

**PRICOL CASTINGS LIMITED**

**COIMBATORE**

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**TWENTIETH ANNUAL REPORT - 2014**

<b>BOARD OF DIRECTORS</b>	Mr.Vijay Mohan - Chairman Mr.K.Udhaya Kumar – Executive Director Mr.P.Vijay Raghunath Mr.D.Ravichandran
<b>AUDIT COMMITTEE</b>	Mr.P.Vijay Raghunath Mr.D.Ravichandran Mr.K.Udhaya Kumar
<b>COMPANY SECRETARY</b>	Mr.V.Krishnamoorthy
<b>AUDITORS</b>	M/s.Haribhakti & Co Chartered Accountants Shree Shanmugapriya Towers, II Floor 454, Ponnaiyan Street, Cross Cut Road Gandhipuram, Coimbatore 641 012
<b>BANKERS</b>	City Union Bank Limited 3/220,New Scheme Road, P.B No 6310, Papanaicken Palayam, Coimbatore, Pin : 641037
<b>REGISTERED OFFICE</b>	100/1A, Pollachi Main Road, Thamaraikulam Post, Kinathukadavu (Via), Pollachi T.K., COIMBATORE – 642 109.

#### FACTORY

<b>High Pressure Die Casting Division Tooling Division Machining Division</b>	100/1A, Pollachi Main Road, Thamaraikulam Post, Kinathukadavu (Via), Pollachi Taluk – 642 109. COIMBATORE
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# pricol castings limited

## NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held on Friday, 8<sup>th</sup> August 2014 at 10.30 a.m. at the Registered office of the Company situated at 100/1A, Pollachi Main Road, Thamarakulam (Post), Kinathukadavu (Via), Pollachi (TK), Coimbatore – 642 109, to transact the following business:

### AGENDA

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2014 and the Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2014 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr.Vijay Mohan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

"RESOLVED that pursuant to the provisions of Section 139, 141, 142, 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any amendment, modification, variation or re-enactment thereof, M/s.Haribhakti & Co., (ICAI Registration No.FRN 103523W), Chartered Accountants, Coimbatore, be and are hereby appointed as Statutory Auditors of the Company for a period of 4 (four) years and to hold office as such from the conclusion of 20<sup>th</sup> Annual General Meeting until the conclusion of the 24<sup>th</sup> Annual General Meeting of the Company, at such remuneration as may be agreed between the Company and the auditors including reimbursement of actual travelling and out of pocket expenses incurred by them in connection with audit of accounts of the Company for the financial years 2014-18."

"RESOLVED FURTHER that the aforesaid appointment for the financial years 2015-18 is subject to the approval of the shareholders of the Company at every Annual General Meeting."

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to M/s.Haribhakti & Co., Chartered Accountants, Coimbatore, for the financial years 2014-18."

#### SPECIAL BUSINESS:

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.D.Ravichandran (holding DIN 00169876), Director of the Company who is a retiring director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from 1<sup>st</sup> April 2014 up to 31<sup>st</sup> March 2019."

## pricol castings limited

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.P.Vijay Raghunath (holding DIN 00002963), Director of the Company who is a retiring director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from 1st April 2014 up to 31<sup>st</sup> March 2019."

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

"RESOLVED that in supersession of the Ordinary Resolution passed under section 293(1)(d) of the Companies Act, 1956 at the Extra Ordinary General Meeting held on 11<sup>th</sup> February, 2006 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors and / or any Committees thereof to borrow moneys (apart from temporary loans obtained / to be obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount so borrowed and outstanding at any point of time, shall not be in excess of Rs.500 Million (Rupees Five hundred million)."

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

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the Act (corresponding to Section 293 (1) (a) of the Companies Act, 1956) (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as the 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to create a charge on any of the Company's property / assets/ undertakings (movable / immovable, present / future, tangible / intangible) by creating an interest or lien thereon, as security, including by way of mortgage / hypothecation / pledge, in addition to such charges already created, in such form / manner / ranking / terms as the Board may deem fit in the interest of the Company, together with or without the power to sell / dispose of any of the charged property / assets / undertakings or take over the management of the business or any undertaking of the Company in case of certain events of default, in favour of the Lender(s), Agent(s) and Trustee(s), for securing credit facilities / borrowings availed or to be availed by the Company, by way of loans or otherwise in foreign currency / Indian rupees, from time to time, up to the Board's borrowing limits, along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other moneys payable by the Company including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange and the Board be and is hereby authorized to decide all

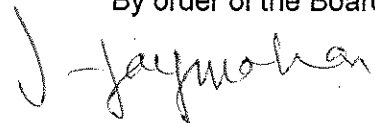
## pricol castings limited

terms and conditions in relation to such creation of charge, at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required."

"RESOLVED FURTHER THAT the charges to be created by the Company aforesaid may rank prior / pari passu / subservient with / to any charge already created or to be created and as may be agreed to by the Board for and on behalf of the Company."

RESOLVED that in supersession of the Ordinary Resolution adopted at the Extra Ordinary General Meeting held on 1<sup>st</sup> October 2003, and pursuant to Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to mortgage and / or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company, wherever situate, both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company in such form and in such manner as the Board of Directors may think fit for securing any loans and / or advances already obtained or that may be obtained from any Banks / financial institutions including interests, additional interest, commitment charge, costs, charges, expenses and all other moneys payable by the Company to the concerned banks / financial institutions lenders.

By order of the Board



Vijay Mohan  
Chairman

Coimbatore  
21<sup>st</sup> May 2014

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### NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND & VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Explanatory statement pursuant to section 102 of the Companies Act 2013 is attached.

# pricol castings limited

## EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No: 4

### Mr.D.Ravichandran

Mr.D.Ravichandran, 59 years of age, is a B.E. (Hons) in Mechanical Engineering from the Birla Institute of Technology & Science (BITS), Pilani. He specialized in Tool Engineering and Machine Design. He has also done a full time program in PSG College of Technology and specialized in Industrial Costing.

