

Precot Meridian Limited



ANNUAL REPORT 2016

Directors

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

Chairman

D Sarath Chandran

Vice Chairman and Managing Director

Ashwin Chandran

Joint Managing Director

Prashanth Chandran

Chief Financial Officer

M R Siva Shankar

Company Secretary

R Nithya Prabhu

Statutory Auditors

Haribhakti & Co. LLP, Coimbatore

Registered Office

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

Registrar and Share transfer agent

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

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Dear Shareholders,

Your directors hereby present the 54th Annual Report of your company along with the financial results for the year ended 31st March 2016.

The state of affairs of the company

a. Financial results (₹ Lacs)

| Particulars | 31.03.2016 | 31.03.2015 |
|---|---------------|---------------|
| Revenue from operations | 68369 | 74695 |
| PBIDT | 2859 | 2088 |
| Less : Finance cost | 3765 | 3362 |
| Profit from Operations | (906) | (1274) |
| Other income | 1100 | 248 |
| PBDT | 194 | (1026) |
| Depreciation | 3800 | 3692 |
| PBT (Before Exceptional Item) | (3606) | (4718) |
| Exceptional Item | (1945) | 1473 |
| PBT (After Exceptional Item) | (5551) | (3245) |
| Deferred Tax | - | 19 |
| Profit after Tax | (5551) | (3264) |
| Add : Balance brought forward | (3433) | (141) |
| Less : Transfer to General Reserve | - | - |
| Less : Depreciation as per transition provision in Note 7(b) of Companies Act, 2013 | - | (28) |
| Less : Provision for proposed dividend (including dividend tax) | - | - |
| Balance carried forward | (8984) | (3433) |

b. Dividend and transfer to reserves

Since this year's operations have resulted in a net loss, your directors have decided not to declare any dividend. No amount is proposed to be transferred to reserves.

Review of operations

The spinning industry has been witnessing a consistent drop in yarn prices quarter on quarter. Your company's yarn prices have dipped by around 8% in the current fiscal in comparison with that of the last year. Your company has achieved a turnover of ₹ 684 crores which is lower by ₹ 63 crores compared to the previous year, which is on account of proportionate drop in yarn prices.

The spinning division has shown improvement at cash profit level while the margins of technical textiles division continue to be stressed in spite of its improved turnover. The Central Government has not cleared release of TUFs on a set of applications filed by a number of textile units. TUF subsidy for the period 2012-13 to 2014-15 amounting to ₹ 1945 lacs, accounted on accrual basis, together with foreign currency fluctuation of ₹ 1155 lacs has been provided for in the statement of profit and loss and are non-cash expenditure in the current year.

Economic overview and Industry review

While the global economy continued to remain under stress, the Indian economic growth has been uneven owing to dwindling fresh capital investments, bad loans in the banking sector and subdued exports due to weak global economy. The IMF growth percentile indicators do not put the global economic growth in a positive light for the immediate succeeding year.

Given the current situation of the world economy, the Indian growth forecast could be challenging, especially for the textile industry. At a time when the Indian spinning segment is struggling to maintain its profitability, the TUFs scheme which played a supportive role in the modernization of the textile units has been replaced with a new TUFs scheme which has not considered the spinning industry favourably.

Outlook for the current year

Though IMF projects a 7.3% Indian GDP growth rate for the current fiscal, the recovery is anticipated to be sluggish. Growth in domestic demand could be a key source for improved performance. Improved asset quality of banks would provide the thrust for the capital investment growth which would aid the revival of our economy.

The cotton arrivals for the 2015-16 season is projected to be around 340 lakh bales and the carry over stock is likely to be lower than that of the previous year level. The arrivals which is down by 12%, as compared to the previous year, is an indicator of rising cotton prices which could further strain the margin levels of the spinning industry.

Your company has taken several measures to improve productivity, cut costs and change the product mix to improve the margins in the spinning division. Notwithstanding the global economic slowdown, the turnover, in the technical textiles division, for the FY 2015-16 has grown to ₹ 49 crores as against ₹ 28 crores during FY 2014-15. Your company is in pursuit of newer markets to increase the capacity utilization which will reduce the costs in the short run and yield higher margins.

Opportunities, Threats, Risks and Concerns

The Indian textile industry is expected to grow significantly in the next five years and reach around USD 220 billion. With higher disposable income in the hands of the younger generation, the probability of a pickup in the domestic consumption is more likely. The slowdown of the Chinese economy could be an opportunity that is available to the Indian textile exporters. On a long term basis, the demand from China for cotton yarn is expected to rise once their low cost raw cotton stocks are done away with.

The fragmented Indian textile industry has built up surplus capacity leading to higher supplies at a time when the demand is weakening. The export market is highly dependent on the revival of the global economy which as of now seems to take a longer time.

Interest subsidy, which was available till now for the yarn spinning industry, has now been withdrawn which will push up

the interest cost leading to erosion of margin to that extent. Availability of trained manpower is difficult and therefore the training time and cost involved would increase the cost.

Personnel

The company continues to maintain good relations with its labour across its units. The exercise of recruiting, training and deployment of trained labour, at added cost, continues in view of the shortage that has been persistent in Tamil Nadu. The company has 1384 permanent employees on the roll as on 31-Mar-2016.

Internal control systems & Risk Management

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

Risk Management is an integral part of the business process. The company has constituted a Risk Management Committee and adopted a policy on risk management, for identifying and managing risk. The audit committee of the board reviews the risk management report periodically. The details about composition of the risk management committee, policy and its terms of reference have been provided in the corporate governance report.

Number of meetings of the board

Details of number of meetings of the board and committees thereof and the attendance particulars of the directors in such meetings are provided under the corporate governance report attached to this report.

Directors and Key Managerial Personnel

The independent directors have submitted their disclosures to the board stating that they fulfill the requirements enumerated under section 149 (6) of the Companies Act, 2013 (hereinafter "the Act"), so as to qualify themselves to be appointed as independent directors under the provisions of the Act and relevant rules. There is no resignation or reappointment of independent director during the year under review.

Mr A Ramkrishna, independent director retires from the company on 31-May-2016 on completion of his tenure. He has been associated with the company for more than 35 years holding various managerial positions. He was inducted as executive director in the board of the company on 27-Mar-1998. The directors placed on record their sincere appreciation for the valuable contributions made by Mr A Ramkrishna during his tenure.

Mr D Sarath Chandran, Chairman, Mr Ashwin Chandran, Vice Chairman & Managing Director and Mr Prashanth Chandran, Joint Managing Director of the company have been appointed for a term of three years effective from 01-Apr-2014.

Mr D Sarath Chandran is not liable to retire by rotation. Mr Vijay Mohan, Mr Ashwin Chandran and Mr Prashanth Chandran are liable to retire by rotation as per the provisions of section 152(6) of the Act.

Mr Ashwin Chandran retires by rotation at the ensuing Annual General Meeting. He is eligible for re-appointment.

The details of remuneration paid during the year are provided in the corporate governance report. The following are the whole-time key managerial personnel of the company as per section 203 of the Act (i) Mr. Ashwin Chandran, Vice Chairman and Managing Director (ii) Mr. M R Siva Shankar, Chief Financial Officer, and (iii) Mr. R Nithya Prabhu, Company Secretary. There has been no change in the key managerial personnel during the year.

Performance Evaluation

Pursuant to the provisions of the Act and the corporate governance requirements as per SEBI listing regulations, the board had evaluated its own performance, the directors individually and also the working of its committees.

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

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

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

Performance of the non-independent directors, performance of the board as a whole and performance of the chairman were evaluated during the separate meeting of independent directors after taking into account the views of executive directors and non executive directors.

Policy on director's appointment and remuneration and other details

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

Auditors' report and secretarial auditors' report

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

There were no instances of frauds identified or reported by the

statutory auditors during the course of their audit for the period under review.

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

Receipt of any commission by MD/WTD from company as receipt of commission / remuneration from subsidiary

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

Annual Return

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

Particulars of Employees

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

Subsidiary companies

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

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

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

The company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding financial year or has generated 20% of the consolidated income of the company during the previous financial year. The board has approved a policy for determining material subsidiaries which is available on the company's website <http://www.precot.com/investor-relations/>.

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

their request. The company does not have any associate or joint venture.

Audit Committee

The company has constituted audit committee as per section 177 of the Act and listing regulations. The details pertaining to vigil mechanism, composition and terms of reference of audit committee are included in the corporate governance report, which forms part of this report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

Corporate Governance

A report on corporate governance is furnished as **Annexure E** and forms part of this report. This includes other disclosures as required under the provisions of the Act. The company has complied with the conditions relating to corporate governance as stipulated in regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "Listing Regulations").

Corporate Social Responsibility (CSR)

The CSR policy deals with allocation of funds, activities, identification of programmes, approval, implementation, monitoring and reporting.

For the FY 2015-16, the company is not required to spend on CSR activities because of the average net loss for the immediately preceding three financial years, as computed under the provisions of the Act. CSR report pursuant to rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is in **Annexure F**.

The disclosures as required under section 135 (4) (a) of the Act are given in the CSR report.

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

Particulars of Loan, Guarantees and Investments

The particulars of loans, guarantees and investments are given under notes to financial statements.

Related Party Transactions

All transactions entered into with related parties as defined under the Act and listing regulations during FY 15-16 were in the ordinary course of business and on an arm's length pricing basis. Therefore it does not attract the provisions of section 188 of the Act, and also there are no material contracts or arrangement or transactions and thus disclosure in form AOC-2 is not required.

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

Directors' responsibility statement

The board of directors, to the best of their knowledge and ability, confirm that :

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

Statutory Auditors

The auditors, M/s Haribhakti & Co. LLP, pursuant to the provisions of section 139 of the Act, were appointed as statutory auditors of the company from the conclusion of the 53rd AGM till the conclusion of the 58th AGM to be held in the year 2020, subject to ratification by members at every AGM.

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

Cost Auditor

Pursuant to section 148 of the Act, read with the Companies (Cost Records and Audit) Rules 2014, the board of directors, on the recommendation of the audit committee, appointed Mr R Krishnan, Cost Accountant, as the cost auditor of the company for the FY 2016 - 17.

Accordingly, a resolution seeking member's ratification for the remuneration payable to Mr R Krishnan, Cost Auditor is included as Item No. 4 of the AGM notice.

Change in nature of business

The company is primarily engaged in the business of textiles. There was no change in the nature of the business of the company and its subsidiaries during the year under review.

Fixed Deposits

During the year the company did not accept or renew any fixed deposit and no fixed deposit remained unclaimed with the company as on 31-Mar-2016.

Material Changes

No material changes or commitments affecting the financial position of the company occurred between the end of the financial year as on 31-Mar-2016 and the date of this report.

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

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

Unclaimed Shares

In accordance with the requirement of Regulation 34(3) and Schedule V Part F of listing regulations, the company reports the following details in respect of equity shares lying in the suspense account.

| Particulars | Number of share holders | Number of Equity Shares |
|---|-------------------------|-------------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 01-Apr-2015 | 422 | 75875 |
| Number of shareholders approached the company for transfer of shares from suspense account during the year | 4 | 725 |
| Number of shareholders to whom shares were transferred from suspense account during the year | 4 | 725 |
| Aggregate number of shareholders and outstanding shares in the suspense account lying as on 31-Mar-2016 | 418 | 75150 |

The voting rights on the shares outstanding in the suspense account as on 31-Mar-2016 shall remain frozen till the rightful owner of such shares claims the shares.

Acknowledgment

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

By order of the board
D Sarath Chandran
 Chairman

Coimbatore
 28-May-2016

**ANNEXURE A
FORM MR 3
SECRETARIAL AUDIT REPORT**

For the financial year ended 31st March, 2016

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

To
The Members,

Precot Meridian Limited

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March 2016 according to the provisions of:

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

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

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

I have also examined compliance with the applicable clauses of the following :

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the company with National Stock Exchange of India Limited and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that

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

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

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

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

Chennai
23-May-2016

Gouri Shanker Mishra
FCS No. 6906
C P No. : 13581

‘Annexure A’

To

The Members,

Precot Meridian Limited

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

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

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

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

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

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

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

Chennai
23-May-2016

Gouri Shanker Mishra
FCS No. 6906
C P No. : 13581

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

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

as on the financial year ended on 31st March, 2016.

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

I. Registration and other details

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

II. Principal business activities of the company

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

| S.No. | Name and description of main products / services | NIC code of the product / service | % to total turnover of the company |
|-------|--|-----------------------------------|------------------------------------|
| 1 | Cotton yarn | 13111 | 77% |

III. Particulars of holding, subsidiary and associate companies -

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

IV. Share holding pattern (Equity share capital breakup as percentage of total equity)
i) Category-wise share holding as of 31-Mar-2016

| S.No. | Category of shareholders | No. of shares held at the beginning of the year (01.04.2015) | | | | No. of shares held at the end of the year (31.03.2016) | | | | % of change during the year |
|------------|--|--|---------------|-----------------|-------------------|--|---------------|-----------------|-------------------|-----------------------------|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| (A) | Promoters | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| (a) | Individuals/ HUF | 7332137 | - | 7332137 | 61.10 | 7332137 | - | 7332137 | 61.10 | - |
| (b) | Central/State Govt.(s) | - | - | - | - | - | - | - | - | - |
| (c) | Bodies corporate | - | - | - | - | - | - | - | - | - |
| (d) | FI/ Banks | - | - | - | - | - | - | - | - | - |
| (e) | Any other | - | - | - | - | - | - | - | - | - |
| | Sub-total (A)(1) | 7332137 | - | 7332137 | 61.10 | 7332137 | - | 7332137 | 61.10 | - |
| (2) | Foreign | | | | | | | | | |
| (a) | Individuals (Foreign Individuals) | - | - | - | - | - | - | - | - | - |
| (b) | Bodies corporate | - | - | - | - | - | - | - | - | - |
| (c) | Institutions | - | - | - | - | - | - | - | - | - |
| (d) | QFI | - | - | - | - | - | - | - | - | - |
| (e) | Any other | - | - | - | - | - | - | - | - | - |
| | Sub-total (A)(2) | - | - | - | - | - | - | - | - | - |
| | Total shareholding of promoter and promoter group (A)=(A)(1)+ (A)(2) | 7332137 | - | 7332137 | 61.10 | 7332137 | - | 7332137 | 61.10 | - |
| (B) | Public shareholding | | | | | | | | | |
| (1) | Institutions | | | | | | | | | |
| (a) | Mutual funds/UTI | 237662 | 225 | 237887 | 1.98 | 100 | 225 | 325 | 0.00 | -1.98 |
| (b) | FI/Banks | 1125 | - | 1125 | 0.01 | 1125 | 0 | 1125 | 0.01 | - |
| (c) | Central/ State Govt. (s) | - | - | - | - | - | - | - | - | - |
| (d) | Venture capital funds | - | - | - | - | - | - | - | - | - |
| (e) | Insurance companies | - | - | - | - | - | - | - | - | - |
| (f) | FII | 49 | 200 | 249 | - | 49 | 200 | 249 | - | - |
| (g) | Foreign venture capital | - | - | - | - | - | - | - | - | - |
| (h) | Any other | - | - | - | - | - | - | - | - | - |
| | Sub-Total (B)(1) | 238836 | 425 | 239261 | 1.99 | 1274 | 425 | 1699 | 0.01 | -1.98 |
| (2) | Non-institutions | | | | | | | | | |
| (a) | Bodies corporate | 467987 | 6450 | 474437 | 3.95 | 471071 | 6450 | 477521 | 3.98 | -0.03 |
| (b) | Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1 lac | 1923202 | 753922 | 2677124 | 22.31 | 1940400 | 727170 | 2667570 | 22.23 | -0.07 |
| | Individuals - ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lac | 1098730 | 21325 | 1120055 | 9.33 | 1179552 | 21325 | 1200877 | 10.01 | 0.68 |
| (c) | QFI | - | - | - | - | - | - | - | - | - |
| (d) | Any other | - | - | - | - | - | - | - | - | - |
| (d1) | Clearing member | 12093 | - | 12093 | 0.10 | 25507 | - | 25507 | 0.21 | 0.11 |
| (d2) | HUF | 47410 | - | 47410 | 0.39 | 197758 | - | 197758 | 1.65 | -1.26 |
| (d3) | Market maker | 128 | - | 128 | 0.00 | 15 | - | 15 | - | 0.00 |
| (d4) | NRI - Repat | 16601 | 75 | 16676 | 0.14 | 19102 | 75 | 19177 | 0.16 | -0.03 |
| (d5) | NRI - Non repat | 4804 | - | 4804 | 0.04 | 2589 | - | 2589 | 0.02 | -0.02 |
| (d6) | Office bearers | - | - | - | - | - | - | - | - | - |
| (d7) | Unclaimed shares | 75875 | - | 75875 | 0.64 | 75150 | - | 75150 | 0.63 | - |
| | Sub-total (B)(2) | 3646830 | 781772 | 4428602 | 36.90 | 3911144 | 755020 | 4666164 | 38.89 | 1.99 |
| | Total public shareholding(B)=(B)(1)+(B)(2) | 3885666 | 782197 | 4667863 | 38.89 | 3912418 | 755445 | 4667863 | 38.90 | 0.01 |
| | Total (A)+(B) | 11217803 | 782197 | 12000000 | 100.00 | 11244555 | 755445 | 12000000 | 100.00 | - |

ii) Shareholding of promoters as on 31-Mar-2016

| S.No. | Shareholder's name | Shareholding at the beginning of the year (01.04.2015) | | | Shareholding at the end of the year (31.03.2016) | | | % change in shareholding during the year |
|-------|----------------------------|--|----------------------------------|---|--|----------------------------------|---|--|
| | | No. of shares | % of total shares of the company | % of shares pledged/encumbered to total share | No. of shares | % of total shares of the company | % of shares pledged/encumbered to total share | |
| 1. | Mr D Sarath Chandran (I) | 1624857 | 13.54 | - | 1624857 | 13.54 | - | - |
| 2. | Mr D Sarath Chandran (HUF) | 1216251 | 10.14 | - | 1216251 | 10.14 | - | - |
| 3. | Mr Ashwin Chandran | 2307457 | 19.23 | - | 2307457 | 19.23 | - | - |
| 4. | Mr Prashanth Chandran | 1971891 | 16.43 | - | 1971891 | 16.43 | - | - |
| 5. | Mrs Divya Chandran | 191250 | 1.59 | - | 191250 | 1.59 | - | - |
| 6. | Mr Viren Mohan | 14319 | 0.12 | - | 14319 | 0.12 | - | - |
| 7. | Mr Vijay Mohan | 1950 | 0.02 | - | 1950 | 0.02 | - | - |
| 8. | Mr Vikram Mohan | 1875 | 0.02 | - | 1875 | 0.02 | - | - |
| 9. | Mrs Vanitha Mohan | 1275 | 0.01 | - | 1275 | 0.01 | - | - |
| 10. | Ms Madhura Mohan | 1012 | 0.01 | - | 1012 | 0.01 | - | - |

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

| S. No. | Particulars | Shareholding at the beginning of the year (01.04.2015) | | Cumulative shareholding during the year | |
|--------|--|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | 7332137 | 61.10 | 7332137 | 61.10 |
| 2 | Date wise increase / decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.) | There is no change in the shareholding of the promoters during the year. | | | |
| 3 | At the end of the year | 7332137 | 61.10 | 7332137 | 61.10 |

