PRECOT MERIDIAN

August 26, 2020

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

Dear Sir/Madam,

Sub: Annual Report for the financial year 2019-20

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit 58th Annual Report for the financial year 2019-20 along with the Notice.

The Company has also sent Annual Report to the shareholders on 26th August 2020 who have registered their email address with the Company/Registrar and Transfer Agent/ Depositories and is also available on the Company's website.

This is for your information and records.

Thanking you,

Yours truly,

For Precot Meridian Limited

S Kavitha
Company Secretary

PRECOT MERIDIAN LIMITED
SF No. 559/4, D Block, 4th Floor, Hanudev Info Park, Nava India Road, Udaiyampalayam, Coimbatore-641 028
Tel : 0091 - 422 - 4321100 Fax : 0091 - 422 - 4321200 Email : co@precot.com
CIN : L17111TZ1962PLC001183 Website : www.precot.com

Precot Meridian Limited

PRECOT
MERIDIAN

ANNUAL REPORT 2020

	Sumanth Ramamurthi
	Jairam Varadaraj
	C N Srivatsan
	R Bhuvaneshwari
	P Vijay Raghunath
Chairman and Managing Director	Ashwin Chandran
Vice Chairman and Managing Director	Prashanth Chandran
Executive Director	T Kumar
Chief Financial Officer	A P Ramkumar
Company Secretary	S Kavitha
Statutory Auditors	M/s VKS Aiyer & Co., Coimbatore
Registered Office	SF No. 559/4, D Block, 4^{th} Floor, Hanudev Info Park Nava India Road, Udaiyampalayam Coimbatore - 641028. 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 58th Annual Report of your company along with the financial results for the year ended 31st March 2020.

State of affairs of the company

a. Financial Results		**(₹ lakhs)**
Particulars	**31.03.2020**	**31.03.2019**
Revenue from operations	**72,612**	**79,012**
PBIDT	**4,771**	**5,735**
Less:Finance cost	3,233	4,053
Profit from Operations	**1538**	**1,682**
Other Income	440	629
PBDT	**1,978**	**2,311**
Less:Depreciation and Amortisation	3,274	3,137
PBT (Before Exceptional item)	**(1296)**	**(827)**
Exceptional item	**-**	**-**
PBT (After Exceptional item)	**(1296)**	**(827)**
Less:Tax expenses	357	-
MAT Credit	-	-
Deferred Tax	-	-
Profit After Tax	**(1652)**	**(827)**
Other Comprehensive Income	(898)	44
Total Comprehensive Income	**(2550)**	**(783)**
Add:Opening balance in Retained Earnings including OCI	15,090	15,873
Less: Transfer to General Reserve	-	-
Less: Provision for proposed dividend (including dividend tax)	-	-
Closing balance in Retained Earnings including OCI	**12,540**	**15,090**

b. Dividend and transfer to reserves

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

Industry Overview

2019-20 was a poor year in general for the Spinning Industry. One main factor was the significant drop in Indian yarn and fabric exports. Exports of cotton textiles, which includes yarn, fabric and made-ups, fell by 22% during the period April - September 2019 compared to the corresponding period in the previous year, while cotton yarn exports decreased by 38% in the same time period. This created an over supply situation in the domestic market and as a result, yarn prices fell by more than 7% starting from April 2019. This situation was worsened by the fact that Indian cotton prices ruled higher than world prices. The situation normalised with the arrival of the new Indian cotton crop in October and parity was restored between Indian and international cotton prices. Demand also started to improve from December onwards and the overall sentiment was positive at the start of 2020. The Indian cotton season was proceeding well and the Cotton Corporation of India (CCI) was active in the market as prices had fallen below the Minimum Support Price fixed by the government. By the end of February, CCI had covered over 90 lac bales, a significant portion of which was from Telangana and Maharashtra. Export demand for yarn had recovered and India registered a growth of 4% in exports of cotton textiles in January and February.

Review of operations

Your company registered a turnover of Rs.726 crores during FY 19-20, a decrease of 8% compared to the previous year. Turnover reduced on account of lower yarn prices, lower trading income and lower yarn production in the third quarter. Profit from operations decreased to Rs. 15.4 Crores compared to Rs. 16.8 Crores in the prior year. During the year, your company continued to take steps to improve the productivity and yarn realisation in the spinning business apart from increasing sales of value added yarns. We have continued to invest in compact spinning as per our modernisation plan.

We are very glad to note that the technical textiles division has started to show positive returns. The division achieved a turnover of Rs 119.10 Crores as compared to Rs.92 Crores in the previous year. The profitability improved to 15% at EBITDA level with the division generating an operational surplus for the first time.

Outlook for the current year and impact of COVID-19

At the start of 2020, all signs pointed to a revival of the Indian Textiles and Clothing Industry. Export demand was on the rise, domestic consumption was improving and the industry was confident of capturing a higher share of the global clothing market due to the US-China trade tensions. However, the advent of COVID - 19 has severely dented all recovery plans. With most countries imposing restrictions and lockdowns from March 2020, retailers and brands, both domestic and international, deferred or cancelled all pending orders.

Your company has since started partial operations in Hassan unit from the third week of April and spinning units in Tamil Nadu and Kerala from the beginning of May. Operations have resumed in Hindupur from the second week of June. Demand and availability of trained workers are the two main constraints now. Certain yarn markets and fabric manufacturing clusters have resumed operations whereas others are not operational due to lockdowns. All our spinning units are currently operating at sub optimal capacities and we expect this situation to continue until September, 2020.

Your company has availed the moratorium granted by the RBI with respect to interest on working capital and term loans and principal repayment on term loans. We have sufficient liquidity to meet our commitments to our employees, suppliers and all other stakeholders including payments of statutory dues.

Personnel

The company has been able to continue maintaining cordial relations with its labour force in all its units. The company has 984 permanent employees on the roll as on 31-Mar-2020.

Internal control systems & Risk Management

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

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

Number of meetings of the Board

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

Declaration by Independent Directors

The independent Directors have submitted their disclosures to the Board stating that they fulfil the requirements enumerated under section 149(6) of the Companies Act, 2013 (hereinafter “the Act”), and Regulation 25 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015.

Directors and Key Managerial Personnel (KMP)

KMP

The following are the whole-time key managerial personnel of the company as per section 203 of the Act as on 31-Mar-2020, (i) Mr Ashwin Chandran, Chairman and Managing Director (ii) Mr A P Ramkumar, Chief Financial Officer & (iii) Mrs S Kavitha, Company Secretary.

Appointments

During the financial year 2019-20, there is no appointment of Directors and Key Managerial Personnel in the Company.

Reappointments

The term of office of Mr Ashwin Chandran, Chairman and Managing Director, Mr Prashanth Chandran Vice Chairman and Managing Director and Mr T Kumar, Executive Director of the company came to an end on 31st March 2020.Resolutions for reappointment of the above Directors have included in the Notice for shareholders approval.

Retirements and Resignations

No retirements, resignations or reappointment of directors during the year under review.

Performance Evaluation

The Board of Directors at their meeting held on 24-Mar-2020, had carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter “Listing Regulations”).

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

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

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

The Board also carried out evaluation of Independent Directors performance and fulfilment of the independence criteria as specified under listing regulations and their independence from the management. This evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

Policy on director's appointment and remuneration and other details

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

Auditors' report and secretarial auditors' report

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

During the year under review, neither the Statutory auditors nor the Secretarial Auditor have reported to the Audit Committee, any instances of fraud committed against the company by its officers or employees.

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

Receipt of any commission by Whole Time Directors from the company or receipt of commission/ remuneration from subsidiary company

Whole Time Directors have not received any commission from the company or any commission/ remuneration from subsidiaries during the year under review.

Annual Return

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

Secretarial Standards

The Company complies with all the applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

Particulars of Employees

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

Consolidation of Accounts

The company has control of "Suprem Associates", a partnership firm by holding 99% of ownership interest in the firm. The accounts of the said firm is consolidated as per the requirement of Indian Accounting Standards (IndAS).

Maintenance of Cost Records

The Company is maintaining the cost records as specified under section 148(1) of the Companies Act, 2013 and accordingly such accounts and records are made and maintained.

Audit Committee

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

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

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

Corporate Governance

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

Corporate Social Responsibility (CSR)

The CSR committee comprises of 1. Mr Ashwin Chandran, 2. Mr Prashanth Chandran and 3. Mr Sumanth Ramamurthi. This committee takes care of CSR policy execution to ensure that the CSR objectives of the company are met. The CSR policy deals with allocation of funds, activities, identification of programmes, approval, implementation, monitoring and reporting. CSR report pursuant to Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is in **Annexure F.**

For the financial year 2019-2020, the company was not required to spend on CSR activities owing to the average net loss for the immediately preceding three financial years as computed under the provisions of the Act.

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

Particulars of Loan, Guarantees or Investments

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

Related Party Transactions

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

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

Directors' responsibility statement

The directors confirm that:

a) The applicable accounting standards have been followed and proper explanations provided relating to material departures, if any,

b) The company has adopted prudent and consistent accounting policies so as to give a true and fair view of the state of affairs of the company,

c) Proper and sufficient care has been taken for maintenance of adequate accounting records under the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,

d) The annual accounts of the company have been prepared on a going concern basis,

e) The internal financial controls are adequate and are operating effectively, and

f) A proper system for ensuring compliance of all the applicable laws are put in place and are operating effectively.

Statutory Auditors

The auditors of the company, M/s VKS Aiyer & Co., Chartered Accountants (Firm Registration No. 000066S) pursuant to the provisions of section 139 of the Act, were appointed as the statutory auditors of the company for a term of 5 years, from the conclusion of the 56th AGM till the conclusion of the 61st AGM to be held in the year 2023.

Cost Auditor

Pursuant to section 148 of the Act, read with the Companies (Cost Records and Audit) Rules 2014, the Board of Directors, on the recommendation of the audit committee, appointed Mr.R Krishnan, Cost Accountant, as the cost auditor of the company for the financial year 2020-21.

Accordingly, a resolution seeking member's ratification for the remuneration payable to Mr. R Krishnan, Cost Auditor is included as Item No. 7 of the AGM notice.

Secretarial Auditor

Pursuant to Section 204 of the Act, the Board of Directors appointed Mr. K Duraisami, Practicing Company Secretary, Coimbatore as the secretarial auditor of the Company for the financial year 2020-21.

Insider Trading Regulations

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

Change in nature of business

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

Deposits from public

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

Material Changes

No material changes or commitments affecting the financial position of the company occurred between the end of the financial year (i.e.31-Mar-2020) and the date of this report.

Vigil Mechanism/ Whistle Blower Policy

The company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the company to report genuine concerns and to ensure strict compliance with ethical and legal standards across the company. The provisions of this policy are in line with the provisions of the section 177(9) of the Act and Listing Regulations, are available on the website of the company at http://www.precot.com/investor-relations/. The details of Whistle Blower Policy forms part of the Corporate Governance Report annexed with this report.

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

The company has constituted an internal complaints committee to address the complaints regarding sexual harassment. All employees are covered under this policy. The company has not received any complaints during the year under review. The details relating to Complaints forms part of the Corporate Governance report annexed with this report.

Unclaimed Shares

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

Particulars	Number of share holders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as on 01-Apr-2019	273	51500
Number of shareholders approached the company for transfer of shares from suspense account during the year	2	450
Number of shareholders to whom shares were transferred from suspense account during the year	2	450
Aggregate number of shareholders and outstanding shares in the suspense account as on 31-Mar-2020	271	51050

The voting rights on the shares outstanding in the suspense account as on 31-Mar-2020 shall remain frozen till the rightful owner of such shares claims the shares.

Acknowledgement

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

By order of the Board

Coimbatore
26-June-2020

Ashwin Chandran
Chairman and Managing Director

ANNEXURE A

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2020

[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
S.F no. 559/4,D Block,4th Floor
Hanudev Info Park, Nava India Road
Udaiyampalayam, Coimbatore- 641028,
Tamil Nadu, INDIA

We 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, the explanations and clarifications given to us and the representations made by the management and considering the relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 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:

We 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, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(I) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) In relation to the Law and Regulations as specifically applicable to the Company, we have relied on the representation made by the Company and its Officers for system and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company.

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

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

We 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.

We 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.

We further report that during the audit period:

(a) The Company has shifted the registered office to S.F No.559/4, D Block, 4th Floor, Hanudev Info Park, Nava India Road, Udaiyampalayam, Coimbatore, Tamilnadu- 641028 w.e.f 11th December 2019.

For BGSMISHRA & Associates
Company Secretaries LLP

Gouri Shanker Mishra
Designated partner
CP No. 13581

UDIN : F006906B000368894
Place: Chennai
Date: 24th June 2020

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

Annexure

To,

The Members,

Precot Meridian Limited

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

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

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

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

Due to spread of COVID-19 pandemic, to certain extent we have verified the documents electronically and where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.

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

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

For BGSMISHRA & Associates
Company Secretaries LLP

Gouri Shanker Mishra
Designated partner
CP No. 13581

Place: Chennai
Date: 24th June 2020

ANNEXURE B

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[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	SF No. 559/4, D Block, 4th floor, Hanudev Info Park, Nava India Road, Udaiyampalayam, Coimbatore - 641028 Tel: 0422-4321100 Fax: 0422-4321200 Email: secretary@precot.com Website: www.precot.com
vi) Whether listed company	Yes
vii) Name, Address and contact details of registrar and transfer agent, if any	Link Intime India Private Limited, Coimbatore Branch, "SURYA", 35, Mayflower Avenue, Senthil Nagar, Sowripalayam Road, Coimbatore - 641028. Email: coimbatore@linkintime.co.in Phone: 0422-2314792

II. Principal business activities of the company

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

S.No	Name and description of main products / services	NIC code of the product / service	% to total turnover of the company
1	Cotton yarn	13111	79.51%
2	Technical Textile	52030000	16.40%

III. Particulars of holding, subsidiary and associate companies

S. No.	Name and address of the company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
	NIL				

IV. Share holding pattern (Equity share capital breakup as percentage of total equity)

I) Category-wise share holding as of 31st March, 2020

S.No.	Category of shareholders	No. of shares held at the beginning of the year (01.04.2019)				No. of shares held at the end of the year (31.03.2020)				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	**Promoters**									
(1)	**Indian**									
(a)	Individuals / Hindu Undivided Family	7336340	-	7336340	61.14	7336340	-	7336340	61.14	-
(b)	Central Government /									
	State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(1)	**7336340**	**-**	**7336340**	**61.14**	**7336340**	**-**	**7336340**	**61.14**	**-**
(2)	Foreign									
(a)	Individuals (Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institution	-	-	-	-	-	-	-	-	-
(d)	QFI	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
	Total shareholding of promoter and promoter group (A)= (A)(1)+ (A)(2)	**7336340**	**-**	**7336340**	**61.14**	**7336340**	**-**	**73336340**	**61.14**	**-**
(B)	Public shareholding									
(1)	Institutions									
(a)	Mutual funds/UTI	100	-	100	0.00	100	-	100	0.00	0.00
(b)	Financial Institutions / Banks	675	-	675	0.01	675	-	675	0.01	0.00
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	FII	-	-	-	-	-	-	-	-	-
(g)	Foreign Portfolio Investor	49	-	49	0.00	49	-	49	0.00	0.00
(h)	Foreign Mutual Fund	-	-	-	-	-	-	-	-	-
(i)	Any other	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	**824**	**-**	**824**	**0.01**	**824**	**-**	**824**	**0.01**	**0.00**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	431181	4152	435333	3.63	452734	4152	456886	3.81	0.18
(b)	Individuals - I Individual shareholders holding nominal share capital up to ₹ 1 lakh	1817190	522015	2339205	19.49	1818215	465000	2283215	19.03	-0.47
	Individuals - ii. Individual shareholders holding nominal share capital in excess of ` 1 lakh	1397246	21325	1418571	11.82	1499316	-	1499316	12.49	0.67
(c)	QFI	-	-	-	-	-	-	-	-	-
(d)	Any other									
(d1)	IEPF	102492	-	102492	0.85	102492	-	102492	0.85	-
(d2)	Hindu Undivided Family	221553	-	221553	1.85	224220	-	224220	1.87	0.02
(d3)	NRI (Non Repat)	22694	-	22694	0.19	23849	-	23849	0.20	0.01
(d4)	NRI (Repat)	17147	-	17147	0.14	20620	216	20836	0.17	0.03
(d5)	NBFCs registered with RBI	21634	-	21634	0.18	-	-	-	-	-0.18
(d6)	Unclaimed Shares	51500	-	51500	0.43	51050	-	51050	0.43	-0.00
(d7)	Clearing Member	32707	-	32707	0.27	972	-	972	0.01	-0.26
(d8)	Market Maker	-	-	-	-	-	-	-	-	-
	Sub Total (B)(2)	**4115344**	**547492**	**4662836**	**38.86**	**4193468**	**469368**	**4662836**	**38.86**	**-**
	Total Public Shareholding(B) = (B)(1)+(B)(2)	**4116168**	**547492**	**4663660**	**38.86**	**4194292**	**469368**	**4663660**	**38.86**	**-**
	Total (A)+(B)	**11452508**	**547492**	**12000000**	**100.00**	**11530632**	**469368**	**12000000**	**100.00**	**0.00**

ii) Shareholding of promoters as on 31st March, 2020

Sr No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% change in shareholding during the year
		No. of shares held	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	No. of shares held	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
1	Mr Ashwin Chandran	2307987	19.23	16.50	2307987	19.23	16.50	-
2	Mr Prashanth Chandran	1972411	16.44	14.16	1972411	16.44	14.16	-
3	Mr Sarath Chandran (I)	1628010	13.57	11.42	1628010	13.57	11.42	-
4	Mr D Sarath Chandran (HUF)	1216251	10.14	8.92	1216251	10.14	8.92	-
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	-	-
	Total	**7336340**	**61.14**	**51.00**	**7336340**	**61.14**	**51.00**	**-**

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

S.No	Particulars	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year	
		No. of shares held	% of total shares of the company	No. of shares held	% of total shares of the company
1	Mr Ashwin Chandran	2307987	19.23	2307987	19.23
	At the end of the year (31.03.2020)			2307987	19.23
2	Mr Prashanth Chandran	1972411	16.44	1972411	16.44
	At the end of the year (31.03.2020)			1972411	16.44
3	Mr Sarath Chandran (Individual)	1628010	13.54	1628010	13.57
	At the end of the year (31.03.2020)			1628010	13.57
4	Mr D Sarath Chandran (HUF)	1216251	10.14	1216251	10.14
	At the end of the year (31.03.2020)			1216251	10.14
5	Mrs Divya Chandran	191250	1.59	191250	1.59
	At the end of the year (31.03.2020)			191250	1.59
6	Mr Viren Mohan	14319	0.12	14319	0.12
	At the end of the year (31.03.2020)			14319	0.12
7	Mr Vijay Mohan	1950	0.02	1950	0.02
	At the end of the year (31.03.2020)			1950	0.02
8	Mr Vikram Mohan	1875	0.02	1875	0.02
	At the end of the year (31.03.2020)			1875	0.02
9	Mrs Vanitha Mohan	1275	0.01	1275	0.01
	At the end of the year (31.03.2020)			1275	0.01
10	Ms Madhura Mohan	1012	0.01	1012	0.01
	At the end of the year (31.03.2020)			1012	0.01

There is no change in promoters shareholding during the year

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 (01.04.2019)		Cumulative Shareholding during the year	
			No. of shares held	% of total shares of the company	No. of shares held	% of total shares of the company
1	Anil Kumar Goel		326100	2.72	326100	2.72
	At the end of the year (31.03.2020)				326100	2.72
2	Gagandeep Credit Capital Pvt Ltd		309429	2.58	309429	2.58
	At the end of the year (31.03.2020)				309429	2.58
3	Zaki Abbas Nasser		135000	1.13	135000	1.13
Add	17 May 2019	Market Purchase	5000	0.04	140000	1.17
Add	05 Jul 2019	Market Purchase	5000	0.04	145000	1.21
Add	19 Jul 2019	Market Purchase	1000	0.01	146000	1.22
Add	02 Aug 2019	Market Purchase	1000	0.01	147000	1.23
Less	21 Feb 2020	Market Sale	(2000)	0.02	145000	1.21
	At the end of the year (31.03.2020)				145000	1.21
4	Vinodchandra Mansukhlal Parekh		105343	0.88	105343	0.88
	At the end of the year (31.03.2020)				105343	0.88
5	Seema Goel		105000	0.88	105000	0.88
	At the end of the year (31.03.2020)				105000	0.88
6	Rajendran		10500	0.09	10500	0.09
Add	07 Feb 2020	Market Purchase	19708	0.16	30208	0.25
Add	14 Feb 2020	Market Purchase	2562	0.02	32770	0.27
Add	21 Feb 2020	Market Purchase	275	0.00	33045	0.28
Add	28 Feb 2020	Market Purchase	20772	0.17	53817	0.45
Add	06 Mar 2020	Market Purchase	5724	0.05	59541	0.50
Add	20 Mar 2020	Market Purchase	8638	0.07	68179	0.57
	At the end of the year (31.03.2020)				68179	0.57
7	Prajapati Mahesh Manubhai		52000	0.43	52000	0.43
	At the end of the year (31.03.2020)				52000	0.43
8	Bachh Raj Nahar		45652	0.38	45652	0.38
	At the end of the year (31.03.2020)				45652	0.38
9	Pranav Kumarpal Parekh		45314	0.38	45314	0.38
	At the end of the year (31.03.2020)				45314	0.38
10	Gandhi Prasheel Chetan		44000	0.37	44000	0.37
	At the end of the year (31.03.2020)				44000	0.37

v) Shareholding of Directors and KMP:

S.No	Shareholding of Director and each KMP	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year	
		No. of shares held	% of total shares of the company	No. of shares held	% of total shares of the company
1	**Mr Ashwin Chandran**	2307987	19.23	2307987	19.23
	At the end of the year (31.03.2020)			2307987	19.23
2	**Mr Prashanth Chandran**	1972411	16.44	1972411	16.44
	At the end of the year (31.03.2020)			1972411	16.44
3	**Mr Sumanth Ramamurthi**	8557	0.07	8557	0.07
	At the end of the year (31.03.2020)			8557	0.07
4	**Mr P Vijay Raghunath**	225	0.00	225	0.00
	At the end of the year (31.03.2020)			225	0.00
5	**Mr Jairam Varadaraj**	75	0.00	75	0.00
	At the end of the year (31.03.2020)			75	0.00
6	**Mr C N Srivatsan**	-	-	-	-
	At the end of the year (31.03.2020)	-	-	-	-
7	**Mrs R Bhuvaneshwari**	-	-	-	-
	At the end of the year (31.03.2020)	-	-	-	-
8	**Mr T Kumar**	-	-	-	-
	At the end of the year (31.03.2020)	-	-	-	-
9	**Mr A P Ramkumar**	-	-	-	-
	At the end of the year (31.03.2020)	-	-	-	-
10	**Mrs S Kavitha**	-	-	-	-
	At the end of the year (31.03.2020)	-	-	-	-

vi) Indebtedness

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

₹ lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	31,886.64	3,550.47	-	35,437.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	38.34	-	-	38.34
Total (i+ii+iii)	**31,924.98**	**3,550.47**	**-**	**35,475.45**
Change in Indebtedness during the financial year				-
* Addition	-	6,214.19	-	6,214.19
* Reduction	4,488.05	9,151.82	-	13,639.87
Net Change				-
Indebtedness at the end of the financial year				-
i) Principal Amount	29,192.06	1612.84	-	30,804.90
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	63.97	-		63.97
Total (i+ii+iii)	**29,256.03**	**1612.84**	**-**	**30,868.87**

V. Remuneration of Directors and KMP -

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

₹ lakhs

S. No.	Particulars of remuneration	Name of MD/WTD			Total amount
		Mr Ashwin Chandran	Mr Prashanth Chandran	Mr T Kumar	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	87.12	72.60	60.00	219.72
	(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 profi	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify				
	a) Provident fund	5.23	4.36	3.60	13.19
	Total (A)	**92.35**	**76.96**	**63.60**	**232.91**
	Ceiling as per Schedule V of the Act	240.00	240.00	240.00	720.00

B. Remuneration to other Directors

Particulars of remuneration	Name of directors	Total Amount
1 Independent directors		
a) Fee for attending board/committee meetings	Mr Sumanth Ramamurthi	1.80
	Dr Jairam Varadaraj	0.65
	Mr C N Srivatsan	1.55
	Ms R Bhuvaneshwari	1.55
	Mr P Vijay Raghunath	0.90
b) Commission	-	-
c) Others	-	-
Total (1)		**6.45**
2 Other Non- Executive Directors		
a) Fee for		
attending board / committee meetings		-
b) Commission		-
c) Others		-
Total (2)		-
Total (B) = (1+2)		**6.45**
Total managerial remuneration (A) + (B)		**239.36**

C. Remuneration to KMP other than MD/WTD

₹ lakhs

Particulars of remuneration	KMP		
	CS	CFO	Total
1 Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	8.07	38.64	46.71
(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	**8.07**	**38.64**	**46.71**

VII. Penalties / Punishment / Compounding of offences:

There were no penalties, punishment or compounding of offences during the year ended 31-Mar-2020.

ANNEXURE C - PARTICULARS OF EMPLOYEES

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

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

a) The ratio of the remuneration of each Director to the median employee's remuneration for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary in the financial year 2019-20:

Name	Ratio	% increase in remuneration*
Mr Ashwin Chandran	46.18	10
Mr Prashanth Chandran	38.48	10
Mr Sumanth Ramamurthi	0.91	-
Dr Jairam Varadaraj	0.33	-
Mr C N Srivatsan	0.78	-
Ms R Bhuvaneshwari	0.78	-
Mr T Kumar	31.80	29.88
Mr P Vijay Raghunath	0.45	-
Mr A P Ramkumar (CFO)	NA	18.24
Mrs S Kavitha (CS)	NA	27.49

* Note : Percentage increase in remuneration not considered for non-executive directors, as they are paid remuneration by way of sitting fee for attending the meetings. There is no change in sitting fee during the FY 2019-20.

b) The percentage increase in the median remuneration of employees in the financial year was 8%.

c) The company has 984 permanent employees on the rolls as on 31-Mar-2020.

d) Average percentage increase already made in the salaries of employees other than key managerial personnel in the last financial year was 8%. The average increase in the key managerial remuneration was 19.12%. The increments are based on individual performance, company's performance, industry benchmark and current compensation trends.

e) Is the remuneration as per the remuneration policy of the company : Yes

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

Name	Date of Joining	Designation	Qualification	Age	Experience (Years)	Remuneration (₹ in lakhs)	Last Employed
Mr Ashwin Chandran	01.08.1997	Chairman and Managing Director	B. Sc (Hons), MBA	44	22	92.35	-
Mr Prashanth Chandran	14.07.2003	Vice Chairman and Managing Director	B. Engg	39	15	76.96	-
Mr T Kumar	26.02.2016	Executive Director	DTT	51	32	63.60	GTN Textiles
Mr A P Ramkumar	01.06.2018	Chief Financial Officer	B.Com, ACA, CMA	49	22	38.64	Souriau India Pvt Ltd.
Mr Ravikumar	20.12.2018	Unit Head	B Tech	46	25	36.99	Concorde Textiles

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

Mr K V John	23.11.2009	Vice President	DTT	54	36	28.94	Ambika Cotton Mills Ltd
Mr S Pradeep	02.11.2015	BH - Technical Textiles	B Tech	35	13	23.81	Axus Stationery
Mr Nagarajan S	06.11.2019	AGM	DTT, B Tech	49	27	23.47	Sri Lakshmi Ganesh Spg Mills
Mr Sambasivarao	08.05.2017	GM	DTT	60	34	22.53	Datta Spinning Mills
Mr V Shanmugam	20.04.1997	DGM	DTT, MA	52	32	21.48	Schlafhorst Mrktg Co

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

Note :
1. Mr Ashwin Chandran and Mr Prashanth Chandran are brothers. None of the others are related to each other.
2. Nature of employment of Mr Ashwin Chandran, Mr Prashanth Chandran and Mr T Kumar are contractual and others are permanent.
3. No. of shares held by Mr Ashwin Chandran and Mr Prashanth Chandran are provided in Annual Return available on the company's website http://www.precot.com/investor-relations/. None of the others hold any shares in the company.

