



May 21, 2018

The Manager - Listing Department
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, 2015 ("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, 2018.

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.

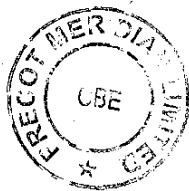
This is for your information and records.

Thanking you,

Yours truly,

For Precot Meridian Limited

Ashwin Chandran
Chairman and Managing Director



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
Website : www.precot.com CIN:L17111TZ1962PLC001183



Precot Meridian Limited



ANNUAL REPORT 2018

Directors

Sumanth Ramamurthi
Jairam Varadaraj
C N Srivatsan
R Bhuvaneshwari
P Vijay Raghunath
T Kumar

Chairman and Managing Director

Ashwin Chandran

Vice Chairman and Managing Director

Prashanth Chandran

Chief Financial Officer

A P Ramkumar

Company Secretary

S Kavitha

Statutory Auditors

M/s Haribhakti & Co. LLP, Coimbatore

Registered Office

SUPREM,
No. 737 Green Fields,
Puliakulam Road,
Coimbatore - 641045.
Email : secretary@precot.com
Website : 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

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Dear Shareholders,

Your directors hereby present the 56th Annual Report of your company along with the financial results for the year ended 31st March 2018.

State of affairs of the company

a. Financial results (₹ In lakhs)

Particulars	31.03.2018	31.03.2017*
Revenue from operations	70,915	67,930
PBIDT	2,069	2,819
Less: Finance cost	4,079	4,273
Profit from Operations	(2,011)	(1,454)
Other Income	541	2,511
PBDT	(1,470)	1,057
Less: Depreciation and Amortisation	3,257	3,420
PBT (Before Exceptional item)	(4,727)	(2,363)
Exceptional item	4,150	-
PBT (After Exceptional item)	(577)	(2,363)
Less: Tax expenses	-	-
MAT Credit	-	-
Deferred Tax	-	-
Profit After Tax	(577)	(2,363)
Other Comprehensive Income	43	1,316
Total Comprehensive Income	(534)	(1,046)
Add: Opening balance in Retained Earnings including OCI	16,407	17,454
Less: Transfer to General Reserve	-	-
Less: Provision for proposed dividend (including dividend tax)	-	-
Closing balance in Retained Earnings including OCI	15,873	16,407

* Figures are restated as per Ind AS

b. Dividend and transfer to reserves

Your directors, considering the fact that the company has incurred a loss during the year under review, have not recommended any dividend. No amount was proposed to be transferred to reserves.

Industry Overview

The financial year under review was not a good one for your company, and for most spinners in general. The disparity between the cotton prices and yarn prices prevailed throughout the year leading to significant drop in the profit margins. While the cotton prices increased by around 10% over that of the previous year, the average increase in yarn prices was only around 2%.

The impact of demonetization which had effected the cotton and fabric trade lingered well into the financial year and impacted cash flows and liquidity in the textile business. The

introduction of GST was also a disruptive factor in the short term as all the links in the textile supply chain took time to adjust to the modalities of doing business under the new tax regime. In the longer term though, the introduction of GST should help the organised players in the Industry. Credit for tax paid on capital goods and services, which were not available earlier, can now be availed which is a favourable change for the spinning mills.

Indian cotton output in the 2017-18 season is expected to be marginally higher than the previous year and prices remained stable in the early part of the season. We have also witnessed an increase in yarn demand and prices in the early part of the current financial year from both domestic and export markets. This is a positive sign for the company and the spinning industry in general.

Review of operations

Your company had registered a turnover of ₹ 709 crores during the FY 17-18, an increase of 4.4% compared to the previous year. During the year under review, your company has taken steps to improve the productivity and product mix in the spinning business. Your company has also increased its share of direct business to end customers rather than through dealers and distributors which has helped improve margins. The company has also increased its compact yarn production capacity and will continue to do in the current year. This will help improve productivity and produce better quality yarns intended for quality conscious customers.

As shareholders are aware, your company, as part of a diversification and derisking strategy had invested in a technical textiles project which is starting to show positive returns. As compared to a turnover of ₹ 41 Crores for the year ended 31st March 2017, this division achieved a turnover of ₹ 73 crores during the year in review. More importantly, we have been able to make a successful entry into the US market, and as a result from the 4th quarter of the year under review the division has been positive at an EBITDA level.

Outlook for the current year

Your company has gradually shifted its focus and is gearing up to meet the quality requirements of higher end customers and brands rather than being driven by commodity products. Production of specialized yarns have received its due acceptance in the market and the demand for such yarns from your company should grow in the period to come. As stated earlier, the demand for yarn has picked up considerably in the first quarter of the current year which bodes well for the performance of the company in the first half

of the current year. Looking further forward, a lot will depend on the world cotton stocks which are projected to decline considerably as China continues to deplete its reserves. Increased demand from China and introduction of a new MSP for cotton by the Indian Government have the potential to considerably increase cotton prices in the 2018-19 season. Whether the spinning trade will be able to pass on this increase to its customers and whether cotton will lose further market share to man-made fibres due to the widening gap in cost will be the crucial questions to be answered.

As mentioned earlier, the technical textiles division has been successful in getting long term contracts with a few large customers in USA. Our market base has also grown due to development of new markets. Considering the orders in hand and much improved utilisation of capacities, we are confident of achieving a sales of over ₹ 100 crores for FY 2019, with a minimum profit of 10% at EBITDA level.

Personnel

The company has been able to continue maintaining cordial relations with its labour force in all its units. The company has 1218 permanent employees on the roll as on 31-Mar-2018.

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 policy 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 Vijay Venkatasamy, Independent director retired from the company on 31-May-2017 on completion of his tenure. Similarly Mr Vijay Mohan, Non-Executive Non-Independent Director retired from the company on 05-Sep-2017 on completion of his tenure. There are no other retirements, resignations or reappointment of directors during the year under review.

The term of office of Mr Suresh Jagannathan, Independent Director, comes to an end on 31-May-2018. He is not seeking reappointment. Mr Suresh Jagannathan has been a member of the Board since 2006. The Board placed on record its sincere appreciation for his valuable contribution over the past 12 years.

The members at the 52nd Annual General Meeting (hereinafter called AGM) held on 05-Sep-2014 appointed Mr Sumanth Ramamurthi, Dr Jairam Varadaraj, Mr C N Srivatsan and Ms R Bhuvaneshwari as Independent directors of the company for a term of 5 (five) consecutive years upto 31-May-2019.

The Board, based on the recommendation of Nomination and Remuneration Committee and the performance evaluation of Independent Directors, has recommended re-appointment of Mr Sumanth Ramamurthi and Dr Jairam Varadaraj as Independent Directors for a term of 4 (four) consecutive years on the Board of the Company from 01-Jun-2019 to 31-May-2023 and Mr C N Srivatsan and Ms R Bhuvaneshwari as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company from 01-Jun-2019 to 31-May-2024.

Considering the background, experience and contributions made by Mr Sumanth Ramamurthi, Dr Jairam Varadaraj, Mr C N Srivatsan and Ms R Bhuvaneshwari during their tenure, their continued association as Independent directors would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Mr Sumanth Ramamurthi, Dr Jairam Varadaraj, Mr C N Srivatsan and Ms R Bhuvaneshwari as Independent Directors of the Company, not liable to retire by rotation.

The following are the whole-time key managerial personnel of the company as per section 203 of the Act as on 31-Mar-2018, (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.

As per the retirement policy of the company, Mr M R Siva Shankar, Chief Financial Officer retires from the Company with effect from 31-May-2018. Mr R Nithya Prabhu, Company Secretary resigned from the company with effect from 22-May-2018. The board placed on record its sincere appreciation for their valuable contributions made by them during their tenure.

Mr A P Ramkumar and Mrs S Kavitha have been appointed as the Chief Financial Officer and the Company Secretary and Compliance Officer respectively with effect from 01-Jun-2018.

Performance Evaluation

The Board of Directors at their meeting held on 23-Mar-2018, 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 dated 23-Mar-2018, 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 Whole Time Directors from the company or receipt of commission /remuneration from subsidiary company

Whole Time Directors have not received 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.

Secretarial Standards

The company complies with all the applicable secretarial standards.

Particulars of Employees

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

Amalgamation of Subsidiary Companies

By the order of the Hon'ble National Company Law Tribunal, Chennai dated 19-Sept-2017, the subsidiary companies, namely Precot Meridian Energy Limited, Suprem Textiles Processing Limited and Multiflora Processing Coimbatore Limited, were merged with your company during the year under review. The appointed date of the merger was 01-April-2016.

Consolidation of Accounts

The company has control of "Suprem Associates", a partnership firm by holding majority of its share in the firm. The accounts of the said firm is consolidated as per the requirement of Indian Accounting Standards (IndAS).

Audit Committee

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

The details pertaining to vigil mechanism, composition and meetings of the 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 Ashwin Chandran, 2. Mr Prashanth Chandran and 3. Mr Sumanth Ramamurthi. 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 2017-18, 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 CSR policy 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:

- a) The applicable accounting standards have been followed and proper explanations provided relating to material departures, if any,
- b) 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,
- c) 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,
- d) The annual accounts of the company have been prepared on a going concern basis,
- e) The internal financial controls are adequate and are operating effectively, and
- f) A proper system for ensuring compliance of all the applicable laws are put in place and are operating effectively.

Statutory Auditors

The statutory auditors of the company M/s Haribhakti & Co LLP tendered their resignation due to internal restructuring with effect from 13th June 2018. The casual vacancy arising in the office of auditors was filled up by the board by appointment of M/s VKS Aiyer & Co., Chartered Accountants (Firm Registration No. 000066S) on the recommendation of the audit committee within prescribed period. The appointment is subject to the approval of the shareholders, which is being placed at the Annual General Meeting within prescribed period of three months from the recommendation of the Board.

As the appointment of M/s VKS Aiyer & Co., Chartered Accountants (Firm Registration No. 000066S) is being done at the Annual General Meeting, he is also being proposed to

be appointed as the statutory auditors from the conclusion of 56th AGM till the conclusion of 61st AGM and requires approval of the shareholders. The auditors have given their consent for their appointment and a certificate under section 141 of the Companies Act, 2013.

Necessary resolutions are included in the Notice of the Annual General Meeting for Members approval.

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 2018-19.

Accordingly, a resolution seeking member's ratification for the remuneration payable to Mr R Krishnan, Cost Auditor is included as Item No. 8 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 2018-19.

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 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 (i.e. 31-Mar-2018) 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 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-2017	417	75000
Number of shareholders approached the company for transfer of shares from suspense account during the year	121	19950
Number of shareholders to whom shares were transferred from suspense account during the year	121	19950
Aggregate number of shareholders and outstanding shares in the suspense account as on 31-Mar-2018.	296	55050

The voting rights on the shares outstanding in the suspense account as on 31-Mar-2018 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
22-June-2018

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 31st March, 2018**

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

To,

The Members,

Precot Meridian Limited

SUPREM, 737, Green Fields,
Puliakulam Road, Coimbatore- 641045,
Tamil Nadu, 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 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 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, 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) As per the scheme of amalgamation filed by Company, three wholly owned subsidiaries of the Company namely, Multiflora Processing (Coimbatore) Limited, Supreme Textiles Processing Limited and Precot Meridian Energy Limited has been merged with the Company pursuant to order of the Hon'ble National Company Law Tribunal, Bench at Chennai dated 18th September 2017.
- (b) The object clause and authorized share capital of the Company stood amended due to merger of three wholly owned subsidiaries pursuant to order of the Hon'ble National Company Law Tribunal, Bench at Chennai dated 18th September 2017.
- (c) The Company has adopted new set of Articles of Association containing regulation in conformity with the Companies Act, 2013.

Gouri Shanker Mishra

Place: Chennai

Date : 22nd May 2018

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,

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

FCS No. 6906

C P No. : 13581

Place: Chennai

Date : 22nd May 2018

ANNEXURE B
FORM No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[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 - 641045 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 - 641028. 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
	NIL				

IV. Share holding pattern (Equity share capital breakup as percentage of total equity)
I) Category-wise share holding as of 31st March, 2018

S.No.	Category of shareholders	No. of shares held at the beginning of the year (01.04.2017)				No. of shares held at the end of the year (31.03.2018)				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	Promoters									
(1)	Indian									
(a)	Individuals / Hindu Undivided Family	7332137	-	7332137	61.10	7333187	-	7333187	61.11	0.01
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(1)	7332137	-	7332137	61.10	7333187	-	7333187	61.11	0.01
(2)	Foreign									
(a)	Individuals (Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institution	-	-	-	-	-	-	-	-	-
(d)	QFI	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
	Total shareholding of promoter and promoter group (A)= (A)(1)+ (A)(2)	7332137	-	7332137	61.10	7333187	-	7333187	61.11	0.01
(B)	Public shareholding									
(1)	Institutions									
(a)	Mutual funds/UTI	100	225	325	0.00	100	75	175	0.00	0.00
(b)	Financial Institutions / Banks	1125	0	1125	0.01	825	0	825	0.01	0.00
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	FII	-	-	-	-	-	-	-	-	-
(g)	Foreign Portfolio Investor	0	200	200	0.00	0	66	66	0.00	0.00
(h)	Foreign Mutual Fund	49	0	49	0.00	49	0	49	0.00	0.00
(i)	Any other	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	1274	425	1699	0.01	974	141	1115	0.01	0.00
(2)	Non-Institutions									
(a)	Bodies Corporate	439460	6425	445885	3.72	505609	6209	511818	4.27	0.55
(b)	Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	1873953	693938	2567891	21.40	1812258	635858	2448116	20.40	-1.00
	Individuals - ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1222216	21325	1243541	10.36	1307639	21325	1328964	11.07	0.71
(c)	QFI	-	-	-	-	-	-	-	-	-
(d)	Any Other	-	-	-	-	-	-	-	-	-
(d1)	IEPF	0	0	0	0.00	61394	0	61394	0.51	0.51
(d2)	Hindu Undivided Family	237571	0	237571	1.98	222536	0	222536	1.85	-0.13
(d3)	NRI (Non Repat)	9711	0	9711	0.08	10545	0	10545	0.09	0.01
(d4)	NRI (Repat)	16988	75	17063	0.14	18530	75	18605	0.16	0.02
(d5)	Unclaimed Shares	75000	0	75000	0.63	55050	0	55050	0.46	-0.17
(d6)	Clearing Member	69487	0	69487	0.58	7595	0	7595	0.06	-0.52
(d7)	Market Maker	15	0	15	0.00	1075	0	1075	0.01	0.01
	Sub Total (B)(2)	3944401	721763	4666164	38.89	4002231	663467	4665698	38.88	-0.01
	Total Public Shareholding(B)=(B)(1)+(B)(2)	3945675	722188	4667863	38.90	4003205	663608	4666813	38.89	-0.01
	Total (A)+(B)	11277812	722188	12000000	100.00	11336392	663608	12000000	100.00	0.00

ii) Shareholding of promoters as on 31st March, 2018

S.No.	Shareholder's name	Shareholding at the beginning of the year (01.04.2017)			Shareholding at the end of the year (31.03.2018)			% 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 Ashwin Chandran	2307457	19.23	-	2307987	19.23	16.50	0.00
2	Mr Prashanth Chandran	1971891	16.43	-	1972411	16.43	14.16	0.00
3	Mr Sarath Chandran (I)	1624857	13.54	-	1624857	13.54	11.42	-
4	Mr D Sarath Chandran (HUF)	1216251	10.14	-	1216251	10.14	8.92	-
5	Mrs Divya Chandran	191250	1.59	-	191250	1.59	0.00	-
6	Mr Viren Mohan	14319	0.12	-	14319	0.12	0.00	-
7	Mr Vijay Mohan	1950	0.02	-	1950	0.02	0.00	-
8	Mr Vikram Mohan	1875	0.02	-	1875	0.02	0.00	-
9	Mrs Vanitha Mohan	1275	0.01	-	1275	0.01	0.00	-
10	Ms Madhura Mohan	1012	0.01	-	1012	0.01	0.00	-
	Total	7332137	61.10	-	7333187	61.11	51.00	0.01

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

S.No.	Particulars	Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year	
		No. of shares held	% of total shares of the company	No. of shares held	% of total shares of the company
1	Mr Ashwin Chandran	2307457	19.23	2307457	19.23
	Add 15.09.2017 Transfer by gift	530	0.00	2307987	19.23
	At the end of the year (31.03.2018)			2307987	19.23
2	Mr Prashanth Chandran	1971891	16.43	1971891	16.43
	Add 15.09.2017 Transfer by gift	520	0.00	1972411	16.44
	At the end of the year (31.03.2018)			1972411	16.44
3	Mr Sarath Chandran (Individual)	1624857	13.54	1624857	13.54
	At the end of the year (31.03.2018)			1624857	13.54
4	Mr D Sarath Chandran (HUF)	1216251	10.14	1216251	10.14
	At the end of the year (31.03.2018)			1216251	10.14
5	Mrs Divya Chandran	191250	1.59	191250	1.59
	At the end of the year (31.03.2018)			191250	1.59
6	Mr Viren Mohan	14319	0.12	14319	0.12
	At the end of the year (31.03.2018)			14319	0.12
7	Mr Vijay Mohan	1950	0.02	1950	0.02
	At the end of the year (31.03.2018)			1950	0.02
8	Mr Vikram Mohan	1875	0.02	1875	0.02
	At the end of the year (31.03.2018)			1875	0.02
9	Mrs Vanitha Mohan	1275	0.01	1275	0.01
	At the end of the year (31.03.2018)			1275	0.01
10	Ms Madhura Mohan	1012	0.01	1012	0.01
	At the end of the year (31.03.2018)			1012	0.01

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 (01.04.2017)		Cumulative Shareholding during the year	
			No. of Shares held	% of total shares of the company	No. of shares held	% of total shares of the company
1	Anil Kumar Goel		326100	2.72	326100	2.72
	At the end of the year (31.03.2018)				326100	2.72
2	Gagandeep Credit Capital Pvt Ltd		309429	2.58	309429	2.58
	At the end of the year (31.03.2018)				309429	2.58
3	Vinodchandra Mansukhlal Parekh		105343	0.88	105343	0.88
	At the end of the year (31.03.2018)				105343	0.88
4	Seema Goel		105000	0.88	105000	0.88
	At the end of the year (31.03.2018)				105000	0.88
5	Prithvi Finlease India Limited		0	0.00	0	0.00
Add	05 May 2017	Market Purchase	153	0.00	153	0.00
Less	26 May 2017	Market Sale	-153	-0.00	0	0.00
Add	01 Sep 2017	Market Purchase	25000	0.21	25000	0.21
Add	22 Sep 2017	Market Purchase	330	0.00	25330	0.21
Add	17 Nov 2017	Market Purchase	15101	0.12	40431	0.34
Less	24 Nov 2017	Market Sale	-6000	-0.05	34431	0.29
Less	01 Dec 2017	Market Sale	-2500	-0.02	31931	0.27
Add	08 Dec 2017	Market Purchase	2500	0.02	34431	0.29
Add	15 Dec 2017	Market Purchase	1000	0.01	35431	0.30
Less	22 Dec 2017	Market Sale	-1750	-0.01	33681	0.28
Add	29 Dec 2017	Market Purchase	5500	0.05	39181	0.33
Add	05 Jan 2018	Market Purchase	1000	0.01	40181	0.33
Add	12 Jan 2018	Market Purchase	11724	0.10	51905	0.43
Add	19 Jan 2018	Market Purchase	4500	0.04	56405	0.47
Add	26 Jan 2018	Market Purchase	1000	0.01	57405	0.48
Add	02 Feb 2018	Market Purchase	1500	0.01	58905	0.49
Add	09 Feb 2018	Market Purchase	1265	0.01	60170	0.50
Add	23 Feb 2018	Market Purchase	1000	0.01	61170	0.51
Less	02 Mar 2018	Market Sale	-330	-0.00	60840	0.51
Add	09 Mar 2018	Market Purchase	1840	0.01	62680	0.52
Add	23 Mar 2018	Market Purchase	500	0.00	63180	0.53
Add	31 Mar 2018	Market Purchase	500	0.00	63680	0.53
	At the end of the year (31.03.2018)				63680	0.53
6	Prajapati Mahesh Manubhai		57899	0.48	57899	0.48
Add	22 Sep 2017	Market Purchase	3465	0.03	61364	0.51
Less	24 Nov 2017	Market Sale	-9364	-0.08	52000	0.43
	At the end of the year (31.03.2018)				52000	0.43
7	Bachh Raj Nahar		45652	0.38	45652	0.38
	At the end of the year (31.03.2018)				45652	0.38
8	Pranav Kumarpal Parekh		45314	0.38	45314	0.38
	At the end of the year (31.03.2018)				45314	0.38
9	Gandhi Prasheel Chetan		35000	0.29	35000	0.29
Add	07 Apr 2017	Market Purchase	400	0.00	35400	0.30
Add	28 Apr 2017	Market Purchase	3000	0.03	38400	0.32
Add	05 May 2017	Market Purchase	591	0.00	38991	0.32
Add	19 May 2017	Market Purchase	1400	0.01	40391	0.34
Add	26 May 2017	Market Purchase	1809	0.01	42200	0.35
Add	04 Aug 2017	Market Purchase	1800	0.01	44000	0.37
	At the end of the year (31.03.2018)				44000	0.37
10	Nirmala Arvind Solanki		43170	0.36	43170	0.36
	At the end of the year (31.03.2018)				43170	0.36

v) Shareholding of directors and KMP:

S.No.	Shareholding of each directors and each KMP	Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year	
		No. of shares held	% of total shares of the company	No. of shares held	% of total shares of the company
1	Mr Ashwin Chandran	2307457	19.23	2307457	19.23
	Add 15.09.2017 Transfer by gift	530	0.00	2307987	19.23
	At the end of the year (31.03.2018)			2307987	19.23
2	Mr Prashanth Chandran	1971891	16.43	1971891	16.43
	Add 15.09.2017 Transfer by gift	520	0.00	1972411	16.44
	At the end of the year (31.03.2018)			1972411	16.44
3	Mr Sumanth Ramamurthi	8557	0.07	8557	0.07
	At the end of the year (31.03.2018)			8557	0.07
4	Mr P Vijay Raghunath	225	0.00	225	0.00
	At the end of the year (31.03.2018)			225	0.00
5	Mr Jairam Varadaraj	75	0.00	75	0.00
	At the end of the year (31.03.2018)			75	0.00
6	Mr C N Srivatsan	-	-	-	-
	At the end of the year (31.03.2018)	-	-	-	-
7	Mr Suresh Jagannathan	-	-	-	-
	At the end of the year (31.03.2018)	-	-	-	-
8	Mrs R Bhuvaneshwari	-	-	-	-
	At the end of the year (31.03.2018)	-	-	-	-
9	Mr T Kumar	-	-	-	-
	At the end of the year (31.03.2018)	-	-	-	-
10	Mr M R Siva Shankar	-	-	-	-
	At the end of the year (31.03.2018)	-	-	-	-
11	Mr R Nithya Prabhu	-	-	-	-
	At the end of the year (31.03.2018)	-	-	-	-

vi) Indebtedness

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

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	28,964.70	6,251.10	-	35,215.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	80.49	-	-	80.49
Total (i+ii+iii)	29,045.19	6,251.10	-	35,296.29
Change in indebtedness during the financial year				
* Addition	13,084.27	11,562.63	-	24,646.90
* Reduction	9,087.31	12,817.76	-	21,905.08
Net change				
Indebtedness at the end of the financial year				
i) Principal amount	32,961.65	4,995.96	-	37,957.61
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	21.46	-	-	21.46
Total (i+ii+iii)	32,983.11	4,995.96	-	37,979.07

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

₹ lakhs

S. No.	Particulars of remuneration	Name of MD/WTD			Total amount
		Mr Ashwin Chandran	Mr Prashanth Chandran	Mr T Kumar*	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	72.00	60.00	35.00	167.00
	(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	4.32	3.60	2.10	10.02
	Total (A)	76.32	63.60	37.10	177.02
	Ceiling as per Schedule V of the Act	240.00	240.00	200.00	680.00

* Appointed with effect from 26-May-2017

B. Remuneration to other directors

₹ Lakhs

Particulars of remuneration	Name of directors	Total amount
1 Independent directors		
a) Fee for attending board/committee meetings	Mr Sumanth Ramamurthi	1.35
	Dr Jairam Varadaraj	1.60
	Mr Vijay Venkatasamy	0.35
	Mr C N Srivatsan	1.60
	Mr Suresh Jagannathan	0.60
	Ms R Bhuvaneshwari	1.40
	Mr P Vijay Raghunath	0.75
b) Commission	-	-
c) Others	-	-
Total (1)		7.65
2 Other Non- executive directors		
a) Fee for attending board/ committee meetings	Mr Vijay Mohan	0.15
b) Commission		-
c) Others		-
Total (2)		0.15
Total (B) = (1+2)		7.80
Total managerial remuneration (A) + (B)		184.82

C. Remuneration to KMP other than MD/WTD

₹ 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	7.88	27.38	35.26
(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	-	-	-
Total	7.88	27.38	35.26

VII. Penalties / Punishment / Compounding of offences:

There were no penalties, punishment or compounding of offences during the year ended 31-Mar-2018.

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 the 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 2017-18:

Name	Ratio	% increase in remuneration*
Mr Ashwin Chandran	45.43	5
Mr Prashanth Chandran	37.86	10
Mr Sumanth Ramamurthi	0.80	-
Dr Jairam Varadaraj	0.95	-
Mr Vijay Venkatasamy**	0.21	-
Mr C N Srivatsan	0.95	-
Mr Suresh Jagannathan	0.36	-
Ms R Bhuvaneshwari	0.83	-
Mr T Kumar***	22.08	10
Mr P Vijay Raghunath	0.45	-
Mr Vijay Mohan**	0.09	-
Mr M R Siva Shankar (CFO)	NA	4
Mr R Niithya Prabhu (CS)	NA	36

* Note : Percentage increase in remuneration not considered for non-executive directors, as they are paid remuneration by way of sitting fee for attending the meetings. There is no change in sitting fee during the FY 2017-18.

** Mr Vijay Venkatasamy and Mr Vijay Mohan retired from the company effective from 31-May-2017 and 5-Sept-2017 respectively. The ratio of their remuneration to median remuneration is not comparable as the remuneration was paid only for part of the year.

***Mr T Kumar appointed as an executive director of the company with effect from 26-May-2017.

- b) The percentage increase in the median remuneration of employees in the financial year was 5%.
- c) The company has 1218 permanent employees on the rolls as on 31-Mar-2018.
- d) Average percentage increase already made in the salaries of employees other than key managerial personnel in the last financial year was 5%. The average increase in the key managerial remuneration was 13%. 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
Mr Ashwin Chandran	01.08.1997	Chairman and Managing Director	B. Sc (Hons), MBA	42	20	76.32	-
Mr Prashanth Chandran	14.07.2003	Vice Chairman and Managing Director	B. Engg	37	13	63.60	-
Mr T Kumar	26.02.2016	BH - Spinning	DTT	49	30	43.03	GTN Textiles

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

Mr Shrinivas J Bagalkot	26.04.2016	GM	DTT	58	38	38.83	Lavino Kapur
Mr M R Siva Shankar	04.04.2011	Chief Financial Officer	CA	62	35	28.01	Pomona Industries Ltd
Mr S Pradeep	02.11.2015	BH - Technical Textiles	B Tech	33	11	21.73	Axus Stationery
Mr K V John	23.11.2009	GM	DTT	52	34	20.70	Ambika Cotton Mills Ltd
Mr Sambasivarao	08.05.2017	GM	DTT	58	32	18.62	Datta Spinning Mills
Mr V Shanmugam	20.04.1997	DGM	DTT, MA	50	30	18.03	Schlaflhorst Mrktg Co
Mr G Balaji	01.12.2016	DGM	DTT	46	24	16.22	Viswanath Spinning Mills

BH - Business Head; GM - General Manager; DGM - Deputy General Manager

Note : 1. Mr Ashwin Chandran is brother of Mr Prashanth Chandran and vice versa. None of the others are related to each other.

2. Nature of employment of Mr Ashwin Chandran and Mr Prashanth Chandran are contractual and others are permanent.

3. No. of shares held by Mr Ashwin Chandran and Mr Prashanth Chandran 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 Rs.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.

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

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.

c. Foreign Exchange Earnings (₹ in crores)

Earnings	-	292.82
Outflow	-	49.74
Net	-	243.08

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 nine directors including three (3) executives and six (6) non-executive directors.

During the year 2017-18, the board of directors met five times at the registered office of the company on 26-May-2017, 30-Aug-2017, 28-Nov-2017, 09-Feb-2018 and 23-Mar-2018.

The last annual general meeting (AGM) was held on 05-Sep-2017.

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
Mr Ashwin Chandran (DIN: 00001884)	Chairman - Executive - Promoter	5	Yes	4	1	1
Mr Prashanth Chandran (DIN:01909559)	Vice Chairman - Executive - Promoter	4	Yes	1	2	-
Mr Sumanth Ramamurthi (DIN:00002773)	Non-Executive - Independent	5	No	6	2	1
Dr Jairam Varadaraj (DIN:00058056)	Non-Executive - Independent	5	No	10	8	2
Mr Vijay Venkatasamy*** (DIN:00002906)	Non-Executive - Independent	1	No	5	2	-
Mr C N Srivatsan (DIN:00002194)	Non-Executive - Independent	5	Yes	1	2	3
Mr Suresh Jagannathan (DIN:00011326)	Non-Executive - Independent	3	No	3	5	-
Ms R Bhuvaneshwari (DIN:01628512)	Non-Executive - Independent	5	No	1	2	-
Mr T Kumar (DIN:07826033)	Executive - Non Promoter	4	No	-	-	-
Mr P Vijay Raghunath (DIN:00002963)	Non Executive - Independent	4	No	3	3	-
Mr Vijay Mohan*** (DIN:00001843)	Non Executive Director	1	No	3	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

*** Mr Vijay Venkatasamy retired from the board on 31-May-2017 and Mr Vijay Mohan retired from the board on 05-Sept-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 Ashwin Chandran is the brother of Mr Prashanth Chandran and vice versa. 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 thereon;
- 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 26-May-2017, 30-Aug-2017, 28-Nov-2017 and 09-Feb-2018. 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
Dr Jairam Varadaraj	Non-Executive - Independent	4
Mr Vijay Venkatasamy*	Non-Executive - Independent	1
Ms R Bhuvaneshwari	Non-Executive - Independent	3

*Mr Vijay Venkatasamy retired from the board on 31-May-2017.

