitlements from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch, through email, the Issue Material only to Eligible Equity Shareholders who have provided an Indian address to our Company. Our Company shall also endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company.

Any person who acquires Rights Entitlements and/ or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares and/ or the Rights Entitlements, it will not be, in the United States, and is authorized to acquire the Rights Entitlements and/ or the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares and/or Rights Entitlements is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/ or renouncing the Application Form is not in the United States and eligible to subscribe for the Rights Equity Shares and/ or Rights Entitlements under applicable securities laws, and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares and/or Rights Entitlements in respect of any such Application Form.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED UNDER "RESTRICTIONS ON PURCHASES AND RESALES" ON PAGE 283.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange, SEBI, and NSE, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, submit a copy of this Letter of Offer to SEBI, through an online filing with SEBI through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the email address: cfddil@sebi.gov.in.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders' Relationship Committee which currently comprises Ramani Vidhya Shankar (Chairman), Vanitha Mohan, Vikram Mohan, and Sangampalayam Kandasami Sundararaman (members). The terms of reference, *inter alia*, included dealing with stakeholders relationship and looking into the various aspects in the interest of the shareholders. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are generally disposed of within three days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre Issue or post Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see "*Terms of the Issue*" on page 246. The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer and are as follows:

Registrar to the Issue

Integrated Registry Management Services Private Limited
II Floor, Kences Towers
No.1 Ramakrishna Street, North Usman Road
T Nagar, Chennai
Tamil Nadu – 600 017, India
Telephone: +91 (44) 2814 0801 / 802 / 803
E-mail id: pricol@integratedindia.in
Investor grievance email: srirams@integratedindia.in
Contact person: Sriram S
Website: www.integratedindia.in
SEBI registration number: INR000000544

Company Secretary and Chief Compliance Officer

T. G. Thamizhanban
109, Race Course,
Coimbatore, Tamil Nadu – 641 018
India
Telephone: +91 (422) 4336223
E-mail: cs@pricol.co.in

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online / electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar at https://rights.integratedindia.in. Further, the helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are + (91) 89255 34111 and + (91) 89255 33999.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

Important:

1. **Dispatch and availability of Issue materials:**

In accordance with the SEBI ICDR Regulations, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 (read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020) and the MCA Circular, our Company will dispatch the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company, through email.. This Letter of Offer will be provided, through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Our Company shall also endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

(i) our Company at www.pricol.com;
(ii) the Registrar at https://rights.integratedindia.in;
(iii) the Lead Manager, *i.e.*, Centrum Capital Limited at www.centrum.co.in;
(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
(v) the Registrar’s web-based application platform at https://rights.integratedindia.in (“**R-WAP**”).

Eligible Equity Shareholders can download their respective Rights Entitlement Letter from the website of the Registrar (*i.e.*, https://rights.integratedindia.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.pricol.com).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation, our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for non dispatch of physical copies of issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email / Indian postal addresses of Eligible Equity Shareholders or electronic transmission / physical delivery delays or failures, or if the Application Form or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction outside India, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and/ or Rights Entitlements and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

2. **Facilities for Application in this Issue:**

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see "*- Procedure for Application through the ASBA Process*" and "*- Procedure for Application through the R-WAP*" on pages 258 and 259, respectively.

(a) **ASBA facility**: Investors can submit either the Application Form in physical mode to the Designated Branch of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see "- *Procedure for Application through the ASBA Process*" on page 258.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

(b) **Registrar's Web-based Application Platform (R-WAP):**

In accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 (read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020), a separate web based application platform, i.e., the R-WAP facility (accessible at https://rights.integratedindia.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE "*RISK FACTORS - THE R-WAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS*" ON PAGE 43.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (https://rights.integratedindia.in) or call helpline numbers (+ (91) 89255 34111 or + (91) 89255 33999). For details, see "- *Procedure for Application through the R-WAP*" on page 259.

In accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, our Company may make use of advertisements in television channels, radio, internet *etc*., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

3. **Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, '**Pricol Limited Rights Suspense Escrow Account**') opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense escrow account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority, if any; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the

Equity Shares currently under dispute, including any court proceedings.

