



Salona  
Cotspin  
LIMITED

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**28<sup>th</sup> Annual Report**

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## **BOARD OF DIRECTORS :**

**Sri Shyamlal Agarwala**  
Managing Director

**Sri Manoj Kumar Jhajharia**  
Joint Managing Director

**Sri Arun Kumar Jhajharia**  
Director

**Sri Dhiresh Jayasi**  
Director

**Smt. Meenakumari. S**  
Director

**Sri Hari Desikan Ganesh**  
Director

## **AUDITORS**

M/s. GOPALAIYER AND SUBRAMANIAN  
Chartered Accountants  
No.4, Guru Govind Singh Road,  
R.S.Puram,  
Coimbatore - 641 002.

## **BANKERS**

Union Bank of India  
CSB Bank Limited  
State Bank of India  
HDFC Bank Limited

## **REGISTERED OFFICE**

SF No.74/12 & 75/3, Sathy Road  
Pungampalli Village,  
Sathyamangalam - 638 402  
Erode District, Tamil Nadu

## **ADMINISTRATIVE OFFICE**

No.9, Ramalinga Nagar  
IV Cross Saibaba Colony  
Coimbatore - 641 011

## **REGISTRAR & SHARE TRANSFER AGENTS**

S.K.D.C. Consultants Limited  
(a Subsidiary of Link Intime India Pvt Ltd)  
"Surya" 35, Mayflower Avenue,  
Behind Senthil Nagar, Sowripalayam Road,  
Coimbatore - 641 028.  
Ph : +91 422 4958995, 2539835/836.

## **WIND MILLS**

Panakudi Village, Radhapuram Taluk  
Sinjuvadi Village, Pollachi Taluk  
Vadambhacherri Village, Palladam Taluk  
Kozhumankondan Village, Palani Taluk

## **SOLAR POWER PLANTS**

Roof Top : Mill Premises -  
SF No.74/12 & 75/3, Sathy Main Road,  
Pungampalli Village, Valipalayam Post, Sathy  
Taluk, Erode District.

Ground Mounting -  
SF No. 31/2, 32/1 & 2 Thaligai Village,  
Namakkal District, Tamil Nadu.



Regd. Office : S.F. No. 74/12 & 75/3, Sathy Road, Pungampalli Village, Sathyamangalam - 638 402

CIN : L17111TZ1994PLC004797 Phone : 0422 - 2454415, 2454416, 2454417

E-mail : info@salonagroup.com

Web : www.salonacotspin.com

## NOTICE OF 28th ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Twenty Eighth Annual General Meeting of the members of the Company will be held on Wednesday **the 28<sup>th</sup> day of September 2022** at 10.00 AM IST through Video Conferencing ("VC") / Other Audio Visual Means ("**OAVM**") to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 including Balance sheet as at 31<sup>st</sup> March, 2022, Statement of Profit and Loss and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2022, - and the Reports of the Board of Directors and Auditors thereon.
2. To Declare Dividend on equity shares
3. To Re-appoint the Statutory Auditors and to fix their remuneration

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

**"RESOLVED** that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, along with the relevant Rules made thereunder, M/s. Gopalaiyer and Subramanian, Chartered Accountants, Coimbatore (Firm registration number: 000960S) be and are hereby reappointed as statutory auditors of the company, to hold office for a second term of Five consecutive years from the conclusion of the 28th AGM until the conclusion of the 33<sup>rd</sup> AGM, at such remuneration as may be agreed upon between the Board of Directors in addition of Goods and Service tax (GST) and the reimbursement actual out of pocket expenses incurred in relation with the audit of accounts of the Company.

### **SPECIAL BUSINESS:**

4. **To - Sri.Arun Kumar Jhajharia, Executive Director, for a Term of 5 years and payment of remuneration to him**

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

**RESOLVED THAT** pursuant to Section 196, 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules

2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) consent of the members of the Company be and is hereby accorded for the appointment of Sri Arun Kumar Jhajharia, Director of the Company for a period of Five years with effect from 01<sup>st</sup> August 2022 and that Sri Arun Kumar Jhajharia, in consideration of his services as Director, during the aforesaid tenure of office, shall be paid the following remuneration:-

1. Salary: Rs. 1,25,000/= (Rupees One Lakh and Twenty-five thousand only) per month to be paid subject to deduction of tax at source.
2. Perquisites:-
  - (i) Gratuity computed at the rate of one half month salary for each year of completed service, payable at the expiry of contracted period of service or extended period of service.
  - (ii) Medical Benefit Reimbursement for amount actually incurred including payment of Mediclaim premium, subject to a ceiling of one month salary per year or three months salary in a block of three years.
  - (iii) Leave Travel Concession For travel on Annual leave, for self and his family (which includes dependent children).
  - (iv) Provision of Car owned and/or maintained by the Company, both for official and personal use.
  - (v) Reimbursement of medical expenses for treatment as inpatient, for self and dependent family members.
  - (vi) To grant special allowance in cash, for an amount representing the difference between annual salary and the aggregate value of perquisites availed as per sub clause No. (i) to (v), which will be paid subject to deduction of tax at source.

**5. To approve the material related party transactions**

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

RESOLVED that pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company's policy on Related Party transaction(s), approval of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with the following entities/companies who are related parties within the meaning of Section 2(76) of the Act and other applicable provisions for purchases and sales of cotton, yarn, fabrics and garments, on such terms and conditions as the Board of Directors may deem fit:

- (a) M/s Shristi Cotspinn Private Limited, Coimbatore
- (b) M/s Salona Spinnintex Private Limited, Coimbatore.
- (c) M/s Sri Sadhyaa Exports Private Limited, Coimbatore

RESOLVED FURTHER THAT the aggregate value of transactions to be entered into shall not exceed Rs.100.00 Crore (One hundred crore only) for the financial year 2022-23, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be only at arm's length basis and in the ordinary course of business of the Company.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to the Audit Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution.

**6. To approve remuneration payable to Cost Auditor and in this regard to consider, if thought fit, to pass the following resolution as an Ordinary Resolution:**

RESOLVED THAT pursuant to Section 148 of the Companies Act 2013, and Companies (Audit and Auditors) Rules 2014, as amended from time to time, appointment made by the Board of Directors of the Company on the recommendation of the Audit Committee, of Sri B. Venkateswar, Cost Accountant, Coimbatore as Cost Auditor for conducting the audit of the Cost records of the Company for the financial year 2022-23 and remuneration of Rs. 25,000/- plus taxes as applicable and reimbursement of out of pocket expenses for the financial year ending 31st March 2023, be and is hereby ratified and confirmed.

**By order of the Board**

**Company Secretary**

**ACS No: 35602**

Place : Coimbatore

Date : 12.08.2022

**Notes:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business of the meeting, is annexed hereto.
2. Since the AGM is being held pursuant to the MCA circulars through VC/OAVM mode, physical attendance of members has been dispensed with, accordingly the facility for appointment of proxies by the members under Section 105 of the Act will not be available for the AGM and hence the proxy form, route map and Attendance Slip have not been sent through this Notice.
3. The Register of the Members and Share Transfer Books of the Company shall remain closed from 22.09.2022 to 28.09.2022 (Both days inclusive) in connection with the Annual General Meeting and for the purpose of payment of dividend, if approved by the members.
4. The dividend as recommended by the Board, if declared at the meeting will be paid to the shareholders subject to applicable TDS within stipulated time as per the Act.
  - (a) Whose names appear on the Register of Members in respect of shares held in physical form as well as in respect of shares held in electronic form as per the details received from the depositories for this purpose as at the close of the business hours on Wednesday, 21.09.2022 and
  - (b) Whose names appear as Beneficial Owners in the list of Beneficial Owners on 21.09.2022 to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

**CDSL e-Voting System – For e-voting and Joining Virtual meetings.**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, , the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at [www.salonacotspin.com](http://www.salonacotspin.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's **General Circular No. 20/2020**, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.

**THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2:** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on Sunday, 25<sup>th</sup> September 2022 at 09.00 A.M. and ends on Tuesday 27<sup>th</sup> September 2022 at 05.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21<sup>st</sup> September 2022 Record Date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type Shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in</li> </ol>



Type Shareholders	Login Method
	the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in Demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	Enter your 10digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. * If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

(vi) After entering these details appropriately, click on “SUBMIT” tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xiii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [bk.scrutiniser@gmail.com](mailto:bk.scrutiniser@gmail.com) and [info@salonagroup.com](mailto:info@salonagroup.com) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

- The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
- The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.

- Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
- Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
- Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- Only those shareholders, who are present in the AGM/EGM through VC/OAVM 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 system available during the EGM/AGM.
- If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company info@salonagroup.com/RTA email id info@skdc-consultants.com**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM NO.3**

M/s. Gopalaiyer and Subramanian, Chartered Accountants, Coimbatore (Firm Registration No. 000960S), Statutory Auditors to the Company were appointed at the 23<sup>rd</sup> AGM held on 27<sup>th</sup> September 2017 for a period of five financial years and they will hold office till the conclusion of the ensuing 28<sup>th</sup> Annual General Meeting. The Board recommended to Reappoint M/s. Gopalaiyer and Subramanian, Chartered Accountants Coimbatore (Firm Registration No. 000960S) as statutory Auditors for their second term of 5 years (i.e to audit the accounts from 01.04.2022 to 31.03.2027) which is subject to the approval of the shareholders at the ensuing Annual General Meeting.

The company also has received a Certificate from the proposed Auditors, confirming their eligibility for appointment, in terms of the provisions of Section 141 of the Companies Act 2013.

Accordingly, consent of the members is sought for passing an Ordinary resolution as set out at Item no.3.

None of the Directors of the Company or Key Management Personnel may be considered as personally interested in this item of agenda.

**ITEM NO.4**

The Board, on the recommendation of the Nomination and Remuneration committee has approved the fixed term of 5 years for Sri.Arun Kumar Jhajharia, Director of the Company with effect from 01<sup>st</sup>August 2022. Accordingly, consent of the members is sought for passing special resolution as set out at Item no.4 of the Notice. None of the Directors (except Sri.Shyamlal Agarwala and Sri.Manoj Kumar Jhajharia), Key Personnel or their relatives are in any concerned or interested in this resolution.

**ITEM NO.5**

Your company has been expanding its business and in view of the exigencies and urgency of the business to achieve early execution of its order book may enter into the Purchase and Sale of cotton, yarn, fabrics and garments from other entities, including the entities coming under the Related Parties who are also engaged in the same business with that of the company.

Section 188 of the Act and the applicable provisions of the Companies Act, 2013 and the Rules framed thereunder provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to ten percent or more of the annual turnover of the Company as per last audited financial statements of the Company.

Pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, the three entities mentioned under the resolution are coming under the definition of the Related Parties as detailed here below:

SNO	Particulars	Remarks
1	Name of the Related Party/ies	M/s Shristi Cotspinn Private Limited Coimbatore, M/s Salona Spinnex Private Limited, Coimbatore; and Sri Sadhyaa Exports Private Limited, Coimbatore.
2	Name of the Director/s who is/are related	Sri.Shyamlal Agarwala, Managing Director Sri.Manojkumar Jhajharia, Joint Managing Director Sri.Arun Kumar Jhajharia, Director
3	Nature, material terms, monetary value and particulars of the contract or arrangement	Purchases and Sales of cotton, yarn, fabrics and garments. The Transactions specified herein viz: purchase and sale of cotton, yarn, fabrics and garments from these entities shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year. Further the transaction/transactions shall be on the following terms: (a) Transactions will be at arms-length basis. (b) Transactions will be done in the ordinary course of business of the Company (c) With in the limits specified under the resolution.

The Board commends the resolution to be approved by the shareholders.

None of the Directors (except Sri.Shyamlal Agarwala, Sri.Manoj Kumar Jhajharia

Sri. ArunKumar Jhajharia), Key Personnel or their relatives are in any concerned or interested in this resolution.

**ITEM NO. 6**

The Board, on the recommendation of the Audit Committee, has approved the appointment and payment of remuneration to Sri B. Venkateswar, Cost Accountant, Coimbatore, the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March 2023. In accordance with the provisions of Section 148 of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors needs to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item no.6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March 2023.

None of the Directors, Key Personnel or their relatives are in any concerned or interested in this resolution.

**By order of the Board**

Place : Coimbatore

Date : 12.08.2022

**Company Secretary**

ACS No: 35602

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

To

The Members

Your Directors have great pleasure in presenting their Twenty-Eighth Annual Report together with Audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2022.

**FINANCIAL HIGHLIGHTS**

Details	(Rupees in Lakhs)	
	31.03.2022	31.03.2021
<b>INCOME</b>		
Sales and Other operating Receipts	64,708.02	23,012.72
Other Income	6.23	11.35
<b>Total</b>	<b>64,714.25</b>	<b>23,024.07</b>
Gross Profit before interest, depreciation and tax	3745.84	1487.76
Less: Interest	738.12	446.03
Profit/(Loss) after interest, but before depreciation and tax	3,007.72	1,041.73
Less: Depreciation	332.67	265.77
<b>PROFIT BEFORE TAX</b>	<b>2,675.05</b>	<b>775.96</b>
Less: Taxes	696.14	155.97
<b>NET PROFIT AFTER TAX</b>	<b>1,978.91</b>	<b>619.99</b>
Add: Other Comprehensive Income	-4.03	-27.13
Less: Dividends & Tax on Dividend	52.62	0.00
Add: Opening Surplus	3,253.81	2,660.95
<b>Surplus carried over to Balance sheet</b>	<b>5176.07</b>	<b>3,253.81</b>

## **DIVIDEND**

Your Directors are pleased to recommend a dividend of Rs. 1.20 per share for the yearended 31st March 2022 subject to the approval of members. The total outgo in the form of dividend including corporate dividend tax will be to the extent of Rs.63.15 Lakh.

## **REVIEW OF OPERATIONS**

During the year under review, the production of cotton yarn is 40.53 Lakh Kgs as against 31.93 Lakhs Kgs in the preceding year. The Sales Turnover increased to Rs.61063.44 Lakh as against Rs.22508.45 Lakh in the previous period. The Sales turnover includes Total Export Sales of Rs.54892.13 Lakh as against Rs.18017.22 Lakh in the previous year. During the year the export turnover of traded goods increased to Rs.42202.34 Lakh from Rs. 11229.78 Lakh.

During the year the green energy generated was 65.57 Lakh units (net) of wind electricity as against 62.11 Lakh units in the previous year and 12.98 Lakh Units generated through Solar Power Plant (Roof Top) at factory premises. In addition to that during the year the company has installed 2.00 MW capacity of Solar Power Plant (Ground Mounting) at Thaligai Village, Namakkal District, Tamil Nadu for Captive Consumption.

By captive consumption, the Wind Electricity contributed for reduction in power cost, and contributed to the profits of the textile mill. Hence the overall performance of the Company should be considered as Satisfactory.

## **OUT LOOK FOR THE IMMEDIATE FUTURE**

The Spinning segment of the textile industry continues to witness the paradox of mis-match of prices of cotton (raw material) and prices of yarn (finished goods).

## **CHANGES IN NATURE OF BUSINESS**

There is no change in the nature of business of the company during the period under review.

## **EVENT SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS**

There are no material changes and commitments affecting the financial position of the Company, subsequent to the end of the financial year.

## **PUBLIC DEPOSITS**

The Company has not accepted nor holds any public deposits within meaning of Section 73 to 76 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules 2014 during the year under review.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report, as stipulated under Regulation 34 (2) of the SEBI (LODR) Regulations, 2015 and Corporate Governance Report, forming part of the Directors Report is placed as Annexure to this Report.



**EXTRACT OF ANNUAL RETURN:**

The Annual Return as required under sub-section (3) of Section 92 of the Companies Act, 2013 ('the Act') in form MGT-7 is made available on the website of the Company and can be accessed at [www.salonacotspin.com](http://www.salonacotspin.com).

**DIRECTORS**

There were no changes in the Board of Directors during the year under review.

The Board, on the recommendation of the Nomination and Remuneration Committee has approved the fixed term of Five years for Sri.Arun Kumar Jhajharia, Director of the Company with effect from 01<sup>st</sup>August 2022.

Accordingly, consent of the members is sought for passing special resolution as set out at Item no.4 of the Notice.

Particulars of the directors seeking appointment/re-appointment is provided in the notes forming part of the notice for the ensuing Annual General Meeting, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has received disclosures from all the directors and none of the directors has been disqualified as stipulated under Section 164 of the Companies Act, 2013 and rules made thereunder.

**KEY MANAGERIAL PERSONNEL**

Key Managerial Personnel of the company are as follows

Name of the Persons	Designation
Sri Shyamlal Agarwala	Managing Director
Sri Manoj Kumar Jhajharia	Joint Managing Director
Sri M.S. Selvaraj	Chief Financial Officer
Sri K.B. Sajith	Company Secretary

**AUDIT COMMITTEE**

The Audit Committee comprises of

1. Sri Dhires Jayasi - Chairman (Non-Executive Independent Director)
2. Smt. S.Meenakumari - Member (Non-Executive Independent Director)
3. Sri Manoj Kumar Jhajharia – Member (Joint Managing Director)

The Board has implemented the suggestions made by the Audit Committee from time to time.

## BOARD MEETINGS:

The Board of Directors met Six times during this financial Year, on the following days:

28.06.2021	12.08.2021	11.11.2021	20.12.2021	27.01.2022	14.02.2022
------------	------------	------------	------------	------------	------------

The attendance of directors at the Board meetings are provided in the Corporate Governance Report forming part of this report

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not given any loans or guarantees governed under the provisions of Section 186 of the Companies Act 2013. The details of the Investments made by the Company are given in the notes to the financial statements.

## ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics. The policy has been posted in the website of the Company viz., [www.salonacotspin.com](http://www.salonacotspin.com)

## DISCLOSURE PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKING PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As per the provision of the Sexual Harassment of Women & Workplace (Prevention, Prohibition & Redressal) Act, 2013, the company has constituted an Internal Complaints Committee. During the year 2021-22 no complaint was received by the companies.

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. Further no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large. Reporting in Form AOC-2 is attached as **Annexure I**. Approval of Audit Committee was obtained for transactions of repetitive nature on annual basis. All related party transactions are placed before the Audit Committee and Board of Directors for their review. The policy on Related Party transactions is available in the website [www.salonacotspin.com](http://www.salonacotspin.com).

## SIGNIFICANT / MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status and the Company's operation in future.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(3) (c) of the Companies Act, 2013, your Directors confirm:

- a) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- b) that your Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit of the Company for that period;
- c) that your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that your Directors had prepared the annual accounts on a going concern basis.
- e) The Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **AUDITORS:**

M/s. Gopalaiyer and Subramanian, Chartered Accountants, Coimbatore was appointed as Auditors of the Company for a term of Five years pursuant to the resolution passed by the members at the Annual General Meeting held on 27th September 2017 and they will hold office up to the date of 28<sup>th</sup> Annual General Meeting of the Company.

The Board of Directors recommended to appoint them for the second term of Five years. Accordingly, to give effect to their reappointment, a suitable resolution is set out in the Notice of 28<sup>th</sup> Annual General Meeting for the members approval.

M/s. Gopalaiyer and Subramanian, Chartered Accountants, have consented and confirmed their eligibility and desire to continue as Statutory Auditors of the company.

#### **SECRETARIAL AUDIT**

Pursuant to provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company appointed SriRamanathan Kannan, Practicing Company Secretary, Chennai to undertake the Secretarial Audit of the Company. The report is annexed herewith as **Annexure -II**

#### **COST AUDITOR**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules 2014 as amended from time to time, the Board of Directors, on the recommendation of Audit Committee, has appointed Sri B. Venkateswar, Cost Accountant, Coimbatore as Cost Auditor to conduct Cost Audit of the Company for the financial year 2022-23.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has an Internal Audit which monitors and evaluates the efficiency and

adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual.

To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee and to the Chairman and Managing Director of the Company.

Based on the report of internal audit function, corrective action are taken in the respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

#### **STATEMENT ON RISK MANAGEMENT POLICY**

Pursuant to Section 134(3) (n) of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee. The Committee has developed a Risk Management Policy and implemented the same. The details of the Committee and its terms of reference are set out in the Corporate Governance report forming part of the Board's report.

At present the Company has not identified any element of risk which may be a threat for the existence of the Company.

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Company has constituted Corporate Social Responsibility (CSR) Committee which shall recommend to the Board, the activities to be undertaken by the Company as specified in Schedule VII, recommend the amount of expenditure to be incurred on such activities and monitor the CSR Policy of the Company.

The Company has spent the amount stipulated under the requirements of the Act. The amount spent on CSR activities during the year 2021-22 is Rs. 8,14,644/-. The details of the Corporate Social Responsibility activities / expenditure is given as **Annexure III**.

#### **STATUTORY DISCLOSURES**

The particulars required to be included in terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules 2014 on Conservation of Energy, etc., is enclosed as **Annexure IV**.

No employee of the Company was in receipt of remuneration of Rs.60.00 Lakh per annum or more and no employee of the Company employed for the part of the financial year 2022 was in receipt of remuneration of Rs. 5.00 Lakhs per month or more.

The information required under Section 197(12) of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and forming part of the Directors report for the year ended 31st March 2022 is enclosed as **Annexure V**.

None of the employees listed in the said Annexure is a relative of any Director of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

#### **INDUSTRIAL RELATIONS:**

The Industrial relations continued to remain cordial during the period and the Board places its appreciation for the services rendered by the staff and employees of the Company.

#### **FINANCES:**

During the year under review, the Reserves and Surplus, stood at Rs.5191.07 Lakhs (Rs.3268.81 Lakh credit balance in the previous year). The Company met all financial commitments to the Bankers on account of Term Loan and Working Capital Credit.

#### **TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND**

The Company sends periodical letters to all shareholders whose dividends are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made in co-ordination with the Registrar to locate the shareholders who have not claimed their dues.

During the year, the company was transferred the unclaimed amount of Rs.3,08,529/- for the financial year 2013-14 to Investor Education and Protection Funds. The Company is in the process of transfer of shares to the IEPF Authority in respect of shares for which dividends were unclaimed for the seven consecutive years. In this connection the company has since sent individual shareholders who have not claimed the shares for seven consecutive years in respect of the dividend declared and paid for the year 2013 -14 and also issued an advertisement in newspapers as required under the provisions of the Act and the Rules made thereunder. The Company would be making the share transfers after the due date specified in the notices issued.

#### **DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their independence laid down in section 149(6).

#### **LISTING**

The equity shares of the Company are listed and traded in National Stock Exchange of India Limited (NSE) .

The Equity Shares of the Company are permitted for trading in BSE Indonext segment – under group “S” of **Bombay Stock Exchange Limited** and subsequently withdrawn on 24<sup>th</sup> June 2014 due to exit option and de-recognition to the stock exchanges.

Members have option to hold their shares in dematerialized form through the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). **The ISIN of the Company is INE498E01010.**

**ACKNOWLEDGEMENT:**

The Directors wish to place on record their gratitude to State Bank of India, Union Bank of India, CSB Bank (formerly The Catholic Syrian Bank Limited) and HDFC BANK Limited for their financial assistance. Your Directors also take this opportunity to express their appreciation of the co-operation extended by the employees and the Shareholders' for their appreciation of the managements' efforts expressed at the general meetings of the Company.

The Board dedicates its prayers to invoke the blessing of Lord Vishnu, Goddess Lakshmi, Lord Shiva and Goddess Sakthi for the continued prosperity of the Company and all its stakeholders.

**FOR AND ON BEHALF OF THE BOARD**

Place : Coimbatore

Date : 12.08.2022

**SHYAMLAL AGARWALA**

**Chairman**

**DIN : 00003055**

**ANNEXURE - I**

**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act 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 arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

<b>SL.No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party & nature of relationship	NA
b)	Nature of contracts/arrangements/transaction	NA
c)	Duration of the contracts/arrangements/transaction	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
e)	Justification for entering into such contracts or arrangements or transactions'	NA
f)	Date of approval by the Board	NA
g)	Amount paid as advances, if any	NA
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

2. Details of contracts or arrangements or transactions at Arm's length basis.

<b>SL.No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party & nature of relationship	M/s Shristi Cotspinn Private Limited - Entity in which KMP has significant influence.
b)	Nature of contracts/arrangements/transaction	Sale, Purchase or supply of goods
c)	Duration of the contracts/arrangements/transaction	One Year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Purchase of Goods for the value of Rs. 18,91,29,979 and Sale of goods for the value of Rs. 8,55,16,715 in the ordinary course of business.
e)	Date of approval by the Board	28.06.2021, 12.08.2021, 11.11.2021, 20.12.2021, 27.01.2022 and 14.02.2022
f)	Amount paid as advances, if any	NIL

**CS Ramanathan Kannan B.Com., BGL., MBA.,**  
CAIIB, FCS Practicing Company Secretary

Door No.4, Plot No.15, Adi Sankarar  
Street, Ayya Nagar, Sembakkam,  
Chennai -600073.  
Mobile: 9952942513  
E-mail: fcskannan@gmail.com

**ANNEXURE - II**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022**

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

To,  
**The Members,**  
**M/s. SALONA COTSPIN LIMITED**  
**CIN: L17111TZ1994PLC004797**  
**SF.No.74/12 & 75/3, Sathy Road**  
**Pungampalli Village, Sathyamangalam**  
**Tamilnadu- 638 402.**

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has during the audit period covering the Financial Year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliances mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Salona Cotspin Limited** (the Company) for the Financial Year ended on 31st March, 2022 according to the applicable provisions of:

(i)	The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii)	The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
(iii)	The Depositories there under; Act, 1996 and the Regulations and Bye-laws framed
(iv)	Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;



(v)	The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
a.	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b.	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
c.	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; <i>Not applicable as the Company has not issued or allotted shares during the financial year under review.</i>
d.	The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; <i>Not applicable as the Company has not issued or allotted shares to its employees during the financial year under review.</i>
e.	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; <i>Not applicable as the Company has not issued Debt Securities during the financial year under review.</i>
f.	The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; <i>Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review.</i>
g.	The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; <i>Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review.</i>
h.	The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; <i>Not applicable as the Company has not bought back any of its securities during the financial year under review.</i>

VI. The management has identified and confirmed the following laws as specifically applicable to the company:

1.	Textile Control Orders
2.	Textile Committee Produce Cess Act
3.	Textiles (Development and Regulation) Order, 2001
4.	Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003); and
5.	The Electricity Act, 2003

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

(i)	Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
(ii)	The Listing Agreements entered into by the Company with National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that the Company has not transferred shares in respect of the dividends which were unclaimed from the financial year 2013-14 for seven consecutive years to IEPF Authority as required under Sec 124 (6) of the Companies Act, 2013 read with the Rules made thereunder. However, the Company has since taken steps by issuance of notices to the shareholders whose dividends have remained unclaimed for a period of seven years and also caused public notice to the shareholders as required under the Rules.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has women director.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally 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.

