



Precot Meridian Limited



Annual Report 2009



Precot Meridian Limited

Executive Directors

Chairman & Managing Director
Joint Managing Director
President

Directors

Company Secretary

Auditors

Registered Office

Registrar and Share transfer agent

D Sarath Chandran
Ashwin Chandran
P Sai Prakash

Jairam Varadaraj
A Ramkrishna
C N Srivatsan
M V Subaraman
Suresh Jagannathan
Sumanth Ramamurthi
Vijay Mohan
Vijay Venkataswamy
K Muthukumaran (nominee of EXIM Bank)

C Murugesh

M/s Suri & Co
M/s K S G Subramanyam & Co

SUPREM,
737, Green Fields,
Puliakulam Road,
Coimbatore-641 045.
E mail: secretary@precot.com

Link Intime India Pvt Limited,
Coimbatore Branch,
"Surya" 35, Mayflower Avenue,
Senthil Nagar, Sowripalayam Road,
Coimbatore-641 028.
E mail: coimbatore@intimespectrum.com

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Notice to the Members

Notice is hereby given that the 47th Annual General Meeting of the Shareholders of the Company will be held on Friday the 21st August, 2009 at 4.30 PM at the Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641 018 to transact the following business.

Ordinary Business :

1. To Consider and adopt the following:
 - a) The Audited Profit & Loss Account for the year ended 31st March 2009
 - b) The Audited Balance sheet as at 31st March 2009
 - c) The Reports of the Directors and the Auditors.
2. To appoint a Director in the place of Mr A. Ramkrishna who retires by rotation & being eligible, seeks reappointment.
3. To appoint a Director in the place of Mr Sumanth Ramamurthi who retires by rotation & being eligible, seeks reappointment.
4. To appoint a Director in the place of Mr M.V.Subaraman who retires by rotation & being eligible, seeks reappointment.
5. To appoint Auditors & fix their remuneration.

Coimbatore,
28th May 2009.

By the Order of the Board
D Sarath Chandran
Chairman and Managing Director

Information as required by Clause 49(IV)(G) of the Listing Agreement:

As required by the Listing Agreement, the information relating to the Directors proposed to be appointed is given hereunder.

Name : **Mr A.Ramkrishna**
Age : 65
Qualifications : B.Sc, FCA
Expertise : Chartered Accountant.
Number of Shares held : 800
Director of Company since : 1998
Relationship with other directors : He is not related to any director.
Directorships

Name of Company	Member of Committees
Precot Meridian Energy Ltd	Nil
Multiflora Processing (Coimbatore) Ltd	Nil
Suprem Textiles Processing Ltd	Nil
Precot Meridian Ltd	Audit Committee

Name : **Mr Sumanth Ramamurthi**
Age : 50 years
Qualifications : BS Electrical Engineer
Expertise : Industrialist
Number of Shares held : 900
Director of Company since : 1992
Relationship with other directors : He is not related to any director.
Directorships

Name of Company	Member of Committees
Precot Meridian Ltd	Nil
Super spinning Mills Ltd	Shareholders' Committee
Elgi Electric and Industries Limited	Nil
Elgi Ultra Industries Ltd	Nil
Elgi Software and Technologies Ltd	Nil
Super Farm Products Ltd	Nil
Elgi Building Products Ltd	Nil
Sara Elgi Industrial Research and Development Ltd	Nil
Sara Elgi Insurance Advisory Services Pvt Ltd	Nil
Kakatiya Textiles Ltd	Shareholders' Committee
Super Sara Textiles Ltd	Nil
Sara Trading and Industrial Services Ltd	Nil
Sara Elgi Envirotech Ltd	Nil
Sara Elgi Arteriors Ltd	Nil

Name : **Mr M.V.Subaraman**
Age : 64
Qualifications : M.Com., CAIIB., Dip(Intl Fin)
Expertise : Service
Number of Shares held : 50
Director of Company since : 2006
Relationship with other directors : He is not related to any director.
Directorships

Name of Company	Member of Committees
RSB Transmissions (I) Ltd	Audit Committee
Precot Meridian Ltd	Audit Committee

Coimbatore
28th May 2009

By the Order of the Board
D Sarath Chandran
Chairman and Managing Director

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer books of the Company will remain closed from 14.08.2009 to 21.08.2009 (both days inclusive).
3. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 (the Act), dividend remaining unclaimed for a period of seven years from the date they became due for the payment are required to be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government in accordance with the provisions of Section 205C of the Act. It may be noted that the unclaimed dividend, declared by the company on August, 09th 2002 for the financial year 2001-02, is due for transfer to IEPF on September 8th 2009. Members who have not encashed their dividend warrants pertaining to the year 2001-02 and/or any subsequent years that still remains outstanding should approach either company or Link Intime India Pvt Limited, the Registrar and Share Transfer Agent, for obtaining payments thereof.

In terms of Section 205C of the Act, shareholders are requested to note that no claim shall lie either with IEPF or against the Company in respect of dividend amounts unclaimed for a period of seven years from the dates they first became due for payment and transferred to the IEPF. During the year, the Company has already transferred unclaimed dividend for the financial year 2000-01 to the IEPF.

4. Members 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, viz, Link Intime India Pvt Limited, or to their respective Depository Participant in case the shares are held in demat form.
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 Transfer Agents, Link Intime India Pvt Limited for consolidation into a single account.

Coimbatore
28th May 2009

By the Order of the Board
D Sarath Chandran
Chairman and Managing Director

Dear Shareholders,

Your Directors hereby present the 47th Annual Report along with the audited financial results of your company for the year ended 31st March, 2009.

Financial Results (Rs. Lacs)

	31.03.09	31.03.08
Sales - Domestic	28184	24917
- Exports	9712	11732
	37896	36649
Profit Before Interest, Dep. & Tax	2552	4228
Less: Interest	1302	1103
Profit from Operations	1250	3125
Other income	1077	299
Profit before Depreciation and Tax	2327	3424
Less : Depreciation and Amortization	2992	2715
Profit Before Tax	(665)	709
Less : Provision for Income Tax	-	178
Fringe Benefit tax	17	17
Deferred Tax	189	-77
Tax prov. for prev.years	-	79
Profit After Tax	(871)	512
Add: Balance brought forward	790	495
Profit available for appropriation	(81)	1007

Dividend and appropriations:

Considering the fact that the Company has incurred a loss during the year under review, as a prudent measure your directors have decided not to declare any dividend for the year ended 31st March 2009.

	08-09 Rs.in lacs	07-08 Rs.in lacs
Proposed Dividend	-	139
Tax on Dividend	-	24
General Reserve	-	55
Balance carried forward	(81)	790

Industry Overview and Review of Operations

The year under review was extraordinary in many ways. Since the textile industry is export dependent, the global economic meltdown had a severe impact on the fortunes of the textile industry in India. After many years of growth in exports, there was a slowdown in textile exports, which adversely affected the fortunes of the industry. What was surprising was that the weakening rupee did not help matters, since this slowdown was primarily on account of lower demand due to the severe recession in the western world. This created an oversupply situation within the country which in turn affected the domestic markets.

This was also compounded by the unprecedented power cut of around 40% in Tamil Nadu, which severely affected the efficiency of the Tamil Nadu units through out the year. In Kerala and Andhra Pradesh, the power cut was lower at between 20% to 25%.

Added to this, the political decision to increase the support price for cotton by 40%, when the world cotton prices were falling, adversely affected the industry. As a result of these factors, the industry was facing a double blow - demand and consumption was dropping, but at the same time, the raw material prices were going up without any corresponding increase in the prices of end products. This pushed up the break-even volume and profitability was significantly reduced.

The new unit in Pollachi, which was commissioned last year reached its full capacity of 31584 spindles by October 2008. However this unit was unfortunately forced to close down for more than three months during the financial year. This was necessitated due to extensive repairs which had to be carried out, arising out of the weakening of the roof of the building. These repairs are expected to be completed by June 2009 and the unit will resume normal operations gradually from July.

As far as the weaving division is concerned, the weakening garment exports and the oversupply situation in the domestic market did not allow the company to increase its price realization per meter during the year. This division continued to disappoint in terms of return on investment as well as growth in volumes.

Under the above trying conditions, in spite of increased capacity, yarn production dropped marginally. The turnover of the Company showed a small growth at Rs. 379 crores as against Rs. 367 crores in the previous year. However the operating profit before other income dropped steeply to Rs. 12.50 crores as against 31.25 crores in the previous year. In addition to this, forex losses, especially relating to derivative transactions went up steeply. This was to some extent compensated by the profit on sale of depot land in Bangalore. Thus the gross profit before depreciation dropped sharply to Rs. 23.27 crores as against Rs. 34.24 crores in the previous year. After providing for a higher depreciation of Rs. 29.9 crores, it resulted in a loss of Rs. 6.65 crores before taxes as against the corresponding profit of Rs. 7.09 crores in the previous year. In view of the loss, no provision for regular income tax has been made. After considering the fringe benefit tax and the deferred tax, the net loss amounted to Rs. 8.71 crores as against a net profit of Rs. 5.12 crores in the previous year.

Early Adoption of Accounting Standard 30

The new Accounting Standard 30, which envisages accounting for monetary assets and liabilities on the

basis of fair value instead of historical cost will become mandatory, effective from 1st April 2011. However your Company decided to implement this accounting standard ahead of its scheduled requirement and give effect in the accounts during the year ended 31st March 2009. As per the transitional provisions of this accounting standard, the losses arising out of certain foreign exchange derivative transactions as well as the profit or loss arising from fair valuation of investments and other monetary assets have been adjusted in the general reserve, details of which are elaborated in note nos.23 & 24 annexed to the accounts.

Outlook for the current year

The critical power situation continues to be a cause for concern. It is widely believed that the recession which affected the western world may not show any signs of recovery until the early part of 2010. However there are some signs of recovery in the domestic market and the sentiment is likely to improve with the installation of the new government at the centre. Your Company has taken several measures in improving productivity, cutting costs and changing the product mix to improve the price realization of yarn. All these measures are expected to yield positive results and it is hoped that the current year ending in March 2010 will be better, both in terms of turnover and profitability.

Opportunities, Risks and Concerns

The growth prospects of emerging economies such as India have definitely been undermined by the ongoing crisis and the resilience of the Indian economy is being tested as never before. The Central Government and the Reserve Bank of India have announced fiscal and monetary measures to revive growth in the economy. All these measures, it is hoped, will revive demand during the later part of the year. The price of a key raw material, cotton, has gone up mainly on account of increased support prices, which appears to be more a political decision rather than an economic one. With the monsoon playing truant, power situation remains uncertain.

Personnel

Labour relations continued to be cordial throughout the year in all the units of the company.

Foreign Exchange Earnings

The company's foreign exchange earnings through exports during the year was Rs. 97 crores. Outflow on account of import of raw materials and spares amounted to Rs. 26 crores resulting in Net foreign exchange earnings of Rs. 71 crores.

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 for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels.

The Audit committee of the Board reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the company, recommendations made for the corrective action and the internal audit reports. The committee reviews with the statutory auditors and the management, key issues and significant processes, accounting policies etc. The company continues its efforts in strengthening internal controls.

Risk Management is an integral part of the business process. The audit committee of the Board reviews the risk management process from time to time. Consequent to the claims made on the company on foreign exchange derivative contracts, the Company has evolved a new foreign exchange policy, which will result in better monitoring of such transactions in future.

Directors

Mr. K. Muthukumaran has been appointed as the Nominee Director by EXIM Bank. Mr A Ramkrishna, Mr M V Subaraman and Mr Sumanth Ramamurthi retire by rotation at the ensuing Annual General Meeting. They are eligible for reappointment.

Subsidiary companies

The Company has four subsidiaries namely: 1. Benwood Corporation Sdn Bhd 2. Suprem Textile Processing Limited 3. Multiflora Processing (CBE) Limited and 4. Precot Meridian Energy Limited. Benwood corporation Sdn Bhd a subsidiary incorporated in Malaysia, recorded a turnover of Rs.1557 lacs during the year and declared dividend at 12%. The subsidiary issued bonus shares in the ratio of 1:3. The operations of the other subsidiaries are not significant.

Delisting of securities from Regional Stock Exchanges

The Company applied for delisting its securities from Coimbatore and Madras Stock Exchanges as there is no trading in these Exchanges. All the required documents have been submitted, but the approval is yet to be received. The shares of the company will continue to be listed on the National Stock Exchange, Mumbai.

Corporate Governance

The report on Corporate Governance is annexed. The company has complied with the conditions relating to Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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.

Auditors

M/s Suri & Co and KSG Subramanyam & Co Auditors of the company retire at the ensuing Annual General Meeting. They have given their consent for their re-appointment.

Statutory Information

Information required to be furnished under the Companies Act 1956 is given in the annexure to this report.

None of the employees fall under preview of section 217(2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules 1975.

As required by Section 212 of the Companies Act 1956 a statement showing company's interest in the subsidiaries is enclosed to the balance sheet of the company.