The audit committee was reconstituted by the board on 26-May-2017 on account of retirement of Mr Vijay Venkatasamy, as follows, Mr C N Srivatsan as Chairman, Dr Jairam Varadaraj, and Ms R Bhuvaneshwari. 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.

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 26-May-2017 and 23-Mar-2018 at the registered office of the company. Necessary quorum was present for all the meetings. 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 C N Srivatsan - Chairman	Non-Executive - Independent	2
Mr Jairam Varadaraj	Non-Executive - Independent	2
Ms R Bhuvaneshwari	Non-Executive - Independent	1
Mr Vijay Venkatasamy*	Non-Executive - Independent	1

*Mr Vijay Venkatasamy retired from the board on 31-May-2017.

The nomination and remuneration committee was reconstituted by the board on 26-May-2017 on account of retirement of Mr Vijay Venkatasamy, with Mr C N Srivatsan as Chairman, Dr Jairam Varadaraj, and Ms R Bhuvaneshwari as members of the committee.

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. The sitting fees payable for other committee meetings has been increased from ₹ 1,000 per meeting to ₹ 5,000 per meeting during the year under review.

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-2018

The remuneration paid/payable to the executive directors of the company for the year ended 31-Mar-2018, are as under (₹ in Lakhs)

Name of the director	Salary and perks	Commission	Total	Service contract
Mr Ashwin Chandran Chairman and Managing Director	76.32	-	76.32	01.04.2017 to 31.03.2020
Mr Prashanth Chandran Vice Chairman and Managing Director	63.60	-	63.60	01.04.2017 to 31.03.2020
Mr T Kumar Executive Director	37.10	-	37.10	26.05.2017 to 31.03.2020

The company does not pay remuneration to any of its non-executive directors barring sitting fees for attending the meeting(s).

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

Name of the director	Sitting fees (₹)	No. of Shares held
Mr Sumanth Ramamurthi	1,35,000	8557
Dr Jairam Varadaraj	1,60,000	75
Mr C N Srivatsan	1,60,000	-
Mr Suresh Jagannathan	60,000	-
Ms R Bhuvaneshwari	1,40,000	-
Mr P Vijay Raghunath	75,000	-
Mr Vijay Mohan*	15,000	1950
Mr Vijay Venkatasamy**	35,000	1350

*Retired from the board on 05-Sept-2017

**Retired from the board on 31-May-2017

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

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.

Nine meetings of the stakeholders relationship committee were held during the year under review i.e. 07-Apr-2017, 05-May-2017, 30-Jun-2017, 11-Aug-2017, 15-Sep-2017, 28-Sep-2017, 06-Oct-2017, 30-Dec-2017 and 31-Mar-2018. The necessary quorum was present for all the meetings. The company secretary acts as the secretary of the committee.

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

Name of the member	Category	No. of meetings attended
Mr Sumanth Ramamurthi - Chairman	Non-Executive - Independent	5
Mr Ashwin Chandran	Executive - Non Independent	9
Mr Prashanth Chandran	Executive - Non Independent	9

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 comprises of the following members a) Mr Ashwin Chandran (Chairman), b) Mr Prashanth Chandran and c) Mr Sumanth Ramamurthi. Subsequent to the retirement of Mr Sarath Chandran and Mr Vijay Venkatasamy from the board of the company, Mr Prashanth Chandran and Mr Sumanth Ramamurthi were appointed as the members of the committee and Mr Ashwin Chandran was appointed as the Chairman of the committee. The committee has not met during the year under review.

Terms of reference

- a) 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,
- b) Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy, and
- c) Monitor the CSR policy of the company from time to time.

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 committee comprises of the following members as on 31-Mar-2018

- 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 policy periodically. The committee has not met during the year under review.

3. Finance committee

The company has reconstituted the finance committee, subsequent to the retirement of Mr Sarath Chandran from the board. At present the committee consists of the following directors as its members

- a) Mr Ashwin Chandran (Chairman)
- b) Mr Prashanth Chandran (Member)
- c) Mr Sumanth Ramamurthi (Member).

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 23rd March, 2018 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 C N Srivatsan	Independent	1
Mr Suresh Jagannathan	Independent	1
Ms R Bhuvaneshwari	Independent	1
Mr P Vijay Raghunath	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

S Kavitha
Company Secretary and Compliance Officer

Address for Correspondence

Precot Meridian Limited,
Regd Office: "SUPREM", No. 737, Puliakulam Road,
Coimbatore – 641045
Phone: 0422-4321100; FAX: 0422-4321200
Email: secretary@precot.com; Website: 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
2015, 53 rd AGM	28-Aug-2015 at 4.30 pm	Nil
2016, 54 th AGM	02-Sep-2016 at 4.30 pm	Nil
2017, 55 th AGM	05-Sep-2017 at 4.30 pm	<ol style="list-style-type: none"> 1. Appointment of Mr Ashwin Chandran (DIN: 00001884) as Chairman and Managing Director 2. Appointment of Mr Prashanth Chandran (DIN: 01909559) as Vice Chairman and Managing Director 3. Appointment of Mr T Kumar (DIN: 07826033) as Executive Director and 4. Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013

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 Makkal Kural (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 31st March 2019 are as follows. However these dates are subject to change according to availability of directors.

- 1) First quarter results - First week of August 2018,
- 2) Second quarter and Half yearly results - First week of November 2018,
- 3) Third quarter results - First week of February 2019,
- 4) Fourth and Annual results - Last week of May 2019.

Results and reports of the company are also available in 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	: Friday, 07-September-2018 at 4.30 p.m
Venue	: Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641 018
Financial year	: 1 st April to 31 st March
Date of book closure	: 01-Sept-2018 to 07-Sept-2018
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 2017	82.00	95.80	9075.15	9342.65
May 2017	68.10	85.95	9272.00	9649.60
June 2017	65.00	82.25	9448.75	9709.30
July 2017	68.00	78.70	9543.55	10114.85
August 2017	68.05	81.95	9685.55	10137.85
September 2017	72.20	94.50	9687.55	10178.95
October 2017	72.45	93.75	9831.05	10384.50
November 2017	78.05	116.30	10094.00	10490.45
December 2017	87.50	108.80	1033.35	10552.40
January 2018	78.10	99.95	10404.65	11171.55
February 2018	65.60	81.15	10276.30	11117.35
March 2018	52.20	69.95	9951.90	10525.50

Annual listing fee for the financial year 2018-19 was paid to National Stock Exchange of India Limited.

The company has paid custodial fees for the year 2018-19 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- 641028.
Email: coimbatore@linkintime.co.in, Phone: 0422-2314792

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-2018:

Category	No. of shares held	Percentage of holding
Promoters and Promoters group		
Indian	7333187	61.11
Public		
Mutual funds/UTI	175	0.00
Financial Inst/ Banks	825	0.01
Bodies corporate	511818	4.26
Public and others	4153995	34.62
Total	12000000	100.00

Distribution of shareholding as on 31-Mar-2018:

Shareholding range	No. of holders	Percentage of holders	No. of shares	Percentage of shares
1-500	4902	80.54	777604	6.48
501-1000	549	9.02	411484	3.43
1001-2000	330	5.42	480439	4.00
2001-3000	98	1.61	238324	1.98
3001-4000	48	0.79	165198	1.38
4001-5000	31	0.51	141417	1.18
5001-10000	71	1.17	502735	4.19
10001 & Above	57	0.94	9282799	77.36
Total	6086	100.00	12000000	100.00

Dematerialisation status of shares as on 31-Mar-2018:

Particulars	No. of Shares	% to Share capital
National Securities Depository Limited	9790957	81.59
Central Depository Services (India) Limited	1545435	12.88
Total	11336392	94.47

There are no outstanding GDR/ADR/Warrants or any convertible instruments as on 31st March 2018

Plant locations:

- 1 Kanjikode, Palakkad, Kerala
- 2 Kodigenahalli, Hindupur, Andhra Pradesh
- 3 Nanjegoundanpudur, Pollachi, Tamil Nadu
- 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, Green Fields,
 Puliakulam Road,
 Coimbatore – 641 045
 Phone: 0422 - 4321100
 Email: secretary@precot.com
 Website: www.precot.com
 CIN: L17111TZ1962PLC001183

Disclosures

1. 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-2018.
2. Details of transactions with related parties are provided in note no. 52 to notes forming part of the accounts in accordance with the provision of Indian Accounting Standard 24. There is no materially significant related party transaction that may have potential conflict with the interest of the company at large.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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/>
8. CEO/CFO certificate: The Managing Director and Chief Financial Officer of the company have provided to the Board of Directors of the company compliance certificate as required under Regulation 17(8) of Listing regulations read with Part B of Schedule II.
9. 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.
10. 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-2018 are disclosed in notes to the financial statements.
11. The company has prepared a risk management framework to identify, minimize and mitigate business and process related risk at predefined intervals.
12. 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.
13. The details of unclaimed suspense account are disclosed in the Board's report.

Coimbatore
 22-June-2018

By order of the Board
Ashwin Chandran
 Chairman & Managing Director

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 2018.

Coimbatore
22-June-2018

By order of the Board
Ashwin Chandran
Chairman & Managing Director

Compliance Certificate

To

The Members of Precot Meridian Limited

I have examined the compliance of conditions of corporate governance by M/s Precot Meridian Limited ("the Company") (CIN: L17111TZ1962PLC001183), for the year ended on 31st March, 2018, as stipulated in Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations).

The compliance of conditions of corporate governance is the responsibility of the management. My 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing regulations.

I 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. I 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
22-June-2018

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 Ashwin Chandran - Chairman of the Committee, Mr Vijay Venkatasamy and

Mr Prashanth Chandran. Due to the retirement of Mr Vijay Venkatasamy on 31-May-2017, the board of directors on 26-May-2017 reconstituted the committee as follows, Mr Ashwin Chandran - Chairman of the Committee, Mr Sumanth Ramamurthi and Mr Prashanth Chandran.

- 3. Average net profit of the company for last three financial years for the purpose of computation of CSR : ₹ (3358) 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 percent 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 Sumanth Ramamurthi
 CSR Committee
 Member

Coimbatore
 22-June-2018

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 2017-18. 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: Not Applicable
- b) Nature of contracts / arrangements / transactions : Not Applicable
- c) Duration of the contracts / arrangements / transactions : Not Applicable
- d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- 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: Not Applicable
- b) Nature of contracts / arrangements / transactions : Not Applicable
- c) Duration of the contracts / arrangements / transactions : Not Applicable
- d) Salient terms of the contracts or arrangements or transactions including the value, if any : Not Applicable
- e) Date(s) of approval by the Board, if any : Not Applicable
- f) Amount paid as advances, if any : None

Coimbatore
22-June-2018

Ashwin Chandran
Chairman and
Managing Director

₹ Lakhs						
	2013	2014	2015	2016	2017	2018
	IGAAP				IndAS	
Operating Results						
Total revenue	66,717	73,819	74,943	69,468	70,441	71,456
PBIDT	8,939	9,239	3,809	2,079	5,330	6,759
Interest	2,612	3,241	3,362	3,830	4,273	4,079
PBDT	6,327	5,998	447	(1,751)	1,057	2,680
Depreciation	3,032	3,945	3,691	3,800	3,420	3,257
Income Tax	228	322	-	-	-	-
Other Taxes	998	(1,314)	19	-	-	-
PAT	2,069	3,045	(3,264)	(5,551)	(2,363)	(577)
Dividend & Dividend Tax	94	281	-	-	-	-
Retained cash earnings	6,005	5,395	447	(1,751)	1,057	2,680
Performance Parameters						
Net Fixed Assets (WDV)	37,276	36,389	33,591	31,388	53,732	50,997
Share Capital	800	1,200	1,200	1,200	1,200	1,200
Free Reserves	13,175	14,801	12,265	6,714	31,343	30,809
Net worth	13,975	16,001	13,465	7,914	32,543	32,009
Long Term Borrowings	26,407	23,925	22,607	20,615	17,801	17,934
Debt:Equity	1.9	1.5	1.7	2.6	0.5	0.6
Dividend (%)	10	20	-	-	-	-
Earnings per share (₹)	17	25	(27)	(46)	(20)	(5)

INDEPENDENT AUDITOR'S REPORT**To the Members of Precot Meridian Limited****Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Precot Meridian Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit

evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, its loss (financial performance including other comprehensive income) its cash flows and changes in equity 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 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, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

- e. On the basis of written representations received from the directors as on 31st March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 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 Ind AS financial statements – Refer Note 45 on Contingent Liabilities to the standalone Ind AS 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 18 and Note 23 to the standalone Ind AS 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.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Reg.No.: 103523W/W100048

Kaushik Sidartha

Partner

M.No.: 217964

Place : Coimbatore

Date : 21st May 2018

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 2018]

- (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
			Deemed Cost as on 31 st March 2018	Carrying Value as on 31 st March 2018	
Land	1	Freehold	885.86	885.86	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	173.10	173.10	The title deeds are in the name of Suprem Textiles Processing Limited that was merged with the Company vide NCLT Order Dt. 18.09.2017
Land	1	Freehold	613.20	613.20	The title deeds are in the name of Multiflora (Floriculture) Private Limited currently known as Multiflora Processing Coimbatore Limited that was merged with the Company vide NCLT Order Dt. 18.09.2017

(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), (b) and (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 / delays in deposit have not been serious.

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	815.99	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	351.53	AY 2009-10 to 2010-11	ITAT Chennai
Central Excise Act 1944	Cenvat Credit	204.73	2017-18	Assistant Commissioner, Pollachi

(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 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 : 21-May-2018

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 2018]

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 31st March 2018 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 31st March 2018, 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 : 21-May-2018

Particulars	Note No.	As at 31.03.2018 ₹ Lakhs	As at 31.03.2017 ₹ Lakhs	As at 01.04.2016 ₹ Lakhs
ASSETS				
(1) Non-current Assets				
(a) Property, Plant and Equipment	2	50,852.53	53,188.52	56,785.63
(b) Capital work-in-progress	3(a)	100.27	476.33	65.98
(c) Investment Property	3(b)	-	0.22	0.22
(d) Intangible assets	3(c)	43.83	67.00	90.14
(e) Financial Assets				
(i) Investments	4	1,731.79	1,649.92	2,933.92
(ii) Loans	5	777.48	919.57	1,055.60
(iii) Other Financial Assets	6	-	97.35	-
(f) Other non-current assets	7	906.55	977.98	1,073.14
Total Non Current Assets		54,412.45	57,376.89	62,004.63
(2) Current assets				
(a) Inventories	8	15,480.82	14,773.64	12,842.49
(b) Financial Assets				
(i) Trade receivables	9	7,391.60	4,901.72	4,676.34
(ii) Cash and cash equivalents	10	161.51	272.62	239.00
(iii) Bank balances other than (ii) above	11	710.87	210.40	26.80
(iv) Loans	12	64.66	48.10	60.01
(v) Other Financial Assets	13	52.28	131.84	294.36
(c) Other current assets	14	1,758.64	1,020.24	978.41
Total Current Assets		25,620.38	21,358.56	19,117.41
TOTAL ASSETS		80,032.83	78,735.45	81,122.04
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share capital	15	1,200.00	1,200.00	1,200.00
(b) Other Equity	16	30,809.35	31,343.27	32,389.77
Total Equity		32,009.35	32,543.27	33,589.77
LIABILITIES				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	17,557.24	14,143.66	15,899.78
(ii) Other Financial Liabilities	18	549.00	-	378.61
(b) Provisions	19	287.60	235.60	171.58
(c) Other non-current liabilities	20	444.83	527.85	570.80
Total Non Current Liabilities		18,838.67	14,907.11	17,020.77
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	21	20,023.37	17,415.15	19,292.63
(ii) Trade payables	22	3,603.36	2,240.31	2,050.22
(iii) Other Financial Liabilities	23	3,763.29	7,084.70	8,445.91
(b) Other current liabilities	24	812.54	3,671.64	421.90
(c) Provisions	25	982.25	873.27	300.84
Total Current Liabilities		29,184.81	31,285.07	30,511.50
TOTAL LIABILITIES		48,023.48	46,192.18	47,532.27
TOTAL EQUITY AND LIABILITIES		80,032.83	78,735.45	81,122.04

Significant accounting policies & Notes on Financial Statements 1 & 2 to 58

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 : 21-May-2018

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

(FCS No. 9087)

Standalone Statement of Profit and loss

Particulars		Note No.	₹ Lakhs	
			For the year ended 31 st March 2018	For the year ended 31 st March 2017
I	Revenue From Operations	26	70,915.28	67,930.07
II	Other income	27	540.68	2,511.03
III	Total Revenue (I+II)		71,455.96	70,441.10
IV	Expenses			
	Cost of materials consumed	28	39,437.25	35,474.04
	Purchase of Stock-in-Trade		5,043.15	5,735.19
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	29	133.58	72.40
	Employee benefits expense	30	7,227.36	7,454.08
	Finance costs	31	4,079.23	4,272.93
	Depreciation and amortization expense	32	3,256.72	3,420.10
	Other expenses	33	17,005.35	16,374.98
	Total Expenses (IV)		76,182.64	72,803.72
V	Loss before exceptional items and Tax (III - IV)		(4,726.68)	(2,362.62)
VI	Exceptional items	50	4,149.93	-
VII	Loss before tax (V - VI)		(576.75)	(2,362.62)
VIII	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax	34	-	-
IX	Loss after Tax (VII - VIII)		(576.75)	(2,362.62)
X	Other Comprehensive Income (OCI)			
	Items that will not be reclassified to profit or loss			
	a) Remeasurement of the defined benefit plans		(39.04)	(21.28)
	b) Gains on fair value of Equity instruments at fair value through OCI		81.87	
	c) Gains on derecognition of equity instruments on disposal			1,337.40
	Income tax relating to items that will not be reclassified to profit or loss			
	Total Other Comprehensive Income (a+b+c)		42.83	1,316.12
XI	Total Comprehensive Income for the year (IX + X)		(533.92)	(1,046.50)
XII	Earnings per equity share of face value of ₹ 10/- each - Basic and Diluted (In ₹)	35	(4.81)	(19.69)

Significant accounting policies & Notes on Financial Statements 1 & 2 to 58

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 : 21-May-2018

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

(FCS No. 9087)

Statement of changes in equity for the year ended 31st March 2018

EQUITY SHARE CAPITAL:

₹ Lakhs

Balance at the beginning of the reporting year ie April 1, 2016	Changes in equity share capital during the year	Balance at the end of the reporting year ie March 31, 2017	Changes in equity capital during the year	Balance at the end of the reporting year ie March 31, 2018
1200.00	-	1,200.00	-	1,200.00
1200.00	-	1,200.00	-	1,200.00

OTHER EQUITY :

₹ Lakhs

Particulars	Reserves and Surplus					Items of other comprehensive income		Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Equity instruments through other Comprehensive Income	Re measurement of the defined benefit plans	
Balance at the beginning of the reporting year ie 01 st April 2016	48.19	355.00	2,736.46	11,796.41	16,001.18	1,279.84	172.69	32,389.77
Profit / (Loss) for the year								
Other Comprehensive Income for the year (net of tax)					(2,362.62)	1,337.40	(21.28)	(2,362.62)
Balances at the beginning of the reporting year ie 31 st March, 2017	48.19	355.00	2,736.46	11,796.41	13,638.56	2,617.24	151.41	31,343.27
Profit / (Loss) for the year	-	-	-	-	(576.75)	81.87	(39.04)	(576.75)
Other Comprehensive Income for the year (net of tax)								42.83
Balance at the end of the reporting year ie 31 st March 2018	48.19	355.00	2,736.46	11,796.41	13,061.81	2,699.11	112.37	30,809.35

Significant accounting policies & Notes on Financial Statements 1 & 2 to 58

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 : 21-May-2018

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

(FCS No. 9087)

Standalone Cash Flow Statement

Particulars	For the year ended 31.03.2018 ₹ Lakhs (533.92)	For the year ended 31.03.2017 ₹ Lakhs (1,046.50)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Total Comprehensive Income		
Adjustments for :		
Depreciation and amortization expense	3,256.72	3,420.10
Bad Debts Written off	6.28	22.74
Provision for Bad & Doubtful Debts	(5.16)	(15.76)
Provision for doubtful advances	32.39	43.78
Loss on part disposal of financial liabilities	200.00	-
(Profit)/Loss on Sale of Assets	(159.28)	(1,046.12)
(Profit)/Loss on Sale of Investment Property	(4,149.93)	-
Gains on derecognition of equity instruments	(8.07)	(1,337.40)
Investment Income - Dividend	-	(30.00)
Interest Income	(261.39)	(440.01)
Interest Payment	4,079.23	4,272.93
Assets Discarded / Written off	0.11	14.95
Exchange Fluctuation (Gain) / Loss on Re-statement	656.94	(743.98)
	<u>3,647.84</u>	<u>4,161.23</u>
Operating Profit before working capital changes	3,113.92	3,114.73
Adjustments for :		
(Increase) / Decrease in Inventories	(707.19)	(1,931.16)
(Increase) / Decrease in Trade Receivables	(2,336.55)	(329.12)
(Increase) / Decrease in Other Financial Assets	270.07	213.10
(Increase) / Decrease in Other Assets	(713.72)	(60.70)
Increase / (Decrease) in Trade Payable	1,363.07	190.12
Increase / (Decrease) in Provisions	160.97	636.46
Increase / (Decrease) in Other Financial Liabilities	(114.13)	(116.34)
Increase / (Decrease) in Other Liabilities	57.86	206.80
Cash generated from Operations	1,094.30	1,923.89
Direct Taxes Refund	(19.52)	42.00
Net Cash Flow from operating activities (A)	1,074.78	1,965.89
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment (Including WIP)	(757.60)	(1,800.10)
Advance settled for purchase of Property, Plant and Equipment	66.31	28.22
Sale of Property, Plant and Equipment	1,545.39	5,621.10
(Purchase) / Sale of Non - Current Investments	(73.80)	2,621.40
Interest Received	261.39	440.01
Dividend Received	-	30.00
Net Cash flow from / (used in) Investing activities (B)	1,041.69	6,940.63
C. CASH FLOW FROM FINANCING ACTIVITIES		
Unclaimed dividends paid	(5.99)	(0.26)
Interest Paid (Net)	(4,138.27)	(4,231.10)
Proceeds from Long Term Borrowings	13,084.27	2,860.06
Repayment of Long Term Borrowings	(11,922.91)	(5,674.56)
Proceeds / (Repayments) of Unsecured Loan	(1,255.14)	(1,542.65)
Payment of Transaction costs related to Borrowings	(1,027.76)	-
Proceeds / (Repayments) of loans repayable on demand	3,738.69	(100.79)
Swap Settlement Expenses	(200.00)	-
Net Cash Flow used in Financing Activities (C)	(1,727.11)	(8,689.30)
Net Increase/Decrease in Cash and Cash Equivalent (A+B+C)	389.36	217.22
Cash and Bank Balances as at 1.04.2017 and 1.04.2016 (Opening balance)	483.02	265.80
Less: Bank balances not considered as Cash and Cash Equivalents as per IND AS	710.87	210.40
Cash and Cash Equivalents* as at 31.03.2018 and 31.03.2017 (Closing balance)	161.51	272.62

Significant accounting policies & Notes on Financial Statements 1 & 2 to 58

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 : 21-May-2018

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

(FCS No. 9087)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018**1. Significant Accounting Policies****a. Corporate Information:**

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 1,88,112 spindles. In 2013, the company has set up a Greenfield technical textile at Hassan in the State of Karnataka.

b. General Information and Statement of Compliance with Ind AS:

These Standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The date of transition to Ind AS is April 1, 2016.

The Company has uniformly applied the accounting policies during the periods presented. These Standalone financial statements for the year ended 31st March 2018 are the first financial statements which the Company has prepared in accordance with Ind AS. For all periods up to and including the year ended 31st March 2017, the Company had prepared its Standalone financial statements in accordance with Accounting Standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS.

Refer Note 36 for information on the details of exemptions and exceptions availed by the company on First time adoption of Ind AS.

The Standalone financial statements for the year ended 31st March 2018 were authorized and approved for issue by the Board of Directors on 21st May 2018 and are subject to the approval of the shareholders at the Annual General Meeting.

2. Basis of Preparation:

The Standalone financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

The Standalone Financial Statements have been prepared & presented on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Standalone financial statements is determined on the basis stated above, except for Accounting for Leases that are within the scope of Ind AS 17 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use under Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

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

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

Level 3 inputs are unobservable inputs for the asset or liability.

a. Use of Estimates:

The preparation of Standalone financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues,

expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgements and the use of assumptions in these Standalone Financial statements have been disclosed separately under the heading "Significant accounting Judgements, estimates and assumption".

b. Current and Non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised net of discounts, sales incentives, rebates granted, returns, sales taxes and duties when the products are delivered to customer or when delivered to a carrier for export sale, when the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured. Revenue from the sale of goods excludes amounts collected on behalf of third parties, such as goods and service tax (GST), sales tax and value added tax, as applicable.

Other Operating Revenues comprise of income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.

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

Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or shorter period, where appropriate to the gross carrying amount of the financial asset or to the amortized cost of a financial asset.

When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss. The expected cash flows are reassessed on a yearly basis and changes, if any, are accounted prospectively.

d. Leasing:

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are treated as operating lease.

The Company as a lessor: Assets subject to operating leases are included in PPE. Lease income on an operating lease is recognized in the statement of profit and loss on a straight line basis over the term of the relevant lease except to the extent that the lease payments are structured to compensate for the expected inflationary cost. Costs including depreciation are recognized as an expense in the statement of profit and loss.

The Company as a lessee: Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term except to the extent that the lease payments are structured to compensate for the expected inflationary cost.

Finance leases

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are treated as period cost and are expensed accordingly.

e. Business Combinations – Common Control Transactions

As part of its transition to Ind AS, the Group has elected to apply the relevant IND AS, viz Ind AS 103, Business Combinations, to only those business combinations that occurred on or after 1st April 2016.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method.

The assets and liabilities of the acquired entity are recognised at their carrying amounts of the parent entity's Standalone financial statements with the exception of certain income tax and deferred tax assets and no goodwill is recognised. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statement in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statement irrespective of the actual date of business combination unless the combination had occurred after that date.

f. Foreign Currency Transactions

Functional and presentation currency

The Standalone financial statements are presented in Indian Rupee (₹) which is also the functional and presentation currency of the Company.

i) Initial Recognition:

Transactions in foreign currencies are translated into the functional currency (i.e., ₹) of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transactions.

ii) Conversion:

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

Long Term Foreign Currency Monetary Items: The Company has elected the option under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and has continued the policy adopted for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the Standalone financial statements upto March 31, 2016. Accordingly, exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets.

g. Property, Plant and Equipment

Property, Plant and Equipment (PPE), being fixed assets are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used for more than a period of twelve months.

Items of Property, plant and equipment (PPE) are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Financing costs (if any) relating to acquisition of assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use.

Initial Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its location and working condition necessary for it to be capable of operating in the manner intended by the Management and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Subsequent costs and disposal: Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance/life.

All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Derecognition: The carrying amount of an item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of an item of PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE, and are recognized net within other income/other expenses in statement of profit and loss.

Capital-work-in-progress: Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs (net of income) associated with the commissioning of an asset are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

Depreciation: Depreciation on PPE are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, except Lease hold buildings are amortised over the duration of the shorter of the useful life or lease term and in respect of Plant & Equipments where the useful life is estimated to be 20 years (10 years based on triple shift basis), based on technical evaluation.

The Management believes that the estimated useful lives as per the provisions of Schedule II to the Companies Act, 2013, wherever adopted, are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged prospectively to reflect the changed pattern.

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

Class of Assets	Useful Lives
Factory Buildings	30 Years
Non- Factory Buildings	60 Years
Leasehold Buildings	Term of Lease
Plant and Equipment	10 Years (on triple shift basis)
Vehicles	10 Years
Furniture and Fixtures	10 Years
Computer	3 Years

h. Intangible Assets and Amortisation:

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

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

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

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Class of Assets	Useful Lives
Computer software - Acquired	6 years

i. Impairment of Non Financial assets:

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

j. Investment Property

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

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

Any Gain or Loss on disposal of Investment Property is recognised in Profit and Loss.

k. Borrowing Costs

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

l. Government Grants:

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset and presented within other income. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

m. Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to

expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

n. Inventories:

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods and work in progress include cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The Net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw Material, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on item-by-item basis.

Stores & Spares which do not meet the definition of PPE are accounted as inventories.

o. Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

p. Taxation

Income tax expense represents the sum of the current tax and deferred tax.

i. **Current income tax** assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii. **Deferred tax** is provided, using the balance sheet method, on all deductible temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and on carry forward of unused tax credits and unused tax loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized outside profit or loss is recognised outside profit or loss (either in other comprehensive income or equity).

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets (including Minimum Alternate Tax credit available) is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

iii. **Minimum Alternate Tax (MAT)** paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax.

Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company. 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.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

q. Employee Benefits

Retirement benefit costs and termination benefits:

- i. **Defined Contribution Plan:** A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Employee State Insurance. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.
- ii. **Defined Benefit Plan:** The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b. net interest expense or income; and
- c. re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. The Company presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary and also considering whether the Company will contribute this amount to the gratuity fund within the next twelve months.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

r. Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered

from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

s. **Contingent liabilities and Contingent Assets:**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Standalone financial statements.

