



May 26, 2017

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

Dear Sir,

**Sub: Declaration pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016 ("Listing Regulations") – reg.**

Pursuant to regulation 33 of the Listing Regulations, we hereby confirm and declare that the statutory auditors of the company, M/s Haribakthi & Co LLP, Chartered Accountants, have issued an Audit Report with unmodified opinion on Audited financial results of the company (Standalone and Consolidated) for the quarter and financial year ended on March 31, 2017.

This declaration is submitted pursuant to regulation 33 (3)(d) of the Listing Regulations, as amended by SEBI Notification No. SEBI/LAD-NRO/GN 2016-17/001 dated May 25, 2016 and SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016.

This is for your information and record.

Thanking you,

Yours truly,

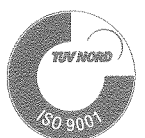
**For Precot Meridian Limited**

**Ashwin Chandran**  
**Chairman and Managing Director**

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**PRECOT MERIDIAN LIMITED**

Regd Office : SUPREM, PB 7161, Green Fields, Puliakulam Road, Coimbatore 641 045, Tamilnadu, India.  
Tel : 0091 - 422 - 4321100 Fax : 0091 - 422 - 4321200 Email : co@precot.com  
CIN : L17111TZ1962PL001183 Website : www.precot.com



# **Precot Meridian Limited**



ANNUAL REPORT 2017



## Directors

Vijay Mohan  
Sumanth Ramamurthi  
Jairam Varadaraj  
Vijay Venkatasamy  
C N Srivatsan  
Suresh Jagannathan  
R Bhuvaneshwari

## Chairman (Upto 31<sup>st</sup> March 2017)

Sarath Chandran

## Chairman and Managing Director (From 1<sup>st</sup> April 2017)

Ashwin Chandran

## Vice Chairman and Managing Director (From 1<sup>st</sup> April 2017)

Prashanth Chandran

## Chief Financial Officer

M R Siva Shankar

## Company Secretary

R Nithya Prabhu

## Statutory Auditors

Haribhakti & Co. LLP, Coimbatore

## Registered Office

SUPREM,  
No. 737 Green Fields,  
Puliakulam Road,  
Coimbatore - 641045.  
Email : [secretary@precot.com](mailto:secretary@precot.com)  
Website : [www.precot.com](http://www.precot.com)  
CIN : L17111TZ1962PLC001183

## Registrar and Share transfer agent

Link Intime India Pvt Limited,  
"Surya", 35, Mayflower Avenue,  
Senthil Nagar, Sowripalayam Road,  
Coimbatore - 641028.  
E-mail : [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in)

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Dear Shareholders,

Your directors hereby present the 55<sup>th</sup> Annual Report of your company along with the financial results for the year ended 31<sup>st</sup> March 2017.

### State of affairs of the company

		(₹ Lakhs)
<b>a. Financial results</b>		
<b>Particulars</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
Revenue from operations	67,930	68,369
PBIDT	2,801	2,924
Less : Finance cost	3,942	3,830
<b>Profit from Operations</b>	<b>(1,141)</b>	<b>(906)</b>
Other income	2,223	1,100
<b>PBDT</b>	<b>1,082</b>	<b>194</b>
Less : Depreciation and Amortisation	3,313	3,800
PBT (Before Exceptional Item)	(2,231)	(3,606)
Exceptional Item	2,288	(1,945)
PBT (After Exceptional Item)	57	(5,551)
Less : Tax Expenses	-	-
MAT Credit	(25)	-
<b>Profit after Tax</b>	<b>32</b>	<b>(5,551)</b>
Add : Balance brought forward	(8,984)	(3,433)
Less : Transfer to General Reserve	-	-
<b>Balance carried forward</b>	<b>(8,952)</b>	<b>(8,984)</b>

### b. Dividend and transfer to reserves

Your directors, taking into consideration the marginal profit earned during the year under review, have not recommended any dividend. No amount was proposed to be transferred to reserves.

### Industry Overview

It was a mixed year for the Cotton Textile Industry in India. Despite some pick-up in demand from both global and domestic markets, most new capacities in the apparel and home textile segments are still not operating at full capacities. There was negligible growth in the country's cotton spinning capacity. The price of cotton increased by over 10% over the previous year, further eroding the competitiveness of cotton textile products against man made fibres. The adverse impact of demonetisation on disposable incomes and lower consumer spending resulted in poor demand for textile goods in the second half of the year. The resulting inventory accumulation with retailers caused deferment of purchases from apparel and home-textile manufacturers besides resulting in stretched payments. This, in turn, affected the entire supply chain.

The spinning industry has witnessed mixed performance across quarters during FY 2016-17. Profitability margins were squeezed due to higher raw material prices and increased production costs. While export demand remained

stagnant, the impact of a strong rupee led to lower export realisations towards the end of the financial year.

### Review of operations

Your company has registered a turnover of ₹ 679 Crores compared to ₹ 684 Crores in the previous year.

The pronounced impact of demonetization on the unorganized sector in the domestic textile sector has had a cascading effect on the textile companies in the form of stretched realizations.

Your company in order to diversify from the traditional textiles, had invested in the technical textile division, which has significant potential for innovative finished products with higher value addition. The European market which was the focus market has not been supportive with their economy showing no growth. Your company has been focusing on the US market and has made a successful entry.

This division has achieved a turnover of ₹ 41 Crores during the year under review.

### Outlook for the current year

In the spinning division, your company is focusing on specialty yarns which have more potential for value addition and profitability and reducing our production of commodity products. Raw cotton prices are expected to remain stable during FY 2017-18, with favourable harvest season across major cotton producing countries.

The technical textiles division is gradually improving its capacity utilization with market diversification. The unit is expected to break even during the current year at an operational level. The future of Indian textile industry looks promising with probable rise in disposable income, increased penetration of organised retail and favourable demographics. In order to encourage private equity in the textile industry, the GOI is making huge investments under Scheme for Integrated Textile Parks (SITP) and the Textile Upgradation Funds Scheme (TUFS).

With the implementation of the Goods and Services Tax, the tax rates are likely to hold the key to the pricing structure in the entire textile chain.

### Opportunities, Threats, Risks and Concerns

The domestic textile industry is facing pressures in the form of slow growth in domestic consumption and also export decline. The GOI has set a target of doubling textile exports in next 10 years and the new textile policy should be in line with the anticipated export targets. The Indian middle-class population with higher disposable income would provide the potential for domestic technical textile growth apart from the export market growth at a rate of over 3.50% CAGR.

Rising labour costs on account of lack of availability of skilled labour, higher transportation costs and raw material costs if they are not stable could lead to higher production cost thereby squeezing the margins in the spinning segment. In the technical textiles segment which is dependent on markets abroad, improvement in the global economy will be a critical factor.

### **Personnel**

Though the company has been able to continue maintaining good relations with its labour force in all its units, availability of quality labour still remains a constraint. Recruitment and training costs are on the rise and the time span between recruitment and deployment after training is increasing. The company has 1173 permanent employees on the roll as on 31-Mar-2017.

### **Internal control systems & Risk Management**

The company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The systems are periodically reviewed, by the Audit Committee of the Board, for identification of deficiencies and necessary timely actions are taken to improve the controls at all levels. The committee also reviews the statutory auditors' report, key issues, significant processes and accounting policies.

Risk Management is an integral part of the business process. The company has constituted a Risk Management Committee and adopted a policy on risk management, for identifying and managing risk. The Audit Committee of the Board reviews the risk management report periodically. The details about composition of the risk management committee, policy and its terms of reference have been provided in the Corporate Governance Report attached to this report.

### **Number of meetings of the Board**

Details of number of meetings of the Board and committees thereof and the attendance particulars of the directors in such meetings are provided under the Corporate Governance Report attached to this report.

### **Directors and Key Managerial Personnel**

The independent directors have submitted their disclosures to the Board stating that they fulfill the requirements enumerated under section 149 (6) of the Companies Act, 2013 (hereinafter "the Act"), so as to qualify themselves to be appointed as independent directors under the provisions of the Act and relevant rules. Mr A Ramkrishna, independent director retired from the company on 31-May-2016 on completion of his tenure. There are no other resignation or re-appointment of independent director during the year under review.

The term of office of Mr Vijay Venkatasamy, Non Executive Independent Director, comes to an end on 31-May-2017. He does not wish to be reappointed. Mr Vijay Venkatasamy has been a member of the Board since 2004. The Board placed on record its appreciation for his valuable contribution over the years.

Mr Sarath Chandran, Executive - Chairman, retired from the Board of Directors of the company on 31-Mar-2017. The board of directors placed on record their sincere appreciation for the valuable contributions made by him and noted that he has been instrumental in the significant growth of the company over the past four decades.

Considering the present business scenario, the Board of Directors at their meeting held on 20-Jan-2017, on the recommendation of the Nomination and Remuneration committee, appointed Mr Sarath Chandran as a Mentor for a period of three years, effective from 01-Apr-2017. More details about the terms of appointment are provided under Item No. 6 of the Notice of the AGM.

The Board of Directors at their meeting held on 20-Jan-2017, based on the recommendation of the Nomination and Remuneration committee appointed Mr Ashwin Chandran, as the Chairman & Managing Director and Mr Prashanth Chandran as Vice Chairman and Managing Director of the company for a term of three years effective from 01-Apr-2017.

The term of office of Mr Vijay Mohan, Non-Executive Non-Independent Director, comes for retirement by rotation at the ensuing AGM as per section 152 of the Act. He is not seeking reappointment. Mr Vijay Mohan has been a member of the Board since 1991. The Board placed on record its appreciation for his valuable contribution over the years. The vacancy so caused is not filled up for the time being.

Mr T Kumar has been appointed as an Additional Director of the company by the Board of Directors at their meeting held on 26-May-2017, on the recommendation of the Nomination and Remuneration committee. The Board recommends the appointment of Mr T Kumar as an Executive Director of the company to hold office up to 31-Mar-2020. He shall be liable to retire by rotation. More details on the terms of appointment are provided in the Notice of the AGM.

Mr P Vijay Raghunath has been appointed as an Independent Director of the company by the Board of Directors at their meeting held on 26-May-2017, on the recommendation of the Nomination and Remuneration committee, for a term of 5 (five) consecutive years effective from 01-Jun-2017. He shall be not liable to retire by rotation. More details on the terms of appointment provided in the Notice of the AGM.

Mr Ashwin Chandran, Mr Prashanth Chandran and

Mr T Kumar are liable to retire by rotation as per the provisions of section 152(6) of the Act.

The following are the whole-time key managerial personnel of the company as per section 203 of the Act, (i) Mr Ashwin Chandran, Chairman and Managing Director (ii) Mr M R Siva Shankar, Chief Financial Officer and (iii) Mr R Nithya Prabhu, Company Secretary

#### **Performance Evaluation**

The Board of Directors at their meeting held on 24-Mar-2017, had carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (hereinafter "Listing Regulations").

The performance of the Board was evaluated by the Board of Directors after seeking inputs from all the directors on the basis of the criteria such as Board composition and structure, effectiveness of Board process etc.

The performance evaluation of each director was done by the entire Board of Directors, excluding the director being evaluated, taking into consideration inputs received from the other directors, covering various aspects of the Board's functioning such as active participation and contribution during discussions, effective deployment of knowledge and expertise towards the growth and betterment of the company, impact and influence on the growth of the company and performance of specific duties, obligations and governance.

The performance of the committees were evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of the committees, effectiveness of committee meetings etc.

In a separate meeting of independent directors, performance of non-independent directors, performance of the Board as a whole and performance of the chairman were evaluated, taking into account the views of executive directors and non-executive directors. Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

#### **Policy on director's appointment and remuneration and other details**

The company's policy on director's appointment and remuneration and other matters provided in section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of this report.

#### **Auditors' report and secretarial auditors' report**

The auditors' report and secretarial auditors' report does not contain any qualifications or adverse remarks.

There were no instances of fraud identified or reported by the statutory auditors during the course of their audit for the period under review.

The report of the secretarial auditor is furnished as **Annexure A** and forms part of this report.

#### **Receipt of any commission by MD/WTD from the company or receipt of commission/remuneration from subsidiary company**

MD/ WTD are not in receipt of any commission from company or any commission/ remuneration from subsidiaries during the year under review.

#### **Annual Return**

The extract of annual return pursuant to section 92 read with rule 12 of the Companies (Management and Administration) Rules, 2014, in form MGT 9 is furnished as **Annexure B** to this report.

#### **Particulars of Employees**

The particulars as required under rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is in **Annexure C**.

#### **Subsidiary companies**

Your company has the following three wholly owned subsidiaries, 1. Suprem Textile Processing Limited, 2. Multiflora Processing Coimbatore Limited, 3. Precot Meridian Energy Limited. These companies are into textile, processing and power segment activities, respectively. The subsidiary companies have no operational income during the year under review and had insignificant net loss for the year except Suprem Textiles Processing Limited having profit on sale of long term investments. There has been no change in the nature of the business of the subsidiaries during the year under review.

The consolidated financial results incorporating the financial statements of the above wholly owned subsidiaries is attached to the annual report as required under the accounting standard and the listing regulations. The statement pursuant to section 129 (3) of the Act, containing the salient features of the financial statements of subsidiary companies, forms part of this Annual report.

Pursuant to section 136 of the Act, the financial statements of the company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the company.

The company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding financial year or has generated 20% of the consolidated income of the company during the previous financial year. The Board has

approved a policy for determining material subsidiaries which is available on the company's website <http://www.precot.com/investor-relations/>

The annual accounts of the subsidiary companies are kept for inspection by the shareholders at the registered office of the company. The company shall provide the copy of the annual accounts of subsidiary companies to the shareholders upon their request. The company does not have any associate or joint venture.

### Amalgamation of Subsidiary Companies

The subsidiary companies being wholly owned subsidiaries have filed an application before the Hon'ble National Company Law Tribunal (NCLT), Chennai, for merger with the holding company. The appointed date of the merger will be 01-April-2016. The merger would result in consolidation of financial strength into one entity. The proposed amalgamation is in the best interest of shareholders, creditors, employees of all the transferor companies and transferee company. The amalgamation will lead to better and more economic control and efficient management with greater focus, attention and optimum utilization of available financial resources. The merged entity will have higher efficiency and better leverage for financial benefits, and contributing to significant future growth.

### Audit Committee

The company has constituted audit committee as per section 177 of the Act and Listing regulations.

The details pertaining to vigil mechanism and composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The details as required under section 134(3)(m) of the Act read with rule 8 of the Companies (Accounts) Rules, 2014, is in **Annexure D**.

### Corporate Governance

A report on corporate governance is furnished as **Annexure E** and forms part of this report. This includes other disclosures as required under the provisions of the Act. The company has complied with the conditions relating to corporate governance as stipulated in regulation 34 of the Listing Regulations.

### Corporate Social Responsibility (CSR)

The CSR committee comprises of 1. Mr Sarath Chandran, 2. Mr Ashwin Chandran and 3. Mr Vijay Venkatasamy. This committee takes care of CSR policy execution to ensure that the CSR objectives of the company are met. The CSR policy deals with allocation of funds, activities, identification of programmes, approval, implementation, monitoring and

reporting. CSR report pursuant to rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is in **Annexure F**.

For the financial year 2016-17, the company was not required to spend on CSR activities owing to the average net loss for the immediately preceding three financial years as computed under the provisions of the Act.

The Board has approved a CSR policy, which is available on the company's website <http://www.precot.com/investor-relations/>

### Particulars of Loan, Guarantees or Investments

Details as per the provisions of section 186 of the Act, is given under notes to financial statements.

### Related Party Transactions

None of the transactions with related parties falls under the scope of section 188(1) of the Act. Information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure G** in Form AOC-2 and the same forms part of this report

The Board has approved a policy for related party transactions which is available on the company's website <http://www.precot.com/investor-relations/>

### Directors' responsibility statement

The directors confirm that:

- The applicable accounting standards have been followed and proper explanations provided relating to material departures, if any
- The company has adopted prudent and consistent accounting policies so as to give a true and fair view of the state of affairs of the company
- Proper and sufficient care has been taken for maintenance of adequate accounting records under the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- The annual accounts of the company have been prepared on a going concern basis
- The internal financial controls are adequate and are operating effectively
- A proper system for ensuring compliance of all the applicable laws are put in place and are operating effectively

### Statutory Auditors

The auditors, M/s Haribhakti & Co. LLP, pursuant to the provisions of section 139 of the Act, were appointed as statutory auditors of the company from the conclusion of the



53<sup>rd</sup> AGM till the conclusion of the 58<sup>th</sup> AGM to be held in the year 2020, subject to ratification by members at every AGM.

The appointment of M/s Haribhakti & Co. LLP is included as Item No. 3 of the AGM notice for ratification. The company has received consent and confirmation from M/s Haribhakti & Co. LLP that, if appointed, it would be within the limits under the provisions of the Act.

#### **Cost Auditor**

Pursuant to section 148 of the Act, read with the Companies (Cost Records and Audit) Rules 2014, the Board of Directors, on the recommendation of the audit committee, appointed Mr R Krishnan, Cost Accountant, as the cost auditor of the company for the financial year 2017-18.

Accordingly, a resolution seeking member's ratification for the remuneration payable to Mr R Krishnan, Cost Auditor is included as Item No. 9 of the AGM notice.

#### **Secretarial Auditor**

Pursuant to section 204 of the Act, the Board of Directors appointed Mr Gouri Shanker Mishra, Practicing Company Secretary, Chennai, as the secretarial auditor of the company for the financial year 2017-18.

#### **Insider Trading Regulations**

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015, the 'Insider Trading Code' to regulate, monitor and report trading by insiders and the 'Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information' are in force.

#### **Change in nature of business**

There was no change in the nature of the business of the company and its subsidiaries during the year under review.

#### **Deposits from public**

The company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

#### **Material Changes**

No material changes or commitments affecting the financial position of the company occurred between the end of the financial year as on 31-Mar-2017 and the date of this report.

#### **Vigil Mechanism/ Whistle Blower Policy**

The company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the company to report genuine concerns and to ensure strict compliance with ethical and legal standards across the company. The provisions of this policy are in line with the provisions of the section 177(9) of the Act and Listing Regulations, are available on the website

of the company at <http://www.precot.com/investor-relations/>. The details of Whistle Blower Policy forms part of the Corporate Governance Report annexed with this report.

#### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The company has constituted an internal complaints committee to address the complaints regarding sexual harassment. All employees are covered under this policy. The company has not received any such complaints during the financial year under review.

#### **Unclaimed Shares**

In accordance with the requirement of Regulation 34(3) and Schedule V Part F of Listing Regulations, the details in respect of equity shares lying in the suspense account is as follows.

Particulars	Number of share holders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as on 01-Apr-2016	418	75150
Number of shareholders approached the company for transfer of shares from suspense account during the year	1	150
Number of shareholders to whom shares were transferred from suspense account during the year	1	150
Aggregate number of shareholders and outstanding shares in the suspense account as on 31-Mar-2017	417	75000

The voting rights on the shares outstanding in the suspense account as on 31-Mar-2017 shall remain frozen till the rightful owner of such shares claims the shares.

#### **Acknowledgment**

Your directors thank the shareholders, customers, suppliers and bankers for their continued support during the year. Your directors also place on record their appreciation of the contributions made by employees at all levels towards the growth of the company.

Coimbatore  
26-May-2017

By order of the Board  
**Ashwin Chandran**  
Chairman and Managing Director

**ANNEXURE A**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**For the financial year ended 31<sup>st</sup> March, 2017**

[Pursuant to section 204(1) of the Companies Act, 201 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,

**Precot Meridian Limited**

SUPREM, 737, Puliakulam Road,  
Coimbatore - 641 045,  
Tamilnadu, INDIA.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2017 according to the provisions of :

- i) The Companies Act, 2013 (the Act) and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv) Foreign Exchange Management Act, 1999 and the

rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi) In relation to the Law and Regulations as specifically applicable to the Company, we have relied on the representation made by the Company and its Officers for system and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**

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

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

All decisions of the Board and Committees were unanimous and the same was captured and recorded as part of the minutes and hence no dissent is recorded in minutes, however, we have been represented that dissent, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that during the audit period:**

- a) The Company has filed an application of merger of its three subsidiaries with the Company with National Company Law Tribunal, Chennai and same is pending for the approval of National Company Law Tribunal.

**Gouri Shanker Mishra**

Chennai  
23-May-2017

FCS No. 6906  
C P No. : 13581

Note: This report is to be read with our letter of even date which is annexed as an Annexure and forms an integral part of this report.

**Annexure to Secretarial Audit Report**

To

**The Members,**

**Precot Meridian Limited**

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

Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

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

**Gouri Shanker Mishra**

Chennai  
23-May-2017

FCS No. 6906  
C P No. : 13581

**ANNEXURE B**  
**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31<sup>st</sup> March, 2017.**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. Registration and other details**

i) CIN	L17111TZ1962PLC001183
ii) Registration date	02-Jun-1962
iii) Name of the company	Precot Meridian Limited
iv) Category / Sub-category of the company	Public limited company having share capital
v) Address of the registered office and contact details	SUPREM, No. 737, Green fields, Puliakulam Road, Coimbatore - 641 045 Tel: 0422-4321100 Fax: 0422 - 4321200 Email : secretary@precot.com Website : www.precot.com
vi) Whether listed company	Yes
vii) Name, address and contact details of registrar and transfer agent, if any	Link Intime India Private Limited, Coimbatore Branch, "Surya", 35, Mayflower Avenue, Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028. Email : coimbatore@linkintime.co.in Phone : 0422 - 2314792

**II. Principal business activities of the company**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated :-

S.No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the company
1	Cotton yarn	13111	73%

**III. Particulars of holding, subsidiary and associate companies -**

S. No.	Name and address of the company	CIN / GLN	Holding/Subsidiary / Associate	% of shares held	Applicable section
1.	Precot Meridian Energy Limited SUPREM, No. 737, Green fields Puliakulam Road, Coimbatore - 641 045	U17111TZ2002PLC010408	Subsidiary	100	2(87)
2.	Suprem Textiles Processing Limited SUPREM, No. 737, Green fields Puliakulam Road, Coimbatore - 641 045	U17121TZ1986PLC001834	Subsidiary	100	2(87)
3.	Multiflora Processing Coimbatore Limited SUPREM, No. 737, Green fields Puliakulam Road, Coimbatore - 641 045	U01122TZ1994PLC008923	Subsidiary	100	2(87)

**IV. Share holding pattern (Equity share capital breakup as percentage of total equity)**
**i) Category-wise share holding as of 31-Mar-2017**

S.No.	Category of shareholders	No. of shares held at the beginning of the year (01.04.2016)				No. of shares held at the end of the year (31.03.2017)				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A)</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals/ HUF	7332137	-	7332137	61.10	7332137	-	7332137	61.10	-
(b)	Central/State Govt.(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies corporate	-	-	-	-	-	-	-	-	-
(d)	FI/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(1)</b>	<b>7332137</b>	<b>-</b>	<b>7332137</b>	<b>61.10</b>	<b>7332137</b>	<b>-</b>	<b>7332137</b>	<b>61.10</b>	<b>-</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	Individuals (Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	QFI	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total shareholding of promoter and promoter group (A)= (A)(1)+ (A)(2)</b>	<b>7332137</b>	<b>-</b>	<b>7332137</b>	<b>61.10</b>	<b>7332137</b>	<b>-</b>	<b>7332137</b>	<b>61.10</b>	<b>-</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual funds/UTI	100	225	325	0.00	100	225	325	0.00	-
(b)	FI/Banks	1125	-	1125	0.01	1125	-	1125	0.01	-
(c)	Central/ State Govt. (s)	-	-	-	-	-	-	-	-	-
(d)	Venture capital funds	-	-	-	-	-	-	-	-	-
(e)	Insurance companies	-	-	-	-	-	-	-	-	-
(f)	FII	-	-	-	-	-	-	-	-	-
(g)	Foreign Portfolio Investor	-	200	200	0.00	-	200	200	0.00	-
(h)	Foreign mutual fund	49	-	49	0.00	49	-	49	0.00	-
(i)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>1274</b>	<b>425</b>	<b>1699</b>	<b>0.01</b>	<b>1274</b>	<b>425</b>	<b>1699</b>	<b>0.01</b>	<b>-</b>
<b>(2)</b>	<b>Non-institutions</b>									
(a)	Bodies corporate	471071	6450	477521	3.98	439460	6425	445885	3.72	-0.26
(b)	Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	1940400	727170	2667570	22.23	1873953	693938	2567891	21.40	-0.83
	Individuals - ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1179552	21325	1200877	10.01	1222216	21325	1243541	10.36	0.36
(c)	QFI	-	-	-	-	-	-	-	-	-
(d)	Any other									
(d1)	HUF	197758	-	197758	1.65	237571	-	237571	1.98	0.33
(d2)	NRI - Non repat	2589	-	2589	0.02	9711	-	9711	0.08	0.06
(d3)	NRI - Repat	19102	75	19177	0.16	16988	75	17063	0.14	-0.02
(d4)	Unclaimed shares	75150	-	75150	0.63	75000	-	75000	0.63	-
(d5)	Clearing member	25507	-	25507	0.22	69487	-	69487	0.58	0.37
(d6)	Market maker	15	-	15	0.00	15	-	15	0.00	0.00
	<b>Sub-total (B)(2)</b>	<b>3911144</b>	<b>755020</b>	<b>4666164</b>	<b>38.89</b>	<b>3944401</b>	<b>721763</b>	<b>4666164</b>	<b>38.89</b>	<b>-</b>
	<b>Total public shareholding(B)=(B)(1)+(B)(2)</b>	<b>3912418</b>	<b>755445</b>	<b>4667863</b>	<b>38.90</b>	<b>3945675</b>	<b>722188</b>	<b>4667863</b>	<b>38.90</b>	<b>-</b>
	<b>Total (A)+(B)</b>	<b>11244555</b>	<b>755445</b>	<b>12000000</b>	<b>100.00</b>	<b>11277812</b>	<b>722188</b>	<b>12000000</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of promoters as on 31-Mar-2017**

S.No.	Shareholder's name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total share	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total share	
1	Mr Sarath Chandran (I)	1624857	13.54	-	1624857	13.54	-	-
2	Mr Sarath Chandran (HUF)	1216251	10.14	-	1216251	10.14	-	-
3	Mr Ashwin Chandran	2307457	19.23	-	2307457	19.23	-	-
4	Mr Prashanth Chandran	1971891	16.43	-	1971891	16.43	-	-
5	Mrs Divya Chandran	191250	1.59	-	191250	1.59	-	-
6	Mr Viren Mohan	14319	0.12	-	14319	0.12	-	-
7	Mr Vijay Mohan	1950	0.02	-	1950	0.02	-	-
8	Mr Vikram Mohan	1875	0.02	-	1875	0.02	-	-
9	Mrs Vanitha Mohan	1275	0.01	-	1275	0.01	-	-
10	Ms Madhura Mohan	1012	0.01	-	1012	0.01	-	-

