

**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 2018-19, the board of directors met six times at the registered office of the company on 21-May-2018, 22-Jun-2018, 02-Aug-2018, 09-Nov-2018, 08-Feb-2019 and 22-Mar-2019. The last annual general meeting (AGM) was held on 07-Sep-2018.

**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	6	No	5	2	1	Super Spinning Mills Limited (Executive Director)
Dr Jairam Varadaraj (DIN:00003361)	Non-Executive - Independent	1	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	5	Yes	1	2	3	Rane Engine Valve Limited (Non Executive Independent Director)
Mr Suresh Jagannathan*** (DIN:00011326)	Non-Executive - Independent	1	No	3	5	-	NA
Ms R Bhuvaneshwari (DIN:01628512)	Non-Executive - Independent	4	No	1	4	-	Elgi Rubber Company Limited (Non Executive Independent Director)
Mr T Kumar (DIN:07826033)	Executive - Non Promoter	5	No	-	-	-	-
Mr P Vijay Raghunath (DIN:00002963)	Non Executive - Independent	6	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

\*\*\* Mr Suresh Jagannathan retired from the board on 31-May-2018.

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.

All the Independent Directors have complied the conditions specified under listing regulations and are independent from the management.

**Disclosure of relationships between directors inter-se**

Mr Ashwin Chandran is the brother of Mr Prashanth Chandran and vice versa. None of the other directors are related to each other.

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

The Board members of the Company have the required skills, competencies and expertise that allows them to make effective contribution to the Board and its Committees.

- 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

<b>Name of the director</b>	<b>Qualification</b>	<b>Skills and Expertise</b>
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 law.
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 chairman of the audit committee, Mr C N Srivatsan was present at the last annual general meeting.

The audit committee meetings were held at the registered office of the company and during the year the committee met five times on 21-May-2018, 22-Jun-2018, 02-Aug-2018, 09-Nov-2018 and 08-Feb-2019. The composition of the audit committee and particulars of meetings attended by the members are given below:

<b>Name of the member</b>	<b>Category</b>	<b>No. of meetings attended</b>
Mr C N Srivatsan - Chairman	Non-Executive - Independent	5
Dr Jairam Varadaraj	Non-Executive - Independent	-
Ms R Bhuvaneshwari	Non-Executive - Independent	4
Mr Sumanth Ramamurthi	Non-Executive - Independent	4
Mr P Vijay Raghunath	Non-Executive - Independent	1

The audit committee was reconstituted by the board on 21-May-2018 as follows, Mr C N Srivatsan as Chairman, Dr Jairam Varadaraj, Ms R Bhuvaneshwari, Mr Sumanth Ramamurthi and Mr P Vijay Raghunath. 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 of the company was amended on 22-Mar-2019, pursuant to the amendments in the Companies Act, 2013 and the Listing Regulations with effect from 01-Apr-2019. The 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 21-May-2018 and 15-Mar-2019 at the registered office of the company. Necessary quorum was present for all the meetings. The company secretary acts as the secretary of the committee.

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

<b>Name of the member</b>	<b>Category</b>	<b>No. of meetings attended</b>
Mr C N Srivatsan - Chairman	Non-Executive - Independent	2
Dr Jairam Varadaraj	Non-Executive - Independent	2
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 and Rs.5,000 per meeting for other committee meetings.

#### Performance evaluation criteria for Independent Director

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-2019

The remuneration paid/payable to the executive directors of the company for the year ended 31-Mar-2019, are as under

(₹ in Lakhs)

Name of the director	Salary and perks	Commission	Total	Service contract
Mr Ashwin Chandran Chairman and Managing Director	83.95	-	83.95	01.04.2017 to 31.03.2020
Mr Prashanth Chandran Vice Chairman and Managing Director	69.96	-	69.96	01.04.2017 to 31.03.2020
Mr T Kumar Executive Director	48.97	-	48.97	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	2,45,000	8557
Dr Jairam Varadaraj	40,000	75
Mr C N Srivatsan	1,60,000	-
Mr Suresh Jagannathan*	15,000	-
Ms R Bhuvaneshwari	1,25,000	-
Mr P Vijay Raghunath	1,65,000	-

\*Retired from the board on 31-May-2018

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.