The company has obtained approval from the Ministry of Corporate Affairs, New Delhi vide letter No:47/48/2009-CL-III dated 24/04/2009 in terms of Section 212(8) of the Companies Act 1956 exempting the company from attaching the Balance Sheet and Profit & Loss Account of the subsidiaries namely: 1. Suprem Textile Processing Limited 2. Multiflora Processing (CBE) Limited 3. Precot Meridian Energy Limited and 4. Benwood Corporation Sdn Bhd, along with their Auditors and Directors report thereon, with the company's accounts for the year ended 31st March 2009. As per the terms of the exemption order, the brief financial statement of subsidiaries is included in the Annual report.

Acknowledgement

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 the employees at all levels towards the growth of the company.

Annexure to Directors Report
Statutory Information
Fixed Deposits

One Fixed Deposit amounting to Rs 0.15 lacs remained unclaimed as on 31st March, 2009.

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. No separate expenditure was incurred for R & D.

Conservation of Energy

Conservation of Energy continues to receive increased emphasis at all the units of the Company. Energy audits and Inter unit studies are carried out on a regular basis for taking steps for reduction of the energy consumption. The details of total consumption are as follows.

FORM A			
Conservation of Energy (Consolidated for all units)			
A. Power & Fuel Consumption	31.03.09		31.03.08
1) Electricity From EB	Total		Total
a) Purchased			
Units in Lacs	607.82		772.17
Amt in Rs. Lacs	2411.59		3022.46
Cost per unit in Rs.	3.97		3.91
2) Electricity From Gas power.			
a) Purchased			
Units in Lacs	425.79		338.79
Amt in Rs. Lacs	1184.30		834.10
Cost per unit in Rs.	2.78		2.46
3) Own Generation through			
a) Diesel Generator			
Units per Ltr of Diesel	3.25		3.33
Units in lacs	53.76		45.95
Amt in Rs. Lacs	507.03		475.50
Cost per Unit in Rs.	9.43		10.34
b) Wind Mill Power			
Units in lacs	126.34		156.26
Amt in Rs. Lacs	315.97		392.36
Cost per Unit in Rs.	2.50		2.51
B. Consumption of Electricity (units)			
Yarn per Kg	4.10		4.24
Fabric per metre	2.06		1.88

Coimbatore
28th May 2009

By the Order of the Board
D Sarath Chandran
Chairman and Managing Director

**Annexure to Directors Report
Report on Corporate Governance**

Company's philosophy on code of governance

The Company shall adopt a self governing Corporate Governance model to adhere to all the rules and regulations of the statutory authorities. It shall 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, suppliers and business partners.

Board of Directors - Composition, Category and Attendance

The Board comprises of Twelve Directors including three Executives and nine Non-Executive directors.

During, the year 2008-09 four Board Meetings were held at the Registered office on 7th June 2008, 30th July 2008, 31st October 2008 and 31st January 2009.

Composition of Directors and their attendance:

Name of the Director	Category	Attendance Particulars		No of directorships in other companies #	No of committee in all companies	
		Board Meetings	Last AGM		Member	Chairman
D Sarath Chandran Chairman & Managing Director	Executive - Chairman Promoter	4	Yes	6	3	-
Ashwin Chandran Joint Managing Director	Executive - Promoter	4	Yes	3	1	-
P Sai Prakash	Executive- Non Promoter	4	Yes	3	1	-
Vijay Mohan	Non Executive-Promoter	3	No	11	3	-
A Ramkrishna	Non Executive- Non Independent	3	Yes	3	1	-
Sumanth Ramamurthi	Non Executive - Independent	4	No	12	2	-
Dr. Jairam Varadaraj	Non Executive - Independent	3	No	10	4	-
Vijay Venkatasamy	Non Executive - Independent	4	Yes	4	2	1
C N Srivatsan	Non Executive - Independent	4	No	4	3	-
M V Subaraman	Non Executive - Independent	2	No	1	2	-
Suresh Jagannathan	Non Executive - Independent	3	No	3	2	-
K Muthukumar*	Nominee Director	NA	NA	2	-	-

* Appointed on 09.03.2009

Excluding directorships in Private companies and Foreign Companies

Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

The Majority of the Members of the Audit Committee are independent and have knowledge of finance, accounts and Textile industry. The quorum for audit committee meeting is minimum of two independent directors.

The Audit Committee meetings were held at the Registered Office of the Company.

The previous Annual General Meeting of the Company was held on 22nd August 2008 and it was attended by Mr. Vijay Venkataswamy, Chairman of the Audit Committee.

During the year under review the Audit committee met four times on 28th May 2008, 22nd July 2008, 25th October 2008 and 24th January 2009. The composition of the Audit Committee and particulars of meetings attended by the members are given below:

Name	Category	No. of Meetings Attended
Vijay Venkatasamy- Chairman	Non Executive - Independent	4
Dr. Jairam Varadaraj	Non Executive - Independent	2
C N Srivatsan	Non Executive - Independent	4
M V Subaraman	Non Executive - Independent	4
A Ramkrishna	Non Executive	3

The representatives of the Statutory Auditors, Internal Auditors and Executives of the company had also attended the meetings. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note of. The company secretary acts as the secretary of the committee.

Remuneration Committee

The composition of the Remuneration Committee and particulars of meetings attended by the members.

Name	Category	No. of Meetings Attended
A Ramkrishna-Chairman	Non Executive	1
Dr. Jairam Varadaraj	Non Executive- Independent	1
Vijay Venkataswamy	Non Executive- Independent	1

The Committee would basically look into and determine the company's policy on remuneration package to the executive directors. The Committee met on 30th March 2009.

The Executive Directors are paid remuneration approved by the Board of Directors on the recommendation of 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 any Employee Stock Option Scheme.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Executive Directors.

During the year, the Company paid Sitting Fees of Rs10,000 per meeting to its Non-Executive Directors for attending meetings of the Board of Directors and Audit Committee and Rs.1000 per meeting for attending meetings of other Committees.

The remuneration paid/payable to the Executive Directors of the Company for the year ended 31st March 2009, are as under

Name of the Director	Salary and perks Rs	Commission Rs	Total Rs	Service Contract
D Sarath Chandran Chairman and Managing Director	23,75,561	-	23,75,561	01.04.2008 to 31.03.2011
Ashwin Chandran Joint Managing Director	20,43,000	-	20,43,000	01.04.2008 to 31.03.2011
P Sai Prakash President	20,56,744	-	20,56,744	01.04.2005 to 31.03.2010

The company does not pay remuneration to any of its Non-executive Directors barring sitting fees for attendance during the meeting(s).

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

Statements showing number of Equity shares held by the Non-Executive Directors as on March 31st March 2009:

Name of the Director	Sitting Fees (Rs)
A Ramkrishna	66,000
Vijay Mohan	43,000
Sumanth Ramamurthi	40,000
Dr. Jairam Varadaraj	51,000
Vijay Venkatasamy	81,000
C N Srivatsan	80,000
M V Subaraman	60,000
Suresh Jagannathan	30,000

Name of the Director	No of Shares held
A Ramkrishna	800
Vijay Mohan	1300
Sumanth Ramamurthi	900
Dr. Jairam Varadaraj	50
Vijay Venkatasamy	550
C N Srivatsan	-
M V Subaraman	50
Suresh Jagannathan	-

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-executive and Independent Directors during the year.

Shareholders / Investors Grievance Committee

The composition of the Shareholders/Investors Grievance Committee and particulars of meetings attended by the members.

Name	No. of Meetings Attended
Vijay Mohan (Non Executive) Chairman	13
D Sarath Chandran	19
Ashwin Chandran	19
P Sai Prakash	19

Nineteen meetings of the Shareholders / Investors Grievances Committee were held during the year 2008 on 15th April, 30th April, 15th May, 31st May, 30th June, 15th July, 31st July, 30th August, 30th September, 15th October, 31st October, 15th November, 29th November, 15th December, 31st December and in the year 2009 31st January, 16th February, 16th March and 31st March.

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 by the committee. The minutes of the same are placed at the board meetings from time to time.

Details of Complaints received and redressed

Opening Balance	Received during year	Redressed during the Year	Closing balance
nil	10	10	nil

There were no outstanding complaints as on 31st March 2009.

Management Analysis Report

Management Analysis Report forms part of the Directors Report.

General Body Meetings :

Details of the meetings	Date of the Meeting and Time	Venue	Special Resolutions
2006,44th AGM	09.08.2006 at 4.00PM	Chamber towers, Avinashi Road, Coimbatore-641018	Nil
2007,45th AGM	10.08.2007 at 5.00PM	Chamber towers, Avinashi Road, Coimbatore-641018	To hold office or place of profit under section 314 of the Companies Act 1956.
2008,46th AGM	22.08.2008 at 5.00PM	Chamber towers, Avinashi Road, Coimbatore-641018	To appoint Mr D Sarath Chandran as Chairman and Managing Director. To appoint Mr Ashwin Chandran as Joint Managing Director. To Delist the equity shares from Coimbatore and Madras Stock Exchanges.

No extra-ordinary General Meeting was held during the year 2008-09.

No Court Convened Meeting of Members was held during the year.

No Postal Ballot was conducted during the year.

Disclosures

- Details of transactions with related parties are provided in Note no.28 to notes forming part of the Accounts in accordance with the provision of Accounting Standard 18. There is no materially significant related party transaction that may have potential conflict with the interest of the company at large.
- The company has prepared a risk management framework to identify, minimize and mitigate business and process related risk at predefined intervals.
- During the last 3 years, there were no strictures or penalties 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.
- The company does not have any Whistle Blower Policy. However any employee, if he/she so desires, would have free access to meet senior level management and report any matter of concern.
- The company has complied with all the mandatory requirements of corporate governance norms as enumerated in Clause 49 of the Listing Agreement with the Stock Exchanges.
- CEO/CFO certificate: A certificate signed by the Chairman and Managing Director and CFO has been placed at all board meetings.

The company has opted the following non-mandatory requirements as prescribed in clause 49 of the Listing Agreement-

- The company has setup a Remuneration committee.

The other non-mandatory requirements have not been adopted by the company.

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.

The company's Managing Director's declaration to this effect forms part of this report.

Code of Conduct for Insider Trading

The company has framed a code of conduct for prevention of insider Trading based on SEBI(Insider Trading) Regulations 1992 and subsequently amended as per the SEBI notification dated 19th November 2008. This code is applicable to all directors/ officers/ designated employees. The code ensures the prevention of dealing in shares by any person having access to unpublished price sensitive information.

Means of Communication

The quarterly, half-yearly and annual results of the Company are published in newspapers Financial Express(National Issue) and Maalai Malar(Tamil daily). The results are also displayed on the Company's website www.precot.com.

Results and reports of the company are available in SEBI's EDIFAR and 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

Date : Friday, 21st August 2009 at 4.30 pm

Venue : Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641 018

Financial Year : 1st April 2008 to 31st March 2009

First Quarter unaudited results : July 2009

Second quarter unaudited result : October 2009

Third quarter unaudited results : January 2010

Annual audited results : May or June 2010

Date of Book Closure : 14.08.2009 to 21.08.2009

Listing on Stock Exchanges.

The shares are listed in National Stock Exchange, Madras Stock Exchange and Coimbatore Stock Exchange.(Applied for Delisting from Coimbatore and Madras stock Exchanges, approval is awaited).

Stock Code: National Stock Exchange: PRECOT

Annual listing fees for the year 2008-09 were paid to National Stock Exchange of India Limited and Madras Stock Exchange limited.

Custodial fees to Depositories: The Company has paid custodial fees for the year 2009-10 to National Securities Depository Limited and Central Depository Services (India) Limited.

**MARKET PRICE DATA : National Stock Exchange
ISIN : INE283A01014 Symbol : PRECOT**

Month	Prices(rs)		S&P Nifty	
	Low	High	Low	High
April 2008	86.45	105.60	4647	5196
May 2008	92.85	108.75	4835	5228
June 2008	73.15	89.20	4041	4740
July 2008	66.30	80.20	3817	4477
August 2008	73.40	88.85	4214	4620
September 2008	59.40	79.05	3850	4504
October 2008	38.40	61.10	2524	3951
November 2008	37.00	44.70	2553	3148
December 2008	37.80	43.45	2656	3078
January 2009	35.55	40.85	2679	3121
February 2009	34.50	38.95	2734	2948
March 2009	34.00	38.90	2573	3109

Registrar and Share Transfer Agent (for both physical and demat segments)

M/s Link Intime India Pvt Limited, Surya, 35 Mayflower Avenue, Senthil Nagar, Sowripalayam Road, Coimbatore- 641028. E mail:coimbatore@linkintime.co.in

Contact person: Dhanalakshmi

Head Office:

M/s Link Intime India Pvt Limited
C-13, Pannalal Silk Mills Compound
L B S Marg, Bhandup (west) Avenue
Mumbai 400 078

Compliance Officer's details

C Murugesh
Company Secretary and Compliance officer
Precot Meridian Ltd,
Regd Office:"SUPREM"
PB 7161,737, Puliakulam Road, Coimbatore - 641045
E mail: secretary@precot.com

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 Pvt Limited only after getting approval from shareholders' committee.