In this connection, our Company has made necessary arrangements with NSDL and CDSL for credit of the Rights Entitlements in dematerialized form in the demat accounts of the Eligible Equity Shareholders. A separate ISIN for the Rights Entitlements has also been generated which is INE726V20018. This ISIN of the Rights Entitlements shall remain frozen (for debit) until the Issue Opening Date and shall become active on the Issue Opening Date and remain active for renunciation or transfer during the Renunciation Period and shall be suspended by Depositories for transfer from the Issue Closing Date.

Eligible Equity Shareholders holding Equity Shares in physical form are requested to provide relevant details (such as copies of self-attested PAN and client master list of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, by Tuesday, December 15, 2020 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

4. **Application by Eligible Equity Shareholders holding Equity Shares in physical form:**

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Application by such Eligible Equity Shareholders is subject to following conditions:

(i) the Eligible Equity Shareholders apply only through R-WAP;
(ii) the Eligible Equity Shareholders are residents;
(iii) the Eligible Equity Shareholders are not making payment from non-resident account;
(iv) the Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and
(v) the Eligible Equity Shareholders shall receive Rights Equity Shares, in respect of their Application, only in demat mode.

Accordingly, such resident Eligible Equity Shareholders are required to, within 6 months from the Allotment Date, send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master list of their demat account either by post, speed post, courier, electronic mail or hand delivery, to enable process of credit of Rights Equity Shares in such demat account.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 264 and 274, respectively.

5. **Other important links and helpline:**

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: https://rights.integratedindia.in
- Updation of email address/ mobile number in the records maintained by the Registrar or our Company: https://rights.integratedindia.in
- Updation of demat account details and submission of PAN by Eligible Equity Shareholders holding shares in physical form: https://rights.integratedindia.in

- Updation of Indian address, submission of self-attested PAN, client master list and demat account details by non-resident Eligible Equity Shareholders: pricol@integratedindia.in

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for this Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, https://rights.integratedindia.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.pricol.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.*, https://rights.integratedindia.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through R-WAP (an additional optional facility).

For details of Application through R-WAP by the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, see "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 264 and 274, respectively.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Application Form and other applicable Issue materials to email addresses of Eligible Equity Shareholders (in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020) who have provided an Indian address to our Company. This Letter of Offer will be provided, through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. This Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, R-WAP, our Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction

where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Equity Shares and/ or Rights Entitlements and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ 1.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ 30 per Rights Equity Share (including a premium of ₹ 29 per Rights Equity Share) in this Issue. The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 2 Rights Equity Shares for every 7 fully paid up Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part. The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, see "- *Procedure for Renunciation of Rights Entitlements*" on page 269.

In accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, '**Pricol Limited Rights Suspense Escrow Account**') opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense escrow account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority, if any; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE726V20018. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders holding Equity Shares in physical form are requested to provide relevant details (such as copies of self-attested PAN and client master list of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, by Tuesday, December 15, 2020, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN INE726V20018. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Thursday, December 3, 2020 to Friday, December 11, 2020 (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see "- *Procedure for Renunciation of Rights Entitlements – On Market Renunciation*" and "- *Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*" on pages 260 and 261, respectively.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Terms of Payment

Full payment of ₹ 30 per Rights Equity Share (including premium of ₹ 29 per Rights Equity Share) shall be payable on application.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 2 Rights Equity Shares for every 7 fully paid up Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 7 Equity Shares or is not in the multiple of 7 Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 50 Equity Shares, such Equity Shareholder will be entitled to 14 Rights Equity Share and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 4 Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Credit Rating

As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number DCS/RIGHTS/BA/IP-RT/860/2020-21 dated November 13, 2020 and from the NSE through letter bearing reference number NSE/LIST/25260 dated November 12, 2020. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 540293) and NSE (Scrip Code: PRICOLLTD) under the ISIN: INE726V01018. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every Director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters and our Promoter Group

For details of the intent and extent of subscription by our Promoters and the members of our Promoter Group, see "*Capital Structure – Subscription to this Issue by our Promoters and Promoter Group*" on page 54.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights:

(a) The Rights Equity Shares shall rank pari passu with the existing Equity Shares in all respects.