Nine meetings of the stakeholders relationship committee were held during the year under review i.e. 30-Jun-2018, 29-Sep-2018, 12-Oct-2018, 09-Nov-2018, 31-Dec-2018, 04-Jan-2019, 08-Feb-2019, 14-Mar-2019 and 30-Mar-2019. The necessary quorum was present for all the meetings. The company secretary acts as the secretary of the committee.

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

Name of the member	Category	No. of meetings attended
Mr Sumanth Ramamurthi - Chairman	Non-Executive - Independent	9
Mr Ashwin Chandran	Executive - Non Independent	9
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	4	4	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. The committee met once on 22-Mar-2019 during the year under review.

### Terms of reference

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

### 2. Risk management committee

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

The committee comprised of the following members Mr C N Srivatsan, Mr Ashwin Chandran, Mr Prashanth Chandran, Mr M R Siva Shankar and Mr R Nithya Prabhu. The risk management committee was reconstituted by the board on 22-Jun-2018 as follows, Mr Ashwin Chandran as Chairman, Mr C N Srivatsan, Mr Prashanth Chandran, Mr AP 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

In accordance with the provisions of schedule IV of the Companies Act, 2013 and regulation 25 (3) of the listing regulations, a meeting of the independent directors of the company was held on 22-Mar-2019 without the attendance of non-independent directors and members of the management.

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

### Terms and conditions for appointment of independent directors

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

### Familiarisation program for independent directors

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

**Compliance officer**

S Kavitha  
Company Secretary and Compliance Officer

**Address for Correspondence**

Precot Meridian Limited,  
Regd Office: "SUPREM", No. 737, Puliakulam Road,  
Coimbatore – 641045  
Phone: 0422-4321100; FAX: 0422-4321200  
Email: secretary@precot.com; Website: www.precot.com  
CIN: L17111TZ1962PLC001183

**Management analysis report**

The management analysis report forms part of this annual report.

**General body meetings**

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

Details	Dates and time	Special Resolutions
2016, 54 <sup>th</sup> AGM	02-Sep-2016 at 4.30 pm	Nil
2017, 55 <sup>th</sup> AGM	05-Sep-2017 at 4.30 pm	<ol style="list-style-type: none"> <li>1. Appointment of Mr Ashwin Chandran (DIN: 00001884) as Chairman and Managing Director</li> <li>2. Appointment of Mr Prashanth Chandran (DIN: 01909559) as Vice Chairman and Managing Director</li> <li>3. Appointment of Mr T Kumar (DIN: 07826033) as Executive Director and</li> <li>4. Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013</li> </ol>
2018, 56 <sup>th</sup> AGM	07-Sep-2018 at 4.30 pm	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr Sumanth Ramamurthi (DIN: 00002773) as Independent Director</li> <li>2. Re-appointment of Dr Jairam Varadaraj (DIN: 000058056) as Independent Director</li> <li>3. Re-appointment of Mr C N Srivatsan (DIN: 00002194) as Independent Director</li> <li>4. Re-appointment of Ms R Bhuvaneshwari (DIN: 01628512) as Independent Director</li> </ol>

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

**Code of conduct**

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

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

**Code of conduct for insider trading**

As per SEBI (Prohibition of insider trading) regulations, 2015, the company has adopted a code of conduct for prevention of insider trading 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.

The code has been updated pursuant to the amendments in the SEBI Regulations at the Board Meeting held on 22-Mar-2019 and the same is available on the company's website.

### **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 31<sup>st</sup> March 2020 are as follows. However these dates are subject to change according to availability of directors.

- |   |   |                              |
|---|---|------------------------------|
| 1) First quarter results                  | - | First week of August 2019,   |
| 2) Second quarter and Half yearly results | - | First week of November 2019, |
| 3) Third quarter results                  | - | First week of February 2020, |
| 4) Fourth and Annual results              | - | Last week of May 2020.       |

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

### **General shareholder information**

Annual general meeting	:	Thursday, 19-September-2019 at 4.30 p.m
Venue	:	Ardra Hall, "Kaanchan", 9 North Huzur Road, Coimbatore - 641 018
Financial year	:	1 <sup>st</sup> April 2018 to 31 <sup>st</sup> March 2019
Date of book closure	:	13-Sept-2019 to 19-Sept-2019
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