The share transfers are registered and returned within a period of 30 days of receipt if documents are in order.

Secretarial Audit

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Distribution of Share holding as on 31st March 2009
Distribution of Shareholding as on 31.03.2009

Category	No of shares held	Percentage of holding	Shareholding range	No. of holders	Percentage of holders	No of shares	Percentage of shares
Promoters	3821916	54.99	1-100	2992	41.42	168557	2.43
Financial Inst/ Banks	550	0.01	101-500	3346	46.32	751007	10.81
Insurance Companies	22671	0.33	501-1000	429	5.93	320682	4.61
FI	1167	0.02	1001-2000	250	3.46	357910	5.15
Mutual Funds	464135	6.68	2001-3000	93	1.29	233887	3.36
Bodies Corporate	344894	4.96	3001-4000	28	0.39	98095	1.41
Non-Resident Indians	33130	0.47	4001-5000	25	0.35	112339	1.62
Public	2261537	32.54	5001-10000	37	0.52	252707	3.63
			10001 & above	23	0.32	4654816	66.98
Total	6950000	100.00	Total	7223	100	6950000	100

Dematerialization status of shares as on 31.03.2009.

Particulars	No. of Shares	% to Share capital
National Securities Depository Limited	4009128	57.69
Central Depository Services (India) Limited	305453	4.40
Total	4314581	62.09

The International Security Identification Number (ISIN) allotted to the company under depository system is INE283A01014.

There are no Outstanding GDRs/ADRs/Warrants or any Convertible instruments as on 31st March 2009.



Plant Locations :

A Unit : Kanjikode, Palakkad, Kerala
B Unit : Kodigenahalli, Hindupur, Andhra Pradesh
M Unit : Nanjegoundanpudur, Pollachi, TamilNadu
C & D Unit : Chandrapuram, Walayar, Kerala
K Unit : Gowribidnur, Kolar, Karnataka
Weaving Unit : Vettaikaranpudur, Tamilnadu
Dyeing Unit : Perundururai, Tamil Nadu.

Address for Correspondence

Precot Meridian Ltd,
Regd Office: "SUPREM"
PB 7161, 737, Puliakulam Road,
Coimbatore - 641045
E mail: secretary@precot.com

Coimbatore
28th May 2009

D Sarath Chandran
Chairman and Managing Director

Declaration regarding compliance by Board Members and Senior Management Personnel with the Company's code of conduct

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Chairman and Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2009, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the one level below the board, as on March 31, 2009.

Coimbatore
28th May, 2009

D Sarath Chandran
Chairman and Managing Director

Compliance Certificate

To the members of Precot Meridian Limited

We have examined the compliance of conditions of Corporate Governance by Precot Meridian Limited, for the year ended on 31.3.2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Coimbatore
28th May, 2009

For Suri & Co.,
Chartered Accountants
C S Sathyanarayanan
Partner M.No. : 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner M.No. : 022883

1. Accounting Convention :

The financial statements have been prepared as per Section 211(3C) of the Companies Act, 1956 and a recommendatory standard issued by the Institute of Chartered Accountants of India.

Pursuant to Institute of Chartered Accountants of India's announcement regarding adoption of Accounting Standard 30 "Financial Instruments : Recognition and Measurement", the company has opted for early adoption of the standard for the year under review.

2. Fixed Assets :

Fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation, accumulated amortisation and cumulative impairment if any. Costs include preoperative expenses and all expenses related to acquisition and installation of the assets concerned.

3. Leases :

Assets leased out under operating leases are capitalized. Rental income is recognised on accrual basis over the lease term.

4. Borrowing Costs :

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

5. Impairment of Assets :

As at each Balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a) the provision for impairment loss, if any, required or
- b) the reversal, if any, required of impairment loss recognised in previous periods.

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

6. Depreciation :

Depreciation is provided on the Straight Line Method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Intangible Assets are amortised over a period of five years.

7. Investments :

Investments are stated at fair value as per relevant accounting standard followed by the company. Provision for diminution in value of long-term investments is made, if the diminution is other than temporary.

8. Inventories :

- a) Inventories are valued at lower of cost and estimated net realizable value.
- b) The basis of determining cost for various categories of inventories are as follows:-
- i) Raw Materials, Packing Materials & Stores and Spares : Weighted average basis.

- ii) Finished Goods and Goods-In-Process: Cost of Direct Material, Labour & Other, Manufacturing Overheads.

9. Foreign Currency Transactions :

- a) Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.
- b) Monetary assets and Monetary liabilities at the year-end are realigned at the exchange rate prevailing at the year-end and the difference on realignment is recognized in the Profit and Loss Account or fixed assets as the case may be.

10. Revenue Recognition:

- a) The company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- b) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on despatch of goods.
- c) Domestic sales as reported in the profit and loss account are exclusive of tax/duties, if any, and trade discounts. Income from Export entitlements is accounted as and when the certainty of entitlement is determined.
- d) Dividend income is recognised when the right to receive the dividend is unconditional at the balance sheet date.

11. Taxes on Income :

- a) Current Tax on income is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.
- b) Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12. Employee Benefits:

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

Rs. in Lacs

	2005	2006	2007	2008	2009
Operating Results					
Sales and other income	24938	23693	33649	36947	38973
PBIDT	3392	4165	5852	4527	3629
Interest	709	179	915	1103	1302
PBDT	2683	3985	4938	3425	2327
Depreciation	1809	1863	2415	2715	2992
Taxes	64	620	634	197	206
Net Profit	810	1502	1889	512	(871)
Dividend & Dividend Tax	218	373	407	163	-
Retained Profit	592	1129	1482	349	(871)
Performance Highlights					
Net Fixed Assets	12950	13851	22792	24135	23442
Share Capital	545	545	695	695	695
Reserves	9771	10900	13479	13451	11739
Networth	12091	13502	16706	16601	14321
Borrowings	10867	9590	19451	21215	22006
Debt:Equity	0.9	0.7	1.2	1.3	1.5
Dividend (%)	35	60	50	20	-
Cash Earnings per share (Rs.)	48	62	62	46	31
Earnings per share (Rs.)	15	28	27	7	(13)

Sources of Funds	Schedule	As at	
		31.03.2009 Rs.Lacs	31.03.2008 Rs.Lacs
Shareholders' Funds			
Share Capital	1	695.00	695.00
Reserves & Surplus	2	11739.48	13450.71
		<u>12434.48</u>	<u>14145.71</u>
Loan Funds			
Secured Loans	3	21703.50	20889.08
Unsecured Loans	4	302.84	325.57
		<u>22006.34</u>	<u>21214.65</u>
Deferred Tax Liability		1886.99	2455.22
Total Funds Employed		<u>36327.81</u>	<u>37815.58</u>
Application of Funds			
Fixed Assets	5		
Gross Block		49857.43	47376.99
Less: Accumulated Depreciation		26536.12	23631.49
		<u>23321.31</u>	<u>23745.50</u>
Capital Work-in-progress		121.02	389.13
Net Block		<u>23442.33</u>	24134.63
Investments	6	2968.66	2419.36
Current Assets, Loans and Advances			
A. Current Assets	7		
a) Inventories		6509.61	7917.12
b) Sundry Debtors		2517.99	2651.67
c) Cash & Bank Balances		472.10	609.59
d) Other Current Assets		697.85	872.19
B. Loans & Advances		<u>2566.53</u>	3189.24
		12764.08	15239.81
Less: Current Liabilities & Provisions	8	2847.26	3978.22
Net Current Assets		<u>9916.82</u>	<u>11261.59</u>
Total Funds Deployed		<u>36327.81</u>	<u>37815.58</u>

Schedules 1 to 8, Significant Accounting Policies and the Notes on Accounts form part of this Balance Sheet

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
M.NO: 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner
M.NO: 022883

D Sarath Chandran
Chairman & Managing Director
Ashwin Chandran
Joint Managing Director
R. Murali
Head - Finance
C. Muruges
Company Secretary

Coimbatore, 28th May 2009



Profit & Loss Account for the Year ended 31st March 2009

	Schedule	Year Ended 31.03.2009 Rs.Lacs	Year Ended 31.03.2008 Rs.Lacs
Income			
Sales - Domestic		28183.99	24916.85
- Exports		<u>9712.35</u>	<u>11731.91</u>
	9	37896.34	36648.76
Other Income	10	1076.89	298.58
Increase / Decrease In Stock of Finished Goods.	11	(564.16)	330.49
		<u>38409.07</u>	<u>37277.83</u>
Expenditure			
Raw Materials	12	19671.78	18237.87
Salaries & Wages	13	3574.94	3186.80
Power & Fuel		4405.48	4631.37
Stores		1621.18	1766.70
Repairs & Maintenance	14	1913.85	1954.88
Processing Charges		230.44	372.13
Selling Expenses	15	1822.34	1750.72
Administrative Expenses	16	1540.33	850.08
Interest and Finance Charges	17	1302.03	1102.65
		<u>36082.37</u>	<u>33853.20</u>
Profit Before Depreciation and Tax		2326.70	3424.63
Less : Depreciation	5	2944.99	2667.04
Amortisation of intangible assets		<u>46.76</u>	<u>48.37</u>
		<u>2991.75</u>	<u>2715.41</u>
Profit Before Tax		(665.05)	709.22
Less: a) Provision for Taxation		-	178.17
b) Fringe Benefit tax		16.95	17.00
c) Deferred Tax Adjustment		189.36	(77.26)
d) Provision for Taxation (Prior years)		-	<u>79.00</u>
		<u>206.31</u>	<u>196.91</u>
Net Profit		(871.36)	512.30
Add: Balance brought forward		789.95	495.27
Profit available for Appropriation		<u>(81.41)</u>	<u>1007.57</u>
Proposed Dividend		-	139.00
Tax on Proposed Dividend		-	23.62
Transfer to General Reserve		-	55.00
Balance Carried Forward		<u>(81.41)</u>	<u>789.95</u>
		<u>(81.41)</u>	<u>1007.57</u>
Earning Per Share (in Rupees) Refer Note No : 16 (Face value Rs.10/-per share)		(12.54)	7.37

Schedules 5 & 9 to 17, Significant accounting policies and Notes on accounts form part of this Profit and Loss account

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
M.NO: 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner
M.NO: 022883

D Sarath Chandran
Chairman & Managing Director
Ashwin Chandran
Joint Managing Director
R. Murali
Head - Finance
C. Muruges
Company Secretary

Coimbatore, 28th May 2009



Schedules Annexed to the Accounts

	31.03.2009 Rs. Lacs	31.03.2008 Rs. Lacs
Schedule 1 - Share Capital		
Authorised		
90,00,000 Equity Shares of Rs.10 each (Previous Year 90,00,000 shares)	<u>900.00</u>	<u>900.00</u>
Issued & Subscribed		
75,00,000 Equity Shares of Rs.10 each (Previous Year 75,00,000 shares)	<u>750.00</u>	<u>750.00</u>
Paid Up		
69,50,000 Equity Shares of Rs.10 each (Previous Year 69,50,000 shares)	<u>695.00</u>	<u>695.00</u>

- Note : a) 26,25,000 equity shares of Rs.10 each have been issued as fully - paid-up bonus shares by capitalisation of reserves
 b) 5,50,000 equity shares of Rs. 10 each were bought back in July 02
 c) 15,00,000 Equity shares of Rs.10 were issued consequent to merger of - Meridian Industries Ltd with the company

Schedule 2 - Reserves and Surplus

	Opening	Additions	Withdrawals		
Capital Reserve	48.19	-	-	48.19	48.19
Share Premium	2212.46	-	-	2212.46	2212.46
General Reserve*	10016.40		1321.76	8694.64	10016.40
Capital Investment Subsidy	28.71			28.71	28.71
Surplus in P&L account	789.95	(871.36)		(81.41)	789.95
Capital Redemption Reserve	355.00			355.00	355.00
Investment Fair Value Reserve	0.00	481.89		481.89	
	<u>13450.71</u>	<u>(389.47)</u>	<u>1321.76</u>	<u>11739.48</u>	<u>13450.71</u>

*Refer note no: 25 of Notes on accounts

An amount of Rs.55 Lacs was transferred to capital redemption reserve consequent to buy back of 5,50,000 equity shares in July 2002.