#### Other Directorships:

Versa Pack Private Limited

#### Membership of Committees of other Companies:

Audit Committees : Nil

Nomination and Remuneration Committees : Nil

Stakeholders relationship Committees : Nil

Shareholding: Nil.

He is not related to any other director.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr.D.Ravichandran being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from 1<sup>st</sup> April 2014 upto 31<sup>st</sup> March 2019.

A notice has been received from a member proposing Mr.D.Ravichandran as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr.D.Ravichandran fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Mr.D.Ravichandran as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.D.Ravichandran as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.D.Ravichandran as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.D.Ravichandran, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.4

## pricol castings limited

Item No: 5

### Mr.Vijay Raghunath

Mr.Vijay Raghunath, 46 years of age, is a Bachelor of Commerce and Bachelor of Law, having 17 years of practice in legal profession

#### Other Directorships:

Space Ventures (India) Limited

Elgi Rubber Company Limited

#### Membership of Committees of other Companies:

##### Audit Committees :

Elgi Rubber Company Limited

##### Nomination and Remuneration Committees:

Elgi Rubber Company Limited

##### Stakeholders relationship Committees :

Elgi Rubber Company Limited

Shareholding: Nil.

He is not related to any other director

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr.Vijay Raghunath being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from 1<sup>st</sup> April 2014 upto 31<sup>st</sup> March 2019.

A notice has been received from a member proposing Mr.Vijay Raghunath as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr.Vijay Raghunath fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Mr.Vijay Raghunath as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.Vijay Raghunath as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.Vijay Raghunath as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.Vijay Raghunath, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

Item No: 6

The members, at the Extra Ordinary General Meeting of the Company held on 11th February, 2006, had, by way of an ordinary resolution, authorised the Board of Directors, to borrow monies up to Rs. 500 million over and above the paid up capital and free reserves, under Section 293(1)(d) of the Companies Act, 1956.

## pricol castings limited

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

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

The Board recommends the resolution set out at item no: 6 of the Notice for your approval.

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

### Item No: 7

In terms of the provisions of Section 180(1)(a) of the Companies Act, 2013, and any other applicable provisions, of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the Board of Directors of the Company cannot, except with the consent of the shareholders by way of a Special Resolution, through Postal Ballot, sell, lease or otherwise dispose of the whole or substantially whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertakings. The mortgage and / or charge on any of the movable and / or immovable or any other tangible and intangible assets / properties and / or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company with a power to the charge holders to sell / dispose of any of the charged assets or to take over the management of the business of the Company, in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

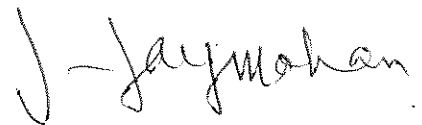
The resolutions contained in item no. 7 of the accompanying Notice, accordingly, seek members' approval for creation of mortgage / charge etc. in favour of the lenders for securing the borrowing(s).

The Board recommends to the Shareholders, the passing of the Special Resolutions under the accompanying Notice, by casting their vote through the Postal Ballot Form or E-Voting as explained in the enclosed Postal Ballot Form.

None of the Directors or Key managerial personnel of the Company or their relatives are concerned or interested, either financially or otherwise, in this item of special business.

By order of the Board

Coimbatore  
21<sup>st</sup> May 2014



Vijay Mohan  
Chairman



# pricol castings limited

## REPORT OF THE DIRECTORS

Your Directors take pleasure in presenting the Twentieth Annual Report and Audited Accounts for the financial year ended 31<sup>st</sup> March 2014.

### WORKING RESULTS:

The working results of the Company are summarized as detailed below:

Particulars	Rs. In Million	
	2013-14	2012-13
Sales & Service Charges – Domestic	378.469	255.767
- Export	8.959	12.490
<b>Total</b>	<b>387.428</b>	<b>268.257</b>
<b>Profit Before Interest, Depreciation &amp; Other Income</b>	<b>(47.525)</b>	<b>28.809</b>
Less : Interest & Finance Charges	12.313	15.049
: Depreciation	17.483	12.739
Add : Other Income	0.798	3.622
<b>Profit / (Loss) Before Tax</b>	<b>(76.523)</b>	<b>0.885</b>
Add : Excess provision of income tax relating to earlier years	(1.421)	0.135
<b>Profit / (Loss) After Tax</b>	<b>(77.944)</b>	<b>1.020</b>
Balance brought forward	(71.677)	(72.698)
Balance Carried to Balance Sheet	(149.621)	(71.677)

### REVIEW OF OPERATIONS & OUTLOOK:

During the year 2013-14, the company made a sales turnover of Rs.387 million against Rs. 268 million achieved during the previous year, an increase of 44% over previous year.

The increased power cuts in the State which compelled the company to generate its own power and increase in Diesel prices had resulted in higher power costs of generation. The depreciation of Indian Rupee against the USD has increased the cost of major input aluminum (the aluminum smelters importing scrap from overseas increased the prices due depreciation of rupee). Due to the above said factors the company incurred a loss of Rs. 78 million. The auto industry was going through recessionary phase and as result of which when we approached the customers for price increase they were unable to give any assistance due to price pressures on them. To mitigate the cash losses the holding company Pricol Limited brought in further funds of Rs. 152 million in the form of share capital.

The company in the year 2014-15 has embarked on several cost cutting measures and approaching the customers for price increases which will help to reduce the losses and aim for break even. The company has installed a Bio Gas plant (March 2014) to generate gas from coconut shells which will reduce the dependency on Generators using diesel and which will eventually result in reduced power cost.

