

# Precot Meridian Limited



ANNUAL REPORT 2014



**Directors**

Jairam Varadaraj  
A Ramkrishna  
C N Srivatsan  
Sumanth Ramamurthi  
Suresh Jagannathan  
Vijay Mohan  
Vijay Venkataswamy  
D Sarath Chandran

**Chairman**

**Vice Chairman and Managing Director**

Ashwin Chandran

**Joint Managing Director**

Prashanth Chandran

**Head - Finance & Accounts**

M R Siva Shankar

**Company Secretary**

R Nithya Prabhu

**Auditors**

M/s Haribhakti & Co

**Registered Office**

SUPREM,  
P B No 7161, 737 Green Fields,  
Puliakulam Road,  
Coimbatore - 641045.  
Email : secretary@precot.com  
Website : www.precot.com  
CIN : L17111TZ1962PLC001183

**Registrar and Share transfer agent**

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

<b>Contents</b>	<b>Page</b>
Notice to Members	2
Directors' Report	14
Report on Corporate Governance	18
Auditor Report	27
Balance Sheet	30
Statement of Profit and Loss	31
Notes on Financial Statement	32
Cash Flow Statement	48
Consolidated Financial Statements	49

Notice is hereby given that the 52<sup>nd</sup> Annual General Meeting of the shareholders of the company will be held on, Friday, 05<sup>th</sup> September 2014 at 4.30 PM at 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 statement of profit & loss for the year ended 31<sup>st</sup> March, 2014
  - b) The audited balance sheet as at 31<sup>st</sup> March, 2014
  - c) The reports of the directors and the auditors
2. To declare a dividend.
3. To appoint a director in place of Mr. Vijay Mohan (DIN: 00001843), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

**Special Business:**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

Resolved that pursuant to the provisions of sections 196 and 197 read with schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. D Sarath Chandran (DIN: 00001885), be and is hereby appointed as the Chairman of the company, for a term of three years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017, on the following terms and conditions. Perquisites and allowances are set out in the explanatory statement annexed to this notice.

**I. Salary :** ₹ 1,50,000 per month with an annual increment of 10 % of the salary

**II. Commission :** up to 1.50% of the net profit of the company in each financial year computed in accordance with section 198 of the Companies Act, 2013

Resolved further that in the event of no profits or inadequacy of profits, the remuneration payable to Mr. D Sarath Chandran shall not exceed the limits specified in section II of part II of schedule V of the Companies Act, 2013 or such other limits as may be notified by the Government from time to time.

Resolved further that the Board of Directors be and is hereby authorized to alter or vary the component and elements of remuneration payable to Mr. D Sarath Chandran within the overall limits under the Companies Act, 2013 and to do all such acts, deeds, things and execute all such documents, instruments and forms as may be required and to give effect to the resolution.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

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

**I. Salary :** ₹ 2,50,000 per month with an annual increment of 10 % of the salary

**II. Commission :** up to 1.50% of the net profit of the company in each financial year computed in accordance with section 198 of the Companies Act, 2013

Resolved further that in the event of no profits or inadequacy of profits, the remuneration payable to Mr. Ashwin Chandran shall not exceed the limits specified in section II of part II of schedule V of the Companies Act, 2013 or such other limits as may be notified by the Government from time to time.

Resolved further that the Board of Directors be and is hereby authorized to alter or vary the component and elements of remuneration payable to Mr. Ashwin Chandran within the overall limits under the Companies Act, 2013 and to do all such acts, deeds, things and execute all such documents, instruments and forms as may be required and to give effect to the resolution.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

Resolved that pursuant to the provisions of sections 196 and 197 read with schedule V and

other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Prashanth Chandran (DIN: 01909559), be and is hereby appointed as the Joint Managing Director of the company, for a term of three years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 and whose office is liable to retirement by rotation, on the following terms and conditions. Perquisites and allowances are set out in the explanatory statement annexed to this notice

**I. Salary :** ₹ 2,00,000 per month with an annual increment of 10 % of the salary

**II. Commission :** up to 1.50% of the net profit of the company in each financial year computed in accordance with section 198 of the Companies Act, 2013.

Resolved further that in the event of no profits or inadequacy of profits, the remuneration payable to Mr. Prashanth Chandran shall not exceed the limits specified in section II of part II of Schedule V of the Companies Act, 2013 or such other limits as may be notified by the Government from time to time.

Resolved further that the Board of Directors be and is hereby authorized to alter or vary the component and elements of remuneration payable to Mr. Prashanth Chandran within the overall limits under the Companies Act, 2013 and to do all such acts, deeds and things and execute all such documents, instruments and forms as may be required and to give effect to the resolution.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

Resolved that pursuant to the provisions of sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement, Mr. A Ramkrishna (DIN: 00001886), who was appointed as a director liable to retire by rotation and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of director, be and is hereby appointed as an

independent director of the company to hold office for two consecutive years effective from 1<sup>st</sup> June, 2014 to 31<sup>st</sup> May, 2016 and is not liable to retire by rotation.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

Resolved that pursuant to the provisions of sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement, Mr. Vijay Venkataswamy (DIN: 00002906), who was appointed as a director liable to retire by rotation and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the company to hold office for three consecutive years effective from 1<sup>st</sup> June, 2014 to 31<sup>st</sup> May, 2017 and is not liable to retire by rotation.

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

Resolved that pursuant to the provisions of sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement, Mr. Suresh Jagannathan (DIN: 00011326), who was appointed as a director liable to retire by rotation and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the company to hold office for four consecutive years effective from 1<sup>st</sup> June, 2014 to 31<sup>st</sup> May, 2018 and is not liable to retire by rotation.

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

Resolved that pursuant to the provisions of sections 149, 150, 152 and other applicable

provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement, Dr. Jairam Varadaraj (DIN: 0058056), who was appointed as a director liable to retire by rotation and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the company to hold office for five consecutive years effective from 1<sup>st</sup> June, 2014 to 31<sup>st</sup> May, 2019 and is not liable to retire by rotation.

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

Resolved that pursuant to the provisions of sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement, Mr. C N Srivatsan (DIN: 00002194), who was appointed as a director liable to retire by rotation and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the company to hold office for five consecutive years effective from 1<sup>st</sup> June, 2014 to 31<sup>st</sup> May, 2019 and is not liable to retire by rotation.

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

Resolved that pursuant to the provisions of sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement, Mr. Sumanth Ramamurthi (DIN: 00002773), who was appointed as a director liable to retire by rotation and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature

for the office of director, be and is hereby appointed as an independent director of the company to hold office for five consecutive years effective from 1<sup>st</sup> June, 2014 to 31<sup>st</sup> May, 2019 and is not liable to retire by rotation.

14. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

Resolved that pursuant to the provisions of sections 149, 152 read with schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Ms. R Bhuvaneshwari (DIN: 01628512), who was appointed as an additional director of the company by the board of directors with effect from 1st June, 2014, pursuant to the provisions of section 161(1) of the Companies Act, 2013 and who holds office until the date of this Annual General Meeting and in respect of whom, the company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of director, be and is hereby appointed as an independent director of the company to hold office for five consecutive years effective from 1<sup>st</sup> June, 2014 to 31<sup>st</sup> May, 2019 and is not liable to retire by rotation.

15. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

Resolved that pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. K R S & Associates, Cost Accountants (Firm Regn. No. 100505) appointed as the cost auditors of the company for audit of the cost records of the company for the financial year ending 31<sup>st</sup> March, 2015, be paid remuneration of ₹ 2.75 lacs plus service tax as applicable and reimbursement of actual travel and out of pocket expenses, if any.

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

16. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

Resolved that pursuant to the provisions of section 14 and other applicable provisions of the Companies Act, 2013, the Articles of Association of the company be and is hereby amended by deleting the existing Article 12 and substituting with following new Article 12:

"12. The Board may from time to time appoint one or more of the director(s) to function as the Chairman/ Managing Director/ Joint Managing Director/ Whole Time Director/ Executive Director or in any other designation as it deems fit, on such terms and on such remuneration (whether by way of salary or commission, or partly in one and partly in another), as they may think fit. The directors so appointed may be liable to retire by rotation, as may be decided by the Board and subject to the provisions of the Act."

17. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

Resolved that in supersession of the ordinary resolution passed at the annual general meeting dated 10<sup>th</sup> August, 2007 and pursuant to section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the company be and is hereby accorded to the board of directors to borrow and raise such sum or sums of money from time to time as may be required for the purposes of the business of the company, in excess of the aggregate of the paid-up capital of the company and free reserves of the company, that is to say, reserves not set apart for any specific purpose, subject to the proviso that such borrowing shall not exceed ₹ 500 crores (increased from ₹ 300 crores) over and above the aggregate of the paid-up capital of the company and its free reserves and shall exclude all temporary loans obtained by the company from its bankers in the ordinary course of its business, on such terms and conditions as the Board may consider necessary and expedient in the best interest of the company.

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

Coimbatore  
30<sup>th</sup> May, 2014

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share holding of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

The instrument of proxy, in order to be effective, should be duly completed and 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 29<sup>th</sup> August, 2014 to 4<sup>th</sup> September, 2014 (both days inclusive).
3. Pursuant to the provisions of section 205 A (5) of the Companies Act, 1956 (the Act), dividends remaining unclaimed for a period of seven years from the date they become due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government in accordance with the provisions of section 205C of the Act. It may be noted that the unclaimed dividend, declared by the company on 10<sup>th</sup> September, 2007 for the financial year 2006-07, is due for transfer to IEPF on 09<sup>th</sup> September, 2014. Members who have not encashed their dividend pertaining to the year 2006-07 and/or any subsequent years that still remains outstanding should approach the company or Link Intime India Private Limited, the registrar and share transfer agent, for obtaining payments thereof.

In terms of section 205C of the Act, the shareholders are requested to note that no claim shall be entertained 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 transferred unclaimed dividend for the financial year 2005-06 to the IEPF.

4. Members holding shares in physical form are requested to intimate, indicating their folio number, the changes, if any, in their registered addresses, either to the company or to its registrar and share transfer agent, viz. Link Intime India Private Limited, or to their respective Depository Participant, in case the shares are held in dematerialized 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 agent, Link Intime India Private Limited for consolidation into a single account.
7. The notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those members whose e-mail addresses are registered with the company/depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
8. To support the "Green Initiative", the members who have not registered their e-mail addresses are requested to register the same with the registrar and share transfer agent / depositories.
9. Notice of postal ballot and form for the proposed special resolution under section 180(1)(a) of the Companies Act, 2013, along with self-addressed pre-paid postage business reply envelope is being enclosed with the Annual Report, for the approval of the members.
10. In compliance with the provisions of section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this notice.

Members who do not have access to e-voting facility may send the duly completed ballot form (enclosed with the Annual Report) to communicate their assent or dissent in writing in respect of the resolutions as set out in this notice,

so as to reach the scrutinizer appointed by the board of directors of the company, Mr. G Vasudevan (Membership No. FCS 6699), Partner, Messes G V & Associates, No. 60A, School Road, Krishnaswamy Nagar, Ramanathapuram, Coimbatore - 641045, not later than 5.00 p.m. on Tuesday, 2<sup>nd</sup> September, 2014.

Members have the option to request for physical copy of the ballot form by sending an e-mail to [secretary@precot.com](mailto:secretary@precot.com) by mentioning your Folio/ DP ID and Client ID No. However, the duly completed ballot form should reach the scrutinizer not later than 5.00 p.m. on Tuesday, 2<sup>nd</sup> September, 2014. Ballot form received after this time line will be treated as invalid.

A member can opt for only one mode of voting i.e., either through ballot or by e-voting. If a member casts votes by both modes, then voting done through e-voting shall prevail and ballot shall be treated as invalid.

**Instructions for members for voting electronically are as under:-**

**In case of members receiving e-mail :**

- i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on "Shareholders" tab.
- (iii) Next, select "Precot Meridian Limited" having EVSN - 140710015 from the drop down menu and click on "SUBMIT"
- (iv) Next, enter your User ID
  - (a) For CDSL: 16 digits beneficiary ID
  - (b) For NSDL: 8 character DP ID followed by 8 digits client ID
  - (c) Members holding shares in physical form should enter folio number registered with the company.
- (v) Next, enter the image verification as displayed and click on login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below for password:



<b>For members holding shares in Demat Form and Physical Form</b>	
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the company/depository participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>In case the folio number is less than 8 digits enter the applicable number of 'zeros' before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
<b>DOB</b>	<p>Enter the date of birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
<b>Dividend Bank Details</b>	<p>Enter the dividend bank details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or dividend bank details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the dividend bank details field.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.
- (xi) Click on the EVSN - 140710015 for Precot Meridian Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a printout of the voting done by you by clicking on "Click here to print" option on the voting page.
- (xvii) If demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as corporate.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast your vote.
- (B) The voting period begins at 10.00 a.m. on 28<sup>th</sup> August, 2014 and ends at 6.00 p.m. on 30<sup>th</sup> August, 2014. During this period shareholders of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18<sup>th</sup> July, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

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

Coimbatore  
30<sup>th</sup> May, 2014

**Explanatory Statement pursuant to section 102 of the Companies Act, 2013:**

**Item 5 to 7**

The board of directors, at their meeting held on 30<sup>th</sup> May 2014 have, subject to the approval of shareholders, appointed Mr D Sarath Chandran, Mr Ashwin Chandran and Mr Prashanth Chandran, as the Chairman, Vice Chairman & Managing Director and Joint Managing Director, respectively, of the company for a period of three years, effective from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017, on the remuneration set out in the resolution.

**Mr. D Sarath Chandran**, 68 years of age, B Sc (Hons), MBA, is a leading industrialist and having more than four decades of experience in the textile industry. He is a director of the company since 1974. He is also a director in Pricol Limited, Super Spinning Mills Limited, Vantex Limited, Supreme Textile Processing Limited, Multiflora Processing (Coimbatore) Limited and Precot Meridian Energy Limited. He is well known in the textile industry and was a Chairman of South Indian Textile Research Association (SITRA). He is a member of the Investors Relations Committee of the board of directors of the company. He is also the member of Shareholders/Investor relations Committee of board of directors of Pricol Limited and Super Spinning Mills Limited. He holds 28,41,108 equity shares of ₹ 10 each of the company.

**Mr. Ashwin Chandran**, 38 years of age, B Sc (Hons), MBA, is a director of the company since 2003. He is having more than sixteen years of experience in the textile industry. He is also a director in Supreme Textile Processing Limited, Multiflora Processing (Coimbatore) Limited and Precot Meridian Energy Limited. He is a member of the Investors Relations Committee of the board of directors of the company. He holds 23,07,457 equity shares of ₹ 10 each of the company.

**Mr. Prashanth Chandran**, 33 years of age, B. Engg., is a director of the company since 2010. He is having more than nine years of experience in the textile industry. He holds 19,71,891 equity shares of ₹ 10 each of the company.

Mr. D Sarath Chandran, Mr. Ashwin Chandran and Mr. Prashanth Chandran shall be eligible for the

following allowances and perquisites for a period of three years effective from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017

1. House Rent Allowance - 60% of the Salary
2. The following perquisites shall be allowed subject to a maximum of 40% of the Salary.
  - a) Reimbursement of medical expenses incurred for self and their family.
  - b) Leave travel concession for self and their family.

In any year, if the perquisites specified in Clause (2) are not availed in full, the unutilized portion of the limit shall be encashed at the end of the relevant year.

3. Provision of phones and cars with driver.

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

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

Accordingly, the resolutions at item No. 5 to 7 are proposed for your approval for the appointment of, and remuneration payable to, Mr. D Sarath Chandran, Mr. Ashwin Chandran and Mr. Prashanth Chandran, in terms of the applicable provisions of the Companies Act, 2013 ("the Act").

The Board recommends approval of the appointment of Mr. D Sarath Chandran, Mr. Ashwin Chandran and Mr. Prashanth Chandran.

Except Mr. Ashwin Chandran, Mr. D Sarath Chandran and Mr. Prashanth Chandran, being appointees, none of the Directors or Key Managerial Personnel (KMP) or their relatives, is concerned or interested, in the resolutions set out at item No. 5 to 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

#### **Item 8 to 13**

Mr. A Ramkrishna, Mr. Vijay Venkataswamy,

Mr. Suresh Jagannathan, Dr. Jairam Varadaraj, Mr. C N Srivatsan and Mr. Sumanth Ramamurthi, have been independent directors on the Board of the company, pursuant to clause 49 of the Listing Agreement. With the enactment of the Companies Act, 2013 ('the Act'), which came into effect from 1<sup>st</sup> April, 2014, pursuant to section 149, every listed public company is required to have at least one-third of the total number of directors as independent directors.

The Board has recommended the appointment of these directors as independent directors from 1<sup>st</sup> June 2014 to 31<sup>st</sup> May, 2019 (except Mr. A Ramkrishna who retires on 31<sup>st</sup> May, 2016, Mr. Vijay Venkataswamy who retires on 31<sup>st</sup> May, 2017 and Mr. Suresh Jagannathan who retires on 31<sup>st</sup> May, 2018).

In the opinion of the board, each of these directors fulfill the conditions specified in the Companies Act, 2013 and rules made there under, for appointment as independent director of the company and they are independent of the management. Copy of the draft letter for appointment of each of these directors would be available for inspection without any fee, by the members, at the registered office of the company during normal business hours on any working day.

The Board considers that their continued association would be of immense benefit to the company and it is desirable to continue to avail services of Mr. A Ramkrishna, Mr. Vijay Venkataswamy, Mr. Suresh Jagannathan, Dr. Jairam Varadaraj, Mr. C N Srivatsan and Mr. Sumanth Ramamurthi, as independent directors. A notice has been received from the members proposing each of these directors as a candidate for the office of director of the company.

**Mr. A Ramkrishna**, 70 years of age, B Sc, Chartered Accountant, is a non executive independent director of the company. He has been in the board of directors of the company since March, 1998. He is also a director in Cotton Sourcing Company Limited, Supreme Textile Processing Limited, Multiflora Processing (Coimbatore) Limited and Precot Meridian Energy Limited. He is the chairman of the audit committee, nomination & remuneration committee and investor relations committee of the board of directors of the company. He holds 1200 equity shares of ₹ 10 each of the company.