Schedule 3 - Secured Loans

A) Term Loans from Banks		
1) In Rupee	11486.70	10761.10
2) In Foreign Currency	4563.90	5898.12
B) Working Capital Facilities from Banks		
1) In Rupee	4081.56	2825.87
2) In Foreign Currency	1571.34	1403.99
	<u>21703.50</u>	<u>20889.08</u>

31.03.2009 31.03.2008
Rs. Lacs Rs. Lacs

Schedule 4 - Unsecured Loans

From Others

Sales tax Deferral Loan	302.84	325.57
	302.84	325.57

Schedule - 5 Fixed Assets (Rs. In Lacs)

	Gross Block			Depreciation				Net Block			
	As on 01.04.2008	Additions	Sales/ Transfers during the Year	As on 31.03.2009	Upto 31.03.2008	For the year	With- drawals during the year	Adjust- ments*	Upto 31.03.2009	As on 31.03.2009	As on 31.03.2008
A.Tangible Assets											
Land	452.74	0.00	20.11	432.63						432.63	452.74
Buildings	6135.74	182.02	1.05	6316.71	1155.42	178.83	0.64		1333.61	4983.10	4980.33
Plant & Machinery	40100.31	2440.06	136.64	42403.73	22129.46	2730.01	87.26	5.64	24777.85	17625.88	17970.85
Office Furniture	193.73	7.74		201.47	66.04	11.75			77.79	123.68	127.69
Motor Vehicles	248.41	13.82	11.08	251.15	91.92	24.40	4.86		111.46	139.69	156.48
	47130.93	2643.64	168.88	49605.69	23442.84	2944.99	92.76	5.64	26300.71	23304.98	23688.09
B.Intangible Assets											
ERP Expenditure & Softwares	246.06	5.68		251.74	188.65	46.76	-	-	235.41	16.33	57.41
	47376.99	2649.32	168.88	49857.43	23631.49	2991.75	92.76	-	26536.12	23321.31	23745.50
Capital WIP	389.13	107.33	375.44	121.02						121.02	389.13
Total	47766.12	2756.65	544.32	49978.45	23631.49	2991.75	92.76	5.64	26536.12	23442.33	24134.63
Previous years	44159.68	5350.91	1744.47	47766.12	21368.02	2765.48	502.01		23631.49	24134.63	22791.66

*Refer note no. 22 of Notes on accounts

Schedule 6 - Investments

Particulars	Face Value Rs.	Quantity as on		Book Value as on	
		31.03.09 in Nos.	31.03.08 in Nos.	31.03.09 Rs. Lacs	31.03.08 Rs. Lacs
A. Equity Shares (Fully paid up)					
Trade - Quoted					
Lakshmi Synthetic Machinery Manufacturers Ltd	10	30,000	30,000	(a)	(a)
Non Trade - Quoted					
Pricol Limited	1	54,62,250	54,62,250	197.47	197.47
Trade - Unquoted					
Vantex Limited	10	1,00,000	1,00,000	19.00	19.00



Schedules Annexed to the Accounts

Schedule 6 - Investments (Contd...)

Particulars	Face Value Rs.	Quantity as on		Book Value as on	
		31.03.09 in Nos.	31.03.08 in Nos.	31.03.09 Rs. Lacs	31.03.08 Rs. Lacs
A.P. Gas Power Corporation Limited	10	12,06,000	12,06,000	1964.87	1964.87
Sai Regency Power Corporation P Ltd	10	2,25,000	2,25,000	22.50	22.50
OPG Energy Pvt Ltd	10	14,000	3,40,000	1.40	34.00
Non Trade - Unquoted					
Precot Mills Employees Cooperative - Credit Society	10	100	-100	0.01	0.01
Precot Mills Multi purpose stores	10	100	100	0.01	0.01
Subsidiaries					
Multiflora Processing(Cbe) Ltd	10	2,50,000	2,50,000	25.00	25.00
Suprem Textiles Processing Limited	100	1,00,000	1,00,000	100.00	100.00
Precot Meridian Energy Ltd (b)	10	50,000	50,000	5.00	5.00
Benwood Corporation Sdn Bhd (c)		6,66,667	5,00,000	41.61	41.61
B. Investment in Partnership Firm				9.90	9.90
C. Current Investment					
SBI- Mutual Fund-Magnum Insta Cash fund Liquid plan - Growth				100.00	-
Investment Fair Value adjustments as per Accounting Standard -30				481.89	-
				2968.66	2419.37
Quoted investments - Cost				197.47	197.47
- Market Value				388.37	1122.49
Unquoted investment - Cost				2771.19	2221.90
(a) Diminution, other than temporary, in the value of Investment adjusted.					
(b) Formerly Precot Spintex Ltd					
(c) Malaysian Co, Face Value of each share - RM 1 each.					

Schedule 7 - Current Assets, Loans & Advances

A. Current Assets:

Inventories - At Lower Of Cost & Estm.Net Realisable Value.

(As valued and certified by Management)

	31.03.2009 Rs. Lacs	31.03.2008 Rs. Lacs
Raw materials	4503.06	4896.00
Stock-in-process	926.49	1288.91
Waste Cotton	62.56	51.23
Finished Goods	777.35	1341.51
Stock of Stores	240.15	339.47
	6509.61	7917.12



Schedules Annexed to the Accounts

	31.03.2009	31.03.2008
	Rs. Lacs	Rs. Lacs
Schedule 7 - Current Assets, Loans & Advances (Contd...)		
Sundry Debtors		
Unsecured and considered good		
Outstanding for a period exceeding six months	25.71	27.88
Other debts	<u>2492.28</u>	<u>2623.79</u>
	<u>2517.99</u>	<u>2651.67</u>
Cash and Balances with Scheduled Banks		
Balances with scheduled Banks		
In Current Account	436.76	569.54
In Unpaid Dividend Account	28.76	29.41
Cash, Cheques and Stamps on hand	6.58	10.64
	<u>472.10</u>	<u>609.59</u>
Other Current Assets		
Income accrued and receivable	697.85	872.19
	<u>697.85</u>	<u>872.19</u>
B. Loans and Advances		
Unsecured, considered good recoverable in cash or in kind or for value to be received:		
Prepaid Expenses	43.44	67.70
Balance Recoverable from Govt. authorities	19.48	14.58
Tax payment pending adjustments	995.88	1468.69
Advance to others /suppliers	616.21	728.62
Deposits with Government Authorities	134.36	200.73
Other Deposits	757.16	708.92
	<u>2566.53</u>	<u>3189.24</u>
Schedule 8 - Current Liabilities and Provisions		
A. Current Liabilities		
Sundry Creditors		
Dues to Micro, Small & Medium Enterprises*	-	-
Others	1776.17	2349.05
Interest accrued and due	0.02	0.02
Trade Deposits	55.66	55.39
Investor Education and Protection Fund items not due		
a) Unclaimed dividends	28.76	29.41
b) Matured unclaimed Fixed Deposits	0.15	0.15
B. Provisions		
Provision for Taxation	785.01	1332.26
Provision for Gratuity & Super Annuation	201.49	49.32
Proposed Dividend	-	139.00
Tax on Dividend	-	23.62
	<u>2847.26</u>	<u>3978.22</u>

* Ref. Note No.26 of Notes on accounts



Schedules Annexed to the Accounts

	31.03.2009 Rs. Lacs	31.03.2008 Rs. Lacs
Schedule 9 - Sales		
Gross Sales Domestic - Yarn	22502.45	19079.32
- Fabric	5585.25	5690.21
- Garment	<u>96.29</u>	<u>147.32</u>
	28183.99	24916.85
Direct Sales Exports - Yarn	9552.61	11708.66
- Fabric	<u>159.74</u>	<u>23.25</u>
	9712.35	11731.91
	<u>37896.34</u>	<u>36648.76</u>
Schedule 10 - Other Income		
Income from Trade Investments		
Dividends from subsidiaries.	12.89	6.16
Dividends from other than subsidiaries.	-	1.50
Income from Non-Trade Investments		
Dividends from other than subsidiaries.	32.77	56.55
Profit on Sale of Investments/Mutual Fund (net)	6.87	0.96
Profit On Sale of Assets (net)	783.17	31.99
Lease Rental Receipts	0.36	0.36
Rent Receipts	17.58	16.18
Agricultural Income (net)	1.56	4.53
Insurance Claim Receipts	30.86	24.17
Scrap-sales	62.03	71.92
Waste Packing Receipts	12.60	15.12
Miscellaneous Income	<u>116.20</u>	<u>69.14</u>
	1076.89	298.58
Schedule 11 - Increase/Decrease in Finished Goods		
Stock at Closing	777.35	1341.51
Less : Stock at Opening	<u>1341.51</u>	<u>1011.02</u>
	(564.16)	330.49
Schedule 12 - Raw Materials Consumed		
Opening Stock		
Raw Material	4896.00	5294.01
Stock in Process	1288.91	1369.60
Waste Cotton	<u>51.23</u>	<u>37.92</u>
	6236.14	6701.53
Add : Purchases	19355.85	18122.08
Less : Sale of Waste	<u>428.10</u>	<u>349.60</u>
	18927.75	-
	<u>25163.89</u>	<u>17772.48</u>
Less: Closing Stock		
Raw Material	4503.06	4896.00
Stock in Process	926.49	1288.91
Waste Cotton	<u>62.56</u>	<u>51.23</u>
	5492.11	6236.14
	<u>19671.78</u>	<u>18237.87</u>

	31.03.2009	31.03.2008
	Rs. Lacs	Rs. Lacs
Schedule 13 - Salaries and Wages		
Salaries, Wages and Bonus	2959.21	2695.40
Contribution to Provident Fund, ESI	244.78	235.29
Gratuity & Superannuation Fund	152.17	19.94
Welfare expenses	163.47	155.42
Managing Director's remuneration	21.96	42.53
Directors' remuneration	33.35	38.22
	<u>3574.94</u>	<u>3186.80</u>
Schedule 14 - Repairs and Maintenance		
Building	225.24	161.06
Machinery	1515.58	1661.83
Others	173.03	131.99
	<u>1913.85</u>	<u>1954.88</u>
Schedule 15 - Selling Expenses		
Yarn Brokerage and Commission	570.93	514.60
Export-Freight and handling & Commission	603.77	768.06
Transport charges from Mills to Depots	305.74	247.86
Quality / Delivery claims	66.98	59.61
Fabric / Garment Selling Expenses	10.31	19.17
Other selling expenses	264.61	141.42
	<u>1822.34</u>	<u>1750.72</u>
Schedule 16 - Administrative Expenses		
Insurance	35.44	54.73
Postage and Telegram	42.57	47.04
Printing and Stationery	48.33	56.42
Travelling Expenses	83.56	103.10
Taxes and Licence	34.28	44.97
Professional Charges	40.18	121.49
Directors sitting fees	4.51	4.53
Books periodicals & subscriptions	10.00	5.23
Establishment Charges	60.88	65.75
ISO Expenses	10.58	11.61
Rent	12.40	8.69
Security Charges	53.39	47.89
Advertisement Charges	7.97	8.43
Foreign Exchange Loss (Net)	1064.71	227.07
Others	31.53	43.13
	<u>1540.33</u>	<u>850.08</u>
Schedule 17 - Interest and Finance Charges		
Fixed Loans	1199.34	1028.14
Others	81.45	62.67
Bank Charges and Commissions	100.70	40.02
Less : Interest receipts	79.46	28.18
	<u>1302.03</u>	<u>1102.65</u>

1. Security for Borrowings :

- a. Term Loans from ICICI bank, Andhra Bank, State Bank of India, Export Import Bank of India and IDBI Bank are secured by way of pari passu first charge on entire movable and immovable fixed assets of the company and pari passu second charge on current assets of the company.
- b. Term Loan from Yes bank is secured by way of pari passu first charge on entire movable fixed assets only.
- c. Working capital loans from State bank of India, Andhra Bank and Corporation bank 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.

2. Loans and advances also include an amount of Rs.71.62 lacs advanced to Suprem Associates, a partnership firm in which the company is a partner.

3. Income Tax assessments have been completed upto Assessment Year 2006-2007. Certain demands relating to earlier years have been disputed by the company before the appellate authorities. In view of the nature of disputes, no provision for taxation is considered necessary in respect of these demands.

	31.03.2009	31.03.2008
	Rs. Lacs	Rs. Lacs
4. Estimated amount of contracts remaining to be executed on capital account and not provided for	21.78	290.53
5. Amounts outstanding on account of Letters of Credit opened	-	122.49
6. Contingent liabilities in respect of :		
Bills discounted	1178.35	1575.69
Guarantees	210.26	466.54
Export Obligation under EPCG Scheme	1293.37	2156.79
[The Export Obligations are to be fulfilled over a period of 8 years from the date of import of capital goods]		
Disputed foreign Currency Derivative contracts	-	1530.00
7. Disputed Statutory Liabilities not provided for	359.65	356.36

8(a) Computation of Net Profit for ascertaining the commission payable to the Managing Director and Directors.