# pricol castings limited

## **DIRECTORS:**

Mr.Vijay Mohan, Director retires by rotation at the ensuing meeting and is eligible for re-appointment. Mr.D.Ravichandran and Mr.Vijay Raghunath are proposed to be appointed as Independent Directors pursuant to section 149 of the Companies Act, 2013 for a period of 5 years upto 31<sup>st</sup> July 2019 subject to the approval of shareholders at the ensuing Annual General Meeting.

## **FIXED DEPOSITS:**

The Company has not accepted any Deposits from the public.

## **AUDITORS:**

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

As per Section 139 of the Companies Act 2013, a public company having paid up capital of Rs.10 crore or more shall not appoint / re-appoint an Audit Firm as Statutory Auditors for more than 2 terms of 5 consecutive years. M/s.Haribhakti & Co, who has already served as Company's Statutory Auditor for a period of 1 year, from 2013-14, is eligible for reappointment as Statutory Auditors of the Company for a further period of 9 (4 + 5) years.

In compliance with the said requirement, your Board recommends the re-appointment of M/s.Haribhakti & Co, as Statutory Auditors of the Company, for the financial year 2014-15 to 2017-18.

## **CONSERVATION OF ENERGY ETC:**

Details of Conservation of Energy, technology absorption, Foreign Exchange Earnings and Outgo in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, is annexed herewith and forms part of this report.

## **PARTICULARS OF EMPLOYEES:**

The Company does not have employees drawing remuneration attracting the provisions of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011.

## **DIRECTORS RESPONSIBILITY STATEMENT:**

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

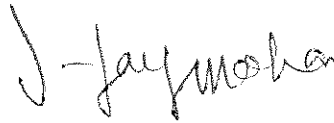
## pricol castings limited

- a) in the preparation of annual accounts for the financial year ended 31st March 2014, the applicable accounting standards have been followed.
- b) they had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- d) they had prepared the annual accounts for the financial year ended 31st March 2014, on a going concern basis.

### ACKNOWLEDGEMENT:

The directors wish to thank customers, vendors, banks / financial institutions and Pricol Limited for their continued support and co-operation during the year under review. They also wish to place on record their appreciation of the contribution made by the management team and the employees at all levels.

Coimbatore  
21<sup>st</sup> May 2014.



Vijay Mohan  
Chairman

By order of the Board



K.Udhaya Kumar  
Executive Director

# pricol castings limited

## ANNEXURE TO DIRECTORS REPORT FOR THE YEAR 2013-14

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

a. **CONSERVATION OF ENERGY:**

a) Energy Conservation Measures Taken: In Die casting machines the electrical energy is conserved through integrated PLC programming of pressure and flow. In the tool room division heavy machines like Plano milling, boring machines are fitted with variable frequency drives to conserve power.

b) Energy Consumption as per Form –A :

PARTICULARS	Units	2013-14	2012-13
1) Electricity Charges	Rs. In Million	13.387	7.983
2) EB Units Purchased	Kwh.	1,947,624	1,100,214
3) Rate per Unit Purchased	Rs.	6.87	7.26
1) Generator – Diesel	Rs. In Million	12.128	14.648
2) Units Generated	Kwh.	718,930	946,250
3) Cost per Unit Generated	Rs.	16.87	15.48
1) Total Power & Fuel (Excl. LPG)	Rs. In Million	25.515	22.631
2) Units Purchased/generated	Kwh.	2,666,554	2,046,464
3) Cost per Unit Consumed	Rs.	9.57	11.06
1) Liquefied Petroleum Gas (LPG)	Rs. In Million	16.493	13.808
2) Kgs Consumed	Kgs.	212,963	167,586
3) Cost per Kg	Rs.	77.44	82.39

b. **TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:**

The Company has developed die-cast parts which are being used in the pumps and valves especially for higher pressure applications. The Company has also developed in house facility to test the pressure parts.

c. **FOREIGN EXCHANGE EARNING & OUTGO:**

i. Earnings in Foreign Exchange (FOB): Rs.8.959 Million (Previous Year Rs.12.490 Million)

ii. Outgo in Foreign Currency (CIF) : Rs.56.336 Million (Previous Year Rs. 21.764 Million)

## INDEPENDENT AUDITORS' REPORT

To the Members of Pricol Castings Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Pricol Castings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



# HARIBHAKTI & CO.

Chartered Accountants

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Haribhakti & Co.

Chartered Accountants

Firm Registration No.103523W



C S Sathyanarayanan

Partner

Membership No. 028328

Coimbatore

21-05-2014



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Pricol Castings Limited on the financial statements for the year ended March, 31<sup>st</sup> 2014

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and the discrepancies noticed on physical verification of inventories were not material and have been appropriately dealt with in the books of accounts.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(b),(c) and (d) of the order are not applicable.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(f)and (g) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.



# HARIBHAKTI & CO.

Chartered Accountants

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of ₹ five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. Further, the company has incurred cash losses during the financial year covered by our audit. However, the company has not incurred cash loss during the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.





# HARIBHAKTI & CO.

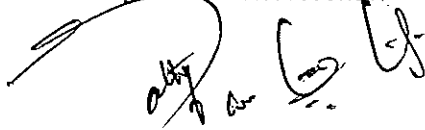
Chartered Accountants

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.

