



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF SALONA COTSPIN LIMITED

Report on the audit of Annual Financial Results

Opinion

We have audited the accompanying annual Standalone financial results of **Salona Cotspin Limited** (hereinafter referred to as the "Company") for the year ended March 31,2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid annual financial results:

- a. are presented in accordance with the requirements of Regulations 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the year ended March 31,2020.

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 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Annual financial Results 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 financial statements under the provisions of the Act, and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the annual financial results.

Management's and Board of Director's Responsibilities for the Annual Financial Results

These annual financial have been prepared on the basis of the annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these annual financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and



measurement principles laid down in Indian Accounting standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the annual financial results, the Management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual financial Results

Our objectives are to obtain reasonable assurance about whether the annual financial results 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 annual financial results.

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 annual financial results, 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 through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to 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 in the financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 appropriateness of this assumption .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 annual financial results 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 annual financial results including the disclosures, and whether the annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Other Matters

The annual financial results include the results for the quarter ended March 31,2020 being the balancing figure between the audited figures in respect of the full financial year and published unaudited year to date figures up to the third quarter of the current financial year which were subjected to limited review.

For Gopalaiyer and Subramanian

Chartered Accountants

(Firm Regn No : 000960S)

R. Mahadevan

R. Mahadevan

Partner

Membership No :27497

Place : Coimbatore

Date : ~~24/06/2020~~ 25/06/2020



UDIN: 20027497 AAAAEB4372

SALONA COTSPIN LIMITED
CIN L17111TZ1994PLC004797

Regd. Office : S.F.No. 74/12 & 75/3, Sathy Main Road, Pungampalli Village, Valipalayam Post
 Sathy Taluk, Erode District. Pin No. 638 402

PART I

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020

(Rs.in Lakh)

Sl No.	PARTICULARS	QUARTER ENDED		YEAR ENDED	
		31.03.2020 (Audited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)	31.03.2019 (Audited)
I	Income from Operations :				
	Revenue from Operations	3,706.99	2,544.81	2,667.89	13,287.01
II	Other Income	6.87	0.70	0.51	10.32
	Total Income	3,713.86	2,545.51	2,668.40	13,297.33
III	Expenditure				
	a) Cost of Materials consumed	1,370.54	1,398.66	1,668.36	6,396.25
	b) Purchases of Stock in trade	1,052.09	233.58	290.33	3,481.21
	c) Changes in Inventories of Finished goods/WIP/Stock in Trade	375.41	(135.61)	(167.72)	(568.75)
	d) Employees benefit expenses	136.08	188.15	157.50	661.51
	e) Finance costs	93.48	85.45	127.26	401.11
	f) Depreciation and Amortisation expenses	32.63	77.33	27.85	384.98
	g) Other Expenditure	616.36	663.55	587.49	2,310.91
	g) Total expenditure	3,676.59	2,511.11	2,691.07	13,067.22
IV	Profit/(Loss) before exceptional items and Tax	37.27	34.40	(22.67)	230.11
V	Exceptional items	-	-	-	-
VI	Profit/(Loss) from ordinary activities before Tax (5-6)	37.27	34.40	(22.67)	230.11
VII	Tax expense	(0.14)	7.05	(2.99)	51.41
	Current Tax	41.36	-	15.67	15.67
	Deferred Tax	(3.95)	27.35	(35.35)	163.03
VIII	Net Profit/(Loss) from ordinary activities after Tax(9-10)	(2.51)	(0.17)	4.62	4.60
IX	Other Comprehensive Income				
X	Total Comprehensive Income for the period (Comprising Profit/(Loss) for the period (after Tax) and other Comprehensive Income (after Tax)	(6.46)	27.18	(30.73)	167.63
XI	Paid up Equity Share Capital (Face value Rs 10/- each)	526.24	526.24	526.24	526.24
XII	Earnings per Share				
	i) Basic	-0.08	0.52	-0.67	2.23
	ii) Diluted	-0.08	0.52	-0.67	2.23