**Mr. Vijay Venkataswamy**, 67 years of age, MBA, is a non executive independent director of the company.

He has been in the board of directors of the company since November 2004. He is having more than four decades of experience in the textile industry. He is also a director in Vantex Limited, Super Spinning Mills Limited, Coimbatore Pioneer Fertilizers Limited and Super Sara Textiles Limited. He is a member of the audit committee and nomination & remuneration committee of the board of directors of the company. He holds 675 equity shares of ₹ 10 each of the company.

**Mr. Suresh Jagannathan**, 57 years of age, B S (USA), is a non executive independent director of the company. He has been in the board of directors of the company since September 2006. He is an industrialist having rich and varied experience. He is also a director in KLRF Limited, Pricol Limited and Elgi Rubber Company Limited. He is a member of the audit committee and remuneration committee of the board of directors of Elgi Rubber Company Limited and he is also a member of shareholders' committee, investment committee and finance & administrative committee of the board of directors of KLRF Limited. He does not hold any shares in the company.

**Dr. Jairam Varadaraj**, 53 years of age, MBA, PhD. in business administration, is a non executive independent director of the company. He has been in the board of directors of the company since January 2002. He is having more than two decades of experience in the field of engineering. He is also a director in Elgi Equipments Limited, Elgi Ultra Industries Limited, Thermax Limited, Adisons Precision Instruments Manufacturing Co Limited, Magna Electro Castings Limited, ATS Elgi Limited, Elgi Sauer Compressor Limited and Elgi Rubber Company Limited. He is a member of the audit committee and remuneration committee of the board of directors of the company and he is also a member of share transfer committee of the board of directors of Elgi Equipments Limited and Elgi Ultra Industries Limited. He is also a member of audit committee in Thermax Limited. He holds 75 equity shares of ₹ 10 each of the company.

**Mr. C N Srivatsan**, 57 years of age, Chartered Accountant, is a non executive independent director of the company. He has been in the board of directors of the company since November 2004. He is having more than twenty five years of experience in the field of management consultancy. He is also a director in Kar Mobiles Limited and Rane Engine Valve Limited. He is

a member of the audit committee of the board of directors of the company and he is also a member of audit committee and share transfer committee of the board of directors of Rane Engine Valve Limited and a member in audit committee of Kar Mobiles Limited. He does not hold any shares in the company.

**Mr. Sumanth Ramamurthi**, 55 years of age, BS Electrical Engineer, is a non executive independent director of the company. He has been in the board of directors of the company since February 1992. He is having more than three decades experience in the textile industry. He is also a director in Super Spinning Mills Limited, Kakatiya Textiles Limited, Elgi Electric and Industries Limited, Elgi Ultra Industries Limited, Super Farm Products Limited, Super Sara Textiles Limited, Sara Elgi Envirotech Limited, Sara Elgi Arteriors Limited, Elgi Building Products Limited and Sara Elgi Industries Limited. He is a member of the shareholders' committee of the board of directors of Super Spinning Mills Limited and Kakatiya Textiles Limited. He holds 1350 equity shares of ₹ 10 each of the company.

Except Mr. A Ramkrishna, Mr. Vijay Venkataswamy, Mr. Suresh Jagannathan, Dr. Jairam Varadaraj, Mr. C N Srivatsan and Mr. Sumanth Ramamurthi, being appointee, none of the Directors or Key Managerial Personnel (KMP) or their relatives, is concerned or interested, in the resolutions set out in item No. 8 to 13. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

#### **Item 14**

The Board, at its meeting held on 30<sup>th</sup> May, 2014, appointed Ms. R Bhuvaneshwari as an additional director of the company with effect from 1<sup>st</sup> June, 2014, pursuant to Section 161 read with Schedule IV of the Companies Act, 2013.

Pursuant to the provisions of section 161 of the Companies Act, 2013, Ms. R Bhuvaneshwari will hold office up to the date of the ensuing AGM. The company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1.00 lac proposing the candidature of Ms. R Bhuvaneshwari for the office of independent director, to be appointed as such under the provisions of section 149 of the Companies Act, 2013.

Ms. R Bhuvaneshwari, 52 years of age, B. Com, B.L., has more than 20 years experience specializing in Corporate Laws. She does not hold any shares in the company.

In the opinion of the board, Ms. R Bhuvaneshwari fulfils the conditions specified in the Companies Act, 2013 and rules made there under, for her appointment as an independent director of the company and is independent of the management. Copy of the draft letter for appointment of Ms. R Bhuvaneshwari, as an independent director would be available for inspection without any fee by the members at the registered office of the company during normal business hours on any working day.

The Board considers that her association would be of immense benefit to the company and it is desirable to avail services of Ms. R Bhuvaneshwari as an independent director. Accordingly, the Board recommends the resolution in relation to appointment of Ms. R Bhuvaneshwari as an independent director, for the approval by the shareholders of the company.

Except Ms. R Bhuvaneshwari, being an appointee, none of the Directors or Key Managerial Personnel or their relatives, is concerned or interested, in the resolution set out at item No. 14. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item 15**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditor to conduct the audit of the cost records of the company for the financial year ending 31<sup>st</sup> March, 2015.

In accordance with the provisions of section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors has to be ratified by the shareholders of the company.

Accordingly, the consent of the members is sought for passing an ordinary resolution as set out at item No. 15 of the notice for ratification of the remuneration payable to the cost auditors for the financial year ending 31<sup>st</sup> March, 2015.

None of the Directors or Key Managerial Personnel of

the company or their relatives, is concerned or interested, in the resolution set out at item no. 15.

#### **Item 16**

The Board of Directors at their meeting held on 30<sup>th</sup> May 2014, subject to approval of members in the ensuing general meeting has recommended altering Article 12 of the Articles of Association of the company. The Article has to be altered in line with the Companies Act, 2013, to make the office of Managing / Whole time Directors office liable to retire by rotation. The present Article 12 states that the office of Chairman, Managing Director, Joint Managing Director, Whole time Director or Executive Director, while holding such office shall not be liable to retirement by rotation at the Annual General Meeting.

Therefore, the board of directors recommend amendment to the Articles of Association of the company by deleting the existing Article 12 and substituting with new Article 12, to bring the whole time directors under retirement of directors by rotation, subject to the requirements of the Act.

The Resolution at item no. 16 of the notice is set out as a special resolution for approval by the members in terms of Section 14 of the Act.

A copy of the Memorandum and Articles of Association of the company together with the proposed alterations would be available for inspection by the members at the registered office of the company during normal business hours on any working day, up to and including the date of the Annual General Meeting.

None of the Directors and Key Managerial Personnel of the company or their relatives, is concerned or interested, in the resolution set out at item No. 16.

#### **Item 17**

The members of the company at their 45<sup>th</sup> Annual General Meeting held on 10<sup>th</sup> August, 2007 approved by way of an ordinary resolution under section 293(1)(d) of the Companies Act, 1956, borrowings over and above the aggregate of paid up share capital and free reserves of the company, provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 300 Crores (Rupees three hundred crores).

Section 180(1)(c) of the Companies Act, 2013 effective

from 12<sup>th</sup> September, 2013 requires that the board of directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a special resolution under section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at item No. 17 of the notice, to enable the board of directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the company. Approval of members is being sought to borrow money upto ₹ 500 Crores (Rupees five hundred crores) in excess of the aggregate of the paid up share capital and free reserves of the company.

None of the Directors and Key Managerial Personnel of the company or their relatives is concerned or interested, in the resolution set out at item No. 17.

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

**I. General Information:**

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

(₹ in Lacs)

Particulars	2013-14	2012-13
Revenue from operations	73819	66717
Profit before tax and depreciation	5270	5749
Profit after tax	3045	2069
Paid up equity capital	1200	800
Reserves and surplus	15082	13175
Basic earnings per share	25.37	17.24

5. Foreign investments and collaborators, if any: Benwood Corporation Sdn Bhd, in Malaysia, Subsidiary of Precot Meridian Limited

**II. Information about the Appointees:**

**Mr. D Sarath Chandran**

1. **Back ground details :** Mr. D Sarath Chandran, aged 68, is an industrialist, having 42 years experience in the textile industry and is a director in seven public limited companies.
2. **Past remuneration :** ₹ 1,00,000 per month and commission up to 1.5% of net profit plus allowances and perquisites.
3. **Recognition or awards:** B. Sc (Hons) and MBA
4. **Job profile and his suitability:** Mr. D Sarath Chandran is the Chairman of the company and he had been the Managing Director of the company from 1975 to 2011. He is well known in the textile world and was Chairman of South Indian Textile Research Association (SITRA)
5. **Remuneration Proposed:** Refer resolution No. 5.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Taking into consideration the size of the company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.
7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Mr. D Sarath Chandran is related to Mr. Vijay Mohan, Mr. Ashwin Chandran and Mr. Prashanth Chandran.

**Mr Ashwin Chandran**

1. **Back ground details:** Mr. Ashwin Chandran, aged 38, is an industrialist, having 16 years experience in the textile industry.
2. **Past remuneration:** ₹ 150000 per month and commission up to 1.5% of net profit plus allowances and perquisites.
3. **Recognition or awards:** B.Sc (Hons) and MBA
4. **Job profile and his suitability:** Mr. Ashwin Chandran is the Managing Director of the company and has 16 years experience in the field of textiles.

5. **Remuneration Proposed:** Refer resolution No. 6.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person : Taking into consideration the size of the company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.
7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Mr. Ashwin Chandran is related to Mr D Sarath Chandran and Mr. Prashanth Chandran

#### **Mr Prashanth Chandran**

1. **Back ground details:** Mr. Prashanth Chandran, aged 33, is an industrialist, having 9 years of experience in the textile industry.
2. **Past remuneration:** ₹ 1,00,000 per month and commission up to 1% of net profit plus allowances and perquisites.
3. **Recognition or awards:** B. Engg
4. **Job profile and his suitability:** Mr. Prashanth Chandran is the Executive Director of the company and has 9 years experience in the field of textiles.
5. **Remuneration Proposed :** Refer resolution No. 7.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Taking into consideration the size of the company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.
7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any.: Mr. Prashanth Chandran is related to Mr. D Sarath Chandran and Mr. Ashwin Chandran.

#### **III. Other Information:**

1. Reasons of loss or inadequate profits : Not applicable
2. Steps taken or proposed to be taken for improvement : Not applicable
3. Expected increase in productivity and profits in measurable terms : Considering the prevalent

volatile conditions in the textile industry, the turnover and profitability are not predictable.

#### **IV. Disclosures:**

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

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

Coimbatore  
30<sup>th</sup> May, 2014

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

Corporate Identification Number (CIN): L17111TZ1962PLC001183

**Registered Office :**

SUPREM, PB 7161,  
Green Fields, Puliakulam Road, Coimbatore -641045  
Tamil Nadu, India.

Phone: 0422-4321100; Fax: 0422-4321200.

Email: secretary@precot.com, Website: www.precot.com

Dear Shareholders,

Your Directors are pleased to present the 52nd Annual Report along with the financial results for the year ended 31<sup>st</sup> March 2014.

<b>Financial Results</b>	(₹ Lacs)	
	31.03.2014	31.03.2013
Revenue from operations	73819	66717
PBIDT	8083	7606
Less: Finance cost	3241	2612
<b>Profit from Operations</b>	<b>4842</b>	<b>4994</b>
Other income	428	755
<b>PBDT</b>	<b>5270</b>	<b>5749</b>
Less: Depreciation and Amortization	3945	3032
<b>Profit Before Tax</b>	<b>1325</b>	<b>2717</b>
Less: Provision for Income Tax	322	228
MAT Credit	(322)	(164)
Deferred Tax	(992)	936
Tax provision for earlier years	-	226
Add: Extraordinary Item	728	578
<b>Profit After Tax</b>	<b>3045</b>	<b>2069</b>
Add: Balance brought forward	(2677)	(4746)
Add: Withdrawn from General Reserve	-	94
Less: Provision for proposed dividend (including dividend tax)	281	(94)
<b>Balance carried forward</b>	<b>87</b>	<b>(2677)</b>

#### Dividend

Your company, in compliance with the provisions of the Companies (Declaration of dividend out of reserves) Rules 1975, had, during last year, absorbed a part of the loss incurred during the FY 2011-12 and accordingly declared the dividend. The loss relating to FY 2011-12 will get fully absorbed in the current year.

Your directors have recommended a dividend of ₹ 2 per equity share of face value ₹ 10 each for the year ended 31<sup>st</sup> March, 2014, amounting to ₹ 281 lacs (inclusive of tax of ₹ 41 lacs).

#### Share Capital

Members, in the Annual General Meeting held on 20<sup>th</sup> September 2013, had granted their approval for raising the Authorised share capital from ₹ 9 crores to ₹ 20 crores and also issue of bonus shares in the ratio of 1:2 to those members whose names appeared in register of members on record date. This has enhanced the paid up share capital of your company from ₹ 8 crores to ₹ 12 crores.

The bonus issue has been completed during the year under review and the bonus shares have been listed in the National Stock Exchange.

#### Economic overview and Industry review

The growth in global economy which remained subdued in the first half of FY 2013-14 improved in the second half on account of export rebound in emerging market economies. While it is expected that the recovery in advanced economies could lead to a trade growth of around 4.7% in 2014, it would still continue to remain below the 20 year average.

Persistent inflationary pressure, low investments due to policy inaction coupled with high current account deficit saw the Indian GDP growth at sub 5% level.

The FY 2013-14 has been a challenging year for the textile industry due to volatile yarn and cotton prices. Exports of cotton yarn to China have slowed down on the back of Chinese currency depreciation and uncertainties on handling large reserves of cotton in the coming season.

#### Review of operations

Your company has registered a turnover growth of 10 % over the previous year. Though the yarn prices witnessed an uptrend in the first half of FY 2013-14, in comparison with FY 2012-13, the cotton price increases have neutralized the benefits that accrued out of yarn price increase.

The power situation in Tamil Nadu continued to affect the performance of the company. The company has to rely on higher cost sources like self-generation and third party power. Evacuation of windpower had been an issue contributing to the increased cost in power. The performance of the unit in Andhra Pradesh was affected briefly on account of local political disturbances. There has been a shortage in availability of local labour and hence increased dependency on labour from other states resulted in higher costs.

#### Technical Textiles

Your directors are pleased to inform that the technical textile unit commenced its commercial operations from June 2013. After a successful trial run, small commercial shipments were done during the year under review to gauge the acceptance level in the international market. Technical improvements are being made based on the inputs from the customers and going forward the plant is expected to achieve a higher level of utilization by the last quarter of the current financial year.



On the marketing front, presently your company has started participating in global tenders with focus on the European market.

### Outlook for the current year

The projection of global economic growth, as per International Monetary Fund, is estimated at 3.7% for 2014 and 3.9% for 2015. Though the predictions are good for export yarn market, the cotton rates could have a say in quantum of exports. In the ensuing cotton season, India is likely to be affected by import restrictions in China. In spite of higher domestic production of 385 lakh bales for 2013-14 season, the prices have ruled high.

Even though the outlook for the short term remains uncertain with the various challenges being faced by the companies operating in the industry, the long term outlook remains robust.

The management is continuing to undertake diligent efforts to step up the performance of the Company and it is expected that the reinforced and dedicated efforts would certainly bring about an improvement in operational growth in future.

### Opportunities, Risks and the Concerns

The global growth predictions have not been encouraging and the revival of Euro economy is still hazy which continues to be a worrying factor. With regard to the domestic economy, the initial below normal monsoon forecast could have a bearing on agricultural production. Consequent to this and rising input costs, the margins could be strained. The power scenario in Tamil Nadu and Andhra Pradesh is still uncertain and hence reliance will continue to be on third party power and own generation.

With the formation of the new government, the economic and administrative policies are eagerly awaited by the Indian industry.

### Personnel

The company maintains its good relations with its labour across its units. The exercise of recruiting, training and deployment of trained labour continues in view of the shortage that has been persistent in Tamil Nadu.

### Internal control systems & Risk Management

The company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The audit committee of the board constantly 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 and recommendations made for corrective action through the internal audit reports. The committee reviews the statutory auditor report, key issues, significant processes and accounting policies.

### New Companies Act, 2013

The Ministry of Corporate Affairs, with a view to bring in more discipline in the corporate world, has replaced the erstwhile Companies Act, 1956, with the new Companies Act, 2013.

### Directors

The Companies Act, 2013 ('the Act') provides for appointment of independent directors. Sub-section (10) of Section 149 of the Act provides that independent director shall hold office for a term up to five consecutive years on the board of the company and shall be eligible for reappointment on passing a special resolution by the share holders of the company.

Sub-section (11) states that no independent director shall be eligible for more than two consecutive terms of five years. Sub-section (13) states that the provisions of retirement by rotation as defined in sub-section (6) and (7) of Section 152 of the Act shall not apply to such independent directors. According to the above provisions and directors' retirement policy of the company, the independent directors seeking reappointment are as follows:

	<b>Name of the Independent Director</b>	<b>Period of Appointment</b>
1.	Mr. A Ramkrishna	Two years - 01.06.2014 to 31.05.2016
2.	Mr. Vijay Venkataswamy	Three years - 01.06.2014 to 31.05.2017
3.	Mr. Suresh Jagannathan	Four years - 01.06.2014 to 31.05.2018
4.	Dr. Jairam Varadaraj	Five years - 01.06.2014 to 31.05.2019
5.	Mr. C N Srivatsan	Five years - 01.06.2014 to 31.05.2019
6.	Mr. Sumanth Ramamurthi	Five years - 01.06.2014 to 31.05.2019

The term of office of Mr D Sarath Chandran - Chairman, Mr Ashwin Chandran - Managing Director and Mr Prashanth Chandran - Executive Director came to an end on 31<sup>st</sup> March 2014. The Board of Directors, at their meeting held on 30<sup>th</sup> May 2014, appointed them as the Chairman, Vice Chairman & Managing Director and Joint Managing Director of the company respectively for a period of three years effective from 1<sup>st</sup> April 2014. Their appointment and remuneration are being placed before you at the ensuing Annual General meeting for your consideration and approval.