(b) The right to receive dividend, if declared;

(c) The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense escrow account for resident Eligible Equity Shareholders holding Equity Shares in physical form;

(d) The right to receive surplus on liquidation;

(e) The right to free transferability of Rights Equity Shares;

(f) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed under "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on page 274; and

(g) Such other rights as may be available to a shareholder of a listed public company under the Companies

Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for Allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send, through email, the Issue Material to all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided, through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Our Company shall also endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Tamil language daily newspaper with wide circulation (Tamil being the regional language of Coimbatore, where our Registered and Corporate Office is situated).

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, our Company may make use of advertisements in television channels, radio, internet *etc*., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for Allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at pricol@integratedindia.in.

The Abridged Letter of Offer, the Application Form and other applicable Issue materials shall be sent to the email address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please note that only resident Investors can submit an Application using the R-WAP.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at pricol@integratedindia.in.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see "*- Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" on page 264.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions *etc.* in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. In addition, Applicants should consult with the relevant SCSB to ensure that there is no statutory / regulatory action restricting the Application being submitted through them.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company. The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and other applicable Issue materials shall be sent through email to email address if they have provided an Indian address to our Company. Our Company shall also endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email / Indian postal addresses of Eligible Equity Shareholders or electronic transmission / physical delivery delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit https://rights.integratedindia.in. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

(i) our Company at www.pricol.com;
(ii) the Registrar at https://rights.integratedindia.in;
(iii) the Lead Manager, i.e., Centrum Capital Limited at www.centrum.co.in;
(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
(v) the R-WAP at https://rights.integratedindia.in.

The Eligible Equity Shareholders can download their respective Rights Entitlement Letter from the website of the Registrar (*i.e.*, https://rights.integratedindia.in) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.pricol.com).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i)the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected, except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through R-WAP.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see "- ***Grounds for Technical Rejection*****" on page 269. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "*- Application on Plain Paper under ASBA process"* on page 261.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or

(v) renounce its Rights Entitlements in full.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "*- Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "*- Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 264 and 274, respectively.

Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. For details on

Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility. In addition, Applicants should consult with the relevant SCSB to ensure that there is no statutory / regulatory action restricting the Application being submitted through them.

Procedure for Application through the R-WAP

Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see "*Risk Factors - The R-WAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways*" on page 43.

Set out below is the procedure followed using the R-WAP:

(a) Resident Investors should visit R-WAP (accessible at https://rights.integratedindia.in) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.

(b) Non-resident Investors are not eligible to apply in this Issue through R-WAP.

(c) The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can download their respective Rights Entitlement Letter and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.

(d) The Investors who are Renouncees should select the category of 'Renouncee' at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.

(e) Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020.

(f) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.

(g) Verification in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the Depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.

(h) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB or using R-WAP are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section "- *Application on Plain Paper under ASBA process*" on page 261.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section "- *Basis of Allotment*" on page 272.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar at least two working days prior to the Issue Closing Date and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using the R-WAP.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN INE726V20018 subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Thursday, December 3, 2020 to Friday, December 11, 2020 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN INE726V20018 and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a Depository Participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their Depository Participant by issuing a delivery instruction slip quoting the ISIN INE726V20018, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their Depository Participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the Depository Participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Pricol Limited;

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Registered Folio Number/DP and Client ID No.;

4. Number of Equity Shares held as on Record Date;

5. Allotment option – only dematerialised form;

6. Number of Rights Equity Shares entitled to;

7. Number of Rights Equity Shares applied for within the Rights Entitlements;

8. Number of additional Rights Equity Shares applied for, if any;

9. Total number of Rights Equity Shares applied for;

10. Total amount paid at the rate of ₹ 30 per Rights Equity Share;

11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;

12. In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;

13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and

16. In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

    *"I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Rights Equity Shares and the Rights Entitlements referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act ("**Regulation S**") to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares and/ or Rights Entitlements is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy or transfer any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares and/ or the Rights Entitlements under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue,*

and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares or the Rights Entitlements which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of my/ our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" on page 283.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at https://rights.integratedindia.in.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Mode of payment

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

For details of mode of payment in case of Application through R-WAP, see "- *Procedure for Application through the R-WAP*" on page 259.