**iii) Change in promoters' shareholding (please specify, if there is no change)**

S. No.	Particulars	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	7332137	61.10	7332137	61.10
2	Date wise increase / decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)	There is no change in the shareholding of the promoters during the year.			
3	At the end of the year (31.03.2017)	7332137	61.10	7332137	61.10

**iv) Shareholding pattern of top ten shareholders**
**(Other than directors, promoters and holders of GDRs and ADRs) :**

S. No.	For each of the top 10 shareholders name date & reason of change	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Anilkumar Goel	326100	2.72	326100	2.72
	At the end of the year (31.03.2017)	326100	2.72	326100	2.72
2.	Gagandeep Credit Capital Pvt Ltd	269280	2.24	269280	2.24
Add	31.03.2017 Market Purchase	40149	0.33	309429	2.58
	At the end of the year (31.03.2017)	309429	2.58	309429	2.58

S. No.	For each of the top 10 shareholders name date & reason of change		Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	Vinodchandra Mansukhlal Parekh		105343	0.88	105343	0.88
	At the end of the year (31.03.2017)		105343	0.88	105343	0.88
4.	Seema Goel		105000	0.88	105000	0.88
	At the end of the year (31.03.2017)		105000	0.88	105000	0.88
5.	Prajapati Mahesh Manubhai		10000	0.08	10000	0.08
Add	21.10.2016	Market Purchase	7530	0.06	17530	0.15
Add	28.10.2016	Market Purchase	13434	0.11	30964	0.26
Less	04.11.2016	Market sale	-2964	-0.02	28000	0.23
Add	11.11.2016	Market Purchase	4000	0.03	32000	0.27
Add	18.11.2016	Market Purchase	1000	0.01	33000	0.28
Add	25.11.2016	Market Purchase	18000	0.15	51000	0.43
Add	02.12.2016	Market Purchase	899	0.01	51899	0.43
Add	09.12.2016	Market Purchase	4000	0.03	55899	0.47
Add	20.01.2016	Market Purchase	2000	0.02	57899	0.48
	At the end of the year (31.03.2017)		57899	0.48	57899	0.48
6.	Bachh Raj Nahar		45652	0.38	45652	0.38
	At the end of the year (31.03.2017)		45652	0.38	45652	0.38
7.	Pranav Kumarpal Parekh		11914	0.10	11914	0.10
Add	10.03.2017	Market Purchase	33400	0.28	45314	0.38
	At the end of the year (31.03.2017)		45314	0.38	57228	0.48
8.	Nirmala Arvind Solanki		43170	0.36	43170	0.36
	At the end of the year (31.03.2017)		43170	0.36	43170	0.36
9.	Mena Harilal Sattarshahwala		56000	0.47	56000	0.47
Less	04.11.2016	Market Sale	-13000	-0.11	43000	0.36
Less	11.11.2017	Market Sale	-500	-0.00	42500	0.35
	At the end of the year (31.03.2017)		42500	0.35	42500	0.35
10.	Manishkumar Sumatilal Mehta (HUF)		40000	0.33	40000	0.33
	At the end of the year (31.03.2017)		40000	0.33	40000	0.33

**v) Shareholding of directors and KMP:**

S. No.	Shareholding of each directors and each KMP	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Sarath Chandran (I)</b>	1624857	13.54	1624857	13.54
	At the end of the year (31.03.2017)	1624857	13.54	1624857	13.54
2.	<b>Sarath Chandran (HUF)</b>	1216251	10.14	1216251	10.14
	At the end of the year (31.03.2017)	1216251	10.14	1216251	10.14
3.	<b>Ashwin Chandran</b>	2307457	19.23	2307457	19.23
	At the end of the year (31.03.2017)	2307457	19.23	2307457	19.23
4.	<b>Prashanth Chandran</b>	1971891	16.43	1971891	16.43
	At the end of the year (31.03.2017)	1971891	16.43	1971891	16.43



S. No.	Shareholding of each directors and each KMP	Shareholding at the beginning of the year (01.04.2016)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5.	<b>Vijay Mohan</b>	1950	0.02	1950	0.02
	At the end of the year (31.03.2017)	1950	0.02	1950	0.02
6.	<b>Sumanth Ramamurthi</b>	1350	0.01	1350	0.01
	At the end of the year (31.03.2017)	1350	0.01	1350	0.01
7.	<b>Jairam Varadaraj</b>	75	0.00	75	0.00
	At the end of the year (31.03.2017)	75	0.00	75	0.00
8.	<b>Vijay Venkatasamy</b>	1350	0.01	1350	0.01
	At the end of the year (31.03.2017)	1350	0.01	1350	0.01
9	<b>C N Srivatsan</b>	-	-	-	-
	At the end of the year (31.03.2017)	-	-	-	-
10	<b>Suresh Jagannathan</b>	-	-	-	-
	At the end of the year (31.03.2017)	-	-	-	-
11	<b>R Bhuvaneshwari</b>	-	-	-	-
	At the end of the year (31.03.2017)	-	-	-	-
12	<b>M R Siva Shankar</b>	-	-	-	-
	At the end of the year (31.03.2017)	-	-	-	-
13	<b>R Nithya Prabhu</b>	-	-	-	-
	At the end of the year (31.03.2017)	-	-	-	-

**V) Indebtedness**

Indebtedness of the company including interest outstanding/accrued but not due for payment.

₹ lakhs

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	32114.03	7793.75	-	39907.78
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	38.64	-	-	38.64
<b>Total (i+ii+iii)</b>	<b>32152.67</b>	<b>7793.75</b>	<b>-</b>	<b>39946.42</b>
<b>Change in indebtedness during the financial year</b>				
* Addition	2860.06	10514.65	-	13374.71
* Reduction	6009.39	12057.30	-	18066.69
<b>Net change</b>				<b>-</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	28964.70	6251.10	-	35215.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	80.49	-	-	80.49
<b>Total (i + ii + iii)</b>	<b>29045.19</b>	<b>6251.10</b>	<b>-</b>	<b>35296.29</b>



**VI. Remuneration of directors and KMP -**
**A. Remuneration to managing director and whole-time directors:**

₹ lakhs

S. No.	Particulars of remuneration	Name of MD/WTG			Total amount
		Mr Sarath Chandran	Mr Ashwin Chandran	Mr Prashanth Chandran	
1	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43.56	72.60	58.08	174.24
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat equity	-	-	-	-
4	Commission - as % of profit - others, specify.	-	-	-	-
5	Others, please specify a) Provident fund	2.61	4.36	3.48	10.45
	<b>Total (A)</b>	<b>46.17</b>	<b>76.96</b>	<b>61.56</b>	<b>184.69</b>
	Ceiling as per schedule V of the Act	240.00	240.00	240.00	720.00

**B. Remuneration to other directors**

₹ Lakhs

Particulars of remuneration	Name of directors	Total amount
<b>1 Independent directors</b>		
a) Fee for attending board / committee meetings	Mr A Ramkrishna	0.30
	Mr Sumanth Ramamurthi	0.79
	Mr Jairam Varadaraj	1.51
	Mr Vijay Venkatasamy	1.52
	Mr C N Srivatsan	1.21
	Mr Suresh Jagannathan	0.45
	Ms R Bhuvaneshwari	0.60
b) Commission	-	-
c) Others	-	-
<b>Total (1)</b>		<b>6.38</b>
<b>2 Other Non- executive director</b>		
a) Fee for attending board / committee meetings	Mr Vijay Mohan	0.60
b) Commission	-	-
c) Others	-	-
<b>Total (2)</b>		<b>0.60</b>
<b>Total (B) = (1+2)</b>		<b>6.98</b>
<b>Total managerial remuneration (A + B)</b>		<b>191.67</b>

**C. Remuneration to KMP other than MD/WTG**

₹ lakhs

Particulars of remuneration	KMP		
	CS	CFO	Total
1 Gross salary			
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.77	26.36	32.13
b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2 Stock option	-	-	-
3 Sweat equity	-	-	-
4 Commission - as % of profit - others, specify	-	-	-
5 Others, please specify	-	-	-
<b>Total</b>	<b>5.77</b>	<b>26.36</b>	<b>32.13</b>

**VII. Penalties / Punishment / Compounding of offences:**

There were no penalties, punishment or compounding of offences during the year ended 31<sup>st</sup> March, 2017.

**ANNEXURE C - PARTICULARS OF EMPLOYEES**

Statement pursuant to Section 197(12) of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is as follows:

**I. Particulars pursuant to rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

- a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary in the financial year 2016 - 17 :

Name	Ratio	% increase in remuneration*
Mr Sarath Chandran	28.86	10
Mr Vijay Mohan	0.38	0
Mr Sumanth Ramamurthi	0.49	0
Mr A Ramkrishna**	NA	0
Dr Jairam Varadaraj	0.94	0
Mr Ashwin Chandran	48.10	10
Mr Vijay Venkatasamy	0.95	0
Mr C N Srivatsan	0.76	0
Mr Suresh Jagannathan	0.28	0
Mr Prashanth Chandran	38.48	10
Ms Bhuvaneshwari	0.38	0
Mr M R Siva Shankar (CFO)	NA	4
Mr R Nithya Prabhu (CS)	NA	4

\* Note : The non-executive directors are paid remuneration by way of sitting fee. Increase/ decrease in sitting fee during the FY 2016-17 and other details are provided in the corporate governance report.

\*\* Retired from the company effective from 31-May-2016. The ratio of his remuneration to median remuneration is not comparable as the remuneration was paid only for part of the year.

- b) The percentage increase in the median remuneration of employees in the financial year was 4%.
- c) The company has 1173 permanent employees on the rolls as on 31-Mar-2017.
- d) Average percentage increase already made in the salaries of employees other than key managerial personnel in the last financial year was 4%. The average increase in the key managerial remuneration was 7.6%. The increments are based on individual performance, company's performance, industry benchmark and current compensation trends.
- e) Is the remuneration as per the remuneration policy of the company: Yes

**II. A) The names of the top ten employees in terms of remuneration drawn during the period under review**

Name	Date of Joining	Designation	Qualification	Age	Ex-perience (Years)	Remune-ration (₹ in lakhs)	Last Employed
1 Mr Ashwin Chandran	01.08.1997	Vice - Chairman and Managing Director	B. Sc (Hons), MBA	41	19	76.96	-
2 Mr Prashanth Chandran	14.07.2003	Joint Managing Director	B. Engg	36	12	61.56	-
3 Mr Sarath Chandran	01.04.1975	Chairman	B. Sc (Hons), MBA	71	45	46.17	-

**The names of the top ten employees in terms of remuneration drawn during the period under review (Contd..)**

4	Mr T Kumar	26.02.2016	Business Head-Spinning	DTT	48	29	33.71	GTN Textiles
5	Mr Shrinivas J Bagalkot	26.04.2016	AGM	DTT	57	37	28.19	Lavino Kapur
6	Mr M R Siva Shankar	04.04.2011	Chief Financial Officer	C A	61	34	26.36	Pomona Industries Ltd
7	Mr S Vikhanasa Murthy	06.02.2014	AGM	DTT, DBM	52	32	20.14	Alok Industries
8	Mr K V John	23.11.2009	AGM	DTT	51	33	16.97	Ambika Cotton Mills Ltd
9	Mr V Shanmugam	20.04.1997	AGM	DTT, MA	49	29	15.35	Schlaflhorst Mrktg Co
10	Mr S Pradeep	02.11.2015	Business Head - Technical Textiles	B Tech	32	10	14.67	Axus Stationery

- Note : 1. Mr Sarath Chandran is the father of Mr Ashwin Chandran and Mr Prashanth Chandran. None of the others are related to each other.
2. Nature of employment of Mr Sarath Chandran, Mr Ashwin Chandran and Mr Prashanth Chandran are contractual and others are permanent
3. No. of shares held by Mr Ashwin Chandran, Mr Prashanth Chandran and Mr Sarath Chadran are provided in Annual Return Annexed to this report. None of the others hold any shares in the company.

**B) The names of every employee who employed throughout the year and was in receipt of remuneration not less than ₹ 102 Lakhs per annum : Nil**

**Annexure D :**

**a. Conservation of Energy.**

Conservation of energy continues to receive increased emphasis at all the units of the company. Energy audits and inter unit comparisons are carried out on a regular basis for reduction of energy consumption.

- For conservation of energy the company purchases third party wind power instead of operating gen sets,
- For alternate source of energy the company has installed windmills with a capacity of 5.50 MW for captive consumption, and
- During the year, the company has not spent any amount towards cost reduction and energy conservation equipment's.

**b. Technology Absorption, Adaptation and Innovation Research and Development.**

Research and Development activities are carried out on an ongoing basis for improving the efficiency and also for improving quality of its products. The company has not absorbed any particular technology from any outside source. However the company adopts latest technology available in the industry. No separate expenditure was incurred for R & D.

**a. Foreign Exchange Earnings ( ₹ crores)**

Earnings	-	263
Outflow	-	56
Net	-	207

## ANNEXURE E - REPORT ON CORPORATE GOVERNANCE

### I. Company's philosophy on code of governance

The company adopts a self-governing corporate governance model to adhere to all the rules and regulations of the statutory authorities. It also discharge its duties and obligations in a fair and transparent manner with the object of maximizing the value of the stakeholders namely shareholders, employees, financial institutions, customers and suppliers.

### II. Board of directors - composition, category and attendance

The company has a very balanced structure of the Board of Directors, which primarily takes care of the business needs and stakeholders' interest. The composition of the Board also complies with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The board comprises of ten directors including three (3) executives and seven (7) non-executive directors.

During the year 2016-17, the Board of Directors met five times at the registered office of the company on 28-May-2016, 02-Aug-2016, 04-Nov-2016, 20-Jan-2017 and 24-Mar-2017.

The last annual general meeting (AGM) was held on 02-Sep-2016.

#### Composition of directors and their attendance

Name of the director	Category	Attendance		No. of directorships in other companies*	No. of committees**	
		Board Meetings	Last AGM		Member	Chairman
Sarath Chandran (DIN : 00001885)	Chairman - Executive - Promoter	5	Yes	6	2	-
Vijay Mohan (DIN : 00001843)	Non-Executive - Promoter	4	No	4	1	-
Sumanth Ramamurthi (DIN : 00002773)	Non-Executive - Independent	4	No	5	1	1
A Ramkrishna*** (DIN : 00001886)	Non-Executive - Independent	1	No	4	-	-
Jairam Varadaraj (DIN : 00058056)	Non-Executive - Independent	5	No	8	8	2
Ashwin Chandran (DIN : 00001884)	Chairman and Managing Director - Executive - Promoter	5	Yes	4	1	-
Vijay Venkatasamy (DIN : 00002906)	Non-Executive - Independent	5	No	5	3	1
C N Srivatsan (DIN : 00002194)	Non-Executive - Independent	4	Yes	1	3	2
Suresh Jagannathan (DIN : 00011326)	Non-Executive - Independent	2	No	3	5	-
Prashanth Chandran (DIN : 01909559)	Vice Chairman and Managing Director - Executive - Promoter	5	Yes	1	1	-
R Bhuvaneshwari (DIN : 01628512)	Non-Executive - Independent	3	No	1	-	-

\* Excluding directorships in private companies and foreign companies.

\*\* Chairmanship/ Membership of the committees includes Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility committee

\*\*\* Retired from the board on 31-May-2016

Note: Mr Sarath Chandran retired from the Board on 31-Mar-2017, Mr Ashwin Chandran and Mr Prashanth Chandran appointed as Chairman & Managing Director and Vice Chairman & Managing Director, respectively, effective from 01-Apr-2017.

The number of directorships, committee memberships/ chairmanships of all directors are within respective limits prescribed under the Act and listing regulations. DINs mentioned in this section will apply to the names of the directors in all other references in this report.

**Disclosure of relationships between directors inter - se.**

Mr Sarath Chandran is the father of Mr Ashwin Chandran and Mr Prashanth Chandran and brother of Mr Vijay Mohan. None of the other directors are related to each other.

**III. Committees of the Board**

**A. Audit committee**

The audit committee of the company is constituted in compliance with the provisions of section 177 of the Companies Act, 2013 and Regulation 18 (1) of the listing regulations.

The terms of reference of the audit committee are broadly as under :

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- c) Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval
- d) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- e) Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- f) Approval or any subsequent modification of transactions of the Company with related parties;
- g) Scrutiny of inter-corporate loans and investments
- h) Evaluation of internal financial controls and risk management systems
- i) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- j) Discussion with internal auditors of any significant findings and follow up there on;
- k) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- l) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- m) Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
- n) To review the functioning of whistle blower mechanism.
- o) The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the board and may also discuss any related issues with the internal and statutory auditors and the management of the Company;
- p) Carrying out any other function as is mentioned in the terms of reference of the audit committee

All the members of the audit committee are independent and they possess sound knowledge of finance, accounts and the textile industry. The quorum for audit committee meeting is two independent directors.

The chairman of the audit committee, Mr C N Srivatsan was present at the last annual general meeting.

The audit committee meetings were held at the registered office of the company and during the year the committee met four times on 28-May-2016, 02-Aug-2016, 04-Nov-2016 and 20-Jan-2017. The composition of the audit committee and particulars of meetings attended by the members are given below :

Name of the member	Category	No. of meetings attended
Mr C N Srivatsan - Chairman	Non-Executive - Independent	4
Mr A Ramkrishna*	Non-Executive - Independent	1
Dr Jairam Varadaraj	Non-Executive - Independent	4
Mr Vijay Venkatasamy	Non-Executive - Independent	4

\*Mr A Ramkrishna retired from the Board on 31-May-2016.

The audit committee was reconstituted by the board on 28-May-2016 on account of retirement of Mr A Ramkrishna, as follows, Mr C N Srivatsan as Chairman, Dr Jairam Varadaraj, and Mr Vijay Venkatasamy as members. The statutory auditors, internal auditor and executives of the company also attended the meetings. Necessary quorum was present for all the meetings. The minutes of the audit committee meetings were placed at the board meetings. The company secretary acts as the secretary of the committee. The recommendation of audit committee are duly approved and accepted by the Board.

#### **B. Nomination and remuneration committee**

The nomination and remuneration committee of the Board is constituted in compliance with section 178 of the Act and regulation 19 of the Listing Regulations.

The committee looks into and determines the company's policy with regard to the remuneration packages of the executive directors, appointment/ reappointment of directors etc.

The executive directors are paid remuneration approved by the board of directors on the recommendation of nomination and remuneration committee. The remuneration so approved is subject to the approval by the shareholders at the general meeting and such other authorities as the case may be.

The company does not have employee stock option scheme.

Terms of reference

- To identify persons who are qualified to become directors, key managerial persons and senior management personnel and to recommend to the Board their appointment / removal
- To carry out evaluation of every director's performance, and
- To formulate and recommend to the Board, a policy determining remuneration, qualifications, positive attributes and independence of a director.

The company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its executive directors. The notice period and severance fees are as per the policy of the company.

During the year, the nomination and remuneration committee meeting was held on 20-Jan-2017 at the registered office of the company. Necessary quorum was present for the meeting. The company secretary acts as the secretary of the committee.

The composition and particulars of meetings attended by the members are given below.

Name of the member	Category	No. of meetings attended
Mr Vijay Venkatasamy - Chairman	Non Executive - Independent	1
Mr Jairam Varadaraj	Non Executive - Independent	1
Mr C N Srivatsan	Non Executive - Independent	1

The sitting fee for non-executive directors were fixed by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee, considering various factors like time involvement etc.

The company paid a sitting fee of ₹ 15,000 per meeting to its non-executive directors for attending meetings of the board of directors and the audit committee and ₹ 1,000 per meeting for other committee meetings.

#### **Performance evaluation criteria for Independent Director**

The performance evaluation criteria for independent directors are determined by the inputs received from the directors and Nomination and Remuneration committee. An indicative list of factors for evaluation includes participation and contribution by a director, effective deployment of knowledge and expertise towards the growth and betterment of the company, impact and influence on the growth of the company.

#### **Details of the remuneration for the financial year ended 31-Mar-2017**

The remuneration paid/payable to the executive directors of the company for the year ended 31-Mar-2017, are as under.

(₹ in Lakhs)

<b>Name of the director</b>	<b>Salary and perks</b>	<b>Commission</b>	<b>Total</b>	<b>Service contract</b>
Sarath Chandran Chairman	46.17	-	46.17	01.04.2014 to 31.03.2017
Ashwin Chandran Vice Chairman and Managing Director	76.96	-	76.96	01.04.2014 to 31.03.2017
Prashanth Chandran Joint Managing Director	61.56	-	61.56	01.04.2014 to 31.03.2017

The company does not pay remuneration to any of its non-executive directors barring sitting fees for attending the meeting(s). The payment of sitting fee for non executive director are based on their attendance.

The details of the sitting fees paid during the year and number of shares held by the non-executive directors are as under :

<b>Name of the director</b>	<b>Sitting fees (₹)</b>	<b>No. of Shares held</b>
Mr Vijay Mohan	60,000	1950
Mr Sumanth Ramamurthi	79,000	1350
Mr A Ramkrishna*	30,000	1405
Dr Jairam Varadaraj	1,51,000	75
Mr Vijay Venkatasamy	1,52,000	1350
Mr C N Srivatsan	1,21,000	-
Mr Suresh Jagannathan	45,000	-
Ms R Bhuvaneshwari	60,000	-

\* retired from the board on 31-May-2016

There has been no materially relevant pecuniary transaction or relationship between the company and its non-executive directors during the year.

**Policy for appointment and remuneration of directors, KMP and senior management**

The nomination and remuneration committee (NR Committee) and the board of directors, have adopted a nomination and remuneration policy, which, inter alia, deals with the criteria for appointment of the directors, KMP and senior management personnel and their remuneration.

**a) Criteria for appointment of directors**

While recommending the appointment of the directors to the board, the NR Committee shall consider criteria/ attributes like qualification, expertise, experience of the directors in their respective fields, professional or business standing and diversity of the board. The NR committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.

**b) Remuneration**

For determining the remuneration of the directors, KMP and senior management personnel, the NR Committee shall consider the following :

1. A non-executive director shall be entitled to receive sitting fees for each meeting of the board or committee of the board attended by him, of such sum as may be approved by the board of directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
2. Executive directors shall be paid such remuneration as may be recommended by the NR Committee and the board with the approval of the shareholders at the AGM and it shall be within the overall limits prescribed under the Companies Act, 2013.
3. The remuneration including annual increment and performance bonus of KMP, senior management personnel and other employees, is decided based on the roles and responsibilities, the company's performance, individuals performance, industry benchmark and current compensation trends in the market.

**C) Stakeholders' relationship committee**

The stakeholders' relationship committee is constituted in compliance with section 178 of the Act and regulation 20 of the Listing Regulations.

The committee deals in matters relating to transfer and transmission of shares, issue of duplicate share certificates, review of dematerialized shares, redressing of investors complaints. The share transfers/ transmissions are approved/ratified by the committee. The minutes of the committee are placed at the board meetings from time to time.

**Terms of reference**

- a) To resolve the grievances of the security holders of the company,
- b) To approve share transfer, transmission, issue duplicate certificates, fresh share certificates by way of split or consolidation of the existing certificates, and
- c) Any other matter relating to the security holders or matters assigned/ delegated by the board.

The composition of the Stakeholders relationship committee and particulars of meetings attended by the members are as follows :

<b>Name of the member</b>	<b>Category</b>	<b>No. of meetings attended</b>
Mr Sumanth Ramamurthi - Chairman	Non Executive - Independent	4
Mr Sarath Chandran	Executive - Non-Independent	3
Mr Prashanth Chandran	Executive - Non-Independent	4



Four meetings of the stakeholders relationship committee were held during the year under review i.e. 30-Jun-2016, 30-Sep-2016, 31-Dec-2016 and 31-Mar-2017. The necessary quorum was present for all the meetings. The company secretary acts as the secretary of the committee.

Details of complaints received and redressed during the period under review

Opening balance	Received during the year	Redressed during the year	Closing balance
Nil	1	1	Nil

## **D) Other Committees**

### **1. Corporate social responsibility committee**

The committee looks into and determines the company's policy with regard to the CSR activities to be undertaken by the company. The committee met once during the year on 24-Dec-2016. The minutes of the committee was placed at the board meeting. The necessary quorum was present at the meeting.

#### **Terms of reference**

- To formulate and recommend to the board, a CSR policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Act,
- Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy, and
- Monitor the CSR policy of the company from time to time.

**The Composition and particulars of meetings attended are as follows :**

<b>Name of the member</b>	<b>Category</b>	<b>No. of meetings attended</b>
Mr Sarath Chandran - Chairman	Executive - Non-Independent	1
Mr Vijay Venkatasamy	Non Executive - Independent	1
Mr Ashwin Chandran	Executive - Non-Independent	1

### **2) Risk management committee**

The company has constituted a Risk Management Committee and adopted a policy on risk management, for identifying and managing risk. The same is hosted on the website of the company. The committee comprises of the following members a) Mr C N Srivatsan (Non-Executive - Independent), b) Mr Ashwin Chandran (Executive - Non Independent), c) Mr Prashanth Chandran (Executive - Non Independent), d) Mr M R Siva Shankar (Chief Financial Officer) and e) Mr R Nithya Prabhu (Company Secretary).

Presently audit committee reviews the risk management report periodically. The committee has not met during the year under review.

### **3) Finance committee**

The Company has a finance committee of directors comprising of a) Mr Sarath Chandran (Executive - Non Independent), b) Mr Ashwin Chandran (Executive - Non Independent) and Mr Prashanth Chandran (Executive - Non Independent). The finance committee is responsible for approval of the opening and closing of bank accounts, borrowings, investments and to authorise persons to operate the bank accounts of the company.

**Independent directors' meeting**

In accordance with the provisions of schedule IV of the Companies Act, 2013 and regulation 25 (3) of the listing regulations, a meeting of the independent directors of the company was held on 24<sup>th</sup> March, 2017 without the attendance of non-independent directors and members of the management.

Name of the member	Category	No. of meetings attended
Mr Sumanth Ramamurthi	Independent	1
Dr Jairam Varadaraj	Independent	1
Mr Vijay Venkatasamy	Independent	1
Mr C N Srivatsan	Independent	-
Mr Suresh Jagannathan	Independent	1
Ms R Bhuvaneshwari	Independent	1

**Terms and conditions for appointment of independent directors**

The terms and conditions for appointment of independent directors are placed on company's website <http://www.precot.com/investor-relations/>.