Net Profit as per P&L Account	(665.05)	709.21
Add		
Managing Directors Remuneration	23.76	39.04
Directors Remuneration	41.00	35.08
Sitting Fees	4.51	4.53
Loss on sale of Investments	0.00	0.01
	<u>69.27</u>	<u>78.66</u>
	(595.78)	787.87
Less:		
Profit on sale of Investments/Mutual Funds	6.87	0.97
	<u>6.87</u>	<u>0.97</u>
	(602.65)	786.90
Maximum Remuneration Payable to Directors 10% of the above	-	78.69
Commission		
- Managing Director	-	16.61
- Joint Managing Director	-	5.90
- President	-	5.90
	-	<u>28.41</u>



Notes forming part of Accounts

	31.03.2009	31.03.2008
	Rs. Lacs	Rs. Lacs
b. Remuneration to Managing Director		
i) Salaries, Allowances etc	19.20	18.14
ii) Contribution to Provident Fund	1.44	1.56
iii) Medical Benefits and reimbursement of other expenses	1.32	4.29
iv) Commission to Managing Director	-	16.61
	<u>A</u>	<u>40.60</u>
Add: Contribution to Super annuation	B 1.80	1.94
	Total A + B	<u>42.54</u>
c. Remuneration to Whole time Directors:		
i) Salaries, Allowances etc	24.30	17.86
ii) Contribution to Provident Fund	2.09	1.40
iii) Medical Benefits and reimbursement of other expenses	6.96	5.42
iv) Commission to Directors	-	11.80
	<u>A</u>	<u>36.48</u>
Add: Contribution to Super annuation & other perquisites	B 7.65	1.74
	Total A + B	<u>38.22</u>
d. Sundry Creditors includes a sum of Rs.Nil payable to Directors. (Previous year Rs. 18.75 lakhs)		
9 a. Earnings in Foreign Exchange - Export of Goods		
- FOB Value	9,427.21	11430.42
b. Dividend from Foreign Subsidiary	12.89	6.16
	<u>9440.10</u>	<u>11436.58</u>
10. Expenditure in Foreign Currency (Payment Basis)		
CIF Value of Imports:		
a) Raw Materials	1684.74	467.93
b) Components and Spares	199.37	435.69
c) Capital Goods	264.06	801.06
d) Export Commission	131.40	108.01
e) Travelling Expenses	7.74	4.97
f) Quality Claim	19.07	0.44
g) Interest	262.14	446.15
h) Others	5.44	5.48
	<u>2573.96</u>	<u>2269.73</u>
11. Administrative Expenses - Others includes Auditors' remuneration as under:		
i) Statutory Audit	5.25	4.25
Service Tax thereon	0.54	0.53
ii) Tax Audit	0.73	0.86
iii) Certification and Other Services	1.05	0.18
iv) Reimbursement of expenses	0.60	0.54
	<u>8.17</u>	<u>6.36</u>
12. Licensed, installed capacity and actual production :		
a Licensed Capacity - Not applicable since the industry in delicensed	31.3.09	31.3.08
b Installed Capacity		
Spindles	Nos 217152	204960
Rotors	Nos 1728	1728
Looms	Nos 117	117

	Qty	31.03.2009 Value In Lacs	Qty	31.03.2008 Value In Lacs
C. Yarn (Kgs)				
Opening Stock	10.09	1209.96	7.77	931.74
Production	267.72		283.18	
Sales	259.68	32055.06	268.31	30790.00
Captive Consumption	12.61		12.55	
Closing Stock	5.52	634.99	10.09	1209.96
D. Fabrics (Mtrs)				
Opening Stock	1.64	115.49	1.07	74.65
Production	57.23		59.18	
Sales	56.80	5744.99	56.79	5712.01
Captive Consumption	0.65		1.82	
Closing Stock	1.42	113.13	1.64	115.49
E. Garments (Qty In Nos.)				
Opening Stock	8870	16.06	2316	4.63
Production	39259		56669	
Sales	30542	96.29	50115	147.32
Closing Stock	17587	29.00	8870	16.06
F. Waste (Kgs)				
Opening Stock	2.28	51.23	1.80	37.92
Production	93.78		99.81	
Sales	27.20	428.10	33.97	406.95
Captive Consumption	67.17		65.36	
Closing Stock	1.69	62.56	2.28	51.23
G. Wind Energy (Units)				
Production	172.93		157.87	
Own Consumption	126.39		157.86	
Banking	46.54		-	
13. Consumption	Value	% of	Value	% of
Raw Materials	Rs. Lacs	Consumption	Rs. Lacs	Consumption
Imported	1628.89	8.28	812.85	4.46
Indigenous	18042.89	91.72	17425.02	95.54
	<u>19671.78</u>	<u>100.00</u>	<u>18237.87</u>	<u>100.00</u>
Stores & Spares				
Imported	186.22	11.49	223.16	12.63
Indigenous	1434.96	88.51	1543.54	87.37
	<u>1621.18</u>	<u>100.00</u>	<u>1766.70</u>	<u>100.00</u>

14. Particulars regarding investment in the capital of a Partnership Firm

Name of the Firm : Suprem Associates Name of the Partners	31.03.2009		31.03.2008	
	Capital Contribution Rs. Lacs	Sharing Ratio %	Capital Contribution Rs. Lacs	Sharing Ratio %
Precot Meridian Ltd	9.9	99	9.9	99
Suprem Textile Processing Ltd.	0.1	1	0.1	1
	<u>10.0</u>	<u>100</u>	<u>10.0</u>	<u>100</u>

**15 a) Movement of Investments
During the year.**

	Opening	Additions	sold	Closing
Pricol Ltd	197.47	-	-	197.47
Vantex Ltd	19.00	-	-	19.00
A.P. Gas Power Corporation Limited	1964.87	-	-	1964.87
Suprem Textile Processing Ltd.	100.00	-	-	100.00
Multi flora Processing (CBE) Ltd	25.00	-	-	25.00
Precot Meridian Energy Ltd	5.00	-	-	5.00
Benwood Corporation Sdn Bhd.	41.61	-	-	41.61
Suprem Associates	9.90	-	-	9.90
OPG Energy Pvt Ltd	34.00	1.40	34.00	1.40
Sairegency Power corporation	22.50	-	-	22.50
Others	0.02	-	-	0.02
SBI- Mutual Fund-Magnum Insta Cash fund Liquid plan - Growth		100.00		100.00
Investment Fair Value adjustments as per - Accounting Standard -30		481.89		481.89
Total	<u>2419.37</u>	<u>583.29</u>	<u>34.00</u>	<u>2968.66</u>

b) Investments in Mutual Funds

Mutual Fund Units purchased and redeemed during the year:

	Face Value	Units In Lacs	Cost Rs. In Lacs
SBI-Magnum Insta Cash Fund - Cash Option	19.14	45.79	876.44
SBI-Magnum Insta Cash Fund Liquid Floater Plan-growth option	15.18	26.38	400.43

16 Earnings Per Share

	31.3.2009	31.3.2008
a) Net Profit available for Equity Shareholders (A) (in Lacs)	(871.36)	512.30
b) Weighted Average number of equity shares (B) (in Lacs)	69.50	69.50
c) Earnings per Share (A)/(B)	(12.54)	7.37
d) Face Value per share	10.00	10.00

17. The Deferred Tax Liability as at 31st March 2009 comprise of the following		
	31.03.2009	31.03.2008
a. Deferred Tax Liability on account of :	Rs. Lacs	Rs. Lacs
(i) Related to Fixed Assets	2865.49	2644.41
	<u>2865.49</u>	<u>2644.41</u>
b. Deferred Tax Asset on account of :		
(i) Capital Loss	-	(31.46)
(ii) Business Loss	(875.10)	0.00
(ii) Bonus and VRS	(43.81)	(57.54)
(iii) Gratuity and Others	(59.59)	(100.19)
	<u>(978.50)</u>	<u>(189.19)</u>
Net Liability	<u>1886.99</u>	<u>2455.22</u>
18. Previous year's figures have been regrouped wherever necessary to confirm to current year's classification.		
19. The operations of the company mainly relates to one segment namely, Textiles.		
20. The Company has opted out of levy of Excise duty from July 2004.		
21. Voluntary retirement compensation paid amounting to Rs.12 Lacs has been written off during the year.		
22. The Ministry of Corporate Affairs, through its notification dated March 31,2009 has relaxed the provisions of Accounting Standard 11 " The Effects of Changes in Foreign Exchange Rates" for treating the exchange gain/loss arising on restatement of long term foreign currency monetary items. Accordingly, companies are permitted to adjust in their carrying cost of depreciable assets, the exchange differences arising out of exchange rate fluctuations with corresponding adjustments in Profit & Loss account and general reserve. In order to give effect to the aforesaid amendment, companies are required to exercise their option. The company has exercised the option and the following adjustments have been made.		
a. Exchange difference capitalized.	1078.94 Lacs	
b. Depreciation provision charged to Profit & loss a/c thereon	118.33 Lacs	
c. Exchange difference added to general reserves. (Net of Depreciation of Rs. 5.64 Lacs)	118.01 Lacs	
23. Pursuant to The Institute of Chartered Accountants of India's Announcement "Accounting for Derivatives", the Company has opted for early adoption of AS 30 "Financial Instruments: Recognition and Measurement", with effect from 1st April, 2008.		
24. In view of the early adoption of AS 30 the loss on foreign exchange derivatives contracts, amounting to Rs.1471 Lacs (net of deferred tax of Rs.757.30 lacs), which were unexpired as on the opening date has been adjusted against the General Reserve. An amount of Rs.669 lacs on account of expired contracts have been charged to Profit & Loss account. There are no outstanding derivatives contracts.		
25. Movement in General Reserve		Rs. in lacs
General Reserve as on 1.4.2008		10016.40
Less: Transitional Liability as on 01.04.08 adjusted to general reserve consequent to early adoption of Accounting standard 30 on financial instruments		1439.76
(Net Off Deferred Tax of Rs. 757.59 lacs)		

Add: Exchange fluctuation for the period 01.04.07 to 31.03.08 adjusted to general reserve consequent to exercising of option as per ministry of corporate affairs notification dt.31.03.2009 on Accounting Standard 11 118.00
(Net Off Depreciation of Rs. 5.64 lacs)

Closing General Reserve as on 31.3.2009 8694.64

26. The company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information and evidence available with the company, there are no dues to micro, small and medium enterprises, outstanding as on 31.03.2009.

27 Disclosures regarding Gratuity Plan:

a) Description of the company's defined benefit plan

The company operates a defined benefit plan for payment of post employment benefits in the form of gratuity. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided for in the payment of Gratuity Act, 1972. The terms of the benefits are common for all the employees of the company.

b) Disclosure Report under AS15 (Revised 2005)

I. Principal Actuarial Assumptions [Expressed as weighted averages]	31-03-2008	31.03.2009
Discount Rate	8.00%	8.00%
Salary escalation rate	4.00%	3.75%
Attrition rate	1.00%	1.00%
Expected rate of return on Plan Assets	8.00%	9.00%

In the following tables, all amounts are in Rupees, unless otherwise stated

II. Changes in the present value of the obligation (pvo) - Reconciliation of opening and closing balances: (Rs.in lacs)	
PVO as at the beginning of the period	580.25
Interest Cost	45.69
Current service cost	29.01
Past service cost - (non vested benefits)	-
Past service cost - (vested benefits)	-
Benefits paid	(18.38)
Actuarial loss / (gain) on obligation (balancing figure)	(26.96)
PVO as at the end of the period	609.61

III. Changes in the fair value of plan assets - Reconciliation of opening and closing balances:		(Rs. in lacs)
Fair value of plan assets as at the beginning of the period		530.93
Expected return on plan assets		41.74
Contributions		-
Benefits paid		(18.38)
Actuarial gain / (loss) on plan assets (balancing figure)		(134.17)
Fair value of plan assets as at the end of the period		420.11

IV. Actual return on plan assets		(Rs. in lacs)
Expected return on plan assets		41.74
Actuarial gain (loss) on plan assets		(134.17)
Actual return on plan assets		(92.43)

V. Actuarial gain / Loss recognized		(Rs. in lacs)
Actuarial gain / (loss) for the period - Obligation		26.96
Actuarial gain / (loss) for the period - Plan Assets		(134.17)
Total (gain) / loss for the period		107.22
Actuarial (gain)/loss recognised in the period		107.22
Unrecognized actuarial (gain) / loss at the end of the year		-

VI. Amounts recognised in the balance sheet and related analysis		(Rs. in lacs)
Present value of the obligation		609.61
Fair value of plan assets		420.12
Difference		189.49
Unrecognised transitional liability		-
Unrecognised past service cost-non vested benefits		-
Liability recognised in the balance sheet		189.49

VII. Expenses recognised in the statement of Profit and Loss	(Rs. in lacs)
Current service cost	29.01
Interest cost	45.69
Expected return on plan assets	(41.74)
Net actuarial (gain)/loss recognised in the year	107.22
Transitional liability recognised in the year	-
Past service cost-non-vested benefits	-
Past service cost-vested benefits	-
Expenses recognised in the statement of profit and loss	140.17

VIII. Movements in the liability recognized in the balance sheet	(Rs. in lacs)
Opening net liability	49.32
Expense as above	140.17
Contribution paid	-
Closing net liability	189.49

X. Major categories of plan assets (as percentage of total plan assets)	(Rs. in lacs)
Government of India securities	-
State Government securities	-
High quality corporate bonds	-
Equity shares of listed companies	-
Property	-
Special deposit scheme	-
Funds managed by Insurer	100.00%
Others (to specify)	-
Total	100.00%

28 Related Party Disclosure :

List of related parties with whom transactions have taken place

Holding Co : Nil, Subsidiary Co : Suprem Textiles Processing Ltd, Multiflora Processing (CBE) Ltd, Precot Meridian Energy Ltd., Benwood Corporation Sdn Bhd Key Mgt Personnel :

Mr D Sarath Chandran, Mr Ashwin Chandran, Mr.P.Saiprakash, Mr Prashanth Chandran. Others: Suprem Associates.