Chartered Accountants

Firm Registration No.103523W



C S Sathyanarayanan

Partner

Membership No. 028328

Coimbatore

21-05-2014





Pricol Castings Limited  
Balance Sheet as at 31st March 2014

₹ In Million

Particulars	Note No.	As at 31st March 2014	As at 31st March 2013
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' funds</b>			
Share Capital	2.01	330.275	177.982
Reserves and Surplus	2.02	(149.620)	(71.677)
		<b>180.655</b>	<b>106.305</b>
<b>Non-current liabilities</b>			
Long Term Borrowings	2.03	16.649	11.066
Long Term Provisions	2.04	2.750	1.607
		<b>19.399</b>	<b>12.673</b>
<b>Current Liabilities</b>			
Short Term Borrowings	2.05	64.577	79.802
Trade Payables	2.06	46.341	41.270
Other Current Liabilities	2.07	28.047	27.356
Short Term Provisions	2.08	0.269	-
		<b>139.234</b>	<b>148.428</b>
		<b>339.288</b>	<b>267.406</b>
<b><u>ASSETS</u></b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	2.09	139.817	84.853
Deferred tax asset (Net)	2.10	-	1.421
Long Term loans and advances	2.11	3.874	6.485
Other Non-Current Assets	2.12	32.999	30.040
		<b>176.690</b>	<b>122.798</b>
<b>Current Assets</b>			
Inventories	2.13	104.249	104.571
Trade receivables	2.14	50.255	35.490
Cash and Cash equivalents	2.15	0.276	0.119
Short Term loans and advances	2.16	7.818	4.338
Other current assets	2.17	-	0.090
		<b>162.598</b>	<b>144.608</b>
		<b>339.288</b>	<b>267.406</b>

Significant Accounting Policies and Notes to  
Financial Statements

1 to 2.33

Vide our report of even date attached  
For Haribhakti & Co.  
Chartered Accountants  
Firm Registration No. 103523W

C S SATHYANARAYANAN  
Partner  
Membership No. 028328

Place : Coimbatore  
Date : 21/05/2014

For Pricol Castings Limited

Vijay Mohan  
Chairman

K.Udhaya Kumar  
Executive Director

V.Krishnamoorthy  
Company Secretary

Pricol Castings Limited

Statement of Profit and Loss for the year ended 31st March 2014

₹ In Million

Particulars	Note No.	2013-2014	2012-2013
<b>INCOME:</b>			
Revenue From Operations (Gross)	2.18	437.994	316.143
Less: Excise Duty		50.566	47.886
Revenue From Operations (Net)		387.428	268.257
Other income	2.19	0.798	3.621
<b>Total Revenue</b>		<b>388.226</b>	<b>271.879</b>
<b>EXPENSES:</b>			
Cost of materials consumed	2.20	203.659	149.408
Changes in inventories of finished goods and work-in-progress	2.21	29.658	(39.444)
Employee benefits expense	2.22	58.017	44.160
Finance costs	2.23	12.313	14.890
Depreciation and amortization expense	2.24	17.483	12.739
Other expenses	2.25	143.619	89.241
<b>Total Expenses</b>		<b>464.749</b>	<b>270.994</b>
<b>Profit / ( Loss ) before tax</b>		<b>(76.523)</b>	<b>0.885</b>
Tax expense:			
Current tax		-	-
Deferred Tax		1.421	-
MAT Credit		-	-
Excess provision of previous years written off		-	(0.135)
<b>Profit / ( Loss ) for the year</b>		<b>(77.944)</b>	<b>1.020</b>

Earnings / ( loss ) per equity share of face value of ₹ 10 /- each

Basic and Diluted (₹ in Mn)

2.26

(4.279)

0.057

Significant Accounting Policies and Notes to Financial Statements

1 to 2.33

Vide our report of even date attached

For Haribhakti & Co.

Chartered Accountants

Firm Registration No. 103523W

C S SATHYANARAYANAN

Partner

Membership No. 028328

Place : Coimbatore

Date : 21/05/2014

*Vijay Mohan*

Vijay Mohan  
Chairman

For Pricol Castings Limited

*K. Udhaya Kumar*  
K. Udhaya Kumar  
Executive Director

*V.K. Krishnamoorthy*  
V. Krishnamoorthy  
Company Secretary

Pricol Castings Limited  
Cash Flow Statement for the year ended 31-03-2014

Particulars	31-03-2014		31-03-2013	
	₹ in Mn	₹ in Mn	₹ in Mn	₹ in Mn
Net Profit/(Loss) after tax		(77.944)		0.885
<b>Add Back:</b>				
Depreciation on Fixed Assets	17.483		12.739	
Profit on sale of Fixed Assets (Net)	(0.456)		(0.725)	
Interest Received	(0.320)		(0.302)	
Interest Paid	12.313	29.020	15.049	26.761
<b>CASH GENERATED BEFORE WORKING CAPITAL CHANGES</b>		<b>(48.924)</b>		<b>27.646</b>
Increase/(Decrease) in Inventories	0.322		(40.884)	
Increase/(Decrease) in Trade Receivables	(14.765)		(14.092)	
Increase/(Decrease) in Trade Payables	5.071		16.426	
Increase/(Decrease) in Long Term Loans and Advances	2.611		(4.305)	
Increase/(Decrease) in Short Term Loans and Advances	(3.480)		3.930	
Increase/(Decrease) in Other Current Liabilities	0.691		9.665	
Increase/(Decrease) in Other Current Assets	0.090			
Increase/(Decrease) in Long Term Provisions	1.143		0.744	
Increase/(Decrease) in Non Current Assets	(1.539)		(1.050)	
Increase/(Decrease) in Short Term Provisions	0.269		(0.696)	
Increase/(Decrease) in Short Term borrowings	(15.225)	(24.812)	(4.756)	(35.018)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>(73.736)</b>		<b>(7.372)</b>
Income tax Paid		-		-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(73.736)</b>		<b>(7.372)</b>
Capital Advances made				
Purchase of Fixed Assets	(72.814)		(8.695)	
Sale Proceeds from Fixed Assets	0.822		0.756	
Interest Received	0.320		0.212	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(71.672)</b>		<b>(7.727)</b>
Proceeds from Issue of Shares including premium	152.295		-	
Proceeds from Long Term Borrowings	5.583		30.154	
Interest Paid	(12.313)		(15.049)	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>145.565</b>		<b>15.105</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>0.157</b>		<b>0.006</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>0.119</b>		<b>0.113</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>0.276</b>		<b>0.119</b>

Vide our report of even date attached  
For Haribhakti & Co.  
Chartered Accountants  
Firm Registration No. 103523W