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

| S. No. | For each of the top 10 shareholders name date & reason of change | Shareholding at the beginning of the year (01.04.2015) | | Cumulative shareholding during the year | |
|--------|--|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Anilkumar Goel | 326100 | 2.72 | 326100 | 2.72 |
| | At the end of the year (31.03.2016) | 326100 | 2.72 | 326100 | 2.72 |
| 2. | Gagandeep Credit Capital Pvt Ltd | 269280 | 2.24 | 269280 | 2.24 |
| | At the end of the year (31.03.2016) | 269280 | 2.24 | 269280 | 2.24 |
| 3. | Vinodchandra Mansukhlal Parekh | 105343 | 0.88 | 105343 | 0.88 |
| | At the end of the year (31.03.2016) | 105343 | 0.88 | 105343 | 0.88 |

| S. No. | For each of the top 10 shareholders name date & reason of change | | Shareholding at the beginning of the year (01.04.2015) | | Cumulative shareholding during the year | |
|--------|--|----------------------------|--|----------------------------------|---|----------------------------------|
| | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 4. | Seema Goel | | 105000 | 0.88 | 105000 | 0.88 |
| | At the end of the year (31.03.2016) | | 105000 | 0.88 | 105000 | 0.88 |
| 5. | Hiten Anantrai Sheth | | 60223 | 0.50 | 60223 | 0.50 |
| | At the end of the year (31.03.2016) | | 60223 | 0.50 | 60223 | 0.50 |
| 6. | Mena Harilal Sattarshakwala | | 11000 | 0.09 | 11000 | 0.09 |
| | Add | 26.06.2015 Market purchase | 2000 | 0.02 | 13000 | 0.11 |
| Add | 03.07.2015 | Market purchase | 3000 | 0.03 | 16000 | 0.13 |
| Add | 17.07.2015 | Market purchase | 20000 | 0.17 | 36000 | 0.30 |
| Less | 07.08.2015 | Market sale | -15000 | -0.13 | 21000 | 0.18 |
| Add | 31.03.2016 | Market purchase | 35000 | 0.29 | 56000 | 0.47 |
| | At the end of the year (31.03.2016) | | | | 56000 | 0.47 |
| 7. | Bachh Raj Nahar | | 45652 | 0.38 | 45652 | 0.38 |
| | At the end of the year (31.03.2016) | | 45652 | 0.38 | 45652 | 0.38 |
| 8. | Nirmala Arvind Solanki | | 42175 | 0.35 | 42175 | 0.35 |
| | Add | 14.08.2015 Market purchase | 995 | 0.01 | 43170 | 0.36 |
| | At the end of the year (31.03.2016) | | | | 43170 | 0.36 |
| 9. | Manishkumar Sumatilal Mehta (HUF) | | 0 | 0.00 | 0 | 0.00 |
| | Add | 11.12.2015 Market purchase | 40000 | 0.33 | 40000 | 0.33 |
| | At the end of the year (31.03.2016) | | | | 40000 | 0.33 |
| 10. | Hitesh Ramji Javeri | | 40000 | 0.33 | 40000 | 0.33 |
| | At the end of the year (31.03.2016) | | 40000 | 0.33 | 40000 | 0.33 |

v) Shareholding of directors and KMP:

| S. No. | Shareholding of each directors and each KMP | | Shareholding at the beginning of the year (01.04.2015) | | Cumulative shareholding during the year | |
|--------|---|--|--|----------------------------------|---|----------------------------------|
| | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | D Sarath Chandran (I) | | 1624857 | 13.54 | 1624857 | 13.54 |
| | At the end of the year (31.03.2016) | | 1624857 | 13.54 | 1624857 | 13.54 |
| 2. | D Sarath Chandran (HUF) | | 1216251 | 10.51 | 1216251 | 10.51 |
| | At the end of the year (31.03.2016) | | 1216251 | 10.51 | 1216251 | 10.51 |
| 3. | Ashwin Chandran | | 2307457 | 19.23 | 2307457 | 19.23 |
| | At the end of the year (31.03.2016) | | 2307457 | 19.23 | 2307457 | 19.23 |
| 4. | Prashanth Chandran | | 1971891 | 16.43 | 1971891 | 16.43 |
| | At the end of the year (31.03.2016) | | 1971891 | 16.43 | 1971891 | 16.43 |
| 5. | A Ramkrishna | | 1200 | 0.01 | 1200 | 0.01 |
| | At the end of the year (31.03.2016) | | 1200 | 0.01 | 1200 | 0.01 |
| 6. | Vijay Mohan | | 1950 | 0.02 | 1950 | 0.02 |
| | At the end of the year (31.03.2016) | | 1950 | 0.02 | 1950 | 0.02 |

| S. No. | Shareholding of each directors and each KMP | Shareholding at the beginning of the year (01.04.2015) | | Cumulative shareholding during the year | |
|--------|---|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 7. | Sumanth Ramamurthi | 1350 | 0.01 | 1350 | 0.01 |
| | At the end of the year (31.03.2016) | 1350 | 0.01 | 1350 | 0.01 |
| 8. | Jairam Varadaraj | 75 | 0.00 | 75 | 0.00 |
| | At the end of the year (31.03.2016) | 75 | 0.00 | 75 | 0.00 |
| 9. | Vijay Venkatasamy | 1350 | 0.01 | 1350 | 0.01 |
| | At the end of the year (31.03.2016) | 1350 | 0.01 | 1350 | 0.01 |
| 10 | C N Srivatsan | - | - | - | - |
| | At the end of the year (31.03.2016) | - | - | - | - |
| 11 | Suresh Jagannathan | - | - | - | - |
| | At the end of the year (31.03.2016) | - | - | - | - |
| 12 | R Bhuvaneshwari | - | - | - | - |
| | At the end of the year (31.03.2016) | - | - | - | - |
| 13 | M R Siva Shankar | - | - | - | - |
| | At the end of the year (31.03.2016) | - | - | - | - |
| 14 | R Nithya Prabhu | - | - | - | - |
| | At the end of the year (31.03.2016) | - | - | - | - |

V) Indebtedness

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

| Particulars | Secured loans excluding deposits | Unsecured loans | Deposits | Total indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal amount | 33451.16 | 4884.54 | - | 38335.70 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 74.82 | - | - | 74.82 |
| Total (i+ii+iii) | 33525.98 | 4884.54 | - | 38410.52 |
| Change in indebtedness during the financial year | | | | |
| * Addition | 2736.19 | 8309.86 | - | 11046.05 |
| * Reduction | 4072.87 | 5393.91 | - | 9466.78 |
| Net change | (1336.68) | 2915.95 | - | 1579.27 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal amount | 32114.03 | 7800.49 | - | 39914.52 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 38.64 | - | - | 38.64 |
| Total (i+ii+iii) | 32152.67 | 7800.49 | - | 39953.16 |

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

₹ lacs

| S. No. | Particulars of remuneration | Name of MD/WTD | | | Total amount |
|--------|--|----------------------|--------------------|-----------------------|---------------|
| | | Mr D Sarath Chandran | Mr Ashwin Chandran | Mr Prashanth Chandran | |
| 1 | Gross salary | | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 39.60 | 66.00 | 52.80 | 158.40 |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - |
| 2 | Stock option | - | - | - | - |
| 3 | Sweat equity | - | - | - | - |
| 4 | Commission - as % of profit - others, specify. | - | - | - | - |
| 5 | Others, please specify a) Provident fund | 2.38 | 3.96 | 3.17 | 9.51 |
| | Total (A) | 41.98 | 69.96 | 55.97 | 167.91 |
| | Ceiling as per schedule V of the Act | 120.00 | 120.00 | 120.00 | 360.00 |

B. Remuneration to other directors

₹ lacs

| S. No. | Particulars of remuneration | Name of directors | Total amount |
|--------|---|-----------------------|---------------|
| 1 | Independent directors | | |
| | a) Fee for attending board / committee meetings | Mr A Ramkrishna | 1.67 |
| | | Mr Sumanth Ramamurthi | 0.90 |
| | | Mr Jairam Varadaraj | 1.37 |
| | | Mr Vijay Venkatasamy | 1.53 |
| | | Mr C N Srivatsan | 1.35 |
| | | Mr Suresh Jagannathan | 0.60 |
| | | Ms R Bhuvaneshwari | 0.75 |
| | b) Commission | - | - |
| | c) Others, please specify | - | - |
| | Total (1) | | 8.17 |
| 2 | Other Non- executive directors | | |
| | a) Fee for attending board committee meetings | Mr Vijay Mohan | 0.60 |
| | b) Commission | | - |
| | c) Others, please specify | | - |
| | Total (2) | | 0.60 |
| | Total = (1+2) | | 8.77 |
| | Total managerial remuneration (A + B) | | 176.68 |

C. Remuneration to KMP other than MD/WTD

₹ lacs

| S. No. | Particulars of remuneration | KMP | | |
|--------|--|-------------|--------------|--------------|
| | | CS | CFO | Total |
| 1 | Gross salary | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 5.53 | 25.23 | 30.76 |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock option | - | - | - |
| 3 | Sweat equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | others, specify | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total | 5.53 | 25.23 | 30.76 |

VII. Penalties / Punishment / Compounding of offences:

There were no penalties, punishment or compounding of offences during the year ended 31-Mar-2016.

ANNEXURE C - PARTICULARS OF EMPLOYEES

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

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

- a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary in the financial year 2015 - 16 :

| Name | Ratio | % increase in remuneration* |
|------------------------|--------|-----------------------------|
| D Sarath Chandran | 28 : 1 | 10 |
| Vijay Mohan | 0 : 1 | - |
| Sumanth Ramamurthi | 1 : 1 | - |
| A Ramkrishna | 1 : 1 | - |
| Jairam Varadaraj | 1 : 1 | - |
| Ashwin Chandran | 46 : 1 | 10 |
| Vijay Venkatasamy | 1 : 1 | - |
| C N Srivatsan | 1 : 1 | - |
| Suresh Jagannathan | 0 : 1 | - |
| Prashanth Chandran | 37 : 1 | 10 |
| Bhuvaneshwari | 0 : 1 | - |
| M R Siva Shankar (CFO) | NA | 4 |
| R Nithya Prabhu (CS) | NA | 14 |

* Note : Percentage increase in remuneration for non-executive directors is not considered in the above table, as they are paid only sitting fee for the meetings attended during the year under review. The payment of sitting fee and details of their attendance are given in the corporate governance report.

- b) The percentage increase in the median remuneration of employees in the financial year was 6%.
- c) The company has 1384 permanent employees on the rolls as on 31-Mar-2016.
- d) Relationship between average increase in remuneration and company performance:
There is no direct relationship between the average increase in remuneration and company performance.
- e) Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company : The remuneration of Key Managerial Personnel increased by around 10 % in FY 15-16, compared to 14-15, in line with the HR policy of the company. The increments and annual bonus payouts of the employees including KMP are linked to individual performance, company's performance, industry benchmark and current compensation trends. The turnover of the company for the FY 15-16 was ₹ 68,369 lacs and profit after tax at ₹ (5,551) lacs.
- f) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer :

| Particulars | Issued Capital (Shares) | Market Price (in ₹) | PE Ratio | Market Capitalisation (₹ in lacs) |
|--|-------------------------|----------------------|----------|-----------------------------------|
| 31.03.2015 | 12000000 | 54.70 | (2.01) | 6,564 |
| 31.03.2016 | 12000000 | 42.45 | (0.92) | 5,094 |
| Increase / (Decrease) | - | (12.25) | - | - |
| % Increase / (Decrease) | - | (22.39) | - | - |
| Rights issue in April 1995 for face value of ₹ 10/- per share | - | 20.00 | - | - |
| Increase in market price as on 31.03.2016 as compared to issue Price of rights issue | - | 22.45 | - | - |
| % Increase / (Decrease) | - | 112.25 | - | - |

g) Average percentage increase already made in the salaries of employees other than key managerial personnel in the last financial year was 6%. The average increase in the key managerial remuneration was 10%.

h) Comparison of remuneration of each of the KMP against the performance of the company :

| Name | Designation | CTC for FY 15-16 (₹ in lacs) | % increase (FY 15-16 against 14-15) | Turnover | PAT |
|--------------------|-------------------------|------------------------------|-------------------------------------|-------------|---------|
| | | | | (₹ in lacs) | |
| D Sarath Chandran | Chairman | 41.98 | 10% | 68,369 | (5,551) |
| Ashwin Chandran | Managing Director | 69.96 | 10% | | |
| Prashanth Chandran | Joint Managing Director | 55.97 | 10% | | |
| M R Siva Shankar | Chief Financial Officer | 25.23 | 4% | | |
| R Nithya Prabhu | Company Secretary | 5.53 | 14% | | |

- i) The key parameters for any variable component of remuneration availed by the directors : The company does not pay any remuneration to the non-executive directors, as they are paid only sitting fee for attending the meetings. With respect to executive directors, variable component is paid in the form of commission, which is directly linked to the performance of the company.
- j) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year : Nil
- k) Is the remuneration as per the remuneration policy of the company : Yes

II. Employed throughout the year and was in receipt of remuneration not less than ₹ 60 lacs per annum.

| Name | Date of Joining | Designation | Qualification | Age | Ex-perience (Years) | No. of shares held | Remune-ration (₹ in lacs) | Last Em-ployed |
|-----------------|------------------------------|---------------------------------------|------------------|-----|---------------------|--------------------|---------------------------|----------------|
| Ashwin Chandran | 1 st August, 1997 | Vice - Chairman and Managing Director | B Sc (Hons), MBA | 40 | 19 | 23,07,457 | 69.96 | - |

- Note : 1. Nature of employment is contractual.
2. Mr Ashwin Chandran is related to Mr D Sarath Chandran, Chairman and Mr Prashanth Chandran, Joint Managing Director.

ANNEXURE D
a. Conservation of Energy

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

- For conservation of energy the company purchases third party power instead of operating gen sets,
- For alternate source of energy the company has installed windmills with a capacity of 6.25 MW for captive consumption, and
- During the year, the company has not spent any amount towards cost reduction and energy conservation equipment.

b. Technology Absorption, Adaptation and Innovation Research and Development

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

a. Foreign Exchange Earnings and Outflow (₹ crores)

| | | |
|--------------|---|-----|
| Earnings | - | 214 |
| Outflow | - | 9 |
| Net earnings | - | 205 |

ANNEXURE E - REPORT ON CORPORATE GOVERNANCE
I. Company's philosophy on code of governance

The company adopts a self-governing corporate governance model to adhere to all the rules and regulations of the statutory authorities. It also 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.

II. Board of directors

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 section 149 of the Act, and regulation 17 of the listing regulation.

The board comprises of eleven directors which includes three executives and eight non-executive directors as on 31-Mar-2016.

During the year 2015-16, the board of directors met five times at the registered office of the company on 15-May-2015, 07-Aug-2015, 06-Nov-2015, 09-Feb-2016 and 18-Mar-2016.

The last annual general meeting (AGM) was held on 28-Aug-2015.

Composition of directors and their attendance

| Name of the director | Category | Attendance | | No. of directorships in other companies* | No. of committees** | |
|--|--|----------------|----------|--|---------------------|----------|
| | | Board Meetings | Last AGM | | Member | Chairman |
| D Sarath Chandran (DIN : 00001885) | Chairman - Executive - Promoter | 5 | Yes | 6 | 3 | - |
| Vijay Mohan (DIN : 00001843) | Non-Executive - Promoter | 4 | No | 6 | 2 | - |
| Sumanth Ramamurthi (DIN : 00002773) | Non-Executive - Independent | 5 | No | 7 | 1 | - |
| A Ramkrishna (DIN : 00001886) | Non-Executive - Independent | 5 | Yes | 4 | - | 2 |
| Jairam Varadaraj (DIN : 00058056) | Non-Executive - Independent | 4 | No | 8 | 3 | 1 |
| Ashwin Chandran (DIN : 00001884) | Vice Chairman and Managing Director - Executive - Promoter | 5 | Yes | 4 | 1 | - |
| Vijay Venkatasamy (DIN : 00002906) | Non-Executive - Independent | 5 | No | 4 | 1 | 1 |
| C N Srivatsan (DIN : 00002194) | Non-Executive - Independent | 5 | No | 1 | 2 | - |
| Suresh Jagannathan (DIN : 00011326) | Non-Executive - Independent | 3 | No | 3 | 2 | - |
| Prashanth Chandran (DIN : 01909559) | Joint Managing Director - Executive - Promoter | 4 | Yes | 1 | - | - |
| R Bhuvaneshwari (DIN : 01628512) | Non-Executive - Independent | 4 | No | 1 | - | - |

* Excluding directorships in private companies and foreign companies.

** Membership / Chairmanship of the committees includes only the audit committee and stakeholders relationship committee.

DINs mentioned in this section will apply to the names of the directors in all other references in this report.

The number of directorships, committee memberships / chairmanships of all directors are within respective limits prescribed under the Act and listing regulations.

Disclosure of relationships between directors inter - se.

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

Details of equity shares of the company held by non-executive directors as on 31-Mar-2016.

| Name of the director | No. of shares held |
|-----------------------------|---------------------------|
| Vijay Mohan | 1950 |
| Sumanth Ramamurthi | 1350 |
| A Ramkrishna | 1200 |
| Jairam Varadaraj | 75 |
| Vijay Venkatasamy | 1350 |
| C N Srivatsan | - |
| Suresh Jagannathan | - |
| R Bhuvaneshwari | - |

III. Committees of the Board

A. Audit committee

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

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

- a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommend the appointment, remuneration and terms of appointment of auditors of the company;
- c) Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval
- d) Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- e) Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- f) Approval or any subsequent modification of transactions of the company with related parties;
- g) Scrutiny of inter-corporate loans and investments
- h) Evaluation of internal financial controls and risk management systems
- i) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- j) Discussion with internal auditors of any significant findings and follow up there on;
- k) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- l) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- m) Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
- n) To review the functioning of whistle blower mechanism.
- o) The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the board and may also discuss any related issues with the internal and statutory auditors and the management of the Company;
- p) Carrying out any other function as is mentioned in the terms of reference of the audit committee

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

The chairman of the audit committee, Mr 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 15-May-2015, 01-Aug-2015, 31-Oct-2015 and 02-Feb-2016. The composition of the audit committee and particulars of meetings attended by the members are given below :

| Name of the member | Category | No. of meetings attended |
|-------------------------|-----------------------------|--------------------------|
| A Ramkrishna - Chairman | Non-Executive - Independent | 4 |
| Jairam Varadaraj | Non-Executive - Independent | 4 |
| Vijay Venkatasamy | Non-Executive - Independent | 4 |
| C N Srivatsan | Non-Executive - Independent | 3 |

The statutory auditors, internal auditor and executives of the company also attended the meetings. The necessary quorum was present for all 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. The recommendations of audit committee are duly approved and accepted by the board.

B. Nomination and remuneration committee

The nomination and remuneration committee of the company is constituted in compliance with the provisions of section 178 of the Act, and regulation 19 of the listing regulations.

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

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

The company does not have employee stock option scheme.

Terms of reference

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

The company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its executive directors.

During the year, the nomination and remuneration committee meeting was held on 03-Sep-2015, 06-Nov-2015 and 18-Mar-2016 at the registered office of the company. The necessary quorum was present for all the meetings. The company secretary acts as the secretary of the committee.

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

| Name of the member | Category | No. of meetings attended |
|-------------------------|-----------------------------|--------------------------|
| A Ramkrishna - Chairman | Non Executive - Independent | 3 |
| Jairam Varadaraj | Non Executive - Independent | 2 |
| Vijay Venkatasamy | Non Executive - Independent | 3 |

The sitting fee for non-executive directors were fixed by the board of directors based on the recommendation of the nomination and remuneration committee, considering various factors like time involvement, etc.

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

Performance evaluation criteria for independent directors

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

Details of the remuneration for the year ended 31-Mar-2016.