Decisions of the Board/Committee are unanimous and the decisions were recorded in the minutes in respect of every agenda item.

The Company has responded appropriately to the notices received from the regulatory authorities wherever found necessary.

I further report that based on review of compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary of the company and taken on record by the Board of Directors at their meeting(s), I am of the opinion that there are adequate systems and processes in place in the company which is commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;

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

Sd/-

Name of the Company Secretary : **RAMANATHAN KANNAN**

FCS No. **7446**

CP No. **17220**

UDIN : F007446D000782814

Place : Coimbatore

Date : 11.08.2022

**ANNEXURE A**

To  
The Members,  
M/s. SALONA COTSPIN LIMITED,  
CIN: L17111TZ1994PLC004797,  
SF.No.74/12 & 75/3, Sathy Road  
Pungampalli Village, Sathyamangalam,  
Tamilnadu - 638402

My Secretarial Audit Report of even date is to be read along with the following:

1. Maintenance of Secretarial Records and Statutory Registers is the responsibility of the management of the company. My responsibility is to express an opinion on these Secretarial records based on my audit.
2. I have followed the audit practices and processes 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. I believe that the processes and practices, I have followed provide a reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. 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.

Place: Coimbatore  
Date : 11.08.2022

**Ramanathan Kannan**  
FCS:7446; CP:17220  
UDIN: F007446D000782814

**ANNEXURE - III**

**ANNUAL REPORT ON CSR**

**Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2021-22**

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

CSR is sense of responsibility towards the community and environment in which we operate. It can be expresses through contribution/participation in education, Health, water management, waste management, infrastructure and eradicating hungry. The CSR activities under the policy are those covered under ambit of Schedule VII of the Companies Act 2013. The policy is available in the website of the Company [www.salonacotspin.com](http://www.salonacotspin.com).

2. **The composition of the CSR Committee**

- a. Dhiresh Jayasi – Chairman
- b. Shyamlal Agarwala – Member – Managing Director
- c. Manoj Kumar Jhajharia – Member – Joint Managing Director

3. **Average net Profit of the Company for last three financial years**

Rs.398.68 Lakh

4. **Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)**

Rs.7.97 Lakh

5. **Details of CSR spent during the financial year**

- a. Total amount spent for the financial year : Rs.8.15 Lakh
- b. Amount unspent, if any : NIL
- c. Manner in which the amount spent during the financial year is details below:

(Rs. in Lakh)

S.No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on Projects or programs. (2) Overheads.	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Development of Water Ponds	Clause iv	Desipalayam Panchayat, Sathy Taluk, Erode District.	0.63	0.63 Direct Expenditure	0.63	Direct
2	Eradicating hunger	Clause i	Coimbatore, Tamil Nadu	0.29	0.29 Direct Expenditure	0.29	Direct
3	Promoting Health care	Clause i	Coimbatore, Tamil Nadu	1.19	1.19 Direct Expenditure	1.19	Direct
4	Promoting Health care	Clause i.	OlirumErodu Foundation, Erode, Tamil Nadu	1.00	1.00 Direct Expenditure	1.00	Direct
5	Animal Welfare	Clause iv	Jhajhar, Jhunjhunu District, Rajasthan	2.51	2.51 Direct Expenditure	2.51	Direct
6	Promotion of Education	Clause ii	Coimbatore, Tamil Nadu	2.52	2.52 Direct Expenditure	2.52	Direct
		<b>Total</b>		<b>8.14</b>	<b>8.14</b>	<b>8.14</b>	

The Committee hereby state that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**Shyamlal Agarwala**  
Managing Director

DIN: 00003055

**Manoj Kumar Jhajharia**  
Joint Managing Director.

DIN: 00003076

**Dhiresb Jayasi**  
Chairman  
CSR Committee

DIN:06931744

Place: Coimbatore  
Date: 12.08.2022

**ANNEXURE - IV**

**ANNEXURE TO THE DIRECTORS REPORT**

**FORM-A**

A Statement pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption, foreign exchange earnings & outgoings.

**1. (A) CONSERVATION OF ENERGY:**

Efforts are being taken to reduce power consumption. Energy efficient motors are being installed in place of conventional motors.

**(B) TECHNOLOGY ABSORPTION:**

A sum of Rs.36,504/- has been paid as membership subscription to South Indian Textile Research Association that is undertaking Research and Development in the field of textiles on behalf of its members. Production and quality norms have been established in the past and further Research and Development programs are being undertaken by SITRA. Total expenditure in Research and Development as percentage of income is negligible.

**2. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>EARNED</b>	Rs. In Lakh	Rs.In Lakh
Total Foreign exchange earned:- F.O.B. Value of Exports of Finished and Traded goods	54892.13	18017.22
<b>USED</b>		
Remittance in Foreign exchange: Purchase of Capital goods, Raw materials, Spares, Commission on Exports and interest on foreign currency loan	897.36	401.28

**BY ORDER OF THE BOARD**

Place: Coimbatore  
Date: 12.08.2022

**SHYAMLAL AGARWALA**  
Chairman

**ANNEXURE V**

Particulars of Remuneration of Directors and Employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

- (i) **The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year 2021-22.** (Rs. in Lakh)

Sl.No.	Name of Directors	Designation	Remuneration	Ratio of Directors remuneration to Median remuneration	% increase in the remuneration
<b>I</b>	<b>Executive Directors</b>				
1	Shyamlal Agarwala	Chief Executive Officer	91.23	14.95:1	129.51%
2	Manoj Kumar Jhajharia	Joint Managing Director	37.71	6.18:1	45.82%
3	Arun Kumar Jhajharia	Additional Director	24.00	3.93:1	100.00%
<b>II</b>	<b>Non-Executive Independent Directors</b>				
	Dhiresb Jayasi	Independent Director	0.22	0.04:1	83.00%
	Meena Kumari	Independent Director	0.14	0.02:1	75.00%
	G.S. Hari Desikan	Independent Director	0.10	0.02:1	0.00
<b>III</b>	<b>Key Managerial Personnel</b>				
1	M.S. Selvaraj	Chief Financial Officer	9.62	1.58:1	20.55%
2	K.B.Sajith	Company Secretary	3.57	0.59:1	3.78%
(a)	Percentage increase in the median remuneration of employees in the Financial year 2021-22			59.12%	

(b)	Number of permanent employees on the rolls of the Company as on 31st March 2022	314
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(c)	Explanation on the relationship between average increase in remuneration and the company performance	
	The relationship between average increase in remuneration and the company performance is negligible and could not be compared	

- (ii) **Comparison of the remuneration of the Key Managerial Personnel (KMP) against the Performance of the Company**

KMP's remuneration 2021-22 (₹ in lakh)	% increase / (Decrease) in KMP's remuneration (2021-22 against 2020-21)	Sales 2021-22 (₹ in lakh)	% increase in sales (2021-22 against 2020-21)
142.12	84.47%	61063.44	271.29%

- (iii) **Variation in Market Capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:**

Particulars	As on 31.3.2021	As on 31.3.2022	Variations	%
Market Capitalization (crores)	49.20	119.93	70.73	143.74%
Price Earnings Ratio	7.94	6.06	(1.88)	(23.64%)

Market quotation of the shares as on 31.3.2022 (NSE)	Rs.227.90 Per share of face value Rs.10/-per share
Market quotation of the shares as on 31.3.2022 (BSE)	Rs.221.55 Per share of face value Rs.10/- per share
Market quotations of the shares when the Company came out with the last public offer	Nil
Percentage increase/decrease over in the market quotations of the Company	

- (iv) **Average percentile increase already made in the salaries of Employees other than Managerial Personnel in the last financial year and its comparison with the percentile increase in managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average percentile increase (Decrease) granted to employees other than managerial personnel is 18.82%

The percentile increase (Decrease) granted to managerial personnel is 20%

- (v) **Comparison of each remuneration of the Key Managerial Personnel against performance of the Company**

KMP's name and designation	CTC for 2021-22 (in lakhs)	% Increase/ (Decrease) in CTC (2021-22 against 2020-21)	Sales for 2021-22 (in lakhs)	% increase in sales (2021-22 against 2020-21)
Shyamlal Agarwala Managing Director	91.23	129.51%	61063.44	271.29%
Manoj Kumar Jhaharia Joint Managing Director	37.71	45.82%		
M.S. Selvaraj Chief Financial Officer	9.62	20.55%		
K.B. Sajith Company Secretary	3.57	3.78%		

- (vi) **The Key parameter for any variable component of remuneration availed by the Directors**

The company does not pay any remuneration to the non-executive directors, as they are paid only sitting fee for attending the meetings. With respect to executive directors, variable component is not paid.