C S SATHYANARAYANAN  
Partner  
Membership No. 028328  
Place : Coimbatore  
Date :21/05/2014

For Pricol Castings Limited

Vijay Mohan  
Chairman

K.Udhaya Kumar  
Executive Director

V.Krishnamoorthy  
Company Secretary

EQUITY AND LIABILITIES

Note 2.01 - Share Capital

Particulars	As at 31st March 2014	As at 31st March 2013
	₹ in Mn	₹ in Mn
<b>Authorised</b> 4,30,00,000 Equity Shares of ₹ 10/- each (31 March 2013 : 3,00,00,000 Equity Shares of ₹ 10/- each)	430.000	300.000
<b>Issued, Subscribed &amp; fully Paid up</b> 3,30,27,500 Equity Shares of ₹ 10/- each (31 March 2013 : 1,77,98,200 Equity Shares of ₹ 10/- each)	330.275	177.982
	<b>330.275</b>	<b>177.982</b>

i) The reconciliation of the number of equity shares outstanding is set out below:

Particulars	Equity Shares			
	As at 31st March 2014		As at 31st March 2013	
	Number	₹ in Mn	Number	₹ in Mn
Equity Shares at the beginning of the year	1,77,98,200	177.982	1,48,83,700	148.837
Add: Shares Issued during the year	1,52,29,300	152.293	29,14,500	29.145
Equity Shares at the end of the year	3,30,27,500	330.275	1,77,98,200	177.982

ii) There are no shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date

iii) Details of Shares held by Holding Company

S.No	Name of Shareholder	Equity Shares			
		As at 31st March 2014		As at 31st March 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Pricol limited - Holding Company	3,30,27,500	100.00%	1,77,98,200	100.00%

iii) Details of Shareholder's holding more than 5% of Shares:

S.No	Name of Shareholder	Equity Shares			
		As at 31st March 2014		As at 31st March 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Pricol Limited & its Nominees	3,30,27,500	100.00%	1,77,98,200	100.00%

Note 2.02 - Reserves and Surplus

Particulars	Balance as at 31st March 2013	Additions during the year	Deductions/ Adjustments during the year	Balance as at 31st March 2014
	₹ in Mn	₹ in Mn	₹ in Mn	₹ in Mn
Capital reserve	0.001	-	-	0.001
Surplus/(deficit) in profit and loss account	(71.677)	(77.944)	-	(149.621)
	<b>(71.677)</b>	<b>(77.944)</b>	<b>-</b>	<b>(149.620)</b>

NON CURRENT LIABILITIES

Note 2.03 - Long Term Borrowings

Particulars	Non Current portion		Current Portion	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
	₹ in Mn	₹ in Mn	₹ in Mn	₹ in Mn
<b>Secured</b>				
Term loans from Banks - Rupee Loan	16.649	11.066	7.007	6.031
<b>Unsecured</b>				
From Directors	-	-	-	-
From Others	-	-	-	-
	<b>16.649</b>	<b>11.066</b>	<b>7.007</b>	<b>6.031</b>

Term loan from City Union Bank is fully secured against fixed assets and current assets. The loan is secured by factory land and building located at 100/1A Pollachi main road, Thamaraiikulam post, Kinathukadavu (via) Pollachi Taluk, Coimbatore 642109 and a corporate guarantee of the holding company. The term loan is repayable in EMI over 5 years (60 instalments). The rate of interest on Term Loan for the time being ranges between 14.75% to 15% p.a. There are no defaults in repayment of loans and interest.

**Note 2.04 - Long Term Provisions**

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
Provision for Employee Benefits Gratuity (Refer Note No. 2.32)	2.750	1.607
	2.750	1.607

**CURRENT LIABILITIES**

**Note 2.05 - Short Term Borrowings**

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
<b>Secured</b>		
Working Capital Loans		
From Banks		
Cash Credit Account with banks	64.577	79.802
	64.577	79.802

Cash Credit from bank is fully secured against hypothecation of fixed assets and current assets and supported by corporate guarantee of holding company. The rate of interest for the time being is 13.50 % p.a. There is no default in repayment of loans and interest.

**Note 2.06 - Trade Payables**

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
Trade Payables		
Due to Micro, Small and Medium Enterprises	-	2.173
Due to Others	46.341	39.097
	46.341	41.270

There are no dues to Micro, Small and medium enterprises and there is no interest payable on overdue payments. The information in relation to dues to Micro, Small and Medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by the auditors.

**Note 2.07 - Other Current Liabilities**

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
(a) Current maturities of long-term debt ( Refer Note No. 2.03 )	7.007	6.031
(b) Statutory Dues Payable	1.232	1.992
(c) Advance Received From Customers	11.106	11.974
(d) Other Payables	8.702	7.358
	28.047	27.355

**Note:**

Other payables include provision for accrued expenses and employee benefits.

**Note 2.08 - Short Term Provisions**

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
Gratuity (Refer Note No. 2.32)	0.269	-
	0.269	-

Pricol Castings Limited  
Notes to Financial Statements  
Note No. 2.09 - Fixed Assets