Contingent assets are not recognised but disclosed in the Standalone financial statements when an inflow of economic benefits is probable.

t. **Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

A. **Financial Assets:**

- I. **Recognition and initial Measurement:** The Company initially recognises loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.
- II. **Classification of financial assets:** On initial recognition, a financial asset is classified to be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL:

- i) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognized in statement of profit or loss. The net gain or loss recognized in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- a. The Company's right to receive the dividends is established,
- b. It is probable that the economic benefits associated with the dividends will flow to the entity,
- c. The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Investment in Subsidiaries, Associates and Joint ventures:

The Company's investment in equity instruments of Subsidiaries, Associates and Joint venture are accounted for at cost as per Ind AS 27.

- III. Derecognition of financial assets:** The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) is impaired based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

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

B. Financial liabilities and equity instruments

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

I. Recognition and initial Measurement:

A financial liability is classified as held for trading if:

- i) It has been incurred principally for the purpose of repurchasing it in the near term; or
- ii) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii) it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

II. Subsequent measurement

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

a. Loans and borrowings

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

b. Trade and other payables

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

c. Other financial liabilities at fair value through profit or loss:

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

Other financial liabilities: Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

III. Derecognition of financial liabilities: The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

IV. Derivative financial instruments: The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, commodity price and foreign exchange rate risks, including foreign exchange forward contracts, foreign exchange options, commodity forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedge item.

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently

enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

a. Fair value measurement:

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

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

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

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

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

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

- ❖ **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ❖ **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- ❖ **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Key sources of estimation uncertainty and critical accounting judgements:

In the course of applying the policies outlined in all notes under section 2 above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

Estimation Uncertainty:

- i. Useful Lives of Property, Plant and Equipment: Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.
- ii. Impairment: Determining whether the assets are impaired requires an estimate in the value in use of the assets. The value in use calculation requires the Management to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate present value. When the actual cash flows are less than expected, a material impairment loss may arise.
- iii. Provisions and Contingencies: Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.
- iv. Fair Value Measurement: When the fair values of financial assets or financial liabilities recorded or disclosed in the Standalone

financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 41.

- v. **Taxes:** Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
- vi. **Defined Benefit Obligation:** The costs of providing Gratuity and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 39, 'Employee benefits'.
- vii. **Inventories:** An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.

Standards issued or modified but not yet effective up to the date of issuance of the company's financial statements:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28th March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1st April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant."

Ind AS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1st April 2018. Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognized when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1st April 2018.

The standard permits two possible methods of transition: Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect, if any, on adoption of Ind AS 115 is expected to be insignificant".

Non Current Assets
2. PROPERTY, PLANT AND EQUIPMENT

₹ Lakhs

Particulars	Freehold Land	Building Equipment (Owned)	Plant and equipment (Owned)	Furniture and Fixtures	Vehicles	Computer	Tangibles Total
Cost/Deemed Cost							
At 01st April 2016	26,652.82	7,246.87	22,486.36	151.14	191.14	57.30	56,785.63
Additions	2.30	71.62	1,254.51	10.55	39.58	10.21	1,388.77
Deductions	223.90	481.01	929.23	2.82	14.50	10.35	1,661.81
At 31st March 2017	26,431.22	6,837.48	22,811.64	158.87	216.22	57.16	56,512.59
Additions	-	25.69	1,080.79	11.69	-	13.84	1,132.01
Deductions	-	1.07	240.75	0.77	0.53	0.80	243.92
At 31st March 2018	26,431.22	6,862.10	23,651.68	169.79	215.69	70.20	57,400.68
Accumulated depreciation and impairment							
At 01st April 2016	-	-	-	-	-	-	-
Depreciation during the year	-	349.13	2,967.69	28.47	28.27	22.66	3,396.22
Deductions	-	3.66	66.68	0.10	1.71	-	72.15
At 31st March 2017	-	345.47	2,901.01	28.37	26.56	22.66	3,324.07
Depreciation expense	-	346.05	2,827.17	21.56	29.63	7.48	3,231.89
Deductions	-	-	7.32	0.33	-	0.16	7.81
At 31st March 2018	-	691.52	5,720.86	49.60	56.19	29.98	6,548.15

Carrying Value

At 31st March 2018	26,431.22	6,170.58	17,930.82	120.19	159.50	40.22	50,852.53
At 31 st March 2017	26,431.22	6,492.01	19,910.63	130.49	189.66	34.50	53,188.52
At 31 st March 2016	26,652.82	7,246.87	22,486.36	151.14	191.14	57.30	56,785.63

The reconciliation of PPE as per IndAS as on the transition date is given below:

₹ Lakhs

Particulars	Gross block as per IGAAP - 01.04.16	Accumulated Depreciation as per IGAAP - 01.04.16	Net block as per IGAAP - 01.04.16	Ind AS Adjustments 01.04.16	Gross block as per Ind AS - 01.04.16
Free hold Land	413.08	-	413.08	26,239.74	26,652.82
Leasehold Land	570.58	-	570.58	(570.58)	-
Building	10,134.07	2,645.64	7,488.43	(241.56)	7,246.87
Plant and Equipment	59,118.61	36,758.19	22,360.42	125.94	22,486.36
Furnitures & Fixtures	360.33	209.19	151.14	-	151.14
Vehicles	402.17	211.03	191.14	-	191.14
Computer	552.67	495.37	57.30	-	57.30
	71,551.51	40,319.42	31,232.09	25,553.54	56,785.63

Entire movable and immovable Property, Plant and Equipment of the company is hypothecated with banks against term loans. Refer note no: 17

 In accordance with the exemption given under Ind AS 101, which has been exercised by the Company, a first time adopter can continue its previous GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the previous GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. 01st April, 2017. (Refer note 36 - First time adoption of Ind AS)

Accordingly, foreign currency exchange differences arising on translation/settlement of long-term foreign currency monetary items acquired before April 01, 2017 pertaining to the acquisition of a depreciable asset amounting to ₹ Nil (March 31, 2017 ₹ Nil, April 1, 2016 ₹20.25 Lakhs Loss) are included in the WDV of respective item of property, plant and equipment.

3(a) CAPITAL WORK IN PROGRESS

₹ Lakhs

Particulars	Capital work in progress
Cost/Deemed Cost	
At 01st April 2016	65.98
Additions	476.33
Deductions	65.98
At 31st March 2017	476.33
Additions	100.27
Deductions	476.33
At 31st March 2018	100.27
Accumulated depreciation and impairment	
At 01st April 2016	-
Amortization	-
Deductions	-
At 31st March 2017	-
Amortization	-
Deductions	-
At 31st March 2018	-

Carrying Value

At 31st March 2018	100.27
At 31 st March 2017	476.33
At 31 st March 2016	65.98

3(b) INVESTMENT PROPERTY

₹ Lakhs

Particulars	Investment property
Cost/Deemed Cost	
At 01st April 2016	0.22
Additions	-
Deductions	-
At 31st March 2017	0.22
Additions	-
Deductions	0.22
At 31st March 2018	-
Accumulated depreciation and impairment	
At 01st April 2016	-
Amortization	-
Deductions	-
At 31st March 2017	-
Amortization	-
Deductions	-
At 31st March 2018	-

Carrying Value

At 31st March 2018	-
At 31 st March 2017	0.22
At 31 st March 2016	0.22

3(c) INTANGIBLE ASSETS
₹ Lakhs

Particulars	Intangible Assets
	Computer Software
Cost/Deemed Cost	
At 01st April 2016	90.14
Additions	0.99
Deductions	0.29
At 31st March 2017	90.84
Additions	1.66
Deductions	-
At 31st March 2018	92.50
Accumulated depreciation and impairment	
At 01st April 2016	-
Amortization	23.88
Deductions	0.04
At 31st March 2017	23.84
Amortization	24.83
Deductions	-
At 31st March 2018	48.67
Carrying Value	
At 31st March 2018	43.83
At 31 st March 2017	67.00
At 31 st March 2016	90.14

The reconciliation of Intangible Assets and Investment property as per IndAS as on the transition date is given below: ₹ Lakhs

Particulars	Gross block as per IGAAP - 01.04.16	Accumulated depreciation as per IGAAP - 01.04.16	Net Block as per IGAAP - 01.04.16	Ind As Adjustment	Gross block as per Ind As - 01.04.16
Computer software	431.81	341.67	90.14	-	90.14
Investment property	-	-	-	0.22	0.22
	431.81	341.67	90.14	0.22	90.36

Rental income derived from investment properties	Nil
Direct operating expenses (including repairs and maintenance) generating rental income	Nil
Direct operating expenses (including repairs and maintenance) for properties not generating rental income	Nil

The fair values of investment properties as at March 31, 2018 is ₹ Nil (PY ₹ 4130 Lakhs). These valuations are based on valuations performed by accredited independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. Fair Value is based on Summation approach using Guideline Value of the land and the Depreciated Value of the building. The fair value measurement is categorised in level 2 of fair value hierarchy.

During the year, the Investment Property situated at Ooty was disposed and the gain arising from the disposal of Investment property determined as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss.

Non Current Assets (Contd)
4. FINANCIAL ASSETS: INVESTMENTS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Investment in Partnership Firm - at cost			
Investment in Partnership Firm - Suprem Associates *	10.00	10.00	10.00
Investment in equity shares at fair value through other comprehensive income			
Trade Investments - Unquoted, fully paid up			
1,00,000 Vantex Limited of ₹ 10 each (as on 31.03.17, 01.04.16 - 1,00,000 shares)	-	3.00	3.00
12,06,000 A.P. Gas Power Corporation Limited of ₹ 10 each (as on 31.03.17, 01.04.16 - 12,06,000 shares)	1,025.10	1,000.98	1,000.98
2,25,000 Sai Regency Power Corporation Private limited of ₹ 10 each (as on 31.03.17, 01.04.16 - 2,25,000 shares)	686.25	625.50	625.50
14,000 OPG Energy Private Limited of ₹ 10 each (as on 31.03.17, 01.04.16 - 14,000 shares)	1.40	1.40	1.40
83,004 Ind-Bharath Power Gencom Limited of ₹ 10 each (as on 31.03.17, 01.04.16 - 83,004 shares)	8.00	8.00	8.00
Total Trade Investments	1,720.75	1,638.88	1,638.88
Other Investment - Quoted, fully paid-up			
Nil Shares Pricol Limited of ₹ 1 each (as on 31.03.17 - Nil, 01.04.16 - 30,00,000 shares)	-	-	1,284.00
Other Investment - Unquoted, fully paid-up			
100 Precot Mills Employees Cooperative Credit Society of ₹ 10 each (as on 31.03.17, 01.04.16 - 100 shares)	0.01	0.01	0.01
100 Precot Mills Multi purpose stores of ₹ 10 each (as on 31.03.17, 01.04.16 - 100 shares)	0.01	0.01	0.01
10 Precot Workers Credit Co-operative Stores of ₹ 10 each (as on 31.03.17, 01.04.16 - 10 shares)	0.00	0.00	0.00
10 Multiflora Floriculture Stores of ₹ 10 each (as on 31.03.17, 01.04.16 - 10 shares)	-	0.00	0.00
10,000 Cotton Sourcing Company Ltd of ₹ 10 each (as on 31.03.17, 01.04.16 - 10,000 shares)	1.00	1.00	1.00
Total Other Investments	1.02	1.02	1,285.02
In Government Securities	0.02	0.02	0.02
TOTAL INVESTMENTS	1,731.79	1,649.92	2,933.92
Aggregate amount of Quoted Investments and Market Value thereof	-	-	1,284.00
Aggregate amount of Unquoted Investments	1,731.79	1,649.92	1,649.92
Category-wise Non current investment			
Financial assets carried at cost	10.00	10.00	10.00
Financial assets measured at fair value through other comprehensive income	1,721.79	1,639.92	2,923.92
Total Non current investment	1,731.79	1,649.92	2,933.92

₹ Lakhs

Reconciliation of carrying value of Investment as per previous GAAP with carrying value as per Ind AS	01 st April 2016		
Particulars	Carrying amount as per previous GAAP	IndAS adjustments	Carrying amount as Ind AS
Trade Investments - Unquoted, fully paid up	1,540.19	98.69	1,638.88
Other Investment in subsidiary companies - unquoted, fully paid up	130.00	(130.00)	-
Other Investment in partnership firm*	9.90	0.10	10.00
Other Investment - unquoted, fully paid up	1.02	0.02	1.04
Other Investment - Quoted, fully paid-up	101.00	1,183.00	1,284.00

* The particulars of partners of the partnership firm, the profit sharing ratio and the capital account balances are as follows:

	Profit Sharing Ratio	Capitals as at 31 st March 2018	Capitals as at 31 st March 2017	Capitals as at 01 st April 2016
Precot Meridian Ltd	99%	10.00	9.00	9.00
Supreme Textile Processing Ltd	-	-	1.00	1.00
V.Subramanian	1%	0.10	-	-

Carrying amount of equity investments at fair value through Other Comprehensive Income are considered to be at fair value as there is a wide range of possible fair value measurement and the cost represents estimate of fair value within that range considering the purpose and restriction with transferability of the investment.

5. LOANS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good			
Security Deposits	706.00	848.09	984.12
Dues from subsidiary	71.48	71.48	71.48
	777.48	919.57	1,055.60

6. OTHER FINANCIAL ASSETS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Derivative Asset - at FVTPL	-	97.35	-
	-	97.35	-

7. OTHER NON-CURRENT ASSETS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good			
i) Capital advances	47.43	113.74	141.96
ii) Advances other than Capital advances			
Advance Tax, net off provisions	450.39	430.87	472.87
Others			
i) Prepaid Lease rental *	390.60	421.00	451.40
ii) Prepaid expenses	18.13	12.37	6.91
	906.55	977.98	1,073.14

* Represents Non-Current portion of the tentative lease price paid to Karnataka Industrial Area Development Board for a term of 20 years and being amortised over the Lease period.

CURRENT ASSETS:
8. INVENTORIES (at lower of cost and net realisable value)

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Raw Materials	10,739.22	9,738.60	7,854.40
Work-in-progress	1,433.40	1,751.62	1,495.92
Finished goods	2,530.26	2,305.81	2,858.00
Stock in trade	186.27	-	8.16
Stores and spares	514.52	674.38	555.02
Waste Cotton	77.15	303.23	70.99
	15,480.82	14,773.64	12,842.49
Details of stock in transit			
Particulars			
Raw Materials	420.38	450.59	-
Stores and spares	23.80	-	-
Total	444.18	450.59	-

- (i) For method of valuation of inventories, refer note 1
- (ii) Inventory held at net realizable value amounted to ₹230.64 Lakhs (as at 31.03.17- ₹471.61 Lakhs).
The amount of write down of inventory recognised as an expense during the year is ₹119.67 Lakhs (2016-17 ₹ 118.48 Lakhs).
- (iii) There has been no reversal of such write down in current and previous years.
- (iv) Inventories with the above mentioned carrying amount have been pledged as security against certain bank borrowings of the Company (Refer note 21)
- (v) Cost of inventory recognised as an expense:

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Cost of materials consumed	39437.25	35474.04
Cost of goods sold	5176.73	5807.58
Consumption of Stores & Spare parts	2211.84	2284.40
Power & Fuel	389.69	509.20

9. TRADE RECEIVABLES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good	7,391.60	4,901.72	4,676.34
Unsecured, considered doubtful	32.60	11.26	27.66
	7,424.20	4,912.98	4,704.00
Less: Allowance for doubtful Debts	(32.60)	(11.26)	(27.66)
	7,391.60	4,901.72	4,676.34

Ageing of receivables that are past due but not impaired

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
60-90 days	539.05	393.33	147.32
90-180 days	330.36	82.21	35.53
> 180 days	33.83	18.56	28.66
Total	903.24	494.10	211.51

Movement in Allowance for doubtful debts is as follows:

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Opening	11.26	27.66
Additions	27.93	10.67
Reversal	6.59	27.07
Closing	32.60	11.26

The credit period on sales of goods ranges from 21 to 70 days without security. No interest is charged on trade receivables upto the end of the credit period.

Trade receivables with the above mentioned carrying amount have been given as collateral towards borrowings (refer security note Note 17 & 21).

In determining the allowances for doubtful trade receivables, the Company uses the expected credit loss allowance method. Expected credit losses are estimated after taking into account historical credit loss experiences of the Company.

10. CASH AND CASH EQUIVALENTS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Balances with Banks			
Current accounts	160.18	270.90	219.49
In term deposit accounts with maturity less than 3 months at inception	-	-	15.00
Cash on hand	1.33	1.72	4.51
	161.51	272.62	239.00

11. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Earmarked balances			
In Unclaimed dividend accounts	16.35	22.34	22.60
Other balances:			
In margin money *			
with maturity more than 3 months but less than 12 months at inception	669.34	183.49	4.20
with maturity more than 12 months at inception	25.18	4.57	-
	710.87	210.40	26.80

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

12. LOANS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good			
Loans to employees	64.66	48.10	60.01
	64.66	48.10	60.01

13. OTHER FINANCIAL ASSETS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good			
Derivative Asset - at FVTPL	-	40.37	-
Income accrued	51.70	58.98	74.32
Interest Subsidy Receivable	0.58	32.49	220.04
Unsecured, considered doubtful			
Interest Subsidy Receivable	2,142.64	2,136.11	2,136.11
Less : Allowance for doubtful advances/ deposits	(2,142.64)	(2,136.11)	(2,136.11)
	52.28	131.84	294.36

Movement in Allowance for doubtful advances is as follows:

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Opening	2,136.11	2,136.11
Additions	6.53	-
Reversal	-	-
Closing	2,142.64	2,136.11

14. OTHER CURRENT ASSETS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good			
Advance to Trade Suppliers	185.27	447.41	277.83
Export incentives receivable	415.30	151.47	152.64
Indirect tax balances/ recoverable/ credits	928.70	93.77	230.97
Unsecured, considered doubtful			
Indirect tax balances/ recoverable/ credits	43.78	43.78	-
Less : Allowance for doubtful advances/ deposits	(43.78)	(43.78)	-
Others			
Prepaid expense *	229.37	327.59	316.97
	1,758.64	1,020.24	978.41

* Includes current portion of the tentative lease price paid to Karnataka Industrial Area Development Board for a term of 20 years and being amortised over the Lease period.

Movement in Allowance for doubtful advances is as follows:

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Opening	43.78	-
Additions	-	43.78
Reversal	-	-
Closing	43.78	43.78

15. EQUITY SHARE CAPITAL

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Authorised			
2,13,00,000 Equity Shares of ₹10 each (31.03.17 and 01.04.16 - 2,00,00,000 Equity Shares of ₹ 10 each)	2,130.00	2,000.00	2,000.00
Issued, Subscribed & fully Paid up			
1,20,00,000 Equity Shares of ₹ 10 each fully paid up (31.03.17 and 01.04.16 - 1,20,00,000 Equity Shares of ₹ 10 each)	1,200.00	1,200.00	1,200.00
	1,200.00	1,200.00	1,200.00

(i) The reconciliation of the numbers of shares outstanding is set out below:

Fully paid Equity shares of ₹ 10/- each	31.03.2018		31.03.2017		01.04.2016	
	Number	₹ Lakhs	Number	₹ Lakhs	Number	₹ Lakhs
At the beginning of the year	1,20,00,000	1,200.00	1,20,00,000	1,200.00	1,20,00,000	1,200.00
Add: Issued during the year	-	-	-	-	-	-
At the end of the year	1,20,00,000	1,200.00	1,20,00,000	1,200.00	1,20,00,000	1,200.00

(ii) 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 ensuing Annual General Meeting.
- In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the share holders.

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

S. No.	Name of Shareholder	Equity Shares					
		As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
		No. of Shares held	% of holding	No. of Shares held	% of holding	No. of Shares held	% of holding
1	Sarath Chandran (Ind)	16,24,857	13.54	16,24,857	13.54	16,24,857	13.54
2	D Sarath Chandran (HUF)	12,16,251	10.14	12,16,251	10.14	12,16,251	10.14
3	Ashwin Chandran	23,07,987	19.23	23,07,457	19.23	23,07,457	19.23
4	Prashanth Chandran	19,72,411	16.44	19,71,891	16.43	19,71,891	16.43

iv) 40,00,000 shares were allotted as bonus shares by capitalisation of securities premium during the year 2013-14.

v) There are no shares held by Holding Company / Subsidiaries of ultimate Holding Company.

16. OTHER EQUITY

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
General reserve	11,796.41	11,796.41	11,796.41
Capital Reserve	48.19	48.19	48.19
Capital Redemption Reserve	355.00	355.00	355.00
Securities Premium reserve	2,736.46	2,736.46	2,736.46
(A)	14,936.06	14,936.06	14,936.06
Retained earnings			
Opening Balance	13,638.56	16,001.18	16,001.18
Add: Loss for the year	(576.75)	(2362.62)	-
(B)	13,061.81	13,638.56	16,001.18
Other Comprehensive Income:			
Opening Balance	2,768.65	1,452.53	-
Add : Additions during the year	42.83	1,316.12	1,452.53
(C)	2,811.48	2,768.65	1,452.53
(A+B+C)	30,809.35	31,343.27	32,389.77

a. General reserve:

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations.

Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

b. Capital Redemption Reserve:

i) An amount of ₹ 55 Lakhs was transferred to capital redemption reserve consequent to buy back of 5,50,000 equity shares in July 2002 as per statutory requirement and

ii) ₹ 300 Lakhs has been transferred from Meridian Industries Limited in 2006-07 to the Company in the course of business combinations and can be utilized in accordance with the provisions of the Companies Act, 2013.

NON-CURRENT LIABILITIES:
17. BORROWINGS

₹ Lakhs

Particulars	31.03.2018		31.03.2017		01.04.2016	
	Non Current	Current	Non Current	Current	Non Current	Current
Secured Loans - at amortised cost						
Term loans from Banks	18,585.00	377.00	14,143.66	3,656.98	15,899.78	4,715.37
Less: Amount disclosed under current maturities		377.00		3,656.98		4,715.37
Less: Unamortised upfront fees on borrowings	1,027.76		-		-	
	17,557.24	-	14,143.66	-	15,899.78	-

The Company has not defaulted in the repayment of loans and interest as at Balance Sheet date.

A) Amount of loan outstanding:

₹ Lakhs

Description	31.03.2018	31.03.2017	01.04.2016	Security
Rupee term loan of from Andhra Bank	-	1,428.00	2,242.50	Note 1
Rupee Tuf loan from EXIM Bank	-	1,768.65	2,801.03	Note 1
Rupee Tuf loan – XII from SBI	-	430.13	1,567.63	Note 1
Rupee Tuf loan - XIII from ICICI Bank	5,000.00	8,064.00	9,504.00	Note 3
Rupee Tuf Loan – XVI from The South Indian Bank Ltd	462.00	860.06	-	Note 1a
Rupee Corporate Loan from ICICI Bank	500.00	2,250.00	2,500.00	Note 3
Rupee Corporate Loan from Axis Bank	-	2,999.80	2,000.00	Note 2
Rupee Term Loan Loan from Indusind Bank Ltd	13,000.00	-	-	Note 4
	18,962.00	17,800.64	20,615.16	

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

B) Security details:

Note 1: 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.

Note 1a: Exclusive first charge on Machineries acquired out of the loan.

Note 2: 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.

Note 3: 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 movable fixed asset of the unit at Hassan, ranking pari passu charge with ICICI bank's derivative limits for the unit at Hassan.

Note 4: First charge on the entire movable and immovable fixed assets of the company, present and future. Second Charge on the current assets of the company, both present and future. Promoters shall offer 3.60 million shares in Precot Meridian Limited, currently representing 30% of total shareholding in the company to Indusind Bank Limited (IBL) under Non-Disposal Undertaking (NDU) -Power of Attorney (POA) and 2.52 million shares currently representing 21% of total shareholding in the company to IBL under NDU.

In respect of the above, Rupee Term Loans carry interest ranging from 9.35% p.a. to 12% p.a.

C) Maturity pattern:

₹ Lakhs

Description	Maturity	31.03.2018	31.03.2017	Effective Interest Rate
Rupee Tuf loan – X from EXIM Bank	Paid on 20-Apr-2017	-	100.15	
Rupee Tuf loan – XI from EXIM Bank	Paid on 25-May-2017	-	693.50	
Rupee Tuf loan – XII from SBI	Repaid as on 05-July-2017	-	430.13	
Rupee Tuf loan XIII from ICICI Bank	5 Half yearly instalments of ₹ 916 Lakhs from Jul-19 to Jan-20, ₹ 1056 Lakhs from Jul-20 to Jul-21.	5,000.00	8,064.00	11.35%
Rupee Tuf Loan – XIV from EXIM Bank	Paid on 25-May-2017	-	975.00	
Rupee Tuf Loan – XV from Andhra Bank	Prepaid on 19-Jul-2017	-	1,428.00	
Rupee Tuf Loan – XVI from The South Indian Bank	24 quarterly instalments ₹19.25 Lakhs till 11-Feb-2024.	462.00	860.06	11.10%
Rupee Corporate Loan from ICICI Bank	4 Half yearly instalments ₹ 125 Lakhs each from Jul-19 to Jan-21	500.00	2,250.00	11.85%
Rupee Corporate Loan from Axis Bank	Repaid as on 17-May-2017	-	2,999.80	
Rupee Term Loan from Indusind Bank Ltd	84 months with Quarterly repayments starting from 30-Jun-2018 till 31-Mar-2024	13,000.00	-	11.71%
		18,962.00	17,800.64	

18. OTHER FINANCIAL LIABILITIES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Derivative Liability - at FVTPL	549.00	-	378.61
	549.00	-	378.61

19. PROVISIONS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Provision for employee benefits			
Gratuity (Refer note no: 39)	287.60	235.60	171.58
	287.60	235.60	171.58

20. OTHER NON-CURRENT LIABILITIES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Deferred Government Grant*	444.83	527.85	570.80
	444.83	527.85	570.80

* Represents Grant received from the Government of Karnataka and treated as deferred income to be released to Profit and Loss account over the useful life of Property, Plant and Equipment against which such Grant was received.

CURRENT LIABILITIES
21. BORROWINGS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Secured Loans - at amortised cost			
Loans repayable on demand:			
From Banks			
- Domestic Currency Loans	6,921.35	4,837.06	5,697.34
- Foreign Currency Loan	8,106.06	6,326.99	5,801.54
Unsecured Loans at amortised cost			
Loans repayable on demand:			
From Banks			
- Domestic Currency Loans	4,995.96	6,251.10	7,793.75
	20,023.37	17,415.15	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 8.55 % p.a. to 13.35% p.a. and working capital foreign currency loans carry interest ranging from 1.60% p.a. to 5% p.a. plus applicable LIBOR.
3. Unsecured short term loans from ICICI & IDBI Bank carry interest at 8.40% and 8.35% p.a. respectively.

22. TRADE PAYABLES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Trade payables			
- Total outstanding dues of Micro and Small Enterprises (Refer note 47)	35.08	26.25	29.18
- Total outstanding dues of creditors other than Micro and Small Enterprises	3,568.28	2,214.06	2,021.04
	3,603.36	2,240.31	2,050.22

23. OTHER FINANCIAL LIABILITIES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Current maturities of long-term debt (Refer note no: 17)	377.00	3,656.98	4,715.37
Interest accrued but not due on borrowings	21.46	80.49	38.64
Unpaid dividends	16.35	22.34	22.60
Accrued Employee benefits	667.83	772.56	913.39
Derivative liability - at FVTPL	-	-	138.57
Temporary Over Draft from Banks	-	-	6.74
Others *	2,680.65	2,552.33	2,610.60
	3,763.29	7,084.70	8,445.91

* Includes expenses payable

24. OTHER CURRENT LIABILITIES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Statutory Liabilities	530.46	234.63	216.42
Advance from Customers	196.66	351.72	120.45
Deferred Government Grant - refer note no: 20	83.03	83.03	83.03
Others *	2.39	3,002.26	2.00
	812.54	3,671.64	421.90

* Includes advance received towards sale of immovable property.

25. CURRENT LIABILITIES - PROVISIONS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Provision for employee benefits - Gratuity - (Refer note no: 39)	166.26	93.38	84.84
Provision for Statutory dues	815.99	779.89	216.00
	982.25	873.27	300.84

Movement in provisions for statutory dues:

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Opening	779.89	216.00
Additions	36.10	563.89
Reversal	-	-
Closing	815.99	779.89

26. REVENUE FROM OPERATIONS

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Sale of Products - Manufactured Goods		
Sale of Yarn	54,063.95	50,016.21
Sale of Technical Textile products	7,289.77	4,142.38
Sale of Fabric	1,342.77	3,924.03
Sale of Products - Traded Goods		
Sale of Yarn & Cotton	5,193.45	6,013.83
Total (A)	67,889.94	64,096.45
Other operating revenue		
Scrap Sales	2,609.29	2,798.00
Export Incentive	378.55	719.47
Processing Income	-	273.01
Others*	37.50	43.14
Total (B)	3,025.34	3,833.62
Total (A+B)	70,915.28	67,930.07

* Includes packing charges collected.

27. OTHER INCOME

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Interest Income from financial assets at amortised cost	261.39	440.01
Dividend - From investments measured at FVOCI	-	30.00
Net gain on disposal of property, plant and equipment	159.28	1,046.12
Net gain on disposal of current investments measured at FVTPL	8.07	3.90
Insurance claim receipts	4.04	141.92
Gains on exchange fluctuations (net) (Refer note no: 51)	-	735.22
Deferred income from Government grant (Refer note no: 20)	83.03	80.42
Miscellaneous Income	24.87	33.44
	540.68	2,511.03

28. COST OF MATERIALS CONSUMED

₹ Lakhs

Cost of materials consumed			31.03.2018	31.03.2017
Cotton			39,437.25	35,474.04
			39,437.25	35,474.04
Particulars of Materials consumed	31.03.2018		31.03.2017	
	% of Consumption	₹ Lakhs	% of Consumption	₹ Lakhs
Imported	12.20	4811.69	10.82	3836.89
Indigenous	87.80	34,625.56	89.18	31,637.15
	100.00	39,437.25	100.00	35,474.04

29. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Inventory at the end of the year		
Work in Progress and Waste Cotton		
Yarn	1,182.12	1,430.75
Technical Textile products	328.44	624.11
Fabric	-	-
	1,510.56	2,054.86
Finished Goods		
Yarn	2,276.67	2,034.27
Technical Textile products	253.59	271.54
Traded Goods	186.27	-
Fabric	-	-
	2,716.53	2,305.81
Total	4,227.09	4,360.67

29. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS (Contd.)