**Familiarisation program for independent directors**

The details of familiarisation program for the independent directors are placed on the website of the company <http://www.precot.com/investor-relations/>.

**Compliance officer**

R Nithya Prabhu  
Company Secretary and Compliance Officer

**Address for Correspondence**

Precot Meridian Limited,  
Regd Office:"SUPREM"  
No. 737, Puliakulam Road, Coimbatore – 641045  
Phone : 0422 - 4321100  
Email: [secretary@precot.com](mailto:secretary@precot.com)  
Website : [www.precot.com](http://www.precot.com)  
CIN : L17111TZ1962PLC001183

**Management analysis report**

The management analysis report forms part of this annual report.

**General body meetings**

The general body meetings of the company during the preceding three years were held at Chamber towers, Avinashi Road, Coimbatore-641018.

Details	Dates and time	Special Resolutions
2014, 52 <sup>nd</sup> AGM	05-Sep-2014 at 4.30 PM	<ol style="list-style-type: none"> <li>1. Appointment of Mr Sarath Chandran as Chairman</li> <li>2. Appointment of Mr Ashwin Chandran as Vice-Chairman and Managing Director</li> <li>3. Appointment of Mr Prashanth Chandran as Joint Managing Director</li> <li>4. Appointment of Mr A Ramkrishna as an independent director</li> <li>5. Alteration of articles of association of the company and</li> <li>6. Increase in borrowing power of the board in excess of the aggregate of the paid up capital and free reserves of the company under section 180(1)(c) of the Companies Act, 2013.</li> </ol>
2015, 53 <sup>rd</sup> AGM	28-Aug-2015 at 4.30 PM	Nil
2016, 54 <sup>th</sup> AGM	02-Sep-2016 at 4.30 PM	Nil

No EGM or court convened meeting of members was held during the year. No special resolution was passed by the company last year through postal ballot. No special resolution is proposed to be conducted through postal ballot.

**Code of conduct**

The board of directors has laid down a code of conduct for all the board members and senior management of the company. The same has been posted on the website of the company.

All board members and senior management personnel have affirmed their compliance with the code of conduct for the year under review. A declaration to that effect signed by the chairman is attached and forms part of the annual report of the company.

**Code of conduct for insider trading**

As per SEBI (Prohibition of insider trading) regulations, 2015, the company has adopted a code of conduct for prevention of insider trading. All the directors, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the company are governed by this code. During the year under review there has been due compliance with the said code.

**Means of communication**

The quarterly, half-yearly and yearly financial results of the company are sent to the stock exchange immediately after the approval of the board. These are widely published in Business Standard (National issue) and Malai malar (Tamil daily). These results are simultaneously posted on the website of the company at <http://www.precot.com/investor-relations/>.

The Company follows April - March as the financial year. The tentative dates of board meetings for consideration of quarterly financial results for the financial year ending 31<sup>st</sup> March 2018 are as follows. However these dates are subject to availability of directors.

1) First quarter results - First week of August 2017, 2) Second quarter and Half yearly results - First week of November 2017, 3) Third quarter results - First week of February 2018, 4) Fourth and Annual results - Last week of May 2018.

Results and reports of the company are also available in [www.nseindia.com](http://www.nseindia.com). There were no specific presentations made to institutional investors or to analysts during the year. Official news releases are made whenever it is considered necessary.

**General shareholder information**

Annual general meeting	:	Tuesday, 05-September-2017 at 4.30 p.m.
Venue	:	Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641 018
Financial year	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
Date of book closure	:	30-Aug-2017 to 05-Sep-2017
Dividend payment date, if any	:	Within seven working days from the date of annual general meeting, if any.
Listing on stock exchanges	:	National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai 400 051
Stock code	:	PRECOT, ISIN : INE283A01014

**Market price, date and performance in comparison with S&P Nifty:**

Month	Prices ( ₹ )		S & P Nifty	
	Low	High	Low	High
April 2016	51.05	43.40	7546.45	7979.90
May 2016	51.20	41.35	7706.55	8178.50
June 2016	56.60	40.85	8088.60	8287.75
July 2016	52.95	61.65	8323.20	8666.30
August 2016	44.80	56.20	8544.85	8786.20
September 2016	47.85	62.60	8591.25	8952.50
October 2016	59.00	79.35	8520.40	8769.15
November 2016	59.70	91.05	7929.10	8626.25
December 2016	64.30	76.90	7908.25	8261.75
January 2017	66.20	76.10	8179.50	8641.25
February 2017	65.55	71.95	8716.40	8939.50
March 2017	67.25	86.30	8897.55	9173.75

Annual listing fee for the financial year 2017-18 was paid to National Stock Exchange of India Limited.

The company has paid custodial fees for the year 2017-18 to National Securities Depository Limited and Central Depository Services (India) Limited.

**Registrar and share transfer agent**

(for both physical and demat segments)

**Branch office:**

M/s Link Intime India Pvt Limited,  
Surya, 35 Mayflower Avenue, Senthil Nagar,  
Sowripalayam Road, Coimbatore - 641 028.  
Phone : 0422 - 2314792 E-mail : coimbatore@linkintime.co.in

**Head office:**

M/s Link Intime India Pvt Limited,  
C-101, 247 Park,  
L B S Marg, Vikhroli (West)  
Mumbai - 400 083.

**Share transfer process :**

The company's shares are traded on the stock exchange only in electronic mode. Shares in physical form are processed by the registrar and transfer agents M/s Link Intime India Private Limited only after getting approval from stakeholders relationship committee.

The share transfers are registered and returned within the period of 15 days of receipt if documents are in order. Half-yearly certificates confirming due compliance of share transfer formalities by the company from practising company secretary has been submitted to the stock exchange within stipulated time as per Listing Regulations.

**Reconciliation of Share Capital Audit**

A qualified practicing company secretary carried out secretarial audit to reconcile the total admitted capital with NSDL and CDSL with the total issued and listed capital. The secretarial audit report confirms that the total issued / paid-up capital is intact with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**Share holding pattern as on 31-Mar-2017 :**

Category	No. of shares held	Percentage of holding
<b>Promoters and Promoters group</b>		
Indian	7332137	61.10
<b>Public</b>		
Mutual funds/UTI	325	0.00
Financial Inst/ Banks	1125	0.01
Bodies corporate	445885	3.72
Public and others	4220528	35.17
<b>Total</b>	<b>12000000</b>	<b>100.00</b>

**Distribution of shareholding as on 31-Mar-2017 :**

Shareholding range	No. of holders	Percentage of holders	No. of shares	Percentage of shares
1-500	4770	79.20	775207	6.46
501-1000	576	9.56	425769	3.55
1001-2000	347	5.76	508521	4.24
2001-3000	111	1.84	269038	2.24
3001-4000	55	0.91	190211	1.58
4001-5000	34	0.57	158853	1.32
5001-10000	75	1.25	525058	4.38
10001&Above	55	0.91	9147343	76.23
<b>Total</b>	<b>5992</b>	<b>100.00</b>	<b>12000000</b>	<b>100.00</b>

**Dematerialization status of shares as on 31-Mar-2017:**

Particulars	No. of Shares	% to Share capital
National Securities Depository Limited	10030855	83.59
Central Depository Services (India) Limited	1246957	10.39
<b>Total</b>	<b>11277812</b>	<b>93.98</b>

There are no outstanding GDR / ADR / Warrants or any convertible instruments as on 31<sup>st</sup> March 2017

**Plant locations:**

- 1 : Kanjikode, Palakkad, Kerala
- 2 : Kodigenahalli, Hindupur, Andhra Pradesh
- 3 : Nanjagoundanpudur, Pollachi, Tamilnadu
- 4 & 5 : Chandrapuram, Walayar, Kerala
- 6 : Gowribidnur, Kolar, Karnataka
- 7 : Hassan, Karnataka.

**Address for correspondence:**

Precot Meridian Limited,  
Secretarial Department,  
Regd. Office: "SUPREM"  
No. 737, Puliakulam Road,  
Coimbatore – 641 045  
Phone: 0422 - 4321100  
Email: secretary@precot.com  
Website: www.precot.com  
CIN: L17111TZ1962PLC001183

**Disclosures**

- ❖ During the year under review the company has not made any fresh issue of shares. The paid up capital of the company stood at ₹ 1,200 lakhs as at 31-Mar-2017.
- ❖ Details of transactions with related parties are provided in note no. 2.42 to notes forming part of the accounts in accordance with the provision of Accounting Standard 18. There is no materially significant related party transaction that may have potential conflict with the interest of the company at large.
- ❖ During the last 3 years, there were no strictures, penalties or material orders passed/imposed on the company by either stock exchanges or SEBI or any statutory authority for non-compliance on any matter relating to the capital markets or otherwise.
- ❖ The company has followed the accounting standards referred to in section 133 of the Act. The significant accounting policies are set out in the notes to the financial statements.
- ❖ The company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under section 177 (9) of the Act, and regulation 22 of listing regulations, for directors and employees to report concerns about unethical behaviour. No person has been denied access to the chairman of the Audit Committee.
- ❖ The company has complied with all the mandatory requirements of corporate governance norms as enumerated under regulation 17 to 27 and clause (b) to (i) of regulations 46 (2) of the Listing Regulations. In addition, the company has also adopted the following non-mandatory requirements, 1) Company's financial statements are unmodified, 2) Separate posts of chairperson and managing director, 3) The internal auditor of the company directly reports to the audit committee.

- ❖ The company has framed policies for determining 'material subsidiaries' and 'related party transaction', which are disclosed on the website at the following link <http://www.precot.com/investor-relations/>
- ❖ CEO/CFO certificate: A certificate signed by the Managing Director and Chief Financial Officer has been placed at all Board meetings.
- ❖ The company has a robust framework and governance mechanism in place to ensure that the organisation is adequately protected from the market volatility in terms of price and availability of raw materials and finished goods.
- ❖ The company has managed the foreign exchange risk with appropriate hedging activities in accordance with forex policy of the company. The company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposure as on 31-Mar-2017 are disclosed in notes to the financial statements.
- ❖ The company has prepared a risk management framework to identify, minimize and mitigate business and process related risk at predefined intervals.
- ❖ Business Responsibility Report as per regulation 34 and Dividend Distribution Policy as per regulation 43A of the Listing Regulations are not applicable to the company.
- ❖ The details of unclaimed suspense account are disclosed in the Board's report.

Coimbatore  
26-May-2017

By order of the Board  
**Ashwin Chandran**  
Chairman & Managing Director

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## Declaration regarding compliance of company's code of conduct

All the board members and senior management personnel affirmed compliance with the code of conduct of the company for the financial year ended 31st March 2017.

Coimbatore  
26-May-2017

By order of the Board  
**Ashwin Chandran**  
Chairman & Managing Director

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## Compliance Certificate

To the members of Precot Meridian Limited

We have examined the compliance of conditions of corporate governance by Precot Meridian Limited, for the year ended on 31-Mar-2017, as stipulated in Regulation 34 of the SEBI (LODR) 2015 of the said company with stock exchanges. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the shareholders/investors relations committee. We further state that such compliance is neither an assurance as to the future viability of the company nor the effectiveness with which the management has conducted the affairs of the Company.

Coimbatore  
26-May-2017

**G Vasudevan**  
Practicing Company Secretary  
Certificate of Practice No. 6522

## Annexure F - Report on Corporate Social Responsibility (CSR)

Report on Corporate Social Responsibility as per rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 :

### 1.a) A brief outline of the company's CSR policy :

The object of CSR policy is to directly or indirectly take up programmes that benefit the communities in & around the units of the company and resulting in enhancing the quality of life & economic well being of the locality and to generate, through its CSR initiatives, a community goodwill for the company. To help reinforce a positive & socially responsible image as a corporate entity. Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.

### b) Overview of projects or programs proposed to be undertaken:

The projects undertaken will be within the broad framework of schedule VII of the Act. Some of them are promoting education, ensuring environmental sustainability, contribution to the Prime Minister's National relief fund, rural development projects etc.

### c) Reference to the web-link to the CSR policy and projects or programs:

The CSR policy of the company is available in the company's website <http://www.precot.com/investor-relations/>

### 2. The composition of the CSR committee:

The company had a CSR committee of directors comprising of Mr Sarath Chandran, Chairman of the Committee, Mr Vijay Venkatasamy and Mr Ashwin Chandran. Due to the retirement of Mr Sarath Chandran on 31-Mar-2017, the board of directors on 24-Mar-2017 reconstituted the

committee as follows, Mr Ashwin Chandran - Chairman of the Committee, Mr Vijay Venkatasamy and Mr Prashanth Chandran. The above said reconstitution took effect from 01-Apr-2017.

3. **Average net profit of the company for last three financial years for the purpose of computation of CSR : ₹ (2156) lakhs**
4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : Nil**
5. **Details of CSR spent during the financial year:**
  - a) Total amount spent for the financial year - Nil
  - b) Amount unspent - NA
  - c) Manner in which the amount spent during the financial year - NA
6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report - NA
7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

**Mr Ashwin Chandran**  
CSR Committee  
Chairman

**Mr Vijay Venkatasamy**  
CSR Committee  
Member

Coimbatore  
26-May-2017

**Annexure G**  
**Form AOC 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and rule 8(2) of the Companies (Accounts) Rules, 2014)

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

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

The company has not entered into any contract/arrangement/transaction with its related parties which is not in ordinary course of business or at arm's length during the financial year 2016-17. The company has laid down policies and processes/procedures so as to ensure compliance to the Companies Act, 2013 ("Act") and the corresponding Rules. All the transactions with interested parties are placed before the Audit Committee on quarterly basis.

- a) Name(s) of the related party and nature of relationship: NotApplicable
- b) Nature of contracts / arrangements / transactions : NotApplicable
- c) Duration of the contracts / arrangements / transactions : NotApplicable
- d) Salient terms of the contracts or arrangements or transactions including the value, if any: NotApplicable
- e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- f) Date(s) of approval by the Board: Not Applicable
- g) Amount paid as advances, if any: Not Applicable
- h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 of the Act : Not Applicable.

**2. Details of material contracts or arrangement or material transactions at arm's length basis:**

- a) Name(s) of the related party and nature of relationship: NotApplicable
- b) Nature of contracts / arrangements / transactions : NotApplicable
- c) Duration of the contracts / arrangements / transactions : NotApplicable
- d) Salient terms of the contracts or arrangements or transactions including the value, if any : NotApplicable
- e) Date(s) of approval by the Board, if any : Not Applicable
- f) Amount paid as advances, if any : None

Note : The above disclosures on material transactions are based on the principle that transactions with wholly owned subsidiaries are exempt for purpose of section 188(1) of the Act.

Coimbatore  
26-May-2017

**Ashwin Chandran**  
Chairman and  
Managing Director



	₹ Lakhs					
	2012	2013	2014	2015	2016	2017
<b>Operating Results</b>						
Total revenue	60,266	66,717	73,819	74,943	69,468	<b>70,154</b>
PBIDT	(1,395)	8,939	9,239	3,809	2,079	<b>7,312</b>
Interest	2,872	2,612	3,241	3,362	3,830	<b>3,942</b>
PBDT	(4,267)	6,327	5,998	447	(1,751)	<b>3,370</b>
Depreciation	2,991	3,032	3,945	3,691	3,800	<b>3,313</b>
Income Tax	250	228	322	-	-	-
Other Taxes	(2,225)	998	(1,314)	19	-	<b>25</b>
PAT	(5,283)	2,069	3,045	(3,264)	(5,551)	<b>32</b>
Dividend & Dividend Tax	-	94	281	-	-	-
Retained cash earnings	(4,517)	6,005	5,395	447	(1,751)	<b>3,370</b>
<b>Performance Parameters</b>						
Net Fixed Assets (WDV)	24,321	37,276	36,389	33,591	31,388	<b>28,378</b>
Share Capital	748	800	1,200	1,200	1,200	<b>1,200</b>
Free Reserves	11,036	13,175	14,801	12,265	6,714	<b>6,746</b>
Net worth	11,784	13,975	16,001	13,465	7,914	<b>7,946</b>
Long Term Borrowings	16,435	26,407	23,925	22,607	20,615	<b>17,801</b>
Debt : Equity	1.4	1.9	1.5	1.7	2.6	<b>2.2</b>
Dividend (%)	-	10	20	-	-	-
Earnings per share (₹)	(76)	17	25	(27)	(46)	<b>0.27</b>

**Independent Auditors' report****To the Members of Precot Meridian Limited****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Precot Meridian Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements").

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the

standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, its profit and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and except for the matters described in the paragraph (g) (iv) below, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March 2017 and taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such

controls, we give our separate Report in "Annexure 2";

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

i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 2.29 on Contingent Liabilities to the standalone financial statements;

ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 2.04 and Note 2.12 to the standalone financial statements;

iii) There has been no delay in transferring amounts, required to be transferred, to

the Investor Education and Protection Fund by the Company;

iv) The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and are as produced to us by the Management - Refer Note No. 2.15 to the standalone financial statements.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No.: 217964

Place : Coimbatore

Date : 26-May-2017

### Annexure I to the Independent Auditor's Report

[ Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Precot Meridian Limited on the standalone financial statements for the year ended 31st March 2017 ]

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

b) During the year, fixed assets have been

physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company except for the details given below :

Land / Building	Total No. of cases	Leasehold / freehold	₹ in Lakhs		Remarks
			Gross Block as on 31.3.2017	Net Block as on 31.3.2017	
Land	1	Freehold	22.10	22.10	The title deeds are in the name of Meridian Spintex Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court(s) of judicature vide order dt. 01.09.2006.
Land	1	Freehold	5.16	5.16	The title deeds are in the name of Suprem Textiles Processing Limited which is the wholly owned subsidiary of the Company.
Land	1	Freehold	25.00	25.00	The title deeds are in the name of Multiflora (Floriculture) Private Limited currently known as Multiflora Processing Coimbatore Limited which is a wholly owned subsidiary of the Company.

- ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii) a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, however, there have been slight delay in few cases.

AND

According to the information and explanations given to us, no undisputed

amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of dues	Amount (₹ Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act 1944	Excise Duty and Penalties	988.90	2001-2002	Supreme Court
Central Sales Tax Act, 1956	Central Sales Tax	648.18	1998-1999	Central Sales Tax Act, 1956
APVAT Act, 2005	Sales Tax and Penalty	1.77	1999-2000	High Court
Central Excise Act 1944	Excise Duty and Penalties	29.78	2001 to 2003	CESTAT, Bangalore
Central Excise Act 1944	Excise Duty Penalties and Interest	19.28	2008-2009	Commissioner Appeals, Kochi
Income Tax Act, 1961	Income Tax	362.72	AY 2009-10 to 2010-11	ITAT Chennai
TNVAT Act, 2006	Sales Tax and Penalty	4.18	2014-15	Joint Commissioner (Appeals), Coimbatore

- viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).
- ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised. The Company did not raise any money by way of Initial Public Offer or further public offer (including debt instruments) during the year.
- x) During the course of our examination of the books and records of the Company, carried out in

accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

- xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been

disclosed in the Standalone Financial Statements etc., as required by the applicable accounting standards.

- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No.: 217964

Place : Coimbatore  
Date : 26-May-2017

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

[ Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Precot Meridian Limited on the standalone financial statements for the year ended 31st March 2017.]

**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")**

We have audited the internal financial controls over financial reporting of Precot Meridian Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the

auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg.No.: 103523W/W100048  
**Kaushik Sidartha**  
Partner  
M.No.: 217964

Place : Coimbatore  
Date : 26-May-2017

	Note	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	2.01	1,200.00	1,200.00
Reserves and Surplus	2.02	6,745.96	6,714.02
		<u>7,945.96</u>	<u>7,914.02</u>
<b>Non-current liabilities</b>			
Long Term Borrowings	2.03	14,143.66	15,899.78
Other Long Term Liabilities	2.04	-	378.61
Long Term Provisions	2.05	235.60	171.58
		<u>14,379.26</u>	<u>16,449.97</u>
<b>Current Liabilities</b>			
Short Term Borrowings	2.06	17,415.15	19,292.63
Trade Payables	2.07		
a) Total outstanding dues of Micro and Small Enterprises		26.25	29.18
b) Total outstanding dues of creditors other than Micro and Small Enterprises		2,451.06	2,021.05
Other Current Liabilities	2.08	10,708.49	8,764.65
Short Term Provisions	2.09	873.27	300.84
		<u>31,474.22</u>	<u>30,408.35</u>
		<u>53,799.44</u>	<u>54,772.34</u>
<b>Assets</b>			
<b>Non-current Assets</b>			
Fixed Assets	2.10		
Property, Plant and Equipment		27,834.75	31,232.09
Intangible Assets		67.00	90.15
Capital Work-in-progress	-	476.33	65.98
Non-current Investments	2.11	1,681.11	1,782.11
Long Term loans and advances	2.12	2,361.13	2,480.40
		<u>32,420.32</u>	<u>35,650.73</u>
<b>Current Assets</b>			
Inventories	2.13	14,773.64	12,842.49
Trade receivables	2.14	4,901.72	4,676.34
Cash and bank balances	2.15	482.53	265.66
Short term loans and advances	2.16	978.29	890.12
Other current assets	2.17	242.94	447.00
		<u>21,379.12</u>	<u>19,121.61</u>
		<u>53,799.44</u>	<u>54,772.34</u>

Significant accounting policies & Notes on Financial Statements 1 & 2.01 to 2.47

The accompanying notes and significant accounting policies form an integral part of financial statements.

Vide our report of even date attached

For and on behalf of the Board of Directors

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No. : 217964

Place : Coimbatore

Date : 26-May-2017

**Ashwin Chandran**  
Chairman and Managing Director  
(DIN : 00001884)

**Prashanth Chandran**  
Vice Chairman and Managing Director  
(DIN : 01909559)

**M R Siva Shankar**  
Chief Financial Officer

**R Nithya Prabhu**  
Company Secretary



## Statement of Profit and loss

	Note	2016-17	2015-16
		₹ Lakhs	₹ Lakhs
Revenue From Operations	2.18	67,930.07	68,368.60
Other income	2.19	2,223.47	1,099.55
<b>Total Revenue</b>		<b>70,153.54</b>	<b>69,468.15</b>
<b>Expenses</b>			
Cost of materials consumed	2.20	35,474.04	36,380.28
Purchase of Stock in trade		5,735.19	2,298.41
Changes in inventories of finished goods and work-in-progress	2.21	72.40	(852.12)
Employee benefits expense	2.22	7,475.36	7,813.80
Finance costs	2.23	3,941.59	3,829.98
Depreciation and amortization expense	2.24	3,313.02	3,799.85
Other expenses	2.25	16,372.52	19,803.70
<b>Total Expenses</b>		<b>72,384.12</b>	<b>73,073.90</b>
<b>Profit / (Loss) before exceptional items</b>		<b>(2,230.58)</b>	<b>(3,605.75)</b>
<b>Exceptional items (Refer Note No. 2.39)</b>		<b>2,287.76</b>	<b>(1,945.18)</b>
<b>Profit / ( Loss ) before tax</b>		<b>57.18</b>	<b>(5,550.93)</b>
<b>Tax expense:</b>			
Current tax		-	-
MAT Credit written off		(25.24)	-
Deferred tax		-	-
<b>Profit / ( Loss ) for the year</b>		<b>31.94</b>	<b>(5,550.93)</b>
Earnings per equity share	2.26		
Face value of share (in ₹)		10	10
Basic		0.27	(46.26)
Diluted		0.27	(46.26)

Significant accounting policies & Notes on Financial Statements 1 & 2.01 to 2.47

The accompanying notes and significant accounting policies form an integral part of financial statements.

Vide our report of even date attached

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No. : 217964

Place : Coimbatore

Date : 26-May-2017

For and on behalf of the Board of Directors

**Ashwin Chandran**

Chairman and Managing Director

(DIN : 00001884)

**M R Siva Shankar**

Chief Financial Officer

**Prashanth Chandran**

Vice Chairman and Managing Director

(DIN : 01909559)

**R Nithya Prabhu**

Company Secretary



	2016 - 17 ₹ Lakhs	2015 - 16 ₹ Lakhs
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit Before Tax</b>	<b>57.18</b>	<b>(5,550.93)</b>
Adjustments for :		
Depreciation and amortization expense	3,313.02	3,799.85
Bad Debts Written off	22.74	-
Provision for Bad & Doubtful Debts (net)	(15.76)	26.32
Provision for doubtful advances	43.78	-
Profit on Sale of Assets	(1,176.32)	(871.57)
Exceptional items (Refer Note no: 2.39)	(2,287.76)	1,945.18
Investment Income - Dividend	(27.90)	-
Interest Income	(108.67)	(141.26)
Interest Payment	3,941.59	3,829.98
Assets Discarded / Written off	14.95	-
Exchange Fluctuation (Gain) / Loss on Re-statement	(743.98)	992.53
	<b>2,975.69</b>	<b>9,581.03</b>
<b>Operating Profit before working capital changes</b>	<b>3,032.87</b>	<b>4,030.10</b>
Adjustments for :		
Trade Receivables	(329.12)	(617.05)
Other Receivables	685.12	2,030.96
Inventories	(1,931.15)	(3,083.33)
Trade Payable	427.10	407.84
Other Liabilities	218.48	43.55
	<b>(929.57)</b>	<b>(1,218.03)</b>
<b>Cash generated from Operations</b>	<b>2,103.30</b>	<b>2,812.07</b>
Direct Taxes Refund	44.13	101.84
<b>Net Cash Flow from operating activities</b>	<b>2,147.43</b>	<b>2,913.91</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets(Including WIP)	(1,762.64)	(2,308.67)
Advance (paid) / settled for purchase of Fixed Assets	28.22	(69.38)
Sale of Fixed Assets	2,583.65	1,583.59
Advance received against sale of Fixed Assets	3,000.00	-
Sale of Investments	2,388.77	-
Proceeds from capital investment subsidy	37.47	-
Interest Received	124.01	159.58
Dividend Received	27.90	-
<b>Net Cash flow from / (used in) Investing activities</b>	<b>6,427.38</b>	<b>(634.88)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Unclaimed Dividends Paid	(0.26)	(2.54)
Interest Paid (Net)	(3,899.74)	(3,866.15)
Proceeds from Long Term Borrowings	2,860.06	2,736.19
Repayment of Long Term Borrowings	(5,674.56)	(4,728.42)
Proceeds / (Repayments) of Unsecured Loan (net)	(1,542.64)	2,909.21
Proceeds / (Repayments) of loans repayable on demand (net)	(100.79)	629.06
<b>Net Cash Flow used in Financing Activities</b>	<b>(8,357.93)</b>	<b>(2,322.65)</b>
<b>Net Increase/Decrease in Cash and Cash Equivalent</b>	<b>216.88</b>	<b>(43.62)</b>
Cash and Bank Balances as at		
1.04.2016 and 1.04.2015 (Opening balance)	265.66	309.28
Less: Bank balances not considered as Cash and Cash Equivalents as per Accounting Standard 3	205.83	26.80
Cash and Cash Equivalents as at		
31.03.2017 and 31.03.2016 (Closing balance)	276.70	238.86

Significant accounting policies & Notes on Financial Statements 1 & 2.01 to 2.47

The accompanying notes and significant accounting policies form an integral part of financial statements.