₹ In Million

Particulars	Gross Block			Depreciation and Amortization				Written down Value		
	As at April 01, 2013	Additions during the year	Sales during the year	As at March 31, 2014	Upto March 31, 2013	For the year	Withdrawn during the year	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>Tangible Assets</b>										
Freehold Land	1.237	-	-	1.237	-	-	-	-	1.237	1.237
Freehold Buildings	43.081	-	-	43.081	27.301	1.633	-	28.934	14.147	15.780
Plant and Machinery	146.418	71.160	1.079	216.499	85.722	12.931	0.834	97.819	118.680	60.696
Lab Equipments	5.013	0.101	-	5.114	3.869	0.393	-	4.262	0.852	1.145
Electrical Fittings	19.927	0.149	-	20.076	16.574	1.688	-	18.262	1.814	3.353
Furniture & Fittings	2.098	-	-	2.098	1.890	0.064	-	1.954	0.144	0.207
Computers, Software and Office Equipments	10.077	0.535	0.141	10.471	8.652	0.473	0.020	9.105	1.366	1.426
Vehicles	2.525	0.869	-	3.394	1.516	0.301	-	1.817	1.577	1.009
<b>Total</b>	<b>230.375</b>	<b>72.814</b>	<b>1.220</b>	<b>301.970</b>	<b>145.523</b>	<b>17.483</b>	<b>0.854</b>	<b>162.153</b>	<b>139.817</b>	<b>84.852</b>
Previous Year	221.738	8.695	0.058	230.375	132.811	12.739	0.027	145.523	84.852	88.927
<b>Capital Work-in-progress</b>										
	-	25.160	25.160	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>230.375</b>	<b>97.974</b>	<b>26.380</b>	<b>301.970</b>	<b>145.523</b>	<b>17.483</b>	<b>0.854</b>	<b>162.153</b>	<b>139.817</b>	<b>84.852</b>



ASSETS

NON CURRENT ASSETS

Note 2.10 - Deferred Taxes

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
<b>Deferred Tax Liabilities</b>		
Fixed assets	-	-
	-	-
<b>Deferred Tax Assets</b>		
Bonus	-	-
Business Loss and Unabsorbed Depreciation	-	1,421
Gratuity and others	-	-
	-	1,421
<b>Deferred Tax (Asset) / Liability (NET)</b>	-	<b>(1,421)</b>

Note 2.11 - Long Term Loans and Advances

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
<b>Unsecured, considered good</b>		
Capital Advances	1,591	1,707
Advance Tax (Net of Provisions)	0,415	-
Deposits	1,868	4,778
	<b>3,874</b>	<b>6,485</b>

Note 2.12 - Other Non-Current Assets

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
<b>Unsecured, Considered good</b>		
Long Term Trade receivables and Advances	29,481	26,336
Other Long Term Advances	5,154	4,474
	<b>34,635</b>	<b>30,810</b>
Less: Provision for Doubtful non current assets @ 2.5%	(1,636)	(0,770)
	<b>32,999</b>	<b>30,040</b>

CURRENT ASSETS

Note 2.13 - Inventories

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
Raw Materials and components	32,461	3,325
Work-in-progress	65,388	95,046
Finished goods	-	-
Stores and spares	4,752	5,632
Fuel Stock	1,648	0,569
	<b>104,249</b>	<b>104,571</b>

Note 2.14 - Trade Receivables

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
<b>Unsecured, considered good</b>		
Outstanding for more than six months	1,999	5,044
Others	48,256	30,446
<b>Unsecured, considered Doubtful</b>		
Others	0,918	-
Less: Provision for bad and doubtful debts	(0,918)	-
	-	-
	<b>50,255</b>	<b>35,490</b>

Pricol Castings Limited  
Notes to Financial Statements

Note 2.15 - Cash and Cash Equivalents

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
a) Balances with banks		
In current accounts	0.163	0.109
b) Cash on hand	0.113	0.010
	<b>0.276</b>	<b>0.119</b>

Note 2.16 - Short Term loans and advances

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
Unsecured, considered good		
Balances with Government authorities	5.268	1.550
Advance to Trade Suppliers	2.024	2.122
Advance to Employees	0.026	0.234
Prepaid expenses	0.350	0.432
Rental Advance	0.150	-
	<b>7.818</b>	<b>4.338</b>

Note 2.17 - Other Current assets

Particulars	As at	As at
	31st March 2014	31st March 2013
	₹ in Mn	₹ in Mn
Accrued Interest receivable	-	0.090
	<b>-</b>	<b>0.090</b>

Note 2.18 - Revenue from Operations

Particulars	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
<b>Revenue from operations</b>		
Domestic Sales	426.772	298.784
Export Sales	8.959	12.490
<b>Revenue from Operations (Gross)</b>	<b>435.731</b>	<b>311.274</b>
Less: Excise Duty	50.566	47.886
<b>Revenue from Operations (Net)</b>	<b>385.165</b>	<b>263.388</b>
<b>Other operating revenue</b>		
Job Work Receipts	2.263	4.869
<b>Gross revenue from operations</b>	<b>2.263</b>	<b>4.869</b>
	<b>387.428</b>	<b>268.257</b>

Details of Products Sold during the year (Exclusive of Excise duty)

Particulars	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
<b>Aluminium Castings</b>		
Domestic	339.050	227.364
Exports	8.959	12.490
<b>Tools and Dies</b>		
Domestic	37.156	23.535
<b>Total</b>	<b>385.165</b>	<b>263.389</b>

Note 2.19 - Other Income

Particulars	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
Interest Received	0.320	0.302
Sundry old credits written back	0.018	2.211
Profit On Sale of Assets	0.456	0.725
Foreign Exchange Gain	-	0.373
Miscellaneous Income	0.004	0.010
	<b>0.798</b>	<b>3.621</b>

Note 2.20 - Cost of materials consumed

Particulars	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
Opening Stock	3.325	2.295
Add: Purchases	232.795	150.438
	<b>236.120</b>	<b>152.733</b>
Less: Closing Stock	32.461	3.325
<b>Cost of Materials Consumed</b>	<b>203.659</b>	<b>149.408</b>

Note 2.21 - Changes in inventories of finished goods and work-in-progress

Details of changes in Inventory

Inventory at the end of the year

Particulars	2013-2014	2012-2013	(Increase) / Decrease
	₹ in Mn	₹ in Mn	₹ in Mn
Work in Progress	65.388	95.046	29.658
Finished Goods	-	-	-
Total	A 65.388	95.046	29.658