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 264 and 274, respectively.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit https://rights.integratedindia.in.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master list of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date. The Eligible Equity Shareholders are encouraged to send the details by email due to lockdown and restrictions imposed due to current pandemic COVID-19;

(b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The Eligible Equity Shareholders can access the Application Form from:

- R-WAP, the website of the Registrar (https://rights.integratedindia.in);
- our Company (www.pricol.com);
- the Lead Manager (at www.centrum.co.in);
- the Stock Exchanges (at www.bseindia.com and www.nseindia.com).

Eligible Equity Shareholders can download their respective Rights Entitlement Letter from the website of the Registrar (*i.e.*, https://rights.integratedindia.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.pricol.com);

(d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the

SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Further, (a) Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date, and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, **may also apply** in this Issue during the Issue Period by filling the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat, on or before the Issue Closing Date. Such resident Eligible Equity Shareholders may be required to submit address, email address, contact details, copy of PAN, for verification of their Application. Further, such resident Eligible Equity Shareholder can:

(a) apply for its Rights Equity Shares to the full extent of its Rights Entitlements;

(b) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); and

(c) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

For details of credit of the Rights Equity Shares to such resident Eligible Equity Shareholders, see "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on page 274.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE "ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" ON PAGE 273.

General instructions for Investors

(a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 264 and 274, respectively.

(c) Please read the instructions on the Application Form sent to you.

(d) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.

(e) Application should be made only through the ASBA facility or using R-WAP.

(f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(g) In case of non-receipt of Application Form, Application can be made, along with requisite application money, by making an application that is available on the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges or on plain paper mentioning all necessary details as mentioned under the section "- *Application on Plain Paper under ASBA process*" on page 261.

(h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

(i) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.

(j) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.

(k) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(l) Applications should not be submitted to the Banker to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.

(m) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.

(n) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors**.

(o) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the R-WAP facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(p) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with our Company / Registrar / depositories.

(q) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(r) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective Depository Participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(s) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

(t) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.

(u) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(v) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

Do's:

(a) Ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number as provided in the e-mail received from Registrar informing about their Rights Entitlement or the reference number of Rights Entitlement Letter or last eight digits of their demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

(b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.

(c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.

(d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

(a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(d) Do not pay the Application Money in cash, by money order, pay order or postal order.

(e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

(a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

(b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.

(e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Do's for Investors applying through R-WAP:

(a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.

(b) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in the bank account through which payment is made using the R-WAP.

(c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment

(d) Ensure that you receive a confirmation email on successful transfer of funds.

(e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.

(f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don'ts for Investors applying through ASBA:

(a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

(b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Don'ts for Investors applying through R-WAP:

(a) Do not apply from bank account of third parties.

(b) Do not apply if you are a non-resident Investor.

(c) Do not apply from non-resident account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.

(b) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.

(c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(e) Account holder not signing the Application or declaration mentioned therein.

(f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.

(g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

(l) Physical Application Forms not duly signed by the sole or joint Investors.

(m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights

Entitlements.

(o) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(p) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):

(a) Applications by non-resident Investors.

(b) Payment from third party bank accounts.

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP PROCESS (AVAILABLE ONLY FOR RESIDENT INVESTORS), TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms s are liable to be rejected.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can download Application Forms from the websites of the Registrar, our Company and the Lead Manager.

   Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Application Form and other applicable Issue materials shall be sent to their email addresses if they have provided their Indian address to our Company. This Letter of Offer will be provided, through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.

3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.

2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a Mutual Fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "*- Procedure for Applications by Mutual Funds*" on page 279.

In cases where multiple Application Forms are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is Thursday, December 17, 2020, *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, "*- Basis of Allotment*" on page 272.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to pricol@integratedindia.in in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

Last date for credit of Rights Entitlements:	Wednesday, December 2, 2020
ISSUE OPENING DATE	Thursday, December 3, 2020
LAST DATE FOR ON MARKET RENUNCIATION*	Friday, December 11, 2020
ISSUE CLOSING DATE	Thursday, December 17, 2020
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	Monday, December 28, 2020
DATE OF ALLOTMENT (ON OR ABOUT)	Tuesday, December 29, 2020
DATE OF CREDIT (ON OR ABOUT)	Thursday, December 31, 2020
DATE OF LISTING (ON OR ABOUT)	Friday, January 1, 2021

** Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, Tuesday, December 15, 2020, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

For details, see "*General Information - Issue Schedule*" on page 51.