- (vii) **Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess the highest paid director during the year**

- Not applicable -

- (viii) The Board of Directors of the Company affirm that the remuneration paid to Directors, Key Managerial Personnel and employees is as per the remuneration policy approved by the Board of Directors of the Company.

**FOR AND ON BEHALF OF THE BOARD**

Place: Coimbatore

Date: 12.08.2022

**SHYAMLAL AGARWALA**

**Chairman**

**DIN : 00003055**



## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

### **Industry Structure and Developments:**

Industry Structure and Developments: The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world. The textiles industry is also labour intensive and employs large number of persons. The fundamental strength of the textile industry in India is its strong production base of wide range of natural fibers like cotton. The Textile Industry is a major export earner for the country by export of cotton yarn and value added products like fabrics and garments. The revival of economy in the overseas market will add stimulus to the Industry. The Industry depends upon availability of cotton at a stable price. The Management continues to upgrade the quality of yarn produced to ensure competitive advantage in marketing its products more through exports and sustain profitability.

### **Opportunities and Threats:**

#### **Opportunities:**

The condition of the spinning industry is dependent on the vagaries of cotton fibre production in the country. The acreage, output rainfall and minimum support prices always have bearing on the fortunes of the industry from time to time. Adequate availability of cotton at right prices is very much crucial for spinning mills. The cotton prices are exposed to price fluctuations and in case of exports, the exchange fluctuations is also one of the major risk.

#### **Threats:**

- i. Some of the threats faced by spinning industry include technological obsolescence, high minimum support price for cotton, increasing input costs, skilled labour availability besides fluctuating demand for yarn.
- ii. In both domestic & International Markets the overall demand for cotton yarn is projected to remain good. The uptrend in domestic yarn price and its higher exports may provide opportunities and some respite to the spinning industry.
- iii. However, global pricing might impact the Indian textile sectors supply and demand dynamics.

### **Product-wise performance:**

The Company's main product range continues to be Cotton Yarn, Knitted fabrics and Garments catering to the needs of Hosiery/Knitted Garment Industries. The company continues to pursue a policy of constant up-gradation of quality of yarn and fabric produced.

**Outlook:**

Due to competitiveness at all levels, it is necessary to implement consolidation strategies such as cost reduction measures, improving productivity and exploring new markets, maintaining high quality and these measures are under way as ongoing process.

**Risks and Concerns:**

Though banks may be liberal in sanctioning loans but higher interest cost will affect the margin. The key raw material for our industry is cotton and major area under cotton cultivation is rain-fed and hence it is dependent on vagaries of monsoon. Price fluctuation is high in both domestic and import cotton. Any disruption in the supply and / or violent changes in the cost structure would affect the profitability of the company. Power also plays a major role in cost structure.

**Internal Control system and their adequacy:**

The Company has proper and adequate systems of internal controls commensurate with its size and nature of its business, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. These systems also ensure that all transactions are authorized, recorded and reported correctly. A strong system of internal audit and effective and comprehensive reviews by the Audit Committee of the Board have strengthened the internal controls within the organization. The Company has a well-defined organization structure, authority levels and internal rules and guidelines for conducting business transactions.

**The Company's Financial Performance & Analysis:**

The Company earned post tax Profit of Rs. 1,978.92 Lakh (Previous year Rs. 619.99 Lakh) after providing for current Income Tax and deferred Tax. The Financial performances of the company are explained in detail in the Directors report to Shareholders.

**Human Resources/Industrial relations:**

The efforts of the staff and management are on imparting continuous training to improve overall working practices; Industrial relations are cordial and satisfactory.

**Cautionary Statement:**

Certain Statements in this report on Management Discussion may be forward looking statements and which have been issued as required by applicable Securities Laws and Regulations. There are several factors which would be beyond the control of Management and as such, may affect the actual results which could be different from that envisaged.

**BY ORDER OF THE BOARD**

Place: Coimbatore  
Date: 12.08.2022

**SHYAMLAL AGARWALA**  
Chairman  
DIN : 00003055

## REPORT ON CORPORATE GOVERNANCE

(Regulation 34 (3) and Schedule V (C) of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

### 1. COMPANY'S PHILOSOPHY WITH RESPECT TO CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance envisages the endeavour to attain high levels of transparency, accountability, fairness and equity in all its facts of operation, to serve the best interest of all the stake holders in the Company, including Shareholders, Lenders, Employees and the Government.

### 2. BOARD OF DIRECTORS

#### A) Composition of the Board

The Board of Directors comprises of 6 (Six) Directors viz., one Chairman cum Managing Director, one Joint Managing Director, One Executive Director whom represent Promoters; of the remaining Three are Non-Executive Independent Directors, who bring in a wide range of skills and experience to the Board and has no business relationship with the Company. The number of independent directors is Two-Third of the total number of Directors. It also ensures a balanced combination of Executive and Non-Executive Directors. The number of Independent Directors on the Board is in conformity with the requirement of Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A formal letter of appointment has been issued and a copy of the same is posted in website of the Company viz., [www.salonacotspin.com](http://www.salonacotspin.com).

#### B) Familiarisation Programme

At the time of appointment of Directors, a formal letter of appointment is issued, which set out roles, functions, duties and responsibilities of him. The Directors also explained the relevant regulations. The appointments are also provided with necessary informar of more than ten committees and Chairman of more than five committees across all companies in which he is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

#### D) Board Meeting and General Meeting:

The Board of Directors met Six times during this financial Year, on the following days:

28.06.2021	12.08.2021	11.11.2021	20.12.2021	27.01.2022	14.02.2022
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The Annual General Meeting for last year was held on 16<sup>th</sup> September 2021. The gap between two meetings of the board did not exceed four months.

The attendance record of the each Director at the Board Meetings and at the last Annual General Meeting is given below:

Directors Name	No. of Board Meeting attended	Last AGM Attended Yes / No	No. of Director-ship held in other Companies	No of Board Committee Member-ships held in Other Companies	
				As Chairman	As Member
Sri Shyamlal Agarwala Managing Director	6	Yes	1	Nil	Nil
Sri Manoj Kumar Jhajharia Joint Managing Director	6	Yes	1	Nil	Nil
Sri.Arun Kumar Jhajharia	6	Yes	2	Nil	Nil
Sri Hari Desiken Ganesh	6	Yes	2	Nil	Nil
Sri Dhiresb Jayasi	6	Yes	Nil	Nil	Nil
Smt. Meenakumari	4	Yes	Nil	Nil	Nil

No Extra Ordinary General Meeting held during the year.

E) Committees of Board:

The Board of Directors and its Committees meet at periodic intervals. Policy formulation, setting up of goals and evaluation of performance and control function vest with the Board. The Board has constituted six committees, namely, Audit Committee, Nomination and Remuneration Committee, Share Transfer Committee, Corporate Social responsibility Committee, Risk Management Committee and Stakeholders Relationship Committee.

**3. AUDIT COMMITTEE:**

A) Composition, Names of members and Chairperson:

The Audit Committee members are, Sri Dhiresb Jayasi, Smt. S.Meenakumari and Sri Manoj Kumar Jhajharia.

The role of the Audit Committee is to review the internal control procedures, internal audit system, financial reporting process, accounting policies and annual statements before submission to the Board and other related aspects as per the guidelines of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Two of the members are Non-Executive and Independent Directors. Sri Dhiresb Jayasi, Non-Executive Independent Director, is the Chairman of the Committee and has good financial and accounting knowledge.

The Audit Committee met four times during the year under review, on the following dates:

28.06.2021	12.08.2021	11.11.2021	14.02.2022
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B) Brief description of the terms of reference:

The terms of reference include all the terms stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter alia include the following:

- (1) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (2) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (4) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Sec.134 of the Companies Act, 2013.
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings.
  - (e) Compliance with listing and other legal requirements relating to financial statements.
  - (f) Disclosure of any related party transactions.
  - (g) Qualifications in the draft audit report.
- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- (6) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (8) Discussion with internal auditors any significant findings and follow up thereon.
- (9) 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.
- (10) 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.
- (11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

The Board of Directors have constituted a nomination and remuneration committee to suggest suitable remuneration package payable to managerial and non-managerial personnel from time to time. The following directors are the member of the committee:

1. Sri Dhires Jayasi - Chairman
2. Smt. S.Meenakumari - Member
3. Sri Shyamlal Agarwala - Member

The Committee ensures that:

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- c. Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

## POLICY ON NOMINATION AND REMUNERATION

The Board of Directors have framed a policy setting out the framework for Nomination of Board of Directors and payment of remuneration to Directors, Key Managerial Personnel and Senior Management Personnel of the Company. The Policy on Nomination and remuneration is available in the following web link: [www.salonacotspin.com](http://www.salonacotspin.com)

## EVALUATION OF BOARD OF DIRECTORS

Pursuant to the provisions of the Companies Act 2013 and Regulation 17 (10) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried out an evaluation of its own performance based on the specific duties, obligation and the execution of the same, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees, the performance evaluation of the Independent Directors, Chairman and Managing Director. The Board expressed its satisfaction with the execution process.