The Board of Directors at their meeting held on 30<sup>th</sup> May 2014, appointed Ms. R. Bhuvaneshwari, as an additional director of the company. The above appointment is subject to the approval of the members at the ensuing annual general meeting.

EXIM Bank has withdrawn their nominee, Mr. K Ajit Kumar from the Board of directors of the company with effect from 10<sup>th</sup> January, 2014. Your directors wish to place on record the valuable contributions by Mr. K Ajit Kumar during his tenure as a director of your company.

#### **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.

As informed in our earlier report, Benwood Corporation Sdn Bhd, the subsidiary incorporated in Malaysia, has already filed its petition for winding up and the process is expected to get completed shortly.

The statement pursuant to section 212 of the Companies Act, 1956, containing details of subsidiary companies, forms part of this annual report.

The Ministry of Corporate Affairs, Government of India, vide its circular dated 8th February 2011 has exempted companies from attaching the annual reports and some particulars of its subsidiary companies along with the annual report of the holding company required under section 212 of the Companies Act, 1956. Therefore, the annual reports of the above subsidiary companies are not attached with this Annual report. A statement giving certain information as required vide aforesaid circular dated 08th February 2011 is placed along with the consolidated accounts.

The annual accounts of the subsidiary companies are kept for inspection by the shareholders at the registered office of the company. The company shall provide the copy of the annual accounts of subsidiary companies to the shareholders upon their request.

#### **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.

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

As per the provisions of the Companies Act, 2013, your company has constituted a CSR committee comprising of Mr. D Sarath Chandran (Chairperson), Mr. Ashwin Chandran and Mr. A Ramkrishna. The committee is responsible for formulating and monitoring the CSR policy of the company.

#### **Directors' responsibility statement**

##### **The directors confirm that:**

- (a) The applicable accounting standards have been followed and proper explanations provided relating to material departures
- (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. Haribhakti & Co, auditors of the company, retire at the ensuing annual general meeting. M/s. Haribhakti & Co., have given their consent for re-appointment. The Audit Committee and the board of directors of the company propose the re-appointment of M/s. Haribhakti & Co., as statutory auditors of the company subject to your approval at the forthcoming annual general meeting. The company has received confirmation from M/s. Haribhakti & Co., that, if appointed, it would be within the limits under section 139 of the Companies Act, 2013.

#### **Cost Auditors**

Pursuant to Section 148 of the Companies Act 2013, the board of directors, on the recommendation of the Audit committee, appointed M/s K R S & Associates, Cost Accountants, as the cost auditor of the company for the financial year 2014-15.

#### **Fixed Deposits**

During the year the company did not accept or renew any

fixed deposits and no fixed deposits remained unclaimed with the company as on 31<sup>st</sup> March 2014.

### Unclaimed Shares

As required under Clause 5A of the Listing agreement, the company has sent 3 reminders to the shareholders whose shares were lying unclaimed/ undelivered with the company. The company has received a substantial number of requests to claim these share certificates which are released after a thorough due diligence. As on today the company has 79,825 equity shares lying unclaimed. These shares were transferred to the unclaimed suspense account as required under the listing agreement.

### Particulars of Employees

In terms of the provisions of section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the directors' report. Having regard to the provisions of section 219(1)(b)(iv) of the said act, the annual report excluding the aforesaid information is being sent to all the members of the company and others entitled thereto. The annexure is available for inspection by the members at the registered office of the company during business hours on working days up to the date of ensuing annual general meeting. Any member who is interested in obtaining such particulars may write to the company, whereupon a copy would be sent.

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

### Annexure to Directors Report

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

Earnings	-	193
Outflow	-	37
Net	-	156

#### b. Technology Absorption, Adaptation and innovation Research and Development (R & D)

R & D 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.

#### c. 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 energy consumption. The details of total consumption are as follows.

#### FORM A

Conservation of Energy (Consolidated for all units)

	31.03.2014	31.03.2013
<b>A. Power &amp; fuel consumption</b>		
1) Electricity from EB		
Purchased		
Units in lacs	872.13	713.22
Amount in ₹ lacs	5774.08	4115.54
Cost per unit in ₹	6.62	5.77
2) Gas power purchase		
Purchased		
Units in lacs	277.70	314.90
Amount in ₹ lacs	1306.97	1248.31
Cost per unit in ₹	4.71	3.96
3) Trade power purchase		
Purchased		
Units in lacs	83.87	-
Amount in ₹ lacs	646.07	-
Cost per unit in ₹	7.70	-
4) Wind power purchase		
Purchased		
Units in lacs	14.16	-
Amount in ₹ lacs	71.42	-
Cost per unit in ₹	5.04	-
5) Own generation through		
a) Diesel generator		
Units in lacs	42.38	169.58
Amount in ₹ lacs	675.84	2285.97
Cost per unit in ₹	15.95	13.48
Units per litre of diesel	3.38	3.12
b) Wind mill power		
Units in lacs	207.39	224.10
Amount in ₹ lacs	559.95	605.07
Cost per unit in ₹	2.70	2.70
<b>B. Consumption of electricity</b>		
Units / Kg of yarn	4.62	4.64
Units / Meter of fabric	-	1.83

Coimbatore  
30<sup>th</sup> May 2014

By order of the Board  
**D Sarath Chandran**  
Chairman

**REPORT ON CORPORATE GOVERNANCE**
**Company's philosophy on code of governance**

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

**Board of directors – composition, category and attendance**

The company has a very balanced structure of the board of directors, which primarily takes care of the business needs and stakeholders' interest. The composition of the board also complies with the provisions of the Companies Act, 1956 and the listing agreement.

The board comprises of ten directors including three executives and seven non-executive directors.

During the year 2013-14, the board of directors met four times at the registered office of the company on 23<sup>rd</sup> May 2013, 14<sup>th</sup> August 2013, 6<sup>th</sup> November 2013 and 5<sup>th</sup> February 2014.

The last annual general meeting (AGM) was held on 20<sup>th</sup> September 2013.

**Composition of directors and their attendance**

Name of the Director	Category	Attendance Particulars		Directorships in other companies*	No. of committees	
		Board Meetings	Last AGM		Member	Chairman
D Sarath Chandran	Chairman - Executive - Promoter	4	Yes	6	3	-
Ashwin Chandran	Vice Chairman and Managing Director - Executive - Promoter	4	Yes	3	1	-
Prashanth Chandran	Joint Managing Director - Executive - Promoter	3	Yes	-	-	-
Vijay Mohan	Non Executive - Promoter	3	No	7	3	-
A Ramkrishna	Non Executive - Independent	4	Yes	4	-	2
Sumanth Ramamurthi	Non Executive - Independent	4	No	10	2	-
Jairam Varadaraj	Non Executive - Independent	2	No	8	4	-
Vijay Venkataswamy	Non Executive - Independent	4	Yes	4	2	-
C N Srivatsan	Non Executive - Independent	4	No	2	3	-
Suresh Jagannathan	Non Executive - Independent	1	No	3	2	-
K Ajit Kumar **	Nominee Director (EXIM Bank)	2	No	2	-	-

\*Excluding directorships in private companies and foreign companies.

\*\* Up to 10.01.2014.

**Audit committee**

The audit committee of the company is constituted in compliance with the provisions of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement with the stock exchanges.

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

The chairman of the audit committee, Mr. A Ramkrishna was present at the last annual general meeting.

The audit committee meetings were held at the registered office of the company and during the year, the committee met four times on 23<sup>rd</sup> May 2013, 1<sup>st</sup> August 2013, 30<sup>th</sup> October 2013 and 29<sup>th</sup> January 2014. The composition of the audit committee and particulars of meetings attended by the members are given below :

<b>Name</b>	<b>Category</b>	<b>No. of Meetings Attended</b>
A Ramkrishna - Chairman	Non Executive - Independent	4
Vijay Venkatasamy	Non Executive - Independent	3
Jairam Varadaraj	Non Executive - Independent	1
C N Srivatsan	Non Executive - Independent	4

The statutory auditors, internal auditor and executives of the company also attended the meetings. The minutes of the audit committee meetings were placed at the board meeting. The company secretary acts as the secretary of the committee.

#### **Remuneration committee**

The composition of the remuneration committee is given below:

<b>Name</b>	<b>Category</b>
A Ramkrishna - Chairman	Non executive - Independent
Jairam Varadaraj	Non executive - Independent
Vijay Venkataswamy	Non executive - Independent

The committee would look into and determine the company's policy with regard to the remuneration packages of the executive directors.

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 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.

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

The remuneration paid/payable to the executive directors of the company for the year ended 31<sup>st</sup> March 2014, are as under:

(₹ in Lacs)

<b>Name of the director</b>	<b>Salary and perks</b>	<b>Commission</b>	<b>Total</b>	<b>Service contract</b>
D Sarath Chandran Chairman	30.78	2.22	33.00	01.04.2011 to 31.03.2014
Ashwin Chandran Managing Director	46.17	2.22	48.39	01.04.2011 to 31.03.2014
Prashanth Chandran Executive Director	30.78	1.48	32.26	01.04.2011 to 31.03.2014

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

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

<b>Name of the director</b>	<b>Sitting fees (₹)</b>	<b>No. of shares held</b>
A Ramkrishna	110000	1200
Vijay Mohan	40000	1950
Sumanth Ramamurthi	55000	1350
Jairam Varadaraj	45000	75
Vijay Venkatasamy	100000	825
C N Srivatsan	110000	-
Suresh Jagannathan	15000	-
KAjit Kumar (EXIM Nominee)*	30000	-

\* Paid to EXIM Bank.

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

#### **Shareholders / Investors grievance committee**

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 committee meeting are placed at the Board meetings from time to time.

The composition of the shareholders/investors grievance committee and particulars of meetings attended by the members are as follows:

<b>Name</b>	<b>No. of Meetings attended</b>
A Ramkrishna - Chairman (Non executive)	7
D Sarath Chandran	18
Ashwin Chandran	18

Twenty meetings of the shareholders / investors grievances committee were held during the previous year i.e. 5<sup>th</sup> April 2013, 10<sup>th</sup> May 2013, 30<sup>th</sup> June 2013, 09<sup>th</sup> August 2013, 23<sup>rd</sup> August, 2013, 29<sup>th</sup> August 2013, 13<sup>th</sup> September 2013, 30<sup>th</sup> September 2013, 3<sup>rd</sup> October 2013, 25<sup>th</sup> October 2013, 1<sup>st</sup> November 2013, 8<sup>th</sup> November 2013, 22<sup>nd</sup> November, 2013, 13<sup>th</sup> December 2013, 31<sup>st</sup> December 2013, 10<sup>th</sup> January 2014, 17<sup>th</sup> January 2014, 7<sup>th</sup> February 2014, 21<sup>st</sup> March 2014, 31<sup>st</sup> March 2014.

#### **Compliance officer**

R Nithya Prabhu  
Company Secretary and Compliance Officer

#### **Address for Correspondence**

Precot Meridian Limited,  
Regd Office: "SUPREM"  
PB 7161,737, Puliakulam Road, Coimbatore – 641045  
Phone : 0422 - 4321100  
Email: secretary@precot.com  
Website : www.precot.com  
CIN : L17111TZ1962PLC001183

Details of complaints received and redressed:

Opening Balance	Received during the year	Redressed during the Year	Closing balance
Nil	7	7	Nil

There were no outstanding complaints as on 31<sup>st</sup> March 2014.

### Management analysis report

The management analysis report forms part of this annual report.

### General body meetings

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

Details of the meetings	Dates of the meeting and time	Special Resolutions
2011, 49 <sup>th</sup> AGM	19.08.2011 at 4.30PM	1. Appointment of Mr D Sarath Chandran as Chairman 2. Appointment of Mr Ashwin Chandran as Managing Director 3. Appointment of Mr Prashanth Chandran as Executive Director
EGM	07.03.2012 at 4.30 PM	Preferential allotment of equity shares and convertible share warrants under section 81(1A) of the Companies Act, 1956
2012, 50 <sup>th</sup> AGM	14.09.2012 at 4.30 PM	-
2013, 51 <sup>st</sup> AGM	20.09.2013 at 4.30 PM	1. Alteration of Articles of Association of the Company 2. Increase in Authorised Share Capital of the Company. 3. Alteration of the Memorandum of Association. 4. Issue of Bonus Shares.

No court convened meeting of members was held during the year.

### Disclosures

- Details of transactions with related parties are provided in note no. 2.43 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 three 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 CEO and CFO has been placed at all board meetings.

### **Materially significant related party transactions**

There was no materially significant related party transactions, monetary transactions or relationships between the company and the directors, the management, subsidiaries or relatives, except for those disclosed in the financial statements for the year ended 31<sup>st</sup> March, 2014.

### **Code of conduct**

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

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

### **Code of conduct for insider trading**

As per SEBI (Prevention of insider trading) regulation, 1992, the company has adopted a code of conduct for prevention of insider trading. All the directors, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the company are governed by this code. During the year under review there has been due compliance with the said code.

### **Means of communication**

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

Results and reports of the company are also available in [www.nseindia.com](http://www.nseindia.com)

There were no specific presentations made to institutional investors or to analysts during the year. Official news releases are made whenever it is considered necessary.

### **General shareholder information**

Annual general meeting	:	05 <sup>th</sup> September 2014
Venue	:	Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641 018
Financial year	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
Date of book closure for dividend	:	29 <sup>th</sup> August 2014 to 4 <sup>th</sup> September 2014
Dividend payment date	:	Within seven working days from the date of annual general meeting.
Listing on Stock Exchanges	:	National stock exchange of India limited (NSE)
Stock Code	:	PRECOT, ISIN : INE283A01014



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

Month	Prices(₹)		S&P Nifty	
	Low	High	Low	High
April 2013	72.00	98.95	5495	5930
May 2013	72.00	90.00	5944	6187
June 2013	71.00	83.45	5589	5939
July 2013	72.35	89.00	5742	6078
August 2013	82.25	98.50	5285	5742
September 2013	91.00	108.90	5341	6116
October 2013	71.25	103.20	5780	6299
November 2013	72.70	92.95	5990	6317
December 2013	78.35	91.00	6139	6364
January 2014	78.00	89.95	6074	6346
February 2014	60.00	85.80	6001	6277
March 2014	62.00	77.40	6221	6704

Annual listing fee for the year 2014-15 was paid to the National Stock Exchange of India Limited.

The Company has paid custodial fees for the year 2014-15 to National Securities Depository Limited and Central Depository Services (India) Limited.

**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.  
Email:coimbatore@linkintime.co.in  
Phone : 0422 - 2314792

**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.

**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 share transfer agent M/s Link Intime India Private Limited only after getting approval from shareholders committee.

The share transfers are registered and returned within the period of 15 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) with 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.

**Share holding pattern as on 31<sup>st</sup> March 2014:**

Category	No. of shares held	Percentage of holding
<b>Promoters and Promoters group</b>		
Indian	7332137	61.10
<b>Public</b>		
Mutual funds/UTI	237887	1.98
Financial Inst/ Banks	1125	0.01
Bodies corporate	424001	3.54
Public and others	4004850	33.37
<b>Total</b>	<b>12000000</b>	<b>100.00</b>

**Distribution of shareholding as on 31<sup>st</sup> March 2014:**

Shareholding range	No. of holders	Percentage of holders	No. of shares	Percentage of shares
1-500	4923	79.84	863103	7.19
501-1000	586	9.50	418357	3.49
1001-2000	336	5.45	476043	3.97
2001-3000	112	1.82	275221	2.29
3001-4000	67	1.09	232920	1.94
4001-5000	30	0.49	135636	1.13
5001-10000	64	1.04	453906	3.78
10001&Above	48	0.77	9144814	76.21
<b>Total</b>	<b>6166</b>	<b>100.00</b>	<b>12000000</b>	<b>100.00</b>

**Dematerialization status of shares as on 31<sup>st</sup> March 2014:**

Particulars	No. of Shares	% to Share capital
National Securities Depository Limited	10076919	83.97
Central Depository Services (India) Limited	1031621	8.59
<b>Total</b>	<b>11108540</b>	<b>92.56</b>

There are no outstanding GDR / ADR / Warrants or any convertible instruments as on 31<sup>st</sup> March 2014

**Plant locations:**

A Unit : Kanjikode, Palakkad, Kerala  
 B Unit : Kodigenahalli, Hindupur, Andhra Pradesh  
 M Unit : Nanjagoundanpudur, Pollachi, Tamilnadu  
 C & D Units : Chandrapuram, Walayar, Kerala  
 K Unit : Gowribidnur, Kolar, Karnataka  
 H unit : Hassan, Karnataka.

**Address for correspondence:**

Precot Meridian Limited,  
 PB 7161,737, Puliakulam Road,  
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 CIN : L17111TZ1962PLC001183

Coimbatore  
 30<sup>th</sup> May, 2014

By order of the Board  
**D Sarath Chandran**  
 Chairman

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

All the board members and senior management personnel affirmed compliance with the code of conduct of the company for the financial year ended 31<sup>st</sup> March 2014.