Vide our report of even date attached

For and on behalf of the Board of Directors

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No. : 217964

Place : Coimbatore

Date : 26-May-2017

**Ashwin Chandran**

Chairman and Managing Director

(DIN : 00001884)

**M R Siva Shankar**

Chief Financial Officer

**Prashanth Chandran**

Vice Chairman and Managing Director

(DIN : 01909559)

**R Nithya Prabhu**

Company Secretary

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**
**Nature of operations**

Precot Meridian Limited has been a player in the textile industry since 1962. It started its first production in 1964 with an initial capacity of 12,096 spindles at Kanjikode, Kerala. At present it has units in the four southern states of India viz., Tamil Nadu, Kerala, Andhra Pradesh and Karnataka with a total spinning capacity of 2,25,000 spindles and 1728 rotors. In 2013, the company has set up a Greenfield technical textile at Hassan in the State of Karnataka.

**1. Significant Accounting Policies**
**a. Accounting Convention :**

The financial Statements have been prepared to comply in all material respects with the accounting standards specified under section 133 of the Companies Act read with rule 7 of the companies (Accounting Standards) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared under the 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 requires the management of the company to make estimates and assumptions that affect the reported balances of Assets and Liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Actual results could differ from the estimates made. Any revision to accounting estimates is recognized prospectively in the year in which the events are materialized.

**c. Property, Plant and Equipment, Depreciation & Amortisation :**

Property, plant and equipment (PPE) are tangible items held for use in the production or supply of goods or services, for rental to others or for administrative purposes and 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. Financing costs 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 recognised if they meet the definition of property, plant and equipment. Where the cost of part of the asset is significant to the total cost of the asset

and if the part of the asset has a different useful life than the main asset, useful life of that part is determined separately for depreciation.

Depreciation is provided on straight line Method based on the useful life as specified in Schedule II of the Companies Act, 2013, except in respect of Plant and Equipment where the useful life is estimated to be 20 years (10 years on triple shift basis) based on technical evaluation. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

The Useful Life of the different categories of Assets is as follows :

Sl. No.	Asset Class	Useful Life
A	Factory Building	30 years
B	Non-Factory Building	60 years
C	Plant and Equipment	10 years
D	Vehicles	10 years
E	Furnitures and Fixture	10 years
F	Computer	3 years

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 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. The gain/ loss arising from derecognition of an item of PPE is included in the statement of Profit & Loss. The gain or loss arising from the derecognition of an item of PPE would be the difference between the net disposal proceeds, if any, and the carrying amount of the item.

**d. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. The Cost of the Assets are amortised over a period of 6 years.

**f. Impairment of Assets:**

The carrying amount of assets are reviewed, as at each balance sheet date, to determine if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows as a cash generating unit are discounted to the present value. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired.

**g. Borrowing Costs:**

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All the other borrowing costs are charged to revenue. The exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs are also treated as Borrowing Costs.

**h. Investments:**

Investments which are readily realisable and intended to be held for not more than twelve months from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis. On the disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**i. Inventories:**

- a) Inventories are valued at lower of cost and estimated net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- b) Stores and spares which do not meet the definition of PPE are accounted as inventories.
- c) 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.

**j. Foreign Currency Transactions:**

- i) Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.
- ii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Statement, except in case of long term liabilities, where they relate to

acquisition of Fixed Assets, in which case they are adjusted to the carrying cost of such assets.

- iii) Premium/Discount in respect of Forward Contract is amortised as expense/income over the period of contract. Exchange difference arising on forward contracts between the exchange rate on the date of the transaction and the exchange rate prevailing at the year end is recognised in the statement of profit and loss.

**k. Revenue Recognition:**

- i) The company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- ii) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods.
- iii) Domestic sales as reported in the statement of profit and loss are exclusive of tax/duties, if any, and trade discounts.
- iv) Income from Export entitlements is accounted as and when the certainty of entitlement is determined.
- v) Dividend income is recognised when the right to receive the dividend is unconditional at the balance sheet date.
- vi) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**l. Taxes on Income:**

- i) Current Tax on income 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 assessments/appeals.
- ii) 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. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on business loss and unabsorbed depreciation are recognized and carried forward to the extent that there is virtual certainty that sufficient taxable income will be available against which such deferred tax asset can be realised.
- iii) Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is

convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.

**m. Employee Benefits:**

- i) Short-term employee benefits are recognised as an expense at the un-discounted amount in the statement of profit and loss of the year in which the related service is rendered.
- ii) 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 Revised Accounting Standard 15 on 'Employee Benefits'. Actuarial gains & losses are charged to the statement of profit and loss. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.
- iii) Payments to defined contribution schemes are charged as expense as and when incurred.
- iv) Termination benefits are recognised as an expense as and when incurred.

**n. Operating Leases :**

Lease arrangements, where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are recognised as an operation lease. Lease payments under operating leases are recognised as an expense on a straight line basis over the lease period. The Assets given under operating leases are shown in Balance Sheet under Fixed Assets and depreciated on a basis consistent with the depreciation policy of the company. The lease income is recognised in the Statement of Profit and Loss on a straight line basis over the lease period.

**o. Government grants and subsidies:**

Grants and subsidies from the government are recognised

when there is a reasonable assurance that the grant / subsidy will be received and all attached conditions will be complied with. Grant related to specific fixed assets are presented in the Balance sheet by showing such grant as deduction from the fixed asset concerned. Grants received in the nature of promoters contribution is credited to capital reserve and treated as a part of shareholders' fund. Grants in relation to reimbursement of expenditure are credited to the head of Expenditure to which the grants relate.

**p. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. The weighted average numbers 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 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.

**q. Cash and cash equivalents**

Cash flow are reported using the indirect method, where by 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 having a initial maturity of 3 months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**r. Provisions and contingent liabilities**

A provision is recognized if, as a result of a past event, the company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**Share Holders' Funds**
**2.01 Share Capital**
**Authorised**

	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
2,00,00,000 Equity Shares of ₹ 10 each (Previous year - 2,00,00,000 Equity Shares of ₹10 each)	<b>2,000.00</b>	2,000.00

**Issued, Subscribed & fully Paid up**

	1,200.00	1,200.00
120,00,000 Equity Shares of ₹ 10 each fully paid up (Previous year - 1,20,00,000 Equity Shares of ₹10 each)		

<b>1,200.00</b>	<b>1,200.00</b>
-----------------	-----------------

**i) Terms/rights attached to equity shares :**

The company has only one class of issued shares referred to as equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. The dividend (except in case of interim dividend) proposed by the Board of Directors, if any, is subject to the approval of shareholders in the 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 share holders.

**ii) The reconciliation of the number of shares outstanding is set out below.**

	<b>Equity Shares</b>			
	<b>As at 31.03.2017</b>		<b>As at 31.03. 2016</b>	
	<b>Number</b>	<b>₹ Lakhs</b>	<b>Number</b>	<b>₹ Lakhs</b>
Equity Shares at the beginning of the year	<b>1,20,00,000</b>	<b>1,200.00</b>	1,20,00,000	1,200.00
Add: Equity Shares Issued during the year	-	-	-	-
Equity Shares at the end of the year	<b>1,20,00,000</b>	<b>1,200.00</b>	1,20,00,000	1,200.00

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

		<b>Equity Shares</b>			
		<b>As at 31.03.2017</b>		<b>As at 31.03.2016</b>	
<b>S. No.</b>	<b>Name of Shareholder</b>	<b>No. of Shares held</b>	<b>% of holding</b>	<b>No. of Shares held</b>	<b>% of holding</b>
1	Sarath Chandran	<b>28,41,108</b>	<b>23.68</b>	28,41,108	23.68
2	Ashwin Chandran	<b>23,07,457</b>	<b>19.23</b>	23,07,457	19.23
3	Prashanth Chandran	<b>19,71,891</b>	<b>16.43</b>	19,71,891	16.43
iv)	40,00,000 shares were allotted as bonus shares by capitalisation of securities premium reserve during the year 2013-14.				
v)	There are no Shares held by Holding Company / Subsidiaries of ultimate Holding Company.				

**2.02 Reserves and Surplus**

	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
a Capital Reserve	748.19	748.19
b Capital redemption Reserve	355.00	355.00
c Securities Premium Reserve	2,736.46	2,736.46
d General Reserve	11,858.12	11,858.12
e Surplus in Statement of Profit and Loss		
Opening balance	(8,983.75)	(3,432.82)
Add : Profit / (Loss) for the year	31.94	(5,550.93)
	<b>(8951.81)</b>	<b>(8983.75)</b>
Closing balance	<b>6,745.96</b>	<b>6,714.02</b>

**2.03 Long Term Borrowings**

	Non Current portion		Current maturities	
	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
<b>Secured</b>				
Term loans from Banks				
- Rupee Loan	14,143.66	15,899.78	3,656.98	4,715.37
- Foreign Currency Loan	-	-	-	-
Less: Amount disclosed under current maturities			3,656.98	4,715.37
	<b>14,143.66</b>	<b>15,899.78</b>	<b>-</b>	<b>-</b>

- Term loan from SBI, ICICI, Andhra Bank, South Indian Bank and Export Import Bank of India are secured by way of pari passu first charge on entire movable and immovable assets of the company and pari passu second charge on current assets of the company.
- Corporate Loan from Axis Bank is secured by way of subservient charge over the movable fixed assets of the company and exclusive charge on land and building of the corporate office.
- Term loan from ICICI Bank is secured by way of exclusive first charge on the assets of the Technical Textile unit at Hassan, Karnataka and Second charge on the entire moveable fixed asset of the unit at Hassan, ranking paripassu charge with ICICI bank's derivative limits for the unit at Hassan
- In respect of the above, Rupee Term Loans carry interest ranging from 11.30% p.a. to 15.85% p.a.
- The outstanding balance of :  
Rupee Tuf loan – X of ₹ 100.15 Lakhs from EXIM Bank is repayable in 1 quarterly installment.  
Rupee Tuf loan – XI of ₹ 693.50 Lakhs from EXIM Bank is repayable in 9 quarterly installments of varying amounts.  
Rupee Tuf loan – XII of ₹ 430.13 Lakhs from SBI is repayable in 2 quarterly installments of varying amounts.

Rupee Tuf loan XIII of ₹ 8064.00 Lakhs from ICICI Bank is repayable in 9 half yearly installments of varying amounts

Rupee Tuf Loan – XIV of ₹ 975.00 Lakhs from EXIM Bank is repayable in 13 equal quarterly installments.

Rupee Tuf Loan – XV of ₹ 1428.00 Lakhs from Andhra Bank is repayable in 17 equal quarterly installments.

Rupee Tuf Loan – XVI of ₹ 860.06 Lakhs from The South Indian Bank Ltd is repayable in 26 equal quarterly installments commencing from November '17.

Rupee Corporate Loan of ₹ 2250.00 Lakhs from ICICI Bank is repayable in 18 equal quarterly installments.

Rupee Corporate Loan of ₹ 2999.80 Lakhs from Axis Bank is repayable in 20 equal quarterly installments commencing from December' 17 as reduced by the amount of prepayment made during the year amounting to ₹ 1000.20 Lakhs.

	<b>As at 31.03.2017 ₹ Lakhs</b>	<b>As at 31.03.2016 ₹ Lakhs</b>
<b>2.04 Other Long Term Liabilities</b>		
Derivative Liability	-	378.61
	-	378.61
<b>2.05 Long Term Provisions</b>		
Provision for employee benefits		
Gratuity (Refer note no : 2.43)	<b>235.60</b>	171.58
	<b>235.60</b>	171.58
<b>2.06 Short Term Borrowings</b>		
<b>Secured</b>		
Loans repayable on demand		
From Banks		
- Rupee Loan	<b>4,837.06</b>	5,697.34
- Foreign Currency Loan	<b>6,326.99</b>	5,801.54
<b>Unsecured</b>		
From Bank		
- Rupee Loan	<b>6,251.10</b>	7,793.75
	<b>17,415.15</b>	19,292.63
1. Working capital loans from SBI, Andhra Bank, Corporation Bank, IDBI, ICICI, and SIB are secured by way of pari passu first charge on current assets of the company and pari passu second charge on entire immovable assets of the company and are repayable on demand.		
2. In respect of the above, working capital rupee loans carry interest ranging from 8.40 % p.a. to 16.30% p.a. and working capital foreign currency loans carry interest ranging from 1.60% p.a. to 3.25% p.a. plus applicable LIBOR.		
3. Unsecured short term loans from ICICI & IDBI Bank carry interest at 8.40% and 9.60% p.a. respectively.		
<b>2.07 Trade Payables</b>		
Total outstanding dues of Micro and Small Enterprises (Refer note no : 2.33)	<b>26.25</b>	29.18
Total outstanding dues of creditors other than Micro and Small Enterprises	<b>2,451.06</b>	2,021.05
	<b>2,477.31</b>	2,050.23



		<b>As at 31.03.2017 ₹ Lakhs</b>	<b>As at 31.03.2016 ₹ Lakhs</b>
<b>2.08 Other Current Liabilities</b>			
a) Current maturities of long-term debt ( Refer note no: 2.03 )		<b>3,656.98</b>	4,715.37
b) Interest accrued but not due on borrowings		<b>80.49</b>	38.64
c) Unpaid dividends		<b>22.34</b>	22.60
d) Accrued Employee benefits		<b>772.56</b>	913.39
e) Derivative liability		-	138.57
f) Temporary Over Draft from Banks		-	6.74
g) Statutory dues payable		<b>234.63</b>	216.42
h) Other Payables *		<b>5,941.49</b>	2,712.92
		<b>10,708.49</b>	8,764.65

\* Other Payables include expenses payable, advances from customers and advance received towards sale of immovable property.

**2.09 Short Term Provisions**

a) Provision for employee benefits			
Gratuity (Refer note no: 2.43)		<b>93.38</b>	84.84
b) Provisions for Statutory dues		<b>779.89</b>	216.00
		<b>873.27</b>	<b>300.84</b>

**Non Current Assets**
**2.10 Fixed Assets**

₹ Lakhs

Particulars	Gross Block				Depreciation and Amortization					Net Block
	As at 01.04.2016	Addition / Adjustments during the year	Deductions / Retirement during the year	As at 31.03.2017	Upto 31.03.2016	For the Year	Deduction / Adjustments during the year	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Property, Plant and Equipment										
Free hold Land	983.66	2.30	93.70	892.26	-	-	-	-	892.26	983.66
Building	10,134.07	71.62	697.88	9,507.81	2,645.64	261.13	220.53	2,686.24	6,821.57	7,488.43
Plant and Equipment	59,118.61	1,217.05	6,085.32	54,250.34	36,758.19	2,948.61	5,222.76	34,484.04	19,766.30	22,360.42
Furnitures & Fixtures	360.33	10.55	12.07	358.81	209.19	28.47	9.33	228.33	130.48	151.14
Vehicles	402.17	39.58	65.07	376.68	211.03	28.27	52.26	187.04	189.64	191.14
Computer	552.67	10.21	207.13	355.75	495.37	22.66	196.78	321.25	34.50	57.30
<b>TOTAL (A)</b>	<b>71,551.51</b>	<b>1,351.31</b>	<b>7,161.17</b>	<b>65,741.65</b>	<b>40,319.42</b>	<b>3,289.14</b>	<b>5,701.66</b>	<b>37,906.90</b>	<b>27,834.75</b>	<b>31,232.09</b>
Intangible Assets										
Computer software	431.82	0.98	2.40	430.40	341.67	23.88	2.15	363.40	67.00	90.15
<b>TOTAL (B)</b>	<b>431.82</b>	<b>0.98</b>	<b>2.40</b>	<b>430.40</b>	<b>341.67</b>	<b>23.88</b>	<b>2.15</b>	<b>363.40</b>	<b>67.00</b>	<b>90.15</b>
<b>TOTAL (A + B)</b>	<b>71,983.33</b>	<b>1,352.29</b>	<b>7,163.57</b>	<b>66,172.05</b>	<b>40,661.09</b>	<b>3,313.02</b>	<b>5,703.81</b>	<b>38,270.30</b>	<b>27,901.75</b>	<b>31,322.24</b>
Capital Work-in-progress	65.98	476.33	65.98	476.33	-	-	-	-	476.33	65.98
<b>TOTAL</b>	<b>72,049.31</b>	<b>1,828.62</b>	<b>7,229.55</b>	<b>66,648.38</b>	<b>40,661.09</b>	<b>3,313.02</b>	<b>5,703.81</b>	<b>38,270.30</b>	<b>28,378.08</b>	<b>31,388.22</b>

Note : Deduction to Gross block of Plant and Equipments includes subsidy received under Technology Upgradation Fund scheme amounting to ₹ 37.46 Lakhs (PY - Nil)



**2.10 Fixed Assets (Contd.,)**
**₹ Lakhs**
**Comparatives :**

Particulars	Gross Block				Depreciation and Amortization					Net Block
	As at 01.04.2015	Addition / Adjustments during the year	Deductions / Retirement during the year	As at 31.03.2016	Upto 31.03.2015	For the Year	Deduction / Adjustments during the year	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
Property, Plant and Equipment										
Free hold Land	1,039.82	-	56.16	983.66	-	-	-	-	983.66	1,039.82
Building	10,100.21	41.17	7.31	10,134.07	2,372.64	274.29	1.29	2,645.64	7,488.43	7,727.57
Plant and Equipment	59,325.90	2,234.18	2,441.47	59,118.61	35,158.02	3,394.34	1,794.17	36,758.19	22,360.42	24,167.88
Furnitures & Fixtures	353.95	6.38	-	360.33	175.83	33.36	-	209.19	151.14	178.12
Vehicles	402.17	-	-	402.17	179.96	31.07	-	211.03	191.14	222.21
Computer	540.17	12.50	-	552.67	453.09	42.28	-	495.37	57.30	87.08
<b>TOTAL (A)</b>	<b>71,762.22</b>	<b>2,294.23</b>	<b>2,504.94</b>	<b>71,551.51</b>	<b>38,339.54</b>	<b>3,775.35</b>	<b>1,795.46</b>	<b>40,319.42</b>	<b>31,232.09</b>	<b>33,422.68</b>
Intangible Assets										
Computer software	417.38	14.44	-	431.82	317.17	24.50	-	341.67	90.15	100.21
<b>TOTAL (B)</b>	<b>417.38</b>	<b>14.44</b>	<b>-</b>	<b>431.82</b>	<b>317.17</b>	<b>24.50</b>	<b>-</b>	<b>341.67</b>	<b>90.15</b>	<b>100.21</b>
<b>TOTAL (A + B)</b>	<b>72,179.60</b>	<b>2,308.67</b>	<b>2,504.94</b>	<b>71,983.33</b>	<b>38,656.71</b>	<b>3,799.85</b>	<b>1,795.46</b>	<b>40,661.09</b>	<b>31,322.24</b>	<b>33,522.89</b>
Capital Work-in-progress	-	65.98	-	65.98	-	-	-	-	65.98	68.52
<b>TOTAL</b>	<b>72,179.60</b>	<b>2,374.65</b>	<b>2,504.94</b>	<b>72,049.31</b>	<b>38,656.71</b>	<b>3,799.85</b>	<b>1,795.46</b>	<b>40,661.09</b>	<b>31,388.22</b>	<b>33,591.41</b>

**2.11 Non Current Investments**
**A) Trade Investments**

**As at**  
**31.03.2017**  
**₹ Lakhs**

**As at**  
**31.03.2016**  
**₹ Lakhs**

In Equity Shares - Unquoted, fully paid up at cost

1,00,000 Vantex Limited of ₹ 10 each (PY - 1,00,000 shares) **19.00** 19.00

12,06,000 A.P. Gas Power Corporation Limited of ₹ 10 each  
(PY - 12,06,000 shares) **1,964.87** 1,964.87

2,25,000 Sai Regency Power Corporation Private Limited of ₹ 10 each  
(Previous year 2,25,000 shares of ₹ 10 each) **22.50** 22.50

14,000 OPG Energy Private Limited of ₹ 10 each (PY 14000 shares) **1.40** 1.40

83,004 Ind-Bharath Power Gencom Limited of ₹ 10 each  
(PY - 83,004 shares) **8.00** 8.00

Less : Diminution in the value of investment **(475.58)** (475.58)

Sub Total(A) **1,540.19** 1,540.19

**B) Other Investments**

**In Equity Shares - Quoted, fully paid up at cost**

Nil Shares Pricol Limited of Re.1 each (PY - 27,90,000 shares) - 101.00

**In Equity Shares of Subsidiary Companies - Unquoted, fully paid up at cost**

2,50,000 Multiflora Processing Coimbatore Limited of ₹ 10 each  
(extent of holding - 100%) (PY - 2,50,000 shares) **25.00** 25.00

1,00,000 Suprem Textiles Processing Limited of ₹ 100 each  
(extent of holding - 100%) (PY - 1,00,000 shares) **100.00** 100.00

50,000 Precot Meridian Energy Limited of ₹ 10 each  
(extent of holding - 100%) (PY - 50,000 shares) **5.00** 5.00

**2.11 Non Current Investments (Contd.,)**

	<b>As at 31.03.2017 ₹ Lakhs</b>	<b>As at 31.03.2016 ₹ Lakhs</b>
<b>In Equity Shares - Unquoted, fully paid up at cost</b>		
100 Precot Mills Employees Cooperative Credit Society of ₹ 10 each (PY - 100 shares)	<b>0.01</b>	0.01
100 Precot Mills Multi purpose stores of ₹ 10 each (PY - 100 shares)	<b>0.01</b>	0.01
10 Precot Workers Credit Co-operative Stores of ₹ 10 each (PY - 10 shares)	<b>0.00</b>	0.00
10 Multiflora Floriculture Stores of ₹ 10 each (PY - 10 shares)	<b>0.00</b>	0.00
10,000 Cotton Sourcing Company Ltd of ₹ 10 each (PY - 10,000 shares)	<b>1.00</b>	1.00
<b>In Partnership Firm *</b>	<b>9.90</b>	9.90
Sub Total (B)	<b>140.92</b>	241.92
Total (A + B)	<b>1,681.11</b>	1,782.11
<b>Aggregate amount of quoted investments</b>	-	101.00
Market value of quoted investments	-	1,194.12
<b>Aggregate amount of unquoted investments (Gross)</b>	<b>2,156.69</b>	2,156.69
<b>Aggregate amount of provision for diminution in value of investments</b>	<b>(475.58)</b>	(475.58)
* Investment in Partnership Firm - Suprem Associates		
Total Capital of the Firm	<b>10.00</b>	10.00
Share in the capital of the firm	<b>9.90</b>	9.90
<b>Share of each partner in the profits of the Firm</b>		
Precot Meridian Limited	<b>99%</b>	99%
Suprem Textile Processing Limited	<b>1%</b>	1%

**2.12 Long Term Loans and Advances**

Unsecured, considered good		
Capital Advances	<b>113.74</b>	141.96
Security Deposits	<b>839.92</b>	964.41
MAT Credit Entitlement	<b>869.01</b>	894.25
Derivative Asset	<b>97.35</b>	-
Advance Tax, net off provisions	<b>428.74</b>	472.87
Prepaid expenses	<b>12.37</b>	6.91
	<b>2,361.13</b>	2,480.40

**2.13 Inventories (Valued at lower of cost and net realisable value)**

a. Raw Materials and components [ Includes goods in transit CY ₹ 450.59 Lakhs (PY Nil) ]	<b>9,738.60</b>	7,854.40
b. Work-in-progress	<b>1,751.62</b>	1,495.92
c. Finished goods	<b>2,305.81</b>	2,866.16
d. Stores and spares	<b>674.38</b>	555.02
e. Waste cotton	<b>303.23</b>	70.99
	<b>14,773.64</b>	12,842.49

	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
<b>2.14 Trade Receivables</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	7.30	28.66
Unsecured, considered doubtful	11.26	27.66
Less : Provision for bad & doubtful debts	(11.26)	(27.66)
<b>Outstanding for a period less than six months from the date they are due for payment</b>		
Unsecured, considered good	4,894.42	4,647.68
	<b>4,901.72</b>	<b>4,676.34</b>
<b>2.15 Cash and Cash Equivalents</b>		
a) Balances with banks		
In current accounts	274.98	219.35
In deposit accounts	-	15.00
b) Earmarked balances with bank		
In unpaid dividend account	22.34	22.60
In margin money account *	183.49	4.20
c) Cash on hand	1.72	4.51
	<b>482.53</b>	<b>265.66</b>
Less : Bank Balances not considered as Cash and Cash Equivalents as per AS 3	205.83	26.80
The balances that meet the definition of cash and cash equivalents as per AS 3 cash flow statement is	276.70	238.86

\* Margin money with banks is towards issue of buyers credit and letter of credit for Imports

**Details of Specified Bank Notes (SBN) held & transacted during the period 08.11.2016 to 30.12.2016**

Particulars	SBN	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	3.48	6.78	10.26
Add: Permitted receipts	-	33.00	33.00
Less: Permitted payments	-	36.47	36.47
Less: Amount deposited in Banks	3.48	0.10	3.58
Closing cash in hand as on 30.12.2016	-	3.21	3.21

The term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs S.O. 3407 ( E ) dated 08th November, 2016.