The remuneration paid/payable to the executive directors of the company for the year ended 31-Mar-2016, are as under : (₹ in Lacs)

| Name of the director | Salary and perks | Commission | Total | Service contract |
|---|------------------|------------|-------|----------------------------|
| D Sarath Chandran Chairman | 41.98 | - | 41.98 | 01-Apr-2014 to 31-Mar-2017 |
| Ashwin Chandran Vice Chairman and Managing Director | 69.96 | - | 69.96 | 01-Apr-2014 to 31-Mar-2017 |
| Prashanth Chandran Joint Managing Director | 55.97 | - | 55.97 | 01-Apr-2014 to 31-Mar-2017 |

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

The details of the sitting fees paid during the year to the non-executive directors are as under :

| Name of the director | Sitting fees (₹) |
|----------------------|------------------|
| Vijay Mohan | 60,000 |
| Sumanth Ramamurthi | 90,000 |
| A Ramkrishna | 1,67,000 |
| Jairam Varadaraj | 1,37,000 |
| Vijay Venkatasamy | 1,53,000 |
| C N Srivatsan | 1,35,000 |
| Suresh Jagannathan | 60,000 |
| R Bhuvaneshwari | 60,000 |

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

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

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

a) Criteria for appointment of directors

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

b) Remuneration

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

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

C) Stakeholders' relationship committee

The stakeholders' relationship committee is constituted in compliance with the provisions of section 178 of the Act, and regulation 20 of the listing regulations.

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

Terms of reference

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

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

| Name of the member | Category | No. of meetings attended |
|-------------------------|-----------------------------|--------------------------|
| D Sarath Chandran | Executive - Independent | 13 |
| A Ramkrishna - Chairman | Non Executive - Independent | 13 |
| Ashwin Chandran | Executive - Independent | 13 |

Thirteen meetings of the stakeholders relationship committee were held during the year under review i.e. 28-Apr-2015, 20-May-2015, 30-Jun-2015, 31-Jul-2015, 26-Aug-2015, 30-Sep-2015, 15-Oct-2015, 31-Oct-2015, 14-Nov-2015, 30-Nov-2015, 15-Dec-2015, 31-Dec-2015 and 31-Mar-2016. The necessary quorum was present for all the meetings. The company secretary acts as the secretary of the committee.

Details of complaints received and redressed:

| Opening balance | Received during the year | Redressed during the year | Closing balance |
|-----------------|--------------------------|---------------------------|-----------------|
| Nil | Nil | Nil | Nil |

D) Other Committees

1. Corporate social responsibility committee

The committee looks into and determines the company's policy with regard to the CSR activities to be undertaken by the company. The committee met once during the year on 15-May-2015. The minutes of the committee are placed at the board meetings from time to time. The necessary quorum was present for the meeting.

Terms of reference

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

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

| Name of the member | Category | No. of meetings attended |
|------------------------------|-----------------------------|--------------------------|
| D Sarath Chandran - Chairman | Executive - Independent | 1 |
| A Ramkrishna | Non Executive - Independent | 1 |
| Ashwin Chandran | Executive - Independent | 1 |

2) Risk management committee

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

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

3) Finance committee

The Company has a finance committee of directors comprising of a) Mr D Sarath Chandran (Executive - Non

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

Independent directors' meeting

In accordance with the provisions of schedule IV of the Act, and regulation 25 (3) of the listing regulations, a meeting of the independent directors of the company was held on 18-Mar-2016 without the attendance of non-independent directors and members of the management.

Terms and conditions for appointment of independent directors

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

Familiarisation program for independent directors

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

Compliance officer

R Nithya Prabhu
Company Secretary and Compliance Officer

Address for Correspondence

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

Management analysis report

The management analysis report forms part of this annual report.

General body meetings

The general body meetings of the company during the preceding three years were held at Chamber towers, Avinashi Road, Coimbatore - 641 018

| Details | Dates and time | Special Resolutions |
|----------------------------|------------------------|--|
| 2013, 51 st AGM | 20-Sep-2013 at 4.30 PM | <ol style="list-style-type: none"> 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, and 4. Issue of bonus shares. |
| 2014, 52 nd AGM | 05-Sep-2014 at 4.30 PM | <ol style="list-style-type: none"> 1. Appointment of Mr D Sarath Chandran as Chairman 2. Appointment of Mr Ashwin Chandran as Vice-Chairman and Managing Director 3. Appointment of Mr Prashanth Chandran as Joint Managing Director 4. Appointment of Mr A Ramkrishna as an independent director 5. Alteration of articles of association of the company and 6. Increase in borrowing power of the board in excess of the aggregate of the paid up capital and free reserves of the company under section 180(1)(c) of the Companies Act, 2013. |
| 2015, 53 rd AGM | 28-Aug-2015 at 4.30 PM | Nil |

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

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

The company follows April-March as the financial year.

The tentative dates of board meetings for consideration of quarterly financial results for the FY ending 31-Mar-2017 are as follows.

1. First quarters results - First week of August 2016, 2. Second quarter and half yearly results - First week of November 2016, 3. Third quarter results - First week of February 2017, 4. Fourth quarter and annual results - Last week of May 2017.

Results and reports of the company are also available in www.nseindia.com

Official news releases are made whenever it is considered necessary.

There were no specific presentations made to institutional investors or to analysts during the year.

General shareholder information

| | | |
|-------------------------------|---|---|
| Annual general meeting | : | 02-Sep-2016 at 4.30 pm |
| Venue | : | Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641 018 |
| Financial year | : | 1 st April to 31 st March |
| Date of book closure | : | 26-Aug-2016 to 02-Sep-2016 |
| Dividend payment date, if any | : | Within seven working days from the date of annual general meeting. |
| Listing on stock exchanges | : | National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai 400 051 |
| Stock code | : | PRECOT, ISIN : INE283A01014 |

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

| Month | Prices (₹) | | S & P Nifty | |
|----------------|------------|-------|-------------|---------|
| | Low | High | Low | High |
| April 2015 | 55.50 | 65.00 | 8181.50 | 8834.00 |
| May 2015 | 56.50 | 62.75 | 8057.30 | 8458.95 |
| June 2015 | 50.25 | 66.50 | 7965.35 | 8433.40 |
| July 2015 | 63.90 | 78.45 | 8328.55 | 8633.50 |
| August 2015 | 56.60 | 86.20 | 7791.85 | 8588.65 |
| September 2015 | 56.00 | 60.35 | 7558.80 | 7981.90 |
| October 2015 | 57.00 | 60.40 | 7950.90 | 8295.45 |
| November 2015 | 51.90 | 57.95 | 7731.80 | 8060.70 |
| December 2015 | 51.00 | 67.20 | 7610.45 | 7954.90 |
| January 2016 | 47.80 | 64.00 | 7276.80 | 7963.20 |
| February 2016 | 34.75 | 50.00 | 6970.60 | 7555.95 |
| March 2016 | 36.20 | 42.75 | 7222.30 | 7738.40 |

Annual listing fee for the year 2016-17 has been paid to NSE.

The company has paid custodial fees for the year 2016-17 to National Securities Depository Limited and Central depository services (India) limited.

Registrar and share transfer agent
(for both physical and demat segments)

Branch office:

M/s Link Intime India Pvt Limited,
Surya, 35 Mayflower Avenue, Senthil Nagar,
Sowripalayam Road,
Coimbatore - 641 028.
E-mail : 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 transfer agents M/s Link Intime India Private Limited only after getting approval from stakeholders relationship committee.

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

Reconciliations of Share Capital audit :

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

Share holding pattern as on 31 - Mar - 2016 :

| Category | No. of shares held | Percentage of holding |
|--------------------------------------|--------------------|-----------------------|
| Promoters and Promoters group | | |
| Indian | 7332137 | 61.10 |
| Public | | |
| Mutual funds/UTI | 325 | 0.00 |
| Financial Inst/ Banks | 1125 | 0.02 |
| Bodies corporate | 477521 | 3.98 |
| Public and others | 4188892 | 34.90 |
| Total | 12000000 | 100.00 |

Distribution of shareholding as on 31- Mar - 2016 :

| Shareholding range | No. of holders | Percentage of holders | No. of shares | Percentage of shares |
|--------------------|----------------|-----------------------|-----------------|----------------------|
| 1-500 | 4845 | 79.06 | 800952 | 6.67 |
| 501-1000 | 567 | 9.25 | 416247 | 3.47 |
| 1001-2000 | 369 | 6.02 | 535097 | 4.46 |
| 2001-3000 | 121 | 1.98 | 296047 | 2.47 |
| 3001-4000 | 62 | 1.01 | 217196 | 1.81 |
| 4001-5000 | 33 | 0.54 | 152480 | 1.27 |
| 5001-10000 | 81 | 1.32 | 560694 | 4.67 |
| 10001&Above | 50 | 0.82 | 9021287 | 75.18 |
| Total | 6128 | 100.00 | 12000000 | 100.00 |

Dematerialization status of shares as on 31st March 2016 :

| Particulars | No. of Shares | % to Share capital |
|---|-----------------|--------------------|
| National Securities Depository Limited | 10030124 | 83.58 |
| Central Depository Services (India) Limited | 1214431 | 10.12 |
| Total | 11244555 | 93.70 |

There are no outstanding GDR / ADR / Warrants or any convertible instruments as on 31st March 2016

Plant locations:

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

Address for correspondence:

Precot Meridian Limited,
Secretarial Department,
Regd. Office: "SUPREM"
No. 737, Puliakulam Road,
Coimbatore – 641045
Phone: 0422 - 4321100
Email: secretary@precot.com
Website: www.precot.com
CIN: L17111TZ1962PLC001183

Disclosures

- During the year under review the company has not made any fresh issue of shares. The paid up capital of the company stood at ₹ 1,200 lacs as at 31-Mar-2016.
- Details of transactions with related parties are provided in note no. 2.39 to notes forming part of the accounts in accordance with the provision of Accounting Standard 18. There is no materially significant related party transaction that may have potential conflict with the interest of the company at large.
- During the last 3 years, there were no strictures 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 has followed the accounting standards referred to in section 133 of the Act. The significant accounting policies are set out in the notes to the financial statements.
- The company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under section 177 (9) of the Act, and regulation 22 of listing regulations, for directors and employees to report concerns about unethical behaviour. No person has been denied access to the chairman of the audit committee.
- The company has complied with all the mandatory requirements of corporate governance norms as enumerated under regulation 17 to 27 and clause (b) to (i) of regulations 46 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the stock exchanges. In addition, the company has also adopted the following non-mandatory requirements, 1) Company's financial statement are unmodified, 2) Separate posts of chairperson and managing director, 3) The internal auditor of the company directly reports to the audit committee.
- The company has framed policies for determining 'material subsidiaries' and 'related party transaction', which are disclosed on the website at the following link <http://www.precot.com/investor-relations/>
- CEO/CFO certificate: A certificate signed by the CEO and CFO has been placed at all board meetings.
- The company has a robust framework and governance mechanism in place to ensure that the organisation is adequately protected from the market volatility in terms of price and availability of raw materials and finished goods.
- The company has managed the foreign exchange risk with appropriate hedging activities in accordance with forex policy of the company. The company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposure as on 31-Mar-2016 are disclosed in notes to the financial statements.
- The company has prepared a risk management framework to identify, minimize and mitigate business and process related risk at predefined intervals.
- The details of unclaimed suspense account are disclosed in the board's report.

Code of conduct

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

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

Code of conduct for insider trading

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

Coimbatore
28-May-2016

By order of the board
D Sarath Chandran
Chairman

Compliance Certificate

To the members of Precot Meridian Limited

I have examined the compliance of conditions of corporate governance by M/s. Precot Meridian Limited, (CIN : L17111TZ1962PLC001183) for the year ended on 31-Mar-2016, as stipulated in clause 49 of the listing agreement of the company with stock exchange for the period from 01-Apr-2015 to 30-Nov-2015 and as per the regulation 15 (2) of SEBI (listing obligations and disclosure requirements) regulations 2011 of the said company with stock exchange for the period from 1-Dec-2015 to 31-Mar-2016. 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement / listing regulations as applicable.

I state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the shareholders/investors relations committee. 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
28-May-2016

G Vasudevan
Practicing Company Secretary
Certificate of Practice No. 6522

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-Mar-2016.

Coimbatore
28-May-2016

By order of the Board
D Sarath Chandran
Chairman

Annexure F - Report on Corporate Social Responsibility (CSR)

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

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

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

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

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

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

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

The Company has a CSR committee of directors comprising of Mr D Sarath Chandran, Chairman of the Committee, Mr A Ramkrishna and Mr Ashwin Chandran.

3. Average net profit of the company for last three financial years for the purpose of computation of CSR : Rs. (48.24) lacs
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Nil
5. Details of CSR spent during the financial year:
 - a) Total amount spent for the financial year - Nil
 - b) Amount unspent - NA
 - c) Manner in which the amount spent during the financial year - NA
6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report - NA
7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

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

Ashwin Chandran
Vice Chairman and
Managing Director

A Ramkrishna
Chairman
CSR Committee

2. The composition of the CSR committee:

Coimbatore
28-May-2016

| | ₹ Lacs | | | | | |
|-------------------------------|--------|--------|-------|--------|--------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Operating Results | | | | | | |
| Total revenue | 57997 | 60266 | 66717 | 73819 | 74943 | 69468 |
| PBIDT | 8556 | (1395) | 8939 | 9239 | 3809 | 2014 |
| Interest | 1459 | 2872 | 2612 | 3241 | 3362 | 3765 |
| PBDT | 7097 | (4267) | 6327 | 5998 | 447 | (1751) |
| Depreciation | 2696 | 2991 | 3032 | 3945 | 3691 | 3800 |
| Income Tax | 872 | 250 | 228 | 322 | - | - |
| Other Taxes | 269 | (2225) | 998 | (1314) | 19 | - |
| PAT | 3260 | (5283) | 2069 | 3045 | (3264) | (5551) |
| Dividend & Dividend Tax | 808 | - | 94 | 281 | - | - |
| Retained cash earnings | 5417 | (4517) | 6005 | 5395 | 447 | (1751) |
| Performance Parameters | | | | | | |
| Net Fixed Assets (WDV) | 22081 | 24321 | 37276 | 36389 | 33591 | 31388 |
| Share Capital | 695 | 748 | 800 | 1200 | 1200 | 1200 |
| Reserves & Surplus | 15855 | 11036 | 13175 | 14801 | 12265 | 6714 |
| Net worth | 16550 | 11784 | 13975 | 16001 | 13465 | 7914 |
| Long Term Borrowings | 13234 | 16435 | 26407 | 23925 | 22607 | 20615 |
| Debt : Equity | 0.8 | 1.4 | 1.9 | 1.5 | 1.7 | 2.6 |
| Dividend (%) | 100 | - | 10 | 20 | - | - |
| Earnings per share (₹) | 47 | (76) | 17 | 25 | (27) | (46) |

Independent Auditors' report

To the Members of Precot Meridian Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Precot Meridian Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Standalone Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 2.29 on Contingent Liabilities to the standalone financial statements;
- ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 2.04 to the standalone financial statements;
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No.: 103523W
C S Sathyanarayanan
Partner
M.No.: 028328
- Place : Coimbatore
Date : 28-May-2016

Annexure I to the Independent Auditor's Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Precot Meridian Limited on the standalone financial statements for the year ended 31st March 2016.

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

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

| Name of the Statute | Nature of dues | Amount (₹ 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 | 22.31 | 2008-2009 | Commissioner Appeals, Kochi |
| Service Tax | Service Tax, Penalties and Interest | 9.49 | 2007-08 | CESTAT |
| Income Tax Act, 1961 | Income Tax | 371.42 | AY 2009-10 to AY 2010-11 | ITAT Chennai |
| TNVAT Act, 2006 | Sales Tax and Penalty | 4.18 | 2014-15 | Joint Commissioner (Appeals), Coimbatore |
| ESI Act, 1948 | Employees State Insurance | 15.50 | 2014-15 | District Court, Palakkad |

- viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).

- ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised. The company did not raise any money by way of Initial Public Offer or further public offer including debt instruments during the year.

- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

- xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

- xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.

- xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.

- xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Place : Coimbatore
Date : 28-May-2016

Partner
M.No.: 028328

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Precot Meridian Limited on the standalone financial statements for the year ended 31st March 2016.]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Precot Meridian Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Place : Coimbatore
Date : 28-May-2016

| | Note | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|--|------|-------------------------------|-------------------------------|
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share Capital | 2.01 | 1,200.00 | 1,200.00 |
| Reserves and Surplus | 2.02 | <u>6,714.02</u> | <u>12,264.95</u> |
| | | 7,914.02 | 13,464.95 |
| Non-current liabilities | | | |
| Long Term Borrowings | 2.03 | 15,899.78 | 18,246.37 |
| Other Long Term Liabilities | 2.04 | 378.61 | - |
| Long Term Provisions | 2.05 | <u>171.58</u> | <u>195.27</u> |
| | | 16,449.97 | 18,441.64 |
| Current Liabilities | | | |
| Short Term Borrowings | 2.06 | 19,292.63 | 15,728.29 |
| Trade Payables | 2.07 | | |
| Total outstanding dues of micro and small enterprises | | 29.18 | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 2,021.05 | 1,642.39 |
| Other Current Liabilities | 2.08 | 8,980.65 | 7,979.32 |
| Short Term Provisions | 2.09 | <u>84.84</u> | <u>94.83</u> |
| | | 30,408.35 | 25,444.83 |
| | | 54,772.34 | 57,351.42 |
| Assets | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 2.10 | 31,232.09 | 33,422.68 |
| Intangible Assets | 2.10 | 90.15 | 100.21 |
| Capital Work-in-progress | - | 65.98 | 68.52 |
| Non-current Investments | 2.11 | 1,774.11 | 1,774.11 |
| Long Term loans and advances | 2.12 | <u>2,480.40</u> | <u>3,089.58</u> |
| | | 35,642.73 | 38,455.10 |
| Current Assets | | | |
| Inventories | 2.13 | 12,842.49 | 9,759.15 |
| Trade receivables | 2.14 | 4,676.34 | 4,065.01 |
| Cash and bank balances | 2.15 | 265.66 | 309.28 |
| Short term loans and advances | 2.16 | 898.12 | 1,060.67 |
| Other current assets | 2.17 | <u>447.00</u> | <u>3,702.21</u> |
| | | 19,129.61 | 18,896.32 |
| | | 54,772.34 | 57,351.42 |

Significant accounting policies & Notes on Financial Statements 1 & 2.01 to 2.42
The accompanying notes form an integral part of financial statements.

Vide our report of even date attached
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No.: 103523W
C S Sathyanarayanan
Partner
M.No. : 028328
Place : Coimbatore
Date : 28-May-2016

For and on behalf of the directors

D Sarath Chandran
Chairman
(DIN : 00001885)

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

M R Siva Shankar
Chief Financial Officer

R Nithya Prabhu
Company Secretary

Statement of Profit and loss

| | Note | 2015-16 | 2014-15 |
|---|------|-------------------|-------------------|
| | | ₹ Lacs | ₹ Lacs |
| Revenue From Operations | 2.18 | 68,368.60 | 74,694.84 |
| Other income | 2.19 | 1,099.55 | 247.78 |
| Total Revenue | | 69,468.15 | 74,942.62 |
| Expenses | | | |
| Cost of materials consumed | 2.20 | 36,380.28 | 42,174.79 |
| Changes in inventories of finished goods and work-in-progress | 2.21 | (852.12) | 1,739.21 |
| Purchase of Traded Goods | | 2,298.41 | 2,737.26 |
| Employee benefits expense | 2.22 | 7,813.80 | 7,580.21 |
| Finance costs | 2.23 | 3,764.96 | 3,362.41 |
| Depreciation and amortization expense | 2.24 | 3,799.85 | 3,691.49 |
| Other expenses | 2.25 | 19,868.72 | 18,374.51 |
| Total Expenses | | 73,073.90 | 79,659.88 |
| Profit / (Loss) before exceptional items | | (3,605.75) | (4,717.26) |
| Exceptional items | 2.37 | (1,945.18) | 1,472.63 |
| Profit / (Loss) before tax | | (5,550.93) | (3,244.63) |
| Tax expense: | | | |
| Current tax | | - | - |
| For earlier year | | - | - |
| MAT Credit | | - | - |
| Deferred tax | | - | 18.91 |
| Profit / (Loss) for the year | | (5,550.93) | (3,263.54) |
| Earnings per equity share (Nominal value of share ₹ 10) | 2.26 | (46.26) | (27.20) |

Significant accounting policies & Notes on Financial Statements 1 & 2.01 to 2.42
The accompanying notes form an integral part of financial statements.