Coimbatore  
30<sup>th</sup> May, 2014

By order of the Board  
**D Sarath Chandran**  
Chairman

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### Compliance Certificate

To the members of Precot Meridian Limited

We have examined the compliance of conditions of corporate governance by Precot Meridian Limited, for the year ended on 31.03.2014, 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  
30<sup>th</sup> May, 2014

**G Vasudevan**  
Practicing Company Secretary  
CP No. 6522

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	₹ Lacs					
	2009	2010	2011	2012	2013	2014
<b>Operating Results</b>						
Total revenue	38973	43997	57997	60266	66717	<b>73819</b>
PBIDT	3629	6779	8556	(1395)	8939	<b>9239</b>
Interest	1302	1220	1459	2872	2612	<b>3241</b>
PBDT	2327	5559	7097	(4267)	6327	<b>5998</b>
Depreciation	2992	2792	2696	2991	3032	<b>3945</b>
Income Tax	-	470	872	250	228	<b>322</b>
Other Taxes	206	725	269	(2225)	998	<b>(1314)</b>
PAT	(871)	1572	3260	(5283)	2069	<b>3045</b>
Dividend & Dividend Tax	-	405	808	-	94	<b>281</b>
Retained earnings	2327	4684	5417	(4517)	6005	<b>5395</b>
<b>Performance Parameters</b>						
Net Fixed Assets (WDV)	23442	20656	22081	24321	37276	<b>36389</b>
Share Capital	695	695	695	748	800	<b>1200</b>
General Reserves	11739	13904	15855	11036	13175	<b>14801</b>
Net worth	12434	14599	16550	11784	13975	<b>16001</b>
Long Term Borrowings	16051	13859	13234	16435	26407	<b>23878</b>
Debt : Equity	1.3	1.1	0.8	1.4	1.9	<b>1.5</b>
Dividend (%)	-	50	100	-	10	<b>20</b>
Earnings per share (₹)	(13)	23	47	(76)	17	<b>25</b>

**Independent Auditors' report**

**To the Members of Precot Meridian Limited**

**Report on the Financial Statements**

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

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

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

**Auditors' Responsibility**

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

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

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

**Opinion**

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

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

**Report on Other Legal and Regulatory Requirements:**

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

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W  
**C S Sathyanarayanan**

Place : Coimbatore  
Date : 30<sup>th</sup> May 2014

Partner  
M.No.: 028328

**Annexure to Independent Auditors' Report**

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

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- ii. a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- iii. a) As informed, the Company has not, granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii) (b), (c) and (d) of the order are not applicable.
- b) As informed, the Company has not, taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(f) and (g) of the order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- v. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- ix. a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues except incase of provident fund and employees' state insurance where there were slight delays in a few cases.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state

insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows :

Name of the Statute	Nature of dues	Amount (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act 1944	Excise Duty and Penalties	432.74	2001-2002	Supreme Court
Central Sales Tax Act, 1956	Central Sales Tax	648.18	1998-99 & 1999-2000	Madras High Court
Central Excise Act 1944	Excise Duty and Penalties	29.78	2001 to 2003	CESTAT, Bangalore
Central Excise Act 1944	Excise Duty, Penalties and Interest	29.97	2008-2009	Commissioner Appeals, Kochi
Service Tax	Service Tax & Penalties	13.38	2004-05	Assistant Commissioner of Central Excise (Appeals)
Service Tax	Service Tax, Penalties and Interest	9.49	2007-08	Tribunal
Income Tax Act, 1961	Income Tax	547.50	AY 2009-10 to AY 2011-12	CIT (Appeals) Coimbatore
Income Tax Act, 1961	Income Tax (234 B waiver and interest u/s 220(2))	725.06	AY 1994-95 AY 1995-96 AY 1997-98 AY 2005-06	High Court Chennai and Income Tax Tribunal Chennai

- x. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and

other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- xv. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.
- xvi. In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that the funds raised on short term basis amounting to ₹ 1535 lacs have been temporarily used for long term investments. The company has invested the money for its technical textiles project.
- xviii. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, no debentures have been issued by the company during the year.
- xx. The Company has not raised money by way of public issue during the year.
- xxi. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W  
**C S Sathyanarayanan**

Place : Coimbatore  
Date : 30<sup>th</sup> May 2014

Partner  
M.No.: 028328

	Note	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	2.01	1,200.00	800.00
Reserves and Surplus	2.02	14,800.86	13,175.16
		<u>16,000.86</u>	<u>13,975.16</u>
<b>Non-current liabilities</b>			
Long Term Borrowings	2.03	19,425.21	22,453.53
Deferred tax liabilities (Net)	2.11	-	1,042.22
Long Term Provisions	2.04	169.68	183.23
Other Non Current Liabilities		1,671.59	-
		<u>21,266.48</u>	<u>23,678.98</u>
<b>Current Liabilities</b>			
Short Term Borrowings	2.05	20,903.78	17,486.93
Trade Payables	2.06	2,232.80	1,144.43
Other Current Liabilities	2.07	8,575.32	8,207.51
Short Term Provisions	2.08	362.27	237.20
		<u>32,074.17</u>	<u>27,076.07</u>
		<u>69,341.51</u>	<u>64,730.21</u>
<b>Assets</b>			
<b>Non-current Assets</b>			
Fixed Assets	2.09		
Tangible Assets		36,247.54	20,788.85
Intangible Assets		118.01	43.80
Capital Work-in-progress		23.79	16,443.02
Non-current Investments	2.10	3,234.35	2,594.98
Deferred tax assets (Net)	2.11	18.91	-
Long Term loans and advances	2.12	2,066.18	1,519.36
		<u>41,708.78</u>	<u>41,390.01</u>
<b>Current Assets</b>			
Inventories	2.13	18,653.25	14,866.88
Trade receivables	2.14	4,344.44	4,225.82
Cash and cash equivalents	2.15	365.85	1,035.71
Short Term loans and advances	2.16	1,012.80	712.00
Other current assets	2.17	3,256.39	2,499.79
		<u>27,632.73</u>	<u>23,340.20</u>
		<u>69,341.51</u>	<u>64,730.21</u>

Significant Accounting Policies and Notes on Financial Statements 1 & 2

Vide our report of even date attached

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W

**C S Sathyanarayanan**  
Partner

M.No. : 028328  
Place : Coimbatore  
Date : 30<sup>th</sup> May 2014

**D Sarath Chandran**  
Chairman

**Ashwin Chandran**  
Managing Director

**M R Siva Shankar**  
Head - Finance & Accounts

**R Nithya Prabhu**  
Company Secretary





**Statement of Profit and loss**

	Note	2013-14	2012-13
		₹ Lacs	₹ Lacs
<b>Revenue From Operations</b>	2.18	<b>73,819.09</b>	66,717.15
Other income	2.19	<b>427.51</b>	754.90
<b>Total Revenue</b>		<b>74,246.60</b>	<b>67,472.05</b>
<b>Expenses</b>			
Cost of materials consumed	2.20	<b>41,879.27</b>	34,044.71
Changes in inventories of finished goods and work-in-progress	2.21	<b>(2,082.76)</b>	805.83
Purchase of Traded Goods		<b>133.16</b>	-
Employee benefits expense	2.22	<b>6,889.80</b>	6,438.06
Finance costs	2.23	<b>3,241.10</b>	2,611.86
Depreciation and amortization expense	2.24	<b>3,944.90</b>	3,032.24
Other expenses	2.25	<b>18,916.34</b>	17,821.95
<b>Total Expenses</b>		<b>72,921.81</b>	<b>64,754.65</b>
<b>Profit / ( Loss ) before tax</b>		<b>1,324.79</b>	2,717.40
<b>Tax expense:</b>			
Current tax		<b>322.39</b>	227.92
For earlier year		-	225.89
MAT Credit		<b>(322.39)</b>	(163.89)
Deferred tax		<b>(991.75)</b>	936.03
Add: Profit from Extraordinary items ( net of tax expenses ) (Refer Note No. 2.41)		<b>728.26</b>	577.23
<b>Profit / ( Loss ) for the year</b>		<b>3,044.80</b>	<b>2,068.68</b>
Earnings per equity share (Nominal value of share ₹ 10)	2.26	<b>25.37</b>	17.24

Significant Accounting Policies and Notes on Financial Statements 1 & 2

Vide our report of even date attached

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W

**C S Sathyanarayanan**  
Partner

M.No. : 028328  
Place : Coimbatore  
Date : 30<sup>th</sup> May 2014

**D Sarath Chandran**  
Chairman

**Ashwin Chandran**  
Managing Director

**M R Siva Shankar**  
Head - Finance & Accounts

**R Nithya Prabhu**  
Company Secretary

**Notes on financial statement**

**1. Significant Accounting Policies**

**a. Accounting Convention :**

- i) The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies are consistent with those used in the previous year.
- ii) Pursuant to Institute of Chartered Accountants of India (ICAI) announcement regarding early adoption of Accounting Standard 30 "Financial Instruments - Recognition and Measures" the company has adopted the standard with effect from 01.04.2008.

**b. Use of Estimates**

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of Assets and Liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, employees' retirement benefit plan, provision for income and other taxes, useful life of fixed assets, etc. Actual results could differ from the estimates made. Any revision to accounting estimates is recognized prospectively in the year in which the events are materialized.

**c. 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.

**d. 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.

**e. Impairment of Assets :**

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

- i) the provision for impairment loss, if any, required or
- ii) the reversal, required of impairment loss recognised in previous periods, if any impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

**f. 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.

**g. 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.

**h. 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.

**i. Foreign Currency Transactions :**

- i) Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.
- ii) 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 statement of Profit and Loss or fixed assets as the case may be.

**j. Hedge Accounting :**

Changes in the fair value of a derivative hedging instrument that qualify for hedge accounting as per the principles of hedge accounting and designated as a cash flow hedge are recognised as hedge reserve and presented within reserves and surplus, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold or terminated then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in hedge reserve, is retained in the hedge reserve until the forecast transaction occurs. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedge reserve is immediately transferred to the statement of profit and loss.

**j. Revenue Recognition:**

- i) The Company follows the mercantile system of accounting and recognizes Income and Expenditure on an accrual basis except those with significant uncertainties.
- ii) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods.
- lii) Domestic sales as reported in the statement of profit and loss 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. Dividend income is recognised when the right to receive the dividend is unconditional at the balance sheet date.

**k. Taxes on Income :**

- i) Current Tax on income is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments / appeals.
- ii) Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on business loss and unabsorbed depreciation are recognized and carried forward to the extent that there is virtual certainty that sufficient taxable income will be available against which such deferred tax asset can be realised.
- iii) Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.

**m. Employee Benefits:**

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

**n. Government grants subsidies:**

Grants and subsidies from the government are recognised when

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

**o. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangible assets are amortized on a straight line basis over the estimated useful economic life, which is generally five years.

**p. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**q. Cash and cash equivalents**

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

**r. Provisions and contingent liabilities**

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

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

	31.03.2014 ₹ Lacs	31.03.2013 ₹ Lacs
<b>2.01 Share Capital</b>		
<b>Authorised</b>		
2,00,00,000 Equity Shares of ₹ 10 each (31.03.2013 - 90,00,000 Equity Shares of ₹ 10 each)	<b>2,000.00</b>	900.00
<b>Issued, Subscribed &amp; fully Paid up</b>		
120,00,000 Equity Shares of ₹ 10 each fully paid up (31.03.2013 - 80,00,000 Equity Shares of ₹ 10 each)	<b>1,200.00</b>	800.00
	<b>1,200.00</b>	800.00

i) Terms/rights attached to equity shares :

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

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

	<b>Equity Shares</b>			
	As at 31.03.2014		As at 31.03. 2013	
	Number	₹ Lacs	Number	₹ Lacs
Equity Shares at the beginning of the year	<b>80,00,000</b>	<b>800.00</b>	74,75,000	747.50
Add: Shares Issued during the year	<b>40,00,000</b>	<b>400.00</b>	525,000	52.50
Equity Shares at the end of the year	<b>1,20,00,000</b>	<b>1,200.00</b>	80,00,000	800.00

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

S. No.	Name of Shareholder	<b>Equity Shares</b>			
		As at 31.03.2014		As at 31.03. 2013	
		No. of Shares held	% of holding	No. of Shares held	% of holding
1	D Sarath Chandran	<b>28,41,108</b>	<b>23.69%</b>	18,93,080	23.67%
2	Ashwin Chandran	<b>23,07,457</b>	<b>19.23%</b>	15,38,305	19.23%
3	Prashanth Chandran	<b>19,71,891</b>	<b>16.43%</b>	13,14,595	16.43%

iv) Aggregate number and class of shares allotted as fully paidup by way of bonus shares.

S. No.	Particulars	2013 - 14 Number
1	<b>Equity Shares :</b>	
	Fully paidup by way of bonus shares	40,00,000
	(Issued from Securities Premium Account)	

<b>2.02 Reserves and Surplus</b>	Balance as at 31.03.2013	Additions during the year	Deductions / Adjustments during the year	₹ Lacs Balance as at 31.03.2014
Capital Reserve	48.19	-	-	<b>48.19</b>
Capital Redemption Reserve	355.00	-	-	<b>355.00</b>
Securities Premium Reserve	3,136.46	-	400.00	<b>2,736.46</b>
Investment Fair Value Reserve	682.79	639.37	-	<b>1,322.16</b>
General Reserve	11,629.76	228.36	-	<b>11,858.12</b>
Hedging Reserve (Refer Note 2.36)	-	293.91	1,671.59	<b>(1,377.68)</b>
Surplus/(deficit) in profit and loss account	<u>(2,677.04)</u>	<u>3,044.80</u>	<u>509.15</u>	<b><u>(141.39)</u></b>
	<u>13,175.16</u>	<u>4,206.44</u>	<u>2,580.74</u>	<b><u>14,800.86</u></b>
Previous year	11,036.03	2,559.39	420.31	<b>13,175.16</b>

**Non Current Liabilities**
**2.03 Long Term Borrowings**

	Non Current portion		Current maturities	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>Secured</b>				
Term loans from Banks				
Rupee Loan (Refer note 2.36)	<b>19,048.15</b>	21,113.67	<b>3,546.39</b>	2,668.25
Foreign Currency Loan	<b>377.06</b>	1,298.49	<b>866.57</b>	1,228.51
<b>Unsecured</b>				
Deferred payment liabilities				
Sales Tax Deferral loan	<b>0.00</b>	41.37	<b>40.04</b>	57.14
	<u><b>19,425.21</b></u>	<u>22,453.53</u>	<u><b>4,453.00</b></u>	<u>3,953.90</u>

1. a) Term loan from SBI, ICICI, Andhra Bank, Export Import Bank of India and IDBI Bank are secured by way of pari passu first charge on entire movable and immovable assets of the company and pari passu second charge on current assets of the company.
- b) Term loan from IDBI Bank, Dubai Branch is secured by way of exclusive first charge on the windmills and related equipments, systems and assets located at Eragampatti and Manurpalayam Village in Tirupur district.
2. In respect of the above, Rupee Term Loans carry interest ranging from 8.5% p.a. to 13.61% p.a. and Foreign Currency Term Loans carry interest ranging from 1.85% p.a. to 3.27% p.a. plus applicable LIBOR.
3. Term loan from ICICI Bank for ₹ 12,000 Lacs is secured by way of exclusive first charge on the assets of the Technical Textile unit at Hassan, Karnataka and Second charge on the entire moveable fixed asset of the unit at Hassan, ranking pari passu charge with ICICI bank's derivative limits for the unit at Hassan.
4. The outstanding balance of :
  - Rupee term loan of ₹ 2062.50 Lacs from Andhra Bank is repayable in 11 equal quarterly installments.
  - Rupee Tuf loan – III of ₹ 45.00 Lacs from ICICI Bank is repayable in 2 equal quarterly installments.
  - Rupee Tuf loan – IV of ₹ 66.50 Lacs from IDBI Bank is repayable in 7 equal quarterly installments.
  - Rupee Tuf loan – VII of ₹ 132.00 Lacs from ICICI Bank is repayable in 2 equal quarterly installments.
  - Rupee Tuf loan – VIII of ₹ 300.00 Lacs from IDBI Bank is repayable in 5 equal quarterly installments.
  - Rupee Tuf loan – IX of ₹ 453.33 Lacs from EXIM Bank is repayable in 11 equal quarterly installments.
  - Rupee Tuf loan – X of ₹ 1301.97 Lacs from EXIM Bank is repayable in 13 equal quarterly installments.

Rupee Tuf loan – XI of ₹ 1618.75 Lacs from EXIM Bank is repayable in 23 quarterly installments of varying amounts.

Rupee Tuf loan – XII of ₹ 3160.13 Lacs from SBI is repayable in 17 quarterly installments of varying amounts.

Rupee Tuf loan XIII of ₹ 12000.00 Lacs from ICICI Bank is repayable in 11 half yearly installments of varying amounts commencing from July 2014.

Rupee Tuf Loan – XIV of ₹ 1500.00 Lacs from EXIM Bank is repayable in 20 equal quarterly installments commencing from September 2015.

Foreign Currency loan from ICICI Bank of USD 8.18 Lacs is repayable in 1 last installment falling due in first half of FY 2014-15.

Foreign Currency loan from IDBI Bank of USD 12.60 Lacs is repayable in 4 equal half yearly installments.

Deferred Sales tax loan of ₹ 40.04 Lacs is repayable in 6 monthly instalments of varying amounts.

	<b>As at 31.03.2014</b>	As at 31.03.2013
	<b>₹ Lacs</b>	₹ Lacs
<b>2.04 Long Term Provisions</b>		
Provision for employee benefits	<b>169.68</b>	183.23
Gratuity (Funded) (Refer note no: 2.44)	<b>169.68</b>	183.23

#### Current Liabilities

#### 2.05 Short Term Borrowings

##### Secured

Working Capital Loans

From Banks

- Rupee Loan

**10,426.02**      9,562.41

- Foreign Currency Loan

**3,065.79**      3,924.52

##### Unsecured

From Bank

- Rupee Loan

**7,411.97**      4,000.00

**20,903.78**      17,486.93

- Working capital loans from SBI, Andhra Bank, Corporation Bank, IDBI, ICICI, Yes Bank and The South Indian 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.
- In respect of the above, working capital rupee loans carry interest ranging from 10.45% p.a. to 14.85% p.a. and working capital foreign currency loans carry interest ranging from 1.95% p.a. to 3.30% p.a. plus applicable LIBOR.
- Unsecured short term loans from Axis Bank & IDBI Bank carry interest in the range of 10.25% to 10.50% p.a. Further the company has extended a corporate guarantee for the loan from Axis Bank.

#### 2.06 Trade Payables

Trade Payables

**2,232.80**      1,144.43

**2,232.80**      1,144.43

Based on the information and evidence available with the company, there are no dues to Micro, Small and Medium enterprises, outstanding as on 31st March 2014 (31st March 2013 : Nil) and there are no interest payable on belated payments to these enterprises. The disclosure is based on the information available with the company and relied upon by the auditors.