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

ANNEXURE D

a. Conservation of Energy

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

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

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

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

c. Foreign Exchange Earnings (₹ in crores)

Earnings	-	262.58
Outflow	-	84.60
Net	-	177.98

ANNEXURE E - REPORT ON CORPORATE GOVERNANCE

I. Company's philosophy on code of governance

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

II. Board of Directors - composition, category and attendance

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

The Board comprises of eight directors including three (3) executives and five (5) non-executive directors.

During the year 2019-20, the Board of Directors met six times at the registered office of the company on 22-May-2019, 29-Jun-2019, 06-Aug-2019, 07-Nov-2019, 11-Feb-2020 and 24-Mar-2020. The last annual general meeting (AGM) was held on 19-Sep-2019.

Composition of directors and their attendance

Name of the director	Category	Attendance		No. of Directorships in other companies*	No. of committees**		Names of listed entities in which directorship is held & Category of directorship
		Board Meetings	Last AGM		Member	Chairman	
Mr Ashwin Chandran (DIN: 00001884)	Chairman - Executive - Promoter	6	Yes	5	2	2	Kovilpatti Lakshmi Roller Flour Mills Limited (Non-Executive Independent Director)
Mr Prashanth Chandran (DIN:01909559)	Vice Chairman - Executive - Promoter	6	Yes	1	2	-	
Mr Sumanth Ramamurthi (DIN:00002773)	Non-Executive - Independent	5	Yes	6	2	1	Super Spinning Mills Limited (Executive Director)
Dr Jairam Varadaraj (DIN:00003361)	Non-Executive - Independent	3	No	10	8	2	Elgi Equipments Limited (Executive Director) Thermax Limited (Non Executive Independent Director) Magna Electro Castings Limited (Non Executive Independent Director) Elgi Rubber Company Limited (Non Executive Director Non Independent Director)
Mr C N Srivatsan (DIN:00002194)	Non-Executive - Independent	6	No[@]	1	2	3	Rane Engine Valve Limited (Non Executive Independent Director)
Ms R Bhuvaneshwari (DIN:01628512)	Non-Executive - Independent	6	Yes	4	4	-	Elgi Rubber Company Limited (Non Executive Independent Director) Kovai Medical Center and Hospital Limited (Non Executive Independent Director)
Mr T Kumar (DIN:07826033)	Executive - Non Promoter	5	No	-	-	-	-
Mr P Vijay Raghunath (DIN:00002963)	Non Executive - Independent	4	No	3	4	-	Elgi Rubber Company Limited (Non Executive Independent Director)

*Excluding directorships in private companies and foreign companies (including unlisted companies)

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

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

[@] Chairman of the Audit committee and Nomination and Remuneration Committee has not attended the AGM due to some unavoidable reasons.

Disclosure of relationships between Directors inter-se

Mr Ashwin Chandran and Mr Prashanth Chandran are brothers. None of the other Directors are related to each other.

List of Core Skills/ Expertise/ Competencies as identified by the Board as required for the business to function effectively & those available with the Board

Financial - Rich financial expertise in formulating the strategic plan for business, financial and related aspects.

Textile Functions - Sound Knowledge in the textile operations and technology.

Legal - Advice to the board and assists in the decision making relating to legal and governance aspects.

Technology - Sound knowledge in technical aspects of the Industry.

Name of the director	Qualification	Skills and Expertise
Mr Ashwin Chandran (DIN: 00001884)	B.Sc (Hons.), MBA	He has more than 20 years of experience in the textile industry.
Mr Prashanth Chandran (DIN:01909559)	B.E (Hons.)	He has almost 15 years of experience in the textile industry.
Mr Sumanth Ramamurthi (DIN:00002773)	BS Electrical Engineer	He has over three decades of experience in textile industry
Dr Jairam Varadaraj (DIN:00003361)	MBA, Ph.D in business administration	He has more than 25 years of experience in the field of engineering.
Mr C N Srivatsan (DIN:00002194)	Chartered Accountant	He has more than 25 years of experience in the field of management consultancy.
Ms R Bhuvaneshwari (DIN:01628512)	B.Com, B.L	She has more than 20 years experience specializing in Corporate laws.
Mr T Kumar (DIN:07826033)	DTT	He has over 25 years experience in textile industry (Spinning Division)
Mr P Vijay Raghunath (DIN:00002963)	B.Com, B.L	He has over 26 years of experience in the legal profession.

III. Committees of the Board

A. Audit committee

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

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

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommend the appointment, remuneration and terms of appointment of auditors of the Company;

c) Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the board for approval;

d) Reviewing with the management, the quarterly financial statements before submission to the board for approval;

e) Review and monitor the auditors' independence and performance, and effectiveness of audit process;

f) Approval or any subsequent modification of transactions of the Company with related parties;

g) Scrutiny of inter-corporate loans and investments;

h) Evaluation of internal financial controls and risk management systems;

i) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

j) Discussion with internal auditors of any significant findings and follow up thereon;

k) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

l) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

m) Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;

n) To review the functioning of whistle blower mechanism;

o) The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the board and may also discuss any related issues with the internal and statutory auditors and the management of the Company;

p) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

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

The audit committee meetings were held at the registered office of the company and during the year the committee met four times on 22-May-2019, 06-Aug-2019, 07-Nov-2019 and 11-Feb-2020. The composition of the audit committee and particulars of meetings attended by the members are given below:

Name of the member	Category	No. of meetings attended
Mr C N Srivatsan - Chairman	Non-Executive - Independent	4
Dr Jairam Varadaraj	Non-Executive - Independent	1
Ms R Bhuvaneshwari	Non-Executive - Independent	4
Mr Sumanth Ramamurthi	Non-Executive - Independent	3
Mr P Vijay Raghunath	Non-Executive - Independent	2

The statutory auditors, internal auditor and executives of the company also attended the meetings. Necessary quorum was present for all the meetings. The minutes of the audit committee meetings were placed at the Board meetings.

The company secretary acts as the secretary of the committee.

B. Nomination and Remuneration committee

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

The Nomination and Remuneration Policy is available on the company's website http://www.precot.com/investor-relations/.

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

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

The company does not have employee stock option scheme.

Terms of reference

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. The notice period and severance fees are as per the policy of the company.

During the year, the nomination and remuneration committee meeting was held on 24-Mar-2020 at the registered office of the company. Necessary quorum was present for the meeting. The company secretary acts as the secretary of the committee.

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

Name of the member	Category	No. of meetings attended
Mr C N Srivatsan - Chairman	Non-Executive - Independent	1
Dr Jairam Varadaraj	Non-Executive - Independent	1
Ms R Bhuvaneshwari	Non-Executive - Independent	1

The company paid a sitting fee of Rs.15,000 per meeting to its Non-Executive directors for attending meetings of the Board of Directors and the audit committee. The sitting fees payable for other committee meetings is Rs.5,000 per meeting during the year under review.

Performance evaluation criteria for Independent Directors

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

Details of the remuneration for the financial year ended 31-Mar-2020

The remuneration paid/payable to the executive directors of the company for the year ended 31-Mar-2020, are as under.

₹ lakhs

Name of the director	Salary and perks	Commission	Total	Service Contract
Mr Ashwin Chandran Chairman and Managing Director	92.35	-	92.35	01.04.2017 to 31.03.2020
Mr Prashanth Chandran Vice Chairman and Managing Director	76.96	-	76.96	01.04.2017 to 31.03.2020
Mr T Kumar Executive Director	63.60	-	63.60	26.05.2017 to 31.03.2020

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

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

Name of the director	Sitting fees (₹)	No. of shares held
Mr Sumanth Ramamurthi	1,80,000	8557
Dr Jairam Varadaraj	65,000	75
Mr C N Srivatsan	1,55,000	-
Ms R Bhuvaneshwari	1,55,000	-
Mr P Vijay Raghunath	90,000	-

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

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

The nomination and remuneration committee (NR Committee) and the Board of Directors, have adopted a nomination and remuneration policy, which, inter alia, deals with the criteria for appointment of the Directors, KMP and senior management personnel and their remuneration. The detailed policy is available on the company's website http://www.precot.com/investor-relations/

C. Stakeholders' relationship committee

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

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

Terms of reference

a) To resolve the grievances of the security holders of the company,

b) To approve share transfer, transmission, issue duplicate certificates, fresh share certificates by way of split or consolidation of the existing certificates,

c) To specifically look into the various aspects of interest of shareholders, debenture holders and other security holders

d) To review the measures taken for effective exercise of voting rights by shareholders

e) To review the adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar & Share Transfer Agent

f) To review the various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company and

g) Any other matter relating to the security holders or matters assigned/ delegated by the Board.

Eight meetings of the stakeholders relationship committee were held during the year under review i.e.26-Apr-2019, 31-May-2019, 29-June-2019, 05-July-2019, 16-Aug-2019, 30-Sep-2019, 31-Dec-2019, and 02-Mar-2020. The necessary quorum was present for all the meetings. The company secretary acts as the secretary of the committee.

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

Name of the member	Category	No. of meetings attended
Mr Sumath Ramamurthi - Chairman	Non-Executive - Independent	6
Mr Ashwin Chandran	Executive - Non Independent	7
Mr Prashanth Chandran	Executive - Non Independent	8

Details of complaints received and redressed during the period under review

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

D. Other Committees

1. Corporate social responsibility committee

The committee looks into and determines the company's policy with regard to the CSR activities to be undertaken by the company. The committee comprises of the following members a) Mr Ashwin Chandran (Chairman), b) Mr Prashanth Chandran and c) Mr Sumanth Ramamurthi.

Terms of reference

a) To formulate and recommend to the board, a CSR policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Act,

b) Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy, and

c) Monitor the CSR policy of the company from time to time.

2. **Risk management committee**

The company has constituted a Risk Management Committee and adopted a policy on risk management, for identifying and managing risk.

The committee comprised of the following members Mr C N Srivatsan, Mr Ashwin Chandran, Mr Prashanth Chandran, Mr. A P Ramkumar and Mrs S Kavitha.

Presently audit committee reviews the risk management policy periodically.

3. Finance committee

The committee consists of the following directors as its members a) Mr Ashwin Chandran (Chairman) b) Mr Prashanth Chandran (Member) c) Mr Sumanth Ramamurthi (Member). The finance committee is responsible for approval of the opening and closing of bank accounts, borrowings, investments and to authorise persons to operate the bank accounts of the company.

Independent Directors' meeting

No Independent Directors meeting was held during the year. Ministry of Corporate Affairs vide its Circular dated 24th March 2020 has given relaxation for holding of separate meeting of Independent Directors for the Financial year 2019-20.

Terms and conditions for appointment of independent Directors

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

Familiarisation program for independent Directors

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

Compliance officer

S Kavitha
Company Secretary and Compliance Officer

Address for Correspondence
Precot Meridian Limited,
Regd Office: SF No. 559/4, D Block, 4th Floor, Hanu Dev Info Park, Nava India Road, Udaiyampalayam,
Coimbatore – 641028
Phone: 0422-4321100; FAX: 0422-4321200
Email: secretary@precot.com; Website: www.precot.com
CIN: L17111TZ1962PLC001183

Management analysis report

The management analysis report forms part of this annual report.

General body meetings

The general body meetings of the company held during the preceding three years are:

Details	Date, Time and Venue	Special Resolutions
2017, 55th AGM	05-Sep-2017 at 4.30 pm, held at Chamber towers, Avinashi Road, Coimbatore - 641018	1. Appointment of Mr Ashwin Chandran (DIN: 00001884) as Chairman and Managing Director 2. Appointment of Mr Prashanth Chandran (DIN: 01909559) as Vice Chairman and Managing Director 3. Appointment of Mr T Kumar (DIN: 07826033) as Executive Director and 4. Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013
2018, 56th AGM	07-Sep-2018 at 4.30 pm, held at Chamber towers, Avinashi Road, Coimbatore - 641018	1. Re-appointment of Mr Sumanth Ramamurthi (DIN: 00002773) as Independent Director 2. Re-appointment of Dr Jairam Varadaraj (DIN: 000058056) as Independent Director 3. Re-appointment of Mr C N Srivatsan (DIN: 00002194) as Independent Director 4. Re-appointment of Ms R Bhuvaneshwari (DIN: 01628512) as Independent Director
2019, 57th AGM	19-Sep-2019 at 4.30 pm, held at Ardra Hall, "Kaanchan" 9 North Huzur Road , Coimbatore 641 018.	1. Revision of remuneration payable to Mr T Kumar (DIN: 07826033)

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

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 and a code of practices and procedures for fair disclosure of unpublished price sensitive information. All the promoters, directors, designated persons, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the company are governed by this code. During the year under review there has been due compliance with the said code.

Means of communication

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

The Company follows April - March as the financial year. The tentative dates of board meetings for consideration of quarterly financial results for the financial year ending 31st March, 2021 are as follows. However these dates are subject to change according to availability of Directors.

1)	First quarter results	-	First week of August 2020,
2)	Second quarter and Half yearly results	-	First week of November 2020,
3)	Third quarter results	-	First week of February 2021,
4)	Fourth quarter and Annual results	-	Last week of May 2021.

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

General shareholder information

Annual general meeting	:	Thursday, 24-September-2020 at 4.00 p.m
Venue	:	Virtual meeting hosted from S.F. No. 559/4, D Block,4th Floor, Hanudev Info Park, Nava India Road, Coimbatore - 641 028
Financial year	:	1st April 2019 to 31st March 2020
Date of book closure	:	18-Sept-2020 to 24-Sept-2020
Dividend payment date, if any	:	Within seven working days from the date of annual general meeting,if any.
Listing on stock exchanges	:	National Stock Exchange of India Limited (NSE), Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai 400 051
Stock code	:	PRECOT, ISIN : INE283A01014

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

Month	Prices (₹)		S & P Nifty	
	Low	High	Low	High
April 2019	44.05	49.95	11549.10	11856.15
May 2019	34.50	44.10	11108.30	12039.25
June 2019	31.00	41.45	11641.15	12103.05
July 2019	28.10	41.00	10999.40	11981.75
August 2019	24.00	41.50	10756.55	11181.45
September 2019	25.30	34.75	10670.25	11694.85
October 2019	23.70	32.80	11090.15	11890.45
November 2019	22.05	35.50	11802.65	12158.80
December 2019	23.25	30.70	11844.70	12293.90
January 2020	23.25	30.70	11929.60	12430.50
February 2020	26.65	34.75	11175.05	12219.55
March 2020	21.45	32.00	7511.10	11433.00

Annual listing fee for the financial year 2020-21 was paid to National Stock Exchange of India Limited.

The company has paid custodial fees for the year 2020-21 to National Securities Depository Limited and Central Depository Services (India) Limited.

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

Branch Office:

M/s Link Intime India Pvt Limited,

Surya, 35 Mayflower avenue, Senthil Nagar,

Sowripalayam Road, Coimbatore- 641028.

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

Head office:

M/s Link Intime India Pvt Limited,

C-101, 247 Park,

L B S Marg, Vikhroli (West)

Mumbai - 400 083.

Share transfer process:

The company's shares are traded on the stock exchange only in electronic mode. Shares in physical form are processed by the registrar and transfer agents Link Intime India Private Limited.

The share transfers are registered and returned within the period of 15 days of receipt if documents are in order.

Half-yearly certificates confirming due compliance of share transfer formalities by the company from practising company secretary has been submitted to the stock exchange within stipulated time as per Listing Regulations.

Reconciliation of Share Capital Audit

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

A confirmation certificate under regulation 74(5) of the SEBI (Depositories and Participants) Regulations, 2018 was received from our Registrar and Share Transfer Agent, Link Intime India Private Limited confirming that the certificates received for dematerialisation have been mutilated and cancelled after due verification by the depository participants and the name of the depositories have been substituted in the register of members as registered owner within 30 days of its receipt and that the securities comprised in the said certificates have been listed on the Stock Exchange where the earlier issued securities are listed.

Share holding pattern as on 31-Mar-2020:

Category	No. of shares held	Percentage of holding
Promoters and Promoters group		
Indian	7336340	61.14
Public		
Mutual funds/UTI	100	0.00
Financial Inst/ Banks	675	0.01
Bodies corporate	456886	3.81
Public and others	4205999	35.05
Total	**12000000**	**100.00**

Distribution of shareholding as on 31-Mar-2020

Shareholding range	No. of holders	Percentage of holders	No. of shares	Percentage of shares
1-500	4298	79.33	695122	5.79
501-1000	510	9.41	378680	3.16
1001-2000	312	5.76	451986	3.77
2001-3000	92	1.70	227300	1.89
3001-4000	52	0.96	179849	1.50
4001-5000	31	0.57	141130	1.18
5001-10000	65	1.20	457347	3.81
10001 & Above	58	1.07	9468586	78.90
Total	**5418**	**100.00**	**12000000**	**100.00**

Dematerialisation status of shares as on 31-Mar-2020:

Particulars	No. of Shares	% to Share capital
National Securities Depository Limited	9989754	83.25
Central Depository Services (India) Limited	1540878	12.84
Total	**11530632**	**96.09**

There are no outstanding GDR/ADR/Warrants or any convertible instruments as on 31st March 2020

Plant locations:

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

Address for correspondence:

Precot Meridian Limited,
Secretarial Department,
Regd. Office: S.F.No. 559/4, D Block, 4th Floor,
Hanudev Info Park, Nava India Road, Udaiyampalayam,
Coimbatore – 641 028.
Phone: 0422 - 4321100
Email: secretary@precot.com
Website: www.precot.com
CIN: L17111TZ1962PLC001183

Fees paid to Statutory Auditors

The details of total fees for all services paid by the company, on a consolidated basis, to the statutory auditor is provided below.

₹ lakhs

Particulars	2019-2020
(a) Auditor	**10.50**
(b) Taxation Matters	**8.35**
(c) Other Services - Certification	**2.68**
(d) For reimbursement of expenses	**0.89**
	22.42

Significant Changes in Key Financial Ratios for the Financial year 2018-19 and 2019-20

There is no significant changes in the Key financial ratios except operating profit margin. It has decreased from 8.1% to 7.2% due to reduction in revenue from operation spinning divisions of the Company

Details of any change in return on networth as compared to immediately previous financial year along with a detailed explanation thereof

Return on net worth has decreased from -2.6 % to -5.8% due to increase in Loss after tax.

Disclosures

1. During the year under review the company has not made any fresh issue of shares. The paid up capital of the company stood at Rs.1,200 lakhs as at 31-Mar-2020.
2. Details of transactions with related parties are provided in note no. 47 to notes forming part of the accounts in accordance with the provision of Indian Accounting Standard 24. There is no materially significant related party transaction that may have potential conflict with the interest of the company at large.
3. During the last 3 years, there were no strictures, penalties or material orders passed/imposed on the company by either stock exchanges or SEBI or any statutory authority for non-compliance on any matter relating to the capital markets or otherwise.
4. The company has followed the accounting standards referred to in section 133 of the Act. The significant accounting policies are set out in the notes to the financial statements.
5. Exposure of the company to commodity and commodity risks faced by the company during th year are disclosed in note no:39(c) of the financial statements.
6. 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.
7. The company has complied with all the mandatory requirements of corporate governance norms as enumerated under regulation 17 to 27 and clause (b) to (i) of regulations 46 (2) of the Listing Regulations. In addition, the company has also adopted the following non-mandatory requirements, 1) Company's financial statements are unmodified, 2) Separate posts of chairperson and managing director, 3) The internal auditor of the company directly reports to the audit committee.
8. The company has framed polices for determining 'material subsidiaries' and 'related party transaction',which are disclosed on the website at the following link http://www.precot.com/investor-relations/
9. CEO/CFO certificate: The Managing Director and Chief Financial Officer of the company have provided to the Board of Directors of the company compliance certificate as required under Regulation 17(8) of Listing regulations read with Part B of Schedule II.

10. 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.

11. 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-2020 are disclosed in notes to the financial statements.

12. The company has prepared a risk management framework to identify, minimize and mitigate business and process related risk at predefined intervals.

13. Business Responsibility Report as per regulation 34 and Dividend Distribution Policy as per regulation 43A of the Listing Regulations are not applicable to the company.

14. The details of unclaimed suspense account are disclosed in the Board's report.

By order of the Board
Ashwin Chandran
Chairman & Managing Director

Coimbatore
26-June-2020

Declaration regarding compliance of company's code of conduct

All the board members and senior management personnel affirmed compliance with the code of conduct of the company for the financial year ended 31st March 2020.

By order of the Board

Coimbatore
26-June-2020

Ashwin Chandran
Chairman & Managing Director

Compliance Certificate

To

The Members of Precot Meridian Limited

We have examined the compliance of conditions of corporate governance by Precot Meridian Limited (“the Company”) for the year ended on 31st March, 2020, as per Regulation 15(2) of the Securities Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations) as stipulated in Regulation 34(3) read with Schedule V of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementations thereof adopted by the company for ensuring the compliance with 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 us and the representations made by the Directors and Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of COVID-19 pandemic, we certify that the company has complied with the conditions of Corporate Governance as per relevant provisions of the Listing Regulations for the period 1st April 2019 to 31st March 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For BGSMISHRA & Associates
Company Secretaries LLP

Gouri Shanker Mishra
Designated partner
CP No.13581

UDIN : F006906B000368894
Place: Chennai
Date: 24th June 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members,

Precot Meridian limited,

SF No.559/4, D Block,4th Floor,

Hanudev Info Park,Nava India Road, Udaiyampalayam

Coimbatore - 641 028.

We have examined the relevant registers,records, forms, returns and disclosures received from the Directors of M/s. Precot Meridian Limited having (CIN: 17111TZ1962PLC001183) and having registered office at S.F No.559/4, D Block, 4th Floor, Hanudev Info Park, Nava India Road, Udaiyampalayam, Coimbatore - 641 028. (hereinafter referred to as 'the Company'), produced to us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause 10(i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S.No	DIN	Name of the Director	Designation	Original Date of Appointment as per MCA
1	00001884	Ashwin Chandran	Managing Director	30/07/2003
2	01909559	Prashanth Chandran	Managing Director	01/04/2011
3	07826033	Kumar Thillai	Wholetime Director	26/05/2017
4	00002194	Srivatsan Coimbatore Natarajan	Independent Director	25/11/2004
5	00002773	Sumanth Ramamurthi	Independent Director	22/02/1992
6	00002963	Panchapakesan Vijay Raghunath	Independent Director	01/06/2017
7	00003361	Jairam Varadaraj	Independent Director	29/01/2002
8	01628512	Vidyasankar Bhuvaneshwari	Independent Director	30/05/2014

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these base on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

For G.V and Associates
Company Secretaries

Date: 15.06.2020
Place: Coimbatore
ICSI UDIN:F006699B000343301

G. VASUDEVAN
Partner
FCS no.6699
CP No:6522

ANNEXURE F - Report on Corporate Social Responsibility (CSR)

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

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

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

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

The projects undertaken will be within the broad framework of Schedule VII of the Act. Some of them are promoting education, ensuring environmental sustainability, contribution to the Prime Minister's National Relief Fund, Rural Development Projects etc.

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

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

2. The composition of the CSR committee:

The company had a CSR committee of directors comprising of Mr Ashwin Chandran - Chairman of the Committee, Mr Sumanth Ramamurthi and Mr Prashanth Chandran.

3. Average net profit of the company for last three financial years for the purpose of computation of CSR : Nil

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : Nil

5. Details of CSR spent during the financial year:

a) Total amount spent for the financial year - Nil

b) Amount unspent - NA

c) Manner in which the amount spent during the financial year - NA

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report - NA

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

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

Mr Ashwin Chandran	**Mr Sumanth Ramamurthi**
CSR Committee	CSR Committee
Chairman	Member

Coimbatore
26-June-2020

ANNEXURE G

Form AOC 2

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

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

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

   The company has not entered into any contract/ arrangement/transaction with its related parties which is not in ordinary course of business or at arm's length during the financial year 2019-20. The company has laid down policies and processes/ procedures so as to ensure compliance to the Companies Act, 2013 ("Act") and the corresponding Rules. All the transactions with interested parties are placed before the Audit Committee on quarterly basis.

a) Name(s) of the related party and nature of relationship: Not Applicable

b) Nature of contracts / arrangements / transactions: Not Applicable

c) Duration of the contracts / arrangements / transactions : Not Applicable

d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable

e) Justification for entering into such contracts or arrangements or transactions: Not Applicable

f) Date(s) of approval by the Board: Not Applicable

g) Amount paid as advances, if any: Not Applicable

h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 of the Act : Not Applicable.

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

a) Name(s) of the related party and nature of relationship: Not Applicable

b) Nature of contracts / arrangements / transactions : Not Applicable

c) Duration of the contracts / arrangements / transactions : Not Applicable

d) Salient terms of the contracts or arrangements or transactions including the value, if any : Not Applicable

e) Date(s) of approval by the Board, if any : Not Applicable

f) Amount paid as advances, if any : None

Ashwin Chandran
Chairman and
Managing Director

Coimbatore
26-June-2020

	2015	2016	2017	2018	2019	2020
₹ Lakhs	IGAAP			IndAS		
Operating Results						
Total revenue	74,943	69,468	70,441	71,456	79,641	**73,052**
PBIDT	3,809	2,079	5,330	6,759	6,363	**5,211**
Interest	3,362	3,830	4,273	4,079	4,053	**3,233**
PBDT	447	(1,751)	1,057	2,680	2,310	**1,978**
Depreciation	3,691	3,800	3,420	3,257	3,137	**3,274**
Income Tax	-	-	-	-	-	**357**
Other Taxes	19	-	-	-	-	**-**
PAT	(3,264)	(5,551)	(2,363)	(577)	(827)	**(1653)**
Dividend & Dividend Tax	-	-	-	-	-	**-**
Retained cash earnings	447	(1,751)	1,057	2,680	2,310	**1978**
Performance Parameters						
Net Fixed Assets (WDV)	33,591	31,388	53,732	50,997	48,986	**44,733**
Share Capital	1,200	1,200	1,200	1,200	1,200	**1,200**
Reserves	12,265	6,714	31,343	30,809	30,026	**27,476**
Net worth	13,465	7,914	32,543	32,009	31,226	**28,676**
Long Term Borrowings	22,607	20,615	17,801	17,934	17,697	**13,222**
Debt : Equity	1.7	2.6	0.5	0.6	0.6	**0.5**
Dividend (%)	-	-	-	-	-	**-**
Earnings per share (Rs.)	(27)	(46)	(20)	(5)	(7)	**(14)**

INDEPENDENT AUDITOR'S REPORT

To the Members of Precot Meridian Limited

Report on the Audit of Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of Precot Meridian Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Standalone Ind AS Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules , 2015, as amended ("Ind AS") of the state of affairs (financial position) of the Company as at March 31, 2020, and loss (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the Standalone Ind AS Financial Statements* section of our report. We are independent of the company in accordance with the code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act,2013 and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of Ethics. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Ind AS Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet.
 	
The Company has adopted Ind AS 116 with effect from 1st April 2019 using the modified retrospective approach wherein the ROU was created with a corresponding lease liability. Accordingly, the comparatives have not been retrospectively adjusted.
 	