	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
<b>2.16 Short term loans and advances</b>		
Unsecured, considered good		
Balance with Government authorities	137.55	230.97
Advance to Trade Suppliers	431.81	267.39
Prepaid expenses	268.44	286.57
Staff advances	48.10	60.01
Derivative Asset	40.37	-
Dues from Subsidiaries/ related parties (Refer note no: 2.42)	36.42	34.74
Other advances *	15.60	10.44
Unsecured, considered doubtful		
Balance with Government authorities	43.78	-
Less: Provision for Doubtful advances	(43.78)	-
	<u>978.29</u>	<u>890.12</u>
* Other advances represent advance towards expenses.		
<b>2.17 Other Current Assets</b>		
Unsecured, considered good		
Subsidy receivable from Government	32.49	220.04
Export incentives receivable	151.47	152.64
Income accrued	58.98	74.32
Unsecured, considered doubtful		
Subsidy receivable from Government	2,136.11	2,136.11
Less: Provision for Doubtful receivables	(2,136.11)	(2,136.11)
	<u>242.94</u>	<u>447.00</u>
<b>2.18 Revenue from Operations</b>		
<b>Sale of Products - Manufactured Goods</b>		
Sale of Yarn	50,016.21	56,539.11
Sale of Technical Textile products	4,142.38	4,901.51
Sale of Fabric	3,924.03	2,156.62
<b>Sale of Products - Traded Goods</b>		
Sale of Yarn & Cotton	6,013.83	2,379.49
Total (A)	<u>64,096.45</u>	<u>65,976.73</u>

	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
<b>2.18 Revenue from Operations (Contd.,)</b>		
<b>Other operating revenue</b>		
Scrap Sales	2,798.00	659.49
Export Incentive	719.47	539.12
Processing Income	273.01	1,160.62
Others	43.14	32.64
Total (B)	<u>3,833.62</u>	<u>2,391.87</u>
Total (A+B)	<u>67,930.07</u>	<u>68,368.60</u>
<b>2.19 Other Income</b>		
Interest Income	108.67	141.26
Dividend - From long term investments	27.90	-
Profit on sale of assets (net)	1,176.32	871.57
Insurance claim receipts	141.92	54.15
Miscellaneous Income	33.44	32.57
Foreign Exchange Gain (net) (Refer note no: 2.41)	735.22	-
	<u>2,223.47</u>	<u>1,099.55</u>
<b>2.20 Cost of materials consumed :</b>		
Cost of materials consumed		
Cotton	35,474.04	36,380.28
	<u>35,474.04</u>	<u>36,380.28</u>

Particulars of Materials Consumed	2016 - 17		2015 - 16	
	% of consumption	₹ Lakhs	% of consumption	₹ Lakhs
Imported	10.82	3,836.89	0.00	1.26
Indigenous	89.18	31,637.15	100.00	36,379.02
	<u>100.00</u>	<u>35,474.04</u>	<u>100.00</u>	<u>36,380.28</u>

	<b>2016 - 17</b>	<b>2015 - 16</b>
	<b>₹ Lakhs</b>	<b>₹ Lakhs</b>
<b>2.21 Changes in inventories of finished goods and work-in-progress</b>		
<b>Inventory at the end of the year</b>		
<b>Work in Progress</b>		
Yarn and Waste Cotton	<b>1,430.75</b>	1,246.15
Technical Textile products	<b>624.11</b>	320.76
	<b>2,054.86</b>	1,566.91
<b>Finished Goods</b>		
Yarn	<b>2,034.27</b>	2,777.23
Technical Textile products	<b>271.54</b>	88.93
	<b>2,305.81</b>	2,866.16
<b>Total (A)</b>	<b>4,360.67</b>	4,433.07
<b>Less : Inventory at the beginning of the year</b>		
<b>Work in Progress</b>		
Yarn and Waste Cotton	<b>1,246.15</b>	1,275.11
Technical Textile products	<b>320.76</b>	287.22
	<b>1,566.91</b>	1,562.33
<b>Finished Goods</b>		
Yarn	<b>2,777.23</b>	1,965.19
Technical Textile products	<b>88.93</b>	53.43
	<b>2,866.16</b>	2,018.62
<b>Total (B)</b>	<b>4,433.07</b>	3,580.95
<b>(Increase) / decrease in Inventories (A - B)</b>	<b>72.40</b>	(852.12)
<b>2.22 Employee benefits expense</b>		
Salaries, Wages and Bonus	<b>6,369.23</b>	6,746.82
Contributions to Provident fund and other funds	<b>601.82</b>	527.93
Staff welfare expenses	<b>504.31</b>	539.05
	<b>7,475.36</b>	7,813.80
<b>2.23 Finance Cost</b>		
Interest expense	<b>3,801.06</b>	3,664.01
Other borrowing costs	<b>140.53</b>	165.97
	<b>3,941.59</b>	3,829.98
<b>2.24 Depreciation and Amortization</b>		
Depreciation - Refer note no: 2.10	<b>3,289.14</b>	3,775.35
Amortization of Intangible asset - Refer note no: 2.10	<b>23.88</b>	24.50
	<b>3,313.02</b>	3,799.85

	2016 - 17 ₹ Lakhs	2015 - 16 ₹ Lakhs
<b>2.25 Other Expenses</b>		
Consumption of Stores & Spare parts	2,284.40	2,709.28
Power & Fuel (Net) (Refer note no: 2.32)	7,127.54	8,781.50
Processing Charges	274.00	302.86
Repairs		
Building	360.44	330.11
Machinery	2,131.99	2,646.36
Others	144.45	150.11
Rent	2.13	5.60
Rates and Taxes (excluding taxes on income)	42.91	32.06
Foreign Exchange loss (net) (Refer note no: 2.41)	-	1,155.17
Selling & Distribution expenses	3,173.71	2,943.14
Bank Charges	108.64	77.07
Communication Expenses	67.63	70.37
Travelling Expenses	92.58	100.15
Professional Charges	154.26	105.89
Auditor's Remuneration (Refer Note no: 2.25 (A))	14.09	13.74
Provision for Bad & Doubtful Debts (net)	(15.76)	26.32
Provision for doubtful advances	43.78	-
Miscellaneous Expenses	365.73	353.97
	<b>16,372.52</b>	<b>19,803.70</b>
<b>2.25 A) Payments to the auditor as</b>		
a) Auditor	9.25	8.25
b) Taxation matters	1.25	1.25
c) Other services	0.86	1.55
d) For reimbursement of expenses	0.99	0.95
e) Service Tax	1.74	1.74
	<b>14.09</b>	<b>13.74</b>
<b>2.26 Earnings per share</b>		
Net Profit/(Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders	31.94	(5,550.93)
Weighted Average number of equity shares used as denominator for calculating EPS	1,20,00,000	1,20,00,000
Basic & Diluted Earnings / (Loss) per share ( in ₹ )	0.27	(46.26)
Face Value per equity share ( in ₹ )	10.00	10.00

	<b>2016 - 17</b>	<b>2015 - 16</b>
	<b>₹ Lakhs</b>	<b>₹ Lakhs</b>
<b>2.27</b> Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>44.07</b>	35.29
<b>2.28 Contingent liabilities in respect of :</b>		
Bills discounted	<b>1,503.13</b>	2,032.52
Guarantees	<b>294.93</b>	300.38
Letters of credit outstanding	<b>879.49</b>	60.30
<b>2.29 Contingent Liabilities under Litigation :</b>		
a. Disputed Statutory Liabilities not provided for	<b>1,297.78</b>	1,317.23
b. Disputed Other Liabilities not provided for	<b>65.41</b>	59.74
<b>2.30 Earnings in Foreign Exchange :</b>		
Export of Goods - FOB Value	<b>26,301.79</b>	21,388.68
<b>2.31 Expenditure in Foreign Currency</b>		
a. CIF Value of Imports :		
i Raw Materials	<b>3,364.22</b>	-
ii Components and Spares	<b>256.69</b>	301.14
iii Capital Goods	<b>1,425.86</b>	186.14
b. Export Commission	<b>373.35</b>	185.20
c. Quality Claim	<b>7.23</b>	16.91
d. Interest	<b>180.13</b>	170.99
e. Others	<b>20.73</b>	24.05
	<b>5,628.21</b>	884.43
<b>2.32</b> Power and Fuel is net of wind power of ₹ 266.36 Lakhs (PY ₹ 348.72 Lakhs) representing power supplied to the grid against which equivalent consumption was made in house		
<b>2.33</b> Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006 :		
	<b>As at</b>	<b>As at</b>
	<b>31.03.2017</b>	<b>31.03.2016</b>
	<b>₹ Lakhs</b>	<b>₹ Lakhs</b>
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in:		
Principal amount due to Micro, Small and Medium Enterprises	<b>26.25</b>	29.18
Interest due on above	-	-
Total	<b>26.25</b>	29.18



The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond appointed day.

- -

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.

- -

The amount of interest accrued and remaining unpaid at the end of each accounting year.

- -

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act, 2006.

- -

The Company has disclosed the suppliers who have registered themselves under "Micro, Small and Medium Enterprises Development Act, 2006" to the extent they have identified on the basis of information available with the Company and relied upon by the auditors.

- 2.34** The Ministry of Corporate Affairs, through its notification dated March 31, 2009 has relaxed the provisions of Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates" for treating the exchange gain/loss arising on restatement of long term foreign currency monetary items. Accordingly, companies are permitted to adjust in their carrying cost of depreciable assets, the exchange differences arising out of exchange rate fluctuations with corresponding adjustments in Statement of Profit & Loss and general reserve in order to give effect to the aforesaid amendment, companies are required to exercise their option. The company has exercised the option and the following adjustments have been made.

	<b>As at 31.03.2017 ₹ Lakhs</b>	<b>As at 31.03.2016 ₹ Lakhs</b>
a. Exchange difference capitalized during the year	-	20.25
b. Depreciation provision charged to Profit & loss a/c thereon	<b>84.29</b>	209.93
c. Exchange difference pertaining to assets sold during the year	<b>21.80</b>	-
d. Remaining amount to be amortized*	<b>366.49</b>	472.58

\* The company amortizes only 95% of the value of its fixed assets

- 2.35** Net Deferred tax asset has not been recognised considering prudence .

- 2.36 a) Details of foreign currency exposure that are hedged by derivative instruments or otherwise :**

Particulars	Foreign Currency	2016-17	2015-16	2016-17	2015-16
		Amount of Foreign Currency in Lakhs		Equivalent amount of ₹ in Lakhs	
Buyers' credit hedged by Forward Contract	USD	13.01	-	843.70	-
	EURO	-	-	-	-

b) Details of foreign currency exposure that are not hedged by derivative instruments or otherwise :

Particulars	Foreign Currency	2016-17	2015-16	2016-17	2015-16
		Amount of Foreign Currency in Lakhs		Equivalent amount of ₹ in Lakhs	
Trade Payables	USD	-	0.04	0.04	2.55
	EURO	0.04	0.02	2.64	1.86
Trade Receivables	USD	22.48	12.46	1458.12	825.46
	EURO	7.61	7.62	527.66	574.29
	GBP	1.32	0.25	106.41	23.63
Packing Credit	USD	65.59	72.77	4253.51	4820.76
	EURO	13.00	13.01	900.87	980.78
	GBP	0.67	-	54.30	-
Derivatives	EURO	94.98	111.94	6582.28	8437.18
Buyers credit	USD	4.23	-	274.62	-

**2.37** As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

### **2.38 Corporate Social Responsibility (CSR)**

The average net profit of the immediately preceding three financial years is negative. Accordingly, the company is not mandated to spend any amount towards CSR activities for the financial year 2016-17.

### **2.39 Exceptional item - Gain / (Loss):**

	<b>As at 31.03.2017 ₹ Lakhs</b>	<b>As at 31.03.2016 ₹ Lakhs</b>
a. Profit on sale of long term investment	<b>2,287.76</b>	-
b. Provision for TUF interest receivable	-	(1,945.18)

**2.40** The Board at its meeting held on 4th November 2016 approved the draft scheme of amalgamation of Precot Meridian Limited with the wholly owned subsidiaries (i) Multiflora Processing (Coimbatore) limited, (ii) Suprem Textiles Processing Limited and (iii) Precot Meridian Energy Limited effective 1st April 2016 subject to all necessary consent and approvals.

The Company has obtained the "No objection" to the Draft Scheme from National Stock Exchange of India Limited (Designate Stock Exchange) on 17-Feb-2017 to proceed further subject to compliance of applicable regulations.

The Company has filed application before National Company Law Tribunal [NCLT], Chennai Bench, for sanction of the scheme of amalgamation.

**2.41** Foreign Exchange gain / (loss) (net) includes foreign exchange gain / (loss) arising out of restatement of

foreign currency assets / liabilities / derivatives amounting to ₹ 743.98 Lakhs (PY - ₹ (992.53) Lakhs)

**2.42 Related Party Disclosure :**
**a) Names of related parties and description of relationship :**

Holding Co : Nil

Enterprises where control exists :

Subsidiaries: Suprem Textiles Processing Limited, Multiflora Processing (CBE) Limited, Precot Meridian Energy Limited, Suprem Associates (Partnership firm)

Key Management Personnel (KMP) : Mr Sarath Chandran, Mr Ashwin Chandran and Mr Prashanth Chandran.

Others : Enterprises over which KMP are able to exercise significant influence

Premier Spinning & Weaving Mills Pvt Ltd.

**b) Related party transactions :**

₹ Lakhs

Nature of Transactions	FY 2016-17			FY 2015-16		
	Subsidiaries	KMP	Others	Subsidiaries	KMP	Others
Commission on Exports	-	-		-	-	
Advance for Expense	2.79			1.00	-	-
Remuneration	-	184.69		-	167.90	-
Purchase of spares	-	-	0.05	-	-	0.21
Purchase of waste	-	-	-	-	-	44.74
Sale of Yarn	-	-	-	-	-	92.26
Amount Outstanding as at year end - Dr	36.42	-	-	34.74	-	-

**31.03.2017**

**31.03.2016**

**₹ Lakhs**

**₹ Lakhs**

**2.43 Disclosure report under AS15 (Revised 2005)**
**I. Principal Actuarial Assumptions  
[Expressed as weighted averages]**

Discount Rate	<b>7.32%</b>	7.88%
Salary escalation rate	<b>2.50%</b>	3.00%
Attrition rate	<b>1.00%</b>	2.00%
Expected rate of return on plan Assets	<b>7.32%</b>	8.25%

**II. Changes in the present value of the obligation (PVO) -  
Reconciliation of opening and closing balances :**

Present value of the obligation as at the beginning of the period	<b>1218.50</b>	1378.25
Interest cost	<b>89.56</b>	102.67
Current service cost	<b>32.51</b>	116.15
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	<b>(163.83)</b>	(150.79)

	<b>31.03.2017</b>	<b>31.03.2016</b>
	<b>₹ Lakhs</b>	<b>₹ Lakhs</b>
Actuarial loss / (gain) on obligation (balancing figure)	<b>85.17</b>	(227.78)
Present Value of the Obligation as at the end of the period	<b>1261.91</b>	1218.50
<b>III. Changes in the fair value of plan assets -</b>		
<b>Reconciliation of opening and closing balances :</b>		
Fair value of plan assets as at the beginning of the period	<b>962.08</b>	1088.15
Expected return on plan assets	<b>64.42</b>	84.57
Contributions	-	-
Benefits paid	<b>(163.83)</b>	(150.79)
Actuarial gain / (loss) on plan assets (balancing figure)	<b>70.26</b>	(59.85)
Fair value of plan assets as at the end of the period	<b>932.93</b>	962.08
<b>IV. Actual return on plan assets</b>		
Expected return on plan assets	<b>64.42</b>	84.57
Actuarial gain / (loss) on plan assets	<b>70.26</b>	(59.85)
Actual return on plan assets	<b>134.68</b>	24.72
<b>V. Actuarial gain / Loss recognized</b>		
Actuarial (gain) / loss for the period - Obligation	<b>85.17</b>	(227.78)
Actuarial gain / (loss) for the period - Plan assets	<b>70.26</b>	(59.85)
Total (gain) / loss for the period	<b>14.91</b>	(167.93)
Actuarial (gain)/loss recognised in the period	<b>14.91</b>	(167.93)
Unrecognized actuarial (gain) / loss at the end of the year	-	-
<b>VI. Amounts recognised in the balance sheet and related analysis</b>		
Present value of the obligation	<b>1261.91</b>	1218.50
Fair value of plan assets	<b>932.93</b>	962.08
Difference	<b>328.98</b>	256.42
Unrecognised transitional liability	-	-
Unrecognised past service cost -non vested benefits	-	-
Liability recognised in the balance sheet	<b>328.98</b>	256.42
<b>VII. Expense recognised in the statement of profit and loss</b>		
Current service cost	<b>32.51</b>	116.15
Interest cost	<b>89.56</b>	102.67
Expected return on plan assets	<b>(64.42)</b>	(84.57)
Net actuarial (gain)/ loss recognised in the year	<b>14.91</b>	(167.93)
Transitional liability recognised in the year	-	-
Past service cost-non-vested benefits	-	-
Past service cost-vested benefits	-	-
Expenses recognised in the statement of profit and loss	<b>72.56</b>	(33.68)
<b>VIII. Movements in the liability recognized in the balance sheet</b>		
Opening net liability	<b>256.42</b>	290.10
Expense as above	<b>72.56</b>	(33.68)
Contribution paid	-	-
Closing net liability	<b>328.98</b>	256.42

				<b>31.03.2017</b>	<b>31.03.2016</b>
				<b>₹ Lakhs</b>	<b>₹ Lakhs</b>
<b>IX. Disclosure under para 120 (n)</b>	<b>31.3.2017</b>	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Present Value of obligation	<b>1261.91</b>	1218.50	1378.25	1229.97	1155.92
Plan Assets	<b>932.93</b>	962.08	1088.15	978.81	926.61
Surplus / (Deficit)	<b>(328.98)</b>	(256.42)	(290.10)	(251.16)	(229.31)
Experience adjustments on plan liabilities - (Loss)/Gain	<b>(117.25)</b>	(223.80)	64.20	14.18	(54.95)
Experience adjustments on plan assets - (Loss)/Gain	<b>70.26</b>	(59.85)	122.65	46.77	(0.05)
<b>X. Major categories of plan assets (as percentage of total plan assets)</b>					
Fund managed by Insurer				<b>100.00%</b>	100.00%
Total				<b>100.00%</b>	100.00%
<b>XI. Enterprise's Best Estimate of Contribution during Next Year</b>				<b>NA</b>	NA
<b>2.44 Disclosure as required under section 186(4) of the Companies Act, 2013 :</b>					
Loans given and Guarantees given by the company : Nil (Previous year : Nil)					
Investments made are given under the respective head.					
<b>2.45 Disclosure as required under Regulation 34 (3) and 53(f) of Securities Exchange Board of India (Listing Obligation Disclosure Requirements) Regulation, 2015.</b>					
	<b>As at</b>	<b>Maximum balance outstanding</b>	<b>Investments by the loanee in</b>		
	<b>31.03.2017</b>	<b>during the year</b>	<b>the shares of Parent Company</b>		
Loans and Advances in the nature of loans given to subsidiaries	-	-	-		
<b>2.46</b> The amounts and disclosures included in the financial statements of the previous year have been reclassified where ever necessary to conform to the current year's classification.					
<b>2.47</b> All figures are in Lakhs unless otherwise stated and rounded off to the nearest two decimals.					

Vide our report of even date attached

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No. : 217964

Place : Coimbatore

Date : 26-May-2017

For and on behalf of the Board of Directors

**Ashwin Chandran**

Chairman and Managing Director

(DIN : 00001884)

**M R Siva Shankar**

Chief Financial Officer

**Prashanth Chandran**

Vice Chairman and Managing Director

(DIN : 01909559)

**R Nithya Prabhu**

Company Secretary

**To the Members of Precot Meridian Limited****Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Precot Meridian Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates, jointly controlled entities and joint operations as at 31<sup>st</sup> March, 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

**Other Matter**

- a) We did not audit the financial statements of one subsidiary, whose financial statements reflects total assets ₹ 81.48 Lakhs and net assets of ₹ 10.00 Lakhs as at 31<sup>st</sup> March, 2017 and total revenues of ₹ Nil and net cash flows amounting to ₹ Nil for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of

Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.

Our opinion on the Consolidated Financial Statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to 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 except for the matters described in the paragraph (g) (iv) below, 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 Company so far as it appears from our examination of those books;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 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 the Group, and the

operating effectiveness of such controls, we give our separate Report in the "Annexure".

- g. 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 2.29 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 2.04 & 2.12 to the Consolidated Financial Statements in respect of such items as it relates to the Group.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India;
  - iv) The Holding Company and its subsidiary companies incorporated in India have provided requisite disclosures in its Consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, based on audit procedures performed by us, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Holding Company and its subsidiary companies incorporated in India and as produced to us by the Management - Refer Note No. 2.15 to the consolidated financial statements.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No.: 217964

Place : Coimbatore

Date : 26-May-2017



**ANNEXURE TO THE 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 Precot Meridian Limited on the consolidated financial statements for the year ended 31st March 2017.]

**Report on the Internal Financial Controls 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 financial statements of the Company as of and for the year ended March 31, 2017, 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 Companies Act, 2013.

**Auditor's Responsibility**

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

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

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and 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, 2017, 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 Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No.: 217964

Place : Coimbatore

Date : 26-May-2017



## Consolidated Balance Sheet

	Note	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	2.01	1,200.00	1,200.00
Reserves and Surplus	2.02	<u>6,889.31</u>	<u>6,622.44</u>
		<b>8,089.31</b>	<b>7,822.44</b>
<b>Non-current liabilities</b>			
Long Term Borrowings	2.03	14,143.66	15,899.78
Other Long Term Liabilities	2.04	-	378.61
Long Term Provisions	2.05	<u>235.60</u>	<u>171.58</u>
		<b>14,379.26</b>	<b>16,449.97</b>
<b>Current Liabilities</b>			
Short Term Borrowings	2.06	17,415.16	19,292.63
Trade Payables	2.07		
Total outstanding dues of Micro and Small Enterprises		26.25	29.18
Total outstanding dues of creditors other than Micro and Small Enterprises		2,214.06	2,021.05
Other Current Liabilities	2.08	10,708.91	8,765.07
Short Term Provisions	2.09	<u>921.27</u>	<u>300.84</u>
		<b>31,285.65</b>	<b>30,408.77</b>
		<b>53,754.22</b>	<b>54,681.18</b>
<b>Assets</b>			
<b>Non-current Assets</b>			
Fixed Assets	2.10		
Property, Plant and Equipment		27,916.15	31,313.48
Intangible Assets		67.00	90.14
Capital Work-in-progress		476.33	65.98
Non-current Investments	2.11	1,541.23	1,644.09
Long Term loans and advances	2.12	<u>2,410.26</u>	<u>2,480.40</u>
		<b>32,410.97</b>	<b>35,594.09</b>
<b>Current Assets</b>			
Inventories	2.13	14,773.64	12,842.49
Trade receivables	2.14	4,901.71	4,676.34
Cash and bank balances	2.15	483.09	265.88
Short Term loans and advances	2.16	941.87	855.38
Other current assets	2.17	<u>242.94</u>	<u>447.00</u>
		<b>21,343.25</b>	<b>19,087.09</b>
		<b>53,754.22</b>	<b>54,681.18</b>

Significant Accounting Policies and Notes on Financial Statements 1 & 2.01 to 2.48  
The accompanying notes form an integral part of financial statements

Vide our report of even date attached

For and on behalf of the Board of Directors

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No. : 217964

Place : Coimbatore

Date : 26-May-2017

**Ashwin Chandran**  
Chairman and Managing Director  
(DIN : 00001884)

**Prashanth Chandran**  
Vice Chairman and Managing Director  
(DIN : 01909559)

**M R Siva Shankar**  
Chief Financial Officer

**R Nithya Prabhu**  
Company Secretary

## Consolidated Statement of Profit and loss

	Note	2016-17 ₹ Lakhs	2015-16 ₹ Lakhs
Revenue From Operations	2.18	67,930.07	68,368.60
Other income	2.19	2,229.47	1,099.55
<b>Total Revenue</b>		<b>70,159.54</b>	<b>69,468.15</b>
<b>Expenses</b>			
Cost of materials consumed	2.20	35,474.04	36,380.27
Purchase of stock-in-trade		5,735.19	2,298.41
Changes in inventories of finished goods and work-in-progress	2.21	72.40	(852.12)
Employee benefits expense	2.22	7,475.36	7,813.80
Finance costs	2.23	3,941.59	3,829.98
Depreciation and amortization expense	2.24	3,313.02	3,799.85
Other expenses	2.25	16,373.38	19,804.81
<b>Total Expenses</b>		<b>72,384.98</b>	<b>73,075.00</b>
<b>Profit / ( Loss ) before exceptional items</b>		<b>(2,225.44)</b>	<b>(3,606.85)</b>
Exceptional items	2.39	2,518.55	(1,945.18)
Profit / ( Loss ) before tax		293.11	(5,552.03)
Tax expense :			
Current tax		(48.00)	-
MAT Credit (Reversed) / availed		21.76	-
Deferred tax		-	-
<b>Profit / ( Loss ) for the year</b>		<b>266.87</b>	<b>(5,552.03)</b>
Earnings per equity share (in ₹)	2.26		
Face value of shares (in ₹)		10.00	10.00
Basic		2.22	(46.27)
Diluted		2.22	(46.27)

Significant Accounting Policies and Notes on Financial Statements 1 & 2.01 to 2.48  
The accompanying notes form an integral part of financial statements

Vide our report of even date attached

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No. : 217964

Place : Coimbatore

Date : 26-May-2017

For and on behalf of the Board of Directors

**Ashwin Chandran**

Chairman and Managing Director

(DIN : 00001884)

**M R Siva Shankar**

Chief Financial Officer

**Prashanth Chandran**

Vice Chairman and Managing Director

(DIN : 01909559)

**R Nithya Prabhu**

Company Secretary

## Consolidated Cash Flow Statement

	31.03.2017 ₹ Lakhs	31.03.2016 ₹ Lakhs
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax	293.11	(5,552.03)
Adjustments for :		
Depreciation and amortization expense	3,313.02	3,799.85
Bad Debts Written off	22.74	-
Provision for Bad & Doubtful Debts (net)	(15.76)	26.32
Provision for doubtful advances	43.78	-
Profit on Sale of Assets	(1,176.32)	(871.57)
Exceptional items (Refer Note no: 2.39)	(2,518.55)	1,945.18
Investment Income - Dividend	(30.00)	-
Interest Income	(108.67)	(141.26)
Interest Payment	3,941.59	3,829.98
Assets Discarded / Written off	14.95	-
Exchange Fluctuation (Gain) / Loss on Re-statement	(743.98)	992.53
Profit on sale of Investments	(3.90)	-
	<b>2,738.90</b>	<b>9,581.03</b>
<b>Operating Profit before working capital changes</b>	<b>3,032.01</b>	<b>4,029.00</b>
Adjustments for :		
Trade Receivables	(329.12)	(617.05)
Other Receivables	686.79	2,031.98
Inventories	(1,931.15)	(3,083.33)
Trade Payables	190.11	407.85
Other Liabilities	266.48	43.57
	<b>(1,116.89)</b>	<b>(1,216.98)</b>
<b>Cash generated from Operations</b>	<b>1,915.12</b>	<b>2,812.02</b>
Direct Taxes paid / Refunds	(6.00)	101.84
<b>Net Cash Flow from operating activities</b>	<b>1,909.12</b>	<b>2,913.86</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets(Including WIP)	(1,762.64)	(2,308.66)
Advance (paid) / settled for purchase of Fixed Assets	28.22	(69.38)
Sale of Fixed Assets	2,583.65	1,583.58
Advance received against sale of Fixed Assets	3,000.00	-
Sale of Investments	2,625.30	-
Proceeds from capital investment subsidy	37.47	-
Interest Received	124.01	159.59
Dividend Received	30.00	-
<b>Net Cash flow from / (used in) Investing activities</b>	<b>6,666.01</b>	<b>(634.87)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:-</b>		
Unclaimed Dividends Paid	(0.26)	(2.54)
Interest Paid	(3,899.74)	(3,866.15)
Proceeds from Long Term Borrowings	2,860.06	2,736.19
Repayment of Long Term Borrowings	(5,674.55)	(4,728.44)
Proceeds / (Repayments) of Unsecured Loan (net)	(1,542.64)	2,909.21
Proceeds / (Repayments) of loans repayable on demand (net)	(100.79)	629.06
<b>Net Cash Flow used in Financing Activities</b>	<b>(8,357.92)</b>	<b>(2,322.67)</b>
<b>Net Increase/Decrease in Cash and Cash Equivalent</b>	<b>217.21</b>	<b>(43.68)</b>
Cash and Bank Balances as at		
1.4.2016 and 1.4.2015 (Opening balance)	265.88	309.56
Less: Bank balances not considered as Cash and Cash Equivalents as per Accounting Standard 3	205.83	26.80
Cash and Cash Equivalents as at		
31.03.17 and 31.3.2016 (Closing balance)	277.26	239.08

Significant Accounting Policies and Notes on Financial Statements 1 & 2.01 to 2.48  
The accompanying notes form an integral part of financial statements

Vide our report of even date attached

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

**Kaushik Sidartha**

Partner

M.No. : 217964

Place : Coimbatore

Date : 26-May-2017

For and on behalf of the Board of Directors

**Ashwin Chandran**

Chairman and Managing Director

(DIN : 00001884)

**M R Siva Shankar**

Chief Financial Officer

**Prashanth Chandran**

Vice Chairman and Managing Director

(DIN : 01909559)

**R Nithya Prabhu**

Company Secretary

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

### Nature of operations:

Precot Meridian Limited has been a player in the textile industry since 1962. It started its first production in 1964 with an initial capacity of 12,096 spindles at Kanjikode, Kerala. At present it has units in the four southern states of India viz., Tamil Nadu, Kerala, Andhra Pradesh and Karnataka with a total spinning capacity of 2,25,000 spindles and 1728 rotors. In 2013, the company has set up a Greenfield technical textile at Hassan in the State of Karnataka. The subsidiaries do not have any operations.