Vide our report of even date attached
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No.: 103523W
C S Sathyanarayanan
Partner
M.No. : 028328
Place : Coimbatore
Date : 28-May-2016

For and on behalf of the directors

D Sarath Chandran
Chairman
(DIN : 00001885)

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

M R Siva Shankar
Chief Financial Officer

R Nithya Prabhu
Company Secretary

Nature of operations

Precot Meridian Limited has been a player in the textile industry since 1962. It started its first production in 1964 with an initial capacity of 12,096 spindles at Kanjikode, Kerala. At present it has units in the four southern states of India viz., Tamil Nadu, Kerala, Andhra Pradesh and Karnataka with a total spinning capacity of 2,25,000 spindles and 960 rotors. In 2013, the company has set up a greenfield technical textile at Hassan in the State of Karnataka.

1. Significant Accounting Policies

a. Accounting Convention :

The financial Statements have been prepared to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act read with rule 7 of the companies (Accounting Standards) Rules, 2014 and the relevant provisions of the companies Act, 2013. The Financial Statements have been prepared under the historical cost convention on an accrual basis. This accounting policy has been consistently applied by the company with those used in the previous year.

b. Use of Estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of Assets and Liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. 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, applicable borrowing cost, exchange gain/loss on restatement of long term foreign currency liability and all expenses related to acquisition and installation of the assets concerned.

d. Intangible Assets

Intangible assets acquired separately are measured

on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

e. Depreciation & Amortisation

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

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

f. Impairment of Assets:

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

g. Borrowing Costs:

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. 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.

h. Investments :

- a. Long Term Investments are stated at cost.
- b. Provision for diminution in value of long-term investments is made, if the diminution is other than temporary.

- i. 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 work-in-progress: Cost of Direct Material, Labour & Other Manufacturing overheads.
- j. Foreign Currency Transactions:**
- i) Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.
 - ii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except in case of long term liabilities, where they relate to acquisition of Fixed Assets, in which case they are adjusted to the carrying cost of such assets.
 - iii) Premium/Discount in respect of Forward Contract is amortised as expense/income over the period of contract. Exchange difference arising on forward contracts between the exchange rate on the date of the transaction and the exchange rate prevailing at the year end is recognised in the statement of profit and loss.
- k. Revenue Recognition:**
- i) The company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
 - ii) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods.
 - iii) Domestic sales as reported in the statement of profit and loss are exclusive of tax/duties, if any, and trade discounts. Income from export entitlements is accounted as and when the certainty of entitlement is determined.
 - iv) Dividend income is recognised when the right to receive the dividend is unconditional at the balance sheet date.
- l. Taxes on Income:**
- v) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
 - i) Current tax on income is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.
 - ii) Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets on business loss and unabsorbed depreciation are recognized and carried forward to the extent that there is virtual certainty that sufficient taxable income will be available against which such deferred tax asset can be realised.
 - iii) Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.
- m. Employee Benefits:**
- i) Short-term employee benefits are recognised as an expense at the un-discounted amount in

the statement of profit and loss of the year in which the related service is rendered.

- ii) Post employment and other long term benefits which are defined benefit plans are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered service. The expense is recognised based on the present value of the obligation determined in accordance with Revised Accounting Standard 15 on 'Employee Benefits'. Actuarial gains & losses are charged to the statement of profit and loss. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.
- iii) Payments to defined contribution schemes are charged as expense as and when incurred.
- iv) Termination benefits are recognised as an expense as and when incurred.

n. Government grants and subsidies :

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

o. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity 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.

p. Cash and cash equivalents

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transaction of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow comprises regular revenue generating, investing and financing activities of the company. Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments having a initial maturity of 3 months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

q. Provisions and contingent liabilities

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

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

| Share Holders' Funds | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|--|-------------------------------|-------------------------------|
| 2.01 Share Capital | | |
| Authorised | | |
| 2,00,00,000 Equity Shares of ₹ 10 each (Previous year - 2,00,00,000 Equity Shares of ₹10 each) | 2,000.00 | 2,000.00 |
| Issued, Subscribed & fully Paid up | | |
| 120,00,000 Equity Shares of ₹ 10 each fully paid up (Previous year - 1,20,00,000 Equity Shares of ₹10 each) | 1,200.00 | 1,200.00 |
| | 1,200.00 | 1,200.00 |

i) Terms/rights attached to equity shares :

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

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

| | Equity Shares | | | |
|--|----------------------|-----------------|-------------------|----------|
| | As at 31.03.2016 | | As at 31.03. 2015 | |
| | Number | ₹ Lacs | Number | ₹ Lacs |
| Equity Shares at the beginning of the year | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |
| Add: Equity Shares Issued during the year | - | - | - | - |
| Equity Shares at the end of the year | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |

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

| S. No. | Name of Shareholder | Equity Shares | | | |
|--------|---------------------|-----------------------|-----------------|-----------------------|-----------------|
| | | As at 31.03.2016 | | As at 31.03.2015 | |
| | | No. of Shares held | % of holding | No. of Shares held | % of holding |
| 1 | D Sarath Chandran | 28,41,108 | 23.68% | 28,41,108 | 23.68% |
| 2 | Ashwin Chandran | 23,07,457 | 19.23% | 23,07,457 | 19.23% |
| 3 | Prashanth Chandran | 19,71,891 | 16.43% | 19,71,891 | 16.43% |

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

v) Details of Shares held by Holding Company :

There are no Shares held by Holding Company / Subsidiaries of ultimate Holding Company.

| 2.02 Reserves and Surplus | As at | | As at | |
|---|-------------------|---------------------|-------------------|--------------------|
| | 31.03.2016 | | 31.03.2015 | |
| | ₹ Lacs | | ₹ Lacs | |
| a Capital Reserve | | | | |
| Opening balance | 748.19 | 48.19 | | |
| Add: Addition during the year | - | 700.00 | | |
| Closing balance | <u>748.19</u> | <u>748.19</u> | | 748.19 |
| b Capital redemption Reserve | | | | |
| Opening balance / Closing Balance | 355.00 | | | 355.00 |
| c Securities Premium account | | | | |
| Opening balance / Closing Balance | 2,736.46 | | | 2,736.46 |
| d General Reserve | | | | |
| Opening balance / Closing balance | 11,858.12 | | | 11,858.12 |
| e Investment Fair Value Reserve | | | | |
| Opening balance | - | 1,322.16 | | |
| Less : Deletion during the year | - | 1,322.16 | | |
| Closing balance | <u>-</u> | <u>-</u> | | - |
| f Hedging Reserve | | | | |
| Opening balance | - | (1,377.68) | | |
| Add : Addition during the year | - | 1,377.68 | | |
| Closing balance | <u>-</u> | <u>-</u> | | - |
| g Surplus in Statement of Profit and Loss | | | | |
| Opening balance | (3,432.82) | (141.39) | | |
| Add : (Loss) for the year | (5,550.93) | (3,263.54) | | |
| Less : Depreciation as per transition provision in Note 7 (b) of Schedule II of Companies Act, 2013 | - | (27.88) | | |
| Closing balance | <u>(8,983.75)</u> | <u>(3,432.82)</u> | | (3,432.82) |
| | 6,714.02 | | | 12,264.95 |
| 2.03 Long Term Borrowings | | | | |
| | | Non Current portion | | Current maturities |
| | As at | As at | As at | As at |
| | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| | ₹ Lacs | ₹ Lacs | ₹ Lacs | ₹ Lacs |
| Secured | | | | |
| Term loans from Banks | | | | |
| - Rupee Loan | 15,899.78 | 18,044.83 | 4,715.37 | 3,971.95 |
| - Foreign Currency Loan | - | 201.54 | - | 389.09 |
| Less: Amount disclosed under current maturities | | | 4,715.37 | 4,361.04 |
| | <u>15,899.78</u> | <u>18,246.37</u> | <u>-</u> | <u>-</u> |

1. Term loan from SBI, ICICI, Andhra Bank and Export Import Bank of India are secured by way of pari passu first charge on entire movable and immovable assets of the company and pari passu second charge on current assets of the company.
2. Term loan from ICICI Bank is secured by way of exclusive first charge on the assets of the Technical Textile unit at Hassan, Karnataka and Second charge on the entire moveable fixed asset of the unit at Hassan, ranking pari passu charge with ICICI bank's derivative limits for the unit at Hassan.
3. Corporate Loan from Axis Bank is secured by way of subservient charge over the movable fixed assets of the company and exclusive charge on land and building of the corporate office and pledge of shares of Pricol Limited shares held by the company.
4. In respect of the above, Rupee Term Loans carry interest ranging from 8.85% p.a. to 13.35% p.a.
5. The outstanding balance of :

Rupee term loan of ₹ 562.50 Lacs from Andhra Bank is repayable in 3 equal quarterly installments.

Rupee Tuf loan – IX of ₹ 123.64 Lacs from EXIM Bank is repayable in 3 equal quarterly installments.

Rupee Tuf loan – X of ₹ 500.76 Lacs from EXIM Bank is repayable in 5 equal quarterly installments.

Rupee Tuf loan – XI of ₹ 901.63 Lacs from EXIM Bank is repayable in 12 quarterly installments of varying amounts.

Rupee Tuf loan – XII of ₹ 1567.63 Lacs from SBI is repayable in 7 quarterly installments of varying amounts.

Rupee Tuf loan XIII of ₹ 9504.00 Lacs from ICICI Bank is repayable in 11 half yearly installments of varying amounts.

Rupee Tuf Loan – XIV of ₹ 1275.00 Lacs from EXIM Bank is repayable in 17 equal quarterly installments.

Rupee Tuf Loan – XV of ₹ 1680.00 Lacs from Andhra Bank is repayable in 20 equal quarterly installments commencing from October '16.

Rupee Corporate Loan of ₹ 2500.00 Lacs from ICICI Bank is repayable in 20 equal quarterly installments commencing from September '16.

Rupee Corporate Loan of ₹ 2000.00 Lacs from Axis Bank is repayable in 20 equal quarterly installments commencing from December '17.

| | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|---|--|-------------------------------|
| 2.04 Other Long Term Liabilities | | |
| Derivative Liability | 378.61 | - |
| | 378.61 | - |
| 2.05 Long Term Provisions | | |
| Provision for employee benefits | | |
| Gratuity (Funded) (Refer note no: 2.40) | 171.58 | 195.27 |
| | 171.58 | 195.27 |

| | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|--|--|--|
| 2.06 Short Term Borrowings | | |
| Secured | | |
| Working Capital Loans | | |
| From Banks | | |
| - Rupee Loan | 5,697.34 | 4,346.49 |
| - Foreign Currency Loan | 5,801.54 | 6,497.26 |
| Unsecured | | |
| From Bank | | |
| - Rupee Loan | 7,793.75 | 4,884.54 |
| | 19,292.63 | 15,728.29 |
| 1. Working capital loans from SBI, Andhra Bank, Corporation Bank, IDBI, ICICI, 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. | | |
| 2. In respect of the above, working capital rupee loans carry interest ranging from 10.45% p.a. to 12.50% p.a. and working capital foreign currency loans carry interest ranging from 1.50% p.a. to 2.75% p.a. plus applicable LIBOR. | | |
| 3. Unsecured short term loans from ICICI & IDBI Bank carry interest at 9.60% and 9.75% p.a. respectively. | | |
| 2.07 Trade Payables | | |
| Total outstanding dues of micro and small enterprises | 29.18 | - |
| Total outstanding dues of creditors other than micro and small enterprises | 2,021.05 | 1,642.39 |
| | 2,050.23 | 1,642.39 |
| There are no interest amounts paid / payable to Micro and Small Enterprises. The information in relation to dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the company, which has been relied upon by the auditors. | | |
| 2.08 Other Current Liabilities | | |
| a) Current maturities of long-term debt (Refer note no: 2.03) | 4,715.37 | 4,361.04 |
| b) Interest accrued but not due on borrowings | 38.64 | 74.81 |
| c) Unclaimed dividends | 22.60 | 25.14 |
| d) Accrued Employee benefits | 913.39 | 749.44 |
| e) Derivative liability | 138.57 | - |
| f) Temporary Over Draft from Banks | 6.74 | - |
| g) Statutory dues payable | 432.42 | 201.16 |
| h) Other Payables * | 2,712.92 | 2,567.73 |
| | 8,980.65 | 7,979.32 |
| * Other Payables include expenses payable and advances from customers | | |
| 2.09 Short Term Provisions | | |
| Provision for employee benefits | | |
| Gratuity (Funded) (Refer note no: 2.40) | 84.84 | 94.83 |
| | 84.84 | 94.83 |

Non Current Assets
2.10 Fixed Assets

₹ Lacs

| Particulars | Gross Block | | | | Depreciation and Amortization | | | | | Net Block |
|--------------------------|------------------|--|---|------------------|-------------------------------|-----------------|--------------------------|---|------------------|------------------|
| | As at 01.04.2015 | Addition / Adjustments during the year | Deductions / Retirement during the year | As at 31.03.2016 | Upto 31.03.2015 | For the Year | Adjusted against surplus | Deduction / Adjustments during the year | Upto 31.03.2016 | As at 31.03.2016 |
| Tangible Assets | | | | | | | | | | |
| Land | 1,039.82 | - | 56.16 | 983.66 | - | - | - | - | - | 983.66 |
| Building | 10,100.21 | 41.17 | 7.31 | 10,134.07 | 2,372.64 | 274.29 | - | 1.29 | 2,645.64 | 7,488.43 |
| Plant and Equipment | 59,325.90 | 2,234.18 | 2,441.47 | 59,118.61 | 35,158.02 | 3,394.34 | - | 1,794.17 | 36,758.19 | 22,360.42 |
| Vehicles | 402.17 | - | - | 402.17 | 179.96 | 31.07 | - | - | 211.03 | 191.14 |
| Office Furnitures | 353.95 | 6.38 | - | 360.33 | 175.83 | 33.36 | - | - | 209.19 | 151.14 |
| Computer | 540.17 | 12.50 | - | 552.67 | 453.09 | 42.28 | - | - | 495.37 | 57.30 |
| TOTAL (A) | 71,762.22 | 2,294.23 | 2,504.94 | 71,551.51 | 38,339.54 | 3,775.34 | - | 1,795.46 | 40,319.42 | 31,232.09 |
| Intangible Assets | | | | | | | | | | |
| Computer Software | 417.38 | 14.44 | - | 431.82 | 317.17 | 24.50 | - | - | 341.67 | 90.15 |
| TOTAL (B) | 417.38 | 14.44 | - | 431.82 | 317.17 | 24.50 | - | - | 341.67 | 90.15 |
| TOTAL (A + B) | 72,179.60 | 2,308.67 | 2,504.94 | 71,983.33 | 38,656.71 | 3,799.84 | - | 1,795.46 | 40,661.09 | 31,322.24 |

| Particulars | Gross Block | | | | Depreciation and Amortization | | | | | Net Block |
|--------------------------|------------------|--|---|------------------|-------------------------------|-----------------|--------------------------|---|------------------|------------------|
| | As at 01.04.2014 | Addition / Adjustments during the year | Deductions / Retirement during the year | As at 31.03.2015 | Upto 31.03.2014 | For the Year | Adjusted against surplus | Deduction / Adjustments during the year | Upto 31.03.2015 | As at 31.03.2015 |
| Tangible Assets | | | | | | | | | | |
| Land | 1,075.60 | - | 35.78 | 1,039.82 | - | - | - | - | - | 1,039.82 |
| Building | 10,000.10 | 101.49 | 1.38 | 10,100.21 | 2,101.23 | 271.41 | - | - | 2,372.64 | 7,727.57 |
| Plant and Equipment | 59,059.77 | 1,028.09 | 761.96 | 59,325.90 | 32,356.39 | 3,283.20 | 0.48 | 482.05 | 35,158.02 | 24,167.88 |
| Vehicles | 380.35 | 44.92 | 23.10 | 402.17 | 169.67 | 32.23 | - | 21.94 | 179.96 | 222.21 |
| Office Furnitures | 357.14 | 2.11 | 5.30 | 353.95 | 130.83 | 36.49 | 9.54 | 1.03 | 175.83 | 178.12 |
| Computer | 520.66 | 19.59 | 0.08 | 540.17 | 389.89 | 45.42 | 17.86 | 0.08 | 453.09 | 87.08 |
| TOTAL (A) | 71,393.62 | 1,196.20 | 827.60 | 71,762.22 | 35,148.01 | 3,668.75 | 27.88 | 505.10 | 38,339.54 | 33,422.68 |
| Intangible Assets | | | | | | | | | | |
| Computer Software | 414.37 | 3.01 | - | 417.38 | 294.43 | 22.74 | - | - | 317.17 | 100.21 |
| TOTAL (B) | 414.37 | 3.01 | - | 417.38 | 294.43 | 22.74 | - | - | 317.17 | 100.21 |
| TOTAL (A + B) | 71,807.99 | 1,199.21 | 827.60 | 72,179.60 | 35,442.44 | 3,691.49 | 27.88 | 505.10 | 38,656.71 | 33,522.89 |

| 2.11 Non Current Investments | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|---|--|--|
| A. Trade Investments | | |
| 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 (Previous year 2,25,000 shares 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) |
| Sub Total | 1,532.19 | 1,532.19 |
| B. Others Investments | | |
| In Equity Shares - Quoted, fully paid up | | |
| 27,90,000 Pricol Limited of ₹ 1 each | 101.00 | 101.00 |
| Market value - ₹ 1194.12 lacs (Previous Year ₹ 843.98 lacs) | | |
| | | |
| In Equity Shares of Subsidiary Companies - Unquoted, fully paid up at cost | | |
| 2,50,000 Multiflora Processing Coimbatore Limited of ₹ 10 each (extent of holding - 100%) | 25.00 | 25.00 |
| 1,00,000 Suprem Textiles Processing Limited of ₹ 100 each (extent of holding - 100%) | 100.00 | 100.00 |
| 50,000 Precot Meridian Energy Limited of ₹ 10 each (extent of holding - 100%) | 5.00 | 5.00 |
| | | |
| 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 Ltd of ₹ 10 each | 1.00 | 1.00 |
| In Partnership Firm * | 9.90 | 9.90 |
| Sub Total | 241.92 | 241.92 |
| Total (A + B) | 1,774.11 | 1,774.11 |
| Aggregate amount of quoted investments | 101.00 | 101.00 |
| Market value of quoted investments | 1,194.12 | 843.98 |
| | | |
| Aggregate amount of unquoted investments | 2,148.69 | 2,148.69 |
| * Investment in Partnership Firm - Suprem Associates | | |
| Total Capital of the Firm | 10.00 | 10.00 |
| Share in the capital of the firm | 9.90 | 9.90 |
| | | |
| Share of each partner in the profits of the Firm | | |
| Precot Meridian Limited | 99% | 99% |
| Suprem Textile Processing Limited | 1% | 1% |