Lease arrangements in the Company which were previously classified as operating leases under Ind AS 17 'Leases' and held off balance sheet will need to be recognized within assets and liabilities under Ind AS 116.
 	
Significant judgements are required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others.
 	
Additionally, there is a risk the lease data which is underlying the Ind AS 116 computation is incomplete and inaccurate.
 	
As at 31st March 2020, the carrying amount of ROU asset was ₹723.52 lakhs and lease liability was ₹368.28 lakhs – Refer Note 3(a) on Right of Use Asset, Note 17 and Note 22 on Other Financial Liabilities to the Standalone Ind AS financial statements.
	• We assessed the selection of accounting policies and practical expedients applied by the Company. We evaluated the design and implementation of key controls in respect of the lease accounting standard (IND AS 116);
	
	• assessed the company's evaluation on the identification of leases based on the contractual agreements and our understanding of the business;
	
	• Assessed the key terms and conditions of each lease with the underlying lease contracts;
	
	• Evaluated the reasonableness of the discount rates applied in determining the lease liabilities;
	
	• Upon transition as at 1 April 2019:
	  • Evaluated the method of transition and related adjustments;
	  • Tested completeness of the lease data used in computing ROU asset and the lease liabilities.
	
	• Assessed and tested the presentation and disclosures relating to Ind AS 116.

Information other than the Financial statements and Auditor's report thereon

The company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's Report but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and the Board of Director's for Standalone Ind AS Financial Statements

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

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Standalone Ind AS Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Section 143(11) of the Act, we give in “Annexure 1”, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

e. On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 the requirements of section 197(16) of the Act, as amended;

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

(i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 41 on Contingent Liabilities to the Standalone Ind AS financial statements;

(ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18& Note 24 to the Standalone Ind AS Financial Statements;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For VKS Aiyer & Co.,
Chartered Accountants
ICAI Firm Registration No. 000066S

V S Srinivasan
Partner
Membership No. 13729
UDIN:20013729AAAABQ7699

Place: Coimbatore
Date: 26th June 2020

ANNEXURE 1 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 Ind AS financial statements for the year ended 31st March 2020]

(i)

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

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

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

Land/ Building	Total number of cases	Leasehold/ Freehold	Cost/Carrying value as on 31st March 2020	Remarks
Land	1	Freehold	1,422.87	The title deeds are in the name of Meridian Spintex Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court(s) of judicature vide order dt. 01.09.2006.
Land	1	Freehold	173.10	The title deeds are in the name of Suprem Textiles Processing Limited that was merged with the Company vide NCLT Order Dt. 18.09.2017.
Land	1	Freehold	613.20	The title deeds are in the name of Multiflora (Floriculture) Private Limited currently known as Multiflora Processing Coimbatore Limited that was merged with the Company vide NCLT Order Dt. 18.09.2017.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.

(iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 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 to the extent applicable.

(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. However, we have not made a detailed examination of such records.

(vii)

(a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, customs duty and any other material statutory dues applicable to it, however, there have been slight delay in few cases / delays in deposit have not been serious.

AND

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

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

Name of the statute	Nature of dues	Amount (₹ Lakhs)	Period to which the amount relates	Forum where dispute is pending
APVAT Act, 2005	Sales Tax and Penalties	1.77	1999-00	High Court
Central Excise Act 1944	Excise Duty and Penalties	29.78	2001-2003	CESTAT, Bangalore
Central Excise Act 1944	Excise Duty Penalties and Interest	19.28	2008-09	Commissioner Appeals, Kochi
Central Excise Act 1944	Cenvat Credit	204.73	2017-18	Assistant Commissioner, Pollachi
Income Tax Act, 1961	Income Tax	4.43	AY 2013-14	Order pending with Assessing Officer, Coimbatore
Income Tax Act, 1961	Income Tax	19.74	AY 2014-15	Order pending with Assessing Officer, Coimbatore
Income Tax Act, 1961	Income Tax	12.62	AY 2018-19	Order pending with CPC. Response has been filed by the company in respect of e-proceedings.

(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 the 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 VKS Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 000066S

V S Srinivasan
Partner
Membership No.13729
UDIN: 20013729AAAABQ7699

Place: Coimbatore
Date: 26th June 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 (f) 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 Ind AS financial statements for the year ended 31-03-2020]

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, 2020 in conjunction with our audit of the Standalone Ind AS 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.

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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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, 2020, 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 VKS Aiyer & Co.,
Chartered Accountants
ICAI Firm Registration No. 000066S

V S Srinivasan
Partner
Membership No. 13729
UDIN:20013729AAAABQ7699

Place: Coimbatore
Date: 26th June 2020

	Particulars	Note No.	As at 31.03.2020 ₹ lakhs	As at 31.03.2019 ₹ lakhs
	ASSETS			
(1)	**Non-current Assets**			
	(a) Property, Plant and Equipment	2	**43,828.08**	48,723.37
	(b) Right of use Asset	3 (a)	**723.52**	-
	(c) Capital work-in-progress	3 (b)	**138.86**	236.50
	(d) Intangible assets	3 (c)	**42.24**	26.04
	(e) Financial Assets			
	(i) Investments	4	**1,099.26**	1,845.31
	(ii) Loans	5	**826.32**	725.71
	(f) Other non-current assets	6	**186.75**	867.53
	Total Non Current Assets		**46,845.03**	**52,424.46**
(2)	**Current assets**			
	(a) Inventories	7	**12,432.05**	13,274.84
	(b) Financial Assets			
	(i) Trade receivables	8	**8,930.78**	7,980.50
	(ii) Cash and cash equivalents	9	**35.28**	68.72
	(iii) Bank balances other than (ii) above	10	**764.04**	720.96
	(iv) Loans	11	**56.31**	54.72
	(v) Other Financial Assets	12	**50.87**	55.10
	(c) Other current assets	13	**1,700.81**	1,799.85
	Total Current Assets		**23,970.14**	**23,954.69**
	TOTAL ASSETS		**70,815.17**	**76,379.15**
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity Share capital	14	**1,200.00**	1,200.00
	(b) Other Equity	15	**27,475.91**	30,025.89
	Total Equity		**28,675.91**	**31,225.89**
	LIABILITIES			
(1)	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	16	**12,025.14**	14,666.24
	(ii) Other Financial Liabilities	17	**677.11**	356.73
	(b) Provisions	18	**1,799.95**	2,168.11
	(c) Other non-current liabilities	19	**278.42**	361.68
	Total Non Current Liabilities		**14,780.62**	**17,552.76**
(2)	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	20	**17,582.51**	17,739.65
	(ii) Trade payables	21		
	- Outstanding dues of Micro & Small Enterprises		**80.87**	97.13
	- Outstanding dues of Creditors other than Micro & Small Enterprises		**4,446.83**	2,807.71
	(iii) Other Financial Liabilities	22	**4,436.30**	5,958.25
	(b) Other current liabilities	23	**631.67**	841.20
	(c) Provisions	24	**180.46**	156.56
	Total Current Liabilities		**27,358.64**	**27,600.50**
	TOTAL LIABILITIES		**42,139.26**	**45,153.26**
	TOTAL EQUITY AND LIABILITIES		**70,815.17**	**76,379.15**

Significant accounting policies & Notes on Financial Statements 1 & 2 to 54
The accompanying notes and significant accounting policies form an integral part of financial statements

Vide our report of even date attached
For VKS Aiyer & Co
Chartered Accountants
ICAI Firm Reg No. 000066S
V S Srinivasan
Partner
Membership No: 13729

Place : Coimbatore
Date : 26-June-2020

For and on behalf of the Board of Directors

Ashwin Chandran
Chairman and Managing Director
(DIN: 00001884)

A P Ramkumar
Chief Financial Officer

Prashanth Chandran
Vice Chariman and Managing Director
(DIN: 01909559)

S.Kavitha
Company Secretary
(FCS No.8710)

	Particulars	Note No.	For the year ended 31st March 2020 ₹ lakhs	For the year ended 31st March 2019 ₹ lakhs
I	Revenue From Operations	25	**72,611.59**	79,011.95
II	Other income	26	**440.10**	628.72
III	**Total Revenue (I+II)**		**73,051.69**	**79,640.67**
IV	**Expenses**			
	Cost of materials consumed	27	**41,518.77**	46,065.09
	Purchase of Stock-in-Trade		**475.64**	2,905.58
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	28	**1,015.19**	(1725.42)
	Employee benefits expense	29	**7,165.32**	7,690.74
	Finance costs	30	**3,232.77**	4,053.38
	Depreciation and amortization expense	31	**3,273.83**	3,136.90
	Other expenses	32	**17,665.88**	18,341.37
	Total Expenses (IV)		**74,347.40**	**80,467.64**
V	**Profit / (Loss) before exceptional items and Tax (III - IV)**		**(1,295.71)**	(826.97)
VI	**Exceptional item**		**-**	-
VII	**Profit / (Loss) before tax (V - VI)**		**(1,295.71)**	(826.97)
VIII	**Tax expense:**			
	(1) Current tax		**-**	-
	(2) Deferred tax	33	**-**	-
	(3) For earlier year		**356.50**	-
IX	**Profit / (Loss) after Tax (VII - VIII)**		**(1,652.21)**	(826.97)
X	**Other Comprehensive Income (OCI)**		**-**	-
	Items that will not be reclassified to profit or loss			
	a) Remeasurement of the defined benefit plans		**(151.72)**	(89.01)
	b) Gains / (Losses) on fair value of Equity instruments measured at fair value through OCI		**(746.05)**	113.52
	c) Gains on derecognition of equity instruments measured at fair value through OCI on disposal			19.00
	Income tax relating to items that will not be reclassified to profit or loss		**-**	-
	Total Other Comprehensive Income (a+b+c)		**(897.77)**	43.51
XI	**Total Comprehensive Income for the year (IX + X)**		**(2,549.98)**	(783.46)
XII	Earnings per equity share of face value of Rs.10/- each - Basic and Diluted (In ₹)	34	**(13.77)**	(6.89)

Significant accounting policies & Notes on Financial Statements 1 & 2 to 54
The accompanying notes and significant accounting policies form an integral part of financial statements

Vide our report of even date attached
For VKS Aiyer & Co
Chartered Accountants
ICAI Firm Reg No. 000066S
V S Srinivasan
Partner
Membership No: 13729

Place : Coimbatore
Date : 26-June-2020

For and on behalf of the Board of Directors

Ashwin Chandran
Chairman and Managing Director
(DIN: 00001884)

A P Ramkumar
Chief Financial Officer

Prashanth Chandran
Vice Chariman and Managing Director
(DIN: 01909559)

S.Kavitha
Company Secretary
(FCS No.8710)

Standalone Statement of changes in equity for the year ended 31st March 2020

₹ Lakhs

Particulars	Equity Share Capital	Reserves and Surplus					Items of Other Comprehensive Income		Total
		Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Equity instruments through other Comprehensive Income	Re-measurement of the defined benefit plans	
Balance as at 31st March, 2018	**1,200.00**	**48.19**	**355.00**	**2,736.46**	**11,796.41**	**13,061.81**	**2,699.11**	**112.37**	**30,809.35**
Profit / (Loss) for the year						(826.97)			(826.97)
Other Comprehensive Income for the year (net of tax)							132.52	(89.01)	43.51
Balance as at 31st March, 2019	**1,200.00**	**48.19**	**355.00**	**2,736.46**	**11,796.41**	**12,234.84**	**2,831.63**	**23.36**	**30,025.89**
Profit / (Loss) for the year		-	-	-	-	(1,652.21)			(1,652.21)
Other Comprehensive Income for the year (net of tax)							(746.05)	(151.72)	(897.77)
Balance as at 31st March, 2020	1,200.00	**48.19**	**355.00**	**2,736.46**	**11,796.41**	**10,582.63**	**2,085.58**	**(128.36)**	**27,475.91**

Significant accounting policies & Notes on Financial Statements 1 & 2 to 54
The accompanying notes and significant accounting policies form an integral part of financial statements

Vide our report of even date attached
For VKS Aiyer & Co
Chartered Accountants
ICAI Firm Reg No. 000066S
V S Srinivasan
Partner
Membership No: 13729

Place : Coimbatore
Date : 26-June-2020

For and on behalf of the Board of Directors

Ashwin Chandran
Chairman and Managing Director
(DIN: 00001884)

A P Ramkumar
Chief Financial Officer

Prashanth Chandran
Vice Chariman and Managing Director
(DIN: 01909559)

S.Kavitha
Company Secretary
(FCS No.8710)

Particulars	For the year ended 31.03.2020 ₹ Lakhs		For the year ended 31.03.2019 ₹ Lakhs	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Total Comprehensive Income		**(2,549.98)**		**(783.46)**
Adjustments for :				
Depreciation and amortization expense	**3,273.83**		3,136.90	
Bad Debts Written off	**22.70**		2.07	
Provisions for employee benefit expenses	**(344.27)**		221.25	
Provisions for tax of earlier years	**356.50**		-	
Provision for Bad & Doubtful Debts	**(3.97)**		26.10	
Provision for doubtful advances	**30.14**		1.80	
(Profit)/Loss on Sale of Assets	**(86.73)**		(5.22)	
(Profit)/Loss on Sale of Investment Property	**-**		(19.00)	
Gains on derecognition of equity instruments	**-**		(113.52)	
Interest Income	**(253.52)**		(262.05)	
Interest Payment	**3,223.82**		4,053.38	
Exchange Fluctuation (Gain) / Loss on Re-statement	**20.67**		(39.46)	
Other adjustments	**141.44**		191.47	
		6,380.61		**7,193.72**
Operating Profit before working capital changes		**3,830.63**		**6,410.26**
Adjustments for :				
(Increase) / Decrease in Inventories	**842.79**		2,205.99	
(Increase) / Decrease in Trade Receivables	**(784.04)**		(743.07)	
(Increase) / Decrease in Other Financial Assets	**(126.59)**		57.11	
(Increase) / Decrease in Other Assets	**453.28**		(37.38)	
Increase / (Decrease) in Trade Payable	**1,569.82**		(686.73)	
Increase / (Decrease) in Other Financial Liabilities	**188.60**		540.79	
Increase / (Decrease) in Other Liabilities	**(591.19)**		(187.34)	
		1,552.67		**1,149.37**
Cash generated from Operations		**5,383.30**		**7,559.63**
Direct Taxes Refund / (Payable)		**(41.06)**		(11.84)
Net Cash Flow from operating activities		**5,342.24**		**7,547.79**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment (Including WIP)	**(1,017.97)**		**(1,228.70)**	
Advance settled for purchase of Property, Plant and Equipment	**8.37**		16.62	
Sale of Property, Plant and Equipment	**2,862.53**		107.74	
(Purchase)/ Sale of Non - Current Investments	**746.05**		19.00	
Interest Received	**253.52**		262.05	
Net Cash flow from / (used in) Investing activities		**2,852.50**		**(823.29)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Unclaimed dividends paid	**0.06**		**(9.73)**	
Interest Paid (Net)	**(3,207.14)**		(4,036.50)	
Repayment of Long Term Borrowings	**(4,689.60)**		(481.00)	
Repayment of lease liability	**(28.52)**		-	
Proceeds / (Repayments) of Unsecured Loan	**(1,937.63)**		(1,445.49)	
Proceeds / (Repayments) of loans repayable on demand	**1,677.72**		(834.48)	
Net Cash Flow used in Financing Activities		**(8,185.11)**		**(6,807.20)**
Net Increase/Decrease in Cash and Cash Equivalent		**9.63**		**(82.70)**
Cash and Bank Balances as at 01.04.2019 and 01.04.2018 (Opening balance)		**789.68**		872.38
Less: Bank balances not considered as Cash and Cash Equivalents as per Indian Accounting Standard 7		**764.04**		720.96
Cash and Cash Equivalents as at 31.03.2020 and 31.03.2019 (Closing balance) (Refer note no.9)		**35.27**		68.72

Significant accounting policies & Notes on Financial Statements 1 & 2 to 54
The accompanying notes and significant accounting policies form an integral part of financial statements

Vide our report of even date attached
For VKS Aiyer & Co
Chartered Accountants
ICAI Firm Reg No. 000066S
V S Srinivasan
Partner
Membership No: 13729

Place : Coimbatore
Date : 26-June-2020

For and on behalf of the Board of Directors

Ashwin Chandran
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Prashanth Chandran
Vice Chariman and Managing Director
(DIN: 01909559)

S.Kavitha
Company Secretary
(FCS No.8710)

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

1. Significant Accounting Policies

a. Corporate Information:

Precot Meridian Limited has been in the textile industry since 1962 and is engaged in manufacturing of yarn and technical textile product. It started its first production in 1964 with an initial capacity of 12,096 spindles at Kanjikode, Kerala. At present it has units in the four southern states of India viz., Tamil Nadu, Kerala, Andhra Pradesh and Karnataka with a total spinning capacity of 1,88,112 spindles. In 2013, the company has set up a Greenfield technical textile at Hassan in the State of Karnataka.The Equity shares are listed on the National Stock Exchange of India Limited.

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

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

The Standalone financial statements for the year ended 31st March 2020 were authorized and approved for issue by the Board of Directors on 26th June 2020 and are subject to the approval of the shareholders at the Annual General Meeting.

2. Basis of Preparation:

The Standalone financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. The presentation of financial statement is based on Ind AS Schedule III of the Companies Act, 2013.

The Financial Statements have been prepared & presented on the historical convention and on accrual basis , except for the following material items in the Balance Sheet:

- Financial assets are measured either at fair value or at amortised cost depending on their classification;
- Derivative instruments are measured at their fair values;
- Employee defined benefit assets/ liabilities are recognised as the net total of fair value of plan assets, adjusted for actuarial gains/losses and the present value of defined benefit obligations;
- Long term borrowings are measured at amortised cost using the effective interest rate method;
- Assets held for sale are measured at fair value less cost to sell;
- Right-of-use of Assets are recognised at the present value of lease payments that are not paid as on that date. This amount is adjusted for any lease payments made at or before the commencement of the lease and initial direct cost incurred, if any.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on the basis stated above and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use under Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

a. Use of Estimates:

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

Standalone Financial statements have been disclosed separately under the heading “Significant accounting Judgements, estimates and assumption”.

b. Current and Non-current classification

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

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

c. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, goods and services taxes plus amount collected on behalf of third parties.

Revenue from contracts with customers is recognized when control of the goods and services are transferred to the customer at an amount that reflects the consideration which the company expects to be entitled in exchange for those goods or services.

Revenue from sale of goods is recognized at the point of time when the control of the goods is transferred to the customer, which generally coincides with the delivery of the goods.

The company considers any other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining transaction price for the goods, the company consider the effect of variable consideration, the existence significant financing components, non-cash consideration and consideration payable to the customer, if any.

Revenue is recognised when the performance obligation is satisfied either over time or at a point of time.

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

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

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

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

d. Leasing:

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

The Company as a lessee: The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses

whether :

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition:

Effective 1st April, 2019, the company has adopted IND AS 116 " Leases " and applied the standard to all lease contracts existing as on that date using the modified retrospective method, wherein the Right of use asset was created with corresponding lease liability. Accordingly the comparatives here have not been retrospectively adjusted .

e. **Business Combinations – Common Control Transactions**

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

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

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

f. **Foreign Currency Transactions**

Functional and presentation currency

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

(a) Initial Recognition:

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

(b) Conversion:

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

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

g. **Property, Plant and Equipment**

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

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

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

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

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

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

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

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

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

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

Depreciation: Depreciation on PPE are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, ROU assets are depreciated on a straight line bases over the shorter of the lease term and useful life of the underlying asset. Plant & Equipments where the useful life is estimated to be 20 years (10 years based on triple shift basis), based on technical evaluation.

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

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

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

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

h. **Intangible Assets and Amortisation:**

An intangible asset is an identifiable non-monetary asset without physical substance

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

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

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

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

Class of Assets	Useful Lives
Computer software - Acquired	6 years

i. **Impairment of Non Financial assets:**

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

j. Investment Property

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

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

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

k. Borrowing Costs

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

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

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

l. Government Grants:

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

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

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

m. Earnings per share:

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

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

n. Inventories:

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

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

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

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

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

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

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

o. Cash and cash equivalents:

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

p. Taxation

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

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

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

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

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

Presentation of current and deferred tax:

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

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

q. Employee Benefits

Retirement benefit costs and termination benefits:

i. **Defined Contribution Plan:** A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Employee State Insurance. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

ii. **Defined Benefit Plan:** The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

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

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. re-measurement

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

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

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

Short-term and other long-term employee benefits:

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

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

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

r. Provisions:

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

s. Contingent liabilities and Contingent Assets:

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

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

t. Financial Instruments

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

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

A. Financial Assets:

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

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

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

i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

i) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

a. The Company's right to receive the dividends is established,

b. It is probable that the economic benefits associated with the dividends will flow to the entity,

c. The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Investment in Subsidiaries, Associates and Joint ventures:

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

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

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

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

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

B. Financial liabilities and equity instruments

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

i. *Recognition and initial Measurement:*

A financial liability is classified as held for trading if:

i) It has been incurred principally for the purpose of repurchasing it in the near term; or

ii) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

iii) it is a derivative that is not designated and effective as a hedging instrument.

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

i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii) it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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

ii. *Subsequent measurement*

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

a. Loans and borrowings

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

b. Trade and other payables

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

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

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

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

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

iv. ***Derivative financial instruments:*** The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and FE rate risks.

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

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

a. Fair value measurement:

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

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

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

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

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

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

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

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

3. Significant accounting judgements, estimates and assumptions:

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

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

Assumption and Estimation Uncertainty:

i. **Useful Lives of Property, Plant and Equipment:** Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

ii. **Impairment:** Determining whether the assets are impaired requires an estimate in the value in use of the assets. The value in use calculation requires the Management to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate present value. When the actual cash flows are less than expected, a material impairment loss may arise.

iii. **Provisions and Contingencies:** Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

iv. **Fair Value Measurement:** When the fair values of financial assets or financial liabilities recorded or disclosed in the Standalone financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 37.

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

vi. **Defined Benefit Obligation:** The costs of providing Gratuity and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 35, 'Employee benefits'.

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

viii. **Leases :** Significant judgments are required in the assumption and estimates in order to determine the ROU Asset and lease liability. The assumption and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease terms, applicable incremental borrowing rate, among others.

Recent Indian Accounting Standards:

Ministry of Corporate Affairs ("MCA") notifies new standards on amendments to the existing standards. There is no such notification which would have been applicable from 1st April 2020.

Non Current Assets

2. PROPERTY, PLANT AND EQUIPMENT

₹ Lakhs

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Computer	Total
Gross Carrying Value							
At 31st March 2018	26,431.22	6,862.10	23,651.68	169.79	215.69	70.20	57,400.68
Additions	-	1.61	1,022.90	11.52	3.06	43.84	1,082.93
Deductions	-	-	128.50	0.19	5.14	0.35	134.18
At 31st March 2019	26,431.22	6,863.71	24,546.08	181.12	213.61	113.69	58,349.43
Additions	-	85.93	961.83	6.44	20.65	17.04	1,091.89
Deductions	2,643.00	104.67	64.94	0.45	12.77	0.11	2,825.94
At 31st March 2020	**23,788.22**	**6,844.97**	**25,442.97**	**187.11**	**221.49**	**130.62**	**56,615.38**
Accumulated depreciation and impairment							
At 31st March 2018	-	691.52	5,720.86	49.60	56.19	29.98	6,548.15
Depreciation	-	345.13	2,699.65	21.87	29.15	13.76	3,109.56
Deductions	-	-	29.43	0.06	2.16	-	31.65
At 31st March 2019	**-**	**1,036.65**	**8,391.08**	**71.41**	**83.18**	**43.74**	**9,626.06**
Depreciation	-	343.77	2,787.78	22.51	27.81	22.91	3,204.78
Deductions	-	7.45	27.49	0.22	8.38	-	43.54
At 31st March 2020	**-**	**1,372.97**	**11,151.37**	**93.70**	**102.61**	**66.65**	**12,787.30**
Net Carrying Value							
At 31st March 2019	26,431.22	5,827.06	16,155.00	109.71	130.43	69.95	48,723.37
At 31st March 2020	**23,788.22**	**5,471.99**	**14,291.60**	**93.41**	**118.88**	**63.97**	**43,828.08**

Entire movable and immovable Property, Plant and Equipment of the company is hypothecated with banks against term loans. Refer note no: 16

3(a). Right of use asset:

₹ Lakhs

Particulars	Land	Building	Total
Gross Carrying Value			
As at 31st March 2018	-	-	-
Additions	-	-	-
Deductions	-	-	-
As at 31st March 2019	-	-	-
Additions	-	387.85	387.85
Reclassification from Prepayment	390.60	-	390.60
Deductions	-	-	-
As at 31st March 2020	**390.60**	**387.85**	**778.45**
Accumulated Depreciation and Impairment			
As at 31st March 2018	-	-	-
Depreciation	-	-	-
Deductions	-	-	-
As at 31st March 2019	-	-	
Depreciation	30.50	24.43	54.93
Deductions	-	-	-
As at 31st March 2020	**30.50**	**24.43**	**54.93**
Net Carrying Value			
As at 31st March 2019	-		-
As at 31st March 2020	**360.10**	**363.42**	**723.52**

3(b). CAPITAL WORK IN PROGRESS

₹ Lakhs

Particulars	Capital Work-in-progress
Gross Carrying Value	
At 31st March 2018	**100.27**
Additions	186.50
Deductions	43.68
At 31st March 2019	**243.09**
Additions	55.87
Deductions	160.10
At 31st March 2020	**138.86**
Accumulated depreciation and impairment	
At 31st March 2018	**-**
Depreciation and impairment	6.59
Deductions	-
At 31st March 2019	**6.59**
Depreciation and impairment	-
Deductions	6.59
At 31st March 2020	**-**

Net Carrying Value	
At 31st March 2019	236.50
At 31st March 2020	**138.86**

3(c). INTANGIBLE ASSETS

₹ lakhs

Particulars	Intangible Assets
	Computer Software
Gross Carrying Value	
At 31st March 2018	**92.50**
Additions	2.96
Deductions	-
At 31st March 2019	**95.46**
Additions	30.32
Deductions	-
At 31st March 2020	**125.78**
Accumulated Amortization and impairment	
At 31st March 2018	**48.67**
Amortization	20.75
Deductions	-
At 31st March 2019	**69.42**
Amortization	-
Deductions	14.12
At 31st March 2020	**83.54**

Net Carrying Value	
At 31st March 2019	26.04
At 31st March 2020	**42.24**

Non Current Assets (Contd)

4. FINANCIAL ASSETS: INVESTMENTS

₹ Lakhs

Particulars		31.03.2020	31.03.2019
Investment in Partnership Firm - at Amortized cost			
Investment in Partnership Firm - Suprem Associates *		**10.00**	10.00
Investment in equity shares at fair value through other comprehensive income			
Trade Investments - Unquoted, fully paid up			
12,06,000	A.P. Gas Power Corporation Limited of Rs.10 each		
shares	(as on 31.03.19 -12,06,000 shares)	**1,085.40**	1,326.60
2,25,000	Sai Regency Power Corporation Private limited of Rs.10 each		
shares	(as on 31.03.19 - 2,25,000 shares)	-	490.50
14,000	OPG Energy Private Limited of Rs.10 each		
shares	(as on 31.03.19 - 14,000 shares)	**1.40**	1.40
83,004	Ind-Bharath Power Gencom Limited of Rs.10 each		
shares	(as on 31.03.19 - 83,004 shares)	1.42	15.77
	Total Trade Investments	**1,088.22**	**1,834.27**
Other Investment - Unquoted, fully paid-up			
100	Precot Mills Employees Cooperative Credit Society of Rs.10 each		
shares	(as on 31.03.19 - 100 shares)	**0.01**	0.01
100	Precot Mills Multi purpose stores of Rs.10 each		
shares	(as on 31.03.19 - 100 shares)	**0.01**	0.01
10	Precot Workers Credit Co-operative Stores of Rs.10 each		
shares	(as on 31.03.19 - 10 shares)	**0.00**	0.00
10	Multiflora Floriculture Stores of Rs.10 each		
shares	(as on 31.03.19 - 10 shares)	**0.00**	0.00
10,000	Cotton Sourcing Company Ltd of Rs.10 each		
shares	(as on 31.03.19 - 10,000 shares)	**1.00**	1.00
	Total Other Investments	**1.02**	1.02
In Government Securities		**0.02**	0.02
	TOTAL INVESTMENTS	**1,099.26**	1,845.31
Aggregate amount of Quoted Investments and Market Value thereof		**-**	-
Aggregate amount of Unquoted Investments		**1,099.26**	1,845.31
Category-wise Non current investment			
Financial assets carried at amortized cost		**10.00**	10.00
Financial assets measured at fair value through other comprehensive income		**1,089.26**	1,835.31
Total Non current investment		**1,099.26**	**1,845.31**

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

₹ Lakhs

	Profit sharing Ratio	Capital as at 31.03.2020	Capital as at 31.03.2019
Precot Meridian Ltd	**99%**	**10.00**	10.00
V.Subramanian	**1%**	0.10	0.10

Other investments included in investments are valued at cost approach to arrive at the fair value as there is a wide range of possible fair value measurement and the cost represents estimate of fair value within the range of considering the purpose of the investments.