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Less : Inventory at the beginning of the year		
Work in Progress and Waste Cotton		
Yarn	1,430.75	1,246.15
Technical Textile products	624.11	320.76
Fabric	-	-
	2,054.86	1,566.91
Finished Goods		
Yarn	2,034.27	2,769.07
Technical Textile products	271.54	88.93
Traded Goods	-	8.16
Fabric	-	-
	2,305.81	2,866.16
Total	4,360.67	4,433.07
(Increase) / decrease in Inventories	133.58	72.40

30. EMPLOYEE BENEFITS EXPENSE

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Salaries, Wages and Bonus	6,183.82	6,369.23
Contributions to Provident fund and other funds	618.77	580.54
Staff welfare expenses	424.77	504.31
	7,227.36	7,454.08

31. FINANCE COST

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Interest expense	3,481.31	4,132.40
Unwinding of interest on financial liabilities	260.50	-
Exchange differences regarded as an adjustment to borrowing cost	152.49	-
Other borrowing costs	184.93	140.53
	4,079.23	4,272.93

32. DEPRECIATION AND AMORTIZATION

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Depreciation - Refer note no: 2	3,231.89	3,396.22
Amortization of Intangible asset - Refer note no: 3(c)	24.83	23.88
	3,256.72	3,420.10

33. OTHER EXPENSES

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Consumption of Stores & Spare parts	2,211.84	2,284.40
Power & Fuel (Net) (Refer note no: 46)	6,880.75	7,127.54
Processing Charges	118.72	274.00
Repairs		
Building	254.66	360.44
Machinery	2,381.09	2,131.99
Others	140.05	144.45
Rent	41.08	32.53
Rates and Taxes	47.52	42.95
Foreign Exchange loss (net) (Refer note no: 51)	522.76	-
Loss on part disposal of financial liabilities	200.00	-
Selling & Distribution expenses	3,290.86	3,173.71
Bank Charges	125.67	108.85
Communication Expenses	57.86	67.63
Travelling Expenses	110.66	92.58
Professional Charges	239.18	125.61
Auditor's Remuneration (Refer Note no: 33 (A))	16.39	14.61
Provision for Bad & Doubtful Debts	(5.16)	(15.76)
Bad debts written off	6.28	22.74
Provision for doubtful advances	32.39	43.78
Miscellaneous Expenses	332.75	342.93
	17,005.35	16,374.98

33 (A) Payments to the auditor as

₹ Lakhs

Particulars	31.03.2018	31.03.2017
(a) Auditor	10.00	9.67
(b) Taxation matters	1.40	1.25
(c) Other services	3.36	0.86
(d) For reimbursement of expenses	1.63	1.09
(e) Service Tax	-	1.74
	16.39	14.61

34. UNRECOGNISED DEFERRED TAX ASSET

Deferred tax asset has not been recognised in respect of the following items because it is not probable that future taxable profits will be available against which the company can use the benefits thereon.

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Tax losses	3,294.59	3,294.59

35. EARNINGS PER SHARE

Particulars	31.03.2018	31.03.2017
Net Loss after tax as per Statement of Profit and Loss attributable to Equity Shareholders (in Lakhs)	(576.75)	(2,362.62)
Weighted Average number of equity shares used as denominator for calculating EPS (in Numbers)	1,20,00,000	1,20,00,000
Basic & Diluted Loss per share (in ₹)	(4.81)	(19.69)
Face Value per equity share (in ₹)	10.00	10.00

36 FIRST-TIME ADOPTION OF IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 1 have been applied constantly in preparing the financial statements for the year ended March 31, 2018 and the comparative period information.

The Company has prepared the opening Standalone Balance Sheet as per Ind AS as of April 01, 2016 (the transition date) by,

- recognising all assets and liabilities whose recognition is required by Ind AS,
- not recognising items of assets or liabilities which are not permitted by Ind AS,
- by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and
- applying Ind AS in measurement of recognised assets and liabilities.

Exemptions availed and mandatory exception

Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A) Ind AS optional exemptions
i) Deemed cost for Property, Plant and Equipment, Capital Work in Progress and Intangible Assets

Ind AS 101 permits and entity to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at:

- Retrospective application of Cost Model;
- Previous GAAP carrying amount as deemed cost; (and)

c. Fair value as deemed cost.

Accordingly, the company has elected to measure items of PPE and intangible assets at its previous GAAP carrying value at the date of the transition except for certain class of assets which are measured at fair value as deemed cost.

ii) Designation of previously recognised financial instruments

The Company has designated financial liabilities and financial assets at fair value through profit or loss and investments in equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

iii) Long Term Foreign Currency Monetary Items

The Company has elected the option under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and has continued the policy adopted for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements upto March 31, 2016. Accordingly, exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets.

iv) Investments in subsidiaries, associates and joint ventures

Carrying value for all of its investment in subsidiaries as at the date of transition to IND AS, measured as per previous GAAP are treated as their deemed costs as at the date of transition

v) Past Business Combination:

The Company has elected not to apply Ind AS 103- Business Combinations, retrospectively to past business combinations that occurred before 1st April, 2016. Pursuant to which Goodwill / Capital Reserve arising from business combination has been stated at the carrying amount prior to the date of transition under IGAAP.

vi) Investment Property

Carrying value for its investment property as at the date of transition to IND AS, measured as per previous GAAP are treated as their deemed costs as at the date of transition.

B Ind AS mandatory exemptions

i) Accounting estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

ii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

37 (a) Reconciliation of Balance Sheet as at:

₹ Lakhs

S. No	Particulars	Notes	As at 31 st March 2017			As at 1 st April 2016		
			As per previous GAAP	Effects of Transition	As per Ind AS	As per previous GAAP	Effects of Transition	As per Ind AS
1	ASSETS							
	Non-current Assets							
(a)	Property, Plant and Equipment	37e(ii)&(iii)	27,834.75	25,353.77	53,188.52	31,232.09	25,553.54	56,785.63
(b)	Capital work-in-progress		476.33	-	476.33	65.98	-	65.98
(c)	Investment Property	37e(xiii)	-	0.22	0.22	-	0.22	0.22
(d)	Intangible assets		67.00	-	67.00	90.14	-	90.14
(e)	Financial Assets	37e(viii)						
(i)	Investments	37e(xi)	1,681.11	(31.19)	1,649.92	1,782.11	1,151.81	2,933.92
(ii)	Loans		2,361.13	(1,441.56)	919.57	2,480.40	(1,424.80)	1,055.60
(iii)	Other Financial Assets		-	97.35	97.35	-	-	-
(f)	Other non-current assets	37e(vi)&(xii)	-	977.98	977.98	-	1,073.14	1,073.14
	Total Non-Current Assets		32,420.32	24,956.57	57,376.89	35,650.73	26,353.90	62,004.63
2	Current Assets							
(a)	Inventories		14,773.64	-	14,773.64	12,842.49	-	12,842.49
(b)	Financial Assets	37e(viii)						
(i)	Trade receivables		4,901.72	-	4,901.72	4,676.34	-	4,676.34
(ii)	Cash and cash equivalents		482.53	(209.91)	272.62	265.66	(26.66)	239.00
(iii)	Bank balances other than (ii) above		-	210.40	210.40	-	26.80	26.80
(iv)	Loans		978.29	(930.19)	48.10	890.12	(830.11)	60.01
(v)	Other Financial Assets		-	131.84	131.84	-	294.36	294.36
(c)	Other current assets	37e(vi)	242.94	777.30	1,020.24	447.00	531.41	978.41
	Total Current Assets		21,379.12	(20.56)	21,358.56	19,121.61	(4.20)	19,117.41
	TOTAL ASSETS		53,799.44	24,936.01	78,735.45	54,772.34	26,349.70	81,122.04
	EQUITY AND LIABILITIES							
	EQUITY							
(a)	Equity Share capital		1,200.00	-	1,200.00	1,200.00	-	1,200.00
(b)	Other Equity	37c	6,745.96	24,597.31	31,343.27	6,714.02	25,675.75	32,389.77
	Total Equity		7,945.96	24,597.31	32,543.27	7,914.02	25,675.75	33,589.77
	LIABILITIES							
1	Non-current Liabilities							
(a)	Financial Liabilities	37e(viii)						
(i)	Borrowings		14,143.66	-	14,143.66	15,899.78	-	15,899.78
(ii)	Other Financial Liabilities		-	-	-	378.61	-	378.61
(b)	Provisions		235.60	-	235.60	171.58	-	171.58
(c)	Other non-current liabilities	37e(iii)&(iv)	-	527.85	527.85	-	570.80	570.80
	Total Non-current Liabilities		14,379.26	527.85	14,907.11	16,449.97	570.80	17,020.77
2	Current Liabilities							
(a)	Financial Liabilities	37e(viii)						
(i)	Borrowings		17,415.15	-	17,415.15	19,292.63	-	19,292.63
(ii)	Trade payables		2,477.31	(237.00)	2,240.31	2,050.23	-	2,050.22
(iii)	Other Financial Liabilities		-	7,084.70	7,084.70	-	8,445.91	8,445.91
(b)	Other current liabilities	37e(iii)&(iv)	10,708.49	(7,036.85)	3,671.64	8,764.65	(8,342.76)	421.90
(c)	Provisions		873.27	-	873.27	300.84	-	300.84
	Total Current Liabilities		31,474.22	(189.15)	31,285.07	30,408.35	103.15	30,511.50
	TOTAL LIABILITIES		45,853.48	338.70	46,192.18	46,858.32	673.95	47,532.27
	TOTAL EQUITY AND LIABILITIES		53,799.44	24,936.01	78,735.45	54,772.34	26,349.70	81,122.04

(b) Reconciliation of total comprehensive income for the year ended March 31, 2017 ₹ Lakhs

Particulars	Note	As at 31 st March 2017		
		As per previous GAAP	Effects of Transition	As per Ind AS
Income				
I Revenue From Operations		67,930.07	-	67,930.07
II Other Income	37e(iii)&(iv)	2,223.47	287.56	2,511.03
III Total Revenue (I+II)		70,153.54	287.56	70,441.10
IV Expenses				
Cost of materials consumed		35,474.04	-	35,474.04
Purchase of stock in trade		5,735.19	-	5,735.19
Changes in inventories of finished goods stock in trade and work in progress		72.40	-	72.40
Employee benefits expense	37e(x)	7,475.36	(21.28)	7,454.08
Finance Costs	37e(ix)	3,941.59	331.34	4,272.93
Depreciation and amortisation expense	37e(vii)	3,313.02	107.08	3,420.10
Other expenses	37e(vi)	16,372.52	2.46	16,374.98
Total Expenses (IV)		72,384.12	419.60	72,803.72
V Loss Before Exceptional Items and Tax (III- IV)		(2,230.58)	(132.04)	(2,362.62)
VI Exceptional items		2,287.76	(2,287.76)	-
VII Profit/ (Loss) Before Tax (V- VI)		57.18	(2,419.80)	(2,362.62)
VIII IncomeTax Expense				
1) Current tax		-	-	-
2) Deferred tax		-	-	-
3) MAT Credit		25.24	(25.24)	-
IX Profit/ (Loss) After Tax(VII- VIII)		31.94	(2,394.56)	(2,362.62)
X Other Comprehensive Income (OCI)				
Items that will not be reclassified to profit or loss				
a) Remeasurement of the defined benefit plans	37e(v)	-	(21.28)	(21.28)
b) Gains on fair value of Equity instruments measured at fair value through OCI		-	-	-
c) Gains on derecognition of equity instruments measured at fair value through OCI on disposal	37e(xi)	-	1,337.40	1,337.40
Income tax relating to these items				
XI Total Comprehensive Income for the year (IX+X)		31.94	(1,078.44)	(1,046.50)

(c) Effects of IND AS adoption on Total Equity ₹ Lakhs

Particulars	As at 31 st March 2017	As at 01 st April 2016
Equity under Previous GAAP	7,945.96	7,914.02
Recognition of operating lease on lease hold land	(119.18)	(88.78)
De-recognition of MAT Credit Entitlement	(869.01)	(894.25)
Fair Valuation of Non-Current Investments	-	1,181.14
Incremental depreciation on account of remeasurement	(348.38)	(240.32)
Fair value measurement of non current investment designated through other comprehensive income	98.69	98.69
Deemed cost of PPE	26,109.90	26,238.73
Transaction cost amortised under effective interest method	28.75	-
Recognition of Deferred Government Grant [Liability]	(447.46)	(527.88)
Restatement pursuant to business combination of entities under common control	144.00	(91.58)
Equity under Ind AS	32,543.27	33,589.77

(d) Effects of IND AS adoption on Statement of cash flows:

₹ Lakhs

Particulars	As at 31 st March 2017		
	As per previous GAAP	Effects of Transition	As per Ind AS
Net cash flow from operating activities	2,147.43	57.09	1,965.89
Net cash flow from investing activities	6,427.38	1274.62	6,940.63
Net cash flow used in financing activities	(8,357.93)	(331.37)	(8,689.30)
Net cash inflow	216.88	0.34	217.22
Opening cash and cash equivalents	265.66	0.14	265.80
Bank Balances not considered as Cash and Cash Equivalents	(205.83)	(4.57)	(210.40)
Closing cash and cash equivalents	276.70	(4.08)	272.62

(e) Notes to reconciliation

(i) To comply with the Companies (Accounting Standard) Rules, 2006, certain account balances have been regrouped as per the format prescribed under Division II of Schedule III to the Companies Act, 2013.

(ii) Fair Value as deemed Cost - Freehold Land

Ind AS 101 permits an entity to elect and measure an item of PPE at the transition date at its fair value and use the fair value as its deemed cost. Accordingly, the company has elected to use the fair value of certain items of PPE on the date of transition and designate the same as deemed cost.

(iii) Government grant relating to acquisition of Property, plant and equipment:

Under previous GAAP, Grant received from the Government relating to the purchase of fixed asset was deducted from the carrying amount of corresponding fixed asset. As per IND AS 20 - grants related to depreciable assets are usually recognised in profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognised. The adjustments related to the government grants should be recognised retrospectively as deferred government grant account (liability) with corresponding adjustments in the Property, Plant & Equipment on the date of transition.

(iv) Government grant in the nature of Promoter's Contribution

This has been recognised as deferred government grant with corresponding adjustments with PPE as on the transition date and would be released to the statement of profit and loss over the period in which depreciation is recognised.

(v) Other comprehensive income:

Under IND AS, all items of income and expense recognized in the period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss and "other comprehensive income" includes remeasurements of defined benefit plans and fair value gain or losses on FVTOCI equity instruments. The concept of

other comprehensive income did not exist under previous GAAP.

(vi) Lease Rentals on Lands:

Under Previous GAAP, Lease Agreements to use a Land was outside the purview of AS 19, Leases. Hence, the upfront fees paid to use the land was capitalised under PPE. Under IND AS, these have been treated as operating lease and charged to Statement of Profit and Loss on a straight line basis over the term of the Lease.

(vii) Useful life of Buildings:

Under the previous GAAP, improvements to lease hold buildings were depreciated over the useful lives as determined by the management. Under IndAS these are depreciated over the lease period and the impact upto the date of transition has been adjusted with reserves, being the earliest of the period.

(viii) Financial Assets and Liabilities:

Under the Previous GAAP, Financial Assets and Liabilities were carried at book value. Under IND AS 109, all financial assets and financial liabilities are required to be initially carried at Fair Value. The Fair Value changes are taken to Statement of Profit and Loss Account. In respect of Financial Assets and Liabilities, carried at amortised cost.

(ix) Borrowing Cost:

Under the Previous GAAP, the Transaction Costs in respect of Borrowings were charged off to the Statement of Profit and Loss as and when incurred. Under IND AS, these transaction costs incurred are deducted from the carrying amount of the Borrowings on Initial Recognition. These costs are recognised in the statement of Profit and Loss over the tenor of the borrowings as part of Interest Expense by applying the Effective Interest Rate method.

(x) Defined benefit liabilities:

Under IND AS, Remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognized in other comprehensive income instead of profit or loss in previous GAAP.

(xi) Fair valuation of investments in equity instrument

Under previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, non-current investments (other than investments in equity instruments of subsidiaries) are measured at fair value through other comprehensive income. Any subsequent measurement including on account of disposal are also through FVOCI.

(xii) Unused tax Losses and Tax credits:

As on the date of Ind AS Transition, the company assessed the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised and has accordingly adjusted the same with the retained earnings as at the transition date

(xiii) Reclassification under IndAS:

Assets and Liabilities have been regrouped / reclassified wherever required to confirm to the requirement of IndAS.

38. Merger of Subsidiary Companies with the Company

The Company and Multiflora Processing (Coimbatore) Limited, Supreme Textiles Processing Limited and Precot Meridian Energy Limited (Subsidiary Companies), had initially announced a scheme of merger between the companies on 4th November 2016 ("Scheme"). As per the terms of the Scheme, the subsidiary companies were to merge into Precot Meridian Limited and upon the merger becoming effective:

As the Company held 100% of the issued, subscribed and paid-up capital of the Subsidiary Companies, the entire share capital of the Transferor Companies held by the Transferee Company and / or its nominees shall stand cancelled without any further application, act or deed and without allotment of any new shares by the Transferee Company.

The authorised share capital of the Company was increased to ₹ 2,130 Lakhs divided into 213 Lakhs Equity Shares of ₹ 10 each.

All substantive approvals for effecting the merger of the Subsidiary Companies with the company were received by September 19, 2017 with the appointed date of the amalgamation as April 01, 2016 and therefore the same has been accounted for in the current financial year ending March 31, 2018.

Since the amalgamating entities were 100% subsidiaries of the Company, the transaction has been accounted for in accordance with the Appendix C to Ind AS 103 "Common Control Business Combination", which requires retroactive accounting of the merger from the date common control was established. Accordingly, financial information as on April 1, 2016, being the earliest period presented in the annual standalone financial statements of the Company, and all periods thereafter, have been restated to give effect of the merger.

The accounting effects arising out of merger are explained below:

The carrying value of the assets, liabilities and reserves of the subsidiary companies as appearing in the books of accounts of transferee company have been recognised in the standalone financial statements of the company as adjusted in other equity, now current investments and financial assets loans.

39. Employee Benefit Plans

(a) Defined contribution plans - Provident Fund

In accordance with The Employees Provident Funds Act, 1952 employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2018 and 2017) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred. The expense recognised during the period towards this defined contribution plan is ₹ 367.48 Lakhs (March 31, 2017 – ₹ 382.27 Lakhs).

(b) Defined contribution plans - Employee State Insurance

In accordance with Employees' State Insurance Act, 1948, the eligible employees are entitled to receive benefits under the ESI Scheme. The employer contributes 4.75 percent and employee contributes 1.75 percent, total share 6.5 percent. This fund is managed by the ESI Corporation (ESIC) according to rules and regulations stipulated there in the ESI Act 1948, which oversees the provision of medical and cash benefits to the employees and their family. The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred. The expense recognised during the period towards this defined contribution plan is ₹ 148.09 Lakhs (March 31, 2017 – ₹ 127.52 Lakhs).

(c) Defined Benefit Plans - Gratuity

The company has defined benefit gratuity plan for its employees, which requires contributions to be made to a separately administered fund. It is governed by the Payment of Gratuity Act, 1972. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 26 days salary payable for each completed year of service. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. Each year,

the Board of Trustees and the Company review the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Company decides its contribution based on the results of this annual review.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31st March 2018 by Mr. Srinivasan Nagasubramanian, Armstrong International Employee Benefits Solution, Fellow of the Institute of Actuaries of India. Company's liability towards gratuity (funded) is actuarially determined at each reporting date using the projected unit credit method.

(i) Risk Exposure:

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk The present value of the defined benefit plan liability is calculated using a discount rate

Interest risk

determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(ii) Expense Recognised in Income Statement:

₹ Lakhs

		31.03.2018	31.03.2017
A	Components of Employer expense		
	Service Cost		
1	Current service Cost	60.42	32.51
2	Past service cost - Plan Amendment	-	-
3	Curtailement Cost/(Credit)	-	-
4	Settlement Cost/(Credit)	-	-
5	Total Service Cost	60.42	32.51
	Net Interest Cost		
6	Interest Expense on Defined Benefit Obligation	93.11	83.20
7	Interest (Income on Plan Asset)	(67.67)	(64.43)
8	Interest (income) on reimbursement rights	-	-
9	Interest expense on effect of (asset ceiling)	-	-
10	Total Net Interest	25.44	18.77
11	Immediate Recognition of (Gain)/Losses- Other Long Term Benefits	-	-
12	Cost of Termination Benefits		
13	Administrative Expenses and Taxes		
14	Defined Benefits cost included in P&L	85.86	51.28
	Actuarial (Gain) / Losses due to Demographic Assumption changes in Defined Benefit Obligation	-	(28.19)
	Actuarial (Gain) / Losses due to Financial Assumption changes in Defined Benefit Obligation	(36.39)	3.18
	Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	75.66	116.54
	Return on Plan Assets (Greater) / Less than Discount rate	(0.24)	(70.25)
	Return on reimbursement rights (excluding interest income)	-	-
	Changes in asset ceiling /onerous liability (excluding interest Income)	-	-
	Total actuarial (gain)/loss included in OCI	39.03	21.28
	Total cost recognised in P&L and OCI (Defined Benefit Cost)		
	Cost Recognised in P&L	85.86	51.28
	Remeasurement Effect Recognised in OCI	39.03	21.28
	Total Defined Benefit Cost	124.89	72.56

Net Asset/(Liability) Recognised in Balance Sheet on

₹ Lakhs

Change in Defined Benefit Obligation over the period ending on	31.03.2018	31.03.2017
Present value of Defined Benefit Obligation at beginning(opening)	1,261.91	1,218.50
Current Service Cost	60.42	32.51
Prior Service Costs	-	-
Interest Cost	93.11	83.20
Benefit payments from plan	(114.88)	(163.83)
Benefit payments from employer	-	-
Acquisitions/Divestures/Transfer	-	-
Plan Amendments	-	-
Curtailments	-	-
Settlements	-	-
Actuarial (Gains)/Loss	39.27	91.53
Present Value Of Defined Benefit Obligation at the ending period	1,339.83	1,261.91

(iii) Reconciliation of Opening & Closing of Plan Assets

₹ Lakhs

	31.03.2018	31.03.2017
Fair Value of Plan Assets at end of prior year	932.92	962.08
Interest income of assets	67.67	64.43
Total employer contributions	-	-
Employer Contribution	-	-
Employer direct benefit payments	-	-
Plan Participant's contributions	-	-
Benefits Payouts from employer	-	-
Benefits Payouts from plan	(114.88)	(163.83)
Settlements By Fund Manager	-	-
Administrative expenses paid from plan assets	-	-
Taxes paid from plan assets	-	-
Insurance premiums for risk benefits	-	-
Actuarial gain/(Loss)	0.24	70.25
Fair Value of assets at the End	885.95	932.92
Actual Return on Plan Assets	67.91	134.68

₹ Lakhs

Net Asset/(Liability) Recognised in Balance Sheet	31.03.2018	31.03.2017
Present value of Benefit Obligation	1,339.83	1,261.91
Fair Value of Plan Assets	885.95	932.93
Funded status [Surplus/(Deficit)]	(453.88)	(328.98)
Unrecognised Past Service Costs	-	-
Net Assets/(Liability) Recognised in balance sheet	(453.88)	(328.98)

₹ Lakhs

Amounts Recognized in Other Comprehensive Income	31.03.2018	31.03.2017
Opening cumulative other comprehensive Income	(151.41)	(172.69)
Actuarial Loss / (Gain) On Defined Benefit Obligation	39.27	91.53
Actuarial Loss /(Gain) On Assets	(0.24)	(70.25)
Amortization Actuarial Loss /(Gain)	-	-
Net increasing in OCI	39.04	21.28
Amortization Of Prior Service Cost	-	-
Total Recognised In Other Comprehensive Income	(112.38)	(151.41)

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Assumptions	31.03.2018	31.03.2017
Discount rate	7.73%	7.32%
Expected return on assets	7.73%	7.32%
Salary Escalation	2.50%	2.50%
Attrition Rate	1.00%	1.00%
Mortality	Indian Assured (2006-08) Lives Mortality Ultimate	

Major Category of Plan Assets as a % of the Total Plan Assets

	31.03.2018	31.03.2017
HDFC GROUP Unit Linked Plan - Option B	100.00%	64.75%
SBI Life - Cap Assure Gold Master Policy *	0.00%	35.25%

The fair value Mutual funds is determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the Company.

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

(iv) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	31.03.2018	31.03.2017
Defined Benefit Obligation - Discount Rate + 100 basis points	1263.19	1,133.47
Defined Benefit Obligation - Discount Rate - 100 basis points	1425.15	1,330.71
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	1429.57	1,335.09
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	1258.10	1,128.30
Defined Benefit Obligation - Attrition Rate + 100 basis points	1364.86	1,257.38
Defined Benefit Obligation - Attrition Rate - 100 basis points	1105.34	1,192.21

(v) Enterprise's Best Estimate of Contribution during Next Year

The Company expects to contribute ₹ 124.80 Lakhs (previous year ₹ 166.26 Lakhs) to its gratuity plan for the next year.

vi) Experience adjustments

₹ Lakhs

Particulars	Current Year	2016-17	2015-16	2014-15	2013-14
Defined Benefit Obligation	1,339.83	1,261.91	1,218.50	1,378.25	1,229.97
Plan Assets	885.96	932.93	962.08	1,088.15	978.81
Surplus / (Deficit)	(453.88)	(328.98)	(256.42)	(290.10)	(251.16)
Experience Adjustments on Plan Liabilities – Loss/(Gain)	(75.66)	(116.54)	(223.80)	64.20	14.18
Experience Adjustments on Plan Assets – Gain/(Loss)	0.24	70.25	(59.85)	122.65	46.77

40. CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

The carrying value of financial instruments by categories as at 31st March 2018 were as follows:

₹ Lakhs

Particulars	Note	Cost	FVTPL	FVTOCI	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Assets:							
Investments	4	10.00	-	1721.79	-	1731.79	1731.79
Trade receivables	9	-	-	-	7391.60	7391.60	7391.60
Cash and Cash equivalents	10	-	-	-	161.51	161.51	161.51
Other bank balance	11	-	-	-	710.87	710.87	710.87
Loans	5 & 12	-	-	-	842.14	842.14	842.14
Other Financial Assets	6 & 13	-	-	-	52.28	52.28	52.28
Financial Liabilities:							
Borrowings	17 & 21	-	-	-	37957.62	37957.62	37957.62
Trade payables	22	-	-	-	3603.36	3603.36	3603.36
Other Financial Liabilities excluding Current Maturities of long term debt	18 & 23	-	-	-	3935.29	3935.29	3935.29

The carrying value of financial instruments by categories as at 31st March 2017 were as follows:

₹ Lakhs

Particulars	Note	Cost	FVTPL	FVTOCI	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Assets:							
Investments	4	10.00	-	1639.92	-	1649.92	1649.92
Trade receivables	9	-	-	-	4901.72	4901.72	4901.72
Cash and Cash equivalents	10	-	-	-	272.62	272.62	272.62
Other bank balance	11	-	-	-	210.40	210.40	210.40
Loans	5 & 12	-	-	-	967.68	967.68	967.68
Other Financial Assets	6 & 13	-	-	-	229.19	229.19	229.19
Financial Liabilities:							
Borrowings	17 & 21	-	-	-	35215.79	35215.79	35215.79
Trade payables	22	-	-	-	2240.31	2240.31	2240.31
Other Financial Liabilities excluding Current Maturities of long term debt	18 & 23	-	-	-	3427.72	3427.72	3427.72

The carrying value of financial instruments by categories as at 01st April 2016 were as follows:

₹ Lakhs

Particulars	Note	Cost	FVTPL	FVTOCI	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Assets:							
Investments	4	10.00	-	2923.92	-	2933.92	2933.92
Trade receivables	9	-	-	-	4676.34	4676.34	4676.34
Cash and Cash equivalents	10	-	-	-	239.00	239.00	239.00
Other bank balance	11	-	-	-	26.80	26.80	26.80
Loans	5 & 12	-	-	-	1115.61	1115.61	1115.61
Other Financial Assets	6 & 13	-	-	-	294.36	294.36	294.36
Financial Liabilities:							
Borrowings	17 & 21	-	-	-	39907.78	39907.78	39907.78
Trade payables	22	-	-	-	2050.22	2050.22	2050.22
Other Financial Liabilities excluding Current Maturities of long term debt	18 & 23	-	-	-	4109.16	4109.16	4109.16

41. FAIR VALUE MEASUREMENT
(a) Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(b) Level wise disclosure of financial instruments:

₹ Lakhs

Particulars	As at 31 st Mar 2018	As at 31 st Mar 2017	As at 31 st Mar 2016	Level	Valuation techniques and key inputs
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Trade Investments in unquoted equity shares	1,720.75	1,638.88	1,638.88	3	The Fair Value of Trade Investments has been determined by external, independent valuers, having appropriate recognised professional qualification.
Other Investments in quoted equity shares	-	-	1,284.00	1	Quoted prices in active markets
Financial assets measured at Cost					
Other Investments in unquoted equity shares	1.02	1.02	1.02	3	Valued at cost approach to arrive at the fair value as there is a wide range of possible fair value measurement and the cost represents estimate of fair value within that range considering the purpose and restriction with transferability of the investment.
Financial assets measured at amortised cost					
Derivative Assets	-	137.72	-	2	Inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Financial liabilities measured at amortised cost					
Term Loans from banks	18,962.01	17,800.65	20,615.15	2	Discounted cash flow—observable future cash flows are based on terms discounted at a rate that reflects market risks.
Secured Loans repayable on Demand from banks	15,027.40	11,164.05	11,498.88	2	
Unsecured Loans Repayable on Demand from banks	4,995.96	6,251.10	7,793.75	2	
Derivative Liability	549.00	-	517.18	2	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

There have been no transfers between Level 1 and Level 2 during the period.