PART II

SELECT INFORMATION FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020

Sl No.	PARTICULARS	QUARTER ENDED		YEAR ENDED	
		31.03.2020 (Audited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)	31.03.2019 (Audited)
A	PARTICULARS OF SHAREHOLDING				
1	Public shareholding	1945048	1987044	2006944	2006944
	- Number of shares	36.96%	37.76%	38.14%	38.14%
	- Percentage of shareholding				
2	Promoters and Promoter Group Shareholding				
	(a) Pledge/Encumbered	0	0	0	0
	- Number of Shares	0	0	0	0
	- Percentage of shares promoter group)	0	0	0	0
	- Percentage of shares (as a % of the total share capital of the Company)				
	(b) Non-encumbered				
	- Number of Shares	3317352	3275356	3255456	3255456
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the Company)	63.04%	62.24%	61.86%	61.86%

Particulars	31.03.2020
B INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	- Nil -
Received during the quarter	- Nil -
Disposed of during the quarter	- Nil -
Remaining unresolved at the end of the quarter	- Nil -

SALONA COTSPIN LIMITED
STATEMENT OF ASSETS AND LIABILITIES

(Rs.in Lakh)

Particulars	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
ASSETS		
(1) Non -Current Assets		
(a) Property, Plant and Equipment	2382.60	2561.78
(b) Capital Work-in-progress	0.00	59.52
(c) Investment Property	-	-
(d) Intangible assets	9.85	12.68
(e) Financial Assets		
(i) Investments	0.72	23.86
(f) Other Non-Current Assets	235.13	160.89
Total Non-Current Assets	2628.30	2818.73
(2) Current Assets		
(a) Inventories	3666.40	3710.98
(b) Financial Assets		
(i) Trade Receivables	1350.67	1820.31
(ii) Cash & Cash equivalents	19.24	7.66
(iii) Other Bank Balances	37.46	9.05
(iv) Other Financial Assets	136.73	155.37
(c) Other Current Assets	492.32	467.96
Total Current Assets	5702.82	6171.33
TOTAL ASSETS	8331.12	8990.06
EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity Share Capital	532.89	532.89
(b) Other Equity	2675.95	2599.34
Total Equity	3208.84	3132.23
(2) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	651.17	867.53
(b) Provisions	62.99	56.99
(c) Deferred Tax Liabilities (Net)	121.40	80.04
(d) Other Non Current Liabilities		-
Total Non-Current Liabilities	835.56	1004.56
(3) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	3146.40	3910.25
(ii) Trade Payables	667.67	396.23
(b) Other Current Liabilities	456.41	529.97
(c) Provisions	16.24	16.82
Total Current Liabilities	4286.72	4853.27
TOTAL EQUITY AND LIABILITIES	8331.12	8990.06

NOTES :

- 1 The Company has only one business segment in operation. i.e. Textile Business. Hence segment wise reporting is not applicable.
- 2 The figures for the quarters ended March 31, 2020 and March 31, 2019 are the balancing figures between the audited figures in respect of the full financial years and the published unaudited year-to-date figures up to the third quarter of the respective financial years, which were subjected to limited review.
- 3 Previous period/Year's figures have been re-grouped/re-casted wherever necessary to make them comparable.
- 4 The Company Adopted Indian Accounting Standards (IND AS) from April 1st, 2017 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the IND AS 34 "Interim Financial Reporting" prescribed Under Sec. 133 of the Companies Act, 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India.
- 5 The management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs in accordance with the IND AS
- 6 The above audited financial results were reviewed by the Audit committee and approved by the Board of Directors at their meeting held on 25th June 2020
- 7 These financial results have been prepared in accordance with Indian Accounting Standard ("Ind AS") prescribed under section 133 of the Companies Act, 2013 read with relevant rules there under and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated July 5, 2016.

Place : Coimbatore

Date : 25th June 2020

BY ORDER OF THE BOARD
For SALONA COTSPIN LIMITED


SHYAMLAL AGARWALA
MANAGING DIRECTOR
DIN 00003055