| 2.12 Long Term Loans and Advances | As at 31.03.2016 | As at 31.03.2015 |
|---|-----------------------------|-----------------------------|
| | ₹ Lacs | ₹ Lacs |
| Unsecured, considered good | | |
| Capital Advances | 141.96 | 72.57 |
| Security Deposits | 964.41 | 1,091.00 |
| MAT Credit Receivable | 894.25 | 894.25 |
| Derivative Asset | - | 449.58 |
| Tax Payments Pending Adjustments | 472.87 | 574.72 |
| Prepaid expenses | 6.91 | 7.46 |
| | <u>2,480.40</u> | <u>3,089.58</u> |
| 2.13 Inventories | | |
| a. Raw Materials and components (Includes goods in transit Nil ; PY ₹ 382.79 lacs) | 7,854.40 | 5,662.84 |
| b. Work-in-progress | 1,495.92 | 1,388.33 |
| c. Finished goods | 2,866.16 | 2,018.62 |
| d. Waste cotton | 70.99 | 173.99 |
| e. Stores and spares | 555.02 | 515.37 |
| | <u>12,842.49</u> | <u>9,759.15</u> |
| 2.14 Trade Receivables | | |
| Over six months | | |
| i) Unsecured, considered good | 28.66 | 40.36 |
| ii) Unsecured, considered doubtful | 27.66 | - |
| Less : Provision for bad & doubtful debts | (27.66) | - |
| Others : Unsecured considered good | 4,647.68 | 4,024.65 |
| | <u>4,676.34</u> | <u>4,065.01</u> |
| 2.15 Cash and Cash Equivalents | | |
| a) Balances with banks | | |
| In current accounts | 219.35 | 280.74 |
| In deposit accounts | 19.20 | - |
| In unclaimed dividend accounts | 22.60 | 25.14 |
| b) Cash on hand | 4.51 | 3.40 |
| | <u>265.66</u> | <u>309.28</u> |
| Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash flow Statement is ₹ 243.06 lacs (Previous Year ₹ 284.14 lacs) | | |
| 2.16 Short term loans and advances | | |
| Unsecured, considered good | | |
| Balance with Government authorities | 230.97 | 310.76 |
| Advance to trade suppliers | 267.39 | 317.85 |
| Prepaid expenses | 286.57 | 309.13 |
| Staff advances | 60.01 | 61.91 |
| Dues from Subsidiaries / related parties (Refer note no: 2.39) | 34.74 | 33.74 |
| Other Advances | 18.44 | 27.28 |
| | <u>898.12</u> | <u>1,060.67</u> |

| | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|---|-------------------------------|-------------------------------|
| 2.17 Other Current Assets | | |
| Unsecured considered doubtful | | |
| Subsidy receivable from Government | 2,136.11 | 190.93 |
| Less: Provision for doubtful receivables | 2,136.11 | 190.93 |
| Unsecured considered good | | |
| Subsidy receivable from Government (Refer note no. 2.34) | 220.04 | 3,271.89 |
| Export incentives receivable | 152.64 | 337.68 |
| Income accrued | 74.32 | 92.64 |
| | <u>447.00</u> | <u>3,702.21</u> |
| 2.18 Revenue from Operations | | |
| A. Sale of Products - Manufactured Goods | | |
| Sale of Yarn | 56,539.11 | 65,854.38 |
| Sale of Technical Textile products | 4,901.51 | 2,779.49 |
| Sale of Fabrics | 2,156.62 | - |
| Sale of Products - Traded Goods | | |
| Sales of Yarn & Cotton | 2,379.49 | 2,859.48 |
| Total - A | <u>65,976.73</u> | <u>71,493.35</u> |
| B. Other operating revenue | | |
| Scrap Sales | 659.49 | 1,609.38 |
| Export Incentive | 539.12 | 581.48 |
| Processing Income | 1,160.62 | 978.32 |
| Others | 32.64 | 32.31 |
| Total - B | <u>2,391.87</u> | <u>3,201.49</u> |
| Total (A + B) | <u>68,368.60</u> | <u>74,694.84</u> |
| 2.19 Other Income | | |
| Interest Income | 141.26 | 99.04 |
| Dividend - From long term investments | - | 11.16 |
| Profit on sale of assets (net) | 871.57 | 78.68 |
| Insurance claim receipts | 54.15 | 10.76 |
| Miscellaneous Income | 32.57 | 48.14 |
| | <u>1,099.55</u> | <u>247.78</u> |

| | | 2015 - 16 | 2014 - 15 |
|---|------------------|------------------|------------------|
| | | ₹ Lacs | ₹ Lacs |
| 2.20 Cost of materials consumed : | | | |
| Cotton | | 36,380.28 | 42,174.79 |
| | | 36,380.28 | 42,174.79 |
| Particulars of Materials Consumed | | | |
| | 2015 - 16 | | 2014 - 15 |
| | % of consumption | ₹ Lacs | % of consumption |
| | | | ₹ Lacs |
| Imported | 0.00% | 1.26 | 2.17% |
| | | | 916.77 |
| Indigenous | 100.00% | 36,379.02 | 97.83% |
| | | | 41,258.02 |
| | 100.00% | 36,380.28 | 100.00% |
| | | | 42,174.79 |
| 2.21 Changes in inventories of finished goods and work-in-progress | | | |
| Inventory at the end of the year | | | |
| Work in Progress and Waste Cotton | | 1,566.91 | 1,562.33 |
| Finished Goods | | 2,866.16 | 2,018.62 |
| | | 4,433.07 | 3,580.95 |
| Inventory at the beginning of the year | | | |
| Work in Progress and Waste Cotton | | 1,562.33 | 3,361.33 |
| Finished Goods | | 2,018.62 | 1,958.83 |
| | | 3,580.95 | 5,320.16 |
| (Increase) / decrease in inventories | | (852.12) | 1,739.21 |
| 2.22 Employee benefits expense | | | |
| Salaries, Wages and Bonus | | 6,746.82 | 6,500.03 |
| Contributions to Provident fund and other funds | | 527.93 | 523.01 |
| Staff welfare expenses | | 539.05 | 557.17 |
| | | 7,813.80 | 7,580.21 |
| 2.23 Finance Costs | | | |
| Interest expense | | 3,664.01 | 3,280.80 |
| Other borrowing costs | | 100.95 | 81.61 |
| | | 3,764.96 | 3,362.41 |
| 2.24 Depreciation and Amortization | | | |
| Depreciation - Refer note no. 2.10 | | 3,775.35 | 3,668.75 |
| Amortization of Intangible asset - Refer note no. 2.10 | | 24.50 | 22.74 |
| | | 3,799.85 | 3,691.49 |

| | 2015 - 16 ₹ Lacs | 2014 - 15 ₹ Lacs |
|---|---------------------|---------------------|
| 2.25 Other Expenses | | |
| Consumption of Stores & Spares | 2,709.28 | 2,189.53 |
| Power & Utilities (net) Refer note no. 2.32 | 8,781.50 | 8,538.35 |
| Processing Charges | 302.86 | 139.26 |
| Repairs and maintenance | | |
| Machinery | 2,646.36 | 2,806.42 |
| Building | 330.11 | 488.40 |
| Others | 150.11 | 155.20 |
| Rent, Rates and Taxes | 37.66 | 58.61 |
| Foreign Exchange loss (net) Refer note no. 2.38 | 1,155.17 | 157.86 |
| Selling & Distribution expenses | 2,943.14 | 2,913.87 |
| Bank Charges | 142.09 | 98.28 |
| Communication Expenses | 70.37 | 68.05 |
| Travelling Expenses | 100.15 | 113.87 |
| Professional Charges | 103.93 | 66.77 |
| Auditor's Remuneration | 15.70 | 14.94 |
| Other Administrative expenses | 353.97 | 374.17 |
| Provision for doubtful receivables / advances | 26.32 | 190.93 |
| | <u>19,868.72</u> | <u>18,374.51</u> |
| Payments to the auditor as | | |
| a) Auditor | | |
| - For Statutory Audit | 8.25 | 7.00 |
| - For Tax Audit | 1.25 | 1.25 |
| - For VAT Audit | 1.50 | 1.50 |
| b) For certification services | 1.55 | 0.95 |
| c) For others | 0.25 | 1.75 |
| d) For reimbursement of expenses | 0.95 | 0.94 |
| e) Service Tax | 1.95 | 1.55 |
| | <u>15.70</u> | <u>14.94</u> |

| | 2015 - 16 ₹ Lacs | 2014 - 15 ₹ Lacs |
|--|---------------------|---------------------|
| 2.26 Earnings per share | | |
| Net Profit / (Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders | (5,550.93) | (3,263.54) |
| Weighted Average number of equity shares used as denominator for calculating EPS | 1,20,00,000 | 1,20,00,000 |
| Basic & Diluted Earnings / (Loss) per share (in ₹) | (46.26) | (27.20) |
| Face Value per equity share (in ₹) | 10.00 | 10.00 |
| 2.27 Estimated amount of contracts remaining to be executed on capital account and not provided for | 35.29 | 321.27 |
| 2.28 Contingent liabilities in respect of : | | |
| Bills discounted | 2,032.52 | 1,939.66 |
| Guarantees | 300.38 | 288.00 |
| Letters of credit outstanding | 60.30 | - |
| 2.29 a. Disputed Statutory Liabilities not provided for (excluding interest & penalty, if any) | 1,317.23 | 2,434.46 |
| b. Disputed Other Liabilities not provided for (excluding interest & penalty, if any) | 59.74 | 59.74 |
| 2.30 Earnings in Foreign Exchange : | | |
| Export of Goods - FOB Value | 21,388.68 | 21,907.68 |
| 2.31 Expenditure in Foreign Currency | | |
| a. CIF Value of Imports : | | |
| i Raw Materials | - | 844.15 |
| ii Components and Spares | 301.14 | 213.89 |
| iii Capital Goods | 186.14 | 491.10 |
| b. Export Commission | 185.20 | 201.12 |
| c. Quality Claim | 16.91 | 5.72 |
| d. Interest | 170.99 | 148.62 |
| e. Others | 24.05 | 11.64 |
| | 884.43 | 1,916.24 |

2.32 Power and utilities is net of wind power of ₹ 348.72 lacs (previous year ₹ 478.66 lacs) representing power supplied to the grid against which equivalent consumption was made in house.

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

| | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|---|--|-------------------------------|
| a. Exchange difference capitalized during the year | 20.25 | 33.10 |
| b. Depreciation charged to Statement of Profit & Loss thereon | 208.55 | 212.15 |
| c. Remaining amount to be amortized* | 453.70 | 662.25 |

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

2.34 Subsidy receivable from government (net of provisions) represents ₹ 145.04 lacs (previous year ₹ 2051.08 lacs) of interest subsidy on TUF scheme loans and ₹ 75 lacs (previous year ₹ 75 lacs) of grant receivable for reimbursement of expenditure from Karnataka Government.

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

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

| Particulars | Foreign Currency | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
|-----------------------|------------------|------------------------------------|---------|----------------------------------|---------|
| | | Amount of Foreign Currency in Lacs | | Equivalent amount of Rs. in Lacs | |
| Receivable covered by | USD | - | 5.38 | - | 335.97 |
| Forward Contract | EURO | - | 4.37 | - | 293.46 |

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

| | | | | | |
|-------------------|------|---------------|--------|----------------|---------|
| Trade Payables | USD | 0.04 | - | 2.55 | - |
| | EURO | 0.02 | - | 1.86 | - |
| Trade Receivables | USD | 12.46 | 12.74 | 825.46 | 796.05 |
| | EURO | 7.62 | 2.63 | 574.29 | 176.87 |
| | GBP | 0.25 | 0.28 | 22.89 | 25.70 |
| PCFC | USD | 72.77 | 102.15 | 4820.76 | 6384.53 |
| | EURO | 13.01 | 1.68 | 980.78 | 112.73 |
| ECB | USD | - | 9.45 | - | 590.63 |
| Derivatives | EURO | 111.94 | 126.64 | 8437.18 | 8510.42 |

2.37 Exceptional item represents :

- a) Provision for TUF Interest receivable - ₹ 1945.18 lacs (previous year Nil)
- b) Profit on sale of long term investment - Nil (Previous year ₹ 1014.06 lacs)
- c) Impact on account of discontinuation of AS 30 & 32 - Nil (Previous year - ₹ 458.57 lacs)

2.38 Foreign Exchange loss (net) includes foreign exchange loss arising out of restatement of foreign currency assets / liabilities / derivatives amounting to ₹ 992.53 lacs (previous year - ₹ 150.68 lacs)

2.39 Related Party Disclosure :

List of related parties with whom transactions have taken place

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

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

Others: Pricol Limited, Pricol Packaging Limited, Premier Spinning & Weaving Mills Pvt Ltd and Mr. Vijay Mohan .

₹ Lacs

| Nature of Transactions | FY 2015-16 | | | FY 2014-15 | | |
|--|--------------|--------|--------|--------------|--------|--------|
| | Subsidiaries | KMP | Others | Subsidiaries | KMP | Others |
| Commission on Exports | - | - | - | - | - | - |
| Dividend Received | - | - | - | - | - | 11.16 |
| Advance for Expense | 1.00 | - | - | 1.01 | - | - |
| Remuneration | - | 167.90 | - | - | 152.64 | - |
| Purchase of spares | - | - | 0.21 | - | - | 0.10 |
| Purchase of packing materials | - | - | - | - | - | 0.24 |
| Purchase of Waste | - | - | 44.74 | - | - | - |
| Sale of Yarn | - | - | 92.26 | - | - | 75.21 |
| Sitting Fees | - | - | 0.60 | - | - | 0.60 |
| Amount Outstanding as at year end - Dr | 34.74 | - | - | 33.74 | - | - |

| | 31.03.2016 ₹ Lacs | 31.03.2015 ₹ Lacs |
|--|----------------------|----------------------|
| 2.40 Disclosure report under AS15 (Revised 2005) | | |
| I. Principal Actuarial Assumptions [Expressed as weighted averages] | | |
| Discount Rate | 7.88% | 7.84% |
| Salary escalation rate | 3.00% | 3.00% |
| Attrition rate | 2.00% | 2.00% |
| Expected rate of return on plan Assets | 8.25% | 8.25% |
| II. Changes in the present value of the obligation - Reconciliation of opening and closing balances : | | |
| Present value of the obligation as at the beginning of the period | 1378.25 | 1229.97 |
| Interest cost | 102.67 | 92.26 |
| Current service cost | 116.15 | 106.87 |
| Past service cost - (non vested benefits) | - | - |
| Past service cost - (vested benefits) | - | - |
| Benefits paid | (150.79) | (106.32) |
| Actuarial loss / (gain) on obligation (balancing figure) | (227.78) | 55.47 |
| Present Value of the Obligation as at the end of the period | 1218.50 | 1378.25 |
| III. Changes in the fair value of plan assets - Reconciliation of opening and closing balances : | | |
| Fair value of plan assets as at the beginning of the period | 1088.15 | 978.81 |
| Expected return on plan assets | 84.57 | 85.26 |
| Contributions | - | - |
| Benefits paid | (150.79) | (106.32) |
| Actuarial gain / (loss) on plan assets (balancing figure) | (59.85) | 130.40 |
| Fair value of plan assets as at the end of the period | 962.08 | 1088.15 |
| IV. Actual return on plan assets | | |
| Expected return on plan assets | 84.57 | 85.26 |
| Actuarial gain / (loss) on plan assets | (59.85) | 130.40 |
| Actual return on plan assets | 24.72 | 215.66 |
| V. Actuarial gain / Loss recognized | | |
| Actuarial (gain) / loss for the period - Obligation | (227.78) | 55.47 |
| Actuarial gain / (loss) for the period - Plan assets | (59.85) | 130.40 |
| Total (gain) / loss for the period | (167.93) | (74.93) |
| Actuarial (gain)/loss recognised in the period | (167.93) | (74.93) |
| Unrecognized actuarial (gain) / loss at the end of the year | - | - |
| VI. Amounts recognised in the balance sheet and related analysis | | |
| Present value of the obligation | 1218.50 | 1378.25 |
| Fair value of plan assets | 962.08 | 1088.15 |
| Difference | 256.42 | 290.10 |
| Unrecognised transitional liability | - | - |
| Unrecognised past service cost -non vested benefits | - | - |
| Liability recognised in the balance sheet | 256.42 | 290.10 |

| | 31.03.2016 | 31.03.2015 | | | |
|--|-------------------|------------|------------|----------------|------------|
| | ₹ Lacs | ₹ Lacs | | | |
| VII. Expense recognised in the statement of profit and loss | | | | | |
| Current service cost | 116.15 | 106.87 | | | |
| Interest cost | 102.67 | 92.26 | | | |
| Expected return on plan assets | (84.57) | (85.26) | | | |
| Net actuarial (gain)/ loss recognised in the year | (167.93) | (74.93) | | | |
| Transitional liability recognised in the year | - | - | | | |
| Past service cost-non-vested benefits | - | - | | | |
| Past service cost-vested benefits | - | - | | | |
| Expenses recognised in the statement of profit and loss | (33.68) | 38.94 | | | |
| VIII. Movements in the liability recognized in the balance sheet | | | | | |
| Opening net liability | 290.10 | 251.16 | | | |
| Expense as above | (33.68) | 38.94 | | | |
| Contribution paid | - | - | | | |
| Closing net liability | 256.42 | 290.10 | | | |
| IX. Amount for the current period | 31.3.2016 | 31.03.2015 | 31.03.2014 | 31.03.2013 | 31.03.2012 |
| Present Value of obligation | 1218.50 | 1378.25 | 1229.97 | 1155.92 | 1042.24 |
| Plan Assets | 962.08 | 1088.15 | 978.81 | 926.61 | 887.94 |
| Surplus / (Deficit) | (256.42) | (290.10) | (251.16) | (229.31) | (154.30) |
| Experience adjustments on plan liabilities - (Loss)/Gain | (223.80) | 64.20 | 14.18 | (54.95) | (91.01) |
| Experience adjustments on plan assets - (Loss)/Gain | (59.85) | 122.65 | 46.77 | (0.05) | (47.18) |
| X. Major categories of plan assets (as percentage of total plan assets) | | | | | |
| Fund managed by Insurer | | | | 100.00% | 100.00% |
| Total | | | | 100.00% | 100.00% |
| XI. Enterprise's Best Estimate of Contribution during Next Year | | | | NA | NA |

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

Loans given and Guarantees given by the company : Nil (Previous year : Nil)

Investments made are given under the respective head.

2.42 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.