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

Month	Prices ( ₹ )		S & P Nifty	
	Low	High	Low	High
April 2018	56.55	65.75	10111.30	10759.00
May 2018	48.50	62.95	10417.80	10929.20
June 2018	43.00	55.50	10550.90	10893.25
July 2018	38.10	45.95	10604.65	11366.00
August 2018	44.40	55.90	11234.95	11760.20
September 2018	48.30	71.95	10850.30	11751.80
October 2018	48.05	62.05	10004.55	11035.65
November 2018	52.05	69.30	10341.90	10922.45
December 2018	55.30	67.00	10333.85	10985.15
January 2019	58.05	66.15	10612.85	10987.45
February 2019	42.05	63.00	10585.65	11118.10
March 2019	43.95	44.80	10817.00	11630.35

Annual listing fee for the financial year 2019-20 was paid to National Stock Exchange of India Limited.

The company has paid custodial fees for the year 2019-20 to National Securities Depository Limited and Central Depository Services (India) Limited.

**Registrar and share transfer agent (for both physical and demat segments)**
**Branch Office:**

M/s Link Intime India Pvt Limited,  
Surya, 35 Mayflower avenue, Senthil Nagar,  
Sowripalayam Road, Coimbatore- 641028.  
Email: coimbatore@linkintime.co.in, Phone: 0422-2314792

**Head office:**

M/s Link Intime India Pvt Limited,  
C-101, 247 Park,  
L B S Marg, Vikhroli (West)  
Mumbai - 400 083.

**Share transfer process:**

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

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

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

**Reconciliation of Share Capital Audit**

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

**Share holding pattern as on 31-Mar-2019:**

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	435333	3.62
Public and others	4227552	35.23
<b>Total</b>	<b>12000000</b>	<b>100.00</b>

**Distribution of shareholding as on 31-Mar-2019:**

Shareholding range	No. of holders	Percentage of holders	No. of shares	Percentage of shares
1-500	4395	79.59	718028	5.98
501-1000	507	9.18	376885	3.14
1001-2000	322	5.83	467340	3.89
2001-3000	91	1.65	223036	1.86
3001-4000	49	0.89	169897	1.42
4001-5000	31	0.56	140436	1.17
5001-10000	69	1.25	494222	4.12
10001 & Above	58	1.05	9410156	78.42
<b>Total</b>	<b>5522</b>	<b>100.00</b>	<b>12000000</b>	<b>100.00</b>

**Dematerialisation status of shares as on 31-Mar-2019:**

Particulars	No. of Shares	% to Share capital
National Securities Depository Limited	9924187	82.70
Central Depository Services (India ) Limited	1528321	12.74
<b>Total</b>	<b>11452508</b>	<b>95.44</b>

With effect from 1<sup>st</sup> April 2019, the share transfer application for transfer of shares in physical form will not be processed by the Company / Registrar and share transfer agent, except in case of transmission or transposition in accordance with amended regulation 40 of SEBI listing regulations 2015.

There are no outstanding GDR/ADR/Warrants or any convertible instruments as on 31<sup>st</sup> March 2019

**Plant locations:**

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

**Address for correspondence:**

Precot Meridian Limited,  
 Secretarial Department,  
 Regd. Office: "SUPREM"  
 No. 737, Green Fields,  
 Puliakulam Road,  
 Coimbatore – 641 045  
 Phone: 0422 - 4321100  
 Email: secretary@precot.com  
 Website: www.precot.com  
 CIN: L17111TZ1962PLC001183

**List of all credit ratings obtained along with revisions during the financial year**

Company has obtained the below rating from CARE during the year 2018-19

S No	Facilities	Rating	Rating Action
1.	Long term bank facilities	CARE BBB-; "Stable"	Reaffirmed
2.	Short term bank facilities	CARE A3	Reaffirmed
3.	Long/ Short term bank facilities	CARE BBB-; "Stable"/ "CARE A3"	Reaffirmed

**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 in below.

Particulars	2018-19
(a) Auditor	10.00
(b) Taxation matters	2.80
(c) Other services - Certification	3.68
(d) For reimbursement of expenses	0.90
	17.38

₹ Lakhs

**Significant Changes In Key Financial Ratios For The Financial Year 2017-18 and 2018-19**

There is no significant changes in the Key financial ratios except operating profit margin. It has increased from 2.92% to 7.26% due to better performance of both spinning and technical textile 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 -1.8 % to -2.6% 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-2019.
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-2019 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.

Coimbatore  
22-May-2019

By order of the Board  
**Ashwin Chandran**  
Chairman & Managing Director