Nature of Transaction	Rs in Lacs					
	Subsidiary Co	2008-09 Key Mgt Personnel	Others	Subsidiary Co	2007-08 Key Mgt Personnel	Others
Lease Rental / Deposit	-	-	71.62	-	-	71.62
Wind Energy Income	-	-	-	-	-	-
Cotton Waste Purchase	-	-	-	-	-	-
Processing Charges Receipt	-	-	-	-	-	-
Processing Charges Payment	-	-	-	-	-	-
Sale of Yarn	403.87	-	-	703.40	-	-
Commission on Exports	16.15	-	-	34.89	-	-
Dividend Recd	12.89	-	-	6.16	-	-
Remuneration Nil	60.34	-	-	80.74	-	-
Amount Outstanding as at year end - Dr	38.59	-	71.62	144.27	-	71.62
Amount Outstanding as at year end - Cr	79.82	0.70	-	30.40	-	-
Provision for Doubtful Debts / Write Backs / Write Off	-	-	-	-	-	-

For Suri & Co.,
Chartered Accountants
C.S. Sathanarayanan
Partner
M.NO: 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner
M.NO: 022883

D Sarath Chandran
Chairman & Managing Director
Ashwin Chandran
Joint Managing Director
R. Murali
Head - Finance
C. Muruges
Company Secretary

Coimbatore, 28th May 2009



Balance Sheet Abstract and Company's General Business Profile

I Registration Details			
Registration No.	1183	State Code	18
Balance Sheet Date	31.03.2009		
II Capital Raised during the year (Amount in Rs Thousands)			
Public Issue	-	Rights Issue	-
Bonus Issue	-	Private Placement	-
III Position of Mobilisation and Deployment of Funds(Amount in Rs Thousands)			
Total Liabilities	3632781	Total Assets	3632781
Sources of Funds			
Paid-up Capital	69500	Reserves & Surplus	1173948
		Deferred Tax Liabilities	188699
Secured Loans	2170350	Unsecured Loans	30284
Application Funds			
Net Fixed Assets	2344233	Investments	296866
Net Current Assets	991682	Misc. Expenditure	-
Accumalated Losses	-		
IV Performance of Company(Amount in Rs Thousands)			
Total Income	384097	Total Expenditure	3907412
Profit Before Tax	(66,505)	Profit After Tax	(87,136)
Earning Per Share	(12.54)	Dividend %	-
V Generic Names of Three Principal Products/ Services of Company (as per monetary terms)			
Item Code No. (ITC Code)		Major Product Description	
5205.11		Cotton Yarn	
5207.39		Processed Fabrics	
5508.10		Polyster Sewing Thread	

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
M.NO: 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner
M.NO: 022883

D Sarath Chandran
Chairman & Managing Director
Ashwin Chandran
Joint Managing Director
R. Murali
Head - Finance
C. Murugesh
Company Secretary

Coimbatore, 28th May 2009

Statement Pursuant to Section 212 of the Companies Act, 1956

1 Name of Subsidiary	Suprem Textiles Processing Limited	Multiflora Processing (CBE) Limited	Precot Meridian Energy Limited	Benwood Corporation Sdn Bhd
2 Financial year ending	31.03.2009	31.03.2009	31.03.2009	31.12.2008
3 No. of Shares (fully paid up) held by the Company on the above dates	100000 Equity Shares of Rs 100 each	250000 Equity Shares of Rs 10 each	50000 Equity Shares of Rs 10 each	666667 Ordinary Shares of RM 1 each
4 Extent of Holding Company's Interest	100%	100%	100%	66.67%
5 Net aggregate amount of Subsidiary's Profit/(Losses)				
a) not dealt with in the accounts of the Company				
i. for the year ended 31st March, 2009	(23,694)	(22,713)	(34,706)	76,99,591
ii. for the previous financial year	2,25,804	(37,354)	58,417	64,42,437
b) dealt with in the accounts of the Company				
i. for the year ended 31st March, 2008				
ii. for the previous financial year				

Notes : a) The Holding company's interest in Benwood Corporation Sdn Bhd has been reduced to 66.67% from 100% during the period under review. There has been no change in the Holding company's interest in other Subsidiaries between the end of the financial year of the Subsidiary and the end of the financial year of the Holding Company

b) No material changes have occurred between the end of the financial year of the Subsidiary and the Holding Company's financial year in respect of the Subsidiaries (i) fixed assets, (ii) investments, (iii) moneys lent and (iv) moneys borrowed for any purpose other than that of meeting current liabilities.

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
M.NO: 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner
M.NO: 022883

D Sarath Chandran
Chairman & Managing Director
Ashwin Chandran
Joint Managing Director
R. Murali
Head - Finance
C. Murugesh
Company Secretary

Coimbatore, 28th May 2009



Cash Flow Statement

	31.03.2009 Rs. Lacs	31.03.2008 Rs. Lacs
A. Cash Flow From Operating Activities		
Net Profit Before Tax and Extraordinary Items	(665.05)	709.21
Adjustment For:		
Depreciation	2991.75	2715.41
(Profit)/Loss on Sale of Assets	(783.17)	(31.99)
Investment Income - Dividend	(45.66)	(64.21)
(Interest Income)	(79.46)	(28.18)
Agricultural (Income) / Expenses	(1.56)	0.16
(Profit) / Loss on Sale of Investments	(6.87)	(0.96)
Interest Payments	1381.49	1130.83
	3456.52	3721.08
Operating Profit Before Working Capital Changes	2791.47	4430.30
Adjustments For:		
Trade Receivables	133.68	(771.37)
Other Receivables	324.24	877.94
Inventories	1407.51	199.62
Trade Payables	(422.35)	(594.73)
	1443.08	(288.54)
Cash Generated From Operations	4234.55	4141.76
Direct Taxes Paid	(48.78)	(285.43)
Net Cash Flow from Operating Activities	4185.77	3856.33
B. Cash Flow From Investing Activities:-		
Purchase Of Fixed Assets	(1296.63)	(4104.10)
Sale of Fixed Assets	859.29	77.73
Purchase Of Investments	(101.40)	(22.50)
Sale of Investments (Net)	40.87	0.96
Interest Received	38.38	28.18
Dividend Received	45.66	64.21
Agricultural Income/(Expenditure)	1.56	(0.16)
Net Cash Flow From Investing Activities	(412.26)	(3955.70)
C. Cash Flow From Financing Activities:-		
Dividends Paid	(163.27)	(406.56)
Interest Paid	(1381.49)	(1130.83)
Proceeds From Long Term Borrowings	(1563.92)	621.12
Proceeds From Unsecured Loan/Deposits	(22.73)	44.86
Proceeds From Working Capital Borrowings	1423.05	1096.90
Other Financial Instruments	(2202.64)	
Net Cash Flow From Financing Activities	(3911.00)	225.49
Net Increase/(Decrease) In Cash And Cash Equivalent	(137.49)	126.12
Cash And Cash Equivalents As At 1.4.2008 And 1.4.2007 (Opening Balance)	609.59	483.47
Cash And Cash Equivalents As At 31.03.2009 And 31.3.2008 (Closing Balance)	472.10	609.59

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
M.NO: 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner
M.NO: 022883

D Sarath Chandran
Chairman & Managing Director
Ashwin Chandran
Joint Managing Director
R. Murali
Head - Finance
C. Muruges
Company Secretary

Coimbatore, 28th May 2009

To the Members of Precot Meridian Limited

We have audited the attached Balance Sheet of Precot Meridian Limited, Coimbatore, as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of the written representation received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information, and according to the explanations given to us, the said financial statements, read together with the attached schedules, Significant accounting policies, note no.21 regarding capitalization of exchange fluctuation as per Accounting Standard 11, note no.22 regarding early adoption of Accounting Standard 30 and other notes forming part of accounts, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009,
 - b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date, and
 - c) In the case of cash flow statement, of the cash flows for the year ended on that date.

Annexure to Auditors' Report

1. a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its business. The frequency of verification is reasonable and the discrepancies noticed on such physical verification were not material and have been properly dealt with in the books of account.
 - c. The company has not disposed off a substantial part of its fixed assets during the year and the going concern assumption of the company is not affected.
2. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The company has maintained proper records of inventory and the discrepancies noticed on physical verification as compared to book records were not material and have been appropriately dealt with in the books of account.
3. a. The company has not, during the year, taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act.
 - b. The company has not, during the year, granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act. In respect of loans already granted by the company to a partnership firm in which the company is a partner, the loans are interest free and are repayable on demand.
4. There are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.

5. a. The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not taken or renewed any deposits from the public during the year.
7. The company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a. The company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues applicable to it. According to the information and the explanations given to us, no undisputed amounts payable in respect of the above statutory dues were in arrears, as at 31.03.2009, for a period of more than six months from the date they became payable.

b. The details of disputed statutory dues are given below:

Name of the Nature	Nature of the dues	Financial year	Amount of demand (Rs. in Lacs)	Amount paid (Rs. in Lacs)	Forum where dispute is pending
Central Excise	Tax	2001-2002	115.90	NIL	High Court
Central Excise	Tax	2000-01 to 2001-02	216.37	NIL	Supreme Court
Central Excise	Tax & Interest	2003-04	3.12	NIL	Commissioner Appeals (CE)
Central Excise	Tax	2008-09	14.89	NIL	Commissioner Appeals (CE)
Central Excise	Tax	2008-09	5.27	NIL	CESTAT
Service Tax	Tax	2006-07	7.38	7.38	Assistant Commissioner (CE)
Building Tax	Tax	2000-01	4.10	2.00	RDO

10. The company does not have any accumulated losses as at 31.03.2009. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to financial institutions or banks.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or nidhi or mutual benefit fund/ society and hence the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. The company is not dealing in or trading in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. The Company has not given guarantees for loans taken by others from Banks or Financial Institutions.
16. The company has applied the term loans for the purposes for which they were raised.
17. According to the information and the explanations given to us and on an overall examination of the source and application of the funds of the company, we report that no funds raised on short-term basis have been used for long-term investments by the company.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
19. The company has not issued any debentures.
20. During the year, the company has not raised monies by public issue.
21. According to the information and the explanations given to us and the books and records examined by us, there are no frauds on or by the company that has been noticed or reported during the year.



Consolidated Balance Sheet

Sources of Funds	Schedule	As at 31.03.2009 Rs.Lacs	As at 31.03.2008 Rs.Lacs
Shareholders' Funds			
Share Capital	1	695.00	695.00
Reserves & Surplus	2	11884.94	13725.11
Loan Funds			
Secured Loans	3	21703.50	20889.08
Unsecured Loans	4	302.84	325.57
Deferred Tax Liability		1887.74	2456.08
Minority Interest		222.25	-
Total Funds Employed		<u>36696.27</u>	<u>38090.84</u>
Application of Funds			
Fixed Assets			
Gross Block		49780.47	47299.82
Less: Depreciation		26541.24	23633.40
		<u>23239.23</u>	<u>23666.42</u>
Capital Work-in-progress		121.02	389.13
Net Block	5	23360.25	24055.55
Investments	6	2789.02	2239.73
Current Assets			
a) Inventories		6666.57	8162.63
b) Sundry Debtors		2682.70	2916.77
c) Cash & Bank Balances		830.63	752.67
d) Other Current Assets		697.86	872.19
Loans & Advances	7	<u>2553.72</u>	<u>3218.04</u>
		13431.48	15922.30
Less: Current Liabilities & Provisions	8	2884.48	4126.74
Net Current Assets		<u>10547.00</u>	<u>11795.56</u>
Total Funds Deployed		<u>36696.27</u>	<u>38090.84</u>

Schedules 1 to 8, Significant accounting policies and notes on Consolidated Accounts form part of this Balance Sheet.