### I. Significant Accounting Policies to the Consolidated Financial Statements

#### I. Principles of consolidation

The consolidated financial statements relate to Precot Meridian Ltd (the "company") and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the company and its subsidiary companies are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions resulting in unrealised profit or losses in accordance with Accounting Standard (AS)21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- The difference between cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- As far as possible, the consolidated financial statements are prepared using accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.

#### II. Significant Accounting Policies

##### a. Accounting Convention:

The financial Statements have been prepared to comply in all material respects with the accounting standards specified under section 133 of the Companies Act read with rule 7 of the companies (Accounting Standards) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared under the 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 requires the management of the company to make estimates and assumptions that affect the reported balances of Assets and Liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Actual results could differ from the estimates made. Any revision to accounting estimates is recognized prospectively in the year in which the events are materialized.

##### c. Property, Plant and Equipment, Depreciation & Amortisation :

Property, plant and equipment (PPE) are tangible items held for use in the production or supply of goods or services, for rental to others or for administrative purposes and 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. Financing costs 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 recognised if they meet the definition of property, plant and equipment. Where the cost of part of the asset is significant to the total cost of the asset and if the part of the asset has a different useful life than the main asset, useful life of that part is determined separately for depreciation.

Depreciation is provided on straight line Method based on the useful life as Specified in schedule II of the Companies Act, 2013, except in respect of Plant and Equipment where the useful life is estimated to be 20 years (10 years on triple shift basis) based on technical evaluation. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

The Useful Life of the different categories of Assets is as follows :

Sl. No.	Asset Class	Useful Life
A	Factory Building	30 years
B	Non-Factory Building	60 years
C	Plant and Equipment	10 years
D	Vehicles	10 years
E	Furnitures and Fixture	10 years
F	Computer	3 years

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 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. The gain/ loss arising from derecognition of an item of PPE is included in the statement of Profit & Loss. The gain or loss arising from the derecognition of an item of PPE would be the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### d. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. The Cost of the Assets are amortised over a period of 6 years.

#### f. Impairment of Assets :

The carrying amount of assets are reviewed, as at each balance sheet date, to determine if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows as a cash generating unit are discounted to the present value. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired.

#### g. Borrowing Costs :

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All the other borrowing costs are charged to revenue. The exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs are also treated as Borrowing Costs.

#### h. Investments :

Investments which are readily realisable and intended to be held for not more than twelve months from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis. On the disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### i. Inventories:

a) Inventories are valued at lower of cost and estimated net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

b) Stores and spares which do not meet the definition of PPE are accounted as inventories.

c) The basis of determining cost for various categories of inventories is as follows:-

- Raw Materials, Packing Materials & Stores and Spares: Weighted average basis.
- Finished Goods and Work-In-Progress: Cost of Direct Material, Labour & Other Manufacturing Overheads.

#### j. Foreign Currency Transactions:

- Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.

- ii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Statement, except in case of long term liabilities, where they relate to acquisition of Fixed Assets, in which case they are adjusted to the carrying cost of such assets.
- iii) Premium/Discount in respect of Forward Contract is amortised as expense/income over the period of contract. Exchange difference arising on forward contracts between the exchange rate on the date of the transaction and the exchange rate prevailing at the year end is recognised in the statement of profit and loss.
- k. Revenue Recognition:**
- i) The company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- ii) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods.
- iii) Domestic sales as reported in the statement of profit and loss are exclusive of tax/duties, if any, and trade discounts.
- iv) Income from Export entitlements is accounted as and when the certainty of entitlement is determined.
- v) Dividend income is recognised when the right to receive the dividend is unconditional at the balance sheet date.
- vi) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- l. Taxes on Income:**
- i) Current Tax on income 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 assessments/appeals.
- ii) 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. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on business loss and unabsorbed depreciation are recognized and carried forward to the extent that there is virtual certainty that sufficient taxable income will be available against which such deferred tax asset can be realised.
- iii) Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.
- m. Employee Benefits :**
- i) Short-term employee benefits are recognised as an expense at the un-discounted amount in the statement of profit and loss of the year in which the related service is rendered.
- ii) 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 Revised Accounting Standard 15 on 'Employee Benefits'. Actuarial gains & losses are charged to the statement of profit and loss. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.
- iii) Payments to defined contribution schemes are charged as expense as and when incurred.
- iv) Termination benefits are recognised as an expense as and when incurred.
- n. Operating Leases :**
- Lease arrangements, where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are recognised as an operation lease. Lease payments under operating leases are recognised as an expense on a straight line basis over the lease period. The Assets given under operating leases are shown in Balance Sheet under Fixed Assets and depreciated on a basis consistent with the depreciation policy of the company. The lease income is recognised in the Statement of Profit and Loss on a straight line basis over the lease period.
- o. Government grants and subsidies:**
- Grants and subsidies from the government are recognised when there is a reasonable assurance that the grant / subsidy will be received and all attached conditions will be complied with. Grant related to specific fixed assets are presented in the Balance sheet by showing such grant as deduction from the fixed asset concerned. Grants received in the nature of promoters contribution is credited to capital reserve and treated as a part of shareholders' fund. Grants in relation to reimbursement of expenditure are credited to the head of Expenditure to which the grants relate.
- p. Segment Reporting:**
- The Company has considered geographical segments as its primary segments which are domestic and export sales. The operations comprise of only one business segment viz Textiles, therefore, there are no other business segments to be reported under AS-17.
- q. Earnings per share**
- Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. The weighted average numbers 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 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.
- r. Cash and cash equivalents**
- Cash flow are reported using the indirect method, where by 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 having a initial maturity of 3 months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.
- s. Provisions and contingent liabilities**
- A provision is recognized if, as a result of a past event, the company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability.
- A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**t. The names of subsidiaries/firms considered in the consolidated financial statements are :**

	Name of subsidiary	Country of Incorporation	% of ownership	Reporting date
a)	Suprem Textiles Processing Ltd	India	100	31.03.2017
b)	Multiflora Processing (Coimbatore) Ltd	India	100	31.03.2017
c)	Precot Meridian Energy Ltd	India	100	31.03.2017
d)	Suprem Associates - Firm	India	100	31.03.2017

	<b>As at 31.03.2017 ₹ Lakhs</b>	<b>As at 31.03.2016 ₹ Lakhs</b>
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**Shareholders Funds**
**2.01 Share Capital**
**Authorised**

2,00,00,000 Equity Shares of ₹ 10 each	<b>2,000.00</b>	2,000.00
(Previous year - 2,00,00,000 Equity Shares of ₹ 10 each)		

**Issued, Subscribed & fully Paid up**

1,20,00,000 Equity Shares of ₹10 each fully paid up		
(Previous year - 1,20,00,000 Equity Shares of ₹ 10 each)	<b>1,200.00</b>	1,200.00
	<b>1,200.00</b>	1,200.00

**i) Terms/rights attached to equity shares :**

The company has only one class of issued shares referred to as equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. The dividend (except in case of interim dividend) proposed by the Board of Directors, if any, is subject to the approval of shareholders in the 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 share holders.

**ii) The reconciliation of the number of shares outstanding is set out below:**

	<b>Equity Shares</b>			
	<b>As at 31.03.2017</b>		<b>As at 31.03. 2016</b>	
	<b>Number</b>	<b>₹ Lakhs</b>	<b>Number</b>	<b>₹ Lakhs</b>
Equity Shares at the beginning of the year	<b>1,20,00,000</b>	<b>1,200.00</b>	1,20,00,000	1,200.00
Add: Equity Shares Issued during the year	-	-	-	-
Equity Shares at the end of the year	<b>1,20,00,000</b>	<b>1,200.00</b>	1,20,00,000	1,200.00

**iii) The details of Shareholders holding more than 5% of Shares :**

		<b>Equity Shares</b>			
		<b>As at 31.03.2017</b>		<b>As at 31.03. 2016</b>	
<b>S. No.</b>	<b>Name of Shareholder</b>	<b>No. of Shares held</b>	<b>% of holding</b>	<b>No. of Shares held</b>	<b>% of holding</b>
1	Sarath Chandran	<b>28,41,108</b>	<b>23.68</b>	28,41,108	23.68
2	Ashwin Chandran	<b>23,07,457</b>	<b>19.23</b>	23,07,457	19.23
3	Prashanth Chandran	<b>19,71,891</b>	<b>16.43</b>	19,71,891	16.43

**iv) 40,00,000 shares were allotted as bonus shares by capitalisation of securities premium reserve during the year 2013-14.**
**v) There are no Shares held by Holding Company / Subsidiaries of ultimate Holding Company.**

	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
<b>2.02 Reserves and Surplus</b>		
a Capital Reserve	748.19	748.19
b Capital redemption Reserve	355.00	355.00
c Securities Premium Reserve	2,736.46	2,736.46
d General Reserve	11,858.12	11,858.12
e Surplus in Statement of Profit and Loss		
Opening balance	(9,075.33)	(3,523.30)
Add: Profit / (Loss) for the year	266.87	(5,552.03)
Closing balance	<u>(8,808.46)</u>	<u>(9,075.33)</u>
	<u>6,889.31</u>	<u>6,622.44</u>

	Non Current portion		Current maturities	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
<b>2.03 Long Term Borrowings</b>				
<b>Secured</b>				
Term loans from Banks				
Rupee Loan	14,143.66	15,899.78	3,656.98	4,715.37
Foreign Currency Loan	-	-	-	-
Less : Amount disclosed under current maturities			3,656.98	4,715.37
	<u>14,143.66</u>	<u>15,899.78</u>	<u>-</u>	<u>-</u>

- Term loan from SBI, ICICI, Andhra Bank, SIB and Export Import Bank of India are secured by way of pari passu first charge on entire movable and immovable assets of the company and pari passu second charge on current assets of the company.
- Corporate Loan from Axis Bank is secured by way of subservient charge over the movable fixed assets of the company and exclusive charge on land and building of the corporate office.
- Term loan from ICICI Bank is secured by way of exclusive first charge on the assets of the Technical Textile unit at Hassan, Karnataka and Second charge on the entire moveable fixed asset of the unit at Hassan, ranking pari passu charge with ICICI bank's derivative limits for the unit at Hassan
- In respect of the above, Rupee Term Loans carry interest ranging from 11.30% p.a. to 15.85% p.a.
- The outstanding balance of :
  - Rupee Tuf loan – X of ₹ 100.15 Lakhs from EXIM Bank is repayable in 1 equal quarterly installments.
  - Rupee Tuf loan – XI of ₹ 693.50 Lakhs from EXIM Bank is repayable in 9 quarterly installments of varying amounts.
  - Rupee Tuf loan – XII of ₹ 430.13 Lakhs from SBI is repayable in 2 quarterly installments of varying amounts.
  - Rupee Tuf loan XIII of ₹ 8064.00 Lakhs from ICICI Bank is repayable in 9 half yearly installments of varying amounts.
  - Rupee Tuf Loan – XIV of ₹ 975.00 Lakhs from EXIM Bank is repayable in 13 equal quarterly installments.
  - Rupee Tuf Loan – XV of ₹ 1428.00 Lakhs from Andhra Bank is repayable in 17 equal quarterly installments.
  - Rupee Tuf Loan – XVI of ₹ 860.06 Lakhs from The South Indian Bank Ltd is repayable in 26 equal quarterly installments commencing from November'17.
  - Rupee Corporate Loan of ₹ 2250.00 Lakhs from ICICI Bank is repayable in 18 equal quarterly installments.
  - Rupee Corporate Loan of ₹ 2999.80 Lakhs from Axis Bank is repayable in 20 equal quarterly installments commencing from December'17 as reduced by the amount of prepayment made during the year amounting to ₹ 1000.20 Lakhs.



	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
<b>2.04 Other Long Term Liabilities</b>		
Derivative Liability	-	378.61
	-	378.61
<b>2.05 Long Term Provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity (Refer note no. 2.43)	235.60	171.58
	235.60	171.58
<b>2.06 Short Term Borrowings</b>		
<b>Secured</b>		
Loans repayable on demand		
From Banks		
- Rupee Loan	4,837.06	5,697.34
- Foreign Currency Loan	6,327.00	5,801.54
<b>Unsecured</b>		
From Bank		
- Rupee Loan	6,251.10	7,793.75
	17,415.16	19,292.63
1. Working capital loans from SBI, Andhra Bank, Corporation Bank, IDBI, ICICI, and SIB are secured by way of pari passu first charge on current assets of the company and pari passu second charge on entire immovable assets of the company and are repayable on demand.		
2. In respect of the above, working capital rupee loans carry interest ranging from 8.40 % p.a. to 16.30% p.a. and working capital foreign currency loans carry interest ranging from 1.60% p.a. to 3.25% p.a. plus applicable LIBOR.		
3. Unsecured short term loans from ICICI & IDBI Bank carry interest at 8.40% and 9.60% p.a. respectively.		
<b>2.07 Trade Payables</b>		
Total outstanding dues of Micro and Small Enterprises (Refer Note No : 2.33)	26.25	29.18
Total outstanding dues of creditors other than Micro and Small Enterprises	2,214.06	2,021.05
	2,240.31	2,050.23
<b>2.08 Other Current Liabilities</b>		
a) Current maturities of long-term debt ( Refer Note No : 2.03 )	3,656.98	4,715.37
b) Interest accrued but not due on borrowings	80.49	38.64
c) Unpaid dividends	22.34	22.60
d) Accrued Employee benefits	772.56	913.39
e) Derivative liability	-	138.57
f) Temporary Over Draft from Banks	-	6.74
g) Statutory dues payable	234.63	216.42
h) Other Payables *	5,941.91	2,713.34
	10,708.91	8,765.07
* Other Payables include expenses payable and advances from customers and advance received towards sale of immovable properties		
<b>2.09 Short Term Provisions</b>		
a) Provision for employee benefits		
Gratuity (Refer Note No. : 2.43)	93.38	84.84
b) Provision for Statutory dues	779.89	216.00
c) Provision for Taxation	48.00	-
	921.27	300.84



**2.10 Fixed Assets**

₹ Lakhs

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 01.04.2016	Addition / Adjustments during the year	Deductions Retirement during the year	As at 31.03.2017	Upto 31.03.2016	For the Year	Deduction / Adjustments during the year	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>Property, Plant and Equipment</b>										
Freehold Land	1,065.06	2.30	93.70	973.66	-	-	-	-	973.66	1,065.06
Building	10,134.07	71.62	697.88	9,507.81	2,645.64	261.13	220.53	2,686.24	6,821.57	7,488.43
Plant and Equipment	59,118.61	1,217.05	6,085.32	54,250.34	36,758.19	2,948.61	5,222.76	34,484.04	19,766.30	22,360.42
Furnitures & Fixtures	360.33	10.55	12.07	358.81	209.19	28.47	9.33	228.33	130.48	151.13
Vehicles	402.17	39.58	65.07	376.68	211.03	28.27	52.26	187.04	189.64	191.14
Computer	552.67	10.21	207.13	355.75	495.37	22.66	196.78	321.25	34.50	57.30
<b>TOTAL (A)</b>	<b>71,632.91</b>	<b>1,351.31</b>	<b>7,161.17</b>	<b>65,823.05</b>	<b>40,319.42</b>	<b>3,289.14</b>	<b>5,701.66</b>	<b>37,906.90</b>	<b>27,916.15</b>	<b>31,313.48</b>
<b>Intangible Assets</b>										
Computer Software	431.82	0.98	2.40	430.40	341.67	23.88	2.15	363.40	67.00	90.15
<b>TOTAL (B)</b>	<b>431.82</b>	<b>0.98</b>	<b>2.40</b>	<b>430.40</b>	<b>341.67</b>	<b>23.88</b>	<b>2.15</b>	<b>363.40</b>	<b>67.00</b>	<b>90.14</b>
<b>TOTAL (A + B)</b>	<b>72,064.73</b>	<b>1,352.29</b>	<b>7,163.57</b>	<b>66,253.45</b>	<b>40,661.09</b>	<b>3,313.02</b>	<b>5,703.81</b>	<b>38,270.30</b>	<b>27,983.15</b>	<b>31,403.63</b>
<b>Capital Work-in-progress</b>	<b>65.98</b>	<b>476.33</b>	<b>65.98</b>	<b>476.33</b>	-	-	-	-	<b>476.33</b>	<b>65.98</b>
<b>TOTAL</b>	<b>72,130.71</b>	<b>1,828.62</b>	<b>7,229.55</b>	<b>66,729.78</b>	<b>40,661.09</b>	<b>3,313.02</b>	<b>5,703.81</b>	<b>38,270.30</b>	<b>28,459.48</b>	<b>31,469.61</b>

Note : Deduction to Gross block of Plant and Equipments includes subsidy received under Technology Upgradation Fund scheme amounting to ₹ 37.46 Lakhs (PY - Nil).

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 01.04.2015	Addition / Adjustments during the year	Deductions Retirement during the year	As at 31.03.2016	Upto 31.03.2015	For the Year	Deduction / Adjustments during the year	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Property, Plant and Equipment</b>										
Freehold Land	1,121.22	-	56.16	1,065.06	-	-	-	-	1,065.06	1,121.22
Building	10,100.21	41.17	7.31	10,134.07	2,372.64	274.29	1.29	2,645.64	7,488.43	7,727.57
Plant and Equipment	59,325.90	2,234.18	2,441.47	59,118.61	35,158.02	3,394.34	1,794.17	36,758.19	22,360.42	24,167.88
Office Furnitures	353.95	6.38	-	360.33	175.83	33.36	-	209.19	151.13	178.12
Vehicles	402.17	-	-	402.17	179.96	31.07	-	211.02	191.14	222.21
Computer	540.17	12.50	-	552.67	453.09	42.28	-	495.37	57.30	87.08
<b>TOTAL (A)</b>	<b>71,843.62</b>	<b>2,294.22</b>	<b>2,504.93</b>	<b>71,632.91</b>	<b>38,339.53</b>	<b>3,775.35</b>	<b>1,795.46</b>	<b>40,319.42</b>	<b>31,313.48</b>	<b>33,504.08</b>
<b>Intangible Assets</b>										
Computer software	417.38	14.44	-	431.82	317.17	24.50	-	341.67	90.14	100.21
<b>TOTAL (B)</b>	<b>417.38</b>	<b>14.44</b>	<b>-</b>	<b>431.82</b>	<b>317.17</b>	<b>24.50</b>	<b>-</b>	<b>341.67</b>	<b>90.14</b>	<b>100.21</b>
<b>TOTAL (A + B)</b>	<b>72,261.00</b>	<b>2,308.66</b>	<b>2,504.93</b>	<b>72,064.73</b>	<b>38,656.70</b>	<b>3,799.85</b>	<b>1,795.46</b>	<b>40,661.09</b>	<b>31,403.63</b>	<b>33,604.29</b>
<b>Capital Work-in-progress</b>	<b>-</b>	<b>65.98</b>	<b>-</b>	<b>65.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65.98</b>	<b>68.52</b>
<b>TOTAL</b>	<b>72,261.00</b>	<b>2,374.64</b>	<b>2,504.93</b>	<b>72,130.71</b>	<b>38,656.70</b>	<b>3,799.85</b>	<b>1,795.46</b>	<b>40,661.09</b>	<b>31,469.61</b>	<b>33,672.81</b>

	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs		As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
<b>2.11 Non Current Investments</b>			<b>2.13 Inventories</b>		
<b>Trade Investments</b>			<b>(Valued at lower of cost and net realisable value)</b>		
<b>In Equity Shares - Unquoted, fully paid up at cost</b>			Raw Materials (Includes goods in transit : CY ₹ 450.59 lakhs, PY Nil)	<b>9,738.60</b>	7,854.40
1,00,000 Vantex Limited of ₹ 10 each (PY - 1,00,000 shares)	<b>19.00</b>	19.00	Work-in-progress	<b>1,751.62</b>	1,495.92
12,06,000 A.P. Gas Power Corporation Limited of ₹ 10 each (PY - 12,06,000 shares)	<b>1,964.87</b>	1,964.87	Finished Goods	<b>2,305.81</b>	2,866.16
2,25,000 Sai Regency Power Corporation Private Limited of ₹ 10 each (PY - 2,25,000 shares)	<b>22.50</b>	22.50	Stores and spares	<b>674.38</b>	555.02
14,000 OPG Energy Private Limited of ₹ 10 each (PY - 14,000 shares)	<b>1.40</b>	1.40	Waste Cotton	<b>303.23</b>	70.99
83,004 Ind-Bharath Power Gencom Limited of ₹ 10 each (PY - 83,004 shares)	<b>8.00</b>	8.00		<b>14,773.64</b>	12,842.49
Less: Diminution in the value of investment	<b>(475.58)</b>	(475.58)			
Sub Total (A)	<b>1,540.19</b>	1,540.19	<b>2.14 Trade Receivables</b>		
<b>Other Investments</b>			Outstanding for a period exceeding six months from the date they are due for payment		
<b>In Equity Shares - Quoted, fully paid up at cost</b>			Unsecured, considered good	<b>7.30</b>	28.66
Nil Shares Pricol Limited of ₹ 1 each (PY - 30,00,000 shares)	-	102.86	Unsecured, considered doubtful	<b>11.26</b>	27.66
<b>In Equity Shares - Unquoted, fully paid up at cost</b>			Less : Provision for bad & doubtful debts	<b>(11.26)</b>	(27.66)
100 Precot Mills Employees Cooperative Credit Society of ₹ 10 each (PY - 100 shares)	<b>0.01</b>	0.01	Outstanding for a period less than six months from the date they are due for payment		
100 Precot Mills Multi purpose stores of ₹ 10 each (PY - 100 shares)	<b>0.01</b>	0.01	Unsecured, considered good	<b>4,894.41</b>	4,647.68
10 Precot Workers Credit Co-operative Stores of ₹ 10 each (PY - 10 shares)	<b>0.00</b>	0.00		<b>4,901.71</b>	4,676.34
10 Multiflora Floriculture Stores of ₹ 10 each (PY - 10 shares)	<b>0.00</b>	0.00			
10,000 Cotton Sourcing Company Limited of ₹ 10 each (PY - 10,000 shares)	<b>1.00</b>	1.00	<b>2.15 Cash and Bank Balances</b>		
<b>In Government Securities</b>	<b>0.02</b>	0.02	a) Balances with banks		
Sub Total (B)	<b>1.04</b>	103.90	In current accounts	<b>275.54</b>	219.57
<b>Total (A + B)</b>	<b>1,541.23</b>	1,644.09	In deposit accounts	-	15.00
Aggregate amount of quoted investments	-	102.86	b) Earmarked balances with bank		
Market value of Quoted Investments	-	1,284.00	In unpaid dividend account	<b>22.34</b>	22.60
Aggregate amount of unquoted investments (gross)	<b>2,016.81</b>	2,016.81	In margin money account *	<b>183.49</b>	4.20
Aggregate provision for diminution in value of Investment	<b>(475.58)</b>	(475.58)	c) Cash on hand	<b>1.72</b>	4.51
				<b>483.09</b>	265.88
<b>2.12 Long Term Loans and Advances</b>			Less: Bank Balances not considered as Cash and Cash Equivalents as per AS 3	<b>205.83</b>	26.80
<b>Unsecured, considered good</b>			The balances that meet the definition of cash and cash equivalents as per AS 3 cash flow statement is	<b>277.26</b>	239.08
Capital Advances	<b>113.74</b>	141.96	* Margin money with banks is towards issue of buyers credit and letter of credit for Imports		
Security Deposits	<b>839.92</b>	964.41	<b>Details of Specified Bank Notes (SBN) held &amp; transacted during the period 08.11.2016 to 30.12.2016</b>		
MAT Credit Entitlement	<b>916.01</b>	894.25			
Derivative Asset	<b>97.35</b>	-	Particulars	SBN	Other denomination Notes
Advance Tax, net off provisions	<b>430.87</b>	472.87	Closing cash in hand as on 08.11.2016	3.48	6.78
Prepaid expenses	<b>12.37</b>	6.91	Add : Permitted receipts	-	33.00
	<b>2,410.26</b>	2,480.40	Less : Permitted payments	-	36.47
			Less : Amount deposited in Banks	3.48	0.10
			Closing cash in hand as on 30.12.2016	-	3.21
			The term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs S.O. 3407 (E) dated 08th November, 2016.		