Our Board may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement

Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board or a duly authorised committee will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after Allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will email Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense escrow account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue

Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner

In case of Allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

(a) the Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense escrow account to be opened by our Company;

(b) within 6 (six) months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master list of their demat account either by post, speed post, courier, electronic mail or hand delivery;

(c) Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense escrow account to the demat accounts of such Eligible Equity Shareholders;

(d) In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense escrow account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, *etc.* to such Eligible Equity Shareholders to remit such proceeds.

    Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchanges after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the Application Money paid by such Eligible Equity Shareholders;

(e) Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updation of details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;

(f) After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges; and

(g) If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.

(h) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense escrow account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense escrow account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.

2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.

3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense escrow account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares in proportion to amount paid-up on the Rights Equity Shares, as permitted under applicable laws.

4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).

5. **The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, *etc.*, in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.**

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below.

(a) Unblocking amounts blocked using ASBA facility.

(b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the Depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) Direct Credit – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

(e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense escrow account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc*.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ESCROW ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS

RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated September 21, 2016 with NSDL and an agreement dated September 26, 2016 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's Depository Participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's Depository Participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be Allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense escrow account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc*.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's Depository Participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form*" on pages 264 and 274, respectively.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10%

of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a Mutual Fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakhs or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakhs or with both.

Payment by stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Applications and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

A. All monies received out of this Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.

3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6) Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.

7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "**Pricol Limited – Rights Issue**" on the envelope and postmarked in India or in the email) to the Registrar at the following address:

Integrated Registry Management Services Private Limited
II Floor, Kences Towers
No.1 Ramakrishna Street, North Usman Road
T Nagar, Chennai
Tamil Nadu – 600 017, India
Telephone: +91 (44) 2814 0801 / 802 / 803
E-mail id: pricol@integratedindia.in
Investor grievance email: srirams@integratedindia.in
Contact person: Sriram S
Website: www.integratedindia.in
SEBI registration number: INR000000544

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www. https://rights.integratedindia.in). Further, the helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are + (91) 89255 34111 and + (91) 89255 33999.

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 ("**FDI Circular 2017**"), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DPIIT, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The above information is given for the benefit of the Applicants / Investors. Our Company and the and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Rights Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges.

The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

The Rights Entitlements and/ or the Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements and/ or the Rights Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements and/or the Rights Equity Shares shall do so in accordance with the restrictions set out below:

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S. Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. Neither receipt of this Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Letter of Offer and its accompanying documents directly from our Company or the Registrar.

Each person outside of the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any "directed selling efforts" in the United States (as such term is defined in Regulation S).

3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of its jurisdiction of residence.

5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.

6. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.

7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Rights Equity Shares of the restrictions set forth in the Letter of Offer under the heading "*Restrictions on Purchases and Resales*".

8. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

9. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

10. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of our Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Rights Equity Shares, and any such questions have been answered to its

satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Rights Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Manager or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

11. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Rights Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, nor the Lead Manager or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

12. The purchaser understands that the Exchange Information and this Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchanges or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company's financial information contained in the Exchange Information and this Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the U.S. SEC, and (ii) this Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Rights Equity Shares with the U.S. SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.

13. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our Company; and (ii) none of the Lead Manager or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.

14. The purchaser will not hold our Company, the Lead Manager or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.

15. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Rights Equity Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Rights Equity Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity

with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Rights Equity Shares, and is able to sustain a complete loss in connection therewith and it will not look to our Company, or to the Lead Manager, for all or part of any such loss or losses it may suffer.

16. The purchaser understands and acknowledges that the Lead Manager are assisting our Company in respect of this Issue and that the Lead Manager are acting solely for our Company and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.

17. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that neither our Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or outside of India and ineligible to participate in this Issue under applicable securities laws.

18. The purchaser understands that the foregoing representations and acknowledgments have been provided in connection with United States, India and other securities laws. It acknowledges that our Company and the Lead Manager, their affiliates and others (including legal counsels to each of our Company, the Lead Manager) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of this Issue or the issuance of the Rights Equity Shares, any of the acknowledgements, representations, warranties and agreements made in connection with its exercise of Rights Entitlements and subscription for the Rights Equity Shares is no longer accurate, it shall promptly notify our Company in writing.