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
M.No : 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner
M.No : 022883

D Sarath Chandran
Chairman & Managing Director
Ashwin Chandran
Joint Managing Director
R. Murali
Head - Finance
C. Murugesh
Company Secretary

Coimbatore, 28th May 2009



Consolidated Profit & Loss Account

	Schedule	Year Ended 31.03.2009 Rs.Lacs	Year Ended 31.03.2008 Rs.Lacs
Income			
Sales - Domestic	9	29294.14	25840.47
- Exports		9712.35	11731.91
Other Income	10	1097.34	337.20
Increase / Decrease In Stock of finished goods	11	(652.96)	414.19
		39450.87	38323.77
Expenditure			
Raw Materials	12	20527.46	19129.13
Salaries & Wages	13	3595.12	3202.50
Power & Fuel		4405.48	4631.37
Stores		1621.18	1766.70
Repairs & Maintenance	14	1918.86	1957.69
Processing Charges		230.44	372.13
Selling Expenses	15	1837.48	1762.66
Administrative Expenses	16	1575.68	884.29
Interest and Finance Charges	17	1303.83	1105.20
		37015.52	34811.67
Profit before depreciation and tax		2435.35	3512.11
Less : Depreciation	5	2948.19	2668.94
Amortisation of intangible assets		46.76	48.37
Profit Before Tax		(559.60)	794.81
Less : a) Provision for Taxation		29.40	197.27
b) Fringe Benefit tax		17.00	17.00
c) Deferred Tax Adjustment		189.09	(77.26)
d) Profit transferred to minority interest		26.00	-
d) Provision for taxation (prior years)		-	79.00
Surplus for the year		(821.10)	578.80
Add: Balance brought forward		660.30	299.12
Profit available for Appropriation		(160.80)	877.92
Proposed Dividend		-	139.00
Tax on Proposed Dividend		-	23.62
Transfer to General Reserve / Capital		-	55.00
Balance in Profit and Loss A/c.		(160.82)	660.30
		(160.82)	877.92
Earning per share (in Rupees) (Face value Rs.10 per share)		(11.81)	8.33

Schedules 5 & 9 to 17, Significant accounting policies and Notes on Consolidated accounts form part of this balance sheet

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
M.No : 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner
M.No : 022883

D Sarath Chandran
Chairman & Managing Director
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Joint Managing Director
R. Murali
Head - Finance
C. Muruges
Company Secretary

Coimbatore, 28th May 2009



Schedules Annexed to Consolidated Financial Statements

	31.03.2009 Rs. Lacs	31.03.2008 Rs. Lacs
Schedule 1 - Share Capital		
Authorised		
90,00,000 Equity Shares of Rs.10 each (Previous Year 90,00,000 shares)	<u>900.00</u>	<u>900.00</u>
Issued & Subscribed		
75,00,000 Equity Shares of Rs.10 each (Previous Year 75,00,000 shares)	<u>750.00</u>	<u>750.00</u>
Paid Up		
69,50,000 Equity Shares of Rs.10 each (Previous Year 69,50,000 shares)	<u>695.00</u>	<u>695.00</u>

- Note : a) 26,25,000 equity shares of Rs.10 each have been issued as fully paid-up bonus shares by capitalisation of reserves
 b) 5,50,000 equity shares of Rs. 10 each were bought back in July 02
 c) 15,00,000 Equity Shares of Rs.10 were issued, consequent to merger of Meridian Industries Limited with the company

Schedule 2 - Reserves and Surplus

	1.4.2008 Opening	Additions	Withdrawals	31.3.2009	31.3.2008
Capital Reserve	48.19	-	-	48.19	48.19
Share Premium	2212.46			2212.46	2212.46
General Reserve	10402.47	-	1321.76	9080.71	10402.47
Capital Investment Subsidy	28.71	-	-	28.71	28.71
Surplus in Profit and Loss Account	660.30	(821.10)	-	(160.80)	660.30
Foreign currency translation reserve	17.99	17.04	-	35.03	17.99
Capital Redemption Reserve	355.00	-	-	355.00	355.00
Investment fair value reserve	-	481.89	-	481.89	-
	<u>13725.11</u>	<u>(322.17)</u>	<u>1321.76</u>	<u>12081.19</u>	<u>13725.11</u>
Less : Transferred to Minority Interest				196.25	-
				<u>11889.94</u>	<u>13725.11</u>

Note

- a) Refer note No.10(b) of Notes on consolidated accounts
 b) An amount of Rs.55 lacs was transferred to capital redemption reserve consequent to buyback of 5,50,000 equity shares in July 2002.

Schedule 3 - Secured Loans

A) Term Loans From Banks		
In Rupee	11486.70	10761.11
In Foreign Currency	4563.90	5898.12
B) Working Capital Facilities from Banks		
In Rupee	4081.56	2825.87
In Foreign Currency	1571.34	1403.98
	<u>21703.50</u>	<u>20889.08</u>

Schedule 4 - Unsecured Loans

From others		
Sales tax deferral loan	302.84	325.57
	<u>302.84</u>	<u>325.57</u>



Schedules Annexed to Consolidated Financial Statements

Schedule - 5 Fixed Assets (Rs. In Lacs)

	Gross Block			Depreciation					Net Block		
	As on 01.04.2008	Additions	Sales/ Transfers during the Year	As on 31.03.2009	Upto 31.03.2008	For the year	With- drawals during the year	Adjust- ments*	Upto 31.03.2009	As on 31.03.2009	As on 31.03.2008
A. Tangible Assets											
Land	279.49	-	20.11	259.38	-	-	-	-	-	259.38	279.49
Buildings	6217.16	182.02	1.05	6398.13	1155.42	178.83	0.64	-	1333.61	5064.52	5061.74
Plant & Machinery	40101.54	2440.06	136.64	42404.96	22129.45	2730.01	87.26	5.64	24777.84	17627.12	17972.09
Office Furniture	199.29	7.95	0.00	207.24	66.82	13.07	0.00	-	79.89	127.35	132.47
Motor Vehicles	256.28	13.82	11.08	259.02	93.04	26.29	4.86	-	114.47	144.55	163.24
ERP Expenditure & Softwares	246.06	5.68	-	251.74	188.67	46.76	-	-	235.44	16.31	57.39
	47299.82	2649.53	168.88	49780.47	23633.40	2994.95	92.76	5.64	26541.24	23239.23	23666.42
Capital WIP	389.13	107.33	375.44	121.02	-	-	-	-	-	121.02	389.13
Grand Total	47688.95	2756.86	544.32	49901.49	23633.40	2994.95	92.76	5.64	26541.24	23360.25	24055.55
Previous year	44243.37	5190.05	1744.47	47688.95	21419.32	2717.31	503.24	-	23633.40	24055.55	22824.05

* Note: Refer point no:10(a) of Notes on consolidated accounts

Schedule 6 - Investments

Particulars	Face Value Rs.	Quantity as on		Book Value as on	
		31.03.09 in Nos.	31.03.08 in Nos.	31.03.09 Rs. Lacs	31.03.08 Rs. Lacs
A. Equity Shares (Fully paid up, valued at cost)					
Trade Quoted					
Lakshmi Synthetic Machinery Manufacturers Ltd	10	30,000	30000	(a)	(a)
Non Trade Quoted					
Pricol Limited	1	54,62,250	54,62,250	199.32	199.32
Trade Unquoted					
Vantex Limited	10	1,00,000	1,00,000	19.00	19.00
A.P.Gas Power Corporation Limited	10	12,06,000	12,06,000	1964.87	1964.87
Sai regancy power corp p ltd	10	2,25,000	2,25,000	22.50	22.50
OPG Energy Pvt Ltd	10	3,40,000	3,40,000	1.40	34.00
Non Trade Unquoted					
Precot Mills Employees Cooperative Credit Society	10	100	100	0.01	0.01
Precot Mills Multi purpose stores	10	100	100	0.01	0.01
National Saving Certificate				0.02	0.02
SBI - Mutual Fund Investment				100.00	
AS 30 Investment fair value Adjustment				481.89	
				2789.02	2239.73
Aggregate value of quoted investments					
Cost				197.47	197.47
Market value				388.37	1122.49
Aggregate value of unquoted investment					
Cost				2591.57	2042.26

a) Diminution, other than temporary, in the value of Investment adjusted.



Schedules Annexed to Consolidated Financial Statements

Schedule 7	31.03.2009	31.03.2008	Schedule 9 - Sales	31.03.2009	31.03.2008
Current Assets, Loans & Advances	Rs. Lacs	Rs. Lacs	Gross Sales Domestic - Yarn	Rs. Lacs	Rs. Lacs
A. Current Assets:			Schedule 9 - Sales		
Inventories - At lower of cost or net realisable value. (As valued and certified by Management)			Gross Sales Domestic - Yarn	23516.31	20002.94
Raw materials	4503.06	4896.00	- Fabric	5681.54	5690.21
Stock-in-process	926.73	1288.91	- Garment	96.29	147.32
Waste Cotton	62.56	51.23	Direct Exports - Yarn	9552.61	11708.66
Finished Goods	934.07	1587.02	- Fabric	159.74	23.25
Stock of Stores	240.15	339.47		<u>39006.49</u>	<u>37572.38</u>
	<u>6666.57</u>	<u>8162.63</u>	Schedule 10 - Other Income		
Sundry Debtors			Income from Trade Investments		
Unsecured and considered good			Dividend from other than Subsidiaries	-	1.50
Outstanding for a period exceeding six months	25.71	28.85	Income from Non-Trade Investments		
Other debts	2656.99	2887.92	Dividend from other than Subsidiaries	32.77	58.65
	<u>2682.70</u>	<u>2916.77</u>	Profit on Sale of Investment (Net)	6.87	0.96
Cash and Balances with Scheduled Banks			Profit on Sale of Assets (Net)	783.17	31.99
In Current Account	437.70	569.54	Foreign Exchange gain	1.98	7.73
In Term Deposits	205.65	89.50	Lease Rental Receipts	0.36	0.36
In Unpaid Dividend Account	28.76	29.41	Rent Receipts	17.58	16.18
Cash, Cheques and Stamps on hand	158.52	64.22	Agricultural Income	1.56	4.53
	<u>830.64</u>	<u>752.67</u>	Insurance Claim Receipts	30.91	24.17
Other Current Assets			Scrap-sales	62.03	71.92
Interest accrued on investments, deposits and loans			Waste Packing Receipts	12.60	15.12
Income accrued and receivable	697.86	872.19	Miscellaneous Income	147.51	104.09
Deferred Tax Asset	697.86	872.19		<u>1097.34</u>	<u>337.20</u>
B. Loans and Advances			Schedule 11 - Increase / (Decrease) in Finished Goods		
Unsecured, considered good recoverable in cash or in kind or for value to be received:			Stock at Closing	934.08	1587.02
Prepaid Expenses	43.45	67.70	Less: Stock at Opening	1587.02	1172.83
Balance Recoverable from Govt. authorities	19.48	14.58		<u>(652.96)</u>	<u>414.19</u>
Tax payment pending adjustments	1042.27	1514.50	Schedule 12 - Raw Materials		
Advance to others / suppliers	557.00	645.55	Opening Stock		
Deposits with Government Authorities	134.36	265.73	Raw Material	4896.00	5294.01
Other Deposits	757.16	709.98	Stock in Process	1288.91	1369.60
	<u>2553.72</u>	<u>3218.04</u>	Waste Cotton	51.23	37.92
Schedule 8 - Current Liabilities and Provisions				<u>6236.14</u>	<u>6701.53</u>
A. Current Liabilities			Add : Purchases	20211.77	19013.35
Sundry Creditors			Less : Sale of waste	428.10	349.61
Dues to Micro & Small enterprises			Less : Closing Stock		
Others	1803.35	2542.52	Raw Material	4503.06	4896.00
Interest accrued and due		0.02	Stock in Process	926.73	1288.91
Trade Deposits	55.66		Waste Cotton	62.56	51.23
a) Unclaimed dividends	28.76	29.41	Raw material Consumption	20527.46	19129.13
b) Matured unclaimed Fixed deposits	0.15	0.15	Schedule 13 - Salaries and Wages		
B. Provisions			Salaries, wages and Bonus	2975.04	2712.19
Provision for Taxation	795.07	1342.60	Contribution to Provident Fund, ESI	246.62	236.44
Other Provisions		0.10	Gratuity & Superannuation Fund	152.17	19.94
Provision for Gratuity & Super annuation	201.49	49.32	Welfare expenses	165.98	157.99
Proposed Dividend		139.00	Managing Director's remuneration	21.96	42.53
Tax on Dividend		23.61	Director's remuneration	33.35	33.41
	<u>2884.48</u>	<u>4126.73</u>		<u>3595.12</u>	<u>3202.50</u>
Due to Micro, Small & Medium Scale Industries			Schedule 14 - Repairs and Maintenance		
			Building	225.24	161.06
			Machinery	1515.58	1661.83
			Others	178.04	134.80
				<u>1918.86</u>	<u>1957.69</u>

	31.03.2009	31.03.2008
	Rs. Lacs	Rs. Lacs
Schedule 15 - Selling Expenses		
Yarn Brokerage and Commission	555.70	514.67
Export-Freight and handling & Commission	603.77	742.52
Transport charges from Mills to Depots	305.74	247.86
Quality / Delivery Claims	66.98	59.62
Fabric Selling Expenses	10.31	19.17
Other selling expenses	294.98	178.82
	<u>1837.48</u>	<u>1762.66</u>

Schedule 16 - Administrative Expenses		
Insurance	36.54	55.49
Postage and Telegram	46.28	51.22
Printing and Stationery	49.31	56.99
Travelling and Transport charges	96.87	116.75
Taxes and Licence	34.36	45.78
Professional Charges	42.03	121.93
Director's sitting fees	4.51	4.53
Books,Periodicals and subscriptions	10.00	5.23
Establishment Charges	60.88	65.76
ISO Expenses	10.58	11.62
Rent	19.14	14.59
Security Charges	54.68	48.96
Advertisement Charges	7.97	8.43
Foreign exchange loss (Net)	1064.71	227.07
Others	37.91	49.94
	<u>1575.68</u>	<u>884.29</u>

Schedule 17 - Interest and Finance charges		
Fixed Loans	1199.34	1028.14
Others	81.45	62.68
Bank Charges and Commissions	102.50	42.56
Less : Interest receipts	79.46	28.18
	<u>1303.83</u>	<u>1105.20</u>

Significant Accounting Policies to the Consolidated Balance Sheet and Profit and Loss Account

- Principles of consolidation**
The consolidated financial statements relate to Precot Meridian Ltd ("the company") and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:
 - the financial statements of the company and its subsidiary companies are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions resulting in unrealised profit or losses in accordance with Accounting Standard (AS)21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
 - the difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be
 - as far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
- Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on accounting for investments.
- Other Significant Accounting Policies:**
These are set out under "Significant Accounting Policies" as given in the unconsolidated financial statements of Precot Meridian limited.