### Evaluation Criteria

The evaluation/assessment of Directors, Key Managerial personnel and Senior Managerial personnel of the Company is conducted on an annual basis. The followings are the criteria in determining the effectiveness of the performances of the Directors, Key Managerial personnel and Senior Managerial personnel.

1. Leadership abilities
2. Contribution to clearly defined corporate objectives and plans
3. Review of achievement of strategic and operational plans, objectives, budgets
4. Regular monitoring of corporate results against projections
5. Identify, monitor and mitigate significant corporate risks
6. Assess Policies, structures and procedures
7. Direct, monitor and evaluate KMPs, SMPs
8. Review man agreement's succession plan
9. Clearly defining roles and monitoring activities of committees
10. Review of Corporate's ethical conduct

Evaluation on the above parameters will be conducted by the independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the independent Directors.

The Chairman/Vice Chairman and Managing Director/Non-Independent Directors along with the independent Directors will evaluate/assess each of the Independent Directors on the above parameters. The Independent Director being evaluated will not participate the evaluation discussion.

The Nomination and Remuneration Committee shall consider the following attributes/Criteria whilst recommending to the Board the candidature for appointment as Director:

1. Qualification 2. Experience 3. Skills and 4. Abilities and Attributes

The details of remuneration paid to Managing Director and Executive Director are as follows:

Name of the Directors	Relationship with other Director	Business relationship with the company if any	Remuneration paid / Payable during 2021-2022 (Rs.)		
			Salary & Perquisites	Commission	Total
i. Shyamlal Agarwala, Managing Director	Father of Joint Managing Director and Director	Promoter	64,47,459	26,75,052	91,22,511
ii. Manoj Kumar Jhajharia, Joint Managing Director	Son of Managing Director	Promoter	37,70,538	Nil	37,70,538
iii. Arun Kumar Jhajharia Director	Son of Managing Director	Director	24,00,000	Nil	24,00,000

Sri Shyamlal Agarwala and Sri Manoj Kumar Jhajharia & Arun Kumar Jhajharia are related to each other as father and son.

Remuneration paid to Directors:

All the Non-Executive Directors are paid sitting fee of Rs. 2000/- for each Board Meeting attended by them. The member of Audit Committee are also paid a sitting fee of Rs.2000/- for each committee meeting attended by them.

Sl No.	Name of the Director	Position	Sitting Fees
1.	Sri Hari Desikan Ganesh	Non-Executive Independent	Rs.10,000
1.	Sri Dhires Jayasi	Non-Executive Independent	Rs.22,000
2.	Smt Meenakumari	Non-Executive Independent	Rs.14,000

### Meeting of Independent Directors

During the year under review the Independent Directors met on 28<sup>th</sup> June, 2021 for the following purposes:

- Ø Evaluation of performance of non-Independent Directors and the Board as a whole
- Ø Evaluation of performance of the Chairman, Executive Director of the Company
- Ø Evaluation of quality and flow information to the Board

All the Independent Directors were present at the meeting.

### 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted Corporate Social Responsibility (CSR) Committee which shall recommend to the Board, the activities to be undertaken by the Company as specified in Schedule VII, recommend the amount of expenditure to be incurred on such activities and monitor the CSR Policy of the Company. The CSR Committee constituted by the Board consisted of the following Directors with effect from 13th November 2014

1. Dhires Jayasi - Chairman
2. Shyamlal Agarwala - Member
3. Manoj Kumar Jhajharia – Member

### 6. RELATED PARTY TRANSACTIONS

The Company has adopted policy on dealing with Related Parties. The same is disclosed in the website of the Company and is available in the following web link [www.salonacotspin.com](http://www.salonacotspin.com)

### 7. WHISTLE BLOWER MECHANISM

The Company has a vigil mechanism for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics, if any. The policy has been posted in the website of the Company viz., [www.salonacotspin.com](http://www.salonacotspin.com).

### 8. SHAREHOLDING OF NON EXECUTIVE DIRECTORS AS ON 31.03.2022

The Non-executive directors are not holding any shares in the company.

### 9. THE STAKEHOLDERS RELATIONSHIP COMMITTEE

The role is to redress the grievances of shareholders complaints for transfer / transmission of shares; complaints of shareholders are attended without delay and are dealt within a month's time.

The members of the Committee are Sri Shyamlal Agarwala, Sri Manoj Kumar Jhajharia and Sri Dhires Jayasi

The Chairman of the Committee is Sri Dhires Jayasi. The Committee met four times during the year under review as under:

28.06.2021	12.08.2021	11.11.2021	14.02.2022
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**NO OF COMPLAINTS RECEIVED FROM SHAREHOLDERS DURING THE FINANCIAL YEAR:**

- a. Number of Complaints received from Shareholders : Nil
- b. Number of Complaints not solved : Nil
- c. Number of pending Transfers : Nil
- d. Compliance Officer : Sri. Manoj Kumar Jhajharia  
Joint Managing Director

**10. CODE OF CONDUCT**

The Board of Directors has adopted a Code of Conduct and Ethics (“the Code”) to help ensure compliance with the legal requirements and standards of business conduct. The purpose of the Code is to deter wrong doing and promote ethical conduct.

The Code applies to all Directors and members of Senior Management of the Company. All Board Members and personnel of the Senior Management of the company have affirmed compliance with the Code. A declaration to this effect, signed by the Managing Directors is annexed. The Company has posted the code in its website.

**11. INSIDER TRADING**

In compliance with SEBI Regulations for prevention of insider trading the Company has framed a comprehensive code of conduct for its management staff. The code lays down guidelines and procedures to be followed and disclosures to be made by the management staff while dealing with the shares of the Company.

**12. SECRETARIAL AUDIT**

A Secretarial Audit was carried out pursuant to Section 204 (1) of the Companies Act 2013 by Sri Ramanathan Kannan, Chennai for the year ended 31.03.2022 and the Secretarial Audit Report forms part of the Annual Report.

**13. ANNUAL GENERAL MEETINGS:**

- a) Particulars of past three Annual General Meeting:

A.G.M	YEAR	VENUE	DATE	TIME
25 <sup>th</sup>	2019	Registered Office at Pungampalli	12.09.2019	10.30AM
26 <sup>th</sup>	2020	Held through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”)	21.09.2020	10.30AM
27 <sup>th</sup>	2021	Held through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”)	16.09.2021	10.30AM

- b) Details of Special resolution passed during the last 3 AGMs

A.G.M	DATE	YEAR	DETAILS
25 <sup>th</sup>	12.09.2019	2019	Re-appointment of Sri G.V.S. Desikan (DIN: 00050597) as an Independent Director, Re-appointment of Sri Dhires Jayasi (DIN: 06931744) as an Independent Director
26 <sup>th</sup>	21.09.2020	2020	Re-appointment of Smt. Meenakumari.S (DIN: 07143889) as an Independent Director for a second term of 5 years.



27 <sup>th</sup>	16.09.2021	2021	Re-appointment of Sri.Shyamlal Agarwala as the Managing Director of the Company.Re-appointment of Sri.Manoj Kumar Jhahharia as the Joint Managing Director of the Company.Increase the borrowing limits from Rs.300 crores to Rs.500 croresCreation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings.
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## c) E-voting:

In pursuance of the Listing agreement E-Voting and voting at the AGM were extended to all the shareholders of the Company to facilitate voting on the Subjects/Resolutions contained in the 28<sup>th</sup> Annual General Meeting Notice. To conduct the voting procedure in a fair and transparent manner, a Scrutinizer was appointed. Accordingly the Scrutinizer conducted the voting process and submitted his report on the voting polled, to Chairman of the Company. As per the said Report, the results of the voting on the Subjects/Resolutions, contained in the Agenda of the meeting were announced; Besides Reports were forwarded to the Stock Exchanges. It was also uploaded along with the scrutinizers report, in our website. Entire Resolutions contained in the said agenda were passed.