Australia

This Letter of Offer does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("Australian Corporations Act") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This Letter of Offer has not been lodged with the Australian Securities and Investments Commission ("ASIC") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Rights Entitlements and Rights Equity Shares under this Letter of Offer may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Rights Entitlements and Rights Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of this Letter of Offer, and any offers made under this Letter of Offer, you represent to the Issuer, Lead Manager that you will not provide this Letter of Offer or communicate any offers made under this Letter of Offer to, or make any applications or receive any offers for Rights Entitlements or Rights Equity Shares for, any Australian residents unless they are a "sophisticated investor" or a "professional investor" as defined by section 708 of the Australian Corporations Act.

Any offer of the Rights Entitlements or the Rights Equity Shares for on-sale that is received in Australia within 12 months after their issue by the Company, or within 12 months after their sale by a selling security holder (or a Lead Manager) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements and the Rights Equity Shares should observe such Australian on-sale restrictions.

Bahrain

The Central Bank of Bahrain, the Bahrain Bourse and the Ministry of Industry, Commerce and Tourism of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Letter of Offer or the performance of the Rights Entitlements or the Rights Equity Shares, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Letter of Offer is only intended for accredited investors as defined by the Central Bank of Bahrain. We have not made and will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the Rights Entitlements or the Rights Equity Shares and this Letter of Offer will not be issued, passed to, or made available to the public generally. The Central Bank of Bahrain has not reviewed, nor has it approved, this Letter of Offer or the marketing thereof in the Kingdom of Bahrain. The Central Bank of Bahrain is not responsible for the performance of the Rights Entitlements or the Rights Equity Shares.

Cayman Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares may be made to the public in the Cayman Islands.

China

This Letter of Offer may not be circulated or distributed in the People's Republic of China ("**PRC**") and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Rights Equity Shares or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this Letter of Offer are required by the Issuer and its representatives to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Dubai International Financial Centre

The Rights Entitlements and the Rights Equity Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and

(ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a "**Relevant State**"), neither the Rights Entitlements or the Rights Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlements and the Rights Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the Rights Entitlements and the Rights Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

a. to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

b. to fewer than 150 natural or legal persons per Member State (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or

c. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Rights Entitlements or the Rights Equity Shares shall require the Issuer or any Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. This Letter of Offer is not a prospectus for the purposes of the Prospectus Regulation. The Issuer does not authorize the making of any offer of Rights Entitlements and/or the Rights Equity Shares in circumstances in which an obligation arises for the Issuer to publish a prospectus for such offer.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Rights Entitlements or the Rights Equity Shares in any Relevant State means the communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and Rights Entitlements or any Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for those securities, and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

Hong Kong

The Rights Entitlements and the Rights Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Rights Entitlements and the Rights Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Rights Entitlements and the Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Rights Equity Shares. No Rights Entitlements or Rights Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as amended) (the "**Qualified Institutional Investor**"), the Rights Entitlements and Rights Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Rights Entitlements and the Rights Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To receive the Rights Entitlements and subscribe the Rights Equity Shares (the "**QII Rights Entitlements and the QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Rights Entitlements and the QII Equity Shares other than to another Qualified Institutional Investor.

Kuwait

This Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Rights Equity Shares in the State of Kuwait. The Rights Entitlements and the Rights Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Rights Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait ("Kuwait Securities Laws"). No private or public offering of the Rights Entitlements or the Rights Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Rights Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Rights Equity Shares in the State of Kuwait.

Luxembourg

The Rights Entitlements and the Rights Equity Shares offered in this Letter of Offer may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This Letter of Offer is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Rights Entitlements and the Rights Equity Shares. Distribution of this Letter of Offer to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized and any disclosure of any of its contents, without prior written consent of the Issuer, is prohibited.

Malaysia

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Letter of Offer or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Rights Entitlements and the Rights Equity Shares. The Rights Entitlements and the Rights Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Rights Entitlements and the Rights Equity Shares directly or indirectly to anyone in Malaysia.