	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs		2016 - 17 ₹ Lakhs	2015 - 16 ₹ Lakhs
<b>2.16 Short term loans and advances</b>			<b>2.20 Cost of materials consumed :</b>		
Unsecured, considered good			Cotton	<b>35,474.04</b>	36,380.27
Balance with Government authorities	137.55	230.97		<b>35,474.04</b>	36,380.27
Advance to Trade Suppliers	431.81	267.39			
Prepaid expenses	268.44	286.57	<b>Particulars of materials consumed</b>	<b>% of 2016 - 17 consumption</b>	<b>% of 2015 - 16 consumption</b>
Staff advances	48.10	60.01		<b>₹ Lakhs</b>	<b>₹ Lakhs</b>
Derivative Asset	40.37	-	Imported	10.82	3836.89
Other advances *	15.60	10.44	Indigenous	89.18	31,637.15
Unsecured, considered doubtful				<b>100.00</b>	<b>35,474.04</b>
Balance with Government authorities	43.78	-		<b>100.00</b>	<b>100.00</b>
Less: Provision for Doubtful advances	(43.78)	-			<b>36,380.27</b>
	<b>941.87</b>	<b>855.38</b>			
			<b>2.21 Changes in inventories of finished goods and work-in-progress</b>		
<b>2.17 Other Current Assets</b>			<b>Inventory at the end of the year</b>		
Unsecured, considered good			<b>Work in Progress</b>		
Subsidy receivable from Government	32.49	220.04	Yarn and Waste Cotton	1,430.75	1,246.15
Export incentives receivable	151.47	152.64	Technical Textile products	624.11	320.76
Income accrued	58.98	74.32	Total	<b>2,054.86</b>	1,566.91
Other receivables	-	-			
Unsecured, considered doubtful			<b>Finished Goods</b>		
Subsidy receivable from Government	2,136.11	2,136.11	Yarn	2,034.27	2,777.23
Less: Provision for Doubtful receivables	(2,136.11)	(2,136.11)	Technical Textile products	271.54	88.93
	<b>242.94</b>	<b>447.00</b>		<b>2,305.81</b>	2,866.16
			<b>Total</b>	<b>4,360.67</b>	4,433.07
<b>2.18 Revenue from Operations</b>			Less : Inventory at the beginning of the year		
<b>Sale of Products - Manufactured Goods</b>			<b>Work in Progress</b>		
Sale of Yarn	50,016.21	56,539.11	Yarn and Waste Cotton	1,246.15	1,275.11
Sale of Technical Textile products	4,142.38	4,901.51	Technical Textile products	320.76	287.22
Sale of Fabrics	3,924.03	2,156.62		<b>1,566.91</b>	1,562.33
<b>Sale of Products - Traded Goods</b>			<b>Finished Goods</b>		
Sale of Yarn & Cotton	6,013.83	2,379.49	Yarn	2,777.23	1,965.19
Total - (A)	<b>64,096.45</b>	65,976.73	Technical Textile products	88.93	53.43
<b>Other operating revenue</b>				<b>2,866.16</b>	2,018.62
Scrap Sales	2,798.00	659.49	<b>Total</b>	<b>4,433.07</b>	3,580.95
Export Incentive	719.47	539.12	<b>(Increase) / decrease in Inventories</b>	<b>72.40</b>	(852.12)
Processing Income	273.01	1,160.62			
Others	43.14	32.64	<b>2.22 Employee benefits expense</b>		
Total - (B)	<b>3,833.62</b>	2,391.87	Salaries, Wages and Bonus	6,369.67	6,746.82
Total (A + B)	<b>67,930.07</b>	68,368.60	Contributions to Provident fund and other funds	601.82	527.93
			Staff welfare expenses	503.87	539.05
<b>2.19 Other Income</b>				<b>7,475.36</b>	7,813.80
Interest Income	108.67	141.26			
Dividend - from long term Investments	30.00	-			
Profit on sale of assets (net)	1,176.32	871.57			
Insurance claim receipts	141.92	54.15			
Miscellaneous Income	33.44	32.57			
Foreign Exchange Gain (net) (Refer note no: 2.41)	735.22	-			
Profit on sale of Investment	3.90	-			
	<b>2,229.47</b>	1,099.55			

	2016- 17 ₹ Lakhs	2015 - 16 ₹ Lakhs		2016- 17 ₹ Lakhs	2015 - 16 ₹ Lakhs
<b>2.23 Finance Cost</b>			<b>2.27</b>		
Interest expense	3,801.06	3,664.01	Estimated amount of contracts remaining to be executed on capital account and not provided for	44.07	35.29
Other borrowing costs	140.53	165.97			
	<u>3,941.59</u>	<u>3,829.98</u>	<b>2.28 Contingent liabilities in respect of :</b>		
<b>2.24 Depreciation and Amortization</b>			Bills discounted	1,503.13	2,032.52
Depreciation - Refer note no. : 2.10	3,289.14	3,775.35	Guarantees	294.93	300.38
Amortization of Intangible asset - Refer note no. : 2.10	23.88	24.50	Letters of credit outstanding	879.49	60.30
	<u>3,313.02</u>	<u>3,799.85</u>	<b>2.29 Contingent Liabilities under Litigation :</b>		
<b>2.25 Other Expenses</b>			a. Disputed Statutory Liabilities not provided for	1,297.78	1,317.23
Consumption of Stores & Spares	2,284.40	2,709.28	b. Disputed Other Liabilities not provided for	65.41	59.74
Power & Fuel (Net) (Refer note no: 2.32)	7,127.54	8,781.50			
Processing Charges	274.00	302.86	<b>2.30 Earnings in Foreign Exchange :</b>		
Repairs			Export of Goods - FOB Value	26,301.79	21,388.68
Building	360.44	330.11			
Machinery	2,131.99	2,646.36	<b>2.31 Expenditure in Foreign Currency</b>		
Others	144.45	150.11	a. CIF Value of Imports :		
Rent	2.13	5.60	i. Raw Materials	3,364.22	-
Rates and Taxes (excluding taxes on income)	42.94	32.12	ii. Components and Spares	256.69	301.14
Foreign Exchange loss (net) (Refer note no: 2.41)	-	1,155.17	iii. Capital Goods	1,425.86	186.14
Selling & Distribution expenses	3,173.71	2,943.14	b. Export Commission	373.35	185.20
Bank Charges	108.84	77.17	c. Quality Claim	7.23	16.91
Communication Expenses	67.63	70.37	d. Interest	180.13	170.99
Travelling Expenses	92.58	100.15	e. Others	20.73	24.05
Professional Charges	154.36	106.34		<u>5,628.21</u>	<u>884.43</u>
Auditor's Remuneration (Refer Note no: 2.25 (A))	14.61	14.24	<b>2.32</b>		
Loss on sale of assets (net)	-	-	Power and Fuel is net of wind power of ₹ 266.36 Lakhs (PY ₹ 348.72 Lakhs) representing power supplied to the grid against which equivalent consumption was made in house.		
Provision for Bad & Doubtful Debts (net)	(15.76)	26.32	<b>2.33</b>		
Provision for doubtful advances	43.78	-	Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:		
Miscellaneous Expenses	365.74	353.97		As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
	<u>16,373.38</u>	<u>19,804.81</u>	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in:		
<b>2.25(A) - Payments to the auditor as</b>			Principal amount due to micro, small and medium enterprises	26.25	29.18
a) Auditor	9.61	8.51	Interest due on above	-	-
b) Taxation matters	1.25	1.25	Total	<u>26.25</u>	<u>29.18</u>
c) Other services	0.86	1.87			
d) For reimbursement of expenses	1.08	0.80			
e) Service Tax	1.81	1.81			
	<u>14.61</u>	<u>14.24</u>			
<b>2.26 Earnings per share</b>					
Net Profit/(Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders	266.87	(5,552.03)			
Weighted Average number of equity shares used as denominator for calculating EPS	1,20,00,000	1,20,00,000			
Basic & Diluted Earnings / (Loss) per share (in ₹)	2.22	(46.27)			
Face Value per equity share (in ₹)	10.00	10.00			

The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond appointed day.

- -

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.

- -

The amount of interest accrued and remaining unpaid at the end of each accounting year.

- -

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act, 2006.

- -

The Company has disclosed the suppliers who have registered themselves under "Micro, Small and Medium Enterprises Development Act, 2006" to the extent they have identified on the basis of information available with the Company and relied upon by the auditors.

2.34 The Ministry of Corporate Affairs, through its notification dated March 31, 2009 has relaxed the provisions of Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates" for treating the exchange gain/loss arising on restatement of long term foreign currency monetary items. Accordingly, companies are permitted to adjust in their carrying cost of depreciable assets, the exchange differences arising out of exchange rate fluctuations with corresponding adjustments in Statement of Profit & Loss and general reserve in order to give effect to the aforesaid amendment, companies are required to exercise their option. The company has exercised the option and the following adjustments have been made.

	As at 31.03.2017 ₹ Lakhs	As at 31.03.2016 ₹ Lakhs
a. Exchange difference capitalized during the year	-	20.25
b. Depreciation provision charged to Profit & loss a/c thereon	84.29	209.93
c. Exchange difference pertaining to assets sold during the year	21.80	-
d. Remaining amount to be amortized*	366.49	472.58

\* The company amortizes only 95% of the value of its fixed assets

2.35 Net Deferred tax asset has not been recognised considering prudence.

2.36 a) Details of foreign currency exposure that are hedged by derivative instruments or otherwise :

Particulars	Foreign Currency	2016-17	2015-16	2016-17	2015-16
		Amount of Foreign Currency in Lakhs		Equivalent amount of ₹ in Lakhs	
Buyers credit hedged by Forward Contract	USD	13.01	-	843.70	-
	EURO	-	-	-	-

b) Details of foreign currency exposure that are not hedged by derivative instruments or otherwise :

Trade Payables	USD	-	0.04	0.04	2.55
	EURO	0.04	0.02	2.64	1.86
Trade Receivables	USD	22.48	12.46	1458.12	825.46
	EURO	7.61	7.62	527.66	574.29
	GBP	1.32	0.25	106.41	23.63
Packing Credit	USD	65.59	72.77	4253.51	4820.76
	EURO	13.00	13.01	900.87	980.78
	GBP	0.67	-	54.30	-
Derivatives	EURO	94.98	111.94	6582.28	8437.18
Buyers' credit	USD	4.23	-	274.62	-

2.37 Disclosure as required under section 186(4) of the Companies Act, 2013

Loans given and Guarantees given by the company: Nil (PY: Nil)

Investments made are given under the respective head.

is negative. Accordingly, the company is not mandated to spend any amount towards CSR activities for the financial year 2016-17.

2.39 Exceptional item - Gain/(Loss): 31.03.2017 31.03.2016

2.38 Corporate Social Responsibility (CSR)

The average net profit of the immediately preceding three financial years

a) Profit on sale of long term investment	2,518.55	-
b) Provision for TUF interest receivable	-	(1,945.18)

- 2.40** The Board at its meeting held on 4th November 2016 approved the draft scheme of amalgamation of Precot Meridian Limited with the wholly owned subsidiaries (i) Multiflora Processing (Coimbatore) limited, (ii) Suprem Textiles Processing Limited and (iii) Precot Meridian Energy Limited effective 1st April 2016 subject to all necessary consent and approvals.

The Company has obtained the "No objection" to the Draft Scheme from National Stock Exchange of India Limited (Designated Stock Exchange) on 17-Feb-2017 to proceed further subject to compliance of applicable regulations.

The Company has filed application before National Company Law Tribunal [NCLT], Chennai Bench, for sanction of the scheme of amalgamation.

- 2.41** Foreign Exchange gain / (loss) (net) includes foreign exchange gain / (loss) arising out of restatement of foreign currency assets / liabilities / derivatives amounting to ₹ 743.98 Lakhs (PY - ₹ (992.53) Lakhs)

**2.42 Related Party Disclosure :**

List of related parties with whom transactions have taken place

Key Management Personnel (KMP) : Mr Sarath Chandran, Mr Ashwin Chandran and Mr Prashanth Chandran.

Others : Enterprises over which KMP are able to exercise significant influence

Premier Spinning & Weaving Mills Pvt Ltd.

₹ Lakhs

Nature of Transactions	FY 2016-17		FY 2015-16	
	KMP	Others	KMP	Others
Commission on Exports	-	-	-	-
Advance for Expense	-	-	-	-
Remuneration	184.69	-	167.90	-
Purchase of spares	-	0.05	-	0.21
Purchase of waste	-	-	-	44.74
Sale of Yarn	-	-	-	92.26
Amount Outstanding as at year end - Dr	-	-	-	-

	31.03.2017 ₹ Lakhs	31.03.2016 ₹ Lakhs
<b>2.43 Disclosure report under AS15 (Revised 2005)</b>		
<b>I. Principal Actuarial Assumptions</b> <b>[Expressed as weighted averages]</b>		
Discount Rate	7.32%	7.88%
Salary escalation rate	2.50%	3.00%
Attrition rate	1.00%	2.00%
Expected rate of return on plan Assets	7.32%	8.25%
<b>II. Changes in the present value of the obligation (PVO) -</b> <b>Reconciliation of opening and closing balances :</b>		
Present value of the obligation as at the beginning of the period	1218.50	1378.25
Interest cost	89.56	102.67
Current service cost	32.51	116.15
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(163.83)	(150.79)
Actuarial loss / (gain) on obligation (balancing figure)	85.17	(227.78)
Present Value of Obligation as at the end of the period	1261.91	1218.50
<b>III. Changes in the fair value of plan assets -</b> <b>Reconciliation of opening and closing balances :</b>		
Fair value of plan assets as at the beginning of the period	962.08	1088.15
Expected return on plan assets	64.42	84.57
Contributions	-	-
Benefits paid	(163.83)	(150.79)
Actuarial gain / (loss) on plan assets (balancing figure)	70.26	(59.85)
Fair value of plan assets as at the end of the period	932.93	962.08

	31.03.2017	31.03.2016			
	₹ Lakhs	₹ Lakhs			
IV. Actual return on plan assets					
Expected return on plan assets	64.42	84.57			
Actuarial gain (loss) on plan assets	70.26	(59.85)			
Actual return on plan assets	134.68	24.72			
V. Actuarial gain / Loss recognized					
Actuarial (gain) / loss for the period - Obligation	85.17	(227.78)			
Actuarial gain / (loss) for the period - plan assets	70.26	(59.85)			
Total (gain) / loss for the period	14.91	(167.93)			
Actuarial (gain)/loss recognised in the period	14.91	(167.93)			
Unrecognized actuarial (gain) / loss at the end of the year	-	-			
VI. Amounts recognised in the balance sheet and related analysis					
Present value of the obligation	1261.91	1218.50			
Fair value of plan assets	932.93	962.08			
Difference	328.98	256.42			
Unrecognised transitional liability	-	-			
Unrecognised past service cost -non vested benefits	-	-			
Liability recognised in the balance sheet	328.98	256.42			
VII. Expense recognised in the statement of profit and loss					
Current service cost	32.51	116.15			
Interest cost	89.56	102.67			
Expected return on plan assets	(64.42)	(84.57)			
Net actuarial (gain)/ loss recognised in the year	14.91	(167.93)			
Transitional liability recognised in the year	-	-			
Past service cost-non-vested benefits	-	-			
Past service cost-vested benefits	-	-			
Expenses recognised in the statement of profit and loss	72.56	(33.68)			
VIII. Movements in the liability recognized in the balance sheet					
Opening net liability	256.42	290.10			
Expense as above	72.56	(33.68)			
Contribution paid	-	-			
Closing net liability	328.98	256.42			
IX. Disclosure under para 120 (n)	31.3.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present Value of obligation	1261.91	1218.50	1378.25	1229.97	1155.92
Plan Assets	932.93	962.08	1088.15	978.81	926.61
Surplus / (Deficit)	(328.98)	(256.42)	(290.10)	(251.16)	(229.31)
Experience adjustments on plan liabilities - (Loss)/Gain	(117.25)	(223.80)	64.20	14.18	(54.95)
Experience adjustments on plan assets - (Loss)/Gain	70.26	(59.85)	122.65	46.77	(0.05)

	31.03.2017 ₹ Lakhs	31.03.2016 ₹ Lakhs
<b>X. Major categories of plan assets (as percentage of total plan assets)</b>		
Fund managed by Insurer	100.00%	100.00%
Total	100.00%	100.00%
<b>XI. Enterprise's Best Estimate of Contribution during Next Year</b>	NA	NA

**2.44 Disclosure as required under Regulation 34 (3) and 53(f) of Securities Exchange Board of India (Listing Obligation Disclosure Requirements) Regulation, 2015.**

	As at 31.03.2017	Maximum balance outstanding during the year	Investments by the loanee in the shares of Parent Company
Loans and Advances in the nature of loans given to subsidiaries	-	-	-

**2.45 Additional information as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as subsidiary**

Name of the entity	Net Assets		Share in Profit or loss	
	As % of consolidated net assets	Amount (₹ In Lakhs)	As % of consolidated profit or loss	Amount (₹ In Lakhs)
<b>Parent</b>				
Precot Meridian Limited	98.23	7,945.96	11.97	31.94
<b>Subsidiaries</b>				
Precot Meridian Energy Ltd	-0.34	(27.13)	-0.08	(0.22)
Suprem Textiles Processing Ltd	2.07	167.36	88.19	235.37
Multiflora Processing (Coimbatore) Ltd	0.04	3.12	-0.08	(0.22)

	2016-17 ₹ in Lakhs	2015-16 ₹ in Lakhs		2016-17 ₹ in Lakhs	2015-16 ₹ in Lakhs
<b>2.46 Geographical Segment</b>					
1 Segment Revenue			- Domestic	2,741.15	2,921.28
- Domestic Sales	40,943.86	45,585.44	- Export	16,550.87	17,207.93
- Export Sales	26,986.14	22,783.16	- Unallocated	34,462.20	34,551.96
Total Revenue	67,930.00	68,368.60	Total Assets	53,754.22	54,681.18
2 Segment Results			4 Segment Liabilities		
- Domestic	1,478.33	1,669.75	- Domestic	-	-
- Export	(390.72)	(1,476.75)	- Export	8,303.30	9,687.97
	1,087.61	193.00	- Unallocated	37,361.61	37,170.76
Less : Depreciation			Total Liabilities	45,664.91	46,858.73
- Domestic	-	-	5 Capital Expenditure		
- Export	1,595.00	1,557.00	- Domestic	-	-
- Unallocated	1,718.02	2,242.85	- Export	501.81	1,273.42
Total Operating Profit	(2,225.41)	(3,606.85)	- Unallocated	1,260.83	1,035.23
Less : Provision for Tax	(26.24)	-	6 Depreciation & Amortisation		
Exceptional items	2,518.55	(1,945.18)	- Domestic	-	-
Net Profit / (Loss)	266.90	(5,552.03)	- Export	1,595.00	1,557.00
3 Segment Assets			- Unallocated	1,718.02	2,242.85



Note :

1. The Company has considered geographical segments as its primary segments which are domestic and export sales. The operations comprise of only one segment viz Textiles, therefore, there are no other business segments to be reported under AS-17.
  2. As per Accounting Standard on Segment reporting (AS-17), "Segment Reporting", the company has reported segment information on consolidated basis including business conducted through its subsidiaries.
- 2.47** The amounts and disclosures included in the financial statements of the previous year have been reclassified where ever necessary to conform to the current year's classification.
- 2.48** All figures are in lakhs unless otherwise stated and rounded off to the nearest two decimals.

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Vide our report of even date attached  
**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Reg.No.: 103523W/W100048  
**Kaushik Sidartha**  
Partner  
M.No. : 217964  
Place : Coimbatore  
Date : 26-May-2017

For and on behalf of the Board of Directors

**Ashwin Chandran**  
Chairman and Managing Director  
(DIN : 00001884)

**Prashanth Chandran**  
Vice Chairman and Managing Director  
(DIN : 01909559)

**M R Siva Shankar**  
Chief Financial Officer

**R Nithya Prabhu**  
Company Secretary

## Form AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient feature of the financial statement of subsidiaries / associate companies / joint ventures

(Information in respect of each subsidiary to be presented with amount in ₹ in lakhs)

S. No.	Particulars			
1.	Name of the subsidiary	Suprem Textiles Processing Limited	Precot Meridian Energy Limited	Multiflora Processing (Coimbatore) Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 <sup>st</sup> April , 2016 to 31 <sup>st</sup> March, 2017	1 <sup>st</sup> April , 2016 to 31 <sup>st</sup> March, 2017	1 <sup>st</sup> April , 2016 to 31 <sup>st</sup> March, 2017
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR
	a) Share Capital	100.00	5.00	25.00
	b) Reserves & Surplus	167.39	(27.14)	3.12
	c) Total Assets	315.57	0.05	29.39
	d) Total Liabilities	315.57	0.05	29.39
	e) Details of Investments	0.12	-	-
	f) Net Sales & Service including other Income	6.00	-	-
	g) Profit / (Loss) before Tax	236.37	(0.22)	(0.22)
	h) Provision for Taxation	1.00	-	-
	i) Profit / (Loss) after Tax	235.37	(0.22)	(0.22)
	j) Proposed Dividend	-	-	-

### Part "B": Associates and Joint Ventures

Statement pursuant to section 129 (3) of the Companies Act, 2013 related to associate companies and joint ventures

Not Applicable

For and on behalf of the Board of Directors

**Ashwin Chandran**  
Chairman and Managing Director  
(DIN : 00001884)

**Prashanth Chandran**  
Vice Chairman & Managing Director  
(DIN : 01909559)

**M R Siva Shankar**  
Chief Financial Officer

**R Nithya Prabhu**  
Company Secretary

Notice is hereby given that the 55<sup>th</sup> Annual General Meeting of the shareholders of the company will be held on, Tuesday, 5<sup>th</sup> September 2017 at 4.30 PM at Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641 018, to transact the following businesses.

**Ordinary Business:**

1. Adoption of financial statements

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**RESOLVED** that the financial statements of the company for the year ended 31-Mar-2017 including audited balance sheet as at 31-Mar-2017, statement of profit and loss, cash flow statement and consolidated financial statements for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting, be and are hereby, approved and adopted.

2. Retirement of director by rotation

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**RESOLVED** that pursuant to the provisions of section 152 and other applicable provisions, if any, of the Companies Act, 2013, Mr Vijay Mohan (00001843), director liable to retire by rotation, who does not offer for reappointment, not be reappointed as a director of the company and the vacancy so caused on the Board of the company not be filled up for the time being.

3. Ratification of appointment of Statutory auditors

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**RESOLVED** that, pursuant to sections 139, 142 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder, as amended from time to time, pursuant to the recommendations of the audit committee and the Board of Directors, and pursuant to the resolution passed by the members at the Annual General

Meeting held on 28-Aug-2015, the appointment of M/s. Haribhakti & Co LLP, Chartered Accountants (ICAI Firm Registration No. 103523W) as the statutory auditors of the company to hold office till the conclusion of the 58<sup>th</sup> Annual General Meeting to be held in the year 2020, be and is hereby ratified and that the Board of Directors, be and are hereby authorised to fix the remuneration payable to them in consultation with the statutory auditors.

**Special Business:**

4. Appointment of Mr Ashwin Chandran (DIN : 00001884) as Chairman and Managing Director

To consider and if thought fit, to pass the following resolution as a **Special Resolution** :

**RESOLVED** that pursuant to the provisions of sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (LODR) Regulations, 2015, Mr. Ashwin Chandran (DIN : 00001884), be and is hereby appointed as the Chairman and Managing Director of the company, for a term of three years from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2020 and whose office is liable to retirement by rotation, on the following terms and conditions, including perquisites and allowances as set out in the explanatory statement annexed to this notice

I. **Salary:** ₹ 3,00,000/- per month with an annual increment of 10 % of the Salary

II. **Commission:** 1.50% of the net profit of the company computed in accordance with section 198 of the Act.

**RESOLVED** further that in the event of no profits or inadequacy of profits, the remuneration payable to Mr Ashwin Chandran shall not exceed the limits specified in Section II of Part II of Schedule V of the Act or such other limits as may be notified by the Government from time to time.

**RESOLVED** further that the Board of Directors be and are hereby authorized to alter or vary the component and elements of remuneration payable to Mr Ashwin Chandran, within the overall limits under the Act and to do all such acts, deeds, things and execute all such documents, instruments and forms as may be required and to give effect to this resolution.

5. Appointment of Mr Prashanth Chandran (DIN: 01909559) as Vice Chairman and Managing Director

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**RESOLVED** that pursuant to the provisions of sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (LODR) Regulations, 2015, Mr Prashanth Chandran (DIN: 01909559), be and is hereby appointed as the Vice Chairman and Managing Director of the company, for a term of three years from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2020 and whose office is liable to retirement by rotation, on the following terms and conditions, including perquisites and allowances as set out in the explanatory statement annexed to this notice

- I. **Salary** : ₹ 2,50,000/- per month with an annual increment of 10 % of the Salary
- II. **Commission**: 1.50% of the net profit of the company computed in accordance with section 198 of the Act.

**RESOLVED FURTHER THAT** in the event of no profits or inadequacy of profits, the remuneration payable to Mr Prashanth Chandran shall not exceed the limits specified in Section II of Part II of Schedule V of the Act or such other limits as may be notified by the Government from time to time.

**RESOLVED FURTHER THAT** the Board of Directors, be and are hereby authorized to alter or

vary the component and elements of remuneration payable to Mr Prashanth Chandran within the overall limits under the Act and to do all such acts, deeds, things and execute all such documents, instruments and forms as may be required and to give effect to this resolution.

6. Appointment of Mr Sarath Chandran as Mentor

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**RESOLVED** that pursuant to the provisions of section 188 and other applicable provisions of the Companies Act, 2013 ('the Act') including any statutory modifications or re-enactments thereof for the time being in force and SEBI (LODR) Regulations 2015, the consent of the members, be and is hereby accorded to appoint Mr Sarath Chandran, who is a relative of Mr Ashwin Chandran, Chairman and Managing Director and Mr Prashanth Chandran, Vice Chairman and Managing Director, as a Mentor of the company, for a period of 3 years effective from 01-Apr-2017 to 31-Mar-2020, on the following terms and conditions:

- I. Perquisites:
  - a. Unfurnished rent free accommodation with amenities will be provided by the company.
  - b. He shall be entitled to reimbursement of medical expenses for self and his family, company maintained cars, driver and telephones with internet facilities.
- II. Commission: 1.00% of the net profit of the company computed in accordance with section 198 of the Act. However the monetary value of the perquisites and commission shall in total not exceed ₹ 30.00 lakhs per annum.