**14. DISCLOSURES:**

- a. During the year, there were no transactions of material nature, with its Promoters, the Directors and the Management, their relatives or subsidiaries etc. that may have potential conflict with the interests of the Company at large.
- b. The Audit Committee is periodically briefed of related party transactions entered into by the company in the ordinary course of business.
- c. The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that may have a potential conflict with the interest of the company at large.
- d. There were no instances of non-compliance, penalties and strictures imposed on the Company by the Stock exchanges or SEBI or any Statutory Authority, on any matter related to capital markets during the last three years.
- e. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing the Financial Statements.
- f. Managing Director and CFO have certified to the Board in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to CEO / CFO certification for the financial year ended 31st March 2022.
- g. Company has obtained a Certificate from Sri. Ramanathan Kannan, Practising Company Secretary that all the directors are not debarred or disqualified from being appointed or continuing as directors of companies by SEBI or Ministry of Corporate Affairs or any other authority. Certificate is annexed as Annexure.
- h. Board of Directors has accepted all the recommendation of the Committees during 2021-22.
- i. Total fee for all the services, on consolidated basis, to statutory auditor and all entities in network firm/ network entity of which the statutory auditor is a part is Rs. 1.52 Lakh.
- j. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
  - a. number of complaints filed during the financial year - Nil
  - b. number of complaints disposed of during the financial year - Nil
  - c. number of complaints pending as on end of the financial year - Nil

- k. The Company has complied with all the requirements as specified in sub para (2) to (10) of Part C of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 in the Corporate Governance report to the extent applicable.
- l. The Company has not adopted any of the non-mandatory requirements given in the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- m. The Company has complied with all the requirements as specified in Regulation 17 to 27 and has disseminated all the details in the website of the Company as per clauses (b) to (i) of 46 (2) SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

#### 15. NOMINATION FACILITY

The Company is accepting nomination forms from shareholders in the prescribed Form No.2B. Any shareholder, who is desirous of making a nomination, is requested to contact the share department at the registered office of the company or the Registrar and Share Transfer Agents. Nomination is only optional and can be cancelled or varied by the shareholder at any time.

#### 16. MEANS OF COMMUNICATION:

- a. The Quarterly / Half yearly unaudited financial results and the annual audited financial results together with the relative notices are published in Newspapers, both in English and in Vernacular Language (Tamil) and the immediate transmission of data's are also made to Stock Exchanges as per the listing Agreement.
- b. The printed Annual Report containing, inter alia, Audited Annual Accounts, Director's Report, Auditor's Report, the Management Discussion and Analysis report, which forms part of the Annual Report and Cash flow Statements etc., are being e-mailed to individual shareholders.
- c. The financial results are also accessible on the Company's website [www.salonacotspin.com](http://www.salonacotspin.com)

#### 17. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting:

The Twenty Eighth Annual General Meeting of the members of the Company will be held on Wednesday **the 28<sup>th</sup> day of September 2022** at 10.00 AM IST through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

(ii) Name of the Compliance Officer : Sri. K.B. Sajith,  
Company Secretary

(iii) Financial Year : 12 months ending 31.03.2022

Date of Book Closure: 22.09.2022 to 28.09.2022 (Both days inclusive)

The Register of Members and Share Transfer Books of the Company will remain closed from 22.09.2022 to 28.09.2022 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.

(iv) Financial Calendar (Tentative):

1	Publication of unaudited financial results for the quarter ended 30.6.2022	2 <sup>nd</sup> Week of August 2022
2	Publication of unaudited financial results for the quarter ended 30.9.2022	2 <sup>nd</sup> Week of November 2022
3	Publication of unaudited financial results for the quarter ended 31.12.2022	2 <sup>nd</sup> Week of February 2023
4	Publication of audited financial results for the quarter ended 31.3.2023	Last week of May 2023
5	Annual General Meeting	September 2023

The Company's shares are listed in National Stock Exchange and Calcutta Stock Exchanges (Applied for Voluntary Delisting from Calcutta Stock Exchange). The Company's shares are permitted for Trading in BSE Indonext segment of Bombay Stock Exchange Limited with effect from 5<sup>th</sup> July, 2006 and subsequently withdrawn on 24<sup>th</sup> June 2014 due to exit option and de-recognition to the stock exchanges. As per the Strategic agreement / arrangement made by the Madras Stock Exchange Limited, the NSE has admitted the Securities of our Company to dealings on the **National Stock Exchange** (Capital Market Segment) with effect from 9<sup>th</sup> August, 2010 and this agreement discontinued due to de-recognition of Madras Stock exchange on 21<sup>st</sup> November 2014. The Company shall comply the SEBI Circular dated 17.04.2015 within the prescribed time period.

## (i) Market Price data:

Month	Salona Cotspin Limited	
	High	Low
April 2021	99.35	73.30
May 2021	115.05	86.15
June 2021	181	106.95
July 2021	245	135.20
August 2021	250	173.60
September 2021	225.70	190
October 2021	217.40	183.30
November 2021	230	194.05
December 2021	249	190.30
January 2022	350	244.66
February 2022	341	193.35
March 2022	259	220

## (ii) The Company has appointed Registrars &amp; Share Transfer Agents for physical and Demat segment. The Name and Address is given below:

S.K.D.C. Consultants Limited  
(a Subsidiary of Link Intime India Pvt Ltd)  
"Surya" 35, Mayflower Avenue,  
Behind Senthil Nagar, Sowripalayam Road,  
Coimbatore - 641 028.  
Ph : +91 422 4958995, 2539835/836.  
e mail – info@skdc-consultants.com  
Contact person: Mr. Marimuthu, Manager

## (iii) Share Transfer Systems:

All transfers received are processed by the Registrars and Share transfer agents and are approved by the Share Transfer Committee. Share transfers are registered and returned to the shareholders within the stipulated time if the documents are in order.

Pursuant to Regulation 40(9) of SEBI LODR Regulation 2015, certificates, on half yearly basis, have been issued by a Company Secretary in practice for due compliance of share transfer formalities by the Company.

Pursuant to SEBI (Depositories and Participant's) Regulations 1996, certificates have also been received from a Company Secretary in Practice for timely dematerialization of shares of the company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the company.

## (iv) Dematerialisation of shares:

As on 31.03.2022, 4904300 shares constituting 93.35 % of the total paid up Share Capital of the Company have been dematerialized with CDSL and NSDL

(ix) Distribution of Shareholding :

No of Shares held	No of Share-holders	% of Share-holders	No of Shares	% of Share-holding
1 - 500	3222	88.35	369437	7.02
501 - 1000	230	6.31	203494	3.87
1001 - 2000	110	3.02	175008	3.33
2001 - 3000	29	0.79	77269	1.47
3001 - 4000	7	0.19	26099	0.50
4001 - 5000	6	0.16	28126	0.53
5001 - 10000	7	0.19	53370	1.01
10001 AND ABOVE	36	0.98	4329597	82.27
<b>Total</b>	<b>3647</b>	<b>100.00</b>	<b>5262400</b>	<b>100.00</b>

(x) Category –wise distribution of Shareholding :

Sl.No.	Category	No of Shares	Percentage
	Promoter's Holding		
1.	Promoters	3472308	65.983
	<b>Sub Total</b>	<b>3472308</b>	<b>65.983</b>
2.	Non Promoters Holding Banks, Financial Institutions, Insurance Companies.	1466	0.0279
	<b>Others</b>	-	-
3.	Private Corporate Bodies	394372	7.494
4	Individual shareholders holding nominal share capital up to Rs. 2 Lakh.	958764	18.219
5	Individual shareholders holding nominal share capital in excess of Rs. 2 Lakh.	313165	5.951
6	Other Directors and relatives	1000	0.0190
7	Non Resident Indians (Non Repat)	2061	0.039
8	Non Resident Indians (Repat)	6326	0.1202
9	Clearing members	5371	0.1021
10	HUF	107566	2.0440
11	Body Corporate - Limited Liability Partnership	1	0.0000
	<b>Total</b>	<b>5262400</b>	<b>100.000</b>

(xi) Company Plants:

The Company's plant (Textile Mill) is located at SF No.74/12 and 75/3, Sathy Main Road, Pungampalli Village, Valipalayam (Post), Sathy TK, Erode District.

Wind Mills: Panakudi Village, Radhapuram Taluk. Sinjuvadi Village, Pollachi Taluk, Vadambacherri Village, Palladam Taluk. Kozhumankondan Village, Palani Taluk

Solar Power Plant : Mill premises - SF No.74/12 & 75/3, Sathy Main Road, Pungampalli Village, Valipalayam Post, Sathy Taluk, Erode District.