Mauritius

The Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Letter of Offer nor any offering material or information contained herein relating to the offer of the Rights Entitlements and the Rights Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Letter of Offer does not constitute an offer to sell the Rights Entitlements and the Rights Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

This Letter of Offer has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**"). This Issue is not an offer of financial products that requires disclosure under Part 3 of the FMC Act and no product disclosure statement, register entry or other disclosure document under the FMC Act will be prepared in respect of this Issue. The Rights Entitlements and the Rights Equity Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

a. is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
b. meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
c. is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or

d. is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act.

If, in the future, any person in New Zealand to whom the Rights Entitlements or the Rights Equity Shares are issued or sold elects to sell any Rights Entitlements or Rights Equity Shares, they must not do so in any manner which will, or is likely to, result in this Issue, or such sale, being viewed as an offer to which Part 3 of the FMC Act is applicable.

Oman

This Letter of Offer and the Rights Entitlements and the Rights Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in the Sultanate of Oman ("**Oman**") without the prior consent of the Capital Market Authority ("Oman CMA") and then only in accordance with any terms and conditions of such consent. In connection with the offering of the Rights Entitlements and the Rights Equity Shares, no prospectus has been filed with the Oman CMA. The offering and sale of the Rights Entitlements and the Rights Equity Shares described in this Letter of Offer will not take place inside Oman. This Letter of Offer is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof does not constitute a public offer of the Rights Entitlements or the Rights Equity Shares in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Authority Law (Royal Decree 80/98) (the "CMAL"), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non - Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of CMA. Additionally, this Letter of Offer and the Rights Entitlements and the Rights Equity Shares is not intended to lead to the conclusion of a contract for the sale or purchase of securities. The recipient of this Letter of Offer and the Rights Entitlements and the Rights Equity Shares represents that it is a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that it has experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

Qatar

This Letter of Offer is provided on an exclusive basis to the specifically intended recipient, upon that person's request and initiative, and for the recipient's personal use only and is not intended to be available to the public. Nothing in this prospectus constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of the Rights Entitlements or the Rights Equity Shares in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre. This Letter of Offer and the underlying instruments have not been reviewed, approved, registered or licensed by the Qatar Central Bank, The Qatar Financial Centre Regulatory Authority, The Qatar Financial Markets Authority or any other regulator in the State of Qatar. Any distribution of this Letter of Offer by the recipient to third parties in Qatar or the Qatar Financial Centre beyond these terms is not authorised and shall be at the liability of the recipient.

Saudi Arabia

This Letter of Offer may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 3-123-2017 dated 27 December 2017 as amended by resolution number 1-104-2019 dated 30 September 2019, as amended (the "**CMA Regulations**"). The CMA does not make any representation as to the accuracy or completeness of this Letter of Offer and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Letter of Offer. Prospective purchasers of the Rights Entitlements and the Rights Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Rights Entitlements and the Rights Equity Shares. If you do not understand the contents of this Letter of Offer, you should consult an authorized financial adviser.

Singapore

This Letter of Offer has not been registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, neither this Letter of Offer nor any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Entitlements or the Rights Equity Shares may be circulated or distributed, nor may the Rights Entitlements and the Rights Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) existing holders of Rights Equity Shares in the Company pursuant to Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"), or (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275 of the Securities and Futures Act and (in the case of an accredited investor) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or where applicable, Section 276 of the Securities and Futures Act.

Any reference to the Securities and Futures Act is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the Securities and Futures Act or any provision in the Securities and Futures Act is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B of the Securities and Futures Act: The Rights Entitlements and the Rights Equity Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Korea

We are not making any representation with respect to the eligibility of any recipients of this Letter of Offer to acquire the Rights Entitlements and the Rights Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**"). Accordingly, the Rights Entitlements and the Rights Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Rights Entitlements and the Rights Equity Shares, except (i) where relevant requirements are satisfied, the Rights Entitlements and the Rights Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Rights Entitlements and the Rights Equity Shares may not be re-sold to Korea residents unless the purchaser of the Rights Entitlements and the Rights Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Rights Entitlements and the Rights Equity Shares.