	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
<b>2.07 Other Current Liabilities</b>		
a) Current maturities of long-term debt ( Refer to Note 2.03 )	<b>4,453.00</b>	3,953.90
b) Interest accrued but not due on borrowings	<b>69.53</b>	115.88
c) Interest accrued and due on borrowings	<b>0.98</b>	-
d) Unclaimed dividends	<b>24.94</b>	29.63
e) Accrued employee benefits	<b>660.53</b>	737.58
f) Dues to subsidiaries/ related parties (Refer note no: 2.43)	<b>22.88</b>	168.45
g) Temporary overdraft from banks	<b>2.93</b>	-
h) Statutory dues payable	<b>212.41</b>	187.32
i) Other payables *	<b>3,128.12</b>	3,014.75
	<b>8,575.32</b>	8,207.51

\* Other payables include security deposits, expenses payable and advances from customers.

**2.08 Short Term Provisions**

a) Provision for employee benefits Gratuity (Funded) (Refer note no: 2.44)	<b>81.48</b>	46.08
b) Others		
Provision for Taxation (Net of advance tax)	-	97.52
Proposed dividend	<b>240.00</b>	80.00
Provision for Tax on Dividend	<b>40.79</b>	13.60
	<b>362.27</b>	237.20

**2.09 Fixed Assets**

₹ Lacs

Particulars	Original Cost				Depreciation and Amortization				Net Block	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto 31.03.2013	For the Year	Deductions	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>Tangible Assets</b>										
Land	474.75	649.55	48.70	1,075.60	-	-	-	-	1,075.60	474.75
Building	6,914.43	3,991.36	905.69	10,000.10	2,068.44	264.32	231.53	2,101.23	7,898.87	4,845.99
Plant and Equipment	45,519.06	15,569.49	2,028.78	59,059.77	30,410.41	3,587.38	1,641.40	32,356.39	26,703.38	15,108.65
Vehicles	345.04	67.30	31.99	380.35	158.43	29.92	18.68	169.67	210.68	186.61
Office Furnitures	227.66	144.47	14.99	357.14	118.67	17.53	5.37	130.83	226.31	108.99
Computers	431.25	91.34	12.25	510.34	367.39	20.86	10.61	377.64	132.70	63.86
<b>TOTAL (A)</b>	<b>53,912.19</b>	<b>20,513.51</b>	<b>3,042.40</b>	<b>71,383.30</b>	<b>33,123.34</b>	<b>3,920.01</b>	<b>1,907.59</b>	<b>35,135.76</b>	<b>36,247.54</b>	<b>20,788.85</b>
<b>Intangible Assets</b>										
ERP Expenditure & Software	325.70	99.17	0.18	424.69	281.90	24.89	0.11	306.68	118.01	43.80
<b>TOTAL (B)</b>	<b>325.70</b>	<b>99.17</b>	<b>0.18</b>	<b>424.69</b>	<b>281.90</b>	<b>24.89</b>	<b>0.11</b>	<b>306.68</b>	<b>118.01</b>	<b>43.80</b>
<b>TOTAL (A + B)</b>	<b>54,237.89</b>	<b>20,612.68</b>	<b>3,042.58</b>	<b>71,807.99</b>	<b>33,405.24</b>	<b>3,944.90</b>	<b>1,907.70</b>	<b>35,442.44</b>	<b>36,365.55</b>	<b>20,832.65</b>
Previous Year	56,435.48	1,343.86	3,541.45	54,237.89	33,330.60	3,032.24	2,957.60	33,405.24	20,832.65	23,104.88
Capital Work-in -progress									23.79	16,443.02
<b>Total</b>	<b>54,237.89</b>	<b>20,612.68</b>	<b>3,042.58</b>	<b>71,807.99</b>	<b>33,405.24</b>	<b>3,944.90</b>	<b>1,907.70</b>	<b>35,442.44</b>	<b>36,389.34</b>	<b>37,275.67</b>
Previous Year									37,275.67	24,321.07

<b>2.10 Investments</b>	<b>As at 31.03.2014 ₹ Lacs</b>	<b>As at 31.03.2013 ₹ Lacs</b>
<b>Non Current Investments</b>		
<b>Trade Investments</b>		
In Equity Shares - Unquoted, fully paid up		
1,00,000 Vantex Limited of ₹ 10 each	<b>19.00</b>	19.00
12,06,000 A.P. Gas Power Corporation Limited of ₹ 10 each	<b>1,964.87</b>	1,964.87
2,25,000 Sai Regency Power Corporation Private Limited of ₹ 10 each	<b>22.50</b>	22.50
14,000 OPG Energy Private Limited of ₹ 10 each	<b>1.40</b>	1.40
Less : Diminution in the value of investment	<b>(475.58)</b>	(475.58)
	<b>1,532.19</b>	1,532.19
<b>Others Investments</b>		
In Equity Shares - Quoted, fully paid up		
54,62,250 Pricol Limited of ₹ 1 each	<b>197.47</b>	197.47
Market value - ₹ 1466.60 lacs (Previous Year ₹ 824.80 lacs)		
In Equity Shares of Subsidiary Companies - Unquoted, fully paid up		
2,50,000 Multiflora Processing (Cbe) Limited of ₹ 10 each	<b>25.00</b>	25.00
1,00,000 Suprem Textiles Processing Limited of ₹ 100 each	<b>100.00</b>	100.00
50,000 Precot Meridian Energy Limited of ₹ 10 each	<b>5.00</b>	5.00
6,66,667 Benwood Corporation Sdn Bhd of RM.1 each (Refer Note No. 2.39)	<b>41.61</b>	41.61
In Equity Shares - Unquoted, fully paid up		
100 Precot Mills Employees Cooperative Credit Society of ₹ 10 each	<b>0.01</b>	0.01
100 Precot Mills Multi purpose stores of ₹ 10 each	<b>0.01</b>	0.01
10,000 Cotton Sourcing Company Ltd of ₹ 10 each	<b>1.00</b>	1.00
In Partnership Firm *	<b>9.90</b>	9.90
Add : Investment Fair Value Adjustments	<b>1,322.16</b>	682.79
	<b>3,234.35</b>	2,594.98
<b>Aggregate amount of quoted investments</b>	<b>197.47</b>	197.47
Market value of quoted investments	<b>1,466.60</b>	824.80
<b>Aggregate amount of unquoted investments</b>	<b>2,190.29</b>	2,190.29
* Investment in Partnership Firm - Suprem Associates		
Total Capital of the Firm	<b>10.00</b>	10.00
<b>Share in the capital of the firm</b>	<b>9.90</b>	9.90
Share of each partner in the profits of the Firm		
Precot Meridian Limited	<b>99%</b>	99%
Suprem Textile Processing Limited	<b>1%</b>	1%



	<b>As at 31.03.2014 ₹ Lacs</b>	As at 31.03.2013 ₹ Lacs
<b>2.11 Deferred Taxes</b>		
Deferred Tax Liabilities		
Fixed assets	<b>1,916.65</b>	2,438.04
	<b>1,916.65</b>	2,438.04
Deferred Tax Assets		
Bonus & VRS	<b>92.65</b>	116.04
Business Loss and Unabsorbed Depreciation	<b>1,681.19</b>	1,189.16
Gratuity and others	<b>92.34</b>	90.62
Others	<b>69.38</b>	0.00
	<b>1,935.56</b>	1,395.82
Deferred Tax Assets / (Liabilities) (NET)	<b>18.91</b>	(1,042.22)
<b>2.12 Long Term Loans and Advances</b>		
Unsecured, considered good		
Capital Advances	<b>21.78</b>	390.01
Security Deposits	<b>601.22</b>	577.15
MAT Credit Receivable	<b>894.25</b>	426.57
Tax Payments Pending Adjustments	<b>548.93</b>	125.63
	<b>2,066.18</b>	1,519.36
<b>2.13 Inventories</b>		
a. Raw Materials and components	<b>12,670.50</b>	11,298.62
b. Work-in-progress	<b>3,237.70</b>	1,295.21
c. Finished goods	<b>1,958.83</b>	1,818.56
d. Waste Cotton	<b>123.63</b>	85.86
e. Stores and spares	<b>662.59</b>	368.63
	<b>18,653.25</b>	14,866.88
<b>2.14 Trade Receivables</b>		
Unsecured, considered good		
Over six months	<b>49.09</b>	20.08
Others	<b>4,295.35</b>	4,205.74
	<b>4,344.44</b>	4,225.82
<b>2.15 Cash and Cash Equivalents</b>		
a) Balances with banks		
In current accounts	<b>335.19</b>	998.43
In unclaimed dividend accounts	<b>24.94</b>	29.63
b) Cash on hand	<b>5.72</b>	7.65
	<b>365.85</b>	1,035.71

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 cash flow statement is ₹ 340.91 lacs (Previous year ₹ 1006.08 Lacs).

	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
<b>2.16 Short term loans and advances</b>		
Unsecured, considered good		
Balance with Government authorities	277.60	196.32
Advance to trade suppliers	125.70	14.04
Prepaid expenses	439.23	307.78
Staff advances	65.47	29.65
Dues from Subsidiaries/ related parties (Refer note no: 2.43)	37.73	37.08
Other Advances	67.07	127.13
	<u>1,012.80</u>	<u>712.00</u>
<b>2.17 Other Current Assets</b>		
Export incentives receivable	467.75	350.86
Interest accrued	133.09	144.81
Subsidy receivable from Government (Refer note no: 2.37)	2,642.05	1,860.36
Other receivables	13.50	143.76
	<u>3,256.39</u>	<u>2,499.79</u>
<b>2.18 Revenue from Operations</b>		
<b>Sale of Products - Manufactured Goods</b>		
Sale of Yarn	71,912.06	57,791.38
Sale of Fabrics	116.52	7,707.22
Sale of Garments	-	398.83
	<u>72,028.58</u>	<u>65,897.43</u>
<b>Other operating revenue</b>		
Scrap Sales	121.90	54.16
Export Incentive	545.22	504.34
Wind power Income	-	80.88
Processing Income	937.62	147.39
Sale of Traded Goods	153.29	-
Others	32.48	32.95
	<u>1,790.51</u>	<u>819.72</u>
	<u>73,819.09</u>	<u>66,717.15</u>
<b>2.19 Other Income</b>		
Interest Income	138.01	239.41
Dividend		
- From subsidiaries	-	192.84
- From long term investments	43.70	43.70
- Profit on sale of assets (Net)	208.63	232.11
Rent receipts	26.45	25.74
Insurance claim receipts	0.45	16.23
Miscellaneous Income	10.27	4.87
	<u>427.51</u>	<u>754.90</u>

	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
<b>2.20 Cost of materials consumed :</b>		
Inventory at the beginning of the year	11,384.50	8,966.71
Add : Purchases	43,288.90	36,462.50
	<u>54,673.40</u>	<u>45,429.21</u>
Less: Inventory at the end of the year	12,794.13	11,384.50
	<u>41,879.27</u>	<u>34,044.71</u>

Details of Consumption	31.03.2014		31.03.2013	
	% of consumption	₹ Lacs	% of consumption	₹ Lacs
Imported	4.16%	1,742.70	0.66%	224.55
Indigenous	95.84%	40,136.57	99.34%	33,820.16
	<u>100.00%</u>	<u>41,879.27</u>	<u>100.00%</u>	<u>34,044.71</u>

**2.21 Changes in inventories of finished goods and work-in-progress**
**Inventory at the end of the year**

Work in Progress	3,237.70	1,295.21
Finished Goods	1,958.83	1,818.56
	<u>5,196.53</u>	<u>3,113.77</u>

**Less : Inventory at the beginning of the year**

Work in Progress	1,295.21	1,738.95
Finished Goods	1,818.56	2,180.65
	<u>3,113.77</u>	<u>3,919.60</u>
(Increase) / decrease in inventories	<u>(2,082.76)</u>	<u>805.83</u>

**2.22 Employee benefits expense**

Salaries, Wages and Bonus	5,887.61	5,535.50
Contributions to Provident fund and other funds	507.33	468.66
Staff welfare expenses	494.86	433.90
	<u>6,889.80</u>	<u>6,438.06</u>

**2.23 Finance Cost**

Interest expense	3,182.74	2,559.37
Other borrowing costs	58.36	52.49
	<u>3,241.10</u>	<u>2,611.86</u>

	<b>As at 31.03.2014 ₹ Lacs</b>	As at 31.03.2013 ₹ Lacs
<b>2.24 Depreciation and Amortization</b>		
Depreciation	<b>3,920.01</b>	3,014.53
Amortization of intangible asset	<b>24.89</b>	17.71
	<b>3,944.90</b>	3,032.24
<b>2.25 Other Expenses</b>		
Consumption of Stores & Spares	<b>2,209.13</b>	2,308.91
Power & Utilities	<b>8,955.51</b>	8,562.09
Processing Charges	<b>133.61</b>	581.53
Repairs and maintenance		
Machinery	<b>2,777.15</b>	2,266.69
- Building	<b>456.94</b>	263.16
- Others	<b>145.52</b>	145.10
- Rent	<b>10.91</b>	6.98
Rates and Taxes	<b>49.85</b>	43.42
Insurance Premium	<b>53.42</b>	37.21
Foreign Exchange loss (net)	<b>304.04</b>	158.74
Diminution in the value of investment	-	200.00
Selling & Distribution expenses	<b>2,741.79</b>	2,560.83
Bank Charges	<b>99.23</b>	96.56
Communication Expenses	<b>64.40</b>	56.47
Printing & Stationery	<b>47.45</b>	53.25
Travelling Expenses	<b>232.03</b>	137.12
Directors' Sitting fees	<b>5.05</b>	4.28
Professional Charges	<b>222.11</b>	69.85
Legal Charges	<b>34.86</b>	13.75
Auditor's Remuneration	<b>12.45</b>	9.61
Miscellaneous expenses	<b>335.38</b>	239.62
Bad debts written off	<b>25.51</b>	6.78
	<b>18,916.34</b>	17,821.95
Payments to the auditor as		
a) Auditor		
- For Statutory Audit	<b>6.25</b>	6.00
- For Tax Audit	<b>1.34</b>	1.19
- For VAT Audit	<b>1.50</b>	-
b) For certification services	<b>1.32</b>	0.84
c) For reimbursement of expenses	<b>0.75</b>	0.53
d) Service Tax	<b>1.29</b>	1.05
	<b>12.45</b>	9.61

	<b>As at 31.03.2014 ₹ Lacs</b>	As at 31.03.2013 ₹ Lacs
<b>2.26 Earnings per share</b>		
Net Profit/(Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders	<b>3,044.80</b>	2,068.68
Weighted Average number of equity shares used as denominator for calculating EPS (Nos.)	<b>1,20,00,000</b>	1,20,00,000
Basic & Diluted Earnings / (Loss) per share (in ₹)	<b>25.37</b>	17.24
Face value per equity share (in ₹)	<b>10.00</b>	10.00
<b>2.27</b> Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>54.84</b>	482.72
<b>2.28 Contingent liabilities in respect of :</b>		
Bills discounted	<b>1,449.18</b>	2,752.43
Guarantees	<b>4,784.28</b>	213.01
Letters of credit outstanding	<b>71.57</b>	1,225.80
As of the Balance Sheet date, the Company's net foreign currency exposures that are not hedged by a derivative instrument or otherwise is ₹ 3,074.41 Lacs (₹ 5,353.15 Lacs as at March 31, 2013).		
<b>2.29</b> a. Disputed Statutory Liabilities not provided for	<b>2,429.58</b>	2,418.53
b. Disputed Other Liabilities not provided for	<b>59.74</b>	277.04
<b>2.30 Earnings in Foreign Exchange</b>		
a. Export of Goods - FOB Value	<b>19,281.96</b>	16,787.22
b. Dividend from Foreign Subsidiary	-	192.84
	<b>19,281.96</b>	16,980.06
<b>2.31 Expenditure in Foreign Currency</b>		
a. CIF Value of Imports		
i. Raw Materials	<b>1,729.27</b>	309.34
ii. Components and Spares	<b>507.54</b>	275.20
iii. Capital Goods	<b>841.71</b>	9,377.50
b. Export Commission	<b>219.33</b>	168.44
c. Travelling Expenses	<b>28.92</b>	8.98
d. Quality Claim	<b>9.85</b>	21.41
e. Interest	<b>179.59</b>	215.13
f. Others	<b>136.62</b>	6.27
	<b>3,652.83</b>	10,382.27

**2.32** The amounts and disclosures included in the financial statements of the previous year have been reclassified where ever necessary to conform to the current year's classification.

**2.33** The Company has opted out of levy of Excise duty from July 2004.

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

	<b>As at 31.03.2014 ₹ Lacs</b>	<b>As at 31.03.2013 ₹ Lacs</b>
a. Exchange difference capitalized during the year	<b>274.13</b>	248.33
b. Depreciation charged to statement of profit & loss thereon	<b>205.33</b>	159.38
c. Remaining amount to be amortized*	<b>741.02</b>	685.93

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

**2.35** The company, having adopted AS30 with effect from 1st April 2008, continues to comply with its requirements. There is no outstanding amount of forward contracts not recognised in the books of accounts as on the balance sheet date. (Previous year - ₹ 136.70 lacs)

**2.36** The term loans from bank includes loan of Rs.12,000 lakhs from ICICI Bank to fund its technical textiles project in Hassan, which is a 100% export oriented project. In order to hedge the interest rate and currency risks, the company has entered into a INR-Euro swap with the INR term loan as the underlying asset. The said transaction involves exchange of interest on a monthly basis and exchange of principal on a semi-annual basis and is intended to be held till the maturity date of 30<sup>th</sup> July, 2021. The Company has adopted the accounting treatment and disclosures in accordance with the principles laid down in AS 30 and AS 32 on foreign currency derivative contracts. These instruments meet the management's foreign exchange risk management objectives and also qualify for hedge accounting as per the principles of hedge accounting. Accordingly, as on the Balance Sheet date, the fair value of the hedge resulting in a notional loss amounting to ₹ 1671.59 lakhs and the realised gain on the interest swap of the transaction amounting to ₹ 293.91 lakhs have been appropriately reflected in the hedge reserve.