(c) Financial Instrument measured at Amortised Cost:

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

42. CAPITAL MANAGEMENT:

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/or convertible and/or combination of short term /long term debt as may be appropriate.

The Company determines the amount of capital required on the basis of its product, capital expenditure, operations and strategic investment plans. The same is funded through a combination of capital sources be it either equity and/or preference and/or convertible and/or combination of short term/long term debt as may be appropriate.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and elongate the maturity of its debt portfolio, and closely monitors its judicious allocation amongst competing capital expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, bank balances other than cash and cash equivalents and current investments.

The following table summarizes the capital of the Company:

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016
Cash and cash equivalents	161.51	272.62	239.00
Other bank balances	710.87	210.40	26.80
Non-current bank deposits	-	-	-
Current investments	-	-	-
Total cash (a)	872.38	483.02	265.80
Non-current borrowings	17,557.25	14,143.66	15,899.78
Current borrowings	20,023.37	17,415.15	19,292.63
Current maturities of non-current borrowings	377.00	3,656.98	4,715.37
Total borrowings (b)	37,957.62	35,215.79	39,907.78
Net debt (c)=(b-a)	37,085.24	34,732.77	39,641.98
Total equity (d)	32,009.35	32,543.27	33,589.77
Gearing ratio (c/d)	1.16	1.07	1.18

43. FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest.

The following table provides a break-up of the Company's fixed and floating rate borrowings:

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016
Fixed rate borrowings	-	-	-
Floating rate borrowings	37,957.62	35,215.79	39,907.78
Total borrowings	37,957.62	35,215.79	39,907.78
Total Net borrowings	37,957.62	35,215.79	39,907.78
Add: Upfront fees	1,027.76	-	-
Total borrowings	38,985.38	35,215.79	39,907.78

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate liabilities, assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31st March 2018 would decrease / increase by ₹ 40.79 Lakhs (for the year ended 31st March 2017: decrease / increase by ₹ 40.73 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts with average maturity of less than 6 month to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments. The Company's policy is to hedge its exposures above predefined thresholds from recognised liabilities and firm commitments that fall due in 20-30 days. The Company does not enter into any derivative instruments for trading or speculative purposes. At the time of borrowing decisions, appropriate sensitivity analysis is carried out for domestic borrowings vis-à-vis overseas borrowings.

The carrying amounts of the Company's Unhedged monetary assets and monetary liabilities at the end of the reporting period are as follows:

₹ Lakhs

Particulars	As at 31 st March 2018			As at 31 st March 2017		
	USD	Euro	GBP	USD	Euro	GBP
Trade Receivables	1,352.83	822.60	118.21	1,458.12	527.66	106.41
Buyers' credit	-	-	-	(274.62)	-	-
Trade Payables	-	(7.69)	-	(0.04)	(2.64)	-
Packing Credit	(4,569.01)	(3,008.86)	(201.92)	(4,253.51)	(900.87)	(54.30)
Derivatives		(4,629.00)		-	(6,582.28)	-
TOTAL	(3,216.18)	(6,822.95)	(83.71)	(3,070.05)	(6,958.13)	52.11

The carrying amounts of the Company's hedged monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	As at 31 st March 2018			As at 31 st March 2017		
	USD	Euro	GBP	USD	Euro	GBP
Buyers' credit	(326.27)	-	-	(843.70)	-	-
Trade Payables	(240.63)	-	-	-	-	-
Trade Receivables	1,805.20	-	-	-	-	-

The below table demonstrates the sensitivity to a 5% increase or decrease in the respective currency against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate. A positive number below indicates an increase in profit or equity where INR strengthens 5% against the relevant currency. For a 5% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Change in Exchange Rate(+5% / -5%)		Effect on PAT	
		2017-18	2016-17
USD	+5%	(160.81)	(153.50)
	-5%	160.81	153.50
EURO	+5%	(341.15)	(347.91)
	-5%	341.15	347.91
GBP	+5%	(4.19)	2.61
	-5%	4.19	(2.61)

The forward exchange contracts entered into by the Company and outstanding are as under:

As at	No. of Contracts	Type	USD Equivalent	INR Equivalent (₹ in Lakhs)
31-Mar-18	6	Buy	(11.61)	(756.41)
	20	Sell	27.70	1,805.20
31-Mar-17	6	Buy	(13.01)	(843.70)
	-	Sell	-	-
31-Mar-16	-	Buy	-	-
	4	Sell	1.67	110.29

c) Commodity Price Risk

The Company's revenue is exposed to the market risk of price fluctuations related to its raw material i.e., Cotton. Market forces generally determine prices for the cotton procured by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may increase the Cost of Production that the Company incurs for manufacture of Yarn.

The following table details the Company's sensitivity to a 5% movement in the input price of Cotton. The sensitivity analysis includes only 5% change in commodity prices for quantity consumed during the year, with all other variables held constant. A positive number below indicates an increase in profit where the commodity prices reduces by 5%. For a 5% increase in commodity prices, there would be a comparable impact on profit, and the balances below would be negative.

Commodity	Increase		Decrease	
	2017-18	2016-17	2017-18	2016-17
Cotton	(2,224.02)	(2,060.46)	2,224.02	2,060.46

₹ Lakhs

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial instruments, other balances with banks, loans and other receivables. To manage the credit risk, the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The company considers reasonable and supportive forward-looking information.

The average credit period on sales of products is less than 30 days. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

3) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's treasury department is responsible for maintenance of liquidity (including quasi liquidity), continuity of funding as well as timely settlement of debts. In addition, policies related to mitigation of risks are overseen by senior management. Management monitors the Group's net liquidity position on the basis of expected cash flows vis a vis debt service fulfillment obligation.

The table below analysis derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ Lakhs

Particulars	On demand	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
At 31st March, 2018						
Long term borrowings	-	377.00	13,085.01	5,500.00	18,962.01	18,962.01
Short term borrowings	20,023.37	-	-	-	20,023.37	20,023.37
Trade payables	-	3,603.36	-	-	3,603.36	3,603.36
Derivative financial liabilities	-	-	549.00	-	549.00	549.00
Other financial liabilities	-	3,763.29	-	-	3,763.29	3,763.29
At 31st March, 2017						
Long term borrowings	-	3,656.98	13,983.66	160.00	17,800.65	17,800.65
Short term borrowings	17,415.15	-	-	-	17,415.15	17,415.15
Trade payables	-	2,240.31	-	-	2,240.31	2,240.31
Derivative financial liabilities	-	-	-	-	-	-
Other financial liabilities	-	7,084.70	-	-	7,084.70	7,084.70
At 31st March, 2016						
Long term borrowings	-	5,674.57	12,275.58	2,665.00	20,615.15	20,615.15
Short term borrowings	19,292.63	-	-	-	19,292.63	19,292.63
Trade payables	-	2,050.22	-	-	2,050.22	2,050.22
Derivative financial liabilities	-	138.57	378.61	-	517.18	517.18
Other financial liabilities	-	8,306.92	-	-	8,306.92	8,306.92

The table below analyses financial assets of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ Lakhs

Particulars	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
At 31st March, 2018					
Investments			1,731.79	1731.79	1731.79
Trade Receivables	7,391.60			7391.60	7391.60
Cash and Cash equivalents	161.51			161.51	161.51
Bank balances other than Cash and Cash Equivalents	710.87			710.87	710.87
Loans	64.66			64.66	64.66
Others	52.28			52.28	52.28
At 31st March, 2017					
Investments			1649.92	1649.92	1649.92
Trade Receivables	4,901.72			4,901.72	4,901.72
Cash and Cash equivalents	272.62			272.62	276.70
Bank balances other than Cash and Cash Equivalents	210.40			210.40	205.83
Loans	48.10			48.10	932.62
Others	131.84			131.84	229.19
At 31st March, 2016					
Investments			2,933.92	2,933.92	2,933.92
Trade Receivables	4,676.34			4,676.34	4,676.34
Cash and Cash equivalents	239.00			239.00	238.86
Bank balances other than Cash and Cash Equivalents	26.80			26.80	26.80
Loans	60.01			60.01	60.01
Others	294.36			294.36	294.36

₹ Lakhs

	As at 31 st March 2018	As at 31 st March 2017	As at 01 st April 2016
44. Estimated amount of contracts remaining to be executed on capital account and not provided for	66.02	44.07	35.29
45. Contingent Liabilities:			
Contingent liabilities in respect of :			
Bills discounted	1,387.17	1,503.13	2,032.52
Guarantees	297.83	294.93	300.38
Letters of credit outstanding	936.97	879.49	60.30
Contingent liabilities under litigation :			
Disputed Statutory Liabilities not provided for	1270.77	1297.78	1317.23
Disputed Other Liabilities not provided for	66.65	65.41	59.74

46. Power and Fuel is net of wind power of ₹ 244.86 lakhs (PY ₹ 266.36 lakhs) representing power supplied to the grid against which equivalent consumption was made in house

47 Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
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	35.08	26.25
Interest due on above	-	-
Total	35.08	26.25
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.

48. Disclosure relating to the exchange gain / loss arising on restatement of long term foreign currency monetary items:

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016
a. Exchange difference capitalized during the year	-	-	20.25
b. Depreciation provision charged to Profit & Loss a/c thereon	23.26	84.29	209.93
c. Exchange difference pertaining to assets sold during the year	51.50	21.80	-
d. Remaining amount to be amortized*	291.72	366.48	472.58

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

49. Corporate Social Responsibility:

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 2017-18.

50. Exceptional Items

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016
Gains on Derecognition of Investment Property	4,149.93	-	-

51. Foreign Exchange gain / (loss) (net) includes foreign exchange gain / (loss) arising out of restatement of foreign currency assets/ liabilities / derivatives amounting to ₹ 656.92 lakhs (PY - ₹ (743.98) lakhs)

52. Related Party Disclosure :

List of related parties with whom transactions have taken place

Holding Co : Nil, Subsidiaries: Suprem Associates (Partnership firm),

Key Management Personnel (KMP) : Mr Ashwin Chandran, Mr Prashanth Chandran and Mr T Kumar,

Others: Pricol Limited, Pricol Packaging Limited, Premier Spinning & Weaving Mills Pvt Ltd.

₹ Lakhs

Particulars	FY 2017- 18			FY 2016 - 17		
	Subsidiaries	KMP	Others	Subsidiaries	KMP	Others
Remuneration	-	177.02	-	-	184.69	-
Purchase of spares	-	-	-	-	-	0.05
Amount Outstanding as at year end - Dr	71.48	-	-	71.48	-	-

53. Operating Segments

The company is in the business of manufacturing textile products which are regularly reviewed by the Chief Operating Decision Maker for assessment of company's performance and resource allocation.

The information relating to revenue from Cotton yarn and Technical Textile product sale and location of non current assets of its single reportable segment has been disclosed below:

a) Revenue from Operations

₹ Lakhs

Particulars	2017-18	2016-17
Within India	38,608.36	37,829.78
Outside India	29,281.59	26,266.67
Total	67,889.94	64,096.45

b) Non current assets:

All non current assets other than financial instruments of the company are located in India.

54. Disclosure requirement under IndAS 17 "LEASES"
As lessee - operating lease arrangements
1. Lease rental charged for right to use certain assets are :

Particulars	2017-18	2016-17
Operating lease expenses charged to the statement of profit and loss	41.08	32.53

₹ Lakhs

2. Future minimum rental payables under non cancellable operating leases are as follows:

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016
Not later than one year	30.48	30.40	30.40
Later than one year but not later than five years	121.68	121.68	121.68
Later than five years	268.84	299.32	329.72

55. 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.

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

Particulars	As at 31 st March 2018	Maximum balance outstanding during the year	Investment by the loanee in the shares of Parent Company
Loans and Advances in the nature of loans given to subsidiaries	-	-	-

57. The amounts and disclosures included in the financial statements of the previous year have been reclassified wherever necessary to conform to the current year's classification.

58. 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 : 21-May-2018

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
(FCS No. 9087)

INDEPENDENT AUDITOR'S REPORT**To the Members of Precot Meridian Limited
Report on the Consolidated Ind AS Financial
Statements**

We have audited the accompanying consolidated Ind AS financial statements of **Precot Meridian Limited** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity 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 Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS 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 including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. The 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 Ind AS 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 Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS 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 Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid Consolidated Ind AS 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 including the Ind AS, of the consolidated state of affairs of the Group, as at 31st March, 2018, their consolidated loss, consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the Ind AS financial statements the subsidiary, whose Ind AS financial statements reflects total assets of ₹ 2421.58 lacs and net assets of ₹ 2340.00 Lakhs as at March 31, 2018, total revenues of ₹ Nil and net cash flows amounting to ₹ Nil for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These Ind AS financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Ind AS 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 Ind AS 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 Ind AS financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS 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 Ind AS Financial Statements;
- d. In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the

Holding Company, none of the directors of the Group companies is disqualified as on March 31, 2018 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 Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates, jointly controlled entities and joint operations – Refer Note 45 to the Consolidated Ind AS Financial Statements;
 - (ii) Provision has been made in the Consolidated Ind AS 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 (a) Note 18 and Note 23 to the Consolidated Ind AS 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 incorporated in India.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Kaushik Sidartha

Partner

Membership No. 217964

Place : Coimbatore

Date : 21st May 2018

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 2018]

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, 2018, we have audited the internal financial controls over financial reporting of the Group, which are

companies incorporated in India, as of that date to the extent applicable.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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, 2018, 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 Registration No.103523W / W100048

Kaushik Sidartha

Partner

Membership No. 217964

Place : Coimbatore

Date : 21st May 2018

Consolidated Balance Sheet

	Particulars	Note No.	As at 31.03.2018 ₹ Lakhs	As at 31.03.2017 ₹ Lakhs	As at 01.04.2016 ₹ Lakhs
ASSETS					
1)	Non-current Assets				
a)	Property, Plant and Equipment	2	53,273.93	55,609.92	59,207.03
b)	Capital work-in-progress	3 (a)	100.27	476.33	65.98
c)	Investment Property	3 (b)	-	0.22	0.22
d)	Intangible assets	3 (c)	43.83	67.00	90.14
e)	Financial Assets				
i)	Investments	4	1,721.79	1,639.92	2,923.92
ii)	Loans	5	706.00	848.09	984.12
iii)	Other Financial Assets	6	-	97.35	-
f)	Other non-Current assets	7	906.55	977.98	1,073.14
	Total Non Current Assets		56,752.37	59,716.81	64,344.55
2)	Current assets				
a)	Inventories	8	15,480.82	14,773.64	12,842.49
b)	Financial Assets				
i)	Trade receivables	9	7,391.60	4,901.72	4,676.34
ii)	Cash and cash equivalents	10	161.69	272.70	239.08
iii)	Bank balances other than (ii) above	11	710.87	210.40	26.80
iv)	Loans	12	64.66	48.10	60.01
v)	Other Financial Assets	13	52.28	131.84	294.36
c)	Other current assets	14	1,758.64	1,020.24	978.41
	Total Current Assets		25,620.56	21,358.64	19,117.49
	TOTAL ASSETS		82,372.93	81,075.45	83,462.04
EQUITY AND LIABILITIES					
EQUITY					
a)	Equity Share capital	15	1,200.00	1,200.00	1,200.00
b)	Other Equity	16	33,149.35	33,683.27	34,729.77
EQUITY ATTRIBUTABLE TO OWNERS OF PRECOT MERIDIAN LTD			34,349.35	34,883.27	35,929.77
Non Controlling interests			0.10	-	-
	Total Equity		34,349.45	34,883.27	35,929.77
LIABILITIES					
1)	Non-current liabilities				
a)	Financial Liabilities				
i)	Borrowings	17	17,557.24	14,143.66	15,899.78
ii)	Other Financial Liabilities	18	549.00	-	378.61
b)	Provisions	19	287.60	235.60	171.58
c)	Other non-current liabilities	20	444.83	527.85	570.80
	Total Non Current Liabilities		18,838.67	14,907.11	17,020.77
2)	Current liabilities				
a)	Financial Liabilities				
i)	Borrowings	21	20,023.37	17,415.15	19,292.63
ii)	Trade payables	22	3,603.36	2,240.31	2,050.22
iii)	Other Financial Liabilities	23	3,763.29	7,084.70	8,445.91
b)	Other current liabilities	24	812.54	3,671.64	421.90
c)	Provisions	25	982.25	873.27	300.84
	Total Current Liabilities		29,184.81	31,285.07	30,511.50
	TOTAL LIABILITIES		48,023.48	46,192.18	47,532.27
	TOTAL EQUITY AND LIABILITIES		82,372.93	81,075.45	83,462.04

Significant Accounting Policies and Notes on Financial Statements 1 & 2 to 59
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 : 21-May-2018

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
(FCS No. 9087)

Consolidated Statement of Profit and loss

			₹ Lakhs
		For the year ended 31 st Mar 2018	For the year ended 31 st Mar 2017
Particulars	Note No.		
I Revenue From Operations	26	70,915.28	67,930.07
II Other income	27	540.68	2,511.03
III Total Revenue (I+II)		71,455.96	70,441.10
IV Expenses			
Cost of materials consumed	28	39,437.25	35,474.04
Purchase of Stock-in-Trade		5,043.15	5,735.19
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	29	133.58	72.40
Employee benefits expense	30	7,227.36	7,454.08
Finance costs	31	4,079.23	4,272.93
Depreciation and amortization expense	32	3,256.72	3,420.10
Other expenses	33	17,005.35	16,374.98
Total Expenses (IV)		76,182.64	72,803.72
V Loss before exceptional items and Tax (III - IV)		(4,726.68)	(2,362.62)
VI Exceptional items	50	4,149.93	-
VII Loss before tax (V - VI)		(576.75)	(2,362.62)
VIII Tax expense:			
1) Current tax		-	-
2) Deferred tax	34	-	-
IX Loss after Tax (VII - VIII)		(576.75)	(2,362.62)
X Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss			
a) Remeasurement of the defined benefit plans		(39.04)	(21.28)
b) Gains on fair value of Equity instruments measured at fair value through OCI		81.87	
c) Gains on derecognition of equity instruments measured at fair value through OCI on disposal			1,337.40
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income (a+b+c)		42.83	1,316.12
XI Total Comprehensive Income for the year (IX + X)		(533.92)	(1,046.50)
XII Earnings per equity share of face value of ₹10/- each			
- Basic and Diluted (In ₹)	35	(4.81)	(19.69)

Significant Accounting Policies and Notes on Financial Statements 1 & 2 to 59
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 : 21-May-2018

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

(FCS No. 9087)

Statement of changes in equity for the year ended 31st March 2018

EQUITY SHARE CAPITAL:

Balance at the beginning of the reporting year ie April 1, 2016	Changes in equity share capital during the year	Balance at the end of the reporting year ie March 31, 2017	Changes in equity capital during the year	Balance at the end of the reporting year ie March 31, 2018
1200.00	-	1,200.00	-	1,200.00
1200.00	-	1,200.00	-	1,200.00

OTHER EQUITY:

Particulars	Reserve and Surplus					Items of other comprehensive Income		Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Equity instruments through other Comprehensive Income	Re measurement of the defined benefit plans	
Balance at the beginning of the reporting year ie 01st April 2016	48.19	355.00	2,736.46	11,796.41	18,341.18	1,279.84	172.69	34,729.77
Profit / (Loss) for the year					(2,362.62)	1,337.40	(21.28)	(2,362.62)
Other Comprehensive Income for the year (net of tax)								1,316.12
Balances at the beginning of the reporting year ie 31st March, 2017	48.19	355.00	2,736.46	11,796.41	15,978.56	2,617.24	151.41	33,683.27
Profit / (Loss) for the year	-	-	-	-	(576.75)	81.87	(39.04)	(576.75)
Other Comprehensive Income for the year (net of tax)								42.81
Balance at the end of the reporting year ie 31st March 2018	48.19	355.00	2,736.46	11,796.41	15,401.81	2,699.11	112.37	33,149.35

Significant accounting policies & Notes on Financial Statements 1 & 2 to 59

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 : 21-May-2018

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

(FCS No. 9087)

Consolidated Cash Flow Statement

Particulars	31.03.2018 ₹ Lakhs	31.03.2017 ₹ Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Total Comprehensive Income	(533.92)	(1,046.50)
Adjustments for :		
Depreciation and amortization expense	3,256.72	3,420.10
Bad Debts Written off	6.28	22.74
Provision for Bad & Doubtful Debts	(5.16)	(15.76)
Provision for doubtful advances	32.39	43.78
Loss on part disposal of financial liabilities	200.00	-
(Profit)/Loss on Sale of Assets	(159.28)	(1,046.12)
(Profit)/Loss on Sale of Investment Property	(4,149.93)	-
Gains on derecognition of equity instruments	(8.07)	(1,337.40)
Investment Income - Dividend	-	(30.00)
Interest Income	(261.39)	(440.01)
Interest Payment	4,079.23	4,272.93
Assets Discarded / Written off	0.11	14.95
Exchange Fluctuation (Gain) / Loss on Re-statement	656.94	(743.98)
	<u>3,647.84</u>	<u>4,161.23</u>
Operating Profit before working capital changes	3,113.92	3,114.73
Adjustments for :		
(Increase) / Decrease in Inventories	(707.19)	(1,931.16)
(Increase) / Decrease in Trade Receivables	(2,336.55)	(329.12)
(Increase) / Decrease in Other Financial Assets	270.07	213.10
(Increase) / Decrease in Other Assets	(713.72)	(60.70)
Increase / (Decrease) in Trade Payable	1,363.07	190.12
Increase / (Decrease) in Provisions	160.97	636.46
Increase / (Decrease) in Other Financial Liabilities	(114.13)	(116.34)
Increase / (Decrease) in Other Liabilities	57.86	206.80
	<u>(2,019.62)</u>	<u>(1,190.84)</u>
Cash generated from Operations	1,094.30	1,923.89
Direct Taxes Refund	(19.52)	42.00
Net Cash Flow from operating activities (A)	1,074.78	1,965.89
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment (Including WIP)	(757.60)	(1,800.10)
Advance settled for purchase of Property, Plant and Equipment	66.31	28.22
Sale of Property, Plant and Equipment	1,545.39	5,621.10
(Purchase)/ Sale of Non - Current Investments	(73.80)	2,621.40
Interest Received	261.39	440.01
Dividend Received	-	30.00
Net Cash flow from / (used in) Investing activities (B)	1,041.69	6,940.63
C. CASH FLOW FROM FINANCING ACTIVITIES :-		
Unclaimed dividends paid	(5.99)	(0.26)
Interest Paid (Net)	(4,138.27)	(4,231.10)
Proceeds from Long Term Borrowings	13,084.27	2,860.06
Repayment of Long Term Borrowings	(11,922.91)	(5,674.56)
Proceeds / (Repayments) of Unsecured Loan	(1,255.14)	(1,542.65)
Capital from Minority Partner	0.10	-
Payment of Transaction costs related to Borrowings	(1,027.76)	-
Proceeds / (Repayments) of loans repayable on demand	3,738.69	(100.79)
Swap Settlement Expenses	(200.00)	-
Net Cash Flow used in Financing Activities (C)	(1,727.01)	(8,689.30)
Net Increase/Decrease in Cash and Cash Equivalent (A+B+C)	389.46	217.23
Cash and Bank Balances as at		
1.04.2017 and 1.04.2016 (Opening balance)	483.10	265.87
Less: Bank balances not considered as Cash and Cash Equivalents as per IND AS	710.87	210.40
Cash and Cash Equivalents* as at 31.03.2018 and 31.03.2017 (Closing balance)	<u>161.69</u>	<u>272.70</u>

Significant Accounting Policies and Notes on Financial Statements 1 & 2 to 59
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 : 21-May-2018

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
(FCS No. 9087)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

1. Significant Accounting Policies

a. Corporate Information :

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 1,88,112 spindles. In 2013, the company has set up a Greenfield technical textile at Hassan in the State of Karnataka. The Subsidiary - Suprem Associates (Partnership firm) does not have any operations.

b. General Information and Statement of Compliance with Ind AS:

These Consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The date of transition to Ind AS is April 1, 2016.

The Group has uniformly applied the accounting policies during the periods presented. These Consolidated financial statements for the year ended 31st March 2018 are the first financial statements which the Group has prepared in accordance with Ind AS. For all periods up to and including the year ended 31st March 2017, the Group had prepared its Consolidated financial statements in accordance with Accounting Standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), which have been adjusted for the differences in the accounting principles adopted by the Group on transition to Ind AS.

Refer Note 36 for information on the details of exemptions and exceptions availed by the Group on First time adoption of Ind-AS.

The Consolidated financial statements for the year ended 31st March 2018 were authorized and approved for issue by the Board of Directors on 21st May 2018 and are subject to the approval of the shareholders at the Annual General Meeting.

2. Basis of Preparation :

The Consolidated financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

The Consolidated Financial Statements have been prepared & presented on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated financial statements is determined on the basis stated above, except for Accounting for Leases that are within the scope of Ind AS 17 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use under Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows :

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

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

- ❖ Level 3 inputs are unobservable inputs for the asset or liability.

3. Principles of Consolidation :

The Consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31st March 2018. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has :

- ❖ power over the investee
- ❖ is exposed to, or has rights, to variable returns from its involvement with the investee; and
- ❖ has the ability to use its power to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ❖ the contractual agreement with the other vote holders of the investee
- ❖ right arising from other contractual agreement
- ❖ the company's voting rights and potential voting rights

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the company obtains control over the Subsidiary and ceases when the company loses control over the Subsidiary. Assets, liabilities, Income and Expenditure of a Subsidiary acquired or disposed off during the year are included in Consolidated Financial Statements from the date the Groups gains control until the date the Company ceases to control the subsidiary.

Profit or Loss and each component of Other Comprehensive Income (OCI) are attributed to the Equity holders of the Parent of the Group and to the non-controlling interest, even if this results in non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's Accounting Policies. All intra-group assets and liabilities, Equity, Income, Expenses and Cash Flow relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

- ❖ derecognizes the assets (including Goodwill) and liability of the subsidiary;
- ❖ derecognizes the carrying amount of any non-controlling interest;
- ❖ derecognizes the cumulative translation difference recorded in equity
- ❖ recognizes the fair value of the consideration received
- ❖ recognizes the fair value of any investments retained
- ❖ recognizes any surplus or deficit in Profit or Loss
- ❖ reclassifies the Parent's share of components previously recognized in OCI to Profit or Loss or Retained earnings, as appropriate, as would be required if the Group has directly disposed of the related Assets or Liabilities.

a. Use of Estimates :

The preparation of Consolidated financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of

changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these Consolidated Financial statements have been disclosed separately under the heading "Significant accounting Judgements, estimates and assumption".

b. Current and Non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current - non-current classification of assets and liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised net of discounts, sales incentives, rebates granted, returns, sales taxes and duties when the products are delivered to customer or when delivered to a carrier for export sale, when the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured. Revenue from the sale of goods excludes amounts collected on behalf of third parties, such as goods and service tax (GST), sales tax and value added tax, as applicable.

Other Operating Revenues comprise of income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.

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

Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or shorter period, where appropriate to the gross carrying amount of the financial asset or to the amortized cost of a financial asset.

When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss. The expected cash flows are reassessed on a yearly basis and changes, if any, are accounted prospectively.

d. Leasing:

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are treated as operating lease.

The Company as a lessor: Assets subject to operating leases are included in PPE. Lease income on an operating lease is recognized in the statement of profit and loss on a straight line basis over the term of the relevant lease except to the extent that the lease payments are structured to compensate for the expected inflationary cost. Costs including depreciation are recognized as an expense in the statement of profit and loss.

The Company as a lessee: Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term except to the extent that the lease payments are structured to compensate for the expected inflationary cost.

Finance leases

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the

balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are treated as period cost and are expensed accordingly.

e. Business Combinations - Common Control Transactions

As part of its transition to Ind AS, the Group has elected to apply the relevant INDAS, viz Ind AS 103, Business Combinations, to only those business combinations that occurred on or after 1st April 2016.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method.

The assets and liabilities of the acquired entity are recognised at their carrying amounts of the parent entity's Consolidated financial statements with the exception of certain income tax and deferred tax assets and no goodwill is recognised. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statement in respect of prior periods are restated as if the business combination has occurred from the beginning of the preceding period in the financial statement irrespective of the actual date of business combination unless the combination had occurred after that date.

f. Foreign Currency Transactions

Functional and presentation currency

The Consolidated financial statements are presented in Indian Rupee (₹) which is also the functional and presentation currency of the Company and are rounded off to nearest lakhs, except where otherwise indicated.

a) Initial Recognition:

Transactions in foreign currencies are translated into the functional currency (i.e., ₹) of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transactions.

b) Conversion:

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

Long Term Foreign Currency Monetary Items: The Company has elected the option under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and has continued the policy adopted for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the Consolidated financial statements upto 31st March 2016. Accordingly, exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets.

g. Property, Plant and Equipment

Property, Plant and Equipment (PPE), being fixed assets are tangible items that are held for use in the production or supply of goods or services, for rental to others, or

for administrative purposes and are expected to be used for more than a period of twelve months.

Items of Property, plant and equipment (PPE) are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Financing costs (if any) relating to acquisition of assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use.

Initial Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its location and working condition necessary for it to be capable of operating in the manner intended by the Management and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Subsequent costs and disposal: Subsequent expenditure relating to an item of PPE is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance/life.

All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Derecognition : The carrying amount of an item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of an item of PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE, and are recognized net within other income/other expenses in statement of profit and loss.

