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✧ CUSTOMERS ✧ EMPLOYEES ✧ SHAREHOLDERS ✧ SUPPLIERS

PL/SEC/TGT/2016-17/126

Friday, 7th October 2016**National Stock Exchange of India Limited**

Exchange Plaza, Plot No. C/1

G Block, Bandra Kurla Complex

Bandra East,

Mumbai – 400 051

Dear Sir,

Sub: Reply to Clarification

Ref: Your clarification vide email dated 7th October 2016

This has reference to your email dated 7th October 2016 for clarification on disclosure made by us vide our intimation dated 6th October 2016 regarding Order from Hon'ble High Court of Judicature at Madras sanctioning amalgamation of Pricol Limited with Pricol Pune Limited.

Please find below our reply to your clarification:

1. Name of the entity (ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;

- Pricol Limited ("Pricol" "Transferor Company") and Pricol Pune Limited ("Pricol Pune" "Transferee Company").
- Pricol Pune is a wholly owned subsidiary of Pricol.
- The scheme of amalgamation provides for the merger of Pricol with Pricol Pune.
- The name of Pricol Pune Limited will be changed to Pricol Limited
- The appointed date for the scheme was 1st April 2015
- The details of assets and turnover of these two companies is as under

(Rs. in Million)

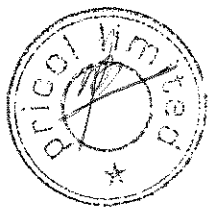
Particulars	Pricol	Pricol Pune
Total Assets as on 31 st March 2016	6,369.572	834.975
Total Turnover for the year ended 31 st March 2016	10,804.485	1216.415

2. Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length";

The amalgamation is between a Holding Company (Transferor Company) and its Wholly Owned Subsidiary Company (Transferee Company), which are related each other. The transaction is done at Arm's length.

Further as per, MCA Circular No.30/2014 dated 17th July 2014 has clarified that transactions arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 1956/2013, would not attract the requirements of section 188 of the Companies Act, 2013.

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-2-

3. Area of business of the entity (ies)

The entities are engaged in the business of manufacture of Automotive Components.

4. Rationale for amalgamation/ merger

- (i) The Amalgamation will consolidate the business. Further, the Amalgamation will provide a high level of synergistic integration of operations, better operational management and provide value addition to existing and future orders of the Transferor Company and Transferee Company by integrating the respective technical, financial and other expertise and resources.
- (ii) Synergies arising out of consolidation of business will lead to enhancement of net worth of the combined business and reflection of true net-worth in the financial statements (as all assets, tangible and intangible, including those not recorded in the books of the Transferor Company, and liabilities of the Transferor Company shall be taken over by the Transferee Company and recorded at their respective fair values), improved alignment of debt and enhancement in earnings and cash flow.
- (iii) Under the proposed amalgamation, the Transferee Company would be able to better leverage on its large networth base, comprehensive suite of products and services, extensive corporate customer relationships, strong brand and vast talent pool. Further, the Transferee Company would have enhanced businesses potential and increased capability to offer a wider portfolio of products and services with a diversified resource base and deeper client relationships.
- (iv) The proposed Amalgamation would result in financial resources of the Transferor Company and Transferee Company being efficiently merged and pooled leading to more effective and centralised management of funds, greater economies of scale, stronger base for future growth and reduction of administrative and manpower expenses and overheads (i.e. cost rationalization), which are presently being multiplied, being separate entities. Amalgamation shall lead to greater efficiency in management of the businesses, simplicity and reduction in regulatory compliances, cost and operational efficiencies as well as optimum utilization of resources which will help the Transferee Company in keeping its business competitive in the long run and enhance the value of stakeholders.
- (v) The Amalgamation will provide greater internal control and functional integration at various levels of the organisation such as Information Technology, human resources, finance, legal and general management leading to an efficient organisation capable of responding swiftly to volatile and rapidly changing market scenarios.
- (vi) The Amalgamation will facilitate debt consolidation of the Transferor Company in the Transferee Company, which will improve the debt servicing abilities through improved cash flows and simplified administration of debt both for the Transferee Company and Transferor Company and for the lenders.

...3



5. In case of cash consideration amount or otherwise share entitlement/exchange ratio;

Share Exchange Ratio:

Shareholders of Pricol Limited shall be issued shares 1 (One) Equity Share of the face value of INR 1/- each of Pricol Pune Limited, for every 1 (One) Equity Share of the face value of INR 1/- each held in Pricol Limited.

It is clarified that since the issue of shares to the shareholders of the Transferor Company in the Transferee Company shall be equal to the number of shares held by them in the Transferor Company as on the Record Date and the entire share capital of the Transferee Company held by the Transferor Company and its nominees shall stand cancelled under this Scheme, there will be no change in the shareholding pattern and the share holding pattern of the Transferor Company shall be the share holding pattern of the Transferee Company.

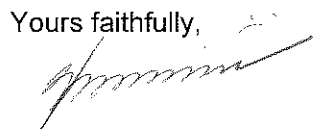
6. Brief details of change in shareholding pattern (if any) of listed entity.

Pursuant to Amalgamation, the shareholding of Pricol Pune Limited shall be the mirror image of Pricol Limited's shareholding pattern.

There is no change in shareholding of Pricol Limited's shareholders.

Thank you

Yours faithfully,


(T.G.Thamizhanban)
Company Secretary