**2.37** Subsidy receivable from Government represents ₹ 1496.23 lacs (previous year ₹ 714.54 lacs) of interest subsidy on TUF scheme loans and ₹ 1145.82 (previous year ₹ 1145.82 lacs) of capital subsidy on investments in its Technical Textiles project at SEZ, Hassan.

**2.38** The technical textile project at Hassan, with a capital expenditure of ₹ 18,157 lakhs, commenced its commercial production on 12<sup>th</sup> June 2013.

The borrowing cost capitalized during the year is ₹ 164.24 Lacs (previous year – ₹ 937.64 Lacs).

**2.39** Benwood Corporation Sdn Bhd, the Malaysian subsidiary of the company has filed an application for Members' Voluntary Winding Up on 28<sup>th</sup> May 2013 and is awaiting the winding up order.

- 2.40** Disclosure required in terms of clause 13.5 A of chapter XIII on guide lines for preferential issues, SEBI (Disclosure and investor protection) Guidelines, 2000.

₹ Lacs

Particulars	During the year ended	
	31.03.2014	31.03.2013
Total amount received from issue of fully convertible debentures	-	-
Total amount received from issue of warrants	-	385.86
“Purpose for which the money received has been utilised:”		
A) Capital Expenditure	-	-
B) Working Capital	-	385.86

- 2.41** The Company has obtained an approval from the share holders under section 293(1)(a) of the Companies Act, 1956 to dispose off the weaving and processing division. Effect is being given in the financial statements as and when disposal happens. The effect of disposal of the weaving division during the year has been shown under the extra ordinary items.

- 2.42** The company has recognized deferred tax asset of ₹ 1681.19 lacs in line with the requirements of AS 22. The said deferred tax asset has been recognized on the unabsorbed depreciation and carry forward of losses under tax laws to the extent that there is virtual certainty supported by convincing evidence based on the nature of business that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**2.43 Related Party Disclosure :**

List of related parties with whom transactions have taken place

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

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

Others: Suprem Associates (Partnership firm), Pricol Limited, Pricol Packaging Limited and Mr. Vijay Mohan.

₹ Lacs

Nature of transactions	FY 2013-14			FY 2012-13		
	Subsidiary company	KMP	Others	Subsidiary company	KMP	Others
Commission on Exports	1.13	-	-	21.23	-	-
Dividend Received	-	-	43.70	192.84	-	43.70
Advance for Expenses	0.65	-	-	0.83	-	-
Remuneration	-	113.65	-	-	248.89	-
Purchase of spares	-	-	0.34	-	-	0.68
Purchase of packing materials	-	-	1.06	-	-	0.45
Sitting Fees	-	-	0.40	-	-	0.30
Preferential Allotment of Shares and Warrants	-	-	-	-	385.86	-
Amount Outstanding as at year end - Dr	0.65	-	37.08	-	-	37.08
Amount Outstanding as at year end - Cr	17.50	5.38	-	17.50	150.95	-

**2.44 Disclosure report under AS15 (Revised 2005)**
**₹ Lacs**

<b>I. Principal Actuarial Assumptions</b> [Expressed as weighted averages]	<b>31.03.2014</b>	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Discount Rate	<b>9.11%</b>	8.09%	8.70%	8.30%	8.40%
Salary escalation rate	<b>4.50%</b>	4.50%	5.50%	5.50%	5.00%
Attrition rate	<b>2.00%</b>	2.00%	2.00%	2.00%	2.00%
Expected rate of return on plan Assets	<b>9.00%</b>	9.00%	9.00%	9.00%	9.00%

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

<b>II. Changes in the present value of the obligation (PVO) -</b>					
Reconciliation of opening and closing balances:					
PVO as at the beginning of the period	<b>1155.92</b>	1042.24	918.92	781.32	609.61
Interest cost	<b>103.60</b>	88.96	74.15	63.06	46.27
Current service cost	<b>102.74</b>	52.29	47.73	40.28	31.60
Past service cost - (vested benefits)	-	-	-	12.29	-
Benefits paid	<b>(37.44)</b>	(39.42)	(51.02)	(61.18)	(62.42)
Actuarial loss / (gain) on obligation (balancing figure)	<b>(94.84)</b>	11.84	52.46	83.14	156.25
PVO as at the end of the period	<b>1229.97</b>	1155.92	1042.24	918.92	781.32

<b>III. Changes in the fair value of plan assets -</b>					
Reconciliation of opening and closing balances:					
Fair value of plan assets as at the beginning of the period	<b>926.61</b>	887.94	906.82	576.15	420.12
Expected return on plan assets	<b>42.87</b>	78.14	79.32	64.85	35.00
Contributions	-	-	-	350.00	-
Benefits paid	<b>(37.44)</b>	(39.42)	(51.02)	(61.18)	(62.42)
Actuarial gain / (loss) on plan assets (balancing figure)	<b>46.77</b>	(0.05)	(47.18)	(23.01)	183.44
Fair value of plan assets as at the end of the period	<b>978.81</b>	926.61	887.94	906.82	576.15

<b>IV. Actual return on plan assets</b>					
Expected return on plan assets	<b>42.87</b>	78.14	79.32	64.85	35.00
Actuarial gain (loss) on plan assets	<b>46.77</b>	(0.05)	(47.18)	(23.00)	183.44
Actual return on plan assets	<b>89.64</b>	78.09	32.14	41.84	218.45

<b>V. Actuarial gain / loss recognized</b>					
Actuarial gain / (loss) for the period - Obligation	<b>94.84</b>	(11.84)	(52.46)	(83.14)	(156.25)
Actuarial gain / (loss) for the period-Plan assets	<b>46.77</b>	(0.05)	(47.18)	(23.01)	183.44
Total (gain) / loss for the period	<b>(141.61)</b>	11.89	99.64	106.14	(27.19)
Actuarial (gain)/loss recognised in the period	<b>(141.61)</b>	11.89	99.64	106.14	(27.19)



**₹ Lacs**

<b>VI. Amounts recognised in the balance sheet and related analysis</b>	<b>31.03.2014</b>	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Present value of the obligation	<b>1229.97</b>	1155.92	1042.24	918.92	781.32
Fair value of plan assets	<b>978.81</b>	926.61	887.94	906.82	576.15
Difference	<b>251.16</b>	229.30	154.30	12.10	205.17
Liability recognised in the balance sheet	<b>251.16</b>	229.30	154.30	12.10	205.17

<b>VII. Expense recognised in the statement of profit and loss</b>					
Current service cost	<b>102.74</b>	52.29	47.73	40.28	31.60
Interest cost	<b>103.60</b>	88.96	74.15	63.06	46.27
Expected return on plan assets	<b>(42.87)</b>	(78.14)	(79.32)	(64.85)	(35.00)
Net actuarial (gain)/ loss recognised in the year	<b>(141.61)</b>	11.89	99.64	106.14	(27.19)
Past service cost-vested benefits	-	-	-	12.29	-
Expenses recognised in the statement of profit and loss	<b>21.86</b>	75.00	142.20	156.92	15.68

<b>VIII. Movements in the liability recognized in the balance sheet</b>					
Opening net liability	<b>229.30</b>	154.31	12.10	205.17	189.49
Expense as above	<b>21.86</b>	75.00	142.20	156.92	15.68
Contribution paid	-	-	-	(350.00)	-
Closing net liability	<b>251.16</b>	229.30	154.30	12.10	205.17

<b>IX. Amount for the Current Period</b>					
Present Value of obligation	<b>1229.97</b>	1155.92	1042.24	918.92	781.32
Plan Assets	<b>978.81</b>	926.61	887.94	906.82	576.15
Surplus / (Deficit)	<b>(251.16)</b>	(229.31)	(154.30)	(12.10)	(205.17)
Experience adjustments on plan liabilities - (Loss)/gain	<b>14.18</b>	(54.95)	(91.01)	(32.22)	(64.68)
Experience adjustments on plan assets - (Loss)/gain	<b>46.77</b>	(0.05)	(47.18)	(23.01)	183.44

<b>X. Major categories of plan assets (as percentage of total plan assets)</b>					
Fund managed by Insurer	100.00%	100.00%	100.00%	100.00%	100.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

<b>XI. Enterprise's Best Estimate of Contribution during Next Year</b>	NA	NA	NA	NA	NA
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Vide our report of even date attached

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W

**C S Sathyanarayanan**  
Partner

M.No. : 028328

Place : Coimbatore

Date : 30<sup>th</sup> May 2014

**D Sarath Chandran**  
Chairman

**Ashwin Chandran**  
Managing Director

**M R Siva Shankar**  
Head - Finance & Accounts

**R Nithya Prabhu**  
Company Secretary

	31.03.2014	31.03.2013
	₹ Lacs	₹ Lacs
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary Items	1324.79	2,717.40
Adjustments for :		
Depreciation	3,944.90	3,032.24
(Profit)/Loss on Sale of Assets	(208.63)	(232.11)
Investment Income - Dividend	(43.70)	(236.53)
Interest Income	(138.01)	(239.41)
Diminution in the value of Investment	-	200.00
Interest Payment	3,241.10	2,611.86
	<u>6795.66</u>	<u>5,136.05</u>
<b>Operating Profit before Working Capital changes</b>	<b>8120.45</b>	<b>7,853.45</b>
Adjustments for :		
Trade Receivables	(118.62)	(1,291.13)
Other Receivables	(1,148.27)	(1,584.23)
Inventories	(3,786.37)	(1,649.51)
Trade Payables	1,028.99	719.81
	<u>(4024.27)</u>	<u>(3,805.06)</u>
<b>Cash generated from Operations</b>	<b>4096.18</b>	<b>4,048.39</b>
Direct Taxes paid	(565.20)	(1,115.15)
<b>Net Cash Flow from Operating Activities</b>	<b>3530.98</b>	<b>2,933.24</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets(Including WIP)	(4,193.45)	(16,570.70)
Sale of Fixed Assets	1,343.51	815.96
Sale of Fixed Assets-Extraordinary Item	728.26	972.92
(Purchase)/ Sale of Investments	-	(1.00)
Interest Received	149.73	146.42
Dividend Received	43.70	236.53
<b>Net Cash flow from Investing Activities</b>	<b>(1928.25)</b>	<b>(14,399.87)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Shares/ Share warrants	-	385.88
Dividends Paid (Including Dividend Tax)	(98.28)	-
Interest paid	(3,286.47)	(2,608.33)
Interest received (Swap)	224.97	-
Proceeds from Long Term Borrowings	(2,529.22)	9,815.97
Proceeds from Unsecured Loan	3,411.97	-
Proceeds from Working Capital Borrowings	4.44	4,352.87
<b>Net Cash Flow from Financing Activities</b>	<b>(2272.59)</b>	<b>11,946.39</b>
<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	<b>(669.86)</b>	<b>479.77</b>
Cash and Cash Equivalents as at 1.4.2013 and 1.4.2012 (opening balance)	1035.71	555.93
Less: Bank balances not considered as cash and cash equivalents as per Accounting Standard 3	24.94	29.63
Cash and Cash Equivalents as at 31.3.2014 and 31.3.2013 (Closing balance )	<b>340.91</b>	<b>1,006.08</b>

Vide our report of even date attached

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W

**C S Sathyanarayanan**  
Partner

M.No. : 028328  
Place : Coimbatore  
Date : 30<sup>th</sup> May 2014

**D Sarath Chandran**  
Chairman

**Ashwin Chandran**  
Managing Director

**M R Siva Shankar**  
Head - Finance & Accounts

**R Nithya Prabhu**  
Company Secretary

**Independent Auditors' report**

**On the consolidated Financial Statement of Precot Meridian Limited**

**To the Board of Directors of Precot Meridian Limited**

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

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

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Precot Meridian Limited and its subsidiaries.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as mentioned in the 'Other Matter' paragraph below, the consolidated financial statements 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 state of affairs of the Group as at March 31, 2014;
- b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Other Matter**

We did not audit the financial statements of Benwood Corporation Sdn Bhd and Suprem Associates, whose financial statements reflect total assets (net) of ₹ 197.02 lacs as at March 31, 2014. These financial statements and other financial information have been certified by the management, and our opinion is based solely on such financial statements.

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W  
**C S Sathyanarayanan**  
Partner  
M.No.: 028328

Place : Coimbatore  
Date : 30<sup>th</sup> May 2014

	Note	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	2.01	1,200.00	800.00
Reserves and Surplus	2.02	14,773.31	13,089.03
Minority Interest		62.34	60.32
		<u>16,035.65</u>	<u>13,949.35</u>
<b>Non-current liabilities</b>			
Long Term Borrowings	2.03	19,425.21	22,453.53
Deferred tax liabilities (Net)	2.11	-	1,042.22
Long Term Provisions	2.04	169.68	183.23
Other Non Current Liabilities		1,671.59	-
		<u>21,266.48</u>	<u>23,678.98</u>
<b>Current Liabilities</b>			
Short Term Borrowings	2.05	20,903.78	17,486.93
Trade Payables	2.06	2,237.52	1,146.67
Other Current Liabilities	2.07	8,558.03	8,190.22
Short Term Provisions	2.08	362.51	237.44
		<u>32,061.84</u>	<u>27,061.26</u>
		<u>69,363.97</u>	<u>64,689.59</u>
<b>Assets</b>			
Non-current Assets			
Fixed Assets			
Tangible Assets	2.09	36,328.96	20,870.26
Intangible Assets		118.01	43.79
Capital Work-in-progress		23.79	16,443.02
Non-current Investments	2.10	3,035.03	2,341.12
Deferred tax assets (Net)	2.11	18.91	-
Long Term loans and advances	2.12	2,066.18	1,519.36
		<u>41,590.88</u>	<u>41,217.55</u>
<b>Current Assets</b>			
Inventories	2.13	18,653.25	14,866.88
Trade receivables	2.14	4,344.44	4,225.78
Cash and cash equivalents	2.15	482.97	1,146.32
Short Term loans and advances	2.16	1,036.04	733.27
Other current assets	2.17	3,256.39	2,499.79
		<u>27,773.09</u>	<u>23,472.04</u>
		<u>69,363.97</u>	<u>64,689.59</u>

Significant Accounting Policies and Notes on Financial Statements 1 & 2

Vide our report of even date attached

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W

**C S Sathyanarayanan**  
Partner

M.No. : 028328  
Place : Coimbatore  
Date : 30<sup>th</sup> May 2014

**D Sarath Chandran**  
Chairman

**Ashwin Chandran**  
Managing Director

**M R Siva Shankar**  
Head - Finance & Accounts

**R Nithya Prabhu**  
Company Secretary



**Consolidated Statement of Profit and loss**

	Note	2013-14 ₹ Lacs	2012-13 ₹ Lacs
<b>Revenue From Operations</b>	2.18	<b>73,819.09</b>	66,883.79
Other income	2.19	<b>429.19</b>	562.18
<b>Total Revenue</b>		<b>74,248.28</b>	67,445.97
<b>Expenses</b>			
Cost of materials consumed	2.20	<b>41,879.27</b>	34,045.52
Changes in inventories of finished goods and work-in-progress	2.21	<b>(2,082.76)</b>	954.74
Purchase of Traded Goods		<b>133.16</b>	
Employee benefits expense	2.22	<b>6,889.80</b>	6,445.17
Finance costs	2.23	<b>3,241.10</b>	2,612.01
Depreciation and amortization expense	2.24	<b>3,944.90</b>	3,032.24
Other expenses	2.25	<b>18,919.30</b>	17,831.20
<b>Total Expenses</b>		<b>72,924.77</b>	64,920.88
<b>Profit / ( Loss ) before tax</b>		<b>1,323.51</b>	2,525.09
Tax expense :			
Current tax		<b>322.39</b>	235.02
For earlier year		-	225.89
MAT Credit		<b>(322.39)</b>	(163.89)
Deferred tax		<b>(991.75)</b>	936.03
Profit / loss Transferred to Minority Interest		<b>(0.76)</b>	(2.47)
Add: Profit from Extraordinary items		<b>728.26</b>	577.23
<b>Profit / ( Loss ) for the year</b>		<b>3,044.28</b>	1,871.74
Earnings per equity share (Norminal value of Share ₹ 10)	2.26	<b>25.37</b>	15.60

Significant Accounting Policies and Notes on Financial Statements 1 & 2

Vide our report of even date attached

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W

**C S Sathyanarayanan**  
Partner

M.No. : 028328  
Place : Coimbatore  
Date : 30<sup>th</sup> May 2014

**D Sarath Chandran**  
Chairman

**Ashwin Chandran**  
Managing Director

**M R Siva Shankar**  
Head - Finance & Accounts

**R Nithya Prabhu**  
Company Secretary

## 1 Significant Accounting Policies to the Consolidated Financial Statement

### 1.1 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:

- i) 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.
- ii) The difference between cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- iii) As far as possible, the consolidated financial statements are prepared using accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.

1.2 Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on "Accounting for investments."

### 1.3 Other Significant Accounting Policies :

These are set out under "Significant Accounting Policies" as given in the standalone financial statements of Precot Meridian Limited.