Capital-work-in-progress: Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs (net of income) associated with the commissioning of an asset are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

Depreciation: Depreciation on PPE are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, except Lease hold buildings are amortised over the duration of the shorter of the useful life or lease term and in respect of Plant & Equipments where the useful life is estimated to be 20 years (10 years based on triple shift basis), based on technical evaluation.

The Management believes that the estimated useful lives as per the provisions of Schedule II to the Companies Act, 2013, wherever adopted, are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged prospectively to reflect the changed pattern.

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

Class of Assets	Useful Lives
Factory Buildings	30 Years
Non- Factory Buildings	60 Years
Leasehold Buildings	Term of Lease
Plant and Equipment	10 Years (on triple shift basis)
Vehicles	10 Years
Furniture and Fixtures	10 Years
Computer	3 Years

h. Intangible Assets and Amortisation :

An intangible asset is as identifiable non monetary asset without physical substance.

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

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

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Class of Assets	Useful Lives
Computer software - Acquired	6 years

i. Impairment of Non Financial assets :

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

j. Investment Property

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

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

Any Gain or Loss on disposal of Investment Property is recognised in Profit and Loss.

k. Borrowing Costs

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

l. Government Grants:

Grants and subsidies from the government are recognised when there is

reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset and presented within other income. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

m. Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

n. Inventories:

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods and work in progress include cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The Net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw Material, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on item-by-item basis.

Stores & Spares which do not meet the definition of PPE are accounted as inventories.

o. Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

p. Taxation

Income tax expense represents the sum of the current tax and deferred tax :

- i. **Current income tax** assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
- ii. **Deferred tax** is provided, using the balance sheet method, on all deductible temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and on carry forward of unused tax credits and unused tax loss.

Deferred tax assets and liabilities are measured at the tax rates that are

expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized outside profit or loss is recognised outside profit or loss (either in other comprehensive income or equity).

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets (including Minimum Alternate Tax credit available) is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

- iii. **Minimum Alternate Tax (MAT)** paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax.

Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company. 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.

Presentation of current and deferred tax :

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

q. Employee Benefits

Retirement benefit costs and termination benefits :

- i. **Defined Contribution Plan:** A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Employee State Insurance. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.
- ii. **Defined Benefit Plan:** The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b. net interest expense or income; and
- c. re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. The Company presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary and also considering whether the Company will contribute this amount to the gratuity fund within the next twelve months.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

r. Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

s. Contingent liabilities and Contingent Assets:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Consolidated financial statements.

Contingent assets are not recognised but disclosed in the Consolidated financial statements when an inflow of economic benefits is probable.

t. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

A. Financial Assets :

i. Recognition and initial Measurement : The Company initially recognises loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to

the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii. Classification of financial assets : On initial recognition, a financial asset is classified to be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL;

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces and accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognized in statement of profit or loss. The net gain or loss recognized in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- The Company's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the entity,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Investment in, Associates and Joint ventures:

The Company's investment in equity instruments of Subsidiaries, Associates and Joint venture are accounted for at cost as per Ind AS 27.

III. Derecognition of financial assets : The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Impairment : The Company assesses at each reporting date whether a financial asset (or a group of financial assets) is impaired based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

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

B. Financial liabilities and equity instruments

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

I. Recognition and initial Measurement:

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives,

and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

II. Subsequent measurement

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

a. Loans and borrowings

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

b. Trade and other payables

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

c. Other financial liabilities at fair value through profit or loss:

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

Other financial liabilities: Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

III. Derecognition of financial liabilities: The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

iv. Derivative financial instruments: The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, commodity price and foreign exchange rate risks, including foreign exchange forward contracts, foreign exchange options, commodity forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedge item.

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the

recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

u. Fair value measurement:

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

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

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

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

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

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

- ❖ **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ❖ **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- ❖ **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. Key sources of estimation uncertainty and critical accounting judgements:

In the course of applying the policies outlined in all notes under section 2 above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

Estimation Uncertainty :

- i. **Useful Lives of Property, Plant and Equipment :** Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.
- ii. **Impairment :** Determining whether the assets are impaired requires an estimate in the value in use of the assets. The value in use calculation requires the Management to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate present value. When the actual cash flows are less than expected, a material impairment loss may arise.
- iii. **Provisions and Contingencies :** Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds

resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

iv. **Fair Value Measurement :** When the fair values of financial assets or financial liabilities recorded or disclosed in the Consolidated financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 41.

v. **Taxes :** Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

vi. **Defined Benefit Obligation :** The costs of providing Gratuity and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 39, 'Employee benefits'.

vii. **Inventories :** An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.

Standards issued or modified but not yet effective up to the date of issuance of the company's financial statements:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28th March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1st April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant."

Ind AS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1st April 2018. Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognized when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1st April 2018.

The standard permits two possible methods of transition: Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect, if any, on adoption of Ind AS 115 is expected to be insignificant".

Non Current Assets
2. PROPERTY, PLANT AND EQUIPMENT

₹ Lakhs

Particulars	Freehold Land	Building Equipment (Owned)	Plant and equipment (Owned)	Furniture and Fixtures	Vehicles	Computer	Tangibles Total
Cost / Deemed Cost							
At 01st April 2016	29,074.22	7,246.87	22,486.36	151.14	191.14	57.30	59,207.03
Additions	2.30	71.62	1,254.51	10.55	39.58	10.21	1,388.77
Deductions	223.90	481.01	929.23	2.82	14.50	10.35	1,661.81
At 31st March 2017	28,852.62	6,837.48	22,811.64	158.87	216.22	57.16	58,933.99
Additions	-	25.69	1,080.79	11.69	-	13.84	1,132.01
Deductions	-	1.07	240.75	0.77	0.53	0.80	243.92
At 31st March 2018	28,852.62	6,862.10	23,651.68	169.79	215.69	70.20	59,822.08
Accumulated depreciation and impairment							
At 01st April 2016	-	-	-	-	-	-	-
Depreciation during the year	-	349.13	2,967.69	28.47	28.27	22.66	3,396.22
Deductions	-	3.66	66.68	0.10	1.71	-	72.15
At 31st March 2017	-	345.47	2,901.01	28.37	26.56	22.66	3,324.07
Depreciation expense	-	346.05	2,827.17	21.56	29.63	7.48	3,231.89
Deductions	-	-	7.32	0.33	-	0.16	7.81
At 31st March 2018	-	691.52	5,720.86	49.60	56.19	29.98	6,548.15

Carrying Value

At 31st March 2018	28,852.62	6,170.58	17,930.82	120.19	159.50	40.22	53,273.93
At 31 st March 2017	28,852.62	6,492.01	19,910.63	130.49	189.66	34.49	55,609.92
At 31 st March 2016	29,074.22	7,246.87	22,486.36	151.14	191.14	57.30	59,207.03

The reconciliation of PPE as per Ind AS as on the transition date is given below:

₹ Lakhs

Particulars	Gross block as per IGAAP - 01.04.16	Accumulated Depreciation as per IGAAP - 01.04.16	Net block as per IGAAP - 01.04.16	Ind As Adjustments	Gross block as per Ind As - 01.04.16
Free hold Land	494.48	-	494.48	28,579.74	29,074.22
Leasehold Land	570.58	-	570.58	(570.58)	-
Building	10,134.07	2,645.64	7,488.43	(241.56)	7,246.87
Plant and Equipment	59,118.61	36,758.19	22,360.42	125.94	22,486.36
Furnitures & Fixtures	360.33	209.19	151.14	-	151.14
Vehicles	402.17	211.03	191.14	-	191.14
Computer	552.67	495.37	57.30	-	57.30
	71,632.91	40,319.42	31,313.49	27,893.54	59,207.03

Entire movable and immovable Property, Plant and Equipment of the company is hypothecated with banks against term loans. Refer note no: 17

 In accordance with the exemption given under Ind AS 101, which has been exercised by the Company, a first time adopter can continue its previous GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the previous GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. 01st April 2017. (Refer note 36 - First time adoption of Ind AS)

Accordingly, foreign currency exchange differences arising on translation/settlement of long-term foreign currency monetary items acquired before April 01, 2017 pertaining to the acquisition of a depreciable asset amounting to ₹ Nil (March 31, 2017 ₹ Nil, April 1, 2016 ₹20.25 Lakhs Loss) are included in the WDV of respective item of property, plant and equipment.

3(a) CAPITAL WORK IN PROGRESS

₹ Lakhs

Particulars	Capital work in progress
Cost/Deemed Cost	
At 01st April 2016	65.98
Additions	476.33
Deductions	65.98
At 31st March 2017	476.33
Additions	100.27
Deductions	476.33
At 31st March 2018	100.27
Accumulated depreciation and impairment	
At 01st April 2016	-
Amortization	-
Deductions	-
At 31st March 2017	-
Amortization	-
Deductions	-
At 31st March 2018	-

Carrying Value

At 31st March 2018	100.27
At 31 st March 2017	476.33
At 31 st March 2016	65.98

3(b) INVESTMENT PROPERTY

₹ Lakhs

Particulars	Investment property
Cost/Deemed Cost	
At 01st April 2016	0.22
Additions	-
Deductions	-
At 31st March 2017	0.22
Additions	-
Deductions	0.22
At 31st March 2018	-
Accumulated depreciation and impairment	
At 01st April 2016	-
Amortization	-
Deductions	-
At 31st March 2017	-
Amortization	-
Deductions	-
At 31st March 2018	-

Carrying Value

At 31st March 2018	-
At 31 st March 2017	0.22
At 31 st March 2016	0.22

3(c) INTANGIBLE ASSETS
₹ Lakhs

Particulars	Intangible Assets
	Computer Software
Cost/Deemed Cost	
At 01st April 2016	90.14
Additions	0.99
Deductions	0.29
At 31st March 2017	90.84
Additions	1.66
Deductions	-
At 31st March 2018	92.50
Accumulated depreciation and impairment	
At 01st April 2016	-
Amortization	23.88
Deductions	0.04
At 31st March 2017	23.84
Amortization	24.83
Deductions	-
At 31st March 2018	48.67
Carrying Value	
At 31st March 2018	43.83
At 31 st March 2017	67.00
At 31 st March 2016	90.14

The reconciliation of Intangible Assets and Investment property as per Ind AS as on the transition date is given below : **₹ Lakhs**

Particulars	Gross block as per IGAAP - 01.04.16	Accumulated as per IGAAP - 01.04.16	Net Block as per IGAAP - 01.04.16	Ind As Adjustment	Gross block as per Ind As- 01.04.16
Computer software	431.81	341.67	90.14	-	90.14
Investment property	-	-	-	0.22	0.22
	431.81	341.67	90.14	0.22	90.36

Rental income derived from investment properties	Nil
Direct operating expenses (including repairs and maintenance) generating rental income	Nil
Direct operating expenses (including repairs and maintenance) for properties not generating rental income	Nil

The fair values of investment properties as at March 31, 2018 is ₹ Nil (PY ₹ 4130 Lakhs). These valuations are based on valuations performed by accredited independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. Fair Value is based on Summation approach using Guideline Value of the land and the Depreciated Value of the building. The fair value measurement is categorised in level 2 of fair value hierarchy.

During the year, the Investment Property situated at Ooty was disposed and the gain arising from the disposal of Investment property determined as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss.

Non Current Assets (Contd)

4. FINANCIAL ASSETS: INVESTMENTS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Investment in equity shares at fair value through other comprehensive income			
Trade Investments - Unquoted, fully paid up			
1,00,000 Vantex Limited of ₹10 each (as on 31.03.17, 01.04.16 - 1,00,000 shares)	-	3.00	3.00
12,06,000 A.P. Gas Power Corporation Limited of ₹10 each (as on 31.03.17, 01.04.16 - 12,06,000 shares)	1,025.10	1,000.98	1,000.98
2,25,000 Sai Regency Power Corporation Private limited of ₹ 10 each (as on 31.03.17, 01.04.16 - 2,25,000 shares)	686.25	625.50	625.50
14,000 OPG Energy Private Limited of ₹ 10 each (as on 31.03.17, 01.04.16 - 14,000 shares)	1.40	1.40	1.40
83,004 Ind-Bharath Power Gencom Limited of ₹ 10 each (as on 31.03.17, 01.04.16 - 83,004 shares)	8.00	8.00	8.00
Total Trade Investments	1,720.75	1,638.88	1,638.88
Other Investment - Quoted, fully paid-up			
Nil Shares Pricol Limited of ₹ 1 each (as on 31.03.17 - Nil, 01.04.16 - 30,00,000 shares)	-	-	1,284.00
Other Investment - Unquoted, fully paid-up			
100 Precot Mills Employees Cooperative Credit Society of ₹10 each (as on 31.03.17, 01.04.16 - 100 shares)	0.01	0.01	0.01
100 Precot Mills Multi purpose stores of ₹10 each (as on 31.03.17, 01.04.16 - 100 shares)	0.01	0.01	0.01
10 Precot Workers Credit Co-operative Stores of ₹ 10 each (as on 31.03.17, 01.04.16 - 10 shares)	0.00	0.00	0.00
10 Multiflora Floriculture Stores of ₹ 10 each (as on 31.03.17, 01.04.16 - 10 shares)	-	0.00	0.00
10,000 Cotton Sourcing Company Ltd of ₹ 10 each (as on 31.03.17, 01.04.16 - 10,000 shares)	1.00	1.00	1.00
Total Other Investments	1.02	1.02	1,285.02
In Government Securities	0.02	0.02	0.02
TOTAL INVESTMENTS	1,721.79	1,639.92	2,923.92
Aggregate amount of Quoted Investments and Market Value thereof	-	-	1,284.00
Aggregate amount of Unquoted Investments	1,721.79	1,639.92	1,639.92
Category-wise Non current investment			
Financial assets carried at cost	-	-	-
Financial assets measured at fair value through other comprehensive income	1,721.79	1,639.92	2,923.92
Total Non current investment	1,721.79	1,639.92	2,923.92

₹ Lakhs

Reconciliation of carrying value of Investment as per previous GAAP with carrying value as per Ind AS	01 st April 2016		
	Carrying amount as per previous GAAP	IndAS adjustments	Carrying amount as IndAS
Trade Investments - Unquoted, fully paid up	1,540.19	98.69	1,638.88
Other Investment - Unquoted, fully paid up	1.04	-	1.04
Other Investment - Quoted, fully paid-up	102.86	1181.14	1,284.00

Carrying amount of equity investments other investments at fair value through Other Comprehensive Income are considered to be at fair value as there is a wide range of possible fair value measurement and the cost represents estimate of fair value within that range considering the purpose and restriction with transferability of the investment.

5. LOANS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good			
Security Deposits	706.00	848.09	984.12
	706.00	848.09	984.12

6. OTHER FINANCIAL ASSETS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Derivative Asset - at FVTPL	-	97.35	-
	-	97.35	-

7. OTHER NON-CURRENT ASSETS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good			
i) Capital advances	47.43	113.74	141.96
ii) Advances other than Capital advances			
Advance Tax, net off provisions	450.39	430.87	472.87
Others			
i) Prepaid Lease rental *	390.60	421.00	451.40
ii) Prepaid expenses	18.13	12.37	6.91
	906.55	977.98	1,073.14

* Represents Non-Current portion of the tentative lease price paid to Karnataka Industrial Area Development Board for a term of 20 years and being amortised over the Lease period.

CURRENT ASSETS:
8. INVENTORIES (at lower of cost and net realisable value)

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Raw Materials	10,739.22	9,738.60	7,854.40
Work-in-progress	1,433.40	1,751.62	1,495.92
Finished goods	2,530.26	2,305.81	2,858.00
Stock in trade	186.27	-	8.16
Stores and spares	514.52	674.38	555.02
Waste Cotton	77.15	303.23	70.99
	15,480.82	14,773.64	12,842.49

₹ Lakhs			
Particulars	31.03.2018	31.03.2017	01.04.2016
Details of stock in transit			
Particulars			
Raw Materials	420.38	450.59	-
Stores and spares	23.80	-	-
Total	444.18	450.59	-

- i) For method of valuation of inventories, refer note 1
- ii) Inventory held at net realizable value amounted to ₹230.64 Lakhs (as at 31.03.17- ₹471.61 Lakhs).
The amount of write down of inventory recognised as an expense during the year is ₹119.67 Lakhs (2016-17 ₹118.48 Lakhs).
- iii) There has been no reversal of such write down in current and previous years.
- iv) Inventories with the above mentioned carrying amount have been pledged as security against certain bank borrowings of the Company (Refer note 21)

v) Cost of inventory recognised as an expense :

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Cost of materials consumed	39437.25	35474.04
Cost of goods sold	5176.73	5807.58
Consumption of Stores & Spare parts	2211.84	2284.40
Power & Fuel	389.69	509.20

9. TRADE RECEIVABLES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good	7,391.60	4,901.72	4,676.34
Unsecured, considered doubtful	32.60	11.26	27.66
	7,424.20	4,912.98	4,704.00
Less: Allowance for doubtful Debts	(32.60)	(11.26)	(27.66)
	7,391.60	4,901.72	4,676.34

Ageing of receivables that are past due but not impaired

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
60-90 days	539.05	393.33	147.32
90-180 days	330.36	82.21	35.53
> 180 days	33.83	18.56	28.66
Total	903.24	494.10	211.51

Movement in Allowance for doubtful debts is as follows :

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Opening	11.26	27.66
Additions	27.93	10.67
Reversal	6.59	27.07
Closing	32.60	11.26

The credit period on sales of goods ranges from 21 to 70 days without security. No interest is charged on trade receivables upto the end of the credit period.

Trade receivables with the above mentioned carrying amount have been given as collateral towards borrowings (refer security note 17 & 21).

In determining the allowances for doubtful trade receivables, the Company uses the expected credit loss allowance method. Expected credit losses are estimated after taking into account historical credit loss experiences of the Company.

10 CASH AND CASH EQUIVALENTS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Balances with Banks			
Current accounts	160.26	270.98	219.57
In term deposit accounts with maturity less than 3 months at inception	-	-	15.00
Cash on hand	1.33	1.72	4.51
	161.59	272.70	239.08

11. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Earmarked balances			
In Unclaimed dividend accounts	16.35	22.34	22.60
Other balances:			
In margin money *			
with maturity more than 3 months but less than 12 months at inception	669.34	183.49	4.20
with maturity more than 12 months at inception	25.18	4.57	0.00
	710.87	210.40	26.80

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

12. LOANS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good			
Loans to employees	64.66	48.10	60.01
	64.66	48.10	60.01

13. OTHER FINANCIAL ASSETS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good			
Derivative Asset - at FVTPL	-	40.37	-
Income accrued	51.70	58.98	74.32
Interest Subsidy Receivable	0.58	32.49	220.04
Unsecured, considered doubtful			
Interest Subsidy Receivable	2,142.64	2,136.11	2,136.11
Less : Allowance for doubtful advances/ deposits	(2,142.64)	(2,136.11)	(2,136.11)
	52.28	131.84	294.36

Movement in Allowance for doubtful advances is as follows:

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Opening	2,136.11	2,136.11
Additions	6.53	0.00
Reversal	-	-
Closing	2,142.64	2,136.11

14. OTHER CURRENT ASSETS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Unsecured, considered good			
Advance to Trade Suppliers	185.27	447.41	277.83
Prepaid expense *	229.37	327.59	316.97
Export incentives receivable	415.30	151.47	152.64
Indirect tax balances/ recoverable /credits	928.70	93.77	230.97
Unsecured, considered doubtful			
Indirect tax balances / recoverable / credits	43.78	43.78	-
Less : Allowance for doubtful advances / deposits	(43.78)	(43.78)	-
Others			
Prepaid expense *	229.37	327.59	316.97
	1,758.64	1,020.24	978.41

* Includes current portion of the tentative lease price paid to Karnataka Industrial Area Development Board for a term of 20 years and being amortised over the Lease period.

Movement in Allowance for doubtful advances is as follows:

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Opening	43.78	-
Additions	-	43.78
Reversal	-	-
Closing	43.78	43.78

15. EQUITY SHARE CAPITAL

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Authorised			
2,13,00,000 Equity Shares of ₹ 10 each (31.03.17 and 01.04.16 - 2,00,00,000 Equity Shares of ₹ 10 each)	2,130.00	2,000.00	2,000.00
Issued, Subscribed & fully Paid up			
1,20,00,000 Equity Shares of ₹ 10 each fully paid up (31.03.17 and 01.04.16 - 1,20,00,000 Equity Shares of ₹ 10 each)	1,200.00	1,200.00	1,200.00
	1,200.00	1,200.00	1,200.00

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

Fully paid Equity shares of ₹10/- each	31.03.2018		31.03.2017		01.04.2016	
	Number	₹ Lakhs	Number	₹ Lakhs	Number	₹ Lakhs
At the beginning of the year	1,20,00,000	1,200.00	1,20,00,000	1,200.00	1,20,00,000	1,200.00
Add: Issued during the year	-	-	-	-	-	-
At the end of the year	1,20,00,000	1,200.00	1,20,00,000	1,200.00	1,20,00,000	1,200.00

ii) 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 ensuing Annual General Meeting.

- c. 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.

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

S. No.	Name of Shareholder	Equity Shares					
		As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
		No. of Shares held	% of holding	No. of Shares held	% of holding	No. of Shares held	% of holding
1	Mr Sarath Chandran (Ind)	16,24,857	13.54	16,24,857	13.54	16,24,857	13.54
2	Mr D Sarath Chandran (HUF)	12,16,251	10.14	12,16,251	10.14	12,16,251	10.14
3	Mr Ashwin Chandran	23,07,987	19.23	23,07,457	19.23	23,07,457	19.23
4	Mr Prashanth Chandran	19,72,411	16.44	19,71,891	16.43	19,71,891	16.43

iv) 40,00,000 shares were allotted as bonus shares by capitalisation of securities premium during the year 2013-14.

v) There are no shares held by Holding Company / Subsidiaries of ultimate Holding Company.

16. OTHER EQUITY
₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
General reserve	11,796.41	11,796.41	11,796.41
Capital Reserve	48.19	48.19	48.19
Capital Redemption Reserve	355.00	355.00	355.00
Securities Premium reserve	2,736.46	2,736.46	2,736.46
(A)	14,936.06	14,936.06	14,936.06
Retained earnings			
Opening Balance	15,978.56	18,341.18	18,341.18
Add: Loss for the year	(576.75)	(2362.62)	-
(B)	15,401.81	15,978.56	18,341.18
Other Comprehensive Income:			
Opening Balance	2,768.65	1,452.53	-
Add : Additions during the year	42.83	1,316.12	1,452.53
(C)	2,811.48	2,768.65	1,452.53
(A+B+C)	33,149.35	33,683.27	34,729.77

a. General reserve:

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations.

Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

b. Capital Redemption Reserve:

- i) An amount of ₹ 55 Lakhs was transferred to capital redemption reserve consequent to buy back of 5,50,000 equity shares in July 2002 as per statutory requirement and
- ii) ₹ 300 Lakhs has been transferred from Meridian Industries Limited in 2006-07 to the Company in the course of business combinations and can be utilized in accordance with the provisions of the Companies Act, 2013.

NON-CURRENT LIABILITIES:
17. BORROWINGS
₹ Lakhs

Particulars	31.03.2018		31.03.2017		01.04.2016	
	Non Current	Current	Non Current	Current	Non Current	Current
Secured Loans - at amortised cost						
Term loans from Banks	18,585.00	377.00	14,143.66	3,656.98	15,899.78	4,715.37
Less: Amount disclosed under current maturities		377.00		3,656.98		4,715.37
Less: Unamortised upfront fees on borrowings	1,027.76		-		-	
	17,557.24	-	14,143.66	-	15,899.78	-

The Company has not defaulted in the repayment of loans and interest as at Balance Sheet date.

A) Amount of loan outstanding:

₹ Lakhs

Description	31.03.2018	31.03.2017	01.04.2016	Security
Rupee term loan of from Andhra Bank	-	1,428.00	2,242.50	Note 1
Rupee Tuf loan from EXIM Bank	-	1,768.65	2,801.03	Note 1
Rupee Tuf loan – XII from SBI	-	430.13	1,567.63	Note 1
Rupee Tuf loan - XIII from ICICI Bank	5,000.00	8,064.00	9,504.00	Note 3
Rupee Tuf Loan – XVI from The South Indian Bank Ltd	462.00	860.06	-	Note 1a
Rupee Corporate Loan from ICICI Bank	500.00	2,250.00	2,500.00	Note 3
Rupee Corporate Loan from Axis Bank	-	2,999.80	2,000.00	Note 2
Rupee Term Loan from Indusind Bank Ltd	13,000.00	-	-	Note 4
	18,962.00	17,800.64	20,615.16	

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

B) Security details:

- Note 1 : 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 the current assets of the company.
- Note 1a : Exclusive first charge on Machineries acquired out of the loan.
- Note 2 : 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.
- Note 3 : 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 movable fixed asset of the unit at Hassan, ranking pari passu charge with ICICI bank's derivative limits for the unit at Hassan.
- Note 4 : First charge on the entire movable and immovable fixed assets of the company, present and future. Second Charge on the current assets of the company, both present and future. Promoters shall offer 3.60 million shares in Precot Meridian Limited, currently representing 30% of total shareholding in the company to IndusInd Bank Limited (IBL) under Non-Disposal Undertaking (NDU) - Power of Attorney (POA) and 2.52 million shares currently representing 21% of total shareholding in the company to IBL under NDU.

In respect of the above, Rupee Term Loans carry interest ranging from 9.35% p.a. to 12% p.a.

C) Maturity pattern:

₹ Lakhs

Description	Maturity	31.03.2018	31.03.2017	Effective Interest Rate
Rupee Tuf loan – X from EXIM Bank	Paid on 20-Apr-2017	-	100.15	
Rupee Tuf loan – XI from EXIM Bank	Paid on 25-May-2017	-	693.50	
Rupee Tuf loan – XII from SBI	Repaid as on 05-July-2017	-	430.13	
Rupee Tuf loan XIII from ICICI Bank	5 Half yearly instalments of ₹ 916 Lakhs from Jul-19 to Jan-20, ₹ 1056 Lakhs from Jul-20 to Jul-21.	5,000.00	8,064.00	11.35%
Rupee Tuf Loan – XIV from EXIM Bank	Paid on 25-May-2017	-	975.00	
Rupee Tuf Loan – XV from Andhra Bank	Prepaid on 19-Jul-2017	-	1,428.00	
Rupee Tuf Loan – XVI from the South Indian Bank	24 quarterly instalments ₹19.25 Lakhs till 11-Feb-2024.	462.00	860.06	11.10%
Rupee Corporate Loan from ICICI Bank	4 Half yearly instalments ₹ 125 Lakhs each from Jul-19 to Jan-21	500.00	2,250.00	11.85%
Rupee Corporate Loan from Axis Bank	Repaid as on 17-May-2017	-	2,999.80	
Rupee Term Loan from Indusind Bank Ltd	84 months with Quarterly repayments starting from 30-Jun-2018 till 31-Mar-2024	13,000.00	-	11.71%
		18,962.00	17,800.64	

18. OTHER FINANCIAL LIABILITIES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Derivative Liability - at FVTPL	549.00	-	378.61
	549.00	-	378.61

19. PROVISIONS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Provision for employee benefits			
Gratuity (Refer note no: 39)	287.60	235.60	171.58
	287.60	235.60	171.58

20. OTHER NON-CURRENT LIABILITIES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Deferred Government Grant*	444.83	527.85	570.80
	444.83	527.85	570.80

* Represents Grant received from the Government of Karnataka and treated as deferred income to be released to Profit and Loss account over the useful life of Property, Plant and Equipment against which such Grant was received.

CURRENT LIABILITIES
21. BORROWINGS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Secured Loans- at amortised cost			
Loans repayable on demand:			
From Banks			
- Domestic Currency Loans	6,921.35	4,837.06	5,697.34
- Foreign Currency Loan	8,106.06	6,326.99	5,801.54
Unsecured Loans at amortised cost			
Loans repayable on demand:			
From Banks			
- Domestic Currency Loans	4,995.96	6,251.10	7,793.75
	20,023.37	17,415.15	19,292.63

- 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.
- In respect of the above, working capital rupee loans carry interest ranging from 8.55 % p.a. to 13.35% p.a. and working capital foreign currency loans carry interest ranging from 1.60% p.a. to 5% p.a. plus applicable LIBOR.
- Unsecured short term loans from ICICI & IDBI Bank carry interest at 8.40% p.a. and 8.35% p.a. respectively.

22. TRADE PAYABLES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Trade payables			
- Total outstanding dues of Micro and Small Enterprises (Refer note 47)	35.08	26.25	29.18
- Total outstanding dues of creditors other than Micro and Small Enterprises	3,568.28	2,214.06	2,021.04
	3,603.36	2,240.31	2,050.22

23. OTHER FINANCIAL LIABILITIES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Current maturities of long-term debt (Refer note no: 17)	377.00	3,656.98	4,715.37
Interest accrued but not due on borrowings	21.46	80.49	38.64
Unpaid dividends	16.35	22.34	22.60
Accrued Employee benefits	667.83	772.56	913.39
Derivative liability - at FVTPL	-	-	138.57
Temporary Over Draft from Banks	-	-	6.74
Others *	2,680.65	2,552.33	2,610.60
	3,763.29	7,084.70	8,445.91

* Includes expenses payable

24. OTHER CURRENT LIABILITIES

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Statutory Liabilities	530.46	234.63	216.42
Advance from Customers	196.66	351.72	120.45
Deferred Government Grant - refer note no: 20	83.03	83.03	83.03
Others *	2.39	3,002.26	2.00
	812.54	3,671.64	421.90

* Includes advance received towards sale of immovable property.