United Arab Emirates

This the Letter of Offer has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the "**UAE**") or any other authority in any of the free zones established and operating in the UAE. The Rights Entitlements and the Rights Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. This Letter of Offer is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

United Kingdom

In the United Kingdom, this Letter of Offer and any investment or investment activity to which this Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of "investment professionals" contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order or (iii) to whom it can otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). Persons who are not relevant persons should not take any action on the basis of this Letter of Offer and should not act or rely on it or any of its contents.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available on the website of our Company at www.pricol.com from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated November 20, 2020 between our Company and the Lead Manager.

2. Registrar Agreement dated November 20, 2020 between our Company and the Registrar to the Issue.

3. Banker to the Issue Agreement dated November 20, 2020 among our Company the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended.

2. Resolution of our Board dated September 4, 2020 approving the Issue.

3. Resolution passed by the Rights Issue Committee dated November 19, 2020 fixing the Issue Price and the Rights Entitlements ratio.

4. Resolution passed by the Rights Issue Committee dated November 19, 2020 determining the Record Date.

5. Resolution passed by our Board dated November 19, 2020 and the Rights Issue Committee dated November 20, 2020 approving this Letter of Offer.

6. Annual Reports of our Company for Fiscals 2020, 2019, 2018, 2017 and 2016.

7. The Audited Consolidated Financial Statements and audit report thereon dated July 29, 2020 for Fiscal 2020.

8. Consents of our Directors, the Lead Manager, legal counsels, Statutory Auditors, chartered engineer, Banker to the Issue and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.

9. In-principle approvals dated November 13, 2020 and November 12, 2020 issued by BSE and NSE respectively under Regulation 28(1) of the SEBI Listing Regulations.

10. The statement of possible special tax benefits dated November 20, 2020 for our Company and our shareholders from VKS Aiyer & Co., Chartered Accountants.

11. The statement of possible special tax benefits dated November 20, 2020 for our Material Subsidiary, Pricol Asia Pte. Limited, from Prudential Public Accounting Corporation, Chartered Accountants.

12. Due diligence certificate dated November 20, 2020 addressed to SEBI from the Lead Manager.

13. Tripartite agreement dated September 21, 2016, between our Company, Integrated Registry Management Services Private Limited (formerly known as Integrated Enterprises (India) Limited) and NSDL.

14. Tripartite agreement dated September 26, 2016, between our Company, Integrated Registry Management Services Private Limited (formerly known as Integrated Enterprises (India) Limited) and CDSL.

15. Information memorandum dated February 7, 2017.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHAIRMAN OF THE COMPANY

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Vanitha Mohan
Chairman

Date: November 20, 2020

Place: Coimbatore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE MANAGING DIRECTOR OF THE COMPANY

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Vikram Mohan
Managing Director

Date: November 20, 2020

Place: Coimbatore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF OPERATING OFFICER OF THE COMPANY

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Venkatachalapathi Balaji Chinnappan
Chief Operating Officer (Executive Director)

Date: November 20, 2020

Place: Coimbatore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE INDEPENDENT DIRECTOR OF THE COMPANY

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Suresh Jagannathan
Independent Director

Date: November 20, 2020

Place: Coimbatore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE INDEPENDENT DIRECTOR OF THE COMPANY

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Ramani Vidhya Shankar
Independent Director

Date: November 20, 2020

Place: Coimbatore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE INDEPENDENT DIRECTOR OF THE COMPANY

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Sriya Chari
Independent Director

Date: November 20, 2020

Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE INDEPENDENT DIRECTOR OF THE COMPANY

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Sangampalayam Kandasami Sundararaman
Independent Director

Date: November 20, 2020

Place: Coimbatore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE INDEPENDENT DIRECTOR OF THE COMPANY

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Shanmugasundaram Palanisamy
Independent Director

Date: November 20, 2020

Place: Karur

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE INDEPENDENT DIRECTOR OF THE COMPANY

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Kasthuri Rangaian Ilango
Independent Director

Date: November 20, 2020

Place: Coimbatore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE ADDITIONAL DIRECTOR (INDEPENDENT DIRECTOR) OF THE COMPANY

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Navin Paul

Additional Director (Independent Director)

Date: November 20, 2020

Place: Bengaluru

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY

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K. Ramesh
Chief Financial Officer

Date: November 20, 2020

Place: Coimbatore