5. LOANS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Unsecured, considered good		
Security Deposits	754.84	654.23
Dues from Subsidiary *	71.48	71.48
	826.32	**725.71**

* The above dues represent advances given for business purposes.

6. OTHER NON-CURRENT ASSETS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
i) Capital advances	**22.44**	30.81
ii) Advances other than Capital advances	**-**	-
Advance Tax, net off provisions	**146.78**	462.22
Others:		
Prepayments	**7.53**	374.50
	186.75	**867.53**

CURRENT ASSETS:

7. INVENTORIES (at lower of cost and net realisable value)

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Raw Materials	**6,740.70**	6,705.07
Work-in-progress	**1,199.45**	1,717.76
Finished goods	**3,652.48**	4,122.22
Stock in trade	**-**	0.03
Stores and spares	**754.03**	617.26
Waste Cotton	**85.39**	112.50
	12,432.05	**13,274.84**
Details of stock in transit		
Raw Materials	**1,711.58**	269.86
Stores and spares	**-**	16.37
Total	**1,711.58**	**286.23**

(i) For method of valuation of inventories, refer note 1 (n)

(ii) Inventory held at net realizable value amounted to CY ₹ 371.54 Lakhs PY ₹ 155.12 Lakhs.

The amount of write down of inventory recognised as an expense during the year is CY ₹ 44.50 Lakhs - PY ₹ 27.77 Lakhs

(iii) There has been no reversal of such write down in current and previous years.

(iv) Inventories with the above mentioned carrying amount have been pledged as security against certain bank borrowings of the Company

(Refer note 20 & 16)

(v) Cost of inventory recognised as an expense:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Cost of materials consumed	**41,518.77**	46,065.09
Cost of goods sold	**1,490.82**	1,180.16
Consumption of Stores & Spare parts	**2,718.14**	2,694.17
Power & Fuel	**517.84**	442.54

8. TRADE RECEIVABLES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Unsecured, Considered good	**8,930.78**	7,980.50
With significant increase in credit risk	**55.91**	60.33
	8,986.69	8,040.83
Less: Allowance for doubtful Debts	**(55.91)**	(60.33)
	8,930.78	**7,980.50**

Ageing of receivables that are past due not impaired

₹ Lakhs

Particulars	31.03.2020	31.03.2019
60-90 days	**849.20**	162.59
90-180 days	**439.34**	10.91
> 180 days	**304.10**	83.44
Total	**1,592.64**	**256.94**

Movement in Allowance for doubtful debts is as follows:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Opening	**60.33**	32.60
Additions	**18.28**	54.49
Reversal	**22.70**	26.76
Closing	**55.91**	**60.33**

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

Trade receivables have been given as collateral towards borrowings (refer security note below Note 16).

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

9. CASH AND CASH EQUIVALENTS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Balances with Banks		
Current accounts	**30.08**	67.68
Cash on hand	**5.20**	1.04
	35.28	**68.72**

10. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Earmarked balances		
In Unclaimed dividend accounts	**6.68**	6.62
Other balances:		
In margin money *		
with maturity more than 3 months but less than 12 months at inception	**742.31**	699.29
with maturity more than 12 months at inception	**15.05**	15.05
	764.04	**720.96**

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

11. FINANCIAL ASSETS - LOANS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Unsecured, considered good		
Loans to employees	**56.31**	54.72
	56.31	54.72

12. OTHERS FINANCIAL ASSETS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Unsecured, considered good		
Income accrued	**50.87**	55.10
With significant increase in credit risk		
Interest Subsidy Receivable	**2,142.64**	2,142.64
Less : Allowance for doubtful advances/ deposits	**(2,142.64)**	(2,142.64)
	50.87	**55.10**

Movement in Allowance for doubtful advances is as follows:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Opening	**2,142.64**	2,142.64
Additions	-	-
Reversal	-	-
Closing	**2,142.64**	**2,142.64**

13. OTHER CURRENT ASSETS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Advance to Trade Suppliers	**261.01**	413.56
Export incentives receivable	**260.46**	194.38
Indirect tax balances/ recoverable /credits	**999.23**	947.02
With significant increase in credit risk		
Indirect tax balances/ recoverable /credits	**74.53**	43.95
Less : Allowance for doubtful advances/ deposits	**(74.53)**	(43.95)
Others		
Prepayments	**180.11**	244.89
	1,700.81	**1,799.85**

Movement in Allowance for doubtful advances is as follows:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Opening	**43.95**	43.78
Additions	**30.58**	0.17
Reversal	**-**	-
Closing	**74.53**	**43.95**

14. EQUITY SHARE CAPITAL

₹ Lakhs

	31.03.2020	31.03.2019
Authorised		
2,13,00,000 Equity Shares of Rs.10 each	**2,130.00**	2,130.00
(31-03-20 and 31-03-19 - 2,13,00,000 Equity Shares of Rs.10 each)		
Issued, Subscribed & fully Paid up		
1,20,00,000 Equity Shares of Rs.10 each fully paid up	**1,200.00**	1,200.00
(31-03-20 and 31-03-19 - 1,20,00,000 Equity Shares of Rs.10 each)		
	1,200.00	**1,200.00**

The reconciliation of the number of shares outstanding is set out below: ₹ Lakhs

Fully paid Equity Shares of Rs. 10/- each	31.03.2020		31.03.2019	
	Number	₹ Lakhs	Number	₹ Lakhs
At the beginning of the year	**1,20,00,000**	**1,200.00**	1,20,00,000	1,200.00
Add: Issued during the year	**-**	**-**	-	-
At the end of the year	**1,20,00,000**	**1,200.00**	1,20,00,000	1,200.00

(ii) Terms/rights attached to equity shares :

a. 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.

b. The dividend (except in case of interim dividend) proposed by the Board of Directors, if any, is subject to the approval of shareholders in the ensuing Annual General Meeting.

c. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the share holders.

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

S.No	Name of Shareholder	Equity Shares			
		31.03.2020		31.03.2019	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Sarath Chandran (Ind)	**16,28,010**	**13.57%**	16,28,010	13.57%
2	D Sarath Chandran (HUF)	**12,16,251**	**10.14%**	12,16,251	10.14%
3	Ashwin Chandran	**23,07,987**	**19.23%**	23,07,987	19.23%
4	Prashanth Chandran	**19,72,411**	**16.44%**	19,72,411	16.44%

iv) Shares allotted for consideration other than cash - Nil.

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

15. OTHER EQUITY

₹ Lakhs

Particulars		31.03.2020	31.03.2019
General reserve		**11,796.41**	11,796.41
Capital Reserve		**48.19**	48.19
Capital Redemption Reserve		**355.00**	355.00
Securities Premium		**2,736.46**	2,736.46
	(A)	**14,936.06**	**14,936.06**
Retained earnings			
Opening balance		**12,234.84**	13,061.81
Add: Loss for the year		**(1,652.21)**	(826.97)
	(B)	**10,582.63**	**12,234.84**
Other Comprehensive Income:			
Opening balance		**2,854.99**	2,811.48
Add: Additions during the year		**(897.77)**	43.51
	(C)	**1,957.22**	**2,854.99**
	(A+B+C)	**27,475.91**	**30,025.89**

a. **General reserve:**

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

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

b. **Capital Redemption Reserve:**

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

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

c. **Securities Premium:**

Security premium has been created consequent to issue of shares at premium. The reserve is utilized in accordance with the provisions of the Companies Act,2013.

NON-CURRENT LIABILITIES:

16. FINANCIAL LIABILITIES - BORROWINGS

₹ Lakhs

Particulars	31.03.2020		31.03.2019	
	Non-Current	Current	Non-Current	Current
<u>Secured - at amortised cost</u>				
Term loans from Banks	**12,393.00**	1,383.00	15,226.00	3,255.00
Less: Unamortised upfront fees on borrowings	**376.13**	190.46	559.76	223.78
Less: Amount disclosed under current maturities		1,192.54		3,031.22
(A)	**12,016.87**	**-**	**14,666.24**	**-**
Loans from Others	**9.05**	6.35	-	-
Less: Unmatured finance charges	**0.78**	1.64	-	-
Less: Amount disclosed under current maturities		4.71	-	-
(B)	**8.27**	**-**	**-**	**-**
Total (A+B)	**12,025.14**	**-**	**14,666.24**	**-**

1. The Company has not defaulted in the repayment of loans and interest as at Balance Sheet date.
2. Bank loans availed by the Company are subject to certain covenants relating to interest service coverage, current ratio, debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth and return on fixed assets.

A) Amount of loan outstanding

₹ Lakhs

Description	31.03.2020	31.03.2019	Security
Rupee Tuf loan - XIII from ICICI Bank	**3,168.00**	4,896.00	Note B1
Rupee Tuf Loan – XVI from The South Indian Bank Ltd	**308.00**	385.00	Note B1 & 2
Rupee Corporate Loan from ICICI Bank	**500.00**	500.00	Note B1
Rupee Term Loan Loan from Indusind Bank Ltd	**9,800.00**	12,700.00	Note B3
	13,776.00	**18,481.00**	

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

B) Security details:

Note 1 : Term loan from ICICI and SIB are secured by way of pari passu first charge on entire movable and immovable assets of the company and pari passu second charge on current assets of the company.

Note 2 : Exclusive first charge on Machineries acquired out of the loan.

Note 3 : First charge on the entire moveable and immovable fixed assets of the company, present and future. Second Charge on the current assets of the company, both present and future. Promoters shall offer 3.60 million shares in Precot Meridian Limited, currently representing 30% of total shareholding in the company to Indusind Bank Limited (IBL) under Non-Disposal Undertaking (NDU) -Power of Attorney (POA) and 2.52 million shares currently representing 21% of total shareholding in the company to IBL under NDU.

In respect of the above, Rupee Term Loans carry interest ranging from 10.06% p.a. to 11.81% p.a.

3. Loans from others are secured by exclusive first charge on the asset acquired out of the loan. The loans carry interest ranging from 8.73% p.a. to 10.65% p.a.

4) Maturity pattern:

₹ Lakhs

Description	Maturity	31.03.2020	31.03.2019
A. **Loan From Banks**			
Rupee Tuf loan XIII from ICICI Bank	3 Half yearly instalments of ₹ 1056 Lakhs from Oct 2020 to Oct 2021.	**3,168.00**	4,896.00
Rupee Tuf Loan – XVI from The South Indian Bank	16 quarterly instalments ₹ 19.25 Lakhs till 11-Feb-2024.	**308.00**	385.00
Rupee Corporate Loan from ICICI Bank	4 Half yearly instalments ₹ 125 Lakhs each from Oct-2020 to Jul-2021	**500.00**	500.00
Rupee Term Loan Loan from Indusind Bank Ltd	12 Quarterly monthly repayments balance from Jun 30 2021 till Mar 31 2024.	**9,800.00**	12,700.00
Sub Total (A)		**13,776.00**	**18,481.00**
B. **Loan From Others**			
Vehicle Loan from Sundaram Finance Limited (Honda)	33 monthly instalments of ₹ 0.30 Lakhs each till Dec -2022	**9.54**	**-**
Vehicle Loan from Sundaram Finance Limited (Hyundai)	29 monthly instalments of ₹ 0.19 Lakhs each till Jul -2022	**5.86**	**-**
Sub Total (B)		**15.40**	**-**
Total (A+B)		**13,791.40**	**18,481.00**

17. OTHER FINANCIAL LIABILITIES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Derivative Liability - at FVTPL	**415.44**	356.73
Lease Liability (Refer note no.48)	**261.67**	-
	677.11	**356.73**

18. PROVISIONS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Provision for Statutory dues	-	625.55
Provision for expenses	**1,093.37**	1,059.44
Provision for employee benefits :		
Gratuity (Refer note no: 35)	**706.58**	483.12
	1,799.95	**2,168.11**

Movement in provisions for statutory dues:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Opening	**625.55**	599.99
Additions	**1.00**	25.56
Reversal / Utilized	**(626.55)**	-
Closing	**-**	**625.55**

Movement in provisions for expenses:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Opening	**1,059.44**	1,049.54
Additions	**33.93**	9.90
Reversal / Utilized	**-**	-
Closing	**1,093.37**	**1,059.44**

19. OTHER NON-CURRENT LIABILITIES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Deferred Government Grant*	**278.42**	361.68
	278.42	**361.68**

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

CURRENT LIABILITIES:

20. FINANCIAL LIABILITIES - BORROWINGS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Secured at amortised cost		
Loans repayable on demand:		
From Banks		
- Domestic Currency Loans	**7,747.45**	9,673.63
- Foreign Currency Loan	**8,222.22**	4,515.55
Unsecured Loans at amortised cost:		
Loans repayable on demand:		
From Banks		
- Domestic Currency Loans	**612.84**	3,550.47
From Others		
- Loan from related party (Refer note no.47)	**1,000.00**	-
	17,582.51	**17,739.65**

1. Working capital loans from SBI, Andhra Bank, Corporation Bank, IDBI,ICICI, and SIB are secured by way of pari passu first charge on current assets of the company and pari passu second charge on entire immovable assets of the company and are repayable on demand.
2. In respect of the above, working capital rupee loans carry interest ranging from 7.75 % p.a. to 14.15% p.a. and working capital foreign currency loans carry interest ranging from 2 % p.a. to 5% p.a. plus applicable LIBOR.
3. Unsecured short term loans at 9.40% p.a.
4. Loan from related party have been obtained pursuant to stipulations from IndusInd Bank vide letter dated 9th December 2019. It carries an interest rate of 12.50%.

21. FINANCIAL LIABILITIES - TRADE PAYABLES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Trade payables		
- Total outstanding dues of Micro and Small Enterprises (Refer note 43)	**80.87**	97.13
- Total outstanding dues of creditors other than Micro and Small Enterprises	**4,446.83**	2,807.71
	4,527.70	**2,904.84**

The Company's exposure to Foreign currency risk and liquidity risk in relation to Trade Payables is disclosed in note 39.

22. OTHER FINANCIAL LIABILITIES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Current maturities of long-term debt (Refer note no: 16)	**1,197.25**	3,031.22
Interest accrued but not due on borrowings	**63.97**	38.34
Unpaid dividends	**6.68**	6.62
Accrued Employee benefits	**688.30**	718.57
Lease Liability (Refer note no.48)	**106.60**	-
Derivative liability - at FVTPL	**33.46**	42.33
Others *	**2,340.04**	2,121.17
	4,436.30	**5,958.25**

* Other Payables include expenses payable

23. OTHER CURRENT LIABILITIES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Statutory Liabilities	**406.17**	590.92
Advance from Customers	**139.45**	164.52
Deferred Government Grant - (Refer note no: 19)	**83.14**	83.03
Others	**2.91**	2.73
	631.67	**841.20**

24. CURRENT LIABILITIES - PROVISIONS:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Provision for employee benefits - Gratuity - (Refer note no: 35)	**180.46**	156.56
Provision for Taxation (net of advance tax)	**-**	-
	180.46	**156.56**

25. REVENUE FROM OPERATIONS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Sale of Products - Manufactured Goods		
Sale of Yarn	**57,192.52**	63,341.71
Sale of Technical Textile products	**11,908.43**	9,187.29
Sale of Fabric	**12.72**	10.15
Sale of Products - Traded Goods		
Sale of Yarn	**540.96**	3,154.79
Total (A)	**69,654.63**	**75,693.94**
Other operating revenue		
Scrap Sales	**2,662.11**	3,012.06
Export Incentive	**256.66**	261.48
Others*	**38.19**	44.47
Total (B)	**2,956.96**	**3,318.01**
Total (A+B)	**72,611.59**	**79,011.95**

* Others include packing charges collected.

26. OTHER INCOME

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Interest Income from financial assets at amortised cost	**255.03**	262.05
Net gain on disposal of property, plant and equipment	**86.73**	5.22
Insurance claim receipts	**11.04**	5.72
Gains on exchange fluctuations (net) (Refer note 46)	**-**	260.05
Government grant - (Refer note19 & 23)	**83.14**	83.14
Miscellaneous Income	**4.16**	12.54
	440.10	**628.72**

27. COST OF MATERIALS CONSUMED

₹ Lakhs

Cost of materials consumed	31.03.2020	31.03.2019
Cotton	**41,518.77**	46,065.09
	41,518.77	**46,065.09**

₹ Lakhs

Particulars of Materials consumed	31.03.2020		31.03.2019	
	% of consumption	₹ Lakhs	% of consumption	₹ Lakhs
Imported	**23.09**	**9586.86**	10.30	4746.64
Indigenous	**76.91**	**31,931.91**	89.70	41,318.45
	100.00	**41,518.77**	**100.00**	**46,065.09**

28. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Inventory at the end of the year

₹ Lakhs

Particulars		31.03.2020	31.03.2019
Work in Progress and Waste Cotton			
Yarn		**1,071.17**	1,212.49
Technical Textile products		**213.67**	617.77
	a	**1,284.84**	**1,830.26**
Finished Goods			
Yarn		**3,389.29**	3,837.82
Technical Textile products		**263.19**	284.40
Traded Goods		**-**	0.03
	b	**3,652.48**	**4,122.25**
Total	**c=(a+b)**	**4,937.32**	**5,952.51**
Less : Inventory at the beginning of the year			
Work in Progress and Waste Cotton			
Yarn		**1,212.49**	1,182.12
Technical Textile products		**617.77**	328.44
	a	**1,830.26**	**1,510.56**
Finished Goods			
Yarn		**3,837.82**	2,276.67
Technical Textile products		**284.40**	253.59
Traded Goods		**0.03**	186.27
	b	**4,122.25**	2,716.53
Total	**d=(a+b)**	**5,952.51**	**4,227.09**
(Increase) / decrease in Inventories	**(c-d)**	**1,015.19**	**(1725.42)**

29. EMPLOYEE BENEFITS EXPENSE

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Salaries, Wages and Bonus	**6,367.26**	6,781.09
Contributions to Provident fund and other funds	**514.75**	591.85
Staff welfare expenses	**283.31**	317.80
	7,165.32	**7,690.74**

30. FINANCE COST

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Interest expense	**2,638.56**	3,446.05
Unwinding of interest on financial liabilities	**187.77**	211.37
Exchange differences regarded as an adjustment to borrowing cost	**286.58**	239.53
Other borrowing costs	**119.86**	156.43
	3,232.77	**4,053.38**

The company had opted for settlement of certain pending litigations pertaining to Central Excise and Service Tax under the Sabka Viswas (Legacy dispute resolution scheme) 2019. Necessary applications where filed in this regard against which the company has received discharge certificate against the tax dues from the designated committee. Consequently the interest liability recognised in the earlier year against the disputed liability amounting to ₹ 626.54 lakhs has been written back and has been netted with interest expenses.

31. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Depreciation on Property, Plant and Equipment - Refer note no: 2	**3,204.78**	3,109.56
Depreciation on Right to use assets - Refer note no: 3 (a)	**54.93**	-
Impairment of CWIP - Refer note no: 3(b)	**-**	6.59
Amortization of Intangible asset - Refer note no: 3(c)	**14.12**	20.75
	3,273.83	**3,136.90**

32. OTHER EXPENSES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Consumption of Stores & Spare parts	**2,718.14**	2,694.17
Power & Fuel (net) (Refer note no. 42)	**7,987.78**	7,558.99
Processing Charges	**37.53**	28.45
Repairs		
Building	**207.02**	264.08
Machinery	**2,879.27**	2,872.48
Others	**157.29**	130.99
Rent	**25.61**	44.64
Rates and Taxes	**57.86**	52.11
Foreign Exchange loss (net) (Refer note no: 46)	**103.78**	-
Selling & Distribution expenses	**2,619.95**	3,808.87
Bank Charges	**106.75**	127.79
Communication Expenses	**55.50**	50.53
Traveling Expenses	**148.67**	110.99
Professional Charges	**197.58**	255.61
Auditor's Remuneration (Refer Note no: 32 (A))	**16.42**	17.38
Provision for Bad & Doubtful Debts	**(3.97)**	26.10
Bad debts written off	**22.70**	2.07
Provision for doubtful advances	**30.14**	1.80
Miscellaneous Expenses	**297.86**	294.32
	17,665.88	**18,341.37**

32(A). Payments to the auditor as

₹ Lakhs

Particulars	31.03.2020	31.03.2019
(a) Auditor	**10.50**	10.00
(b) Taxation matters	**2.35**	2.80
(c) Other services	**2.68**	3.68
(d) For reimbursement of expenses	**0.89**	0.90
	16.42	**17.38**

33. UNRECOGNISED DEFERRED TAX ASSET

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

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Unabsorbed Tax losses	**2,257.62**	**3,967.04**

34. EARNINGS PER SHARE

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Net Loss after tax as per Statement of Profit and Loss attributable to Equity Shareholders	**(1,652.21)**	(826.97)
Weighted Average number of equity shares used as denominator for calculating EPS	**1,20,00,000**	1,20,00,000
Basic & Diluted Loss per share (in ₹)	**(13.77)**	(6.89)
Face Value per equity share (in ₹)	**10.00**	10.00

35. Employee Benefit Plans

(a) Defined contribution plans - Provident Fund

In accordance with The Employees Provident Funds Act, 1952 employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2020 and 2019) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred.

The expense recognised during the period towards this defined contribution plan is ₹ 310.29 Lakhs (March 31, 2019 – ₹ 333.48 Lakhs).

(b) Defined contribution plans - Employee State Insurance

In accordance with Employees' State Insurance Act, 1948, the eligible employees are entitled to receive benefits under the ESI Scheme. The employer contributes 4.75 percent and employee contributes 1.75 percent, total share 6.5 percent. This fund is managed by the ESI Corporation (ESIC) according to rules and regulations stipulated there in the ESI Act 1948, which oversees the provision of medical and cash benefits to the employees and their family.

The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred.

The expense recognised during the period towards this defined contribution plan is ₹ 90.47 Lakhs (March 31, 2019 - ₹ 142.79 Lakhs).

(c) Defined Benefit Plans - Gratuity

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

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31st March 2020 by Mr. Srinivasan Nagasubramanian, Armstrong International Employee Benefits Solution, Fellow of the Institute of Actuaries of India . Company's liability towards gratuity (funded) is actuarially determined at each reporting date using the projected unit credit method.

(i) Risk Exposure:

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

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(ii) Expense Recognised in Income Statement:

₹ Lakhs

A	Components of Employer expense	31.03.2020	31.03.2019
	Service Cost		
1	Current service Cost	**62.32**	64.09
2	Past service cost - Plan Amendment	**-**	-
3	Curtailement Cost/(Credit)	**-**	-
4	Settlement Cost/(Credit)	**-**	-
5	**Total Service Cost**	**62.32**	**64.09**
	Net Interest Cost		
6	Interest Expense on DBO	**74.61**	89.81
7	Interest (Income on Plan Asset)	**(31.27)**	(54.68)
8	Interest (income)on reimbursement rights	**-**	-
9	Interest expense on effect of (asset ceiling)	**-**	-
10	**Total Net Interest**	**43.34**	**35.13**
11	Immediate Recognition of (Gain)/Losses- Other Long Term Benefits	**-**	-
12	Cost of Termination Benefits		
13	Administrative Expenses and Taxes		
14	**Defined Benefits cost included in P&L**	**105.66**	**99.22**
	Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	**(6.52)**	80.60
	Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	**(146.81)**	90.28
	Actuarial (Gain) / Losses due to Experience on DBO	**254.85**	(79.99)
	Return on Plan Assets (Greater) / Less than Disount rate	**50.20**	(1.87)
	Return on reimbursement rights (excluding interest income)	**-**	-
	Changes in asset ceiling /onerous liability (excluding interest Income)	**-**	-
	Total actuarial (gain)/loss included in OCI	**151.72**	**89.02**
	Total cost recognised in P&L and OCI (Defined Benefit Cost)		
	Cost Recognised in P&L	**105.66**	99.22
	Remeasurement Effect Recognised in OCI	**151.72**	89.02
	Total Defined Benefit Cost	**257.38**	**188.24**

(ii) Net Asset/(Liability) Recognised in Balance Sheet on

₹ Lakhs

Change in DBO over the period ending on	**31.03.2020**	**31.03.2019**
Present value of DBO at beginning(opening)	**1,219.54**	1,339.83
Current Service Cost	**62.32**	64.09
Prior Service Costs	**-**	-
Interest Cost	**74.61**	89.81
Benefit payments from plan	**(254.24)**	(365.07)
Benefit payments from employer	**-**	-
Acquisitions/Divestures/Transfer	**-**	-
Plan Amendments	**-**	-
Curtailments	**-**	-
Settlements	**-**	-
Actuarial (Gains)/Loss	**101.52**	90.88
Present Value Of DBO at the ending period	**1,203.75**	**1,219.54**

(iii) Reconciliation of Opening & Closing of Plan Assets(Ind AS 19 Para 120(e) (i) to (viii))

₹ Lakhs

	31.03.2020	31.03.2019
Fair Value of Plan Assets at end of prior year	**579.89**	885.96
Interest income of assets	**31.27**	54.68
Total employer contributions	**10.00**	2.45
Employer Contribution	**-**	
Employer direct benefit payments	**-**	-
Plan Participant's contributions	**-**	-
Benefits Payouts from employer	**-**	-
Benefits Payouts from plan	**(254.24)**	(365.07)
Settlements By Fund Manager	**-**	-
Administrative expenses paid from plan assets	**-**	-
Taxes paid from plan assets	**-**	-
Insurance premiums for risk benefits	**-**	-
Actuarial gain/(Loss)	**(50.20)**	1.87
Fair Value of assets at the End	**316.72**	**579.89**
Actual Return on Plan Assets	**(18.93)**	**56.55**

The actual return on plan assets for the year ended 31 March 2020 was ₹ 54.68 Lakhs (for the year ended 31 March 2019 : ₹ 67.67 Lakhs)

₹ Lakhs

Net Asset/(Liability) Recognised in Balance Sheet	31.03.2020	31.03.2019
Present value of Benefit Obligation	**1,203.75**	1,219.54
Fair Value of Plan Assets	**316.72**	579.89
Funded status [Surplus/(Deficit)]	**(887.03)**	(639.65)
Unrecognised Past Service Costs	**-**	-
Net Assets/(Liability) Recognised in balance sheet	**(887.03)**	**(639.65)**

₹ Lakhs

Amounts Recognized in Other Comprehensive Income	31.03.2020	31.03.2019
Opening cumulative other comprehensive Income	**(32.61)**	(121.62)
Actuarial Loss / (Gain) On DBO	**101.52**	90.88
Actuarial Loss / (Gain) On Assets	**50.20**	(1.87)
Amortization Actuarial Loss /(Gain)	**-**	-
Net increasing in OCI	**151.72**	89.01
Amortization Of Prior Service Cost	**-**	-
Total Recognised In Other Comprehensive Income	**119.11**	**(32.61)**

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

₹ Lakhs

Assumptions	31.03.2020	31.03.2019
Discount rate	**6.83%**	7.76%
Expected return on assets	**6.83%**	7.76%
Salary Escalation	**1.50%**	4.50%
Attrition Rate	**5.00%**	5.00%
Mortality	**Indian Assured Lives Mortality (2006-08) Ultimate**	

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

₹ Lakhs

	31.03.2020	31.03.2019
HDFC GROUP Unit Linked Plan	**100.00%**	100.00%

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

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

(iv) Sensitivity Analysis

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

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Defined Benefit Obligation - Discount Rate + 100 basis points	**(67.13)**	(73.31)
Defined Benefit Obligation - Discount Rate - 100 basis points	**74.46**	79.19
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	**76.15**	81.44
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	**(69.61)**	(76.37)
Defined Benefit Obligation - Attrition Rate + 100 basis points	**22.32**	12.36
Defined Benefit Obligation - Attrition Rate - 100 basis points	**(24.09)**	(15.99)
Mortality rate 10% up	**0.93**	(0.64)

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

The Company expects to contribute ₹ 80 Lakhs (previous year ₹ 120 Lakhs) to its gratuity plan for the next year.