25. CURRENT LIABILITIES - PROVISIONS

₹ Lakhs

Particulars	31.03.2018	31.03.2017	01.04.2016
Provision for employee benefits - Gratuity - (Refer note no: 39)	166.26	93.38	84.84
Provision for Statutory dues	815.99	779.89	216.00
	982.25	873.27	300.84

Movement in provisions for statutory dues:

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Opening	779.89	216.00
Additions	36.10	563.89
Reversal	-	-
Closing	815.99	779.89

26. REVENUE FROM OPERATIONS

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Sale of Products - Manufactured Goods		
Sale of Yarn	54,063.95	50,016.21
Sale of Technical Textile products	7,289.77	4,142.38
Sale of Fabric	1,342.77	3,924.03
Sale of Products - Traded Goods		
Sale of Yarn & Cotton	5,193.45	6,013.83
Total (A)	67,889.94	64,096.45
Other operating revenue		
Scrap Sales	2,609.29	2,798.00
Export Incentive	378.55	719.47
Processing Income	-	273.01
Others*	37.50	43.14
Total (B)	3,025.34	3,833.62
Total (A+B)	70,915.28	67,930.07

* Others include packing charges collected.

27. OTHER INCOME

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Interest Income from financial assets at amortised cost	261.39	440.01
Dividend - From investments measured at FVOCI	-	30.00
Net gain on disposal of property, plant and equipment	159.28	1,046.12
Net gain on disposal of current investments measured at FVTPL	8.07	3.90
Insurance claim receipts	4.04	141.92
Gains on exchange fluctuations (net) (Refer note no: 51)	-	735.22
Deferred income from Government grant (Refer note no: 20)	83.03	80.42
Miscellaneous Income	24.87	33.44
	540.68	2,511.03

28. COST OF MATERIALS CONSUMED

₹ Lakhs

Cost of materials consumed			31.03.2018	31.03.2017
Cotton			39,437.25	35,474.04
			39,437.25	35,474.04
Particulars of Materials consumed	31.03.2018		31.03.2017	
	% of Consumption	₹ Lakhs	% of Consumption	₹ Lakhs
Imported	12.20	4811.69	10.82	3836.89
Indigenous	87.80	34,625.56	89.18	31,637.15
	100.00	39,437.25	100.00	35,474.04

29. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Inventory at the end of the year		
Work in Progress and Waste Cotton		
Yarn	1,182.12	1,430.75
Technical Textile products	328.44	624.11
Fabric	-	-
	1,510.56	2,054.86
Finished Goods		
Yarn	2,276.67	2,034.27
Technical Textile products	253.59	271.54
Traded Goods	186.27	-
Fabric	-	-
	2,716.53	2,305.81
Total	4,227.09	4,360.67
Less : Inventory at the beginning of the year		
Work in Progress and Waste Cotton		
Yarn	1,430.75	1,246.15
Technical Textile products	624.11	320.76
Fabric	-	-
	2,054.86	1,566.91
Finished Goods		
Yarn	2,034.27	2,769.07
Technical Textile products	271.54	88.93
Traded Goods	-	8.16
Fabric	-	-
	2,305.81	2,866.16
Total	4,360.67	4,433.07
(Increase) / decrease in Inventories	133.58	72.40

30. EMPLOYEE BENEFITS EXPENSE

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Salaries, Wages and Bonus	6,183.82	6,369.23
Contributions to Provident fund and other funds	618.77	580.54
Staff welfare expenses	424.77	504.31
	7,227.36	7,454.08

31. FINANCE COST

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Interest expense	3,481.31	4,132.40
Unwinding of interest on financial liabilities	260.50	-
Exchange differences regarded as an adjustment to borrowing cost	152.49	-
Other borrowing costs	184.93	140.53
	4,079.23	4,272.93

32. DEPRECIATION AND AMORTIZATION

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Depreciation - Refer note no: 2	3,231.89	3,396.22
Amortization of Intangible asset - Refer note no: 3(c)	24.83	23.88
	3,256.72	3,420.10

33. OTHER EXPENSES

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Consumption of Stores & Spare parts	2,211.84	2,284.40
Power & Fuel (Net) (Refer note no: 46)	6,880.75	7,127.54
Processing Charges	118.72	274.00
Repairs		
Building	254.66	360.44
Machinery	2,381.09	2,131.99
Others	140.05	144.45
Rent	41.08	32.53
Rates and Taxes	47.52	42.95
Foreign Exchange loss (net) (Refer note no: 51)	522.76	-
Loss on part disposal of financial liabilities	200.00	-
Selling & Distribution expenses	3,290.86	3,173.71
Bank Charges	125.67	108.85
Communication Expenses	57.86	67.63
Travelling Expenses	110.66	92.58
Professional Charges	239.18	125.61
Auditor's Remuneration (Refer Note no: 33 (A))	16.39	14.61
Provision for Bad & Doubtful Debts	(5.16)	(15.76)
Bad debts written off	6.28	22.74
Provision for doubtful advances	32.39	43.78
Miscellaneous Expenses	332.75	342.93
	17,005.35	16,374.98

33 (A) Payments to the auditor as

₹ Lakhs

Particulars	31.03.2018	31.03.2017
(a) Auditor	10.00	9.67
(b) Taxation matters	1.40	1.25
(c) Other services	3.36	0.86
(d) For reimbursement of expenses	1.63	1.09
(e) Service Tax	-	1.74
	16.39	14.61

34. UNRECOGNISED DEFERRED TAX ASSET

Deferred tax asset has not been recognised in respect of the following items because it is not probable that future taxable profits will be available against which the company can use the benefits thereon.

₹ Lakhs

Particulars	31.03.2018	31.03.2017
Tax losses	3,294.59	3,294.59

35. EARNINGS PER SHARE

Particulars	31.03.2018	31.03.2017
Net Loss after tax as per Statement of Profit and Loss attributable to Equity Shareholders (in Lakhs)	(576.75)	(2,362.62)
Weighted Average number of equity shares used as denominator for calculating EPS (in Numbers)	1,20,00,000	1,20,00,000
Basic & Diluted Loss per share (in ₹)	(4.81)	(19.69)
Face Value per equity share (in ₹)	10.00	10.00

36 FIRST-TIME ADOPTION OF IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 1 have been applied constantly in preparing the financial statements for the year ended March 31, 2018 and the comparative period information.

The Company has prepared the opening Standalone Balance Sheet as per Ind AS as of 1 April, 2016 (the transition date) by,

- recognising all assets and liabilities whose recognition is required by Ind AS,
- not recognising items of assets or liabilities which are not permitted by Ind AS,
- by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and
- applying Ind AS in measurement of recognised assets and liabilities.

Exemptions availed and mandatory exceptions

Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A) Ind AS optional exemptions

- Deemed cost for Property, Plant and Equipment, Capital Work in Progress and Intangible Assets

Ind AS 101 permits an entity to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at:

- Retrospective application of Cost Model;
- Previous GAAP carrying amount as deemed cost; (and)
- Fair value as deemed cost.

Accordingly, the company has elected to measure items of PPE and intangible assets at its previous GAAP carrying value at the date of the transition except for certain class of assets which are measured at fair value as deemed cost.

- Designation of previously recognised financial instruments
The Company has designated financial liabilities and financial assets at fair value through profit or loss and investments in equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that exist at the date of transition to Ind AS.
- Long Term Foreign Currency Monetary Items

The Company has elected the option under Ind AS 101 'First-time Adoption of Indian Accounting Standards' and has continued the policy adopted for accounting of exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements upto March 31, 2016. Accordingly, exchange difference on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded, in so far as it relates to acquisition of depreciable assets are

adjusted to the cost of the assets.

- Investments in subsidiaries, associates and joint ventures
Carrying value for all of its investment in subsidiaries as at the date of transition to IND AS, measured as per previous GAAP are treated as their deemed costs as at the date of transition.
- Past Business Combination
The Company has elected not to apply Ind AS 103- Business Combinations, retrospectively to past business combinations that occurred before 1st April, 2016. Pursuant to which Goodwill / Capital Reserve arising from business combination has been stated at the carrying amount prior to the date of transition under IGAAP.
- Investment Property
Carrying value for its investment property as at the date of transition to IND AS, measured as per previous GAAP are treated as their deemed costs as at the date of transition.

B Ind AS mandatory exemptions

- Accounting estimates
An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.
Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.
- De-recognition of financial assets and liabilities
Ind AS 101 requires a first-time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.
The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.
- Classification and measurement of financial assets
Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.
Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

37 (a) Reconciliation of Balance Sheet as at:

₹ Lakhs

S. No.	Particulars	Note No.	As at 31 st March 2017			As at 1 st April 2016		
			As per previous GAAP	Effects of Transition	As per Ind AS	As per previous GAAP	Effects of Transition	As per Ind AS
	ASSETS							
1	Non-current Assets							
a)	Property, Plant and Equipment	37e(ii)& (iii)	27,916.15	27,693.77	55,609.92	31,313.48	27,893.55	59,207.03
b)	Capital work-in-progress		476.33	-	476.33	65.98	-	65.98
c)	Investment Property	37e(xiii)	-	0.22	0.22	-	0.22	0.22
d)	Intangible assets		67.00	-	67.00	90.14	-	90.14
e)	Financial Assets	37e(viii)						
i)	Investments	37e(xi)	1,541.23	98.69	1,639.92	1,644.09	1,279.83	2,923.92
ii)	Loans		2,410.26	(1,562.17)	848.09	2,480.40	(1,496.28)	984.12
iii)	Other Financial Assets		-	97.35	97.35	-	-	-
f)	Other non-current assets	37e(vi)&(xii)	-	977.98	977.98	-	1,073.14	1,073.14
	Total Non-Current Assets		32,410.97	27,305.84	59,716.81	35,594.09	28,750.46	64,344.55
2	Current Assets							
a)	Inventories		14,773.64	-	14,773.64	12,842.49	-	12,842.49
b)	Financial Assets	37e(viii)						
i)	Trade receivables		4,901.71	-	4,901.71	4,676.34	-	4,676.34
ii)	Cash and cash equivalents		483.09	(210.39)	272.70	265.88	(26.80)	239.08
iii)	Bank balances other than (ii) above		-	210.40	210.40	-	26.80	26.80
iv)	Loans		941.87	(893.77)	48.10	855.38	(795.37)	60.01
v)	Other Financial Assets		-	131.84	131.84	-	294.36	294.36
c)	Other current assets	37e(vi)	242.94	777.30	1,020.24	447.00	531.41	978.41
	Total Current Assets		21,343.25	15.38	21,358.63	19,087.09	30.40	19,117.49
	TOTAL ASSETS		53,754.22	27,321.23	81,075.45	54,681.18	28,780.86	83,462.04
	EQUITY AND LIABILITIES							
	EQUITY							
a)	Equity Share capital		1,200.00	-	1,200.00	1,200.00	-	1,200.00
b)	Other Equity	37c	6,889.31	26,793.96	33,683.27	6,622.44	28,107.33	34,729.77
	Total Equity		8,089.31	26,793.96	34,883.27	7,822.44	28,107.33	35,929.77
	LIABILITIES							
1	Non-current Liabilities							
a)	Financial Liabilities	37e(viii)						
(i)	Borrowings		14,143.66	-	14,143.66	15,899.78	-	15,899.78
(ii)	Other Financial Liabilities		-	-	-	378.61	-	378.61
b)	Provisions		235.60	-	235.60	171.58	-	171.58
c)	Other non-current liabilities	37e(iii)&(iv)	-	527.85	527.85	-	570.80	570.80
	Total Non-current Liabilities		14,379.26	527.85	14,907.11	16,449.97	570.80	17,020.77
2	Current Liabilities							
a)	Financial Liabilities	37e(viii)						
(i)	Borrowings		17,415.16	-	17,415.16	19,292.63	-	19,292.63
(ii)	Trade payables		2,240.31	-	2,240.31	2,050.22	-	2,050.22
(iii)	Other Financial Liabilities		-	7,084.70	7,084.70	-	8,445.91	8,445.91
b)	Other current liabilities	37e(iii)&(iv)	10,708.91	(7,037.28)	3,671.63	8,765.07	(8,343.18)	421.90
c)	Provisions		921.27	(48.00)	873.27	300.84	-	300.84
	Total Current Liabilities		31,285.65	(0.58)	31,285.07	30,408.77	102.73	30,511.50
	TOTAL EQUITY AND LIABILITIES		53,754.22	27,321.23	81,075.45	54,681.18	28,780.86	83,462.04

(b) Reconciliation of total comprehensive income for the year ended 31st March, 2017

₹ Lakhs

Particulars	Note No.	As at 31 st March 2017		
		As per previous GAAP	Effects of Transition	As per IndAS
Income				
I Revenue From Operations		67,930.07	-	67,930.07
II Other Income	37e(iii) & (iv)	2,229.47	281.56	2,511.03
III Total Revenue (I+II)		70,159.54	281.56	70,441.10
IV Expenses				
Cost of materials consumed		35,474.04	-	35,474.04
Purchase of stock in trade		5,735.19	-	5,735.19
Changes in inventories of finished goods, Stock in Trade and work in progress		72.40	-	72.40
Employee benefits expense	37e(x)	7,475.36	(21.28)	7,454.08
Finance Costs	37e(ix)	3,941.59	331.34	4,272.93
Depreciation and amortisation expense	37e(vii)	3,313.02	107.08	3,420.10
Other expenses	37e(vi)	16,373.38	1.60	16,374.98
Total Expenses (IV)		72,384.98	418.74	72,803.72
V Loss Before Exceptional Items and Tax (III-IV)		(2,225.44)	(137.18)	(2,362.62)
VI Exceptional items		(2,518.55)	2,518.55	-
VII Profit / (Loss) Before Tax (V-VI)		293.11	(2,655.73)	(2,362.62)
VIII Income Tax Expense				
1) Current tax		(48.00)	48.00	-
2) Deferred tax		-	-	-
3) MAT Credit written off		21.76	(21.76)	-
IX Profit / (Loss) After Tax (VII-VIII)		266.87	(2,629.49)	(2,362.62)
X Other Comprehensive Income (OCI)				
Items that will not be reclassified to profit or loss				
a) Remeasurement of the defined benefit plans	37e(v)	-	(21.28)	(21.28)
b) Gains on fair value of Equity instruments measured at fair value through OCI		-	-	-
c) Gains on derecognition of equity instruments measured at fair value through OCI on disposal	37e(xi)	-	1,337.40	1,337.40
Income tax relating to these items				
XI Total Comprehensive Income for the year (IX+X)		266.87	(1,313.37)	(1,046.50)

(c) Effects of IND AS adoption on Total Equity

₹ Lakhs

Particulars	As at 31 st March 2017	As at 01 st April 2016
Equity under Previous GAAP	8,089.31	7,914.02
Recognition of operating lease on lease hold land	(119.18)	(88.78)
De-recognition of MAT Credit Entitlement	(869.01)	(894.25)
Fair Valuation of Non-Current Investments	-	1,181.14
Incremental depreciation on account of remeasurement	(348.38)	(240.32)
Fair value measurement of non current investments designated through other comprehensive income	98.69	98.69
Deemed cost of PPE	28,449.90	28,578.73
Transaction cost amortised under effective interest method	28.75	-
Recognition of Deferred Government Grant [Liability]	(447.46)	(527.88)
Restatement pursuant to business combination of entities under common control	144.00	(91.58)
Equity under Ind AS	34,883.27	35,929.77

(d) Effects of IND AS adoption on Statement of cash flows:

₹ Lakhs

Particulars	As at 31 st March 2017		
	As per previous GAAP	Effects of Transition	As per Ind AS
Net cash flow from operating activities	1,909.12	56.78	1,965.90
Net cash flow from investing activities	6,666.01	274.64	6,940.63
Net cash flow used in financing activities	(8,357.93)	(331.37)	(8,689.30)
Net cash inflow	217.20	0.03	217.23
Opening cash and cash equivalents	265.88	(0.01)	265.87
Bank Balances not considered as Cash and Cash Equivalents	(205.83)	(4.57)	(210.40)
Closing cash and cash equivalents	277.25	(4.55)	272.70

e) Notes to reconciliation :

- i) To comply with the Companies (Accounting Standard) Rules, 2006, certain account balances have been regrouped as per the format prescribed under Division II of Schedule III to the Companies Act, 2013.

ii) Fair Value as deemed Cost - Freehold Land

Ind AS 101 permits an entity to elect and measure an item of PPE at the transition date at its fair value and use the fair value as its deemed cost. Accordingly, the company has elected to use the fair value of certain items of PPE on the date of transition and designate the same as deemed cost.

iii) Government grant relating to acquisition of Property, plant and equipment :

Under previous GAAP, Grant received from the Government relating to the purchase of fixed asset was deducted from the carrying amount of corresponding fixed asset. As per INDAS 20 - grants related to depreciable assets are usually recognised in profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognised. The adjustments related to the government grants should be recognised retrospectively as deferred government grant account (liability) with corresponding adjustments in the Property, Plant & Equipment on the date of transition.

iv) Government grant in the nature of Promoter's Contribution :

This has been recognised as deferred government grant with corresponding adjustments with PPE as on the transition date and would be released to the statement of profit and loss over the period in which depreciation is recognised.

v) Other comprehensive income :

Under INDAS, all items of income and expense recognized in the period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss and "other comprehensive income" includes remeasurements of defined benefit plans and fair value gain or losses on FVTOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

vi) Lease Rentals on Lands :

Under Previous GAAP, Lease Agreements to use a Land was outside the purview of AS 19, Leases. Hence, the upfront fees paid to use the land was capitalised under PPE. Under IND AS, these have been treated as operating lease and charged to Statement of Profit and Loss on a straight line basis over the term of the Lease.

vii) Useful life of Buildings :

Under the previous GAAP, improvements to lease hold buildings were depreciated over the useful lives as determined by the management. Under IndAS these are depreciated over the lease period and the impact upto the date of transition has been adjusted with reserves, being the earliest of the period.

viii) Financial Assets and Liabilities:

Under the Previous GAAP, Financial Assets and Liabilities were carried at book value. Under IND AS 109, all financial assets and financial liabilities are required to be initially carried at Fair Value. The Fair Value changes are taken to Statement of Profit and Loss Account. In respect of Financial Assets and Liabilities, carried at amortised cost.

ix) Borrowing Cost:

Under the Previous GAAP, the Transaction Costs in respect of Borrowings were charged off to the Statement of Profit and Loss as and when incurred. Under IND AS, these transaction costs incurred are deducted from the carrying amount of the Borrowings on Initial Recognition. These costs are recognised in the statement of Profit and Loss over the tenor of the borrowings as part of Interest Expense by applying the Effective Interest Rate method.

x) Defined benefit liabilities:

Under IND AS, Remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognized in other comprehensive income instead of profit or loss in previous GAAP.

xi) Fair valuation of investments in equity instruments:

Under previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, non-current investments (other than investments in equity instruments of subsidiaries) are measured at fair value through other comprehensive income. Any subsequent measurement including on account of disposal are also through FVOCI.

(xii) Unused tax Losses and Tax credits:

As on the date of IndAS Transition, the company assessed the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised and has accordingly adjusted the same with the retained earnings as at the transition date

(xiii) Reclassification under IndAS:

Assets and Liabilities have been regrouped / reclassified wherever required to confirm to the requirement of IndAS.

38 Merger of Subsidiary Companies with the Company

The Company and Multiflora Processing (Coimbatore) Limited, Supreme Textiles Processing Limited and Precot Meridian Energy Limited (Subsidiary Companies), had initially announced a scheme of merger between the companies on 4th November 2016 ("Scheme"). As per the terms of the Scheme, the subsidiary companies were to merge into Precot Meridian Limited and upon the merger becoming effective:

As the Company held 100% of the issued, subscribed and paid-up capital of the Subsidiary Companies, the entire share capital of the Transferor Companies held by the Transferee Company and / or its nominees shall stand cancelled without any further application, act or deed and without allotment of any new shares by the Transferee Company.

The authorised share capital of the Company was increased to ₹ 2,130.00

Lakhs divided into 213 Lakhs Equity Shares of ₹ 10 each.

All substantive approvals for effecting the merger of the Subsidiary Companies with the company were received by September 19, 2017 with the appointed date of the amalgamation as April 01, 2016 and therefore the same has been accounted for in the current financial year ending March 31, 2018.

Since the amalgamating entities were 100% subsidiaries of the Company, the transaction has been accounted for in accordance with the Appendix C to Ind AS 103 "Common Control Business Combination", which requires retroactive accounting of the merger from the date common control was established. Accordingly, financial information as on April 1, 2016, being the earliest period presented in the annual standalone financial statements of the Company, and all periods thereafter, have been restated to give effect of the merger.

The accounting effects arising out of merger are explained below :

The carrying value of the assets, liabilities and reserves of the subsidiary companies as appearing in the books of accounts of transferee company have been recognised in the standalone financial statements of the company as adjusted in other equity, now current investments and financial assets loans.

39 Employee Benefit Plans
a) Defined contribution plans - Provident Fund

In accordance with The Employees Provident Funds Act, 1952 employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2018 and 2017) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred. The expense recognised during the period towards this defined contribution plan is ₹ 367.48 Lakhs (March 31, 2017 – ₹ 382.27 Lakhs).

b) Defined contribution plans - Employee State Insurance

In accordance with Employees' State Insurance Act, 1948, the eligible employees are entitled to receive benefits under the ESI Scheme. The employer contributes 4.75 percent and employee contributes 1.75 percent, total share 6.5 percent. This fund is managed by the ESI Corporation (ESIC) according to rules and regulations stipulated there in the ESI Act 1948, which oversees the provision of medical and cash benefits to the employees and their family. The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred. The expense recognised during the period towards this defined contribution plan is ₹ 148.09 Lakhs (March 31, 2017 – ₹ 127.52 Lakhs).

c) Defined Benefit Plans - Gratuity

The company has defined benefit gratuity plan for its employees, which requires contributions to be made to a separately administered fund. It is governed by the Payment of Gratuity Act, 1972. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 26 days salary payable for each completed year of service. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the

plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. Each year, the Board of Trustees and the Company review the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Company decides its contribution based on the results of this annual review.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31st March 2018 by Mr. Srinivasan Nagasubramanian, Armstrong International Employee Benefits Solution, Fellow of the Institute of Actuaries of India. Company's liability towards gratuity (funded) is actuarially determined at each reporting date using the projected unit credit method.

i) Risk Exposure :

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a

discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(ii) Expense Recognised in Income Statement:

₹ Lakhs

A	Components of Employer expense	31.03.2018	31.03.2017
	Service Cost		
1	Current service Cost	60.42	32.51
2	Past service cost - Plan Amendment	-	-
3	Curtailement Cost/(Credit)	-	-
4	Settlement Cost/(Credit)	-	-
5	Total Service Cost	60.42	32.51
	Net Interest Cost		
6	Interest Expense on Defined Benefit Obligation	93.11	83.20
7	Interest (Income) on Plan Asset	(67.67)	(64.43)
8	Interest (income) on reimbursement rights	-	-
9	Interest expense on effect of (asset ceiling)	-	-
10	Total Net Interest	25.44	18.77
11	Immediate Recognition of (Gain)/Losses- Other Long Term Benefits	-	-
12	Cost of Termination Benefits		
13	Administrative Expenses and Taxes		
14	Defined Benefits cost included in P&L	85.86	51.28
	Actuarial (Gain) / Losses due to Demographic Assumption changes in Defined Benefit Obligation	-	(28.19)
	Actuarial (Gain) / Losses due to Financial Assumption changes in Defined Benefit Obligation	(36.39)	3.18
	Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	75.66	116.54
	Return on Plan Assets (Greater) / Less than Discount rate	(0.24)	(70.25)
	Return on reimbursement rights (excluding interest income)	-	-
	Changes in asset ceiling /onerous liability (excluding interest Income)	-	-
	Total actuarial (gain)/loss included in OCI	39.03	21.28
	Total cost recognised in P&L and OCI (Defined Benefit Cost)		
	Cost Recognised in P&L	85.86	51.28
	Remeasurement Effect Recognised in OCI	39.03	21.28
	Total Defined Benefit Cost	124.89	72.56

Net Asset/(Liability) Recognised in Balance Sheet on		₹ Lakhs
	31.03.2018	31.03.2017
Change in Defined Benefit Obligation over the period ending on		
Present value of Defined Benefit Obligation at beginning(opening)	1,261.91	1,218.50
Current Service Cost	60.42	32.51
Prior Service Costs	-	-
Interest Cost	93.11	83.20
Benefit payments from plan	(114.88)	(163.83)
Benefit payments from employer	-	-
Acquisitions/Divestures/Transfer	-	-
Plan Amendments	-	-
Curtailments	-	-
Settlements	-	-
Actuarial (Gains)/Loss	39.27	91.53
Present Value Of Defined Benefit Obligation at the ending period	1,339.82	1,261.91

(iii)Reconciliation of Opening & Closing of Plan Assets		₹ Lakhs
	31.03.2018	31.03.2017
Fair Value of Plan Assets at end of prior year	932.92	962.08
Interest income of assets	67.67	64.43
Total employer contributions	-	-
Employer Contribution	-	-
Employer direct benefit payments	-	-
Plan Participant's contributions	-	-
Benefits Payouts from employer	-	-
Benefits Payouts from plan	(114.88)	(163.83)
Settlements By Fund Manager	-	-
Administrative expenses paid from plan assets	-	-
Taxes paid from plan assets	-	-
Insurance premiums for risk benefits	-	-
Actuarial gain/(Loss)	0.24	70.25
Fair Value of assets at the End	885.95	932.92
Actual Return on Plan Assets	67.91	134.68

Net Asset/(Liability) Recognised in Balance Sheet		₹ Lakhs
	31.03.2018	31.03.2017
Present value of Benefit Obligation	1,339.83	1,261.91
Fair Value of Plan Assets	885.95	932.92
Funded status [Surplus/(Deficit)]	(453.88)	(328.98)
Unrecognised Past Service Costs	-	-
Net Assets/(Liability) Recognised in balance sheet	(453.88)	(328.98)

Amounts Recognized in Other Comprehensive Income		₹ Lakhs
	31.03.2018	31.03.2017
Opening cumulative other comprehensive Income	(151.41)	(172.69)
Actuarial Loss / (Gain) On Defined Benefit Obligation	39.27	91.53
Actuarial Loss /(Gain) On Assets	(0.24)	(70.25)
Amortization Actuarial Loss /(Gain)	-	-
Net increasing in OCI	39.04	21.28
Amortization Of Prior Service Cost	-	-
Total Recognised In Other Comprehensive Income	(112.38)	(151.41)

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Assumptions	31.03.2018	31.03.2017
Discount rate	7.73%	7.32%
Expected return on assets	7.73%	7.32%
Salary Escalation	2.50%	2.50%
Attrition Rate	1.00%	1.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	

Major Category of Plan Assets as a % of the Total Plan Assets

	31.03.2018	31.03.2017
HDFC GROUP Unit Linked Plan - Option B	100.00%	64.75%
SBI Life - Cap Assure Gold Master Policy *	0.00%	35.25%

The fair value Mutual funds is determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the Company.

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

(iv) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

₹ Lakhs		
Particulars	31.03.2018	31.03.2017
Defined Benefit Obligation - Discount Rate + 100 basis points	1263.19	1,133.47
Defined Benefit Obligation - Discount Rate - 100 basis points	1425.15	1,330.71
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	1429.57	1,335.09
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	1258.10	1,128.30
Defined Benefit Obligation - Attrition Rate + 100 basis points	1364.86	1,257.38
Defined Benefit Obligation - Attrition Rate - 100 basis points	1105.34	1,192.21

(v) Enterprise's Best Estimate of Contribution during Next Year

The Company expects to contribute ₹ 124.80 Lakhs (previous year ₹ 166.26 Lakhs) to its gratuity plan for the next year.

(vi) Experience adjustments

₹ Lakhs					
Particulars	Current Year	2016-17	2015-16	2014-15	2013-14
Defined Benefit Obligation	1,339.83	1,261.91	1,218.50	1,378.25	1,229.97
Plan Assets	885.96	932.93	962.08	1,088.15	978.81
Surplus / (Deficit)	(453.88)	(328.98)	(256.42)	(290.10)	(251.16)
Experience Adjustments on Plan Liabilities – Loss/(Gain)	(75.66)	(116.54)	(223.80)	64.20	14.18
Experience Adjustments on Plan Assets – Gain/(Loss)	0.24	70.25	(59.85)	122.65	46.77

40. CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

The carrying value of financial instruments by categories as at 31st March 2018 were as follows:

₹ Lakhs

Particulars	Note	Cost	FVTPL	FVTOCI	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Assets:							
Investments	4	10.00	-	1721.79	-	1731.79	1731.79
Trade receivables	9	-	-	-	7391.60	7391.60	7391.60
Cash and Cash equivalents	10	-	-	-	161.51	161.51	161.51
Other bank balance	11	-	-	-	710.87	710.87	710.87
Loans	5 & 12	-	-	-	842.14	842.14	842.14
Other Financial Assets	6 & 13	-	-	-	52.28	52.28	52.28
Financial Liabilities:							
Borrowings	17 & 21	-	-	-	37957.62	37957.62	37957.62
Trade payables	22	-	-	-	3603.36	3603.36	3603.36
Other Financial Liabilities excluding Current Maturities of long term debt	18 & 23	-	-	-	3935.29	3935.29	3935.29

The carrying value of financial instruments by categories as at 31st March 2017 were as follows:

₹ Lakhs

Particulars	Note	Cost	FVTPL	FVTOCI	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Assets:							
Investments	4	10.00	-	1639.92	-	1649.92	1649.92
Trade receivables	9	-	-	-	4901.72	4901.72	4901.72
Cash and Cash equivalents	10	-	-	-	272.62	272.62	272.62
Other bank balance	11	-	-	-	210.40	210.40	210.40
Loans	5 & 12	-	-	-	967.68	967.68	967.68
Other Financial Assets	6 & 13	-	-	-	229.19	229.19	229.19
Financial Liabilities:							
Borrowings	17 & 21				35215.79	35215.79	35215.79
Trade payables	22				2240.31	2240.31	2240.31
Other Financial Liabilities excluding Current Maturities of long term debt	18 & 23				3427.72	3427.72	3427.72

The carrying value of financial instruments by categories as at 01st April 2016 were as follows:

₹ Lakhs

Particulars	Note	Cost	FVTPL	FVTOCI	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Assets:							
Investments	4	10.00	-	2923.92	-	2933.92	2933.92
Trade receivables	9	-	-	-	4676.34	4676.34	4676.34
Cash and Cash equivalents	10	-	-	-	239.00	239.00	239.00
Other bank balance	11	-	-	-	26.80	26.80	26.80
Loans	5 & 12	-	-	-	1115.61	1115.61	1115.61
Other Financial Assets	6 & 13	-	-	-	294.36	294.36	294.36
Financial Liabilities:							
Borrowings	17 & 21				39907.78	39907.78	39907.78
Trade payables	22				2050.22	2050.22	2050.22
Other Financial Liabilities excluding Current Maturities of long term debt	18 & 23				4109.16	4109.16	4109.16

41. Fair value measurement
(a) Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(b) Level wise disclosure of financial instruments:
₹ Lakhs

Particulars	As at 31 st Mar 2018	As at 31 st Mar 2017	As at 31 st Mar 2016	Level	Valuation techniques and key inputs
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Trade Investments in unquoted equity shares	1,720.75	1,638.88	1,638.88	3	The Fair Value of Trade Investments has been determined by external, independent valuers, having appropriate recognised professional qualification.
Other Investments in quoted equity shares	-	-	1,284.00	1	Quoted prices in active markets
Financial assets measured at Cost					
Other Investments in unquoted equity shares	1.02	1.02	1.02	3	Valued at cost approach to arrive at the fair value as there is a wide range of possible fair value measurement and the cost represents estimate of fair value within that range considering the purpose and restriction with transferability of the investment.
Financial assets measured at amortised cost					
Derivative Assets	-	137.72	-	2	Inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Financial liabilities measured at amortised cost					
Term Loans from banks	18,962.01	17,800.65	20,615.15	2	Discounted cash flow—observable future cash flows are based on terms discounted at a rate that reflects market risks.
Secured Loans repayable on Demand from banks	15,027.40	11,164.05	11,498.88	2	
Unsecured Loans Repayable on Demand from banks	4,995.96	6,251.10	7,793.75	2	
Derivative Liability	549.00	-	517.18	2	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

There have been no transfers between Level 1 and Level 2 during the period.