Vide our report of even date attached
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No.: 103523W
C S Sathyanarayanan
Partner
M.No. : 028328
Place : Coimbatore
Date : 28-May-2016

For and on behalf of the directors

D Sarath Chandran
Chairman
(DIN : 00001885)

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

M R Siva Shankar
Chief Financial Officer

R Nithya Prabhu
Company Secretary

| | 2015 - 16 ₹ Lacs | 2014 - 15 ₹ Lacs |
|---|---------------------|---------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit Before Tax and Extraordinary Items | (3,605.75) | (4,717.26) |
| Adjustments for : | | |
| Depreciation | 3,799.85 | 3,691.49 |
| (Profit) / Loss on Sale of Assets | (871.57) | (78.68) |
| Exceptional items | (1,945.18) | 458.57 |
| Investment Income - Dividend | - | (11.16) |
| Interest Income | (141.26) | (99.04) |
| Interest Payment | 3,764.96 | 3,362.41 |
| | <u>4,606.80</u> | <u>7,323.59</u> |
| Operating Profit before working capital changes | 1,001.05 | 2,606.33 |
| Adjustments for : | | |
| Trade Receivables | (611.34) | 279.43 |
| Other Receivables | 3,906.77 | (1,536.71) |
| Inventories | (3,083.33) | 8,906.41 |
| Trade Payables | 1,438.47 | (1,060.01) |
| | <u>1,650.57</u> | <u>6,589.12</u> |
| Cash generated from Operations | 2,651.62 | 9,195.45 |
| Direct Taxes (paid) / Refunds | 101.84 | (43.59) |
| Net Cash Flow from Operating Activities | 2,753.46 | 9,151.86 |
| B. Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets (Including WIP) | (2,308.67) | (1,243.94) |
| Sale of Fixed Assets | 1,583.59 | 401.18 |
| (Purchase) / Sale of Investments | - | 1,152.14 |
| Proceeds from capital investment subsidy | - | 700.00 |
| Interest Received | 159.58 | 127.17 |
| Dividend Received | - | 11.16 |
| Net Cash flow from / (used in) Investing Activities | (565.50) | 1147.71 |
| C. Cash Flow from Financing Activities | | |
| Dividends Paid (Including Dividend Tax) | (2.54) | (280.59) |
| Interest Paid (net) | (3,801.13) | (3,582.65) |
| Repayments of Long Term Borrowings | (1,992.25) | (1,317.43) |
| Proceeds / (Repayments) of Unsecured Loan | 2,909.21 | (2,527.43) |
| Proceeds / Repayments of working capital borrowings | 655.13 | (2,648.05) |
| Net Cash Flow used in Financing Activities | (2,231.58) | (10,356.15) |
| Net Increase / (Decrease) in Cash and Cash Equivalents | (43.62) | (56.58) |
| Cash and Bank Balances as at 1.4.2015 and 1.4.2014 (opening balance) | 309.28 | 365.85 |
| Less: Bank balances not considered as cash and cash equivalents as per Accounting Standard 3 | 22.60 | 25.14 |
| Cash and Cash Equivalents as at 31.3.2016 and 31.3.2015 (closing balance) | 243.06 | 284.14 |

Vide our report of even date attached
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No.: 103523W
C S Sathyanarayanan
Partner
M.No. : 028328
Place : Coimbatore
Date : 28-May-2016

For and on behalf of the directors

D Sarath Chandran
Chairman
(DIN : 00001885)

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

M R Siva Shankar
Chief Financial Officer

R Nithya Prabhu
Company Secretary

To the Members of Precot Meridian Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Precot Meridian Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those

Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2016, their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matter

- a) We did not audit the financial statement of one subsidiary, whose financial statement reflects total assets(net) of ₹ 10.00 Lacs as at March 31, 2016, total revenues of Nil and net cash flows amounting to Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statement are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statement. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiaries companies, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the the Group, and the operating effectiveness of such controls, we give our separate Report in the "Annexure".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated

financial position of the Group Refer Note 2.29 to the consolidated financial statements;

- ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 2.04 to the consolidated financial statements in respect of such items as it relates to the Group;
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries companies incorporated in India.

Place : Coimbatore
Date : 28-May-2016

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

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Precot Meridian Limited on the consolidated financial statements for the year ended 31st March 2016.]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of the, Holding company and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence

obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 3 subsidiary companies incorporated in India, is based on the corresponding reports issued by us.

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

Place : Coimbatore
Date : 28-May-2016

Partner
M.No.: 028328



Consolidated Balance Sheet

| | Note | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|--|------|-------------------------------|-------------------------------|
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share Capital | 2.01 | 1,200.00 | 1,200.00 |
| Reserves and Surplus | 2.02 | <u>6,622.44</u> | <u>12,174.47</u> |
| | | 7,822.44 | 13,374.47 |
| Non-current liabilities | | | |
| Long Term Borrowings | 2.03 | 15,899.78 | 18,246.37 |
| Other Long Term Liabilities | 2.04 | 378.61 | - |
| Long Term Provisions | 2.05 | <u>171.58</u> | <u>195.27</u> |
| | | 16,449.97 | 18,441.64 |
| Current Liabilities | | | |
| Short Term Borrowings | 2.06 | 19,292.63 | 15,728.29 |
| Trade Payables | 2.07 | | |
| Total outstanding dues of micro and small enterprises | | 29.18 | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 2,021.05 | 1,642.38 |
| Other Current Liabilities | 2.08 | 8,981.07 | 7,979.73 |
| Short Term Provisions | 2.09 | <u>84.84</u> | <u>94.83</u> |
| | | 30,408.77 | 25,445.23 |
| | | 54,681.18 | 57,261.34 |
| Assets | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 2.10 | 31,313.48 | 33,504.08 |
| Intangible Assets | 2.10 | 90.14 | 100.21 |
| Capital Work-in-progress | | 65.98 | 68.52 |
| Non-current Investments | 2.11 | 1,636.09 | 1,636.09 |
| Long Term loans and advances | 2.12 | <u>2,480.40</u> | <u>3,089.59</u> |
| | | 35,586.09 | 38,398.49 |
| Current Assets | | | |
| Inventories | 2.13 | 12,842.49 | 9,759.15 |
| Trade receivables | 2.14 | 4,676.34 | 4,065.01 |
| Cash and bank balances | 2.15 | 265.88 | 309.56 |
| Short Term loans and advances | 2.16 | 863.38 | 1,026.92 |
| Other current assets | 2.17 | <u>447.00</u> | <u>3,702.21</u> |
| | | 19,095.09 | 18,862.85 |
| | | 54,681.18 | 57,261.34 |

Significant Accounting Policies and Notes on Financial Statements 1 & 2.01 to 2.44
The accompanying notes form an integral part of financial statements

Vide our report of even date attached
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No.: 103523W
C S Sathyanarayanan
Partner
M.No. : 028328
Place : Coimbatore
Date : 28-May-2016

For and on behalf of the directors

D Sarath Chandran
Chairman
(DIN : 00001885)

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

M R Siva Shankar
Chief Financial Officer

R Nithya Prabhu
Company Secretary



Consolidated Statement of Profit and loss

| | Note | 2015-16 | 2014-15 |
|---|------|-------------------|------------|
| | | ₹ Lacs | ₹ Lacs |
| Revenue From Operations | 2.18 | 68,368.60 | 74,694.84 |
| Other income | 2.19 | 1,099.55 | 248.62 |
| Total Revenue | | 69,468.15 | 74,943.46 |
| Expenses | | | |
| Cost of materials consumed | 2.20 | 36,380.27 | 42,174.79 |
| Changes in inventories of finished goods and work-in-progress | 2.21 | (852.12) | 1,739.21 |
| Purchase of Traded Goods | | 2,298.41 | 2,737.26 |
| Employee benefits expense | 2.22 | 7,813.80 | 7,580.15 |
| Finance costs | 2.23 | 3,764.96 | 3,362.41 |
| Depreciation and amortization expense | 2.24 | 3,799.85 | 3,691.49 |
| Other expenses | 2.25 | 19,869.83 | 18,375.78 |
| Total Expenses | | 73,075.00 | 79,661.09 |
| Profit / (Loss) before exceptional items | | (3,606.85) | (4,717.63) |
| Exceptional items | 2.37 | (1,945.18) | 1,472.63 |
| Profit / (Loss) before tax | | (5,552.03) | (3,245.00) |
| Tax expense : | | | |
| Current tax | | - | - |
| For earlier year | | - | - |
| MAT Credit | | - | - |
| Deferred tax | | - | 18.91 |
| Profit / (Loss) for the year | | (5,552.03) | (3,263.91) |
| Earnings per equity share (Nominal value of Share ₹ 10) | 2.26 | (46.27) | (27.20) |

Significant Accounting Policies and Notes on Financial Statements 1 & 2.01 to 2.44
The accompanying notes form an integral part of financial statements

Vide our report of even date attached
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No.: 103523W
C S Sathyanarayanan
Partner
M.No. : 028328
Place : Coimbatore
Date : 28-May-2016

For and on behalf of the directors

D Sarath Chandran
Chairman
(DIN : 00001885)

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

M R Siva Shankar
Chief Financial Officer

R Nithya Prabhu
Company Secretary

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016
I. Significant Accounting Policies to the Consolidated Financial Statement
I. Principles of consolidation

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

- 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.

II. Significant Accounting Policies
a. Accounting Convention:

The financial Statements have been prepared to comply in all material respects with the accounting standards specified under section 133 of the Companies Act read with rule 7 of the companies (Accounting Standards) Rules, 2014 and the relevant provisions of the companies Act, 2013. The Financial Statements have been prepared under the historical cost convention on an accrual basis. This accounting policy has been consistently applied by the company with those used in the previous year.

b. Use of Estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of Assets and Liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. 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, applicable borrowing cost, exchange gain/loss on restatement of long term foreign currency liability and all expenses related to acquisition and installation of the assets concerned.

d. Intangible Assets

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

e. Depreciation & Amortisation

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

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

f. Impairment of Assets:

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

g. Borrowing Costs:

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. 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.

h. Investments :

- a. Long Term Investments other than in subsidiaries and associates have been accounted as per accounting standard 13 on "Accounting for Investments".
- b. Provision for diminution in value of long-term investments is made, if the diminution is other than temporary.

i. 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 Work-in-Progress: Cost of Direct Material, Labour & Other Manufacturing Overheads.

j. Foreign Currency Transactions:

- i) Foreign Currency Transactions are recorded at exchange rates prevailing on the date of such transaction.
- ii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Statement, except in case of long term liabilities, where they relate to acquisition of Fixed Assets, in which case they are adjusted to the carrying cost of such assets.
- iii) Premium/Discount in respect of Forward Contract is amortised as expense/income over the period of contract. Exchange difference arising on forward contracts between the exchange rate on the date of the transaction and the exchange rate prevailing at the year end is recognised in the statement of profit and loss.

k. Revenue Recognition:

- i) The company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- ii) Sale of goods is recognised when the risk and rewards of

ownership are passed on to the customers, which is generally on dispatch of goods.

- iii) Domestic sales as reported in the statement of profit and loss are exclusive of tax/duties, if any, and trade discounts. Income from Export entitlements is accounted as and when the certainty of entitlement is determined.
- iv) Dividend income is recognised when the right to receive the dividend is unconditional at the balance sheet date.
- v) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

I. Taxes on Income:

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

m. Employee Benefits :

- i) Short-term employee benefits are recognised as an expense at the un-discounted amount in the statement of profit and loss of the year in which the related service is rendered.
- ii) Post employment and other long term benefits which are defined benefit plans are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered service. The expense is recognised based on the present value of the obligation determined in accordance with Revised Accounting Standard 15 on 'Employee Benefits'. Actuarial gains & losses are charged to the statement of profit and loss. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation,

performed by an independent actuary, at each balance sheet date using the projected unit credit method.

- iii) Payments to defined contribution schemes are charged as expense as and when incurred.
- iv) Termination benefits are recognised as an expense as and when incurred.

n. Government grants and subsidies:

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

o. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity 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.

p. Cash and cash equivalents

Cash flow are reported using the indirect method, where by net profit before tax is adjusted for the effects of transaction of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow comprises regular revenue generating, investing and financing activities of the company. Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments having a initial maturity of 3 months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

q. 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.

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

| | Name of subsidiary | Country of Incorporation | % of ownership | Reporting date |
|----|--|--------------------------|----------------|----------------|
| a) | Suprem Textiles Processing Ltd | India | 100 | 31.03.2016 |
| b) | Multiflora Processing (Coimbatore) Ltd | India | 100 | 31.03.2016 |
| c) | Precot Meridian Energy Ltd | India | 100 | 31.03.2016 |
| d) | Suprem Associates - Firm | India | 100 | 31.03.2016 |

| Shareholders Funds | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|--------------------|-------------------------------|-------------------------------|
|--------------------|-------------------------------|-------------------------------|

2.01 Share Capital
Authorised

| | | |
|--|----------|----------|
| 2,00,00,000 Equity Shares of ₹ 10 each (Previous year - 2,00,00,000 Equity Shares of ₹ 10 each) | 2,000.00 | 2,000.00 |
|--|----------|----------|

Issued, Subscribed & fully Paid up

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

| | | |
|--|-----------------|-----------------|
| | <u>1,200.00</u> | <u>1,200.00</u> |
|--|-----------------|-----------------|

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:

| | Equity Shares | | | |
|--|--------------------|-----------------|--------------------|-----------------|
| | As at 31.03.2016 | | As at 31.03. 2015 | |
| | Number | ₹ Lacs | Number | ₹ Lacs |
| Equity Shares at the beginning of the year | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |
| Add: Shares Issued during the year | - | - | - | - |
| Equity Shares at the end of the year | <u>1,20,00,000</u> | <u>1,200.00</u> | <u>1,20,00,000</u> | <u>1,200.00</u> |

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

| S. No. | Name of Shareholder | Equity Shares | | | |
|--------|---------------------|-----------------------|-----------------|-----------------------|-----------------|
| | | As at 31.03.2016 | | As at 31.03. 2015 | |
| | | No. of Shares held | % of holding | No. of Shares held | % of holding |
| 1 | D Sarath Chandran | 28,41,108 | 23.68 | 28,41,108 | 23.68 |
| 2 | Ashwin Chandran | 23,07,457 | 19.23 | 23,07,457 | 19.23 |
| 3 | Prashanth Chandran | 19,71,891 | 16.43 | 19,71,891 | 16.43 |

iv) 40,00,000 shares were allotted as bonus shares by capitalisation of securities premium account during the year 2013-14.
v) Details of Shares held by Holding Company :

There are no Shares held by Holding Company / Subsidiaries of ultimate Holding Company.

| | As at 31.03.2016 ₹ Lacs | | As at 31.03. 2015 ₹ Lacs | |
|---|-------------------------------|---------------------|--------------------------------|---------------------|
| 2.02 Reserves and Surplus | | | | |
| a Capital Reserve | | | | |
| Opening balance | 748.19 | | 48.19 | |
| Add: Addition during the year | - | | 700.00 | |
| Closing balance | <u>748.19</u> | | <u>748.19</u> | |
| b Capital redemption Reserve | | | | |
| Opening balance / Closing Balance | 355.00 | | 355.00 | |
| c Securities Premium account | | | | |
| Opening balance / Closing balance | 2,736.46 | | 2,736.46 | |
| d General Reserve | | | | |
| Opening balance / Closing balance | <u>11,858.12</u> | | <u>11,858.12</u> | |
| e Investment Fair Value Reserve | | | | |
| Opening balance | - | | 1,322.16 | |
| Add : Addition during the year | - | | 1,322.16 | |
| Closing balance | <u>-</u> | | <u>-</u> | |
| f Hedging Reserve | | | | |
| Opening balance | - | | (1,377.68) | |
| Add : Additions during the year | - | | 1,377.68 | |
| Closing balance | <u>-</u> | | <u>-</u> | |
| g Surplus in Statement of Profit and Loss | | | | |
| Opening balance | (3,523.30) | | (229.07) | |
| Add : (Loss) for the year | (5,552.03) | | (3,263.91) | |
| Less : Deletion during the year | - | | 2.44 | |
| Less : Depreciation as per transition provision in Note 7 (b) of Schedule II of Companies Act, 2013 | - | | (27.88) | |
| Amount available for appropriation | <u>(9,075.33)</u> | | <u>(3,523.30)</u> | |
| Closing balance | <u>6,622.44</u> | | <u>(3,523.30)</u> | <u>12,174.47</u> |
| Non Current Liabilities | | | | |
| | Non Current portion | | Current maturities | |
| 2.03 Long Term Borrowings | As at 31.03.2016 | As at 31.03.2015 | As at 31.03.2016 | As at 31.03.2015 |
| Secured | | | | ₹ Lacs |
| Term loans from Banks | | | | |
| Rupee Loan | 15,899.78 | 18,044.83 | 4,715.37 | 3,971.95 |
| Foreign Currency Loan | - | 201.54 | - | 389.09 |
| Less : Amount disclosed under current maturities | | | <u>4,715.37</u> | <u>4,361.04</u> |
| | <u>15,899.78</u> | <u>18,246.37</u> | <u>-</u> | <u>-</u> |

1. Term loan from SBI, ICICI, Andhra Bank and Export Import Bank of India are secured by way of pari passu first charge on entire movable and immovable assets of the company and pari passu second charge on current assets of the company.
2. Corporate Loan from Axis Bank is secured by way of subservient charge over the movable fixed assets of the company and exclusive charge on land and building of the corporate office and pledge of shares of Pricol Limited shares held by the company.
3. Term loan from ICICI Bank is secured by way of exclusive first charge on the assets of the Technical Textile unit at Hassan, Karnataka and Second charge on the entire movable fixed asset of the unit at Hassan, ranking pari passu charge with ICICI bank's derivative limits for the unit at Hassan"
4. In respect of the above, Rupee Term Loans carry interest ranging from 8.85% p.a. to 13.35% p.a.
5. The outstanding balance of:
 - Rupee term loan of ₹ 562.50 Lacs from Andhra Bank is repayable in 3 equal quarterly installments.
 - Rupee Tuf loan – IX of ₹ 123.64 Lacs from EXIM Bank is repayable in 3 equal quarterly installments.
 - Rupee Tuf loan – X of ₹ 500.76 Lacs from EXIM Bank is repayable in 5 equal quarterly installments.
 - Rupee Tuf loan – XI of ₹ 901.63 Lacs from EXIM Bank is repayable in 12 quarterly installments of varying amounts.
 - Rupee Tuf loan – XII of ₹ 1567.63 Lacs from SBI is repayable in 7 quarterly installments of varying amounts.
 - Rupee Tuf loan XIII of ₹ 9504.00 Lacs from ICICI Bank is repayable in 11 half yearly installments of varying amounts.
 - Rupee Tuf Loan – XIV of ₹ 1275.00 Lacs from EXIM Bank is repayable in 17 equal quarterly installments.
 - Rupee Tuf Loan – XV of ₹ 1680.00 Lacs from Andhra Bank is repayable in 20 equal quarterly installments commencing from October'16.
 - Rupee Corporate Loan of ₹ 2500.00 Lacs from ICICI Bank is repayable in 20 equal quarterly installments commencing from September'16.
 - Rupee Corporate Loan of ₹ 2000.00 Lacs from Axis Bank is repayable in 20 equal quarterly installments commencing from December'17.

| | As at 31.03.2016 | As at 31.03.2015 |
|--|-----------------------------|---------------------|
| | ₹ Lacs | ₹ Lacs |
| 2.04 Other Long Term Liabilities | | |
| Derivative Liability | 378.61 | - |
| | 378.61 | - |
| 2.05 Long Term Provisions | | |
| Provision for employee benefits | | |
| Gratuity (Funded) Refer note no. 2.40 | 171.58 | 195.27 |
| | 171.58 | 195.27 |
| 2.06 Short Term Borrowings | | |
| Secured | | |
| Working Capital Loans | | |
| From Banks | | |
| - Rupee Loan | 5,697.34 | 4,346.49 |
| - Foreign Currency Loan | 5,801.54 | 6,497.26 |
| Unsecured | | |
| From Bank | | |
| - Rupee Loan | 7,793.75 | 4,884.54 |
| | 19,292.63 | 15,728.29 |
| 1. Working capital loans from SBI, Andhra Bank, Corporation Bank, IDBI, ICICI 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. | | |
| 2. In respect of the above, working capital rupee loans carry interest ranging from 10.45% p.a. to 12.50% p.a. and working capital foreign currency loans carry interest ranging from 1.50% p.a. to 2.75% p.a. plus applicable LIBOR. | | |
| 3. Unsecured short term loans from ICICI & IDBI Bank carry interest @ 9.60% and 9.75% p.a. respectively. | | |
| 2.07 Trade Payables | | |
| Total outstanding dues of micro and small enterprises | 29.18 | - |
| Total outstanding dues of creditors other than micro and small enterprises | 2,021.05 | 1,642.38 |
| | 2,050.23 | 1,642.38 |

There are no interest amounts paid / payable to Micro and Small Enterprises. The information in relation to dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company, which has been relied upon by the auditors.

| | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|---|-------------------------------|-------------------------------|
| 2.08 Other Current Liabilities | | |
| a) Current maturities of long-term debt (Refer note no: 2.03) | 4,715.37 | 4,361.04 |
| b) Interest accrued but not due on borrowings | 38.64 | 74.81 |
| c) Unclaimed dividends | 22.60 | 25.14 |
| d) Accrued employee benefits | 913.39 | 706.30 |
| e) Derivative liability | 138.57 | - |
| f) Temporary Over Draft from Banks | 6.74 | - |
| g) Statutory dues payable | 432.42 | 201.16 |
| h) Other Payables * | 2,713.34 | 2,611.28 |
| | 8,981.07 | 7,979.73 |

* Other Payables include expenses payable and advances from customers.