(vi) Experience adjustments:-

₹ Lakhs

Particulars	Current Year	2018-19	2017-18	2016-17	2015-16
Defined Benefit Obligation	**1,203.75**	1,219.54	1,339.83	1,261.91	1,218.50
Plan Assets	**316.72**	579.89	885.96	932.93	962.08
Surplus / (Deficit)	**(887.03)**	(639.65)	(453.88)	(328.98)	(256.42)
Experience Adjustments on Plan Liabilities – Loss/(Gain)	**(254.85)**	79.99	(75.66)	(116.54)	(223.80)
Experience Adjustments on Plan Assets – Gain/(Loss)	**(50.20)**	1.87	0.24	70.25	(59.85)

36. CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

The carrying value of financial instruments by categories as at 31st March 2020 were as follows:

₹ Lakhs

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total Carrying value
Financial Assets:					
Investments	**4**	**-**	**1,089.26**	**10.00**	**1,099.26**
Trade receivables	**8**	**-**	**-**	**8,930.78**	**8,930.78**
Cash and Cash equivalents	**9**	**-**	**-**	**35.28**	**35.28**
Other bank balance	**10**	**-**	**-**	**764.04**	**764.04**
Loans	**5 & 11**	**-**	**-**	**882.64**	**882.64**
Other Financial Assets	**12**	**-**	**-**	**50.87**	**50.87**
Financial Liabilities:					
Borrowings	**16 & 20**	**-**	**-**	**30,804.90**	**30,804.90**
Trade payables	**21**	**-**	**-**	**4,527.70**	**4,527.70**
Other Financial Liabilities excluding Current Maturities of long term debt	**16 & 22**	**-**	**-**	**3,916.17**	**3,916.17**

The carrying value of financial instruments by categories as at 31st March 2019 were as follows:

₹ Lakhs

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total Carrying value
Financial Assets:					
Investments	4	-	1,835.31	10.00	1,845.31
Trade receivables	8	-	-	7,980.50	7,980.50
Cash and Cash equivalents	9	-	-	68.72	68.72
Other bank balance	10	-	-	720.96	720.96
Loans	5 & 11	-	-	780.42	780.42
Other Financial Assets	12	-	-	55.10	55.10
Financial Liabilities:					
Borrowings	16 & 20			35,437.10	35,437.10
Trade payables	21			2,904.85	2,904.85
Other Financial Liabilities excluding Current Maturities of long term debt	16 & 22			3,283.76	3,283.76

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans,other financial assets, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
Investments in subsidiaries are carried at cost.

37. Fair value measurement

(a) Fair value hierarchy

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(b) Level wise disclosure of financial instruments:

₹ Lakhs

Particulars	As at 31-03-2020				As at 31-03-2019			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
Financial assets measured at fair value through other comprehensive income (FVTOCI)								
Trade Investments in unquoted equity shares	1,089.26			1,089.26	1,835.31			1,835.31
Financial assets measured at amortised cost								
Other Investments	10.00			10.00	10.00			10.00
Trade receivables	8,930.78			-	7,980.50			-
Cash and Cash equivalents	35.28			-	68.72			-
Other bank balance	764.04			-	720.96			-
Loans	882.64			-	780.42			-
Other Financial Assets	50.87			-	55.10			-
Financial liabilities measured at amortised cost								
Borrowings	30,804.90		-		35,437.10		-	
Trade payables	4,527.70			-	2,904.85			-
Other Financial Liabilities excluding Current Maturities of long term debt	3,916.17			-	3,283.76			-

The Company has not disclosed the fair values for short term / current financial instruments (such as short term trade receivables, short term trade payables, Current Loans and Short term borrowings etc.,) because their carrying amounts are a reasonable approximation of Fair value.

(c) Measurement of fair values:

The basis of measurement in respect of each class of financial assets and liabilities are disclosed in point no. xv of significant accounting policies.

38. CAPITAL MANAGEMENT:

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

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

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

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

The following table summarizes the capital of the Company: ₹ Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Cash and cash equivalents	35.28	68.72
Other bank balances	764.04	720.96
Total cash (a)	**799.32**	**789.68**
Non-current borrowings	12,025.14	14,666.24
Current borrowings	17,582.51	17,739.65
Current maturities of non-current borrowings	1,197.25	3,031.22
Total borrowings (b)	**30,804.90**	**35,437.11**
Net debt c=(b-a)	**30,005.58**	**34,647.43**
Total equity (d)	**28,675.91**	**31,225.89**
Gearing ratio (c/d)	**1.05**	**1.11**

39. FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

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

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

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

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

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

1) Market Risk

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

a) Interest Rate Risk

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

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

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Fixed rate borrowings	**-**	-
Floating rate borrowings	**30,804.90**	35,437.11
Total borrowings	**30,804.90**	**35,437.11**
Total Net borrowings	**30,804.90**	35,437.11
Add: Upfront fees	**376.13**	559.76
Total borrowings	**31,181.03**	**35,996.87**

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

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2020 would decrease / increase by ₹ 301.81 Lakhs (for the year ended 31 March 2019: decrease / increase by ₹ 359.97 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

b) Foreign Currency Risk

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

At the time of borrowing decisions, appropriate sensitivity analysis is carried out for domestic borrowings vis-à-vis overseas borrowings.

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

₹ Lakhs

Particulars	As at 31st March 2020			As at 31st March 2019		
	USD	Euro	GBP	USD	Euro	GBP
Trade Receivables	**2,400.74**	**608.21**	**5.41**	3,351.37	795.95	116.94
Trade Payables	**(490.55)**	**(7.92)**	**-**	(539.57)	(1.01)	-
Packing Credit	**(6474.74)**	**(214.80)**	**(20.09)**	(4,470.07)	(45.49)	-
Derivatives		**(3,088.89)**	**-**	-	(4,479.06)	-
TOTAL	**(4,564.55)**	**(2,703.40)**	**(14.68)**	**(1,658.27)**	**(3,729.61)**	**116.94**

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

Particulars	As at 31st March 2020			As at 31st March 2019		
	USD	**Euro**	**GBP**	USD	Euro	GBP
Trade Payables	**-**	**-**	**-**	(839.60)	-	-
Packing Credit	**(1,512.60)**	**-**	**-**	-	-	-

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

₹ Lakhs

Change in Exchange Rate (+5% / -5%)		Effect on PAT	
		2019-20	**2018-19**
USD	+5%	**(303.86)**	(82.91)
	-5%	**303.86**	82.91
EURO	+5%	**(135.17)**	(186.48)
	-5%	**135.17**	186.48
GBP	+5%	**(0.73)**	5.85
	-5%	**0.73**	(5.85)

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

As at	No. of Contracts	Type	USD Equivalent	INR Equivalent
31-Mar-20	**26**	**Buy**	**(20.00)**	**(1,512.60)**
31-Mar-19	6	Buy	(12.14)	(839.60)
	-	Sell	-	-

c) Commodity Price Risk

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

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

₹ Lakhs

Commodity	Increase		Decrease	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Cotton	**(2,099.72)**	(2,448.53)	2,099.72	2,448.53

2) Credit Risk

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

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

The average credit period on sales of products is 21 to 70 days. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

3) Liquidity Risk

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

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

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

₹ Lakhs

Particulars	On Demand	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
At 31st March, 2020						
Long term borrowings		**1,383.00**	**12,393.00**	**-**	**13,776.00**	**13,776.00**
Short term borrowings	**17,582.51**	**-**	**-**	**-**	**17,582.51**	**17,582.51**
Trade payables	**-**	**4,527.70**	**-**	**-**	**4,527.70**	**4,527.70**
Derivative financial liabilities		**33.46**	**415.44**	**-**	**448.90**	**448.90**
Other financial liabilities		**4,436.30**	**-**	**-**	**4,436.30**	**4,436.30**
At 31st March, 2019						
Long term borrowings	-	3,255.00	15,226.00	-	18,481.00	18,481.00
Short term borrowings	17,739.65	-	-	-	17,739.65	17,739.65
Trade payables	-	2,904.85	-	-	2,904.85	2,904.85
Derivative financial liabilities	-	42.33	356.73	-	399.06	399.06
Other financial liabilities	-	5,958.25	-	-	5,958.25	5,958.25

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

₹ Lakhs

Particulars	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
At 31st March, 2020					
Investments			**1,099.26**	**1099.26**	**1099.26**
Trade Receivables	**8,930.78**	**-**	**-**	**8930.78**	**8930.78**
Cash and Cash equivalents	**35.28**	**-**	**-**	**35.28**	**35.28**
Bank balances other than Cash and Cash Equivalents	**764.04**	**-**	**-**	**764.04**	**764.04**
Loans	**56.31**	**-**	**-**	**56.31**	**56.31**
Others	**50.87**	**-**	**-**	**50.87**	**50.87**
At 31st March, 2019					
Investments	-	-	1845.31	1845.31	1845.31
Trade Receivables	7,980.50	-	-	7,980.50	7,980.50
Cash and Cash equivalents	68.72	-	-	68.72	68.72
Bank balances other than Cash and Cash Equivalents	720.96	-	-	720.96	720.96
Loans	54.72	-	-	54.72	54.72
Others	55.10	-	-	55.10	55.10

₹ Lakhs

	As at 31st Mar 2020	As at 31st Mar 2019
40. Estimated amount of contracts remaining to be executed on capital account and not provided for	**36.24**	55.71

41. Contingent Liabilities:

	As at 31st Mar 2020	As at 31st Mar 2019
Contingent liabilities in respect of :		
Bills discounted	**639.23**	885.90
Guarantees	**219.21**	278.36
Letters of credit outstanding	**1,230.46**	-
Contingent liabilities under litigation :		
Disputed Statutory Liabilities not provided for	**271.06**	1270.77
Disputed Other Liabilities not provided for	**66.65**	74.52

42. Power and Fuel is net of wind power income of ₹ 211.09 lakhs (PY ₹ 208.19 lakhs) representing power supplied to the grid against which equivalent consumption was made in house

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

₹ Lakhs

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in:		
Principal amount due to micro, small and medium enterprises	80.87	97.13
Interest due on above	4.66	-
Total	**85.53**	**97.13**
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond appointed day.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	4.66	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act, 2006.	-	-
The Company has disclosed the suppliers who have registered themselves under "Micro, Small and Medium Enterprises Development Act, 2006" to the extent they have identified on the basis of information available with the Company in respect of the registration status of its vendors.		

44. Disclosure relating to the exchange gain / loss araising out on restatement of long term foreign currency monetary items.

₹ Lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
a. Exchange difference capitalized during the year	**-**	-
b. Depreciation charged to Profit & loss a/c thereon	**23.42**	23.26
c. Exchange difference pertaining to assets sold during the year		
d. Remaining amount to be amortized*	**245.04**	268.46

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

45. Corporate Social Responsibility:

The average net profit of the immediately proceeding three financial years is negative, accordingly, the company is not mandated to spend any amount towards CSR activitities for the financial year 2019-20.

46. Foreign Exchange gain / (loss) (net) includes foreign exchange gain / (loss) arising out of restatement of foreign currency assets / liabilities / derivatives amounting to ₹. 20.34 lakhs (PY - ₹. 39.46 lakhs)

47. Related Party Disclosure :

List of related parties with whom transactions have taken place

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

Key Management Personnel (KMP) : Mr. Ashwin Chandran (Chairman and Managing Director), Mr. Prashanth Chandran (Vice Chairman & Managing Director) , Mr.T.Kumar (Executive Director), Mr.Sumanth Ramamurthi (Non Executive Director), Mr.Jairam Varadaraj (Non Executive Director), Mr.C.N.Srivatsan (Non Executive Director), Mrs. R.Bhuvaneshwari (Non Executive Director), and Mr.P.Vijay Raghunath (Non Executive Director).

Relative of KMP Mr.Sarath Chandran

Enterprise in which KMP has control : Ashwanth Primarius Enterprises LLP.

₹ Lakhs

Nature of Transactions	FY 2019-20			FY 2018-19		
	Subsidiaries	KMP	Enterprise in which KMP has control	Subsidiaries	KMP	Enterprise in which KMP has control
Remuneration	-	232.90	0.12	-	202.88	0.19
Sitting Fees	-	6.45	-	-	7.50	-
Loan received	-	-	1,000.00	-	-	-
Amount Outstanding as at year end - Dr	71.48	-	-	71.48	-	-
Amount Outstanding as at year end - Cr	-	24.43	1,000.00	-	-	-

The remuneration to KMP does not include the provision made for gratuity as they are determined on an actuarial basis for th.e company as a whole.

48. Detailed leasing arrangements:

Effective 1st April, 2019, the company has adopted IND AS 116 " Leases " and applied the standard to all lease contracts existing as on that date using the modified retrospective method, wherein the Right of use asset was created with corresponding lease liability. Accordingly the comparatives here have not been retrospectively adjusted. Ind AS 116 will result in a increase in cashflows from operating activities and a increase in cash outflows from financing activities on account of Lease Payments.

The following is the reconciliation in Lease Liabilities during the year ended 31st March 2020:

₹ Lakhs

Particulars	Land	Building	Total
Opening Balance	-	-	-
Addition on account of IND AS 116 as on 01.04.2019	-	-	-
Addition during the year	-	387.85	387.85
Finance Cost accrued during the period	-	8.95	8.95
Less :Payment of Lease Liabilities	-	28.52	28.52
Total	**-**	**368.28**	**368.28**
The following is the breakup of non-current and current Lease Liabilities as at 31st March 2020:			
Non-current	-	261.67	261.67
Current	-	106.60	106.60
Amount recognised in Statement of Profit & Loss for the year ended 31st March 2020			
Interest expense on lease liabilities		8.95	8.95
Depreciation on Right of use assets	30.50	24.43	54.93

Maturity analysis of lease liabilities

₹ Lakhs

Particulars	Within 1 year	1 to 5 years	> 5 years
Land	-	-	-
Building	106.60	261.67	-

₹ Lakhs

Details in relation to short term leases / low value assets	31.03.2020	31.03.2019
Expenses relating to short term Leases	**15.15**	-
Expenses relating to leases of low value assets	**8.51**	-
Total cash out flow for leases	**52.18**	-

49. Operating Segments

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

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

a) Revenue from Operations ₹ Lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Within India	**42,531.17**	47,376.26
Outside India	**27,123.46**	28,317.68
Total	**69,654.63**	**75,693.94**

b) Non current assets:

All non current assets of the company are located in India.

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

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

Investments made are given under the respective head.

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

Particulars	As at 31st March 2020	Maximum balance outstanding during the year	Investments by the loanee in the shares of Parent Company
Loans and Advances in the nature of loans given to subsidiaries	-	-	-

52. The outbreak of Covid-19 pandemic is causing significant disturbance and slowdown of economic activities globally. The management has considered the possible effects that may result from the pandemic on the recoverability/carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets. The management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on Company's assets in future may differ from that estimated as at the date of approval of these financial statements.

53. 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.

54. All figures are in lakhs unless otherwise stated and rounded off to the nearest two decimals.

Vide our report of even date attached
For VKS Aiyer & Co
Chartered Accountants
ICAI Firm Reg No. 000066S
V S Srinivasan
Partner
Membership No: 13729

Place : Coimbatore
Date : 26-June-2020

For and on behalf of the Board of Directors

Ashwin Chandran
Chairman and Managing Director
(DIN: 00001884)

A P Ramkumar
Chief Financial Officer

Prashanth Chandran
Vice Chariman and Managing Director
(DIN: 01909559)

S.Kavitha
Company Secretary
(FCS No.8710)

INDEPENDENT AUDITOR'S REPORT

To the Members of Precot Meridian Limited

Report on the Audit of Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS financial statements of **Precot Meridian Limited** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Consolidated Ind AS Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules , 2015, as amended ("Ind AS") of the state of affairs (financial position) of the Group as at March 31, 2020, and loss (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the Consolidated Ind AS financial statements* section of our report. We are independent of the Group in accordance with the code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Companies Act,2013 and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of Ethics. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Ind AS Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet.
 	
The Company has adopted Ind AS 116 with effect from 1st April 2019 using the modified retrospective approach wherein the ROU was created with a corresponding lease liability. Accordingly, the comparatives have not been retrospectively adjusted.
 	
Lease arrangements in the Company which were previously classified as operating leases under Ind AS 17 'Leases' and held off balance sheet will need to be recognized within assets and liabilities under Ind AS 116.
 	
Significant judgements are required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others.
 	
Additionally, there is a risk the lease data which is underlying the Ind AS 116 computation is incomplete and inaccurate.
 	
As at 31st March 2020, the carrying amount of ROU asset was ₹ 723.52 lakhs and lease liability was ₹ 368.28 lakhs – Refer Note 3(a) on Right of Use Asset, Note 17 and Note 22 on Other Financial Liabilities to the Consolidated Ind AS financial statements.
	• We assessed the selection of accounting policies and practical expedients applied by the Company. We evaluated the design and implementation of key controls in respect of the lease accounting standard (IND AS 116);
	
	• Assessed the company's evaluation on the identification of leases based on the contractual agreements and our understanding of the business;
	
	• Assessed the key terms and conditions of each lease with the underlying lease contracts;
	
	• Evaluated the reasonableness of the discount rates applied in determining the lease liabilities;
	
	• Upon transition as at 1st April 2019:
	  • Evaluated the method of transition and related adjustments;
	  • Tested completeness of the lease data used in computing ROU asset and the lease liabilities.
	
	• Assessed and tested the presentation and disclosures relating to Ind AS 116.

Information other than the Financial statements and Auditor's report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's Report but does not include the Consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Board and the Director's for Consolidated Ind AS Financial Statements

The Holding Company's Board of Director's are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the (state of affairs) financial position, loss (financial performance including other comprehensive income) changes in equity and its cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Ind AS financial statements, management of Board of Director's are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to Consolidated Ind AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Ind AS Financial Statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the Ind AS financial statements of the subsidiary, whose Ind AS financial statements reflects total assets of ₹ 2421.58 Lakhs and net assets of ₹ 2340.00 Lakhs as at March 31,2020, total revenue of ₹ Nil and net cash flows amounting to ₹ Nil for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These Ind AS financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so for as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.

Our opinion on the Consolidated Ind AS Financial Statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the same.

Report on Other Legal and Regulatory Requirements

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

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books;

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

e. On the basis of written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 Group and the operating effectiveness of such controls, we give our separate Report in "Annexure".

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h. 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 Group has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements – Refer Note 41 on Contingent Liabilities to the Consolidated Ind AS financial statements;

   (ii) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 & Note 24 to the Consolidated Ind AS financial statements;

   (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For VKS Aiyer & Co.,
Chartered Accountants
ICAI Firm Registration No. 000066S

V S Srinivasan
Partner
Membership No. 13729
UDIN:20013729AAAABR6504

Place: Coimbatore
Date: 26th June 2020

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 Ind AS financial statements for the year ended 31st March 2020]

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 Ind AS financial statements of the Holding Company as of and for the year ended March 31 2020, we have audited the internal financial controls over financial reporting of the Group, which are entities incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 entities' 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 Consolidated Ind AS 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 Group'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 Consolidated Ind AS 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 Consolidated Ind AS 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 Consolidated Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Group, which are entities 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 31st March 2020, based on the internal control over financial reporting criteria established by the Group 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 VKS Aiyer & Co.,
Chartered Accountants
ICAI Firm Registration No. 000066S

V S Srinivasan
Partner
Membership No. 13729
UDIN:20013729AAAABR6504

Place: Coimbatore

Date: 26th June 2020

₹ Lakhs

	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
	ASSETS			
(1)	**Non-current Assets**			
	(a) Property, Plant and Equipment	2	**46,249.48**	51,144.77
	(b) Right of use Asset	3 (a)	**723.52**	-
	(b) Capital work-in-progress	3 (b)	**138.86**	236.50
	(c) Intangible assets	3 (c)	**42.24**	26.04
	(d) Financial Assets			
	(i) Investments	4	**1,089.26**	1,835.31
	(ii) Loans	5	**754.85**	654.23
	(e) Other non-current assets	6	**186.75**	867.53
	Total Non Current Assets		**49,184.96**	**54,764.38**
(2)	**Current assets**			
	(a) Inventories	7	**12,432.05**	13,274.84
	(b) Financial Assets			
	(i) Trade receivables	8	**8,930.78**	7,980.50
	(ii) Cash and cash equivalents	9	**35.45**	68.90
	(iii) Bank balances other than (ii) above	10	**764.04**	720.96
	(iv) Loans	11	**56.31**	54.72
	(v) Other Financial Assets	12	**50.87**	55.10
	(c) Other current assets	13	**1,700.81**	1,799.85
	Total Current Assets		**23,970.31**	23,954.87
	TOTAL ASSETS		**73,155.27**	**78,719.25**
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity Share capital	14	**1,200.00**	1,200.00
	(b) Other Equity	15	**29,815.91**	32,365.89
	EQUITY ATTRIBUTABLE TO OWNERS OF PRECOT MERIDIAN LTD		**31,015.91**	33,565.89
	Non controlling interests		**0.10**	0.10
	Total Equity		**31,016.01**	**33,565.99**
	LIABILITIES			
(1)	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	16	**12,025.14**	14,666.24
	(ii) Other Financial Liabilities	17	**677.11**	356.73
	(b) Provisions	18	**1,799.95**	2,168.11
	(c) Other non-current liabilities	19	**278.42**	361.68
	Total Non Current Liabilities		**14,780.62**	**17,552.76**
(2)	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	20	**17,582.51**	17,739.65
	(ii) Trade payables	21		
	- Outstanding dues of Micro & Small Enterprises		**80.87**	97.13
	- Outstanding dues of Creditors other than Micro & Small Enterprises		**4,446.83**	2,807.71
	(iii) Other Financial Liabilities	22	**4,436.30**	5,958.25
	(b) Other current liabilities	23	**631.67**	841.20
	(c) Provisions	24	**180.46**	156.56
	Total Current Liabilities		**27,358.64**	**27,600.50**
	TOTAL LIABILITIES		**42,139.26**	**45,153.26**
	TOTAL EQUITY AND LIABILITIES		**73,155.27**	**78,719.25**

Significant accounting policies & Notes on Financial Statements 1 & 2 to 56
The accompanying notes and significant accounting policies form an integral part of financial statements

Vide our report of even date attached
For VKS Aiyer & Co
Chartered Accountants
ICAI Firm Reg No. 000066S
V S Srinivasan
Partner
Membership No: 13729

Place : Coimbatore
Date : 26-June-2020

For and on behalf of the Board of Directors

Ashwin Chandran
Chairman and Managing Director
(DIN: 00001884)

A P Ramkumar
Chief Financial Officer

Prashanth Chandran
Vice Chariman and Managing Director
(DIN: 01909559)

S.Kavitha
Company Secretary
(FCS No.8710)

Consolidated Statement of Profit and loss

₹ Lakhs

	Particulars	Note	For the year ended 31st Mar 2020	For the year ended 31st Mar 2019
I	Revenue From Operations	25	**72,611.59**	79,011.95
II	Other income	26	**440.10**	628.72
III	**Total Revenue (I+II)**		**73,051.69**	**79,640.67**
IV	**Expenses**			
	Cost of materials consumed	27	**41,518.77**	46,065.09
	Purchase of Stock-in-Trade		**475.64**	2,905.58
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	28	**1,015.19**	(1,725.42)
	Employee benefits expense	29	**7,165.32**	7,690.74
	Finance costs	30	**3,232.77**	4,053.38
	Depreciation and amortization expense	31	**3,273.83**	3,136.90
	Other expenses	32	**17,665.88**	18,341.37
	Total Expenses (IV)		**74,347.40**	**80,467.64**
V	**Profit / (Loss) before exceptional items and Tax (III - IV)**		**(1,295.71)**	(826.97)
VI	Exceptional item	45	**-**	-
VII	**Profit / (Loss) before tax (V - VI)**		**(1,295.71)**	(826.97)
VIII	Tax expense:			
	(1) Current tax		**-**	-
	(2) Deferred tax	33	**-**	-
	(3) For earlier year		**356.50**	-
IX	**Profit / (Loss) after Tax (VII - VIII)**		**(1,652.21)**	(826.97)
X	**Other Comprehensive Income (OCI)**		**-**	**-**
	Items that will not be reclassified to profit or loss			
	a) Remeasurement of the defined benefit plans		**(151.72)**	**(89.01)**
	b) Gains / (Losses) on fair value of Equity instruments measured at fair value through OCI		**(746.05)**	**113.52**
	c) Gains on derecognition of equity instruments measured at fair value through OCI on disposal			**19.00**
	Income tax relating to items that will not be reclassified to profit or loss		**-**	**-**
	Total Other Comprehensive Income		**(897.77)**	**43.51**
XI	**Total Comprehensive Income for the year (IX + X)**		**(2,549.98)**	**(783.46)**
XII	Earnings per equity share of face value of Rs.10/- each			
	- Basic and Diluted (In ₹)	34	**(13.77)**	(6.89)

Significant accounting policies & Notes on Financial Statements 1 & 2 to 56
The accompanying notes and significant accounting policies form an integral part of financial statements

Vide our report of even date attached
For VKS Aiyer & Co
Chartered Accountants
ICAI Firm Reg No. 000066S
V S Srinivasan
Partner
Membership No: 13729

Place : Coimbatore
Date : 26-June-2020

For and on behalf of the Board of Directors

Ashwin Chandran
Chairman and Managing Director
(DIN: 00001884)

A P Ramkumar
Chief Financial Officer

Prashanth Chandran
Vice Chariman and Managing Director
(DIN: 01909559)

S.Kavitha
Company Secretary
(FCS No.8710)

₹ Lakhs

Consolidated Statement of Changes in Equity for the year ended 31st March 2020

Balance at the beginning of the reporting year ie 31st March, 2018, 120,00,000 equity shares of Rs.10/- each fully paid up	Changes in equity share capital during the year	Balance at the end of the reporting year ie March 31, 2019	Changes in equity share capital during the year	Balance at the end of the year ended ie Mar 31, 2020
1200.00	-	1200.00	-	1200.00
1200.00	**-**	**1200.00**	**-**	**1200.00**