**Notes forming part of accounts:
consolidated financial statements**

- The subsidiary companies /firms considered in the consolidated financial statements are :

	Name of the Subsidiary Ownership	Country of Incorporation	% of Interest
a	Suprem Textiles Processing Ltd.,	India	100
b	Multiflora Processing (Coimbatore) Ltd.,	India	100
c	Precot Spintex Ltd.,	India	100
d	Benwood Corporation Sdn Bhd	Malaysia	67
e	Suprem Associates - Firm	India	99

2 Security for Borrowings:

- Term Loans from ICICI bank, Andhra Bank, State Bank of India, Export Import Bank of India and IDBI Bank are secured by way of pari passu first charge on entire movable and immovable fixed assets of the company and pari passu second charge on current assets of the company.
- Term Loan from Yes bank is secured by way of pari passu first charge on entire movable fixed assets only.
- Working capital loans from State bank of India, Andhra Bank and Corporation bank 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.

	31.03.2009	31.03.2008
	Rs. Lacs	Rs. Lacs
3 Contingent liabilities in respect of		
Bills discounted	1178.35	1575.69
Guarantees	210.26	466.54
Export Obligation under EPCG Scheme	1293.37	2156.79

[The Export Obligations are to be fulfilled over a period of 8 years from the date of import of capital goods]

4 Disputed Statutory Liabilities not provided for	359.65	356.36
5 Earnings Per Share		
a) Net Profit available for Equity Shareholders (A) (in Lacs)	(821.10)	578.80
b) Weighted Average number of equity shares (B) (in Lacs)	69.50	69.50
c) Basic and Diluted Earnings per Share (A)/(B)	(11.81)	8.33
d) Face Value per share	10	10

6 The Deferred Tax Liability as at 31st March 2009 comprise of the following

a. Deferred Tax Liability on account of:		
(i) Related to Fixed Assets	2866.24	2645.27
	<u>2866.24</u>	<u>2645.27</u>
b. Deferred Tax Asset on account of :		
(i) Capital Loss	-	(31.46)
(ii) Business Loss	(875.10)	-
(iii) Bonus and VRS	(43.81)	(57.54)
(iii) Gratuity and Others	(59.59)	(100.19)
	<u>(978.50)</u>	<u>(189.19)</u>
Net Liability	<u>1887.74</u>	<u>2456.08</u>

- Previous year's figures have been regrouped wherever necessary to conform to current year's classification.
- Other notes forming part of accounts: These are set out in and under "Schedules and Notes forming Part of Accounts for the year ended 31st March 2009", as given in the separate financial statements of Precot Meridian Ltd and its subsidiaries.
- Related Party Disclosure**
Remuneration paid to Key Management Personnel Rs.64.75 Lacs (Rs.80.74 lacs).

<p>10(a) The Ministry of Corporate Affairs, through its notification dated March 31,2009 has relaxed the provisions of Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates" for treating the exchange gain/loss arising on restatement of long term foreign currency monetary items. Accordingly, companies are permitted to adjust in their carrying cost of depreciable assets, the exchange differences arising out of exchange rate fluctuations with corresponding adjustments in Profit & Loss account and general reserve. In order to give effect to the aforesaid amendment, companies are required to exercise their option. Precot Meridian Limited has exercised the option and the following adjustments have been made.</p> <p>a. Exchange difference capitalized. 1078.94 Lacs</p> <p>b. Depreciation provision charged to Profit & loss a/c thereon 118.33 Lacs</p> <p>c. Exchange difference added to general reserves 118.01 Lacs (Net of Depreciation of Rs. 5.64 Lacs)</p> <p>(b) Movement in General Reserve Rs. in lacs General Reserve as on 1.4.2008 10402.47</p>	<p>Less: Transitional Liability as on 01.04.08 adjusted to general reserve consequent to early adoption of Accounting standard 30 on financial instruments 1439.76 (Net Off Deferred Tax of Rs. 757.59 lacs)</p> <p>Add: Exchange fluctuation for the period 01.04.07 to 31.03.08 adjusted to general reserve consequent to exercising of option as per Ministry of Corporate Affairs notification dt.31.03.2009 on Accounting Standard 11 118.00 (Net Off Depreciation of Rs. 5.64 lacs) Closing General Reserve as on 31.3.2009 9080.71</p> <p>11. Pursuant to The Institute of Chartered Accountants of India's (ICAI) Announcement "Accounting for Derivatives",Precot Meridian Limited had early adopted AS 30 "Financial Instruments: Recognition and Measurement", with effect from 1st April, 2008.</p> <p>12. In view of the early adoption of AS 30 the loss on foreign exchange derivatives contracts, amounting to Rs.1471 Lacs (net of deferred tax of Rs.757.30 lacs), which were unexpired as on the opening date has been adjusted against the General Reserve. An amount of Rs.669 lacs on account of expired contracts have been charged to Profit & Loss account. There are no outstanding derivatives contracts.</p>
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Auditors report to the Board of Directors of Precot Meridian Limited on the Consolidated Financial Statements

We have examined the attached Consolidated Balance sheet of Precot Meridian Limited ("the Company") and its subsidiaries as at 31st March, 2009, and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally acceptable in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited Financial Statements of the Company and its subsidiaries. The share of Profit or loss of the Foreign subsidiary has been considered for consolidation based on their audited financial statements for the year ended 31.12.2008.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual financial statements of the Company and audited financial statements, as the case may be, of its subsidiaries, in our opinion, the consolidated financial statements read together with the attached schedules, Significant accounting policies, note no.10 regarding capitalization of exchange fluctuation as per Accounting Standard 11, note no.11 regarding early adoption of Accounting Standard 30 and other notes forming part of the consolidated accounts, give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiaries as at 31st March 2009;
- b) In the case of the Consolidated Profit & Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
M.NO: 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner
M.NO: 022883

Coimbatore, 28th May 2009



Consolidated Financial Statements

	31.03.2009	31.03.2009 Rs. Lacs	31.03.2008	31.03.2008 Rs. Lacs
A. Cash Flow From Operating Activities				
Net Profit Before Tax And Extraordinary Items		(559.60)		794.81
Adjustment For:				
Depreciation	2994.95		2717.31	
(Profit)/Loss On Sale Of Assets	(783.17)		(31.99)	
Investment Income - Dividend	(32.07)		(60.15)	
Interest Income	(79.46)		(28.18)	
Lease Rental Receipts	-		(0.36)	
Agricultural (Income)/Expenses	(1.56)		0.16	
(Profit) / Loss On Sale Of Investments	(6.87)		(0.96)	
Interest Payments	1383.29		1133.38	
		<u>3475.11</u>		<u>3729.20</u>
Operating Profit Before Working Capital Changes		2915.51		4524.01
Adjustments For:				
Trade Receivables	234.07		(825.92)	
Other Receivables	366.43		762.09	
Inventories	1496.07		174.17	
Trade Payables	(546.46)		(646.15)	
		<u>1550.11</u>		<u>(535.81)</u>
Cash Generated From Operations		4465.62		3988.20
Direct Taxes paid		(48.78)		(295.32)
		<u>4416.84</u>		<u>3692.88</u>
B. Cash Flow From Investing Activities:-				
Purchase Of Fixed Assets	(1296.84)		(3993.33)	
Sale of Fixed Assets	859.29		76.50	
Purchase Of Investments	(101.40)		(22.49)	
Sale of Investments (Net)	40.87		-	
Interest Received	38.38		28.18	
Dividend Received	32.07		60.15	
Lease Rental Received	-		0.36	
Agricultural Income/(Expenditure)	1.56		(0.16)	
Net Cash Flow From Investing Activities		<u>(426.07)</u>		<u>(3850.79)</u>
C. Cash Flow From Financing Activities:-				
Dividends Paid	(163.27)		(410.70)	
Interest Paid	(1383.29)		(1133.38)	
Proceeds From Long Term Borrowings	(1563.92)		621.12	
Proceeds From Unsecured Loan/Deposits	(22.73)		44.86	
Proceeds From Working Capital Borrowings	1423.05		1096.90	
Other Financial Instruments	(2202.64)			
Net Cash Flow From Financing Activities		<u>(3912.80)</u>		<u>218.80</u>
Net Increase/(Decrease) In Cash And Cash Equivalent		<u>77.97</u>		<u>60.89</u>
Cash and Cash Equivalents as at 01.04.2008 and 01.04.2007 (Opening Balance)		752.66		691.77
Cash and Cash Equivalents as at 31.03.2009 and 31.3.2008 (Closing balance)		<u>830.63</u>		<u>752.66</u>

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
M.NO: 028328

For K S G Subramanyam & Co.,
Chartered Accountants
K. Baskaran
Partner
M.NO: 022883

D Sarath Chandran
Chairman & Managing Director
Ashwin Chandran
Joint Managing Director
R. Murali
Head - Finance
C. Muruges
Company Secretary

Coimbatore, 28th May 2009



Disclosure of Information relating to the subsidiary companies as required by the Ministry of Corporate affairs, Government of India vide their approval letter no:47/48/2009-CL-III dt 24.04.09

Rs. In Lacs

Particulars	Suprem Textiles Processing Limited	Precot Meridian Energy Limited	Multiflora Processing (Cbe) Limited	Benwood Corporation Sdn.Bhd.
a) Share Capital	100.00	5.00	25.00	140.61
b) Reserves & Surplus	(12.16)	(25.28)	5.37	473.98
c) Total Assets	88.07	1.06	34.37	721.12
d) Total Liabilities	2.20	21.34	4.00	105.67
e) Details of Investments	1.97	-	-	-
f) Net Sales & Service incl. other Income	1.31	-	-	1591.47
g) Profit / (Loss) before Tax	(0.24)	(0.35)	(0.23)	106.25
h) Provision for Taxation	-	-	-	29.25
i) Profit / (Loss) after Tax	(0.24)	(0.35)	(0.23)	77.00
j) Proposed Dividend	-	-	-	16.87
k) Reporting Currency	Indian Rupee	Indian Rupee	Indian Rupee	Malaysian Ringgit

The financial statements of subsidiaries whose reporting currency are other than Indian rupees are converted into Indian rupee on the basis of appropriate exchange rate.



PRECOT MERIDIAN LIMITED

SUPREM, P B 7161, 737, Green Fields, Puliakulam Road, Coimbatore 641 045

ATTENDANCE SLIP

PLEASE COMPLETE THIS SLIP AND HANDOVER AT THE ENTRANCE OF THE MEETING HALL.

Name Folio / Client ID

A1

A2

A3

City Pin

I hereby register my presence at the 47th Annual General Meeting of the Company held on Friday, the 21st August 2009 at 4.30 PM at Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore - 641 018

Signature of Member / Proxy

PRECOT MERIDIAN LIMITED

SUPREM, P B 7161, 737, Green Fields, Puliakulam Road, Coimbatore 641 045

PROXY FORM

I/We of
..... being a Member / Members of Precot Meridian Ltd, hereby
appoint of or
failing him of
..... as my / our proxy to attend and vote for me / us on my / our
behalf at the 47th Annual General Meeting of the Company held on Friday, the 21st August 2009 at
4.30 PM at Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641 018 and at any
adjournment thereof.

Signed this day of

Folio No / Client ID :

No of Shares :

Signature

Affix
Re 1
revenue
Stamp

Notes :

1. The proxy form must be returned so as to reach the Registered Office of the Company, SUPREM, P B 7161, 737, Green Fields, Puliakulam Road, Coimbatore 641 045 not less than forty - eight hours before the time for holding the aforesaid meeting.
2. A proxy need not be a member of the Company.



BOOK-POST

If undelivered please return to:



Precot Meridian Limited

SUPREM, P.B. 7161, 737 Green Fields, Puliakulam Road
Coimbatore 641 045
www.precot.com