2.09 Short Term Provisions

| | | |
|---|--------------|-------|
| a) Provision for employee benefits Gratuity (Funded) (Refer note no. : 2.40) | 84.84 | 94.83 |
| | 84.84 | 94.83 |

2.10 Fixed Assets

| Particulars | Gross Block | | | | Depreciation and Amortization | | | | | Net Block |
|--------------------------|---------------------|---|--|---------------------|-------------------------------|-----------------|--------------------------------|--|--------------------|---------------------|
| | As at 01.04.2015 | Addition / Adjustments during the year | Deductions Retirement during the year | As at 31.03.2016 | Upto 31.03.2015 | For the Year | Adjusted against surplus | Deduction / Adjustments during the year | Upto 31.03.2016 | As at 31.03.2016 |
| Tangible Assets | | | | | | | | | | |
| Land | 1,121.22 | - | 56.16 | 1,065.06 | - | - | - | - | - | 1,065.06 |
| Building | 10,100.21 | 41.17 | 7.31 | 10,134.07 | 2,372.64 | 274.29 | - | 1.29 | 2,645.64 | 7,488.43 |
| Plant and Equipment | 59,325.90 | 2,234.18 | 2,441.47 | 59,118.61 | 35,158.02 | 3,394.34 | - | 1,794.17 | 36,758.19 | 22,360.42 |
| Vehicles | 402.17 | - | - | 402.17 | 179.96 | 31.07 | - | - | 211.03 | 191.14 |
| Office Furnitures | 353.95 | 6.38 | - | 360.32 | 175.83 | 33.36 | - | - | 209.19 | 151.14 |
| Computer | 540.17 | 12.50 | - | 552.67 | 453.09 | 42.28 | - | - | 495.37 | 57.30 |
| TOTAL (A) | 71,843.62 | 2,294.23 | 2,504.94 | 71,632.90 | 38,339.54 | 3,775.34 | - | 1,795.46 | 40,319.42 | 31,313.48 |
| Intangible Assets | | | | | | | | | | |
| Computer Software | 417.38 | 14.44 | - | 431.82 | 317.17 | 24.50 | - | - | 341.67 | 90.14 |
| TOTAL (B) | 417.38 | 14.44 | - | 431.82 | 317.17 | 24.50 | - | - | 341.67 | 90.14 |
| TOTAL (A + B) | 72,261.00 | 2,308.67 | 2,504.94 | 72,064.72 | 38,656.71 | 3,799.84 | - | 1,795.46 | 40,661.09 | 31,403.62 |

| Particulars | Gross Block | | | | Depreciation and Amortization | | | | | Net Block |
|--------------------------|---------------------|---|---|---------------------|-------------------------------|-----------------|--------------------------------|--|--------------------|---------------------|
| | As at 01.04.2014 | Addition / Adjustments during the year | Deductions Retirement during the year* | As at 31.03.2015 | Upto 31.03.2014 | For the Year | Adjusted against surplus | Deduction / Adjustments during the year | Upto 31.03.2015 | As at 31.03.2015 |
| Tangible Assets | | | | | | | | | | |
| Land | 1,157.00 | - | 35.78 | 1,121.22 | - | - | - | - | - | 1,121.22 |
| Building | 10,000.09 | 101.49 | 1.38 | 10,100.21 | 2,101.23 | 271.41 | - | - | 2,372.64 | 7,727.57 |
| Plant and Equipment | 59,059.77 | 1,028.09 | 761.96 | 59,325.90 | 32,356.39 | 3,283.20 | 0.48 | 482.05 | 35,158.02 | 24,167.88 |
| Vehicles | 380.36 | 44.92 | 23.10 | 402.17 | 169.67 | 32.23 | - | 21.94 | 179.96 | 222.21 |
| Office Furnitures | 357.14 | 2.11 | 5.30 | 353.95 | 130.83 | 36.49 | 9.54 | 1.03 | 175.83 | 178.12 |
| Computer | 520.66 | 19.59 | 0.08 | 540.17 | 389.89 | 45.42 | 17.86 | 0.08 | 453.09 | 87.08 |
| TOTAL (A) | 71,475.02 | 1,196.20 | 827.60 | 71,843.62 | 35,148.01 | 3,668.75 | 27.88 | 505.10 | 38,339.54 | 33,504.08 |
| Intangible Assets | | | | | | | | | | |
| Computer Software | 414.37 | 3.01 | - | 417.38 | 294.43 | 22.74 | - | - | 317.17 | 100.21 |
| TOTAL (B) | 414.37 | 3.01 | - | 417.38 | 294.43 | 22.74 | - | - | 317.17 | 100.21 |
| TOTAL (A + B) | 71,889.39 | 1,199.21 | 827.60 | 72,261.00 | 35,442.44 | 3,691.49 | 27.88 | 505.10 | 38,656.71 | 33,604.29 |

| | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs | | As at 31.03.2016 ₹ Lacs | As at 31.03.2015 ₹ Lacs |
|---|-------------------------------|-------------------------------|---|-------------------------------|-------------------------------|
| 2.11 Non Current Investments | | | 2.14 Trade Receivables | | |
| Trade Investments | | | Over six months | | |
| In Equity Shares - Unquoted, fully paid up at cost | | | i. Unsecured, considered good | 28.66 | 40.36 |
| 1,00,000 Vantex Limited of ₹ 10 each | 19.00 | 19.00 | ii. Unsecured, considered doubtful | 27.66 | - |
| 12,06,000 A.P. Gas Power Corporation Limited of ₹ 10 each | 1,964.87 | 1,964.87 | Less: Provision for bad & doubtful debts | 27.66 | - |
| 2,25,000 Sai Regency Power Corporation Private Limited of ₹ 10 each | | | Others : Unsecured, considered good | 4,647.68 | 4,024.65 |
| (Previous year 2,25,000 shares of ₹ 10 each) | 22.50 | 22.50 | | 4,676.34 | 4,065.01 |
| 14,000 OPG Energy Private Limited of ₹ 10 each | 1.40 | 1.40 | 2.15 Cash and Bank Balances | | |
| Less: Diminution in the value of investment | (475.58) | (475.58) | a) Balances with banks | | |
| | 1,532.19 | 1,532.19 | In current accounts | 219.57 | 281.02 |
| Other Investments | | | In deposit accounts | 19.20 | - |
| In Equity Shares - Quoted, fully paid up at cost | | | In unclaimed dividend accounts | 22.60 | 25.14 |
| 30,00,000 Pricol Limited of ₹ 1 each | 102.86 | 102.86 | b) Cash on hand | 4.51 | 3.40 |
| Market value ₹ 1,284.00 lacs (Previous year ₹ 907.50 lacs) | | | | 265.88 | 309.56 |
| In Equity Shares - Unquoted, fully paid up at cost | | | Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash flow Statement is ₹ 243.28 lacs (Previous Year ₹ 284.42 lacs) | | |
| 100 Precot Mills Employees Cooperative Credit Society of ₹ 10 each | 0.01 | 0.01 | 2.16 Short term loans and advances | | |
| 100 Precot Mills Multi purpose stores of ₹ 10 each | 0.01 | 0.01 | Unsecured, considered good | | |
| 10,000 Cotton Sourcing Company Limited shares of ₹ 10 each | 1.00 | 1.00 | Balance with Government authorities | 230.97 | 310.76 |
| In Government Securities | 0.02 | 0.02 | Advance to Trade Suppliers | 267.39 | 317.85 |
| | 1,636.09 | 1,636.09 | Prepaid expenses | 286.57 | 309.13 |
| Aggregate amount of quoted investments | 102.86 | 102.86 | Staff advances | 60.01 | 61.91 |
| Market value of Quoted Investments | 1,284.00 | 907.50 | Other advances | 18.44 | 27.28 |
| Aggregate amount of unquoted investments (gross) | 2,008.81 | 2,008.81 | | 863.38 | 1,026.92 |
| 2.12 Long Term Loans and Advances | | | 2.17 Other Current Assets | | |
| Unsecured, considered good | | | Unsecured considered doubtful | | |
| Capital Advances | 141.96 | 72.58 | Subsidy receivable from Government | 2,136.11 | 190.93 |
| Security Deposits | 964.41 | 1,091.00 | Less: Provision for doubtful receivables | 2,136.11 | 190.93 |
| MAT Credit Receivable | 894.25 | 894.25 | Unsecured considered good | | |
| Derivative Asset | - | 449.58 | Subsidy receivable from Government (Refer note no. 2.34) | 220.04 | 3,271.89 |
| Tax Payments Pending Adjustments | 472.87 | 574.72 | Export incentives receivable | 152.64 | 337.68 |
| Prepaid expenses | 6.91 | 7.46 | Income accrued | 74.32 | 92.64 |
| | 2,480.40 | 3,089.59 | | 447.00 | 3,702.21 |
| 2.13 Inventories | | | 2.18 Revenue from Operations | | |
| Raw Materials and components (Includes Goods in transit Nil PY ₹ 382.79 lacs) | 7,854.40 | 5,662.84 | A. Sale of Products - Manufactured Goods | | |
| Work-in-progress | 1,495.92 | 1,388.33 | Sale of Yarn | 56,539.11 | 65,854.38 |
| Finished goods | 2,866.16 | 2,018.62 | Sale of Technical Textile products | 4,901.51 | 2,779.49 |
| Waste Cotton | 70.99 | 173.99 | Sale of Fabrics | 2,156.62 | - |
| Stores and spares | 555.02 | 515.37 | Sale of Products - Traded Goods | | |
| | 12,842.49 | 9,759.15 | Sale of Yarn & Cotton | 2,379.49 | 2,859.48 |
| | | | Total - A | 65,976.73 | 71,493.35 |
| | | | B. Other operating revenue | | |
| | | | Scrap Sales | 659.49 | 1,609.38 |
| | | | Export Incentive | 539.12 | 581.48 |
| | | | Processing Income | 1,160.62 | 978.32 |
| | | | Others | 32.64 | 32.31 |
| | | | Total - B | 2,391.87 | 3,201.49 |
| | | | Total (A + B) | 68,368.60 | 74,694.84 |

| | 2015 - 16 ₹ Lacs | 2014 - 15 ₹ Lacs | | 2015 - 16 ₹ Lacs | 2014 - 15 ₹ Lacs |
|---|---------------------|---------------------|---|---------------------|---------------------|
| 2.19 Other Income | | | 2.25 Other Expenses | | |
| Interest Income | 141.26 | 99.04 | Consumption of Stores & Spares | 2,709.28 | 2,189.53 |
| Dividend from long term Investments | - | 12.00 | Power & Utilities (net) Refer note no. 2.32 | 8,781.50 | 8,538.35 |
| Profit on sale of assets (net) | 871.57 | 78.68 | Processing Charges | 302.86 | 139.26 |
| Insurance claim receipts | 54.15 | 10.76 | Repairs and maintenance | | |
| Miscellaneous Income | 32.57 | 48.14 | Machinery | 2,646.36 | 2,806.42 |
| | <u>1,099.55</u> | <u>248.62</u> | Building | 330.11 | 488.40 |
| | | | Others | 150.11 | 155.20 |
| 2.20 Cost of materials consumed : | | | Rent, Rates and Taxes | 37.72 | 58.88 |
| Cotton | 36,380.27 | 42,174.79 | Foreign Exchange loss (net) Refer note no. 2.38 | 1,155.17 | 157.86 |
| | <u>36,380.27</u> | <u>42,174.79</u> | Selling & Distribution expenses | 2,943.14 | 2,913.87 |
| | | | Bank Charges | 142.16 | 98.28 |
| | | | Communication Expenses | 70.37 | 68.05 |
| | | | Travelling Expenses | 100.15 | 113.87 |
| | | | Professional Charges | 104.27 | 66.92 |
| | | | Auditors' Remuneration | 16.31 | 15.78 |
| | | | Other Administrative expenses | 354.00 | 374.18 |
| | | | Provision for doubtful receivable/advance | 26.32 | 190.93 |
| | | | | <u>19,869.83</u> | <u>18,375.78</u> |
| | | | Payments to the auditor as | | |
| | | | a) Auditor | | |
| | | | - For Statutory Audit | 8.61 | 7.71 |
| | | | - For Tax Audit | 1.25 | 1.40 |
| | | | - For VAT Audit | 1.50 | 1.50 |
| | | | b) For Certification services | 1.64 | 0.95 |
| | | | c) For others | 0.25 | 1.60 |
| | | | c) For reimbursement of expenses | 1.03 | 1.08 |
| | | | d) Service Tax | 2.03 | 1.55 |
| | | | | <u>16.31</u> | <u>15.78</u> |
| | | | 2.26 Earnings per share | | |
| | | | Net Profit/(Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders | (5,552.03) | (3,263.91) |
| | | | Weighted Average number of equity shares used as denominator for calculating EPS | 1,20,00,000 | 1,20,00,000 |
| | | | Basic & Diluted Earnings / (Loss) per share (in ₹) | (46.27) | (27.20) |
| | | | Face Value per equity share (in ₹) | 10.00 | 10.00 |
| 2.21 Changes in inventories of finished goods and work-in-progress | | | | | |
| Inventory at the end of the year | | | | | |
| Work in Progress and Waste Cotton | 1,566.91 | 1,562.33 | | | |
| Finished Goods | 2,866.16 | 2,018.62 | | | |
| Total | <u>4,433.07</u> | <u>3,580.95</u> | | | |
| Inventory at the beginning of the year | | | | | |
| Work in Progress and Waste Cotton | 1,562.33 | 3,361.33 | | | |
| Finished Goods | 2,018.62 | 1,958.83 | | | |
| Total | <u>3,580.95</u> | <u>5,320.16</u> | | | |
| (Increase)/decrease in Inventories | <u>(852.12)</u> | <u>1,739.21</u> | | | |
| 2.22 Employee benefits expense | | | | | |
| Salaries, Wages and Bonus | 6,746.82 | 6,500.03 | | | |
| Contributions to Provident fund and other funds | 527.93 | 523.01 | | | |
| Staff welfare expenses | 539.05 | 557.11 | | | |
| | <u>7,813.80</u> | <u>7,580.15</u> | | | |
| 2.23 Finance Cost | | | | | |
| Interest expense | 3,664.01 | 3,280.80 | | | |
| Other borrowing costs | 100.95 | 81.61 | | | |
| | <u>3,764.96</u> | <u>3,362.41</u> | | | |
| 2.24 Depreciation and Amortization | | | | | |
| Depreciation - Refer note no. : 2.10 | 3,775.35 | 3,668.76 | | | |
| Amortization of Intangible asset - Refer note no. : 2.10 | 24.50 | 22.73 | | | |
| | <u>3,799.85</u> | <u>3,691.49</u> | | | |

| | 31.03.2016 | 31.03.2015 | | | | |
|--|------------------|------------|------------|------------|------------|--|
| | ₹ Lacs | ₹ Lacs | | | | |
| V. Actuarial gain / Loss recognized | | | | | | |
| Actuarial (gain) / loss for the period - Obligation | (227.78) | 55.47 | | | | |
| Actuarial gain / (loss) for the period - plan assets | (59.85) | 130.40 | | | | |
| Total (gain) / loss for the period | (167.93) | (74.93) | | | | |
| Actuarial (gain)/loss recognised in the period | (167.93) | (74.93) | | | | |
| Unrecognized actuarial (gain) / loss at the end of the year | - | - | | | | |
| VI. Amounts recognised in the balance sheet and related analysis | | | | | | |
| Present value of the obligation | 1218.50 | 1378.25 | | | | |
| Fair value of plan assets | 962.08 | 1088.15 | | | | |
| Difference | 256.42 | 290.10 | | | | |
| Unrecognised transitional liability | - | - | | | | |
| Unrecognised past service cost -non vested benefits | - | - | | | | |
| Liability recognised in the balance sheet | 256.42 | 290.10 | | | | |
| VII. Expense recognised in the statement of profit and loss | | | | | | |
| Current service cost | 116.15 | 106.87 | | | | |
| Interest cost | 102.67 | 92.26 | | | | |
| Expected return on plan assets | (84.57) | (85.26) | | | | |
| Net actuarial (gain)/ loss recognised in the year | (167.93) | (74.93) | | | | |
| Transitional liability recognised in the year | - | - | | | | |
| Past service cost-non-vested benefits | - | - | | | | |
| Past service cost-vested benefits | - | - | | | | |
| Expenses recognised in the statement of profit and loss | (33.68) | 38.94 | | | | |
| VIII. Movements in the liability recognized in the balance sheet | | | | | | |
| Opening net liability | 290.10 | 251.16 | | | | |
| Expense as above | (33.68) | 38.94 | | | | |
| Contribution paid | - | - | | | | |
| Closing net liability | 256.42 | 290.10 | | | | |
| IX. Amount for the current period | 31.3.2016 | 31.03.2015 | 31.03.2014 | 31.03.2013 | 31.03.2012 | |
| Present Value of obligation | 1218.50 | 1378.25 | 1229.97 | 1155.92 | 1042.24 | |
| Plan Assets | 962.08 | 1088.15 | 978.81 | 926.61 | 887.94 | |
| Surplus / (Deficit) | (256.42) | (290.10) | (251.16) | (229.31) | (154.30) | |
| Experience adjustments on plan liabilities - (Loss)/Gain | (223.80) | 64.20 | 14.18 | (54.95) | (91.01) | |
| Experience adjustments on plan assets - (Loss)/Gain | (59.85) | 122.65 | 46.77 | (0.05) | (47.18) | |
| X. Major categories of plan assets (as percentage of total plan assets) | | | | | | |
| Fund managed by Insurer | | | | 100.00% | 100.00% | |
| Total | | | | 100.00% | 100.00% | |
| XI. Enterprise's Best Estimate of Contribution during Next Year | | | | NA | NA | |

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

| Name of the entity | Net Assets | | Share in Profit or loss | |
|--|---------------------------------|-----------------------|-------------------------------------|-----------------------|
| | As % of consolidated net assets | Amount (Rs. In Lakhs) | As % of consolidated profit or loss | Amount (Rs. In Lakhs) |
| Parent | | | | |
| Precot Meridian Limited | 98.94% | 7,739.35 | 99.98% | (5,550.96) |
| Subsidiaries | | | | |
| Suprem Textiles Processing Ltd | 0.02% | 1.74 | 0.01% | (0.41) |
| Multiflora Processing (Coimbatore) Ltd | 0.00% | (0.04) | 0.01% | (0.34) |
| Precot Meridian Energy Ltd | 0.00% | (0.09) | 0.00% | (0.33) |
| Suprem Associates - Firm | 1.04% | 81.48 | 0.00% | - |

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

Loans given and Guarantees given by the company : Nil (Previous year: Nil)
Investments made are given under the respective head.