Particulars	Reserves and Surplus					Items of Other Comprehensive		Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Equity instruments through other Comprehensive Income	Remeasurement of the defined benefit plans	
Balance as at 31st March, 2018	**48.19**	**355.00**	**2,736.46**	**11,796.41**	**15,401.81**	**2,699.11**	**112.37**	**33,149.35**
Profit / (Loss) for the year					(826.97)			(826.97)
Other Comprehensive Income for the year (net of tax)						132.52	(89.01)	43.51
Balance as at 31st March, 2019	**48.19**	**355.00**	**2,736.46**	**11,796.41**	**14,574.85**	**2,831.63**	**23.36**	**32,365.89**
Profit / (Loss) for the year	-	-	-	-	(1652.21)			(1652.21)
Other Comprehensive Income for the year (net of tax)						(746.05)	(151.72)	897.77
Balance as at 31st March, 2020	**48.19**	**355.00**	**2,736.46**	**11,796.41**	**12,922.64**	**2,085.58**	**(128.36)**	**29,815.91**

Significant accounting policies & Notes on Financial Statements 1 & 2 to 56
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For VKS Aiyer & Co
Chartered Accountants
ICAI Firm Reg No. 000066S
V S Srinivasan
Partner
Membership No: 13729

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Vice Chariman and Managing Director
(DIN: 01909559)

S.Kavitha
Company Secretary
(FCS No.8710)

Particulars	For the year ended 31.03.2020 ₹ Lakhs		For the year ended 31.03.2019 ₹ Lakhs	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Total Comprehensive Income		**(2,549.98)**		**(783.46)**
Adjustments for :				
Depreciation and amortization expense	**3,273.83**		3,136.90	
Bad Debts Written off	**22.70**		2.07	
Provisions for employee benefit expenses	**(344.27)**		221.25	
Provisions for tax of earlier years	**356.50**		-	
Provision for Bad & Doubtful Debts	**(3.97)**		26.10	
Provision for doubtful advances	**30.14**		1.80	
(Profit)/Loss on Sale of Assets	**(86.73)**		(5.22)	
(Profit)/Loss on Sale of Investment Property	**-**		(19.00)	
Gains on derecognition of equity instruments	**-**		(113.52)	
Interest Income	**(253.52)**		(262.05)	
Interest Payment	**3,223.82**		4,053.38	
Exchange Fluctuation (Gain) / Loss on Re-statement	**20.67**		(39.46)	
Other adjustments	**141.44**		191.47	
		6,380.61		7,193.72
Operating Profit before working capital changes		**3,830.63**		6,410.26
Adjustments for :				
(Increase) / Decrease in Inventories	**842.79**		2,205.99	
(Increase) / Decrease in Trade Receivables	**(784.04)**		(743.07)	
(Increase) / Decrease in Other Financial Assets	**(126.59)**		57.11	
(Increase) / Decrease in Other Assets	**453.28**		(37.38)	
Increase / (Decrease) in Trade Payable	**1,569.82**		(686.73)	
Increase / (Decrease) in Other Financial Liabilities	**188.60**		540.79	
Increase / (Decrease) in Other Liabilities	**(591.19)**		(187.34)	
		1,552.67		1,149.37
Cash generated from Operations		**5,383.30**		7,559.63
Direct Taxes Refund / (Payable)		**(41.06)**		(11.84)
Net Cash Flow from operating activities		**5,342.24**		**7,547.79**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment (Including WIP)	**(1,017.97)**		(1,228.70)	
Advance settled for purchase of Property, Plant and Equipment	**8.37**		16.62	
Sale of Property, Plant and Equipment	**2,862.53**		107.74	
(Purchase)/ Sale of Non - Current Investments	**746.05**		19.00	
Interest Received	**253.52**		262.05	
Net Cash flow from / (used in) Investing activities		**2,852.50**		**(823.29)**
C. CASH FLOW FROM FINANCING ACTIVITES:-				
Unclaimed dividends paid	**0.06**		(9.73)	
Interest Paid (Net)	**(3,207.14)**		(4,036.50)	
Repayment of Long Term Borrowings	**(4,689.60)**		(481.00)	
Repayment of lease liability	**(28.52)**		-	
Proceeds / (Repayments) of Unsecured Loan	**(1,937.63)**		(1,445.49)	
Proceeds / (Repayments) of loans repayable on demand	**1,677.72**		(834.48)	
Net Cash Flow used in Financing Activities		**(8,185.11)**		**(6,807.20)**
Net Increase/Decrease in Cash and Cash Equivalent		**9.63**		(82.70)
Cash and Bank Balances as at 01.04.2019 and 01.04.2018 (Opening balance)		**789.86**		872.56
Less: Bank balances not considered as Cash and Cash Equivalents as per Indian Accounting Standard 7		**764.04**		720.96
Cash and Cash Equivalents as at 31.03.2020 and 31.03.2019 (Closing balance) (Refer note no:9)		**35.45**		68.90

Significant accounting policies & Notes on Financial Statements 1 & 2 to 56
The accompanying notes and significant accounting policies form an integral part of financial statements

Vide our report of even date attached
For VKS Aiyer & Co
Chartered Accountants
ICAI Firm Reg No. 000066S
V S Srinivasan
Partner
Membership No: 13729

Place : Coimbatore
Date : 26-June-2020

For and on behalf of the Board of Directors

Ashwin Chandran
Chairman and Managing Director
(DIN: 00001884)

A P Ramkumar
Chief Financial Officer

Prashanth Chandran
Vice Chariman and Managing Director
(DIN: 01909559)

S.Kavitha
Company Secretary
(FCS No.8710)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

1. Significant Accounting Policies

a. Corporate Information:

Precot Meridian Limited has been in the textile industry since 1962 and is engaged in manufacturing of yarn and technical textile product. It started its first production in 1964 with an initial capacity of 12,096 spindles at Kanjikode, Kerala. At present it has units in the four southern states of India viz., Tamil Nadu, Kerala, Andhra Pradesh and Karnataka with a total spinning capacity of 1,88,112 spindles. In 2013, the company has set up a Greenfield technical textile at Hassan in the State of Karnataka.The Subsidiary – Suprem Associates (Partnership firm) does not have any operations. The equity Shares are Listed on the National Stock Exchange of India Limited.

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

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

The Consolidated financial statements for the year ended 31 March 2020 were authorized and approved for issue by the Board of Directors on 26th June 2020 and are subject to the approval of the shareholders at the Annual General Meeting.

2. Basis of Preparation:

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

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

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

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. The presentation of financial statement is based on Ind AS Schedule III of the Companies Act, 2013.

The Financial Statements have been prepared & presented on the historical convention and on accrual basis , except for the following material items in the Balance Sheet:

- Financial assets are measured either at fair value or at amortised cost depending on their classification;
- Derivative instruments are measured at their fair values;
- Employee defined benefit assets/ liabilities are recognised as the net total of fair value of plan assets, adjusted for actuarial gains/losses and the present value of defined benefit obligations;
- Long term borrowings are measured at amortised cost using the effective interest rate method;
- Assets held for sale are measured at fair value less cost to sell;
- Right-of-use of Assets are recognised at the present value of lease payments that are not paid as on that date. This amount is adjusted for any lease payments made at or before the commencement of the lease and initial direct cost incurred, if any.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on the basis stated above and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use under Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. Principles of Consolidation:

The Consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2020. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

❖ power over the investee

❖ is exposed to, or has rights, to variable returns from its involvement with the investee; and

❖ has the ability to use its power to affect its returns

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

❖ the contractual agreement with the other vote holders of the investee

❖ right arising from other contractual agreement

❖ the company's voting rights and potential voting rights

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

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

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

❖ derecognizes the assets (including Goodwill) and liability of the subsidiary;

❖ derecognizes the carrying amount of any non-controlling interest;

❖ derecognizes the cumulative translation difference recorded in equity

❖ recognizes the fair value of the consideration received

❖ recognizes the fair value of any investments retained

- ❖ recognizes any surplus or deficit in Profit or Loss
- ❖ reclassifies the Parent's share of components previously recognized in OCI to Profit or Loss or Retained earnings, as appropriate, as would be required if the Group has directly disposed of the related Assets or Liabilities.

a. Use of Estimates:

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

b. Current and Non-current classification

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

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

c. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, goods and services tax plus amount collected on behalf of third parties.

Revenue from contracts with customers is recognized when control of the goods and services are transferred to the customer at an amount that reflects the consideration which the company expects to be entitled in exchange for those goods / services.

Revenue from sale of goods is recognized at the point of time when the control of the goods is transferred to the customer, which generally coincides with the delivery of the goods.

The company considers any other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining transaction price for the goods, the company consider the effect of variable consideration, the existence significant financing components, non-cash consideration and consideration payable to the customer, if any.

Revenue is recognised when the performance obligation is satisfied either over time or at a point of time.

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

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

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

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

d. Leasing:

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

The Company as a lessee: The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses

whether :

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition:

Effective 1st April, 2019, the company has adopted IND AS 116 "

Leases " and applied the standard to all lease contracts existing as on that date using the modified retrospective method, wherein the Right of use asset was created with corresponding lease liability. Accordingly the comparatives here have not been retrospectively adjusted.

e. Business Combinations – Common Control Transactions

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

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

The components of equity of the acquired companies are added to the same components within the Company's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves. The Company's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these Consolidated financial statements and the Consolidated financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented. However, the prior year comparative information is only adjusted for periods during which entities were under common control.

f. Foreign Currency Transactions

Functional and presentation currency

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

(a) Initial Recognition:

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

(b) Conversion:

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

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

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.

g. Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

Depreciation: Depreciation on PPE are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, ROU assets are depreciated on a straight line bases over the shorter of the lease term and useful life of the underlying asset. Plant & Equipments where the useful life is estimated to be 20 years (10 years based on triple shift basis), based on technical evaluation.

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

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

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

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

h. Intangible Assets and Amortisation:

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

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

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

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

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

Class of Assets	Useful Lives
Computer software - Acquired	6 years

i. Impairment of Non Financial assets:

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

j. Investment Property

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

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

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

k. Borrowing Costs

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

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

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

l. Government Grants:

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

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

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

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

m. Earnings per share:

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

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

n. Inventories:

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

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

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

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

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

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

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

o. Cash and cash equivalents:

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

p. Taxation

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

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

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

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

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

Presentation of current and deferred tax:

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

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

q. Employee Benefits

Retirement benefit costs and termination benefits:

i. ***Defined Contribution Plan:*** A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Employee State Insurance. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

ii. **Defined Benefit Plan:**The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

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

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. re-measurement

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

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

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

Short-term and other long-term employee benefits:

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

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

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

r. Provisions:

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

s. Contingent liabilities and Contingent Assets:

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

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

t. Financial Instruments

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

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

A. Financial Assets:

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

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

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

i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

i) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

a. The Company's right to receive the dividends is established,

b. It is probable that the economic benefits associated with the dividends will flow to the entity,

c. The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Investment in Subsidiaries, Associates and Joint ventures:

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

III. Derecognition of financial assets:

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

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

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

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

V. **Reclassification:** When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

VI. **Effective interest method:** The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the 'Other income' line item.

B. Financial liabilities and equity instruments

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

i. *Recognition and initial Measurement:*

A financial liability is classified as held for trading if:

i) It has been incurred principally for the purpose of repurchasing it in the near term; or

ii) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

iii) it is a derivative that is not designated and effective as a hedging instrument.

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

i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii) it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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

ii. Subsequent measurement

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

a. Loans and borrowings

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

b. Trade and other payables

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

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

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

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

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

iv. ***Derivative financial instruments:*** The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate.

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

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

D. Compound Financial Instruments:

A financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and is subsequently measured at amortized cost. The residual value is recognized as equity component of other financial instrument and is not re-measured after initial recognition.

The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognized directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortized using effective interest method.

u. Fair value measurement:

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

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

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

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

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

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

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

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

4. Significant accounting judgements, estimates and assumptions:

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

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

Assumptions and Estimation Uncertainty:

i. **Useful Lives of Property, Plant and Equipment:** Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

ii. **Impairment:** Determining whether the assets are impaired requires an estimate in the value in use of the assets. The value in use calculation requires the Management to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate present value. When the actual cash flows are less than expected, a material impairment loss may arise.

iii. **Provisions and Contingencies:** Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

iv. **Fair Value Measurement:** When the fair values of financial assets or financial liabilities recorded or disclosed in the Consolidated financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 37.

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

vi. **Defined Benefit Obligation:** The costs of providing Gratuity and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 35, 'Employee benefits '.

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

viii. Leases : Significant judgments are required in the assumption and estimates in order to determine the ROU Asset and lease liability. The assumption and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease terms, applicable incremental borrowing rate, among others.

Recent Indian Accounting Standards:

Ministry of Corporate Affairs ("MCA") notifies new standards on amendments to the existing standards. There is no such notification which would have been applicable from 1st April 2020.

Non Current Assets

2. PROPERTY, PLANT AND EQUIPMENT

₹ Lakhs

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Computer	Total
Gross Carrying Value							
At 31st March 2018	28,852.62	6,862.10	23,651.68	169.79	215.69	70.20	59,822.08
Additions	-	1.61	1,022.90	11.52	3.06	43.84	1,082.93
Deductions	-	-	128.50	0.19	5.14	0.35	134.18
At 31st March 2019	28,852.62	6,863.71	24,546.08	181.12	213.61	113.69	60,770.83
Additions	-	85.93	961.83	6.44	20.65	17.04	1,091.89
Deductions	2,643.00	104.67	64.94	0.45	12.77	0.11	2,825.94
At 31st March 2020	**26,209.62**	**6,844.97**	**25,442.97**	**187.11**	**221.49**	**130.62**	**59,036.78**
Accumulated depreciation and impairment							
At 31st March 2018	-	691.52	5,720.86	49.60	56.19	29.98	6,548.15
Depreciation	-	345.13	2,699.65	21.87	29.15	13.76	3,109.56
Deductions	-	-	29.43	0.06	2.16	-	31.65
At 31st March 2019	-	1,036.65	8,391.08	71.41	83.18	43.74	9,626.06
Depreciation	-	343.77	2,787.78	22.51	27.81	22.91	3,204.78
Deductions	-	7.45	27.49	0.22	8.38	-	43.54
At 31st March 2020	**-**	**1,372.97**	**11,151.37**	**93.70**	**102.61**	**66.65**	**12,787.30**
Net Carrying Value							
At 31st March 2019	28,852.62	5,827.06	16,155.00	109.71	130.43	69.95	51,144.77
At 31st March 2020	**26,209.62**	**5,472.00**	**14,291.60**	**93.41**	**118.88**	**63.97**	**46,249.48**

Entire movable and immovable Property, Plant and Equipment of the company is hypothecated with banks against term loans. Refer note no: 16

3(a). RIGHT OF USE ASSET

₹ Lakhs

Particulars	Land	Building	Total
Gross Carrying Value			
As at 31st March 2018	-	-	-
Additions	-	-	-
Deductions	-	-	-
As at 31st March 2019	-	-	-
Additions	-	387.85	387.85
Reclassification from prepayment	390.60	-	390.60
Deductions	-	-	-
As at 31st March 2020	**390.60**	**387.85**	**778.45**
Accumulated Depreciation and Impairment			
As at 31st March 2018	-	-	-
Depreciation	-	-	-
Deductions	-	-	-
As at 31st March 2019	-	-	-
Depreciation	30.50	24.43	54.93
Deductions	-	-	-
As at 31st March 2020	**30.50**	**24.43**	**54.93**
Net Carrying Value			
As at 31st March 2019	-	-	-
As at 31st March 2020	**360.10**	**363.42**	**723.52**

3(b). CAPITAL WORK IN PROGRESS

₹ Lakhs

Particulars	Capital Work-in-progress
Gross Carrying Value	
At 31st March 2018	**100.27**
Additions	186.50
Deductions	43.68
At 31st March 2019	**243.09**
Additions	55.87
Deductions	160.10
At 31st March 2020	**138.86**
Accumulated depreciation and impairment	
At 31st March 2018	**-**
Depreciation and Impairment	6.59
Deductions	-
At 31st March 2019	6.59
Depreciation and Impairment	-
Deductions	6.59
At 31st March 2020	**-**

Net Carrying Value

At 31st March 2019	236.50
At 31st March 2020	**138.86**

3(c). INTANGIBLE ASSETS

₹ Lakhs

Particulars	Intangible Assets
	Computer Software
Gross Carrying Value	
As at 31st March 2018	**92.50**
Additions	2.96
Deductions	-
As at 31st March 2019	**95.46**
Additions	30.32
Deductions	-
As at 31st March 2020	**125.78**
Accumulated Amortization and Impairment	
As at 31st March 2018	**48.67**
Amortization	20.75
Deductions	-
As at 31st March 2019	**69.42**
Amortization	14.12
Deductions	-
As at 31st March 2020	**83.54**

Net Carrying Value

At 31st March 2019	26.04
At 31st March 2020	**42.24**

Non Current Assets (Contd)

4. FINANCIAL ASSETS: INVESTMENTS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Investment in equity shares at fair value through other comprehensive income		
Trade Investments - Unquoted, fully paid up		
12,06,000 A.P. Gas Power Corporation Limited of Rs.10 each		
Shares (as on 31.03.19 -12,06,000 shares)	**1,085.40**	1,326.60
2,25,000 Sai Regency Power Corporation Private limited of Rs.10 each		
Shares (as on 31.03.19 - 2,25,000 shares)	**-**	490.50
14,000 OPG Energy Private Limited of Rs.10 each		
Shares (as on 31.03.19 - 14,000 shares)	**1.40**	1.40
83,004 Ind-Bharath Power Gencom Limited of Rs.10 each Shares		
(as on 31.03.19 - 83,004 shares)	**1.42**	15.77
Total Trade Investments	**1,088.22**	**1,834.27**
Other Investment - Unquoted, fully paid-up		
100 Precot Mills Employees Cooperative Credit Society of Rs.10 each		
shares (as on 31.03.19 - 100 shares)	**0.01**	0.01
100 Precot Mills Multi purpose stores of Rs.10 each		
shares (as on 31.03.19 - 100 shares)	**0.01**	0.01
10 Precot Workers Credit Co-operative Stores of Rs.10 each		
shares (as on 31.03.19 - 10 shares)	**0.00**	0.00
10 Multiflora Floriculture Stores of Rs.10 each shares		
(as on 31.03.19 - 10 shares)	**-**	-
10,000 Cotton Sourcing Company Ltd of Rs.10 each		
shares (as on 31.03.19 - 10,000 shares)	**1.00**	1.00
Total Other Investments	**1.02**	**1.02**
In Government Securities	**0.02**	**0.02**
TOTAL INVESTMENTS	**1,089.26**	**1,835.31**
Aggregate amount of Quoted Investments and Market Value thereof	**-**	-
Aggregate amount of Unquoted Investments	**1,089.26**	1,835.31
Category-wise Non current investment		
Financial assets carried at amortized cost	**-**	-
Financial assets measured at fair value through other\comprehensive income	**1,089.26**	1,835.31
Total Non current investment	**1,089.26**	**1,835.31**

Other investment included in investments are valued at cost approach to arrive at fair value as there is wide range of possible fair value measurements and the cost represents estimated fair value within the range considering the purpose of investments.

5. LOANS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Unsecured, considered good		
Security Deposits	**754.85**	654.23
	754.85	**654.23**

6. OTHER NON-CURRENT ASSETS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
i) Capital advances	22.44	30.81
ii) Advances other than Capital advances Advance Tax, net off provisions	146.78	462.22
Others:		
Prepayments	17.53	374.50
	186.75	**867.53**

CURRENT ASSETS:

7. INVENTORIES (at lower of cost and net realisable value)

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Raw Materials	6,740.70	6,705.07
Work-in-progress	1,199.45	1,717.76
Finished goods	3,652.48	4,122.22
Stock in trade	-	0.03
Stores and spares	754.03	617.26
Waste Cotton	85.39	112.50
	12,432.05	**13,274.84**
Details of stock in transit		
Particulars		
Raw Materials	1,711.58	269.86
Stores and spares	-	16.37
Total	**1,711.58**	**286.23**

(i) For method of valuation of inventories, refer note 1 (n)

(ii) Inventory held at net realizable value amounted to CY ₹ 371.54 Lakhs PY ₹ 155.12 Lakhs. The amount of write down of inventory recognised as an expense during the year is CY ₹ 44.50 Lakhs - PY ₹ 27.77 Lakhs

(iii) There has been no reversal of such write down in current and previous years.

(iv) Inventories with the above mentioned carrying amount have been pledged as security against certain bank borrowings of the Company (Refer note 20 & 16)

(v) Cost of inventory recognised as an expense:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Cost of materials consumed	**41,518.77**	46,065.09
Cost of goods sold	**1,490.82**	1,180.16
Consumption of Stores & Spare parts	**2,718.14**	2,694.17
Power & Fuel	**517.84**	442.54

8. TRADE RECEIVABLES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Unsecured : Considered good	**8,930.78**	7,980.50
With significant increase in credit risk	**55.91**	60.33
	8,986.69	**8,040.83**
Less: Allowance for doubtful debts	**(55.91)**	(60.33)
	8,930.78	**7,980.50**

Ageing of receivables that are past due but not impaired

₹ Lakhs

Particulars	31.03.2020	31.03.2019
60-90 days	**849.20**	162.59
90-180 days	**439.34**	10.91
> 180 days	**304.10**	83.44
Total	**1,592.64**	**256.94**

Movement in Allowance for doubtful debts is as follows:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Opening	**60.33**	32.60
Additions	**0.00**	54.49
Reversal	**4.42**	26.76
Closing	**55.91**	**60.33**

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

Trade receivables have been given as collateral towards borrowings (refer security note below Note 16).

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

9. CASH AND CASH EQUIVALENTS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Balances with Banks		
Current accounts	**30.15**	67.76
Cash on hand	**5.30**	**1.14**
	35.45	**68.90**

10. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Earmarked balances		
In Unclaimed dividend accounts	**6.68**	6.62
Other balances:		
In margin money *		
with maturity more than 3 months but less than 12 months at inception	**742.31**	699.29
with maturity more than 12 months at inception	**15.05**	15.05
	764.04	**720.96**

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

11. FINANCIAL ASSETS - LOANS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Unsecured, considered good		
Loans to employees	**56.31**	54.72
	56.31	**54.72**

12. OTHERS FINANCIAL ASSETS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Unsecured, considered good		
Income accrued	**50.87**	55.10
With significant increase in credit risk		
Interest Subsidy Receivable	**2,142.64**	2,142.64
Less : Allowance for doubtful advances/ deposits	**(2,142.64)**	(2,142.64)
	50.87	**55.10**

Movement in Allowance for doubtful advances is as follows:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Opening	**2,142.64**	2,142.64
Additions	**-**	-
Reversal	**-**	-
Closing	**2,142.64**	**2,142.64**

13. OTHER CURRENT ASSETS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Advance to Trade Suppliers	**261.01**	413.56
Export incentives receivable	**260.46**	194.38
Indirect tax balances/ recoverable /credits	**999.23**	947.02
With significant increase in credit risk		
Indirect tax balances/ recoverable /credits	**74.53**	43.95
Less : Allowance for doubtful advances/ deposits	**(74.53)**	(43.95)
Others		
Prepayments	**180.12**	244.89
	1,700.82	**1,799.85**

Movement in Allowance for doubtful advances is as follows:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Opening	**43.95**	43.78
Additions	**30.58**	0.17
Reversal	**-**	-
Closing	**74.53**	**43.95**

14. EQUITY SHARE CAPITAL

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Authorised		
2,13,00,000 Equity Shares of Rs.10 each	**2,130.00**	2,130.00
(31-03-20 and 31-03-19 - 2,13,00,000 Equity Shares of Rs.10 each)		
Issued, Subscribed & fully Paid up		
1,20,00,000 Equity Shares of Rs.10 each fully paid up	**1,200.00**	1,200.00
(31-03-20 and 31-03-19 - 1,20,00,000 Equity Shares of Rs.10 each)		
	1,200.00	**1,200.00**

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

₹ Lakhs

Fully paid Equity Shares of Rs. 10/- each	31.03.2020		31.03.2019	
	Number	₹ Lakhs	Number	₹ Lakhs
At the beginning of the year	**1,20,00,000**	**1,200.00**	1,20,00,000	1,200.00
Add: Issued during the year	-	-	-	-
At the end of the year	**1,20,00,000**	**1,200.00**	1,20,00,000	1,200.00

(ii)**Terms/rights attached to equity shares :**

a. 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.

b. The dividend (except in case of interim dividend) proposed by the Board of Directors, if any, is subject to the approval of shareholders in the ensuing Annual General Meeting.

c. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the share holders.

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

₹ Lakhs

S.No	Name of Shareholder	Equity Shares			
		As at 31.03.2020		As at 31.03.2019	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Sarath Chandran (Ind)	**16,28,010**	**13.57%**	16,28,010	13.57%
2	D Sarath Chandran (HUF)	**12,16,251**	**10.14%**	12,16,251	10.14%
3	Ashwin Chandran	**23,07,987**	**19.23%**	23,07,987	19.23%
4	Prashanth Chandran	**19,72,411**	**16.44%**	19,72,411	16.44%

iv) Shares allotted for consideration other than cash - Nil.

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

15. OTHER EQUITY

₹ Lakhs

Particulars		31.03.2020	31.03.2019
General reserve		**11,796.41**	11,796.41
Capital Reserve		**48.19**	48.19
Capital Redemption Reserve		**355.00**	355.00
Securities Premium		**2,736.46**	2,736.46
	(A)	**14,936.06**	**14,936.06**
Retained earnings			
Opening balance		**14,574.84**	15,401.81
Add: Loss for the year		**(1,652.21)**	(826.97)
	(B)	**12,922.63**	**14,574.84**
Other Comprehensive Income:			
Opening balance		**2,854.99**	2,811.48
Add: Additions during the year		**(897.77)**	43.51
	(C)	**1,957.22**	**2,854.99**
	(A+B+C)	**29,815.91**	**32,365.89**

a. General reserve:

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

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

b. Capital Redemption Reserve:

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

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

C. Securities Premium:

Security premium has been created consequent issue of shares at premium. The reserve is utilized in accordance with the provisions of the Companies Act,2013

NON-CURRENT LIABILITIES:

16. FINANCIAL LIABILITIES - BORROWINGS

₹ Lakhs

Particulars	31.03.2020		31.03.2019	
	Non-Current	Current	Non-Current	Current
<u>**Secured - at amortised cost**</u>				
Term loans from Banks	**12,393.00**	1,383.00	15,226.00	3,255.00
Less: Unamortised upfront fees on borrowings	**376.13**	190.46	559.76	223.78
Less: Amount disclosed under current maturities		1,192.54		3,031.22
(A)	**12,016.87**	**-**	**14,666.24**	**-**
Loans from Others	**9.05**	6.35	-	-
Less: Unmatured finance charges	**0.78**	1.64	-	-
Less: Amount disclosed under current maturities		4.71	-	-
(B)	**8.27**	**-**	**-**	**-**
Total (A+B)	**12,025.14**	**-**	**14,666.24**	**-**

1. The Company has not defaulted in the repayment of loans and interest as at Balance Sheet date.
2. Bank loans availed by the Company are subject to certain covenants relating to interest service coverage, current ratio, debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth and return on fixed assets.