Inventory at the beginning of the year

Particulars	2013-2014	2012-2013	(Increase) / Decrease
	₹ in Mn	₹ in Mn	₹ in Mn
Work in Progress	95.046	55.602	(39.444)
Finished Goods	-	-	-
Total	B 95.046	55.602	(39.444)
(Increase)/Decrease in Inventories	B-A 29.658	(39.444)	

Note 2.22 - Employee benefits expense

Particulars	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
Pay, Allowances and Bonus	51.999	38.924
Director Remuneration	0.500	-
Contribution to Provident and other Funds	3.682	4.376
Staff welfare expenses	1.836	0.860
	58.017	44.160

Details of Managerial Remuneration

Particulars	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
<u>Executive Director - K Udhayakumar</u>		
Salary and Allowances	0.484	-
Contribution to Provident Fund	0.016	-
	0.500	-

Note 2.23 - Finance Cost

Particulars	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
Interest on Borrowings	12.313	14.890
	12.313	14.890

Note 2.24 - Depreciation and Amortization expense

Particulars	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
Depreciation (Refer Note No: 2.09)	17.483	12.739
Amortisation of Intangible assets (Refer Note No: 2.09)	-	-
	17.483	12.739

Note 2.25 - Other Expenses

Particulars	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
Consumption of Stores and Spares	13.605	7.142
Processing Labour Charges	21.109	11.163
Power and Fuel Consumed	64.877	46.138
Packing, Freight and Forwarding	13.956	6.951
Repairs and Maintenance Expenses		
Building	0.185	0.568
Machinery	16.208	8.540
Others	0.883	0.643
Printing & Stationery	0.396	0.314
Professional charges	1.064	0.848
Directors sitting fee	0.114	0.202
Auditor's Remuneration	0.606	0.288
Rates & Taxes	2.680	0.827
Travelling and Conveyance	0.554	0.512
Postage and Telephone	0.320	0.317
Commission & Discount on Sales	0.206	0.065
Advertisement and Sales Promotion	0.412	0.050
Insurance expenses	0.242	0.257
Watch and Ward Expenses	1.196	1.180
Other Administrative Expenses	0.589	0.324
Foreign Exchange Loss	1.256	-
Prior Period expenses	-	1.566
Bad debts/ Irrecoverable advances written off	-	-0.417
Provision for Bad and Doubtful Debts	1.784	0.770
Bank Charges	1.377	0.159
	<b>143.619</b>	<b>89.241</b>

Payments to the auditor as	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
(a) Auditor		
- For Statutory Audit	0.500	0.250
- For Tax Matters	0.105	0.038
(b) For reimbursement of expenses	-	-
(c) Service Tax	-	-
	<b>0.605</b>	<b>0.288</b>

Note No. 2.26 Earnings per share

Particulars	2013-2014	2012-2013
	₹ in Mn	₹ in Mn
Net Profit/(Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders	-77.944	1.020
Weighted Average number of equity shares used as denominator for calculating EPS (Nos in Million)	18.22	17.80
Basic & Diluted Earnings / (Loss) per share (in ₹)	-4.28	0.057
Face Value per equity share (in ₹)	10.00	10.00

PRICOL CASTINGS LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014

1. SIGNIFICANT ACCOUNTING POLICIES

I. a) Basis of preparation:

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

b) Use of estimates:

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

II. Fixed Assets & Depreciation:

- a) Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation, accumulated amortisation and cumulative impairment. Costs include pre-operative expenses and all expenses related to acquisition and installation of the assets concerned.
- b) Own manufactured assets are capitalised at cost including an appropriate share of overheads.
- c) Depreciation has been provided under the Straight Line Method as per Schedule XIV to the Companies Act, 1956. Depreciation for Plant & Machinery has been provided on Triple shift basis.
- d) As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine ;
  - i) the provision for impairment loss, if any, required or
  - ii) the reversal, if any, required for impairment loss recognised in previous periods.

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

IV. Valuation of Inventories:

- a) Inventories are valued at lower of cost and estimated net realisable value. Cost is arrived at, on weighted average basis.
- b) The basis of determining cost for various categories of inventories are as follows:-

i) Raw Materials, Packing Materials and Stores & spares	Weighted Average Basis.
ii) Finished Goods and Work-In-Progress	Cost of Direct Material, Labour and other Manufacturing overheads

**V. Revenue Recognition:**

- a) The company generally follows the mercantile system of accounting and recognises income and Expenditure on an accrual basis except those with significant uncertainties.
- b) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on despatch of goods.
- c) Claims made by the company and those made on the company are recognised in the Statement of profit and loss as and when the claims are accepted.
- d) Price Increase / Decrease consequent to fluctuations in market prices of input are accounted as and when the same are approved by the customers.

**VI. Foreign Currency Transactions:**

- a) Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.
- b) Foreign currency assets and liabilities at the year-end are realigned at the exchange rate prevailing at the year end and difference on realignment is recognised in the statement of Profit & Loss.

**VIII. Employee Benefits:**

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.
- b) Post employment and other long-term benefits, which are defined benefit plans, are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered service. The expense is recognised based on the present value of the obligation determined in accordance with Accounting Standard 15 on "Employee Benefits". Actuarial gains & losses are charged to the statement of profit and loss.
- c) Payments to defined contribution schemes are charged as expense as and when incurred.
- d) Termination benefits are recognised as an expense, as and when incurred.

**IX. Borrowing Costs:**

- a) Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. All other borrowing costs are charged to revenue.
- b) A qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use or sale.

**X. Taxes on Income:**

- a) Current Tax on income for the period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessment / appeals.

b) Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

c) Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realised.