| 2.43 Geographical Segment | 2015-16 | 2014-2015 | 4 Segment Liabilities | | |
|---------------------------|------------|------------|--|-----------|-----------|
| | ₹ in Lacs | ₹ in Lacs | | | |
| 1 Segment Revenue | | | - Domestic | - | - |
| - Domestic Sales | 45,585.44 | 51,879.68 | - Export | 9,687.97 | 164.94 |
| - Export Sales | 22,783.16 | 22,815.17 | - Unallocated | 37,170.76 | 43,721.93 |
| Total Revenue | 68,368.60 | 74,694.84 | Total Liabilities | 46,858.73 | 43,886.88 |
| 2 Segment Results | | | 5 Capital Expenditure | | |
| - Domestic | 1,669.75 | 300.36 | - Domestic | - | - |
| - Export | (1,476.75) | (1,326.50) | - Export | 1,273.42 | 180.81 |
| | 193.00 | (1,026.14) | - Unallocated | 1,035.23 | 1,063.14 |
| Less : Depreciation | | | 6 Depreciation & Amortisation | | |
| - Domestic | - | - | - Domestic | - | - |
| - Export | 1,557.00 | 1,462.00 | - Export | 1,557.00 | 1,462.00 |
| - Unallocated | 2,242.85 | 2,229.49 | - Unallocated | 2,242.85 | 2,229.49 |
| Total Operating Profit | (3,606.85) | (4,717.63) | Note : | | |
| Less : Provision for Tax | - | 18.91 | 1. The Company has considered geographical segments as its primary segments which are domestic and export sales. The operations comprise of only one segment viz Textiles, therefore, there are no other business segments to be reported under AS-17. | | |
| Exceptional items | (1,945.18) | 1,472.63 | 2. As per Accounting Standard on Segment reporting (AS-17), "Segment Reporting", the company has reported segment information on consolidated basis including business conducted through its subsidiaries. | | |
| Net Profit / (Loss) | (5,552.03) | (3,263.90) | 2.44 The amounts and disclosures included in the financial statements of the previous year have been reclassified wherever necessary to conform to the current year's classification. | | |
| 3 Segment Assets | | | | | |
| - Domestic | 3,502.20 | 6,412.08 | | | |
| - Export | 17,074.01 | 17,098.39 | | | |
| - Unallocated | 34,104.97 | 33,750.87 | | | |
| Total Assets | 54,681.18 | 57,261.34 | | | |

Vide our report of even date attached
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No.: 103523W
C S Sathyanarayanan
Partner
M.No. : 028328
Place : Coimbatore
Date : 28-May-2016

For and on behalf of the directors

D Sarath Chandran
Chairman
(DIN : 00001885)

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

M R Siva Shankar
Chief Financial Officer

R Nithya Prabhu
Company Secretary



Consolidated Cash Flow Statement

| | 31.03.2016 ₹ Lacs | 31.03.2015 ₹ Lacs |
|--|----------------------|----------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit Before Tax and Extraordinary Items | (3,606.85) | (4,717.63) |
| Adjustments for : | | |
| Depreciation | 3,799.85 | 3,691.49 |
| (Profit)/Loss on Sale of Assets | (871.57) | (78.68) |
| Exceptional items | (1,945.18) | 458.57 |
| Investment Income - Dividend | - | (12.00) |
| Interest Income | (141.26) | (99.04) |
| Interest Payment | 3,764.96 | 3,362.41 |
| Foreign Currency Translation Reserve | - | (79.81) |
| Minority Interest | - | (64.77) |
| | 4,606.80 | 7,178.17 |
| Operating Profit before working capital changes | 999.95 | 2,460.54 |
| Adjustments for : | | |
| Trade Receivables | (611.34) | 279.43 |
| Other Receivables | 3,907.79 | (1,479.74) |
| Inventories | (3,083.33) | 8,906.41 |
| Trade Payables | 1,438.48 | (1,047.01) |
| | 1,651.59 | 6,659.09 |
| Cash generated from Operations | 2,651.54 | 9,119.63 |
| Direct Taxes paid / Refunds | 101.84 | (43.82) |
| Net Cash Flow from operating activities | 2,753.38 | 9,075.80 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets(Including WIP) | (2,308.66) | (1,243.94) |
| Sale of Fixed Assets | 1,583.58 | 401.18 |
| (Purchase)/ Sale of Investments | - | 1,110.53 |
| Proceeds from capital investment subsidy | - | 700.00 |
| Interest Received | 159.59 | 127.17 |
| Dividend Received | - | 12.00 |
| Net Cash flow from / (used in) Investing activities | (565.49) | 1,106.94 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividends Paid (Including Dividend Tax) | (2.54) | (280.59) |
| Interest Paid | (3,801.13) | (3,582.65) |
| Repayment of Long Term Borrowings | (1,992.25) | (1,317.43) |
| Proceeds / (Repayments) of Unsecured Loan | 2,909.21 | (2,527.43) |
| Proceeds / (Repayments) of working capital borrowings | 655.13 | (2,648.05) |
| Net Cash Flow used in Financing Activities | (2,231.58) | (10,356.15) |
| Net Increase/Decrease in Cash and Cash Equivalent | (43.68) | (173.41) |
| Cash and Bank Balances as at | | |
| 1.4.2015 and 1.4.2014 (Opening balance) | 309.56 | 482.97 |
| Less: Bank balances not considered as cash and cash equivalents as per Accounting Standard 3 | 22.60 | 25.14 |
| Cash and Cash Equivalents as at | | |
| 31.03.16 and 31.3.2015 (Closing balance) | 243.28 | 284.42 |

Significant Accounting Policies and Notes on Financial Statements 1 & 2.01 to 2.44
The accompanying notes form an integral part of financial statements

Vide our report of even date attached
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No.: 103523W
C S Sathyanarayanan
Partner
M.No. : 028328
Place : Coimbatore
Date : 28-May-2016

For and on behalf of the directors

D Sarath Chandran
Chairman
(DIN : 00001885)

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

M R Siva Shankar
Chief Financial Officer

R Nithya Prabhu
Company Secretary

Form AOC - I

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

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

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ Lakhs)

| S. No. | Particulars | | | |
|--------|---|--|--|--|
| 1. | Name of the subsidiary | Suprem Textiles Processing Limited | Precot Meridian Energy Limited | Multiflora Processing (Coimbatore) Limited |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 1 st April , 2015 to 31 st March, 2016 | 1 st April , 2015 to 31 st March, 2016 | 1 st April , 2015 to 31 st March, 2016 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR | INR | INR |
| 4. | Share capital | 100.00 | 5.00 | 25.00 |
| 5. | Reserves & surplus | (67.98) | (26.92) | 3.34 |
| 6. | Total assets | 33.08 | 0.05 | 29.39 |
| 7. | Total Liabilities | 33.08 | 0.05 | 29.39 |
| 8. | Investments | 1.98 | - | - |
| 9. | Turnover | - | - | - |
| 10. | Profit before taxation | 0.41 | (0.33) | (0.34) |
| 11. | Provision for taxation | - | - | - |
| 12. | Profit after taxation | 0.41 | (0.33) | (0.34) |
| 13. | Proposed Dividend | - | - | - |
| 14. | % of shareholding | 100% | 100% | 100% |

Part "B": Associates and Joint Ventures

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

Not Applicable

For and on behalf of the directors

D Sarath Chandran
Chairman
(DIN : 00001885)

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

M R Siva Shankar
Chief Financial Officer

R Nithya Prabhu
Company Secretary

Notice is hereby given that the 54th Annual General Meeting of the shareholders of the company will be held on, Friday, 02nd September 2016 at 4.30 PM at Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore 641 018, to transact the following business.

Ordinary Business:

1. Adoption of financial statements

To consider and if thought fit, to pass with or without modification, the following resolution as an **ordinary resolution**:

Resolved that the financial statements of the company for the year ended 31-Mar-2016 including audited balance sheet as at 31-Mar-2016, statement of profit and loss, cash flow statement and consolidated financial statements for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting, be and are hereby, approved and adopted.

2. To appoint a director in place of Mr Ashwin Chandran (DIN: 00001884), who retires by rotation and being eligible, seeks re-appointment

To consider and if thought fit, to pass with or without modification, the following resolution as an **ordinary resolution**:

Resolved that pursuant to the provisions of section 152 read with schedule IV and other applicable provisions, if any, of the Companies Act, 2013, approval of the members of the company, be and is hereby accorded to the re-appointment of Mr Ashwin Chandran (DIN: 00001884) as a director.

3. Ratification of appointment of statutory auditors

To consider and if thought fit, to pass with or without modification, the following resolution as an **ordinary resolution**:

Resolved that pursuant to section 139, 142 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder, as amended from time to time, pursuant to the recommendations of the audit committee and the board of directors, and pursuant to the resolution

passed by the members at the AGM held on 28-Aug-2015, the appointment of M/s. Haribhakti & Co LLP, Chartered Accountants (Firm Registration No. 103523W) as the auditors of the company to hold office till the conclusion of the 58th AGM to be held in the year 2020, be and is hereby ratified and that the board of directors be and is hereby authorised to fix the remuneration payable to them in consultation with the auditors.

Special Business:

4. Ratification of remuneration payable to cost auditor

To consider and if thought fit, to pass with or without modification, 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), Mr R Krishnan, Cost Accountant (Associate regn. no. 7799) appointed as the cost auditor of the company for audit of the cost accounting records of the company for the financial year ending 31-Mar-2017, be paid remuneration of Rs. 2.75 lacs plus service tax as applicable.

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.

Coimbatore
28-May-2016

By order of the board
R Nithya Prabhu
Company Secretary

NOTES:

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

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

2. The register of members and share transfer books of the company will remain closed from 26-Aug-2016 to 02-Sep-2016 (both days inclusive).
3. The explanatory statement pursuant to section 102 of the Act, with respect to material facts concerning the business under item no. 4 of the notice, is annexed hereto. The relevant details as required under regulation 36 (3) of the Listing regulations, of the person seeking re-appointment as director under item no. 2 of the notice, is also annexed.
4. Pursuant to the provisions of section 205 A (5) of the Companies Act, 1956, dividends remaining unclaimed for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government in accordance with the provisions of section 205C of the Companies Act, 1956. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the company has uploaded the details of unpaid and unclaimed amounts lying with the company as on 28-Aug-2015 (date of last Annual General Meeting) on the website of the company

<http://www.precot.com/investor-relations/>, as also on the website of the Ministry of Corporate Affairs. Members who have not encashed their dividend pertaining to the year 2009-10 and/or any subsequent years that still remains outstanding should approach the company or Link Intime India Private Limited, the registrar and share transfer agent, for obtaining payments thereof.

In terms of section 205C of the Companies Act, 1956, 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 2007-08 to the IEPF.

5. Members holding shares in physical form are requested to intimate, indicating their folio number, the changes, if any, in their registered addresses, either to the company or its registrar and share transfer agent or to their respective depository participant, in case the shares are held in dematerialized form.
6. Members who are holding shares in electronic form are requested to intimate immediately their change of address / change of bank account, if any to their respective depository participant.
7. Members who hold shares in physical form in multiple accounts in identical names or joint accounts in the same order of names are requested to send the share certificates to the company's registrar and share transfer agent for consolidation into a single account.
8. The notice of the AGM along with the annual report 2015-16 is being sent by electronic mode to those members whose e-mail addresses are registered with the company/depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
9. To support the "Green Initiative", the members who have not registered their e-mail addresses

- are requested to register the same with the registrar and share transfer agent/ depositories.
10. Members may note that the notice of the AGM along with the annual report 2015-16 will be available on the website of the company <http://www.precot.com/investor-relations/>. The physical copies of the documents will also be available at the company's registered office for inspection during normal business hours on working days.
 11. The attendance slip and proxy form are being sent with this annual report.
 12. In compliance with section 108 of the Companies Act, 2013, rule 20 of the Companies (Management and Administration) amendment rules, 2015, and regulation 44 of the Listing regulations, the company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited (CDSL). The facility for voting, through ballot paper, will also be made available at the AGM venue and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper.

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

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

The instructions for shareholders voting electronically are as under:

- i) The voting period begins at 10.00 AM on 30-Aug-2016 and ends at 5.00 PM on 01-Sep-2016. During this period shareholders of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date 26-Aug-2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iii) Click on "Shareholders".
- iv) Now 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 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 members holding shares in demat form and physical form |
|-----------------------|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Note : Members who have not updated their PAN with the company / depository participant are requested to use the sequence number which is printed on attendance slip, in the PAN field. |
| DOB | 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. |
| Dividend Bank Details | Enter the dividend bank details as recorded in your demat account or in the company records for the said demat account or folio. Note : Please enter the DOB or dividend bank details in order to login. If the details are not recorded with the depository or company, please enter the member id / folio number in the dividend bank details field as mentioned in instruction (iv). |

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- 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" for the relevant 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 print 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 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.

Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from google play store. iPhone and windows phone users can download the app from the APP store and the windows phone store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

Note for non - individual shareholders and custodians

- ❖ Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and custodian are required to log on to www.evotingindia.com and register themselves as corporates.
- ❖ A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- ❖ After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- ❖ The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- ❖ A scanned copy of the board resolution and power of attorney (POA) which they have issued in favour of the custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

Coimbatore
28-May-2016

By order of the board
R Nithya Prabhu
Company Secretary

Details of director seeking re-appointment at the annual general meeting :

Information as required under regulation 36 (3) of the listing regulations:

The information relating to the directors proposed to be appointed is given hereunder.

Name : Mr Ashwin Chandran
Age : 40 years
Qualifications : B Sc (Hons), MBA
Expertise : More than 19 years of experience in textile industry
Number of shares held : 23,07,457
Director of company since : 2003
Relationship with other directors : Mr Ashwin Chandran is the son of Mr Sarath Chandran and brother of Mr Prashanth Chandran

Directorships :

| Name of company | Member of committees |
|--|-------------------------------------|
| Precot Meridian Limited | Stakeholders Relationship Committee |
| Precot Meridian Energy Limited | - |
| Multiflora Processing Coimbatore Limited | - |
| Suprem Textile Processing Limited | - |

For other details, please refer to the corporate governance report attached to the director's report.

Explanatory Statement
(pursuant to section 102 of the Act.)

Item 4

The board, on the recommendation of the audit committee, has approved the appointment and remuneration of the cost auditor to conduct the audit of the cost records of the company for the financial year ending 31-Mar-2017.

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

Accordingly, the consent of the members is sought for passing an ordinary resolution as set out at item no. 4 of the notice, for ratification of the remuneration payable to the cost auditor for the financial year ending 31-Mar-2017.

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. 4.

Coimbatore
28-May-2016

By order of the board
R Nithya Prabhu
Company Secretary

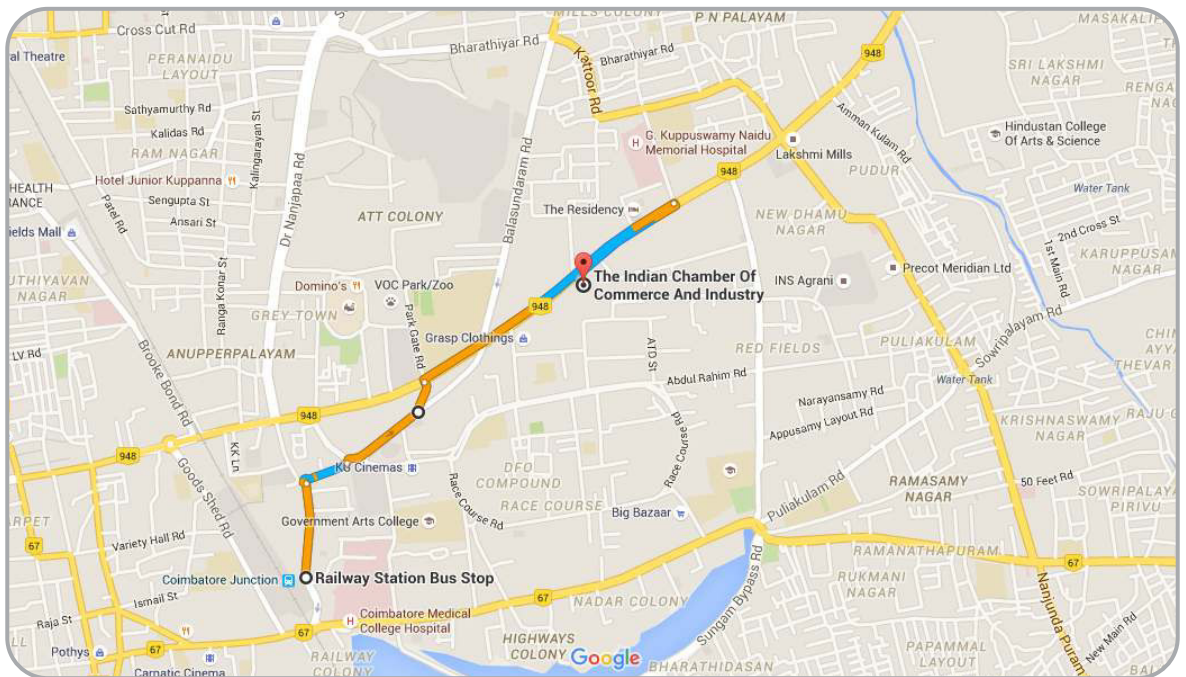
Corporate Identification Number (CIN): L17111TZ1962PLC001183

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

Route map to the venue of the AGM

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



Land Mark : Near GD Naidu Museum

If undelivered please return to :



Precot Meridian Limited

(CIN: L17111TZ1962PLC001183)

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

Tel: 0422-4321100 Fax: 0422-4321200

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



Precot Meridian Limited

(CIN: L17111TZ1962PLC001183)

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

Form No. MGT - 11 Proxy Form

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

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

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

- Name :
Address :
Email ID : Signature or failing him/her
- Name :
Address :
Email ID : Signature or failing him/her
- Name :
Address :
Email ID : Signature

P.T.O.

✂ -Cut here-

Electronic Voting Particulars

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

| | |
|---|-----------------------------|
| EVSN (Electronic Voting Sequence Number) | * Default PAN / Sequence No |
| 160718017 | |

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

✂ -Cut here-



Precot Meridian Limited

(CIN: L17111TZ1962PLC001183)

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

Attendance Slip

Folio No. / Demat ID : No. of shares held :

Name of the shareholder :

I hereby record my presence at 54th Annual General Meeting of the Company being held on Friday 2nd September 2016 at 04.30 PM Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore-641018, Tamil Nadu

Signature of Member / Proxy*

* Strike out whichever is not applicable

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 54th Annual General Meeting of the Company, to be held on Friday, the 2nd September, 2016 at 4.30 PM IST, at Chamber Hall, Chamber Towers, 8/732, Avinashi Road, Coimbatore-641018, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated:

| Resolution Number | Resolution |
|--------------------------|--|
| Ordinary Business | |
| 1 | Approval of financial statements for the year ended 31 st March, 2016, the report of the board of directors and the report of the auditors thereon. |
| 2 | Reappointment of Mr. Ashwin Chandran (DIN 00001884), who retires by rotation, as a director. |
| 3 | Appointment of Statutory Auditors |
| Special Business | |
| 4 | Ratification of remuneration payable to Cost Auditor Mr. R. Krishnan for the financial year 2016-17. |

Signed this day of 2016

| |
|---------------------------------|
| Affix ₹ 1/- Revenue Stamp |
|---------------------------------|

Signature of shareholder :

Signature of proxy holder (s) :

Note :

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the company, not less than 48 hours before the commencement of the meeting.
2. Those members who have multiple folios with different joint holders may use copies of this attendance slip / proxy