A) Amount of loan outstanding:

₹ Lakhs

Description	31.03.2020	31.03.2019	Security
Rupee Tuf loan - XIII from ICICI Bank	**3,168.00**	4,896.00	Note B1
Rupee Tuf Loan – XVI from The South Indian Bank Ltd	**308.00**	385.00	Note B1 & 2
Rupee Corporate Loan from ICICI Bank	**500.00**	500.00	Note B1
Rupee Term Loan Loan from Indusind Bank Ltd	**9,800.00**	12,700.00	Note B3
	13,776.00	**18,481.00**	

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

B) Security details:

Note 1 : Term loan from ICICI and SIB are secured by way of pari passu first charge on entire movable and immovable assets of the company and pari passu second charge on current assets of the company.

Note 2: Exclusive first charge on Machineries acquired out of the loan.

Note 3: First charge on the entire moveable and immovable fixed assets of the company, present and future. Second Charge on the current assets of the company, both present and future. Promoters shall offer 3.60 million shares in Precot Meridian Limited, currently representing 30% of total shareholding in the company to Indusind Bank Limited (IBL) under Non-Disposal Undertaking (NDU) -Power of Attorney (POA) and 2.52 million shares currently representing 21% of total shareholding in the company to IBL under NDU.

In respect of the above, Rupee Term Loans carry interest ranging from 10.06% p.a. to 11.81% p.a.

3. Loans from others are secured by exclusive first charge on the asset acquired out of the loan. The loans carry interest ranging from 8.73% p.a. to 10.65% p.a.

4. Maturity pattern:

₹ Lakhs

Description	Maturity	31.03.2020	31.03.2019
A. **Loan From Banks**			
Rupee Tuf loan XIII from ICICI Bank	3 Half yearly instalments of ₹ 1056 Lakhs from Oct 2020 to Oct 2021.	**3,168.00**	4,896.00
Rupee Tuf Loan – XVI from The South Indian Bank	16 quarterly instalments ₹ 19.25 Lakhs till 11-Feb-2024.	**308.00**	385.00
Rupee Corporate Loan from ICICI Bank	4 Half yearly instalments ₹ 125 Lakhs each from Oct-2020 to Jul-2021	**500.00**	500.00
Rupee Term Loan Loan from Indusind Bank Ltd	12 Quarterly monthly repayments balance from Jun 30 2021 till Mar 31 2024.	**9,800.00**	12,700.00
Sub Total (A)		**13,776.00**	**18,481.00**
B. **Loan From Others**			
Vehicle Loan from Sundaram Finance Limited (Honda)	33 monthly instalments of ₹ 0.30 Lakhs each till Dec -2022	**9.54**	**-**
Vehicle Loan from Sundaram Finance Limited (Hyundai)	29 monthly instalments of ₹ 0.19 Lakhs each till Jul -2022	**5.86**	**-**
Sub Total (B)		**15.40**	**-**
Total (A+B)		**13,791.40**	**18,481.00**

17. OTHER FINANCIAL LIABILITIES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Derivative Liability - at FVTPL	**415.44**	356.73
Lease Liability (Refer note no.48)	**261.67**	
	677.11	**356.73**

18. PROVISIONS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Provision for Statutory dues	**-**	625.55
Provision for expenses	**1,093.37**	1,059.44
Provision for employee benefits		
Gratuity (Refer note no: 35)	**706.58**	483.12
	1,799.95	**2,168.11**

Movement in provisions for statutory dues:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Opening	**625.55**	599.99
Additions	**1.00**	25.56
Reversal / Utilized	**(626.55)**	-
Closing	**-**	**625.55**

Movement in provisions for expenses:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Opening	**1,059.44**	1,049.54
Additions	**33.93**	9.90
Reversal / Utilized	**-**	-
Closing	**1,093.37**	**1,059.44**

19. OTHER NON-CURRENT LIABILITIES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Deferred Government Grant*	**278.42**	361.68
	278.42	**361.68**

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

CURRENT LIABILITIES:

20. BORROWINGS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Secured at amortised cost		
Loans repayable on demand:		
From Banks		
- Domestic Currency Loans	**7,747.45**	9,673.63
- Foreign Currency Loan	**8,222.22**	4,515.55
Unsecured Loans at amortised cost:		
Loans repayable on demand:		
From Banks		
- Rupee Loan		
- Domestic Currency Loans	**612.84**	3,550.47
From Others		
- Loan from related party (Refer note no.47)	**1,000.00**	**-**
	17,582.51	**17,739.65**

1. Working capital loans from SBI, Andhra Bank, Corporation Bank, IDBI,ICICI, and SIB are secured by way of pari passu first charge on current assets of the company and pari passu second charge on entire immovable assets of the company and are repayable on demand.
2. In respect of the above, working capital rupee loans carry interest ranging from 7.75 % p.a. to 14.15% p.a. and working capital foreign currency loans carry interest ranging from 2 % p.a. to 5% p.a. plus applicable LIBOR.
3. Unsecured short term loans at 9.40% p.a.
4. Loan from related party have been obtained pursuant to stipulations from IndusInd Bank vide letter dated 9th December 2019. It carries an interest rate of 12.50%.

21. TRADE PAYABLES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Trade payables		
- Total outstanding dues of Micro and Small Enterprises (Refer note 43)	**80.87**	97.13
- Total outstanding dues of creditors other than Micro and Small Enterprises	**4,446.83**	2,807.71
	4,527.70	**2,904.84**

The Company's exposure to Foreign currency risk and liquidity risk in relation to Trade Payables is disclosed in note 39.

22. OTHER FINANCIAL LIABILITIES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Current maturities of long-term debt (Refer note no: 16)	**1,197.25**	3,031.22
Interest accrued but not due on borrowings	**63.97**	38.34
Unpaid dividends	**6.68**	6.62
Accrued Employee benefits	**688.30**	718.57
Lease Liability (Refer note no.48)	**106.60**	-
Derivative liability - at FVTPL	**33.46**	42.33
Others *	**2,340.04**	2,121.17
	4,436.30	**5,958.25**

* Other Payables include expenses payable

23. OTHER CURRENT LIABILITIES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Statutory Liabilities	**406.17**	590.92
Advance from Customers	**139.45**	164.52
Deferred Government Grant - (Refer note no: 19)	**83.14**	83.03
Others	**2.91**	2.73
	631.67	**841.20**

24. CURRENT LIABILITIES - PROVISIONS:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Provision for employee benefits - Gratuity - (Refer note no: 35)	**180.46**	156.56
Provision for Taxation (Net of Advance Tax)	-	-
	180.46	**156.56**

25. REVENUE FROM OPERATIONS

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Sale of Products - Manufactured Goods		
Sale of Yarn	**57,192.52**	63,341.71
Sale of Technical Textile products	**11,908.43**	9,187.29
Sale of Fabric	**12.72**	10.15
Sale of Products - Traded Goods		
Sale of Yarn	**540.96**	3,154.79
Total (A)	**69,654.63**	**75,693.94**
Other operating revenue		
Scrap Sales	**2,662.11**	3,012.06
Export Incentive	**256.66**	261.48
Others*	**38.19**	44.47
Total (B)	**2,956.96**	**3,318.01**
Total (A+B)	**72,611.59**	**79,011.95**

* Others include packing charges collected.

26. OTHER INCOME

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Interest Income from financial assets at amortised cost	**255.03**	262.05
Net gain on disposal of property, plant and equipment	**86.73**	5.22
Insurance claim receipts	**11.04**	5.72
Gains on exchange fluctuations (net) (Refer note no: 46)	**-**	260.05
Government grant (Refer note no: 19 & 23)	**83.14**	83.14
Miscellaneous Income	**4.16**	12.54
	440.10	**628.72**

27. COST OF MATERIALS CONSUMED

₹ Lakhs

Cost of materials consumed	31.03.2020	31.03.2019
Cotton	**41,518.77**	46,065.09
	41,518.77	**46,065.09**

₹ Lakhs

Particulars of Materials consumed	31.03.2020		31.03.2019	
	% of consumption	₹ Lakhs	% of consumption	₹ Lakhs
Imported	**23.09**	**9586.86**	10.30	4746.64
Indigenous	**76.91**	**31,931.91**	89.70	41,318.45
	100.00	**41,518.77**	**100.00**	**46,065.09**

28. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Inventory at the end of the year

₹ Lakhs

Particulars		31.03.2020	31.03.2019
Work in Progress and Waste Cotton			
Yarn		**1,071.17**	1,212.49
Technical Textile products		**213.67**	617.77
	(a)	**1,284.84**	**1,830.26**
Finished Goods			
Yarn		**3,389.29**	3,837.82
Technical Textile products		**263.19**	284.40
Traded Goods		**-**	0.03
	(b)	**3,652.48**	**4,122.25**
Total	**c=(a+b)**	**4,937.32**	**5,952.51**

Less : Inventory at the beginning of the year

₹ Lakhs

Particulars		31.03.2020	31.03.2019
Work in Progress and Waste Cotton			
Yarn		**1,212.49**	1,182.12
Technical Textile products		**617.77**	328.44
	(a)	**1,830.26**	**1,510.56**
Finished Goods			
Yarn		**3,837.82**	2,276.67
Technical Textile products		**284.40**	253.59
Traded Goods		**0.03**	186.27
	(b)	**4,122.25**	2,716.53
Total	**d= (a+b)**	**5,952.51**	**4,227.09**
(Increase) / decrease in Inventories	**(c-d)**	**1,015.19**	**(1725.42)**

29. EMPLOYEE BENEFITS EXPENSE

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Salaries, Wages and Bonus	**6,367.26**	6,781.09
Contributions to Provident fund and other funds	**514.75**	591.85
Staff welfare expenses	**283.31**	317.80
	7,165.32	**7,690.74**

30. FINANCE COST

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Interest expense	**2,638.56**	3,446.05
Unwinding of interest on financial liabilities	**187.77**	211.37
Exchange differences regarded as an adjustment to borrowing cost	**286.58**	239.53
Other borrowing costs	**119.86**	156.43
	3,232.77	**4,053.38**

The company had opted for settlement of certain pending litigations pertaining to Central Excise and Service Tax under the Sabka Viswas (Legacy dispute resolution scheme) 2019. Necessary applications were filed in this regard against which the company has received discharge certificate against the tax dues from the designated committee. Consequently the interest liability recognised in the earlier year against the disputed liability amounting to ₹ 626.54 Lakhs has been written back and has been netted with interest expenses.

31. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Depreciation - (Refer note no: 2)	**3,204.78**	3,109.56
Impairment of CWIP - (Refer note no: 3(b))	**0.00**	6.59
Amortization of Intangible asset - (Refer note no: 3(c))	**14.12**	20.75
Right to use assets - (Refer note no: 3 (a))	**54.93**	0.00
	3,273.83	**3,136.90**

32. OTHER EXPENSES

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Consumption of Stores & Spare parts	**2,718.14**	2,694.17
Power & Fuel	**7,987.78**	7,558.99
Processing Charges	**37.53**	28.45
Repairs		
Building	**207.02**	264.08
Machinery	**2,879.27**	2,872.48
Others	**157.29**	130.99
Rent	**25.61**	44.64
Rates and Taxes	**57.86**	52.11
Foreign Exchange loss (net) (Refer note no: 46)	**103.78**	-
Selling & Distribution expenses	**2,619.95**	3,808.87
Bank Charges	**106.75**	127.79
Communication Expenses	**55.50**	50.53
Travelling Expenses	**148.67**	110.99
Professional Charges	**197.58**	255.61
Auditor's Remuneration (Refer Note no: 32 (A))	**16.42**	17.38
Provision for Bad & Doubtful Debts	**(3.97)**	26.10
Bad debts written off	**22.70**	2.07
Provision for doubtful advances	**30.14**	1.80
Miscellaneous Expenses	**297.86**	294.32
	17,665.88	**18,341.37**

32(A). Payments to the auditor as

₹ Lakhs

Particulars	31.03.2020	31.03.2019
(a) Auditor	**10.50**	10.00
(b) Taxation matters	**2.35**	2.80
(c) Other services	**2.68**	3.68
(d) For reimbursement of expenses	**0.89**	0.90
	16.42	**17.38**

33. UNRECOGNISED DEFERRED TAX ASSET

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

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Unabsorbed Tax losses	**2,257.62**	3,967.04

34. EARNINGS PER SHARE

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Net Loss after tax as per Statement of Profit and Loss attributable to Equity Shareholders (in Lakhs)	**(1,652.21)**	(826.97)
Weighted Average number of equity shares used as denominator for calculating EPS (in Numbers)	**1,20,00,000**	1,20,00,000
Basic & Diluted Loss per share (in ₹)	**(13.77)**	(6.89)
Face Value per equity share (in ₹)	**10.00**	10.00

35. Employee Benefit Plans

(a) Defined contribution plans - Provident Fund

In accordance with The Employees Provident Funds Act, 1952 employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2020 and 2019) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred. The expense recognised during the period towards this defined contribution plan is ₹ 310.29 Lakhs (March 31, 2019 – ₹ 333.48 Lakhs).

(b) Defined contribution plans - Employee State Insurance

In accordance with Employees' State Insurance Act, 1948, the eligible employees are entitled to receive benefits under the ESI Scheme. The employer contributes 4.75 percent and employee contributes 1.75 percent, total share 6.5 percent. This fund is managed by the ESI Corporation (ESIC) according to rules and regulations stipulated there in the ESI Act 1948, which oversees the provision of medical and cash benefits to the employees and their family. The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred. The expense recognised during the period towards this defined contribution plan is ₹ 90.47 Lakhs (March 31, 2019 – ₹ 142.79 Lakhs).

(c) Defined Benefit Plans - Gratuity

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31st March 2020 by Mr. Srinivasan Nagasubramanian, Armstrong International Employee Benefits Solution, Fellow of the Institute of Actuaries of India . Company's liability towards gratuity (funded) is actuarially determined at each reporting date using the projected unit credit method.

(i) Risk Exposure:

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

Investment risk The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

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

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

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

(ii) Expense Recognised in Income Statement:

₹ Lakhs

A	Components of Employer expense	31.03.2020	31.03.2019
	Service Cost		
1	Current service Cost	**62.32**	64.09
2	Past service cost - Plan Amendment	**-**	-
3	Curtailement Cost/(Credit)	**-**	-
4	Settlement Cost/(Credit)	**-**	-
5	**Total Service Cost**	**62.32**	**64.09**
	Net Interest Cost		
6	Interest Expense on DBO	**74.61**	89.81
7	Interest (Income on Plan Asset)	**(31.27)**	(54.68)
8	Interest (income)on reimbursement rights	**-**	-
9	Interest expense on effect of (asset ceiling)	**-**	-
10	**Total Net Interest**	**43.34**	**35.13**
11	Immediate Recognition of (Gain)/Losses- Other Long Term Benefits	**-**	-
12	Cost of Termination Benefits		
13	Administrative Expenses and Taxes		
14	**Defined Benefits cost included in P&L**	**105.66**	**99.23**
	Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	**(6.52)**	80.60
	Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	**(146.81)**	90.28
	Actuarial (Gain)/ Losses due to Experience on DBO	**254.85**	(79.99)
	Return on Plan Assets (Greater) / Less than Disount rate	**50.20**	(1.87)
	Return on reimbursement rights (excluding interest income) -	**-**	
	"Changes in asset ceiling /onerous liability (excluding interest Income)"	**-**	-
	Total actuarial (gain)/loss included in OCI	**151.72**	**89.02**
	Total cost recognised in P&L and OCI (Defined Benefit Cost)		
	Cost Recognised in P&L	**105.66**	99.23
	Remeasurement Effect Recognised in OCI	**151.72**	89.02
	Total Defined Benefit Cost	**257.38**	**188.25**

(ii) Net Asset/(Liability) Recognised in Balance Sheet on

₹ Lakhs

Change in DBO over the period ending on	31.03.2020	31.03.2019
Present value of DBO at beginning (opening)	**1,219.54**	1,339.83
Current Service Cost	**62.32**	64.09
Prior Service Costs	**-**	-
Interest Cost	**74.61**	89.81
Benefit payments from plan	**(254.24)**	(365.07)
Benefit payments from employer	**-**	-
Acquisitions/Divestures/Transfer	**-**	-
Plan Amendments	**-**	-
Curtailments	**-**	-
Settlements	**-**	-
Actuarial (Gains)/Loss	**101.52**	90.88
Present Value Of DBO at the ending period	**1,203.75**	**1,219.54**

(iii) Reconciliation of Opening & Closing of Plan Assets(Ind AS 19 Para 120(e) (i) to (viii)

₹ Lakhs

	31.03.2020	31.03.2019
Fair Value of Plan Assets at end of prior year	**557.89**	885.96
Interest income of assets	**31.27**	54.68
Total employer contributions	**10.00**	2.45
Employer Contribution	**-**	-
Employer direct benefit payments	**-**	-
Plan Participant's contributions	**-**	-
Benefits Payouts from employer	**-**	-
Benefits Payouts from plan	**(254.24)**	(365.07)
Settlements By Fund Manager	**-**	-
Administrative expenses paid from plan assets	**-**	-
Taxes paid from plan assets	**-**	-
Insurance premiums for risk benefits	**-**	-
Actuarial gain/(Loss)	**(50.20)**	1.87
Fair Value of assets at the End	**316.72**	**579.89**
Actual Return on Plan Assets	**(18.93)**	**56.55**

The actual return on plan assets for the year ended 31st March 2020 was ₹ 54.68 Lakhs (for the year ended 31st March 2019 : ₹ 67.67 Lakhs)

₹ Lakhs

Net Asset/(Liability) Recognised in Balance Sheet	31.03.2020	31.03.2019
Present value of Benefit Obligation	**1,203.75**	1,219.54
Fair Value of Plan Assets	**316.72**	579.89
Funded status [Surplus/(Deficit)]	**(887.03)**	(639.64)
Unrecognised Past Service Costs	**-**	-
Net Assets/(Liability) Recognised in balance sheet	**(887.03)**	**(639.64)**

₹ Lakhs

Amounts Recognized in Other Comprehensive Income	31.03.2020	31.03.2019
Opening cumulative other comprehensive Income	**(32.61)**	(121.62)
Actuarial Loss / (Gain) On DBO	**101.52**	90.88
Actuarial Loss /(Gain) On Assets	**50.20**	(1.87)
Amortization Actuarial Loss /(Gain)	**-**	-
Net increasing in OCI	**151.72**	89.01
Amortization Of Prior Service Cost	**-**	-
Total Recognised In Other Comprehensive Income	**119.11**	**(32.61)**

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

Assumptions	31.03.2020	31.03.2019
Discount rate	**6.83%**	7.76%
Expected return on assets	**6.83%**	7.76%
Salary Escalation	**1.50%**	4.50%
Attrition Rate	**5.00%**	5.00%
Mortality	Indian Assured Lives Mortality(2006-08) Ultimate	

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

Assumptions	31.03.2020	31.03.2019
HDFC GROUP Unit Linked Plan - Option B	**100.00%**	100.00%

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

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

(iv) Sensitivity analysis

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

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Defined Benefit Obligation - Discount Rate + 100 basis points	**(67.13)**	(73.31)
Defined Benefit Obligation - Discount Rate - 100 basis points	**74.46**	79.19
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	**76.15**	81.44
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	**(69.61)**	(76.37)
Defined Benefit Obligation - Attrition Rate + 100 basis points	**22.32**	12.36
Defined Benefit Obligation - Attrition Rate - 100 basis points	**(24.09)**	(15.99)
Mortality rate 10% up	**0.93**	(0.64)

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

The Company expects to contribute ₹ 80 Lakhs (previous year ₹ 120 Lakhs) to its gratuity plan for the next year.

(vi) Experience adjustments:-

₹ Lakhs

Particulars	Current Year	2018-19	2017-18	2016-17	2015-16
Defined Benefit Obligation	**1,203.75**	1,219.54	1,339.83	1,261.91	1,218.50
Plan Assets	**316.72**	579.89	885.96	932.93	962.08
Surplus / (Deficit)	**(887.03)**	(639.65)	(453.87)	(328.98)	(256.42)
Experience Adjustments on Plan Liabilities – (Loss)/ Gain	**(254.85)**	79.99	(75.66)	(116.54)	(223.80)
Experience Adjustments on Plan Assets – Gain/(Loss)	**(50.20)**	1.87	0.24	70.25	(59.85)

36. CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

The carrying value of financial instruments by categories as at 31st March 2020 were as follows:

₹ Lakhs

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total Carrying value
Financial Assets:					
Investments	**4**	**-**	**1,089.26**	**-**	**1,089.26**
Trade receivables	**8**	**-**	**-**	**8,930.78**	**8,930.78**
Cash and Cash equivalents	**9**	**-**	**-**	**35.45**	**35.45**
Other bank balance	**10**	**-**	**-**	**764.04**	**764.04**
Loans	**5 & 11**	**-**	**-**	**811.16**	**811.16**
Other Financial Assets	**12**	**-**	**-**	**50.87**	**50.87**
Financial Liabilities:					
Borrowings	**16 & 20**	**-**	**-**	**30,804.90**	**30,804.90**
Trade payables	**21**	**-**	**-**	**4,527.70**	**4,527.70**
Other Financial Liabilities excluding Current Maturities of long term debt	**16 & 22**	**-**	**-**	**3,916.17**	**3,916.17**

The carrying value of financial instruments by categories as at 31st March 2019 were as follows:

₹ Lakhs

Particulars	Note	FVTPL	FVTOCI	Amortised Cost	Total Carrying value
Financial Assets:					
Investments	4	-	1,835.31	-	1,835.31
Trade receivables	8	-	-	7,980.50	7,980.50
Cash and Cash equivalents	9	-	-	68.90	68.90
Other bank balance	10	-	-	720.96	720.96
Loans	5 & 11	-	-	708.95	708.95
Other Financial Assets	12	-	-	55.10	55.10
Financial Liabilities:					
Borrowings	16 & 20			35,437.10	35,437.10
Trade payables	21			2,904.85	2,904.85
Other Financial Liabilities excluding Current Maturities of long term debt	16 & 22			3,283.76	3,283.76

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans,other financial assets, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
Investments in subsidiaries are carried at cost.

37. Fair value measurement

(a) Fair value hierarchy

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(b) Level wise disclosure of financial instruments:

₹ Lakhs

Particulars	As at 31-03-2020				As at 31-03-2019			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
Financial assets measured at fair value through other comprehensive income (FVTOCI)								
Trade Investments in unquoted equity shares	**1,089.26**			**1,089.26**	1,835.31			1,835.31
Financial assets measured at amortised cost								
Trade receivables	**8,930.78**			**-**	7,980.50			-
Cash and Cash equivalents	**35.45**			**-**	68.90			-
Other bank balance	**764.04**			**-**	720.96			-
Loans	**811.16**			**-**	708.95			-
Other Financial Assets	**50.87**			**-**	55.10			-
Financial liabilities measured at amortised cost								
Borrowings	**30,804.90**		**-**		35,437.10		-	
Trade payables	**4,527.70**			**-**	2,904.85			-
Other Financial Liabilities excluding Current Maturities of long term debt	**3,916.17**			**-**	3,283.76			-

The Company has not disclosed the fair values for short term / current financial instruments (such as short term trade receivables, short term trade payables, Current Loans and Short term borrowings etc.,) because their carrying amounts are a reasonable approximation of Fair value.

(c) Measurement of fair values:

The basis of measurement in respect of each class of financial assets and liabilities are disclosed in point no. xv of significant accounting policies.

38. CAPITAL MANAGEMENT:

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

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

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

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

The following table summarizes the capital of the Company:

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Cash and cash equivalents	**35.45**	68.90
Other bank balances	**764.04**	720.96
Total cash (a)	**799.49**	**789.86**
Non-current borrowings	**12,025.14**	14,666.24
Current borrowings	**17,582.51**	17,739.65
Current maturities of non-current borrowings	**1,197.25**	3,031.22
Total borrowings (b)	**30,804.90**	**35,437.11**
Net debt c=(b-a)	**30,005.58**	34,647.25
Total equity (d)	**31,016.01**	**33,565.99**
Gearing ratio (c/d)	**0.97**	**1.03**

39. FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

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

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

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

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

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

1) Market Risk

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

a) Interest Rate Risk

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

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

₹ Lakhs

Particulars	31.03.2020	31.03.2019
Fixed rate borrowings	**-**	-
Floating rate borrowings	**30,804.90**	35,437.10
Total borrowings	**30,804.90**	**35,437.10**
Total Net borrowings	**30,804.90**	35,437.10
Add: Upfront fees	**376.13**	559.76
Total borrowings	**31,181.03**	**35,996.86**

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

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31st March 2020 would decrease / increase by ₹ 301.81 Lakhs (for the year ended 31 March 2019: decrease / increase by ₹ 359.97 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

b) Foreign Currency Risk

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

At the time of borrowing decisions, appropriate sensitivity analysis is carried out for domestic borrowings vis-à-vis overseas borrowings.

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

₹ Lakhs

Particulars	As at March 31, 2020			As at March 31, 2019		
	USD	Euro	GBP	USD	Euro	GBP
Trade Receivables	**2,400.74**	**608.21**	**5.41**	3,351.37	795.95	116.94
Trade Payables	**(490.55)**	**(7.92)**	**-**	(539.57)	(1.01)	-
Packing Credit	**(6,474.74)**	**(214.80)**	**(20.09)**	(4,470.07)	(45.49)	-
Derivatives		**(3,088.89)**		-	(4,479.06)	-
TOTAL	**(4,564.55)**	**(2,703.40)**	**(14.68)**	**(1,658.27)**	**(3,729.61)**	**116.94**

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

₹ Lakhs

Particulars	As at March 31, 2020			As at March 31, 2019		
	USD	Euro	GBP	USD	Euro	GBP
Trade Payables	**-**	**-**	**-**	(839.60)	-	-
Packing Credit	**(1,512.60)**	**-**	**-**	-	-	-

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

₹ Lakhs

Change in Exchange Rate (+5% / -5%)		Effect on PAT	
		2019-20	**2018-19**
USD	+5%	(228.23)	(82.91)
	-5%	228.23	82.91
EURO	+5%	(135.17)	(186.48)
	-5%	135.17	186.48
GBP	+5%	(0.73)	5.85
	-5%	0.73	(5.85)

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

As at	No. of Contracts	Type	USD Equivalent ₹ Lakhs	INR Equivalent ₹ Lakhs
31-Mar-20	**26**	**Buy**	**(20.00)**	**(1,512.60)**
31-Mar-19	6	Buy	(12.14)	(839.60)
	-	Sell	-	-

c) Commodity Price Risk

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

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

₹ Lakhs

Commodity	Increase		Decrease	
	2019-20	2018-19	2019-20	2018-19
Cotton	**(2,099.72)**	(2,448.53)	**2,099.72**	2,448.53

2) Credit Risk

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

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

The average credit period on sales of products is 21 to 70 days. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

3) Liquidity Risk

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

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

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

₹ Lakhs

Particulars	On Demand	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
At 31st March, 2020						
Long term borrowings		**1,383.00**	**12,393.00**	**-**	**13,776.00**	**13,776.00**
Short term borrowings	**17,582.51**	**-**	**-**	**-**	**17,582.51**	**17,582.51**
Trade payables	**-**	**4,527.70**	**-**	**-**	**4,527.70**	**4,527.70**
Derivative financial liabilities		**33.46**	**415.44**	**-**	**448.90**	**448.90**
Other financial liabilities		**4,436.30**	**-**	**-**	**4,436.30**	**4,436.30**
At 31st March, 2019						
Long term borrowings	-	3,255.00	15,226.00	-	18,481.00	18,481.00
Short term borrowings	17,739.65	-	-	-	17,739.65	17,739.65
Trade payables	-	2,904.85	-	-	2,904.85	2,904.85
Derivative financial liabilities	-	42.33	356.73	-	399.06	399.06
Other financial liabilities	-	5,958.25	-	-	5,958.25	5,958.25

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

₹ Lakhs

Particulars	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
At 31st March, 2020					
Investments			**1,089.26**	**1089.26**	**1089.26**
Trade Receivables	**8,930.78**	**-**	**-**	**8930.78**	**8930.78**
Cash and Cash equivalents	**35.45**	**-**	**-**	**35.45**	**35.45**
Bank balances other than Cash and Cash Equivalents	**764.04**	**-**	**-**	**764.04**	**764.04**
Loans	**56.31**	**-**	**-**	**56.31**	**56.31**
Others	**50.87**	**-**	**-**	**50.87**	**50.87**
At 31st March, 2019					
Investments			1835.31	1835.31	1835.31
Trade Receivables	7,980.50	-	-	7,980.50	7,980.50
Cash and Cash equivalents	68.90	-	-	68.90	68.90
Bank balances other than Cash and Cash Equivalents	720.96	-	-	720.96	720.96
Loans	54.72	-	-	54.72	54.72
Others	55.10	-	-	55.10	55.10

₹ Lakhs

	As at 31st Mar 2020	As at 31st Mar 2019
40. Estimated amount of contracts remaining to be executed on capital account and not provided for	136.65	55.71

41. Contingent Liabilities:

	As at 31st Mar 2020	As at 31st Mar 2019
Contingent liabilities in respect of :		
Bills discounted	639.23	885.90
Guarantees	219.21	278.36
Letters of credit outstanding	1,230.46	-
Contingent liabilities under litigation :		
Disputed Statutory Liabilities not provided for	271.06	1270.77
Disputed Other Liabilities not provided for	66.65	74.52

42. Power and Fuel is net of wind power income of ₹ 211.09 lakhs (PY ₹ 208.19 lakhs) representing power supplied to the grid against which equivalent consumption was made in house

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

₹ Lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in:		
Principal amount due to micro, small and medium enterprises	**80.87**	97.13
Interest due on above	**4.66**	-
Total	**85.53**	97.13
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond appointed day.	**-**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	**4.66**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act, 2006.	**-**	-
The Company has disclosed the suppliers who have registered themselves under "Micro, Small and Medium Enterprises Development Act, 2006" to the extent they have identified on the basis of information available with the Company in respect of the registration status of its vendors.		