1.4 The names of subsidiaries/firms considered in the consolidated financial statements are :

	<b>Name of Subsidiary</b>	<b>Country of Incorporation</b>	<b>% of ownership</b>	<b>Reporting Date</b>
a)	Suprem Textiles Processing Ltd.,	India	100	31.03.2014
b)	Multiflora Processing (Coimbatore) Ltd.,	India	100	31.03.2014
c)	Precot Meridian Energy Ltd.,	India	100	31.03.2014
d)	Benwood Corporation Sdn Bhd	Malaysia	67	31.12.2013
e)	Suprem Associates - Firm	India	99	31.03.2014

### 2.01 Share Capital

	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
<b>Authorised</b>	<b>₹ Lacs</b>	<b>₹ Lacs</b>
2,00,00,000 Equity Shares of ₹ 10 each (31 <sup>st</sup> March, 2013 - 9000000 equity shares of ₹ 10 each)	<b>2,000.00</b>	900.00
<b>Issued, Subscribed &amp; fully Paid up</b>		
120,00,000 Equity Shares of ₹10 each fully paid up (31 <sup>st</sup> March, 2013 - 80,00,000 equity shares of ₹ 10 each)	<b>1,200.00</b>	800.00
	<b>1,200.00</b>	800.00

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

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

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

	<b>Equity Shares</b>			
	As at 31.03.2014		As at 31.03. 2013	
	Number	₹ Lacs	Number	₹ Lacs
Equity Shares at the beginning of the year	8,000,000	800.00	7,475,000	747.50
Add: Shares Issued during the year	4,000,000	400.00	525,000	52.50
Equity Shares at the end of the year	<u>12,00,000</u>	<u>1200.00</u>	<u>8,00,000</u>	<u>800.00</u>

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

S. No.	Name of Shareholder	<b>Equity Shares</b>			
		As at 31.03.2014		As at 31.03. 2013	
		No. of Shares held	% of holding	No. of Shares held	% of holding
1	D Sarath Chandran	2,841,108	23.69	1,893,080	23.67
2	Ashwin Chandran	2,307,457	19.23	1,538,305	19.23
3	Prashanth Chandran	1,971,891	16.43	1,314,595	16.43

iv) Aggregate number and class of shares allotted as fully paidup by way of bonus shares

S. No.	Particulars	2013 - 14
1	<b>Equity Shares :</b>	
	Fully paidup by way of bonus shares	4,00,00,000
	(Issued from Securities Premium Account)	

## 2.02 Reserves and Surplus

	Balance as at 31.03.2013	Additions during the year	Deductions/ Adjustments during the year	₹ in lacs Balance as at 31.03.2014
Capital Reserve	48.19	-	-	48.19
Capital Redemption Reserve	355.00	-	-	355.00
Securities Premium Reserve	3,136.46	-	400.00	2,736.46
Investment Fair Value Reserve	608.57	693.90	-	1,302.47
Foreign Currency Translation Reserve	75.26	4.55	-	79.81
General Reserve	11,629.76	228.36	-	11,858.12
Hedging Reserve - (Refer Note 2.34)	-	293.91	1,671.59	(1,377.68)
Surplus/(deficit) in statement of profit and loss	(2,764.21)	3,044.28	509.14	(229.06)
	<u>13,089.03</u>	<u>4,265.00</u>	<u>2,580.73</u>	<u>14,773.31</u>

2.03 Long Term Borrowings	Non Current portion		Current maturities	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
				₹ Lacs
<b>Secured</b>				
Term loans from Banks				
Rupee Loan (Refer note 2.34)	<b>19,048.15</b>	21,113.67	<b>3,546.39</b>	2,668.25
Foreign Currency Loan	<b>377.06</b>	1,298.49	<b>866.58</b>	1,228.51
<b>Unsecured</b>				
Deferred payment liabilities				
Sales Tax Deferral loan	-	41.37	<b>40.04</b>	57.14
	<b>19,425.21</b>	<b>22,453.53</b>	<b>4,453.01</b>	<b>3,953.90</b>

1. a) Term loan from SBI, ICICI, Andhra Bank, Export Import Bank of India and IDBI Bank are secured by way of pari passu first charge on entire movable and immovable assets of the company and pari passu second charge on current assets of the company.
- b) Term loan from IDBI Bank, Dubai Branch is secured by way of exclusive first charge on the windmills and related equipments, systems and assets located at Eragampatti and Manurpalayam Village in Tirupur district.
2. In respect of the above, Rupee Term Loans carry interest ranging from 8.5% p.a. to 13.61% p.a. and Foreign Currency Term Loans carry interest ranging from 1.85% p.a. to 3.27% p.a. plus applicable LIBOR.
3. Term loan from ICICI Bank for ₹ 12,000 Lacs is secured by way of exclusive first charge on the assets of the Technical Textile unit at Hassan, Karnataka and Second charge on the entire moveable fixed asset of the unit at Hassan, ranking pari passu charge with ICICI bank's derivative limits for the unit at Hassan.
4. The outstanding balance of :
  - Rupee term loan of ₹ 2062.50 Lacs from Andhra Bank is repayable in 11 equal quarterly installments.
  - Rupee Tuf loan – III of ₹ 45 Lacs from ICICI Bank is repayable in 2 equal quarterly installments.
  - Rupee Tuf loan – IV of ₹ 66.50 Lacs from IDBI Bank is repayable in 7 equal quarterly installments.
  - Rupee Tuf loan – VII of ₹ 132 Lacs from ICICI Bank is repayable in 2 equal quarterly installments.
  - Rupee Tuf loan – VIII of ₹ 300 Lacs from IDBI Bank is repayable in 5 equal quarterly installments.
  - Rupee Tuf loan – IX of ₹ 453.33 Lacs from EXIM Bank is repayable in 11 equal quarterly installments.
  - Rupee Tuf loan – X of ₹ 1301.97 Lacs from EXIM Bank is repayable in 13 equal quarterly installments.
  - Rupee Tuf loan – XI of ₹ 1618.75 Lacs from EXIM Bank is repayable in 23 quarterly installments of varying amounts.
  - Rupee Tuf loan – XII of ₹ 3160 Lacs from SBI is repayable in 17 quarterly installments of varying amounts.
  - Rupee Tuf loan XIII of ₹ 12000 Lacs from ICICI Bank is repayable in 11 half yearly installments of varying amounts commencing from July 2014.
  - Rupee Tuf Loan – XIV of ₹ 1500 Lacs from EXIM Bank is repayable in 20 equal quarterly installments commencing from September 2015.
  - Foreign Currency loan from ICICI Bank of USD 8.18 Lacs is repayable in 1 last installment falling due in first half of FY 2014-15.
  - Foreign Currency loan from IDBI Bank of USD 12.60 Lacs is repayable in 4 equal half yearly installments.
  - Deferred Sales tax loan of ₹ 40.04 Lacs is repayable in 6 monthly instalments of varying amounts.

2.04 Long Term Provisions	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
Provision for employee benefits	<b>169.68</b>	183.23
Gratuity (Funded)	<b>169.68</b>	183.23



	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
<b>2.05 Short Term Borrowings</b>		
<b>Secured</b>		
Working Capital Loans		
From Banks		
- Rupee Loan	10,426.02	9,562.41
- Foreign Currency Loan	3,065.79	3,924.52
<b>Unsecured</b>		
From Bank		
- Rupee Loan	7,411.97	4,000.00
	<b>20,903.78</b>	<b>17,486.93</b>

- Working capital loans from SBI, Andhra Bank, Corporation Bank, IDBI, ICICI, Yes Bank and The South Indian Bank are secured by way of pari passu first charge on current assets of the company and pari passu second charges on entire immovable assets of the company.
- In respect of the above, working capital rupee loans carry interest ranging from 10.45% p.a. to 14.85% p.a. and working capital foreign currency loans carry interest ranging from 1.95% p.a. to 3.30% p.a. plus applicable LIBOR.
- Unsecured short term loans from Axis Bank & IDBI Bank carry interest in the range of 10.25% to 10.50% p.a. Further the company has extended a corporate guarantee for the loan from Axis Bank.

**2.06 Trade Payables**

Trade Payables	2,237.52	1,146.67
	<b>2,237.52</b>	<b>1,146.67</b>

**2.07 Other Current Liabilities**

Current maturities of long-term debt ( Refer to Note No. 2.03 )	4,453.00	3,953.91
Interest accrued but not due on borrowings	69.53	115.88
Interest accrued and due on borrowings	0.98	-
Unclaimed dividends	24.94	29.63
Accrued Employee benefits	660.53	737.58
Dues to subsidiaries/ related parties (Refer Note No. 2.41)	5.38	150.95
Temporary Over Draft from Banks	2.93	-
Statutory dues payable	212.41	187.32
Other Payables *	3,128.33	3,014.95
	<b>8,558.03</b>	<b>8,190.22</b>

\* Other Payables include security deposits, expenses payable and advances from customers.

	<b>As at 31.03.2014 ₹ Lacs</b>	As at 31.03.2013 ₹ Lacs
<b>2.08 Short Term Provisions</b>		
a) <b>Provision for employee benefits</b>		
Gratuity (Funded)	<b>81.48</b>	46.08
b) <b>Others</b>		
Provision for Taxation (Net of Advance Tax)	<b>0.24</b>	97.76
c) Proposed dividend	<b>240.00</b>	80.00
d) Provision for Tax on Dividend		
	<b>40.79</b>	13.60
	<b>362.51</b>	237.44

**2.9 Fixed Assets**

₹ Lacs

Particulars	Original Cost				Depreciation and Amortization				Net Block	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto 31.03.2013	For the Year	Deductions	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Land	556.15	649.55	48.70	1,157.00	-	-	-	-	1,157.00	556.15
Building	6,914.43	3,991.36	905.69	10,000.09	2,068.44	264.32	231.51	2,101.24	7,898.85	4,845.99
Plant and Equipment	45,519.06	15,569.49	2,028.78	59,059.77	30,410.41	3,587.38	1,641.40	32,356.39	26,703.38	15,108.64
Vehicles	345.04	67.30	31.99	380.36	158.42	29.92	18.68	169.65	210.71	186.62
Office Furnitures	227.66	144.47	14.99	357.14	118.68	17.53	5.37	130.83	226.31	108.98
Computer	431.25	91.34	12.25	510.34	367.37	20.87	10.61	377.63	132.71	63.87
<b>TOTAL (A)</b>	<b>53,993.59</b>	<b>20,513.50</b>	<b>3,042.39</b>	<b>71,464.70</b>	<b>33,123.33</b>	<b>3,920.01</b>	<b>1,907.59</b>	<b>35,135.75</b>	<b>36,328.96</b>	<b>20,870.26</b>
Intangible Assets										
ERP Expenditure & Software	325.70	99.17	0.18	424.69	281.91	24.89	0.11	306.69	118.01	43.79
<b>TOTAL (B)</b>	<b>325.70</b>	<b>99.17</b>	<b>0.18</b>	<b>424.69</b>	<b>281.91</b>	<b>24.89</b>	<b>0.11</b>	<b>306.69</b>	<b>118.01</b>	<b>43.79</b>
<b>TOTAL (A + B)</b>	<b>54,319.29</b>	<b>20,612.67</b>	<b>3,042.57</b>	<b>71,889.39</b>	<b>33,405.24</b>	<b>3,944.90</b>	<b>1,907.70</b>	<b>35,442.44</b>	<b>36,446.97</b>	<b>20,914.05</b>
Previous Year	56,516.88	1,343.87	3,541.45	54,319.29	33,330.59	3,032.24	2,957.60	33,405.23	20,914.06	23,210.83
Capital Work-in-progress	-	-	-	-	-	-	-	-	23.79	16,443.02
<b>Total</b>	<b>54,319.29</b>	<b>20,612.67</b>	<b>3,042.57</b>	<b>71,889.39</b>	<b>33,405.24</b>	<b>3,944.90</b>	<b>1,907.70</b>	<b>35,442.44</b>	<b>36,470.76</b>	<b>37,357.07</b>
Previous Year									37,357.08	22,188.34

	31.03.2014 ₹ Lacs	31.03.2013 ₹ Lacs	31.03.2014 ₹ Lacs	31.03.2013 ₹ Lacs
<b>2.10 Non Current Investments</b>				
<b>Trade Investments</b>				
In Equity Shares - Unquoted, fully paid up at cost				
1,00,000 Vantex Limited of ₹ 10 each	19.00	19.00		
12,06,000 A.P. Gas Power Corporation Limited of ₹ 10 each	1,964.87	1,964.87		
2,25,000 Sai Regency Power Corporation Private limited of ₹ 10 each	22.50	22.50		
14,000 OPG Energy Private Limited of ₹ 10 each	1.40	1.40		
Less: Diminution in the value of investment	(475.58)	(475.58)		
	<u>1,532.19</u>	<u>1,532.19</u>		
<b>Others Investments</b>				
In Equity Shares - Quoted, fully paid up				
56,72,250 Pricol Limited of ₹ 1 each Market value ₹ 1522.89 (Previous year ₹ 824.80 lacs)	199.33	199.32		
In Equity Shares - Unquoted, fully paid up				
100 Precot Mills Employees Cooperative Credit Society of ₹ 10 each	0.01	0.01		
100 Precot Mills Multi purpose stores of ₹ 10 each	0.01	0.01		
10,000 Cotton Sourcing Company shares of ₹ 10 each	1.00	1.00		
In Government Securities	0.02	0.02		
Investment Fair Value Adjustments	1,302.47	608.57		
	<u>3,035.03</u>	<u>2,341.12</u>		
Aggregate amount of quoted investments	199.33	197.47		
Market value of Quoted Investments	1,522.89	824.80		
Aggregate amount of unquoted investments	2,008.81	2,190.29		
<b>2.11 Deferred Tax Liabilities</b>				
Fixed assets	1,916.65	2,438.04		
	<u>1,916.65</u>	<u>2,438.04</u>		
<b>Deferred Tax Assets</b>				
Bonus & VRS	92.65	116.04		
Business Loss and Unabsorbed Depreciation	1,681.19	1,189.16		
Gratuity and others	92.34	90.62		
Others	69.38	-		
	<u>1,935.56</u>	<u>1,395.82</u>		
<b>Deferred Tax Asset/(Liabilities) (Net)</b>	<u>18.91</u>	<u>(1,042.22)</u>		
<b>2.12 Long Term Loans and Advances</b>				
<b>Unsecured, considered good</b>				
Capital Advances	21.78	390.01		
Security Deposits	601.22	577.15		
MAT Credit Receivable	894.25	426.57		
Tax Payments Pending Adjustments	548.93	125.63		
	<u>2,066.18</u>	<u>1,519.36</u>		
<b>2.13 Inventories</b>				
Raw Materials and components	12,670.50	11,298.62		
Work-in-progress	3,237.70	1,295.21		
Finished goods	1,958.83	1,818.56		
Waste Cotton	123.63	85.86		
Stores and spares	662.59	368.63		
	<u>18,653.25</u>	<u>14,866.88</u>		
<b>2.14 Trade Receivables</b>				
Unsecured, considered good				
Over six months	49.09	20.08		
Others	4,295.35	4,205.70		
	<u>4,344.44</u>	<u>4,225.78</u>		
<b>2.15 Cash and Cash Equivalents</b>				
a) Balances with banks				
In current accounts	452.31	1,108.80		
In Unclaimed dividend accounts	24.94	29.63		
b) Cash on hand	5.72	7.89		
	<u>482.97</u>	<u>1,146.32</u>		
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 cash flow statement is ₹ 458.03 lacs (Previous year ₹ 1,116.69 Lacs)				
<b>2.16 Short term loans and advances</b>				
<b>Unsecured, considered good</b>				
Balance with Government authorities	291.90	210.01		
Advance to Trade Suppliers	171.87	58.71		
Prepaid expenses	439.23	307.77		
Staff advances	65.47	29.65		
Other advances	67.57	127.13		
	<u>1,036.04</u>	<u>733.27</u>		
<b>2.17 Other Current Assets</b>				
Export Incentives Receivable	467.75	350.86		
Interest accrued	133.09	144.81		
Subsidy receivable from Government (Refer Note No. 2.35)	2,642.05	1,860.36		
Other Receivables	13.50	143.76		
	<u>3,256.39</u>	<u>2,499.79</u>		
<b>2.18 Revenue from Operations</b>				
Sale of Products - Manufactured Goods				
Sale of Yarn	71,912.07	57,962.19		
Sale of Fabrics	116.52	7,707.22		
Sale of Garments	-	398.83		
	<u>72,028.59</u>	<u>66,068.24</u>		
<b>Other operating revenue</b>				
Scrap Sales	121.90	54.16		
Export Incentive	545.22	504.34		
Wind power Income	-	80.88		
Processing Income	937.62	143.22		
Sale of Treaded Goods	153.29	-		
Others	32.48	32.95		
	<u>1,790.51</u>	<u>815.55</u>		
	<u>73,819.09</u>	<u>66,883.79</u>		

	31.03.2014	31.03.2013		31.03.2014	31.03.2013
	₹ Lacs	₹ Lacs		₹ Lacs	₹ Lacs
<b>2.19 Other Income</b>					
Interest Income	138.01	242.11	Processing Charges	133.61	581.53
Dividend			Repairs and maintenance		
- From Long term Investments	45.37	45.38	- Machinery	2,777.15	2,266.69
Profit on sale of assets	208.63	227.37	- Building	456.94	263.16
Rent receipts	26.45	25.74	Others	145.52	148.61
Insurance claim receipts	0.45	16.70	Rent	10.91	9.39
Miscellaneous Income	10.28	4.88	Rates and Taxes	49.85	43.74
	<u>429.19</u>	<u>562.18</u>	Insurance Premium	53.42	37.21
			Foreign Exchange loss (net)	304.04	159.16
31.03.2014		31.03.2013	Dimiuntion in the value of investment	-	200.00
₹ Lacs		₹ Lacs	Selling & Distribution expenses	2,741.79	2,552.26
<b>2.20 Cost of materials consumed :</b>			Bank Charges	99.23	97.05
Imported	4.16% 1,742.70	0.66% 224.55	Communication Expenses	64.40	57.54
Indigenous	95.84% 40,136.57	99.34% 33,820.97	Printing & Stationery	47.45	53.25
	<u>100.00 41,879.27</u>	<u>100.00 34,045.52</u>	Travelling Expenses	232.03	137.12
			Directors' Sitting fees	5.05	4.28
	31.03.2014	31.03.2013	Professional Charges	222.37	70.96
	₹ Lacs	₹ Lacs	Legal Charges	34.86	14.02
<b>2.21 Changes in inventories of finished goods and work-in-progress</b>			Auditors' Remuneration	12.84	11.39
Inventory at the end of the year			Miscellaneous expenses	337.68	240.86
Work in Progress	3,237.70	1,295.21	Bad debts written off	25.51	11.98
Finished Goods	1,958.83	1,818.56		<u>18,919.30</u>	<u>17,831.20</u>
	<u>5,196.53</u>	<u>3,113.77</u>			
<b>Inventory at the beginning of the year</b>			Payments to the auditor as		
Work in Progress	1,295.21	1,738.95	a) Auditor		
Finished Goods	1,818.56	2,329.56	- For Statutory Audit	6.43	7.54
Total	<u>3,113.77</u>	<u>4,068.51</u>	- For Tax Audit	1.46	1.28
(Increase)/decrease in Inventories	<u>(2,082.76)</u>	<u>954.74</u>	- For VAT Audit	1.50	-
<b>2.22 Employee benefits expense</b>			b) For Certification services	1.32	0.84
Salaries, Wages and Bonus	5,887.61	5,540.95	c) For reimbursement of expenses	0.80	0.63
Contributions to Provident fund and other funds	507.33	469.32	d) Service Tax	1.33	1.10
Staff welfare expenses	494.86	434.90		<u>12.84</u>	<u>11.39</u>
	<u>6,889.80</u>	<u>6,445.17</u>			
<b>2.23 Finance Cost</b>			<b>2.26 Earnings per share</b>		
Interest expense	3,182.74	2,559.52	Net Profit/(Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders	3,044.28	1,871.74
Other borrowing costs	58.36	52.49	Weighted Average number of equity shares used as denominator for calculating EPS (Nos)	12,000,000	12,000,000
	<u>3,241.10</u>	<u>2,612.01</u>	Basic & Diluted Earnings / (Loss) per share (in ₹)	25.37	15.60
<b>2.24 Depreciation and Amortization</b>			Face Value per equity share (in ₹)	10.00	10.00
Depreciation	3,920.01	3,014.53			
Amortization of Intangible asset	24.89	17.71			
	<u>3,944.90</u>	<u>3,032.24</u>			
<b>2.25 Other Expenses</b>					
Consumption of Stores & Spares	2,209.13	2,308.91			
Power & Utilities	8,955.51	8,562.09			

2.27 Estimated amount of contracts remaining to be executed on capital account and not provided for **54.84** 482.72

2.28 **Contingent liabilities in respect of :**  
 Bills discounted **1,449.18** 2,752.43  
 Guarantees **4,784.28** 213.01  
 Letters of credit outstanding **71.57** 1,225.80

As of the Balance Sheet date, the Company's net foreign currency exposures that are not hedged by a derivative instrument or otherwise is ₹ 3,074.41 Lacs (₹ 5,353.15 Lacs as at March 31, 2013).