**RESOLVED FURTHER THAT** the Board of Directors are authorised to alter or vary the component, terms and elements of remuneration payable to Mr Sarath Chandran and to perform and execute such further steps, acts, deeds and matters, as may be necessary, proper or expedient to give effect to this resolution.

7. Appointment of Mr T Kumar (DIN: 07826033) as Executive Director

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**RESOLVED** that pursuant to the provisions of sections 196, 197 and 198 read with schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (LODR) Regulations, 2015, Mr T Kumar (DIN: 07826033), be and is hereby appointed as the Executive Director of the company, effective from 26<sup>th</sup> May, 2017 to 31<sup>st</sup> March, 2020 and whose office is liable to retirement by rotation, on the following terms and conditions, including perquisites and allowances as set out in the explanatory statement annexed to this notice

- I. **Salary** : ₹ 1,75,000/- per month with an annual increment of 10 % of the Salary
- II. **Commission**: 0.50% of the net profit of the company computed in accordance with section 198 of the Act.

**RESOLVED FURTHER THAT** in the event of no profits or inadequacy of profits, the remuneration payable to Mr T Kumar shall not exceed the limits specified in Section II of Part II of Schedule V of the Act or such other limits as may be notified by the Government from time to time.

**RESOLVED FURTHER THAT** the Board of Directors or any committee thereof, be and are hereby authorised to alter or vary the component and elements of remuneration payable to Mr T Kumar within the overall limits under the Act and to do all such acts, deeds, things and execute all such documents, instruments and forms as may be required and to give effect to this resolution.

8. Appointment of Mr P Vijay Raghunath (DIN: 00002963) as Independent Director

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**RESOLVED** that pursuant to the provisions of sections 149, 150 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made there under, including any statutory modification(s) or re-enactment thereof for the time being in force, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other applicable regulations, Mr P Vijay Raghunath (DIN: 00002963), who qualifies for being appointed as an Independent Director and in respect of whom the company has received a notice in writing from a Member along with the deposit of the requisite amount under section 160 of the Act, proposing his candidature for the office of Director of the company, be and is hereby appointed as an Independent Director, not liable to retire by rotation, for a term of 5 (five) consecutive years effective from 01-Jun-2017 to 31-May-2022.

**RESOLVED FURTHER THAT** the Board or any committee thereof, be and are hereby authorised to do all such things, deeds, matters and acts as may be required to give effect to this resolution and to do all things incidental and ancillary thereto.

9. Ratification of remuneration payable to cost auditor

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**RESOLVED** that pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 3.00 lakhs, in addition to reimbursement of travel and out-of-pocket expenses, payable to Mr R Krishnan, Cost Accountant (Associate regn. no. 7799), who was appointed as Cost Auditor of the Company to conduct an Audit of the Cost Accounts for the financial year 2017-18 as recommended by the Audit Committee and approved by the Board of

Directors of the Company, be and is hereby ratified.

**RESOLVED** further that the Board of Directors of the company, be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

10. Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**RESOLVED** that pursuant to the provisions of section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any

statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting and available for inspection at registered office and website of the company be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the company.

**RESOLVED FURTHER THAT** the Board of Directors of the company, be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

Coimbatore  
26-May-2017

By order of the Board  
**R Nithya Prabhu**  
Company Secretary

**NOTES:**

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company.** The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Register of Members and Share Transfer books of the Company will remain closed from 30-Aug-2017 to 05-Sep-2017 (both days inclusive).
3. The statement pursuant to section 102 of the Companies Act, 2013 ('the Act'), with respect to the Special Businesses set out in the Item Nos. 4 to 10 above, are annexed hereto.

4. Pursuant to the provisions of section 124 of the Act, dividends remaining unclaimed for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government in accordance with the provisions of section 125 of the Act. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 02-Sep-2016 (date of last Annual General Meeting) on the website of the company <http://www.precot.com/investor-relations/>, as also on the website of the Ministry of Corporate Affairs. Members who have not encashed their dividend pertaining to the year 2009-10 and/or any subsequent years that still remains outstanding should approach the company or Link Intime India Private Limited, the registrar and share transfer agent, for obtaining payments thereof.

During the financial year 2017-18, the company will transfer unclaimed dividend for the financial year 2009-10 to the IEPF.

Members are requested to note that all shares in respect of which dividend remain unpaid or



unclaimed for seven consecutive years or more, are required to be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account.

5. Members holding shares in physical form are requested to intimate, indicating their folio number, the changes, if any, in their registered addresses, either to the company or its registrar and share transfer agent Link Intime India Private Limited.
6. Members who are holding shares in Electronic form are requested to intimate immediately their change of address / change of bank account, if any to their respective Depository Participant.
7. Members who hold shares in physical form in multiple accounts in identical names or joint accounts in the same order of names are requested to send the share certificates to the company's registrar and share transfer agent, Link Intime India Private Limited for consolidation into a single account.
8. The notice of the Annual General Meeting along with the Annual Report 2016-17 is being sent by electronic mode to those members whose e-mail addresses are registered with the company/depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
9. To support the "Green Initiative", the members who have not registered their e-mail addresses are requested to register the same with the registrar and share transfer agent/depositories.
10. Members may note that the notice of the Annual General Meeting along with the Annual Report 2016-17 will be available on the website of the company <http://www.precot.com/investor-relations/>. The physical copies of the documents will also be available at the company's registered office for inspection during normal business hours on working days.
11. In compliance with section 108 of the Companies Act, 2013, rule 20 of the Companies (Management and Administration) amendment

rules, 2015, and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited (CDSL). The facility for voting, through ballot paper, will also be made available at the Annual General Meeting and the members attending the Annual General Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper.

Members who have cast their votes by remote e-voting prior to the Annual General Meeting may attend the AGM but shall not be entitled to cast their votes again.

Mr Gouri Shanker Mishra, Practicing Company Secretary (FCS No. 6906) has been appointed as the scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting, but shall not be allowed to vote again at the AGM.

The results of e-voting along with voting by ballot at the Annual General Meeting to be held on 5<sup>th</sup> September 2017, will be announced by the Chairman of the meeting within 48 hours of the Annual General Meeting. The results of the voting will be hosted on the website of the company, i.e., [www.precot.com](http://www.precot.com), website of CDSL and will also be intimated to stock exchange after declaration of results by the Chairman.

**The instructions for shareholders voting electronically are as under:**

- a) The voting period begins at 10.00 AM on 02-Sep-2017 and ends at 5.00 PM on 04-Sep-2017. During this period shareholders of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date 29-Aug-2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- b) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- c) Click on "Shareholders".
- d) Now enter your User ID
  - i. For CDSL: 16 digits beneficiary ID,
  - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- e) Next enter the Image Verification as displayed and Click on Login.
- f) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- g) If you are a first time user follow the steps given below:
- h) After entering these details appropriately, click on "SUBMIT" tab.
- i) Members holding shares in physical form will then directly reach the company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- j) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

	<b>For members holding shares in demat form and physical form</b>
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip, in the PAN field.</p>
<b>DOB</b>	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
<b>Dividend Bank Details</b>	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (d).</p>

- k) Click on the EVSN for the relevant Precot Meridian Limited on which you choose to vote.
- l) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- m) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- o) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- p) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.



- q) If Demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- r) Note for non - individual shareholders and custodians
  - ❖ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - ❖ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - ❖ After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - ❖ The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- ❖ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

12. Pursuant to regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 ("SEBI Listing Regulations"), the brief resume/ details of Mr Ashwin Chandran, Mr Prashanth Chandran, Mr T Kumar and Mr Vijay Raghunath, Directors being appointed/ re-appointed at the Annual General Meeting is provided in the explanatory statement annexed hereto.

Coimbatore  
26-May-2017

By order of the Board  
**R Nithya Prabhu**  
Company Secretary

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**Explanatory Statement**

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

**Item 4 & 5**

The nomination & remuneration committee and the Board of Directors, at their meeting held on 20-Jan-2017 have, subject to the approval of shareholders, appointed Mr Ashwin Chandran and Mr Prashanth Chandran, as the Chairman & Managing Director and Vice Chairman & Managing Director, respectively, of the company for a period of three years, effective from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2020, on the remuneration set out in the resolution.

Mr Ashwin Chandran, 41 years of age, B Sc (Hons), MBA, is a director of the company since 2003. He is having more than nineteen years of experience in the textile industry. He is also a director in Supreme Textile Processing Limited, Multiflora Processing (Coimbatore) Limited and Precot Meridian Energy Limited. He is a Chairman of the Corporate Social Responsibility Committee and member in Stakeholders Relationship Committee, Risk Management Committee and Finance Committee of the Board of the company. He holds 23,07,457 nos. of equity shares of ₹ 10 each of the company.

Mr Prashanth Chandran, 36 years of age, B. Engg., is a director of the company since 2010. He is having more than twelve years of experience in the textile industry. He holds 19,71,891 nos. of equity shares of ₹ 10 each of the company.

Mr Ashwin Chandran and Mr Prashanth Chandran shall be eligible for the following allowances and perquisites for a period of three years effective from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2017

1. Housing - Unfurnished rent free accommodation with amenities will be provided by the company.
2. Special Allowance - 50% of the Salary
3. The following perquisites shall be allowed subject to a maximum of 50% of the Salary.
  - a) Reimbursement of medical expenses incurred for self and their family.
  - b) Leave travel concession for self and their family.

In any year, if the perquisites specified in Clause (3) were not availed in full, the unutilized portion of the limit shall be encashed at the end of the respective year.

4. Provision of telephones with internet facilities and cars with driver.

They shall also be eligible for the following benefits which shall not be included in the computation of ceiling on the remuneration.

5. Contribution to Provident Fund as per the rules of the company to the extent these either singly or put together are not taxable under the Income Tax Act.
4. Payment of Gratuity at the end of the tenure not exceeding 15 days salary for each completed year of service or at the rate as may be notified by the Government from time to time.

Accordingly, the resolutions at Item Nos. 4 & 5 are proposed for your approval for the appointment of, and remuneration payable to, Mr Ashwin Chandran and Mr Prashanth Chandran, in terms of the applicable provisions of the Companies Act, 2013.

The Nomination and Remuneration Committee and the Board recommends approval of the members for the appointment of Mr Ashwin Chandran as Chairman and Managing Director and Mr Prashanth Chandran as Vice Chairman and Managing Director.

None of the Director except Mr Ashwin Chandran and Mr Prashanth Chandran, is interested or concerned in the above resolution. This Explanatory Statement may also be regarded as a disclosure under SEBI Listing regulations.

**Item 6**

In accordance with the retirement policy of the Board of Directors of the company, the term of office of Mr Sarath Chandran as Executive Chairman came to an end on 31-Mar-2017.

He has been intimately associated with the company for more than four decades. After a long stint as the Managing Director from 1974, he relinquished the post in 2011 and has been functioning as Executive Chairman. He has been instrumental in major expansions of the company. Under his leadership, the company expanded steadily by adding units in Kerala, Andhra Pradesh and Tamil Nadu.

The directors placed on record their sincere appreciation for the valuable contributions made by him during his tenure as a director.

Keeping in view of the present business conditions, it was felt that the company would require his continued expertise to support the business operations. He has agreed to continue in the company as a Mentor. He will not be a member of the Board but will continue to hold office in the company as a Mentor and will advise the company. He will be provided with commission and perquisites as detailed in the resolution, effective from 01-Apr-2017. The commission shall be paid only out of the profits of the company.

This transaction is not material in nature and is in line with the policy on related party transactions of the company. His appointment is proposed in the best interest of the company. Taking into consideration his expertise and knowledge, the proposed compensation is nominal. Mr Sarath Chandran is the father of Mr Ashwin Chandran and Mr Prashanth Chandran.

The proposed appointment was considered and approved by Nomination and Remuneration Committee, Audit Committee and the Board.

The Board recommends the approval of the members for the appointment of Mr Sarath Chandran as Mentor.

None of the key managerial personnel or Director except Mr Vijay Mohan, Mr Ashwin Chandran and Mr Prashanth Chandran, is interested or concerned in the above resolution.

#### **Item 7**

The Board of Directors at their meeting held on 26-May-2017 appointed Mr T Kumar as the Executive Director of the company for a period commencing from 26-May-2017 to 31-Mar-2020. In terms of Section 161(1) of the Companies Act, 2013, Mr T Kumar, holds office upto the date of this Annual General Meeting but is eligible for the appointment as a director. The company has received a notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of director.

Mr T Kumar, 48 years of age, holds a Diploma in Textile Technology. He has over 25 years of experience in the textile industry and does not hold directorship in any other company. He does not hold any shares of the company. His appointment is liable to retirement by rotation.

The company has received required disclosures under the provisions of the Companies Act, 2013 from Mr T Kumar. The Board considers that his educational qualification, experience & exposure would be of immense benefit to the company and it is desirable to avail services of him as an Executive Director. He is not related to any of the directors of the company.

Mr T Kumar shall be eligible for the following allowances and perquisites:

1. House Rent Allowance - 50% of the Salary
2. The following perquisites shall be allowed subject to a maximum of 50% of the Salary.
  - a) Reimbursement of medical expenses incurred for self and his family.
  - b) Leave travel concession for self and his family.

If the perquisites specified in Clause (2) were not availed in full, the unutilized portion of the limit shall be encashed at the end of each month.

3. Provision of telephones with internet facilities and cars with driver.

He shall also be eligible for the following benefits which shall not be included in the computation of ceiling on the remuneration.

4. Contribution to Provident Fund as per the rules of the company to the extent these either singly or put together are not taxable under the Income Tax Act.
5. Payment of Gratuity at the end of the tenure not exceeding 15 days salary for each completed year of service or at the rate as may be notified by the Government from time to time.

Accordingly, the resolution at Item No. 7 is proposed for your approval for the appointment of, and remuneration payable to, Mr T Kumar, in terms of the applicable provisions of the Companies Act, 2013. The Nomination and Remuneration Committee and the Board recommends approval of the members for the appointment of Mr T Kumar.

None of the Director is interested or concerned in the above resolution. This Explanatory Statement may also be regarded as a disclosure under SEBI Listing regulations.

**Item 8**

Mr P Vijay Raghunath, was appointed as an Independent Director of the company with effect from 01-Jun-2017 by the Board of Directors on the recommendation of Nomination and Remuneration committee. In terms of Section 161(1) of the Companies Act, 2013, Mr P Vijay Raghunath, holds office upto the date of this Annual General Meeting but is eligible for the appointment as a director. The company has received a notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of director.

Mr P Vijay Raghunath, 50 years of age, B.Com B.L. He has over 26 years of experience in legal profession and presently director in Elgi Rubber Company Limited and Space Ventures India Private Limited. He holds 225 Nos. of equity shares (as a joint holder) of ₹ 10 each of the company. His appointment is not liable to retirement by rotation.

The company has received required disclosures under the provisions of the Companies Act, 2013 from Mr P Vijay Raghunath. In the opinion of the Board, Mr P Vijay Raghunath fulfills the conditions specified in the Companies Act, 2013 and the Rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his appointment as an Independent Director of the Company and is independent of the Management.

A copy of the draft letter for the appointment of Mr P Vijay Raghunath, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the registered office of the company during normal business hours on working days up to the date of this Annual General Meeting.

The Board considers that his educational qualification, experience & exposure would be of immense benefit to the company and it is desirable to avail services of him as an Independent Director. He is not related to any of the directors of the company.

**Item 9**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditor to conduct the audit of

the cost records of the company for the financial year ending 31-Mar-2018.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors has to be ratified by the members of the company.

Accordingly, the consent of the members is sought for passing an ordinary resolution as set out at Item No. 9 of the notice, for ratification of the remuneration payable to the cost auditor for the financial year ending 31-Mar-2018.

None of the Directors or Key Managerial Personnel of the company or their relatives, is concerned or interested, in the resolution set out at Item No. 9.

**Item 10**

The Articles of Association ("AoA") of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The Companies Act, 2013 is now largely in force. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. The statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included.

The proposed draft AoA is available for inspection at the registered office of the company and uploaded on the Company's website for perusal by the shareholders.

None of the Directors or Key Managerial Personnel of the company or their relatives, is concerned or interested, in the resolution set out at Item No. 10.

The Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

**Information to be provided under Schedule V, Part II, Section II of the Companies Act, 2013 :**
**I. General Information:**

1. Nature of Industry : Textiles.
2. Date or expected date of commencement of commercial production : Not applicable
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable
4. Financial performance based on given indicators :

Particulars	2016-17	2015-16
	Amount ( ₹ in Lakhs)	
Sales and other Income	70,153	69,468
Profit before Tax and depreciation	3,370	(1,751)
Profit after Tax	32	(5,551)
Paid up Equity Capital	1,200	1,200
Reserves and Surplus	6,746	6,714
Basic Earnings per share	0.27	(46.26)

5. Foreign investments and collaborators, if any : Nil

**II. Information about the Appointee:**
**Mr Ashwin Chandran**

Back ground details : Mr Ashwin Chandran, aged 41, is an industrialist, having 19 years experience in the Textile industry.

1. Past remuneration : ₹ 3,02,500/- per month and commission up to 1.5% of Net Profit plus Allowances and Perquisites.
2. Recognition or awards : B.Sc (Hons) and MBA.
3. Job profile and his suitability : Mr Ashwin Chandran is the Managing Director of the company and 19 years in the field of Textile.
4. Remuneration Proposed : Refer Resolution No. 4.
5. Comparative remuneration profile with

respect to industry, size of the company, profile of the position and person : Taking into consideration the size of the company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.

6. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any : Mr Ashwin Chandran is related to Mr Sarath Chandran and Mr Prashanth Chandran

**Mr Prashanth Chandran**

1. Back ground details : Mr Prashanth Chandran, aged 36, is an industrialist, having 12 years experience in the Textile industry.
2. Past remuneration : ₹ 2,42,000/- per month and commission up to 1.5% of Net Profit plus Allowances and Perquisites.
3. Recognition or awards : B. Engg
4. Job profile and his suitability : Mr Prashanth Chandran is the Executive Director of the company and 12 years in the field of Textile.
5. Remuneration Proposed : Refer Resolution No.5.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person : Taking into consideration the size of the company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.
7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any : Mr Prashanth Chandran is related to Mr Sarath Chandran and Mr Ashwin Chandran.

**Mr T Kumar**

1. Back ground details : Mr T Kumar, 48 years of age, holds a Diploma in Textile Technology (DTT). He has over 25 years of experience in the textile industry and does not hold directorship in any other company.
2. Past remuneration: Not applicable
3. Recognition or awards: DTT
4. Job profile and his suitability: Mr T Kumar has over 25 years of experience in the textile industry
5. Remuneration Proposed: Refer resolution no.7.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Taking into consideration the size of the company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.
7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Mr T Kumar is not related to any of the managerial personnel of the company.

**III. Other Information :**

1. Reasons of loss or inadequate profits: Details provided under Directors report and Management Analysis forming part of Annual Report 2016-17.
2. Steps taken or proposed to be taken for

improvement: Details provided under Directors report and Management Analysis forming part of Annual Report 2016-17.

3. Expected increase in productivity and profits in measurable terms: The company expects to see growth in turnover of at least 10% and proportionate increase in the profitability.

**IV. Disclosures:**

1. The shareholders of the company shall be informed of the remuneration package of the managerial person: Disclosed
2. The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report:
  - a. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors: Disclosed.
  - b. Details of fixed component and performance linked incentives along with the performance criteria: Disclosed
  - c. Service contracts, notice period, severance fees: Disclosed
  - d. Stock option details: The Company has not issued any Stock option

The company has not defaulted in repayment of any of its debt/debentures/public deposits.

Corporate Identification Number (CIN) : L17111TZ1962PLC001183

**Registered Office :**

SUPREM, PB 7161,  
Green Fields, Puliakulam Road, Coimbatore -641045  
Tamil Nadu, India  
Phone : 0422-4321100; Fax : 0422-4321200  
Email : secretary@precot.com  
Website : www.precot.com

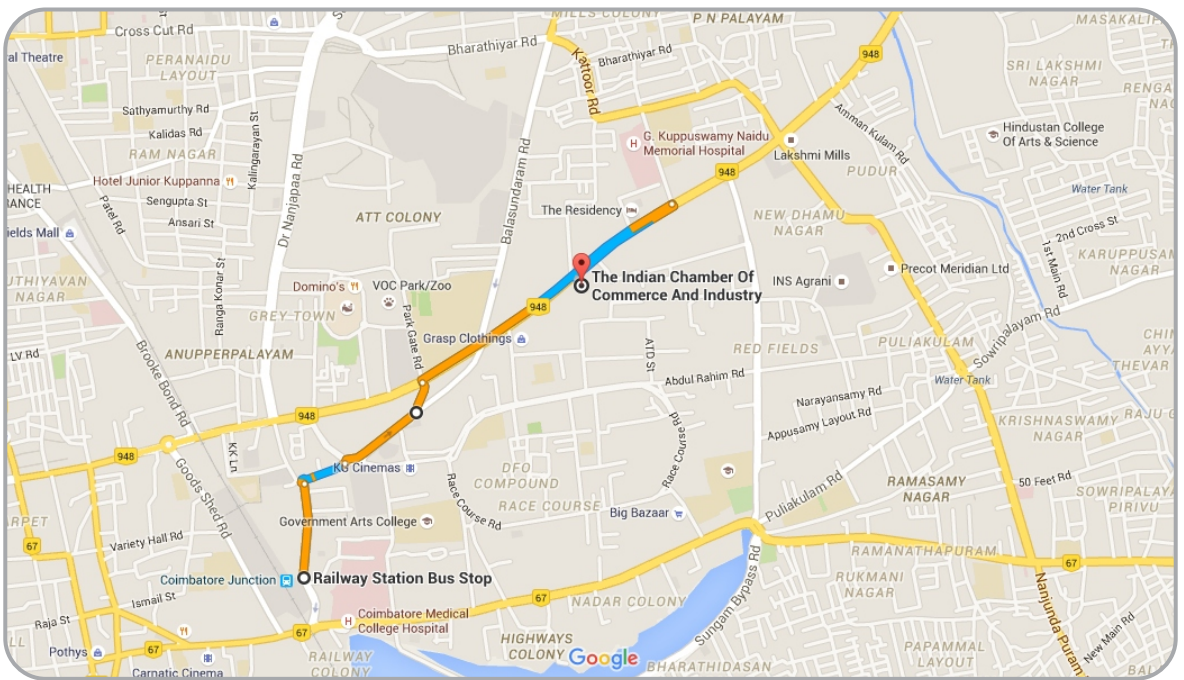
Coimbatore  
26-May-2017

By order of the Board  
**R Nithya Prabhu**  
Company Secretary



## Route map to the venue of the AGM

AGM Venue: The Chamber Hall, Chamber Towers, No.8/732, Avinashi Road, Coimbatore - 641 018



Land Mark : Near GD Naidu Museum





If undelivered please return to :



**Precot Meridian Limited**

(CIN: L17111TZ1962PLC001183)

SUPREM, No. 737, Green fields, Puliakulam Road, Coimbatore - 641045.

Tel: 0422-4321100 Fax: 0422-4321200

Email: [secretary@precot.com](mailto:secretary@precot.com), Website: [www.Precot.com](http://www.Precot.com)



Precot Meridian Limited

(CIN: L17111TZ1962PLC001183)  
Regd. Office: SUPREM, PB 7161, Green Fields,  
Puliakulam Road, Coimbatore -641045, Tamil Nadu, India  
Email: [secretary@precot.com](mailto:secretary@precot.com) Website: [www.precot.com](http://www.precot.com)  
Ph: 0422-4321100; Fax: 0422-4321200

Form No. MGT - 11  
Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Folio No. / Demat ID  
Name of the member(s)  
Registered address

I/We, being the member(s) holding ..... shares of the above named company, hereby appoint:

- 1) Name : .....  
Address.....  
Email ID : ..... Signature ..... or failing him/her
- 2) Name : .....  
Address : .....  
Email ID : ..... Signature ..... or failing him/her
- 3) Name : .....  
Address : .....  
Email ID : ..... Signature .....

P.T.O.

✂ -Cut here-

Electronic Voting Particulars

If desirous of E-voting, please read the instructions given in the AGM Notice before exercising

EVS (Electronic Voting Sequence Number)	* Default PAN / Sequence No
170724009	

\* Those who have not registered their PAN may use Default PAN

✂ -Cut here-



Precot Meridian Limited

(CIN: L17111TZ1962PLC001183)  
Regd. Office: SUPREM, PB 7161, Green Fields,  
Puliakulam Road, Coimbatore - 641045, Tamil Nadu, India  
Email: [secretary@precot.com](mailto:secretary@precot.com) Website: [www.precot.com](http://www.precot.com)  
Ph: 0422-4321100; Fax: 0422-4321200

Attendance Slip

Folio No. / Demat ID : No. of shares held :  
Name of the shareholder :

I hereby record my presence at 55th Annual General Meeting of the Company being held on Tuesday 5<sup>th</sup> September 2017 at 04.30 PM Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore-641018, Tamil Nadu

Signature of Member / Proxy\*

\* Strike out whichever is not applicable

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 55<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, the 05<sup>th</sup> September, 2017 at 4.30 PM IST, at Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore-641018, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated:

Resolution Number	Resolution
Ordinary Business	
1.	Adoption of financial statements
2.	Retirement of director by rotation
3.	Ratification of appointment of Statutory Auditors
Special Business	
4.	Appointment of Mr Ashwin Chandran (DIN 00001884) as Chairman and Managing Director
5.	Appointment of Mr Prashanth Chandran (DIN 01909559) as Vice Chairman and Managing Director
6.	Appointment of Mr Sarath Chandran as Mentor
7.	Appointment of Mr T Kumar (DIN 07826033) as Executive Director
8.	Appointment of Mr P Vijay Raghunath (DIN 00002963) as Independent Director
9.	Ratification of remuneration payable to cost auditor Mr R Krishnan for the financial year 2017-18
10.	Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013

Signed this ..... day of ..... 2017

Signature of shareholder : .....

Signature of proxy holder (s) : .....

Affix ₹ 1/-  
Revenue  
Stamp

**Note :**

1.

This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the company, not less than 48 hours before the commencement of the meeting.
2.

Those members who have multiple folios with different joint holders may use copies of this attendance slip / proxy

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