44. Disclosure relating to the exchange gain / loss arising out of restatement of long term foreign currency monetary items.

₹ Lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
a. Exchange difference capitalized during the year	**-**	-
b. Depreciation provision charged to Profit & loss a/c thereon	**23.42**	23.26
c. Exchange difference pertaining to assets sold during the year	**-**	-
c. Remaining amount to be amortized*	**245.04**	268.46

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

45. Corporate Social Responsibility:

The average net profit of the immediately proceeding three financial years is negative, accordingly, the company is not mandated to spend any amount towards CSR activitities for the financial year 2019-20.

46. Foreign Exchange gain / (loss) (net) includes foreign exchange gain / (loss) arising out of restatement of foreign currency assets / liabilities / derivatives amounting to ₹ (20.34) lakhs (PY - ₹ 39.46 lakhs)

47. Related Party Disclosure :

List of related parties with whom transactions have taken place

Holding Co : Nil, Subsidiaries: Nil

Key Management Personnel (KMP) : Mr. Ashwin Chandran (Chairman and Managing Director), Mr. Prashanth Chandran (Vice Chairman & Managing Director) , Mr.T.Kumar (Executive Director), Mr.Sumanth Ramamurthi (Non Excecutive Director), Mr.Jairam Varadaraj (Non Excecutive Director), Mr.C.N.Srivatsan (Non Executive Director), Mrs. R.Bhuvaneshwari (Non Executive Director), and Mr.P.Vijay Raghunath (Non Executive Director).

Relative of KMP Mr.Sarath Chandran

Enterprise in which KMP has control : Ashwanth Primarius Enterprises LLP.

Nature of Transactions	FY 2019-20		FY 2018-19	
	KMP	Enterprise in which KMP has control	KMP	Enterprise in which KMP has control
Remuneration	**232.90**	**0.12**	202.88	0.19
Sitting Fees	**6.45**	**-**	7.50	-
Loan received	**-**	**1,000.00**	-	-
Amount Outstanding as at year end - Dr	**-**	**-**	-	-
Amount Outstanding as at year end - Cr	**24.43**	**1,000.00**	-	-

The remuneration to KMP does not include the provision made for gratuity as they are determined on an actuarial basis for the company as a whole.

48. Detailed leasing arrangements:

Effective 1st April, 2019, the company has adopted IND AS 116 " Leases " and applied the standard to all lease contracts existing as on that date using the modified retrospective method, wherein the Right of use asset was created with corresponding lease liability. Accordingly the comparatives here have not been retrospectively adjusted.

Ind AS 116 will result in a increase in cashflows from operating activities and a increase in cash outflows from financing activities on account of Lease Payments.
The following is the reconciliation in Lease Liabilities during the year ended 31st March 2020:

₹ Lakhs

Particulars	Land	Building	Total
Opening Balance	-	-	-
Addition on account of IND AS 116 as on 01.04.2019	-	-	-
Addition during the year	-	387.85	387.85
Finance Cost accrued during the period	-	8.95	8.95
Less :Payment of Lease Liabilities	-	28.52	28.52
Total	**-**	**368.28**	**368.28**
The following is the breakup of non-current and current Lease Liabilities as at 31st March 2020:			
Non-current	-	261.67	261.67
Current	-	106.60	106.60
Amount recognised in Statement of Profit & Loss for the year ended 31st March 2020			
Interest expense on lease liabilities		8.95	8.95
Depreciation on Right of use assets	30.50	24.43	54.93

Maturity analysis of lease liabilities

₹ Lakhs

Particulars	Within 1 year	1 to 5 years	> 5 years
Land	-	-	-
Building	106.60	261.67	-

₹ Lakhs

Details in relation to short term leases / low value assets	31.03.2020	31.03.2019
Expenses relating to short term Leases	**15.15**	-
Expenses relating to leases of low value assets	**8.51**	-
Total cash out flow for leases	**52.18**	-

49. Operating Segments

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

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

a) Revenue from Operations

₹ Lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Within India	**42,531.17**	47,376.26
Outside India	**27,123.46**	28,317.68
Total	**69,654.63**	**75,693.94**

b) Non Current Assets:

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

50. Power and Fuel is net of wind power income of ₹ 211.09 lakhs (PY ₹ 208.19 lakhs) representing power supplied to the grid against which equivalent consumption was made in house

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

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

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

Particulars	As at 31 March 2020	Maximum balance outstanding during the year	Investments by the loanee in the shares of Parent Company
Loans and Advances in the nature of loans given to subsidiaries	-	-	-

53. Additional information as required under Schedule III to the Companies Act, 2013 of entities Consolidated as Subsidiaries

₹ Lakhs

Name of the Entity	Net Assets		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount ₹ Lakhs	As a % of Consolidated Total Comprehensive Income	Amount ₹ Lakhs
Parent Company				
Precot Meridian Limited	**92.46%**	**28,675.91**	100.00%	(2,549.98)
Subsidiaries				
Suprem Associates	**7.54%**	**2,340.00**	-	-

54. The outbreak of Covid-19 pandemic is causing significant disturbance and slowdown of economic activities globally. The management has considered the possible effects that may result from the pandemic on the recoverability/carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets. The management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on Company's assets in future may differ from that estimated as at the date of approval of these financial Statements.

55. 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.

56. All figures are in lakhs unless otherwise stated and rounded off to the nearest two decimals.

Vide our report of even date attached	For and on behalf of the Board of Directors	
For VKS Aiyer & Co		
Chartered Accountants	**Ashwin Chandran**	**A P Ramkumar**
ICAI Firm Reg No. 000066S	Chairman and Managing Director	Chief Financial Officer
V S Srinivasan	(DIN: 00001884)	
Partner		
Membership No: 13729	**Prashanth Chandran**	**S.Kavitha**
	Vice Chariman and Managing Director	Company Secretary
Place : Coimbatore	(DIN: 01909559)	(FCS No.8710)
Date : 26-June-2020		

Notice is hereby given that the 58th Annual General Meeting of the shareholders of the company will be held on, Thursday, 24th September 2020 at 4.00 PM through Video Conference ("VC") / Other Audio Visual Means ("OAVM") ("hereinafter referred to as "electronic mode") to transact the following business:

Ordinary Business:

1. **Adoption of financial statements**

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

   RESOLVED that the financial statements of the company for the year ended 31st March 2020 including audited balance sheet as at 31st March 2020, 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. Appointment of Director in the place of **Mr T Kumar (DIN: 07826033),** who retires by rotation and being eligible, seeks re-appointment

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

   RESOLVED that pursuant to the provisions of section 152 and other applicable provisions, if any, of the Companies Act, 2013, approval of the members of the company be and is hereby accorded to the re-appointment of Mr T Kumar (DIN: 07826033) as a Director.

   Special Business:

3. **Reappointment of Mr Ashwin Chandran (DIN :00001884) as Chairman and Managing Director**

   To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

   RESOLVED that pursuant to the provisions of sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) there of for the time being in force) and SEBI (LODR) Regulations, 2015, Mr. Ashwin Chandran (DIN :00001884), be and is hereby reappointed as the Chairman and Managing Director of the company, for a term of three years from 1st April, 2020 to 31st March, 2023 and whose office is liable to retirement by rotation, on the following terms and conditions:

I. **Salary:** Rs. 3,63,000 per month

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

III. **Perquisites and Allowances**

1. Housing - Unfurnished rent free accommodation with amenities will be provided by the company.
2. Special Allowance - 50% of the Salary
3. The following perquisites shall be allowed subject to a maximum of 50% of the Salary.

   a. Reimbursement of medical expenses incurred for self and their family.

   b. Leave travel concession for self and their family.

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

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

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

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

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

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

   RESOLVED FURTHER THAT the Board of Directors or Key Managerial Personnel of the Company be and are hereby authorised to do all such acts, deeds, things and execute all such documents, instruments and file forms as may be required and to give effect to this resolution.

4. **Reappointment of Mr Prashanth Chandran (DIN :01909559) as Vice Chairman and Managing Director**

   To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

   RESOLVED that pursuant to the provisions of sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) thereof for the time being in force) and SEBI (LODR) Regulations, 2015, Mr. Prashanth Chandran (DIN :01909559), be and is hereby reappointed as the Vice Chairman and Managing Director of the company, for a term of three years from 1st April, 2020 to 31st March, 2023 and whose office is liable to retirement by rotation, on the following terms and conditions:

I. **Salary**: Rs. 3,02,500 per month

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

III. **Perquisites and Allowances**

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

   In any year, if the perquisites specified in Clause (3) are not availed in full, the unutilized portion of the limit shall be encashed at the end of the respective year.
4. Provision of telephones with internet facilities and cars with driver.

   He shall also be eligible for the following benefits which shall not be included in the computation of ceiling on the remuneration.
5. Contribution to Provident Fund as per the rules of the company to the extent these either singly or put together are not taxable under the Income Tax Act.
6. Payment of Gratuity at the end of the tenure not exceeding 15 days salary for each completed year of service or at the rate as may be notified by the Government from time to time.

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

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

RESOLVED FURTHER THAT the Board of Directors or Key Managerial Personnel of the Company be and are hereby authorised to do all such acts, deeds, things and execute all such documents, instruments and file forms as may be required and to give effect to this resolution.

5. **Reappointment of Mr T Kumar (DIN :07826033) as Executive Director**

   To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

   RESOLVED that pursuant to the provisions of sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) thereof for the time being in force) and SEBI (LODR) Regulations, 2015, Mr T Kumar (DIN :07826033), be and is hereby reappointed as the Executive Director of the company, for a term of three years from 1st April, 2020 to 31st March, 2023 and whose office is liable to retirement by rotation, on the following terms and conditions:

I. **Salary:** Rs. 2,50,000 per month

II. **Commission:** 0.50% of the net profit computed in accordance with section 198 of the Act.

III. **Perquisites and Allowances**

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

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

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

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

4. Contribution to Provident Fund as per the rules of the company to the extent these either singly or put together are not taxable under the Income Tax Act.

5. Payment of Gratuity at the end of the tenure not exceeding 15 days salary for each completed year of service or at the rate as may be notified by the Government from time to time.

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

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

RESOLVED FURTHER THAT the Board of Directors or Key Managerial Personnel of the Company be and are hereby authorised to do all such acts, deeds, things and execute all such documents, instruments and file forms as may be required and to give effect to this resolution.

6. Reappointment of Mr Sarath Chandran as Mentor

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

RESOLVED that pursuant to the provisions of section 188 and other applicable provisions of the Companies Act, 2013 ('the Act') including any statutory modifications or re-enactments thereof for the time being in force and SEBI (LODR) Regulations 2015, the consent of the members, be and is hereby accorded to reappoint Mr Sarath Chandran, who is a relative of Mr Ashwin Chandran, Chairman and Managing Director and Mr Prashanth Chandran, Vice Chairman and Managing Director, as a Mentor of the company, for a period of 3 years effective from 01-Apr-2020 to 31-Mar-2023, on the following terms and conditions:

I. **Perquisites:**

a) Unfurnished rent free accommodation with amenities will be provided by the company.

b) He shall be entitled to reimbursement of medical expenses for self and his family, company maintained cars, driver and telephones with internet facilities.

II. **Commission:** 1.00% of the net profit of the company, computed in accordance with section 198 of the Act. However the monetary value of such perquisites and commission determined in accordance with the Income Tax Rules or other applicable provisions, shall not exceed Rs. 30.00 lakhs per annum.

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

7. Ratification of remuneration payable to cost auditor

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

RESOLVED that pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 3.00 lakhs, in addition to reimbursement of travel and out-of-pocket expenses, payable to Mr R Krishnan, Cost Accountant (Associate regn. no. 7799), who was appointed as Cost Auditor of the Company to conduct the audit of the cost records for the financial year 2020-21 as recommended by the Audit Committee and approved by the Board of Directors of the Company, be and is hereby ratified.

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

By order of the Board

Coimbatore
26-Jun-2020

S Kavitha
Company Secretary

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20 dated May 5, 2020 read with Circular No. 14 dated April 8, 2020 and Circular No. 17 dated April 13, 2020 (hereinafter collectively referred to as "MCA Circulars") permitted the holding of Annual General Meeting through VC or OAVM without the physical presence of Members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual General Meeting of the Members of the Company is being held through VC/OAVM.

2. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.

3. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to gsmishra.1977@gmail.com, with copies marked to the Company at kavitha@precot.com and to its RTA at enotices@linkintime.co.in,

4. The Register of Members and Share Transfer books of the Company will remain closed from 18th Sep,2020 to 24th Sep,2020 (both days inclusive).

5. The explanatory statement pursuant to section 102 of the Act, with respect to Special Businesses set out in the Item Nos. 3 to 7 above are annexed hereto.

6. Pursuant to the provisions of section 124 of the Act, dividends remaining unclaimed for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government in accordance with the provisions of section 125 of the Act. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 19th Sep 2019 (date of last Annual General Meeting) on the website of the company http://www.precot.com/investorrelations/ as also on the website of the Ministry of Corporate Affairs. Members who have not encashed their dividend pertaining to the year 2013-14 and/or any subsequent years that still remains outstanding should approach the company or Link Intime India Private Limited, the registrar and share transfer agent, for obtaining payments thereof.

   During the financial year 2021-22, the company will transfer unclaimed dividend for the financial year 2013-14 to the IEPF.

   Members are requested to note that all shares in respect of which dividend remain unpaid or unclaimed for seven consecutive years or more, are required to be transferred to the Investor Education and Protection Fund (IEPF) Account.

7. Members holding shares in physical form are requested to intimate, indicating their folio number, the changes, if any, in their registered addresses, either to the company or its registrar and share transfer agent Link Intime India Private Limited.

8. 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.

9. Members who hold shares in physical form in multiple accounts in identical names or joint accounts in the same order of names are requested to send the share certificates to the company's registrar and share transfer agent, Link Intime India Private Limited for consolidation into a single account.

10. The Notice of the Annual General Meeting along with the Annual Report for the financial year 2019-20 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated May 12, 2020. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2019-20 will also be available on the Company's website http://www.precot.com/investor-relations/; websites of the National Stock Exchange of India Ltd at www.nseindia.com. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.

11. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.

12. Registration of email ID and Bank Account details:

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

(Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents and submit. **OR**

(ii) In the case of Shares held in Demat mode:

The shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

13. 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.

14. In compliance with section 108 of the Companies Act, 2013, rule 20 of the Companies (Management and Administration) amendment rules, 2015, and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Link Intime India Private Limited.

BGSMISHRA & Associates Company Secretary LLP have been appointed as the scrutinizer to scrutinize remote e-voting process in a fair and transparent manner. The results of e-voting along with casting voting at the Annual General Meeting to be held on 24th September, 2020 will be announced by the Chairman of the meeting within 48 hours of the Annual General Meeting. The results of the voting will be hosted on the website of the company, i.e., www.precot.com, website of Link Intime India Private Limited and will also be intimated to stock exchange after declaration of results by the Chairman.

<u>Instructions for Shareholders/Members to Attend the Annual General Meeting through InstaMeet:</u>

The voting period begins at 10.00 AM on 21-Sep-2020 and ends at 5.00 PM on 23-Sep-2020. During this period shareholders of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date 17-Sep-2020, may cast their vote electronically. The e-voting module shall be disabled by Link Intime India Private Limited for voting thereafter.

1. Visit the e-voting system of LIIPL. Open web browser by typing the following URL: https://instavote.linkintime.co.in.

2. Click on "Login" tab, available under 'Shareholders' section.

3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".

4. Your User ID details are given below:

a) Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID

b) Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID

c) Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

5. Your Password details are given below:

If you are using e-Voting system of LIIPL: https://instavote.linkintime.co.in for the first time or if you are holding shares in physical form, you need to follow the steps given below :

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

	For members holding shares in demat form and physical form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is shared to Members.
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.

Dividend Bank Details	Enter the Dividend Bank Details (Last 4 digits) as recorded in your demat account or in the company records for the said demat account or folio number. Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (iv-c).

If you are holding shares in demat form and had registered on to e-Voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password :

Click Forgot Password, Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered email address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE : The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for evoting platform of LIIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

❖ **Cast your vote electronically**

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.

7. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

   Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

   Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

8. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.

9. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.

10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

11. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

❖ **General Guidelines for shareholders:**

❖ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIIPL: https://instavote.linkintime.co.in and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

  They are also required to upload a scanned certified true copy of the board resolution/authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

❖ During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".

❖ Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

❖ In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or write an email to enotices@linkintime.co.in or Call us :- Tel : 022 -49186000.

Instructions for Shareholders/Members to attend the Annual General Meeting through InstaMeet (VC/OAVM) are as under:

1. Shareholders/Members are entitled to attend the Annual General Meeting through VC/OAVM provided by Link

Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.

2. Shareholders/Members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the Annual General Meeting. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chair Persons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis. Members can log in and join 15 (fifteen) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time. Participation is restricted upto 1000 members only.

3. Shareholders/ Members will be provided with InstaMeet facility wherein Shareholders/ Member shall register their details and attend the Annual General Meeting as under:

i. Open the internet browser and launch the URL for InstaMeet <<https://instameet.linkintime.co.in>> and register with your following details:

a. DP ID / Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID / Client ID or Beneficiary ID or Folio Number registered with the Company

b. PAN: Enter your 10 digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant(DP)/Company shall use the sequence Number provided to you, if applicable)

c. Mobile No. Enter your Mobile Number

d. Email ID

ii. Click "Go to Meeting"

Note:

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to instameet@linkintime.co.in or Call us: - Tel : (022-49186175)

InstaMeet Support Desk

Link Intime India Private Limited

<u>Instructions for Shareholders/Members to register themselves as Speakers during Annual General Meeting:</u>

Shareholders/ Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at secretary@precot.com from 21.09.2020, 3.00 p.m to 22.09.2020 3.00 p.m

The first Speakers on first come basis will only be allowed to express their views/ask questions during the meeting.

Shareholders/ Members, who would like to ask questions, may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.

Note:

Those shareholders/members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.

Shareholders/ Members should allow to use camera and are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

<u>Instructions for Shareholders/Members to Vote during the Annual General Meeting through InstaMeet:</u>

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote".

2. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet and click on **'Submit'.**

3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired.

   Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.

6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

   Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to instameet@linkintime.co.in or Call us: - Tel : (022-49186175)

InstaMeet Support Desk

Link Intime India Private Limited

By order of the Board

Coimbatore
26-Jun-2020

S Kavitha
Company Secretary

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

Item 3 ,4 & 5

The Board of Directors, at their meeting held on 24th March 2020 on the recommendation of the Nomination Remuneration Committee based on the performance evaluation, education qualification, skills, experience and exposure in the Textile Industry, subject to the approval of shareholders have reappointed, Mr Ashwin Chandran, Mr Prashanth Chandran, and T Kumar as the Chairman & Managing Director , Vice Chairman & Managing Director and Executive Director, respectively, of the company for a period of three years, effective from 1st April, 2020 to 31st March, 2023, on the remuneration set out in the resolution.

Mr Ashwin Chandran, 44 years of age, B Sc (Hons), MBA, is a director of the company since 2003. He is having more than twenty two years of experience in the textile industry. He is also a director in Kovilpatti Lakshmi Roller Flour Mills Limited, The Cotton Textiles Export Promotion Council, ND Welfare Foundation, Confederation of Indian Textile Industry and Textile Sector Skill Council. He is a Chairman of the Corporate Social Responsibility Committee and member in Stakeholders Relationship Committee, Risk Management Committee and Finance Committee of the Board of the company. He holds 23,07,987 nos. of equity shares of ₹ 10 each of the company.

During the year 2019-20 he attended 6 board meetings of the Company. The remuneration for the year 2019-2020 is ₹ 92.35 lakhs.

Mr Prashanth Chandran, 39 years of age, B. Engg., is a director of the company since 2010. He is having more than Fifteen years of experience in the textile industry. He is also a director in N D Welfare Foundation.

He holds 19,72,411 nos. of equity shares of ₹ 10 each of the company. During the year 2019-20 he attended 6 board meetings of the Company.

During the year 2019-20 he attended 6 board meetings of the Company. The remuneration for the year 2019-20 is ₹ 76.96 lakhs.

Mr T Kumar, 51 years of age, holds a Diploma in Textile Technology. He has over 32 years of experience in the textile industry and does not hold directorship in any other company. He does not hold any shares of the company. His appointment is liable to retirement by rotation.

During the year 2019-20 he attended 5 board meetings of the Company. The remuneration for the year 2019-20 is ₹ 63.60 lakhs.

The Board considers that their educational qualification, experience & exposure would be of immense benefit to the company and it is desirable to avail services of Mr Ashwin Chandran, Mr Prashanth Chandran, and T Kumar as the Chairman & Managing Director , Vice Chairman & Managing Director and Executive Director, respectively.

Accordingly, the resolutions at Item No. 3, 4 & 5 are proposed for your approval. The Nomination and Remuneration committee and the Board recommends approval of the members for the same.

Mr Ashwin Chandran and Mr Prashanth Chandran are related to each other.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr Ashwin Chandran and Mr Prashanth Chandran, are in any way interested or concerned, financially or otherwise in the resolution nos 3 & 4. This Explanatory Statement may also be regarded as a disclosure under SEBI Listing regulations.

Item 6

Keeping in view of the present business conditions, it was felt that the company would require his continued expertise to support the business operations. He has agreed to continue in the company as a Mentor. Since he has refused to accept any monthly remuneration, he will be provided with commission and perquisites as detailed in the said resolution, effective from 01-Apr-2020. The commission shall be paid only out of the profits of the company.

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

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

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

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr Ashwin Chandran and Mr Prashanth Chandran, are in any way interested or concerned, financially or otherwise in this resolution .

Item 7

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditor to conduct the audit of the cost records of the company for the financial year ending 31st March, 2021.

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. 7 of the notice, for ratification of the remuneration payable to the cost auditor for the financial year ending 31st March, 2021. Board of Directors recommends the resolution for approval of the members.

None of the Directors or Key Managerial Personnel of the company or their relatives, is concerned or interested in the resolution.

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

I. General Information:

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

Particulars	2019-20	2018-19
	Amount (₹ in Lakhs)	
Sales and other Income	73,052	79,641
Profit before Tax and depreciation	1,978	2,310
Profit after Tax	(1652)	(827)
Paid up Equity Capital	1,200	1,200
Reserves and Surplus	27,476	30,026
Basic Earnings per share	(14)	(7)

5. Foreign investments and collaborators, if any : Nil

II. Information about the Appointee:

Mr Ashwin Chandran

Back ground details : Mr Ashwin Chandran, aged 44, is an industrialist, having 22 years experience in the Textile industry.

1. Past remuneration : ₹ 3,63,000/- per month and commission up to 1.5% of Net Profit plus Allowances and Perquisites.
2. Recognition or awards : B.Sc (Hons) and MBA.
3. Job profile and his suitability : Mr Ashwin Chandran is the Chairman and Managing Director of the company and 19 years in the field of Textile.
4. Remuneration Proposed : Refer Resolution No. 3.
5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.
6. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any : Mr Ashwin Chandran is related to Mr Prashanth Chandran.

Mr Prashanth Chandran

1. Back ground details : Mr Prashanth Chandran, aged 39, is an industrialist, having 15 years experience in the Textile industry.
2. Past remuneration: ₹ 3,02,500/- per month and commission up to 1.5% of Net Profit plus Allowances and Perquisites.
3. Recognition or awards : B. Engg
4. Job profile and his suitability : Mr Prashanth Chandran is the Vice Chairman and Managing Director of the company and 15 years in the field of Textile.
5. Remuneration Proposed : Refer Resolution No.4.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person : Taking into consideration the size of the company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.
7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any : Mr Prashanth Chandran is related to Mr Ashwin Chandran.

Mr T Kumar

1. Back ground details : Mr T Kumar, 51 years of age, holds a Diploma in Textile Technology (DTT). He has over 32 years of experience in the textile industry and does not hold directorship in any other company.
2. Past remuneration: ₹ 2,50,000/- per month and commission up to 0.5% of Net Profit plus Allowances and Perquisites.
3. Recognition or awards: DTT
4. Job profile and his suitability: Mr T Kumar has over 32 years of experience in the textile industry
5. Remuneration Proposed: Refer resolution no. 5.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Taking into consideration the size of the company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.
7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Mr T Kumar is not related to any of the managerial personnel of the company.

III. Other Information :

1. Reasons of loss or inadequate profits: Details provided under Directors report and Management Analysis forming part of Annual Report 2019-20.
2. Steps taken or proposed to be taken for improvement: Details provided under Directors report and Management Analysis forming part of Annual Report 2019-20.
3. Expected increase in productivity and profits in measurable terms: The company expects to see growth in turnover of at least 10% and proportionate increase in the profitability.

IV. Disclosures:

1. The shareholders of the company shall be informed of the remuneration package of the managerial person: Disclosed
2. The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report:

a All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the Directors: Disclosed.

b Details of fixed component and performance linked incentives along with the performance criteria: Disclosed

c Service contracts, notice period, severance fees: Disclosed

d Stock option details: The Company has not issued any Stock option

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

Corporate Identification Number (CIN) : L17111TZ1962PLC001183

Registered Office :
SF No.559/4, D Block, 4th Floor,
Hanudev Info Park, Nava India Road,
Udaiyampalayam,Coimbatore -641028
Tamil Nadu, India
Phone : 0422-4321100;
Fax : 0422-4321200
Email : secretary@precot.com
Website : www.precot.com

By order of the Board

Coimbatore — **S Kavitha**
26-Jun-2020 — Company Secretary

If undelivered please return to :

Precot Meridian Limited

(CIN : L17111TZ1962PLC001183)

D Block, 4th Floor, Hanudev Info Park

Nava India Road, Udaiyampalayam, Coimbatore - 641028.

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

www.graphicssystems.in