### XIII. Earnings per Share:

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

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

### XIV. Provisions :

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

### XV. Cash and Cash equivalents :

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

### Note No.2.27

#### FOREIGN EXCHANGE EARNING & OUTGO: (Rs. In Million)

- |     |                                    |                                   |
|-----|------------------------------------|-----------------------------------|
| i.  | Earnings in Foreign Exchange (FOB) | : 8.959 (Previous Year - 11,203)  |
| ii. | Outgo in Foreign Currency (CIF)    | : 56.336 (Previous Year - 21.764) |

### Note No. 2.28

- i. Estimated amount of contracts remaining to be executed on capital account and not provided - Nil (Previous Year - Rs. 6.222 mn).
- ii. Other commitments - NIL



NOTES TO FINANCIAL STATEMENTS (Contd.,)

**Note No. 2.29**

Balances in Customers and Suppliers accounts are subject to confirmation / reconciliation. Appropriate adjustments, if any, will be made as and when the balances are reconciled.

**Note No. 2.30**

Net Deferred Tax Asset has not been recognized considering prudence.

**Note No. 2.31**

Previous year figures have been regrouped and reclassified to conform to current year's classification.

**NOTES TO FINANCIAL STATEMENTS (Contd..)**

₹ in mn

Note No. 2.32 Report under AS-15 (Revised 2005)	As on 31.03.2014	As on 31.03.2013
<b>1. Assumptions</b>		
Discount Rate	9.10%	8.00%
Expected return on plan assets	8.75%	
Salary Escalation	6.50%	6.50%
<b>2. Changes in Present Value of the Obligations</b>		
Present value of obligations as at beginning of year	3.034	2.294
Interest Cost	0.263	0.184
Current Service Cost	0.593	0.406
Benefits paid	(0.297)	(0.177)
Actuarial (Gain) / Loss on Obligations	0.910	0.327
Present value of obligations as at end of year	4.503	3.034
<b>3. Changes in fair value of plan assets</b>		
Fair value of plan assets at beginning of year	1.427	1.431
Expected return on plan assets	0.127	0.119
Contributions	0.240	0.054
Benefits paid	(0.297)	(0.177)
Actuarial Gain / (Loss) on Plan Assets	(0.013)	—
Fair Value of plan assets at the end of year	1.484	1.427
Actuarial (Gain) / Loss recognized in the year	0.923	0.327
Actual return on plan assets	0.114	0.119
<b>6. The amounts to be recognized in the Balance Sheet</b>		
Present value of obligations as at end of year	4.503	3.034
Fair Value of plan assets as at the end of the year	1.484	1.427
Funded Status	(3.019)	(1.607)
Unrecognised past service cost	—	—
Net Asset / (Liability) recognized in Balance Sheet	(3.019)	(1.607)
<b>7. Expenses Recognized in Statement of Profit &amp; Loss</b>		
Current Service Cost	0.593	0.406
Interest Cost	0.263	0.184
Expected return on plan assets	(0.127)	(0.119)
Net Actuarial (Gain) / Loss recognized in the year	0.923	0.327
Expenses recognized in statement of Profit & Loss	1.652	0.327
<b>8. Major Categories of Plan Assets (As percentage of total plan assets)</b>		
Funds managed by Insurance companies	100%	100%
<b>9. Enterprise best estimate of contribution during next year (₹ Mn)</b>		
<b>10. Contribution made to defined contribution plan charged to Statement of Profit and Loss (₹ Mn)</b>	3.682	4.376

**NOTES TO FINANCIAL STATEMENTS (Contd.,)**

**Note No.2.33**

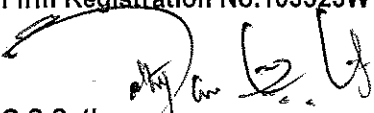
List of Related parties with whom transactions have taken place during the year 2013-14 and Relationship

Holding company	Pricol Limited
Key management personnel	Mr. K. Udhaya Kumar, Whole time Director
Fellow subsidiaries	Integral Investments Limited, Shanmuga Steel Industries Limited, and PT Pricol Surya, Indonesia, Pricol Asia Pte Ltd, Singapore
Others	Pricol Holdings Limited, Pricol Packaging Limited, Pricol Travel Limited, Pricol Technologies Limited, Pricol Medical Systems Limited, Pricol Properties Limited, Pricol Corporate Services Limited, Xenos Automotive Limited, Pricol Engineering Industries Limited (Formerly, Penta Enterprises (India) Limited), Vascon Pricol Infrastructures Limited, Prime Agri Solutions (India) Limited, M and M Enterprises (India) Limited, Bhavani Infin Services India Private Limited, Shrimay Enterprises Private Limited, Sagittarius Investments Private Limited, Carcerano Pricoltech (India) Private Limited, Libra Industries, Leo Industries, Ellargi & co., Rudra Industries and Bhavani Treads, .

**Related Party Transactions during the year 2013-14** (₹ in Million)

Nature of Transaction	Holding Company		Fellow Subsidiaries		Key Mgmt. Personnel		Others	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Purchase / Labour Charges Paid	3.815	12.199	-	-	-	-	2.656	0.101
Sales / Job Work Charges Received	13.375	31.168	-	-	-	-	-	-
Receiving of Services	0.098	-	-	-	0.500	-	2.629	1.374
Receiving of unsecured Loan	-	1.675	-	-	-	-	-	-
Unsecured Loan Outstanding as at year end	-	-	-	-	-	-	-	-
Interest on the above unsecured loan	-	3.603	-	-	-	-	-	-
Payables as at year end	-	0.442	-	-	-	-	0.901	-
Receivables Closing as at year end	2.064	-	-	-	-	-	-	-
Investment in the Company by way of share capital	152.293	-	-	-	-	-	-	-

As per our report of date attached  
For Haribhakti & Co  
Chartered Accountants  
Firm Registration No.103523W

  
C.S.Sathyanarayanan  
Partner, Membership No.028328  
Coimbatore, 21<sup>st</sup>, May 2014

For Pricol Castings Limited

  
Vijay Mohan  
Chairman

  
V.Krishnamoorthy  
Company Secretary

  
K.Udhaya Kumar  
Executive Director