2.29 a. Disputed Statutory Liabilities not provided for **2,429.58** 2,418.53  
 b. Disputed Other Liabilities not provided for **59.74** 277.04

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

2.31 The Company has opted out of levy of Excise duty from July 2004.

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

**31.03.2014**      31.03.2013  
 ₹ Lacs              ₹ Lacs

a. Exchange difference capitalized during the year **274.13** 248.33  
 b. Depreciation provision charged to Profit & loss a/c thereon **205.33** 159.38  
 c. Remaining amount to be amortized\* **741.02** 685.93

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

2.33 The company, having adopted AS30 with effect from 1<sup>st</sup> April 2008, continues to comply with its requirements. There is no outstanding amount of forward contracts not recognised in the books of accounts as on the balance sheet date. (Previous year - ₹ 136.70 lacs).

2.34. The company has availed a term loan of ₹ 12000 lakhs from ICICI Bank to fund its technical textiles project in Hassan, which is a 100% export oriented project. In order to hedge the interest rate and currency risks, the company has entered into a INR-Euro swap with the INR term loan as the underlying asset. The said transaction involves exchange of interest on a monthly basis and exchange of principal on a semi-annual basis and is intended to be held till the maturity date of 30.07.2021. The company has adopted the accounting treatment and disclosures in accordance with the principles laid down in AS 30 and AS 32 on foreign currency derivative contracts. These instruments meet the management's foreign exchange risk management objectives and also qualify for hedge accounting as per the principles of hedge accounting.

Accordingly, as on the Balance Sheet date, the fair value of the hedge resulting in a notional loss amounting to ₹ 1671.59 lakhs and the realised gain on the interest swap of the transaction amounting to ₹ 293.91 lakhs have been appropriately reflected in the hedge reserve

2.35 Subsidy receivable from Government represents ₹ 1496.23 Lacs (previous year ₹ 714.54 lacs) on account of interest subsidy on TUF scheme loans and ₹ 1145.82 (previous year ₹ 1145.82 lacs) on account of capital subsidy on investments in its Technical Textiles project at SEZ, Hassan.

2.36 The technical textile project at Hassan, with a capital expenditure of ₹ 18,157 lakhs, commenced its commercial production on 12th June 2013. The borrowing cost capitalized during the year is ₹ 164.24 Lacs (previous year – 937.64 lacs).

2.37 Benwood Corporation Sdn Bhd, the Malaysian subsidiary of the company has filed an application for Members' Voluntary Winding Up on 28th May 2013 and is awaiting the winding up order.

2.38 Disclosure required in terms of clause 13.5 A of chapter XIII on guide lines for preferential issues, SEBI (Disclosure and investor protection) Guidelines, 2000.

**31.03.2014**      31.03.2013  
 ₹ Lacs              ₹ Lacs

Total amount received from issue of fully convertible debentures Nil Nil

Total amount received from Issue of warrants Nil 385.88

Purpose for which the money received has been utilised :

a) Capital Expenditure Nil Nil  
 b) Working Capital Nil 385.88

2.39 The Company has obtained an approval from the share holders under section 293(1)(a) of the Company Act 1956 to dispose off the weaving and processing division. Effect is being given in the financial statements as and when disposal happens. The effect of disposal of the weaving division during the year has been shown under the extra ordinary items.

2.40 The company has recognized deferred tax asset of ₹ 1681.19 lacs in line with the requirements of Accounting standard 22. The said deferred tax asset has been recognized on the unabsorbed depreciation and carry forward of losses under tax laws to the extent that there is virtual certainty supported by convincing evidence based on the nature of business that sufficient future taxable income will be available against which such deferred tax assets can be realized.

2.41 Related Party Disclosure :

List of related parties with whom transactions have taken place

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

Others : Suprem Associates (Partnership firm), Pricol Limited, Pricol Packaging Limited and Mr. Vijay Mohan

₹ Lacs

Nature of Transactions	2013-14		2012-13	
	KMP	Others	KMP	Others
Dividend Received	-	45.38	-	45.38
Remuneration	113.65	-	248.89	-
Purchase of spares	-	0.34	-	0.68
Purchase of packing materials	-	1.06	-	0.45
Sitting Fees	-	0.40	-	0.30
Preferential Allotment of Shares and Warrants	-	-	385.86	-
Amount Outstanding as at year end - Cr	5.38	-	150.95	-

	2013-2014 ₹ Lacs	2012-2013 ₹ Lacs		2013-2014 ₹ Lacs	2012-2013 ₹ Lacs
2.42 Geographical Segment			- Export	18,209.68	11,028.79
1 Segment Revenue			- Unallocated	46,223.64	44,750.73
- Domestic Sales	53,709.32	49,887.59	Total Assets	69,363.97	64,689.57
- Export Sales	20,109.77	16,996.20	4 Segment Liabilities		
Total Revenue	73,819.09	66,883.79	- Domestic	40,432.52	37,344.34
2 Segment Results			- Export	4,443.82	6,672.40
- Domestic	5,879.08	5,674.07	- Unallocated	8,451.99	6,723.50
- Export	2,201.24	1,933.10	Total Liabilities	53,328.33	50,740.24
Less : Depreciation & Amortisation			5 Capital Expenditure		
- Unallocated	3,944.90	3,032.24	- Unallocated	4,193.44	1,343.86
Total Operating Profit	4,135.42	4,574.92	6 Depreciation & Amortisation		
Add : Other Income	429.19	562.18	- Unallocated	3,944.90	3,032.24
Less : Interest	3,241.10	2,612.01			
Less : Provision for Tax	(669.36)	1,171.05			
Provision for Earlier years	-	225.89			
Add : MAT Credit	(322.39)	(163.89)			
Less : Minority Interest	(0.76)	(2.47)			
Extraordinary items	728.26	577.23			
Net Profit / (Loss)	3,044.29	1,871.74			
3 Segment Assets					
- Domestic	4,930.65	8,910.05			

**Note:**

- The Company has considered geographical segments as its primary segments which are domestic and export sales. The operations comprise of only one segment viz Textiles, therefore, there are not other business segments to be reported under AS-17.
- As per Accounting Standard on Segment reporting (AS-17), "Segment Reporting", the company has reported segment information on consolidated basis including business conducted through its subsidiaries.

Vide our report of even date attached

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W

**C S Sathyanarayanan**  
Partner

M.No. : 028328

Place : Coimbatore

Date : 30<sup>th</sup> May 2014

**D Sarath Chandran**  
Chairman

**Ashwin Chandran**  
Managing Director

**M R Siva Shankar**  
Head - Finance & Accounts

**R Nithya Prabhu**  
Company Secretary

Disclosure of Information relating to the subsidiary companies as required by the Ministry of Corporate Affairs, Government of India vide Circular no:2/2011 dated 8<sup>th</sup> February, 2011

Particulars	Suprem Textiles Processing Limited	Precot Meridian Energy Limited	Multiflora Processing (Cbe) Limited	Benwood Corporation Sdn.Bhd.	₹ Lacs
a) Share Capital	100.00	5.00	25.00	100.04	
b) Reserves & Surplus	(67.98)	(26.24)	4.10	84.36	
c) Total Assets	32.31	0.05	29.39	191.96	
d) Total Liabilities	32.31	0.05	29.39	191.96	
e) Details of Investments	1.98	-	-	-	
f) Net Sales & Service including other Income	1.68	-	-	-	
g) Profit / (Loss) before Tax	1.46	(0.22)	(0.22)	(2.29)	
h) Provision for Taxation	-	-	-	-	
i) Profit / (Loss) after Tax	1.46	(0.22)	(0.22)	(2.29)	
j) Proposed Dividend	-	-	-	-	

**Note :** The financial statement of subsidiaries whose reporting currency are other than Indian Rupee are converted into Indian Rupee on the basis of appropriate exchange rate.



## Consolidated Cash Flow Statement

	31.03.2014	31.03.2013
	₹ Lacs	₹ Lacs
<b>A. Cash flow from operating activities</b>		
Net Profit Before Tax and Extraordinary Items	1,323.51	2,525.09
Adjustments for :		
Depreciation	3,944.90	3,032.24
(Profit)/Loss on Sale of Assets	(208.63)	(227.37)
Investment Income - Dividend	(45.38)	(45.38)
Interest Income	(138.01)	(242.11)
Diminution in the value of Investment	-	200.00
Interest Payment	3,241.10	2,612.01
Foreign Currency Translation Reserve	4.55	(77.11)
Minority Interest	2.78	1.80
	<b>6,801.31</b>	<b>5,254.08</b>
<b>Operating Profit before Working Capital changes</b>	<b>8,124.82</b>	<b>7,779.17</b>
<b>Adjustments for :</b>		
Trade Receivables	(118.66)	(1,189.42)
Other Receivables	(1,150.24)	(1,668.32)
Inventories	(3,786.38)	(1,500.57)
Trade Payables	1,031.49	617.98
	<b>(4,023.79)</b>	<b>(3,740.33)</b>
Cash generated from Operations	<b>4,101.03</b>	<b>4,038.84</b>
Direct Taxes paid	(565.20)	(1,122.49)
<b>Net Cash Flow from Operating Activities</b>	<b>3,535.83</b>	<b>2,916.35</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of Fixed Assets(Including WIP)	(4,193.44)	(16,570.70)
Sale of Fixed Assets	1,343.50	835.43
Sale of Fixed Assets-Extraordinary Item	728.26	972.92
(Purchase)/ Sale of Investments	-	32.22
Interest Received	149.73	149.12
Dividend Received	45.38	45.38
<b>Net Cash flow from Investing Activities</b>	<b>(1,926.57)</b>	<b>(14,535.63)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from Issue of Shares/ Share warrants	-	385.88
Dividends Paid (Including Dividend Tax)	(98.28)	-
Interests Paid	(3,286.47)	(2,608.48)
Interest Received (Swap)	224.93	-
Proceeds from Long Term Borrowings	(2,529.21)	9,802.58
Proceeds from Unsecured Loan	3,411.97	-
Proceeds from Working Capital Borrowings	4.44	4,348.68
<b>Net Cash Flow from Financing Activities</b>	<b>(2,272.62)</b>	<b>11,928.67</b>
<b>Net Increase/Decrease in Cash and Cash Equivalent</b>	<b>(663.35)</b>	<b>309.40</b>
Cash and Cash Equivalents as at		
1.4.2013 and 1.4.2012 (opening balance)	1,146.32	836.92
Less: Bank balances not considered as cash and cash equivalents as per Accounting Standard 3	24.94	29.63
Cash and Cash Equivalents as at		
31.03.2014 and 31.3.2013 (Closing balance )	<b>458.03</b>	<b>1,116.69</b>

Vide our report of even date attached

For Haribhakti & Co.,  
Chartered Accountants  
Firm Reg.No.: 103523W

**C S Sathyanarayanan**  
Partner

M.No. : 028328  
Place : Coimbatore  
Date : 30<sup>th</sup> May 2014

**D Sarath Chandran**  
Chairman

**Ashwin Chandran**  
Managing Director

**M R Siva Shankar**  
Head - Finance & Accounts

**R Nithya Prabhu**  
Company Secretary

**Statement Pursuant to Section 212 of the Companies Act, 1956**

₹ Lacs

1	Name of Subsidiary	Suprem Textiles Processing Limited	Multiflora Processing (CBE) Limited	Precot Meridian Energy Limited	Benwood Corporation Sdn Bhd
2	Financial year ending	31.03.2014	31.03.2014	31.03.2014	31.03.2014
3	No.of Shares(fully paid up) held by the Company on the above dates	100000 Equity Shares of ₹ 100 each	250000 Equity Shares of ₹ 100 each	50000 Equity Shares of ₹ 100 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) (₹ lacs)				
	a) not dealt with in the accounts of the Company				
	i. for the year ended 31 <sup>st</sup> March, 2014	1.46	(0.22)	(0.22)	(2.29)
	ii. for the previous financial years	1.32	(0.30)	(0.23)	4.93
	b) dealt with in the accounts of the Company				
	i. for the year ended 31 <sup>st</sup> March, 2014	-	-	-	(1.53)
	ii. for the previous financial years	-	-	-	192.84
6	a) Any change in the holding company's interest in the subsidiary between the end of the financial year and the end of the holding company's financial year	NA	NA	NA	NIL
	b) Details of any material changes which have occurred between the end of the financial year and the end of the holding company's financial year in respect of				
	i) Subsidiary's Fixed Asset	NA	NA	NA	NA
	ii) its investments	NA	NA	NA	NA
	iii) the money lent by it	NA	NA	NA	NA
	iv) the money borrowed by it for any purpose other than that of meeting current liabilities	NA	NA	NA	NA



# PRECOT MERIDIAN LIMITED

(CIN: L17111TZ1962PLC001183)

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



## ATTENDANCE SLIP

(To be presented at the entrance)

**52<sup>nd</sup> ANNUAL GENERAL MEETING ON FRIDAY, SEPTEMBER 05, 2014 AT 4.30 P.M**

at Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641018

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the Member \_\_\_\_\_ Signature \_\_\_\_\_

Name of the Proxy holder \_\_\_\_\_ Signature \_\_\_\_\_

1. Only member/proxy holder can attend the meeting.
2. Member/proxy holder should bring his/her copy of the annual report for reference at the meeting.

# PRECOT MERIDIAN LIMITED

(CIN: L17111TZ1962PLC001183)

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

## PROXY FORM

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

Name of the Member(s) : \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No. / Client ID No.: \_\_\_\_\_ DP ID No. \_\_\_\_\_

I / We, being the member(s) of Precot Meridian Limited holding \_\_\_\_\_ shares, hereby appoint

1. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him

2. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him

3. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_



-----  
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the fifty second annual general meeting of the company to be held on Friday, September 05, 2014 at 4.30 P.M. at Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641018 and at any adjournment thereof, in respect of such resolutions as are indicated below:

1. Adoption of statement of profit & loss, balance sheet, report of board of directors and auditors for the year ended 31st March, 2014.
2. Declaration of dividend on equity shares for the financial year 2013-14.
3. Re-appointment of Mr. Vijay Mohan, who retires by rotation, as a director.
4. Appointment of Auditors.
5. Appointment of Mr. D Sarath Chandran as Chairman.
6. Appointment of Mr. Ashwin Chandran as Vice-chairman and Managing Director.
7. Appointment of Mr. Prashanth Chandran as Joint Managing Director.
8. Appointment of Mr. A Ramkrishna as an Independent Director.
9. Appointment of Mr. Vijay Venkataswamy as an Independent Director.
10. Appointment of Mr. Suresh Jagannathan as an Independent Director.
11. Appointment of Dr. Jairam Varadaraj as an Independent Director.
12. Appointment of Mr. C N Srivatsan as an Independent Director.
13. Appointment of Mr. Sumanth Ramamurthi as an Independent Director.
14. Appointment of Ms. R Bhuvaneshwari as an Independent Director.
15. Ratification of remuneration payable to M/s. KRS & Associates, Cost accountants, for the financial year 2014-15.
16. Alteration of Articles of Association of the company.
17. Increasing the borrowing powers of the board of directors of the company.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of shareholder \_\_\_\_\_ Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

- NOTES: 1. This Form, in order to be effective should be duly completed and deposited at the registered office of the company at SUPREM, No. 737, Green Fields, Puliakulam Road, Coimbatore 641045, not less than 48 hours before the commencement of the Meeting.
2. Those Members who have multiple folios with different joint holders may use copies of this Attendance slip/proxy.



If undelivered please return to :



**Precot Meridian Limited**

SUPREM, P. B. 7161, 737, Green Fields, Puliakulam Road,  
Coimbatore - 641 045.  
[www.precot.com](http://www.precot.com)