(c) Financial Instrument measured at Amortised Cost:

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

42. CAPITAL MANAGEMENT:

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/or convertible and/or combination of short term/long term debt as may be appropriate.

The Company determines the amount of capital required on the basis of its product, capital expenditure, operations and strategic investment plans. The same is funded through a combination of capital sources be it either equity and/or preference and/or convertible and/or combination of short term/long term debt as may be appropriate.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and elongate the maturity of its debt portfolio, and closely monitors its judicious allocation amongst competing capital expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, bank balances other than cash and cash equivalents and current investments.

The following table summarizes the capital of the Company:

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016
Cash and cash equivalents	161.51	272.70	239.07
Other bank balances	710.87	210.40	26.80
Non-current bank deposits	-	-	-
Current investments	-	-	-
Total cash (a)	872.38	483.10	265.87
Non-current borrowings	17,557.25	14,143.66	15,899.78
Current borrowings	20,023.37	17,415.15	19,292.63
Current maturities of non-current borrowings	377.00	3,656.98	4,715.37
Total borrowings (b)	37,957.62	35,215.79	39,907.78
Net debt (c) = (b-a)	37,085.24	34,732.77	39,641.98
Total equity (d)	34,349.35	34,883.27	35,929.77
Gearing ratio (c/d)	1.08	1.00	1.10

43. FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest.

The following table provides a break-up of the Company's fixed and floating rate borrowings:

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016
Fixed rate borrowings	-	-	-
Floating rate borrowings	37,957.62	35,215.79	39,907.78
Total borrowings	37,957.62	35,215.79	39,907.78
Total Net borrowings	37,957.62	35,215.79	39,907.78
Add: Upfront fees	1,027.76	-	-
Total borrowings	38,985.38	35,215.79	39,907.78

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate liabilities, assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2018 would decrease / increase by ₹ 40.79 Lakhs (for the year ended 31 March 2017: decrease / increase by ₹ 40.73 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts with average **maturity of less than 6 months** to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments. The Company's policy is to **hedge its exposures above predefined thresholds** from recognised liabilities and firm commitments that **fall due in 20-30 days**. The Company does not enter into any derivative instruments for trading or speculative purposes. At the time of borrowing decisions, appropriate sensitivity analysis is carried out for domestic borrowings vis-à-vis overseas borrowings.

The carrying amounts of the Company's Unhedged monetary assets and monetary liabilities at the end of the reporting period are as follows:

₹ Lakhs

Particulars	As at March 31, 2018			As at March 31, 2017		
	USD	Euro	GBP	USD	Euro	GBP
Trade Receivables	1,352.83	822.60	118.21	1,458.12	527.66	106.41
Buyers' credit	-	-	-	(274.62)	-	-
Trade Payables	-	(7.69)	-	(0.04)	(2.64)	-
Packing Credit	(4,569.01)	(3,008.86)	(201.92)	(4,253.51)	(900.87)	(54.30)
Derivatives		(4,629.00)		-	(6,582.28)	-
TOTAL	(3,216.18)	(6,822.95)	(83.71)	(3,070.05)	(6,958.13)	52.11

The carrying amounts of the Company's hedged monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	As at March 31, 2018			As at March 31, 2017		
	USD	Euro	GBP	USD	Euro	GBP
Buyers' credit	(326.27)	-	-	(843.70)	-	-
Trade Payables	(240.63)	-	-	-	-	-
Trade Receivables	1,805.20	-	-	-	-	-
TOTAL	1,238.30	-	-	(843.70)	-	-

The below table demonstrates the sensitivity to a 5% increase or decrease in the respective currency against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate. A positive number below indicates an increase in profit or equity where INR strengthens 5% against the relevant currency. For a 5% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Change in Exchange Rate(+5% / -5%)		Effect on PAT	
		2017-18	2016-17
USD	+5%	(160.81)	(153.50)
	-5%	160.81	153.50
EURO	+5%	(341.15)	(347.91)
	-5%	341.15	347.91
GBP	+5%	(4.19)	2.61
	-5%	4.19	(2.61)

The forward exchange contracts entered into by the Company and outstanding are as under:

As at	No. of Contracts	Type	USD Equivalent	INR Equivalent (₹ in Lakhs)
31-Mar-2018	6	Buy	(11.61)	(756.41)
	20	Sell	27.70	1,805.20
31-Mar-2017	6	Buy	(13.01)	(843.70)
	-	Sell	-	-
31-Mar-2016	-	Buy	-	-
	4	Sell	1.67	110.29

c) Commodity Price Risk

The Company's revenue is exposed to the market risk of price fluctuations related to its raw material i.e., Cotton. Market forces generally determine prices for the cotton procured by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may increase the Cost of Production that the Company incurs for manufacture of Yarn.

The following table details the Company's sensitivity to a 5% movement in the input price of Cotton. The sensitivity analysis includes only 5% change in commodity prices for quantity consumed during the year, with all other variables held constant. A positive number below indicates an increase in profit where the commodity prices reduces by 5%. For a 5% increase in commodity prices, there would be a comparable impact on profit, and the balances below would be negative.

₹ Lakhs

Commodity	Increase		Decrease	
	2017-18	2016-17	2017-18	2016-17
Cotton	(2,224.02)	(2,060.46)	2,224.02	2,060.46

2. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial instruments, other balances with banks, loans and other receivables. To manage the credit risk, the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The company considers reasonable and supportive forward-looking information.

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial instruments, other balances with banks, loans and other receivables. To manage the credit risk, the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The company considers reasonable and supportive forward-looking information.

The average credit period on sales of products is **less than 30 days**. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing **more than 5% of the total balance of trade receivables**.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group's treasury department is responsible for maintenance of liquidity (including quasi liquidity), continuity of funding as well as timely settlement of debts. In addition, policies related to mitigation of risks are overseen by senior management. Management monitors the Group's net liquidity position on the basis of expected cash flows vis a vis debt service fulfillment obligation. The table below analysis derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ Lakhs

Particulars	On demand	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
At 31st March, 2018						
Long term borrowings		377.00	13,085.01	5,500.00	18,962.01	18,962.01
Short term borrowings	20,023.37	-	-	-	20,023.37	20,023.37
Trade payables	-	3,603.36	-	-	3,603.36	3,603.36
Derivative financial liabilities			549.00	-	549.00	549.00
Other financial liabilities		3,763.29	-	-	3,763.29	3,763.29
At 31st March, 2017						
Long term borrowings	-	3,656.98	13,983.66	160.00	17,800.64	17,800.64
Short term borrowings	17,415.15	-	-	-	17,415.15	17,415.15
Trade payables	-	2,240.31	-	-	2,240.31	2,240.31
Derivative financial liabilities	-	-	-	-	-	-
Other financial liabilities	-	7,084.70	-	-	7,084.70	7,084.70
At 31st March, 2016						
Long term borrowings	-	5,674.57	12,275.58	2,665.00	20,615.15	20,615.15
Short term borrowings	19,292.63	-	-	-	19,292.63	19,292.63
Trade payables	-	2,050.22	-	-	2,050.22	2,050.22
Derivative financial liabilities	-	138.57	378.61	-	517.18	517.18
Other financial liabilities	-	8,306.92	-	-	8,306.92	8,306.92

The table below analyses financial assets of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. ₹ Lakhs

Particulars	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
At 31st March, 2018					
Investments			1,721.79	1721.79	1721.79
Trade Receivables	7,391.6			7391.60	7391.60
Cash and Cash equivalents	161.59			161.59	161.59
Bank balances other than Cash and Cash Equivalents	710.87			710.87	710.87
Loans	64.66			64.66	64.66
Others	52.28			52.28	52.28
At 31st March, 2017					
Investments			1639.92	1639.92	1639.92
Trade Receivables	4,901.72			4,901.72	4,901.72
Cash and Cash equivalents	272.70			272.70	276.70
Bank balances other than Cash and Cash Equivalents	210.40			210.40	205.83
Loans	48.10			48.10	932.62
Others	131.84			131.84	229.19
At 31st March, 2016					
Investments			2,923.92	2,923.92	2,923.92
Trade Receivables	4,676.34			4,676.34	4,676.34
Cash and Cash equivalents	239.07			239.07	239.07
Bank balances other than Cash and Cash Equivalents	26.80			26.80	26.80
Loans	60.01			60.01	60.01
Others	294.36			294.36	294.36

₹ Lakhs

	As at 31 st March 2018	As at 31 st March 2017	As at 01 st April 2016
44. Estimated amount of contracts remaining to be executed on capital account and not provided for	66.02	44.07	35.29
45. Contingent Liabilities:			
Contingent liabilities in respect of :			
Bills discounted	1,387.17	1,503.13	2,032.52
Guarantees	297.83	294.93	300.38
Letters of credit outstanding	936.97	879.49	60.30
Contingent liabilities under litigation :			
Disputed Statutory Liabilities not provided for	1270.77	1297.78	1317.23
Disputed Other Liabilities not provided for	66.65	65.41	59.74
46. Power and Fuel is net of wind power of ₹ 244.86 lakhs (PY ₹ 266.36 lakhs) representing power supplied to the grid against which equivalent consumption was made in house.			

47. Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
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	35.08	26.25
Interest due on above	-	-
Total	35.08	26.25
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.

48. Disclosure relating to the exchange gain / loss arising on restatement of long term foreign currency monetary items:

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016
a. Exchange difference capitalized during the year	-	-	20.25
b. Depreciation provision charged to Profit & loss a/c thereon	23.26	84.29	209.93
c. Exchange difference pertaining to assets sold during the year	51.50	21.80	-
d. Remaining amount to be amortized*	291.72	366.48	472.58

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

49. Corporate Social Responsibility:

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 2017-18.

50. Exceptional Items

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016
Gains on Derecognition of Investment Property	4,149.93	-	-

51. Foreign Exchange gain / (loss) (net) includes foreign exchange gain/(loss) arising out of restatement of foreign currency assets/liabilities / derivatives amounting to ₹ 656.92 lakhs (PY - ₹ (743.98) lakhs)

52. Related Party Disclosure :

List of related parties with whom transactions have taken place

Holding Co : Nil, Subsidiaries: Suprem Associates (Partnership firm),

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

Others: Pricol Limited, Pricol Packaging Limited, Premier Spinning & Weaving Mills Pvt Ltd.

Nature of Transaction	2017- 18			2016- 17		
	Subsidiaries	KMP	Others	Subsidiaries	KMP	Others
Remuneration	-	177.02	-	-	184.69	-
Purchase of spares	-	-	-	-	-	0.05
Amount Outstanding as at year end - Dr	-	-	-	-	-	-

53. Operating Segments

The company is in the business of manufacturing textile products which are regularly reviewed by the Chief Operating Decision Maker for assessment of company's performance and resource allocation.

The information relating to revenue from Cotton yarn and Technical Textile product sale and location of non current assets of its single reportable segment has been disclosed below:

a) Revenue from Operations

₹ Lakhs

Particulars	2017-18	2016-17
Within India	38,608.36	37,829.78
Outside India	29,281.59	26,266.67
Total	67,889.94	64,096.45

b) Non current assets:

All non current assets other than financial instruments of the company are located in India.

54. Disclosure requirement under IndAS 17 "LEASES"

As lessee - operating lease arrangements

1. Lease rental charged for right to use certain assets are :

₹ Lakhs

Particulars	2017-18	2016-17
Operating lease expenses charged to the statement of profit and loss	41.08	32.53

2. Future minimum rental payables under non cancellable operating leases are as follows:

₹ Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016
Not later than one year	30.48	30.40	30.40
Later than one year but not later than five years	121.68	121.68	121.68
Later than five years	268.84	299.32	329.72

55. 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.

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

₹ Lakhs

Particulars	As at 31 st March 2018	Maximum balance outstanding during the year	Investment by the loanee in the shares of Parent Company
Loans and Advances in the nature of loans given to subsidiaries	-	-	-

57. 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.
58. All figures are in lakhs unless otherwise stated and rounded off to the nearest two decimals.

59. Additional information as required under Schedule III to the Companies Act, 2013 of entities Consolidated as Subsidiaries
₹ Lakhs

Particulars	Net Assets		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Total Comprehensive Income	Amount
Parent Company Precot Meridian Limited	93.19	32,009.35	100.00	(533.92)
Subsidiary Suprem Associates	6.81	2,340.00	-	-

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 : 21-May-2018

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

(FCS No. 9087)

Notice is hereby given that the 56th Annual General Meeting of the shareholders of the company will be held on, Friday, 7th September 2018 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 31st March 2018 including audited balance sheet as at 31st March 2018, 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. To appoint a director in place of Mr Prashanth Chandran (DIN: 01909559), who retires by rotation and being eligible, seeks re-appointment

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, approval of the members of the company be and is hereby accorded to the re-appointment of Mr Prashanth Chandran (DIN: 01909559) as a director.

Special Business:**3. Appointment of Statutory Auditors to fill casual vacancy**

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

RESOLVED THAT pursuant to the provisions of Section 139, 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, the appointment of M/s VKS Aiyer & Co., Chartered Accountants (ICAI Firm Registration No. 000066S), as Statutory Auditors of the

Company by the Board of Directors at their meeting held on 22nd June, 2018 to fill the casual vacancy caused by the resignation of M/s Haribhakti & Co LLP (Firm Registration No. 103523W), Chartered Accountants from 22nd June, 2018, until the conclusion of this 56th Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company, be and are hereby approved.

Ordinary Business:**4. Appointment of Statutory auditors**

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

RESOLVED THAT pursuant to the provisions of Section 139, 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, M/s VKS Aiyer & Co., Chartered Accountants (ICAI Firm Registration No. 000066S) be and is hereby appointed as the statutory auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 61st Annual General Meeting of the company to be held in the year 2023, at such remuneration plus applicable taxes and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company.

Special Business:**5. Re-appointment of Mr Sumanth Ramamurthi (DIN: 00002773) as Independent Director**

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

RESOLVED that pursuant to the provisions of section 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment

thereof for the time being in force, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other applicable regulations, Mr Sumanth Ramamurthi (DIN: 00002773), whose term of office as an independent director comes to an end on 31st May, 2019, being eligible, be and is hereby re-appointed as an independent director. The Nomination and Remuneration committee recommended his re-appointment for the office of director of the company under section 160 of the Act, for a term of 4 (four) consecutive years effective from 01st Jun, 2019 to 31st May, 2023.

6. Re-appointment of Dr Jairam Varadaraj (DIN: 00058056) as Independent Director

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

RESOLVED that pursuant to the provisions of section 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other applicable regulations, Dr Jairam Varadaraj (DIN: 00058056), whose term of office as an independent director comes to an end on 31st May, 2019, being eligible, be and is hereby re-appointed as an independent director. The Nomination and Remuneration committee recommended his re-appointment for the office of director of the company under section 160 of the Act, for a term of 4 (four) consecutive years effective from 01st Jun, 2019 to 31st May, 2023.

7. Re-appointment of Mr C N Srivatsan (DIN: 00002194) as Independent Director.

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

RESOLVED that pursuant to the provisions of section 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment

thereof for the time being in force, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other applicable regulations, Mr C N Srivatsan (DIN: 00002194), whose term of office as an independent director comes to an end on 31st May, 2019, being eligible, be and is hereby re-appointed as an independent director. The Nomination and Remuneration committee recommended his re-appointment for the office of director of the company under section 160 of the Act, for a term of 5 (five) consecutive years effective from 01st Jun, 2019 to 31st May, 2024.

8. Re-appointment of Ms R Bhuvaneshwari (DIN: 01628512) as Independent Director

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

RESOLVED that pursuant to the provisions of section 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other applicable regulations, Ms R Bhuvaneshwari (DIN: 01628512), whose term of office as an independent director comes to an end on 31st May, 2019, being eligible, be and is hereby re-appointed as an independent director. The Nomination and Remuneration committee recommended her re-appointment for the office of director of the company under section 160 of the Act, for a term of 5 (five) consecutive years effective from 01st Jun, 2019 to 31st May, 2024.

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 Rs.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 the audit of the cost records for the financial year 2018-19 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.

Coimbatore
22-June-2018

By order of the Board
S Kavitha
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 01st Sep, 2018 to 07th Sept, 2018 (both days inclusive).
3. 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 05th Sep, 2017 (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 2010-11 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 2018-19, the company will transfer unclaimed dividend for the financial year 2010-11 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.

4. 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.
5. 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.

6. 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.
7. The notice of the Annual General Meeting along with the Annual Report 2017-18 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.
8. 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.
9. Members may note that the notice of the Annual General Meeting along with the Annual Report 2017-18 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.
10. 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 Link Intime India Private Limited. 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 evoting 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 07th September, 2018 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, website of Link Intime and will also be intimated to stock exchange after declaration of results by the Chairman.

The instructions for shareholders voting electronically are as under :

The voting period begins at 10.00 AM on 04-Sept-2018 and ends at 5.00 PM on 06-Sept-2018. During this period shareholders of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date 31-Aug-2018, may cast their vote electronically. The e-voting module shall be disabled by Link Intime India Private Limited for voting thereafter.

1. Visit the e-voting system of LI IPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:
 - a) Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID

- b) Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID
 - c) Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company
5. Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below :

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

	For members holding shares in demat form and physical form
PAN	<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 depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.</p>
DOB / DOI	<p>Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number.</p> <p>Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (iv-c).</p>

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password :

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE : The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

❖ **Cast your vote electronically**

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
7. On the voting page, you will see "Resolution Description" and against the same the option "Favour/Against" for voting.

Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under

'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

8. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
9. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
11. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

❖ **General Guidelines for shareholders:**

- ❖ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LI IPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

- ❖ During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- ❖ Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- ❖ In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to enotices @ linkintime.co.in or Call us :- Tel : 022 - 49186000.

Coimbatore
22-June-2018

By order of the Board
S Kavitha
Company Secretary

Explanatory Statement

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

Item 3 & 4

The statutory auditors of the company M/s Haribhakti & Co LLP tendered their resignation due to internal restructuring with effect from 13th June 2018. In order to fill up the casual vacancy of the Statutory Auditor, the Board of Directors at their meeting held on 22nd June, 2018, as per the recommendation of the Audit Committee, and pursuant to the provisions of Section 139(8) of the Companies Act, 2013, have appointed M/s VKS Aiyer & Co., Chartered Accountants (ICAI Firm Registration No. 000066S) to hold office as the Statutory Auditors of the Company till the conclusion of 56th Annual General Meeting (AGM).

In pursuance to the provisions of Section 139(8) of the Companies Act, 2013, the company needs to approve the appointment of M/s VKS Aiyer & Co., Chartered Accountants, in the General Meeting of the Company within 3 (three) months from the date of appointment by the Board. The Company being a listed entity would be required to obtain limited review report from Auditors for the first quarter financial results and hence the Company is seeking the necessary approval of casual vacancy till conclusion of 56th AGM.

The Board of Directors at their meeting held on 22nd June, 2018 as per the recommendation of the Audit Committee and pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions if any, recommended the appointment of M/s VKS Aiyer & Co., Chartered Accountants (ICAI Firm Registration No. 000066S), as Statutory Auditors of the Company to hold office for a period of five years, from the conclusion of the 56th AGM, till the conclusion of the 61st AGM of the Company to be held in the year 2023, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company.

The Company has received consent letter and eligibility certificate from M/s VKS Aiyer & Co., Chartered Accountants (ICAI Firm Registration No.

000066S) to act as Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

The Board of Directors proposes resolution numbers 3 and 4 for your approval.

None of the Directors or Key Managerial Personnel of the company or their relatives is concerned or interested in the resolutions.

Item 5 to 8

Mr Sumanth Ramamurthi, Dr Jairam Varadaraj, Mr C N Srivatsan and Ms R Bhuvaneshwari were appointed as independent directors on the board of the company pursuant to the provisions of Section 149 of the Companies Act, 2013 ('the Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges at the 52nd Annual General Meeting of the company for a first term of 5 years with the enactment of the Companies Act, 2013.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended re-appointment of Mr Sumanth Ramamurthi and Dr Jairam Varadaraj as Independent Directors for a second term of 4 (four) consecutive years on the Board of the Company effective from 01st June, 2019 to 31st May, 2023 and Mr C N Srivatsan and Ms R Bhuvaneshwari as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company effective from 01st June, 2019 to 31st May, 2024.

The Company has received required disclosures under the provisions of the Companies Act, 2013 from Mr Sumanth Ramamurthi, Dr Jairam Varadaraj, Mr C N Srivatsan and Ms R Bhuvaneshwari. In the opinion of the Board, they fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder and SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 for their reappointment as Independent directors of the company and are independent of the management.

A copy of the draft letter for the reappointment of each of these directors, 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 upto the date of this Annual General Meeting.

Section 149 (10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Mr Sumanth Ramamurthi, Dr Jairam Varadaraj, Mr C N Srivatsan and Ms R Bhuvaneshwari are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given their background and experience and contributions made by them during their tenure, the continued association of Mr Sumanth Ramamurthi, Dr Jairam Varadaraj, Mr C N Srivatsan and Ms R Bhuvaneshwari as independent directors would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Mr Sumanth Ramamurthi and Dr Jairam Varadaraj as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of 4 (four) consecutive years on the Board of the Company and Mr C N Srivatsan and Ms R Bhuvaneshwari as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company. They are not related to any of

the directors of the company. This Explanatory Statement may also be regarded as a disclosure under SEBI listing regulations.

Mr Sumanth Ramamurthi, 59 years of age, BS Electrical Engineer, is a non executive independent director of the company. He has been on the board of the company since February 1992. He has more than three decades of experience in the textile industry. He is also a director in Super Spinning Mills Limited, Elgi Electric and Industries Limited, Elgi Ultra Industries Limited, Super Farm Products Private Limited, Super Sara Textiles Limited and Sara Elgi Industries Limited. He is a member of the Audit Committee and Chairman of the Stakeholders Relationship Committee of the Board of Directors of the company. He is also a member of the Stakeholders Relationship Committee of the Board of Directors of Super Spinning Mills Limited. He holds 8557 equity shares of ₹10 each of the company.

Dr Jairam Varadaraj, 57 years of age, MBA. PHD. In business administration, is a non executive independent director of the company. He has been on the board of directors of the company since January 2002. He has more than twenty five years of experience in the field of engineering. He is also a director in Elgi Equipments Limited, Elgi Ultra Industries Limited, Thermax Limited, Adisons Precision Instruments Manufacturing Company Limited, Magna Electro Castings Limited, ATS Elgi Limited, Elgi Sauer Compressor Limited and Elgi Rubber Company Limited. He is a member of the audit committee of the board of directors of the company and he is also a member of the share transfer committee of the board of directors of Elgi Equipments Limited and Elgi Ultra Industries Limited. He is also a member of audit committee in Thermax Limited. He holds 75 equity shares of ₹ 10 each of the company.

Mr C N Srivatsan, 61 years of age, Chartered Accountant, has been on the board of the company since November 2004. He has more than twenty five years of experience in the field of management consultancy. He is also a director in Rane Engine Valve Limited. He is a member of the audit committee of the

board of directors of the company and he is also a member of the audit committee and stakeholders relationship committee of the board of directors of Rane Engine Valve Limited. He does not hold any shares in the company.

Ms R Bhuvaneshwari, 56 years of age, B.Com, B.L., has more than 20 years experience specializing in Corporate Laws. The company will benefit from her re-appointment as an independent director. She does not hold any shares in the company.

None of the Directors or KMP of the Company or their relatives except Mr Sumanth Ramamurthi, Dr Jairam Varadaraj, Mr C N Srivatsan and Ms R Bhuvaneshwari are interested or concerned in the above resolutions.

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 31st March, 2019.

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 31st March, 2019.

None of the Directors or Key Managerial Personnel of the company or their relatives, is concerned or interested in the resolution.

Corporate Identification Number (CIN) :
L17111TZ1962PLC001183

Registered Office :

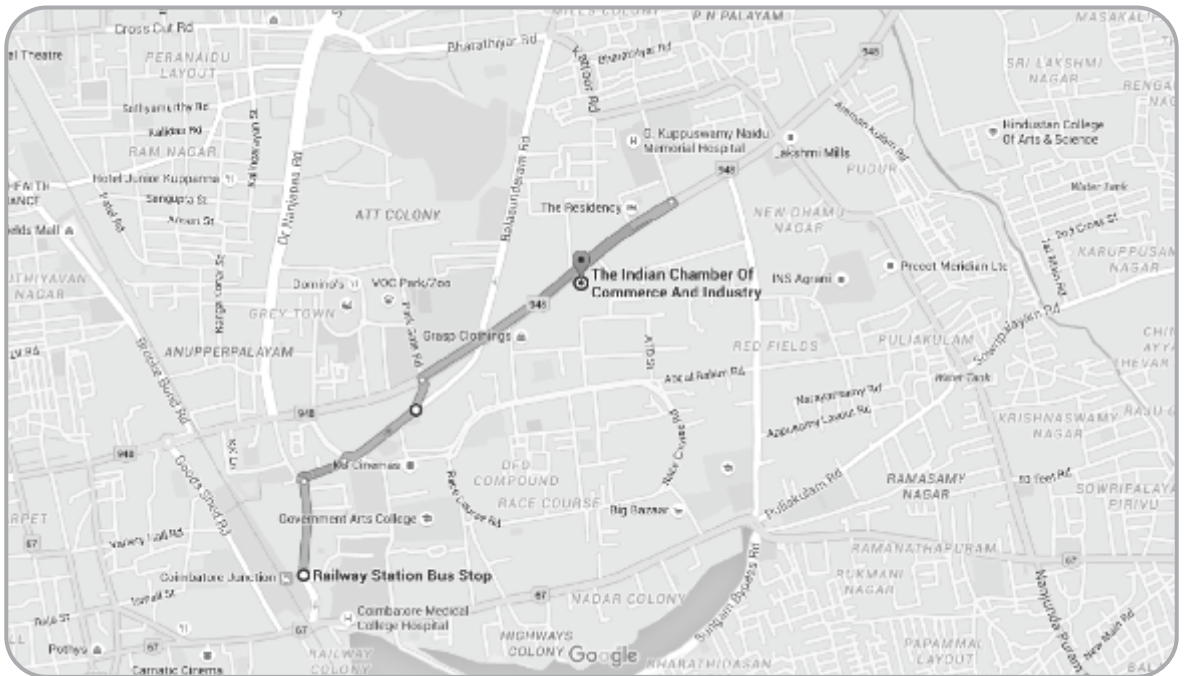
SUPREM,
PB 7161, Green Fields,
Puliakulam Road,
Coimbatore -641045
Tamil Nadu, India
Phone : 0422-4321100;
Fax : 0422-4321200
Email : secretary@precot.com
Website : www.precot.com

Coimbatore
22-June-2018

By order of the Board
S Kavitha
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, Website: 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 Website: 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

Event No.	User ID	* Default PAN / Sequence No
180087		

* 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 Website: 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 56th Annual General Meeting of the Company being held on Friday 7th September 2018 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 56th Annual General Meeting of the Company, to be held on Friday, the 07th September, 2018 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.	Re-appointment of Mr Prashanth Chandran (DIN 01909559), who retires by rotation, as a director.
Special Business	
3.	Appointment of Statutory Auditors to fill casual vacancy
Ordinary Business	
4.	Appointment of Statutory Auditors
Special Business	
5.	Re-appointment of Mr Sumanth Ramamurthi (DIN: 00002773) as Independent Director
6.	Re-appointment of Dr Jairam Varadaraj (DIN:00058056) as Independent Director
7.	Re-appointment of Mr C N Srivatsan (DIN:00002194) as Independent Director.
8.	Re-appointment of Ms R Bhuvaneshwari (DIN: 01628512) as Independent Director
9.	Ratification of remuneration payable to cost auditor

Signed this day of 2018

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.