Solar power Plant : SF No. 31/2, 32/1 & 2 Thaligai Village, (Ground Mounting) Namakkal District, Tamil Nadu

(xii) Address for Correspondence:

Administrative Office: 9, Ramalinga Nagar, IV Cross  
Saibaba Colony, Coimbatore 641 011.  
TamilNadu

**BY ORDER OF THE BOARD**

**SHYAMLAL AGARWALA**  
Chairman  
DIN : 00003055

Place: Coimbatore  
Date: 12.8.2022

**ANNEXUER TO CORPORATE GOVERNANCE REPORT  
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 of  
M/s. Salona Cotspin Limited,  
SF No.74/12 & 75/13, Sathy Road,  
Pungampalli Village,  
Sathyamangalam - 638 402.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Salona Cotspin Limited having CIN: L17111TZ1994PLC004797 and having registered office at SF No.74/12 & 75/3, Sathy Road, Poongampalli Village, Sathyamangalam– 638402 (hereinafter referred to as “the Company”), produced before me 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 the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (as amended)

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) Status and other data/information relating to the directors available at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers. I hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31<sup>st</sup> March, 2022 has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based 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.

**Sd/  
RAMANATHAN KANNAN**

Place: Coimbatore  
Date: 12.8.2022  
UDIN:007446D000787126

Practicing Company Secretary  
**FCS : 7466 CP 17220**

**CORPORATE GOVERNANCE- NON MANDATORY REQUIREMENTS – EXTENT ADOPTED**

1.	<p>The Board – A Non-executive Chairman may be entitled to maintain a Chairman’s Office at the Company’s expense and also allowed reimbursement of expenses incurred in performance of his duties</p> <p>Independent Directors may have tenure not exceeding , in aggregate, a period of nine years, on the Board of a Company</p> <p>The Company may ensure that the person who is being appointed as an independent director has the requisite qualification and experience which would be of use to the Company and which, in the opinion of the Company, would enable him to contribute effectively to the Company in his capacity as an independent director.</p>	<p>Does not arise as the Chairman of the Board is an Executive Chairman</p> <p>Tenure of Five years has been fixed for independent Directors.</p> <p>This is ensured.</p>
2.	Remuneration Committee	Please refer to Serial No.4 of Report on Corporate Governance
3.	Shareholders Rights – The half-yearly declaration of financial performance including summary of the significant events in last six months, may be sent to each household of shareholders	As the Company’s half yearly results are published in leading English newspapers having circulation all over India and in Tamil newspapers and also in the SEBI website, the same are not sent to the shareholders of the Company. There is no publication of second half-yearly result as the annual results are approved by the Board and then published in the newspapers and also communicated to the shareholders through the Annual Report.
4.	Audit qualifications – Company may move towards a regime of unqualified financial statements	Nil
5.	Training of Board Members – The Company may train its Board Members in the business model of the Company as well as the risk profile of the business parameters of the Company, their responsibilities as directors and the best ways to discharge them	At present, the Company does not have any such training program for Directors.
6.	Mechanism for evaluating non-executive Board – Members – The performance evaluation of non-executive Directors could be done by a Peer Group comprising the entire Board of Directors, excluding the Director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend / continue the terms of appointment of non –executive directors	At present, the Company does not have any such mechanism for evaluating the performance of Non-Executive Board Members.
7.	Whistle Blower Policy	The Company has a whistle Blower Policy.

**BY ORDER OF THE BOARD**

Place : COIMBATORE  
Date: 12.08.2022

**SHYAMLAL AGARWALA**  
Chairman.  
DIN: 00003055

**CODE OF CONDUCT - DECLARATION**

In compliance with the requirements of Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 with the Stock Exchanges, I declare that the Board of Directors and Members of Senior Management have affirmed the compliance with the code of conduct during the financial year ended 31.03.2022.

Place: Coimbatore  
Date: 12.08.2022

**For SALONA COTSPIN LIMITED**  
**SHYAMLAL AGARWALA**  
Chairman  
DIN: 00003055

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

The Members,  
Salona Cotspin Limited,  
SF No.74/12 & 75/3, Sathy Road,  
Pungampalli Village,  
Sathyamangalam – 638 402.

1. We, Gopalaiyer and Subramanian, Chartered Accountants, Othe Statutory Auditors of Salona Cotspin Limited (“the company”) have examined the compliance of conditions of Corporate Governance by the company, for the year ended on 31st March 2022, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of the Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations”).

**Management’s Responsibility**

2. The Compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the SEBI Listing Regulations.

**Auditor’s Responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring compliance within the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
4. We have examined the books of account and other relevant records and documents maintained by the company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the company.
5. We have carried out an examination of the relevant records of the company in accordance with the Guidance Note on Certification of Corporate Governance issued by the institute of Chartered Accountants of India (the ICAI), the standards on Auditing specified under 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagement.

**Opinion**

7. In our opinion and to the best of our information and according to explanations given to us and the representation provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clause (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March 2022.
8. We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which management has conducted the affairs of the company.

For **GOPAL AIYER AND SUBRAMANIAN**

Chartered Accountants  
(Firm registration number: 000960S)

**CA.R.MAHADEVAN**

Partner

(Membership No.027497)

UDIN : 22027497AJXRMG2033

Place: Coimbatore  
Dated : 30-05-2022

## CEO AND CFO CERTIFICATION

### To the Board of Directors of SALONA COTSPIN LIMITED

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statements for the year ended 31<sup>st</sup> March 2022 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2021-22, which are fraudulent, illegal or violation of the Company's code of conduct
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have not observed any deficiencies in the design or operation of internal controls; and
- (d) We have indicated to the Auditors and the Audit Committee that there are:-
  - (i) no significant changes in the internal control during the year
  - (ii) no significant changes in accounting policies during the year; and
  - (iii) no instances of significant fraud where the involvement of management or an employee having a significant role in the Company's internal control system have been observed.

COIMBATORE  
Date: 12.08.2022

SHYAMLAL AGARWALA  
Managing Director (CEO)  
**DIN: 00003055**

M.S. SELVARAJ  
General Manager-Accounts (CFO)



## **INDEPENDENT AUDITOR'S REPORT**

To The Members of **SALONA COTSPIN LIMITED**, Coimbatore (“the company”)  
Report on the Audit of the Financial Statements

### **Opinion**

We have audited the accompanying Ind AS financial statements of Salona Cotspin Limited (“the Company”), which comprise the balance sheet as at March 31, 2022 and the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies ( Indian Accounting Standards) Rules 2015, as amended ,and other Accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, the changes in equity and cash flows for the year ended as on that date.

### **Basis for Opinion:**

We conducted our audit in accordance with the “Standards on Auditing” 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 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 Ind AS financial statements under the provisions of the Act 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the 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 that there are no key audit matters to communicate in our report.

### **Information other than the Ind AS financial statements and auditors' report thereon**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and

Shareholder's Information, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the 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 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 during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

**Management's responsibility for the Ind AS financial statements:**

The Company's board of directors is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) and other Indian accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the company and for preventing and deducting frauds and other irregularities, selection and application of appropriate accounting policies, making judgement and estimate that are reasonable prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to a fraud or error.

In preparing the 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.

The management has also made appropriate adjustments to the Ind AS financial statements and ensuring necessary disclosures that may impact future operating results, cash flows and financial position of the company.

The board of directors are also responsible for overseeing the financial reporting process of the company.

**Auditor's responsibilities for the audit of the Ind AS financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 Board of Director' 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 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 Ind AS financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the 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 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 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 (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in **Annexure "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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2022 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, refer to our separate report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - (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, the Managerial remuneration for the year ended 31<sup>st</sup> March 2022, paid/provided by the Company to its directors is in accordance with the provisions of section 197 read with schedule V to the Act; and
  - (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, as amended in our opinion and to the best of our information and according to the explanations given to us;
    - a. The Company does not have any pending litigations which would impact its financial position;
    - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

- c. There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company.
- d. (A) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or Entity, including foreign entity (“Intermediaries”), with the understanding, whether

Recorded in writing or otherwise, that the Intermediary shall, whether, directly or Indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide Any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (B) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (C) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations, as provided under (A) and (B) above, contain any material misstatement.
- (e) The Board of Directors of the company have proposed final dividend for the year which is subject to the approval of the members at the Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

For **GOPAL AIYER AND SUBRAMANIAN**

Chartered Accountants  
(Firm registration No.: 000960S)

**CA.R.MAHDEVAN**

Partner  
(Membership No.027497)  
UDIN : 22027497AJXRMG2033

Place : Coimbatore  
Date: 30<sup>th</sup> May, 2022

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **SALONA COTSPIN LIMITED** of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which fixed assets are verified in a phased manner and in our opinion the same is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification
  - (c) Based on our examination of the records, title deeds of all immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
  - (d) The Company has not revalued any of its Property, Plant and Equipment (including right of-use assets) and intangible assets during the year.
  - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder and hence reporting under clause 3(i)(e) does not arise.
- ii.
  - (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us and examined by us, no material discrepancies were noticed on such verifications
  - (b) The Company has been sanctioned with working capital limits in excess of Rs. 5 crores, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets. The quarterly returns/statements filed by the Company with such banks and financial Institutions are generally in agreement with the books of accounts of the Company except as follows,

Quarter ended	Amount as per books of accounts	Amount reported in the quarterly statement	Difference (Rs.)
June 2021	46,67,83,625	47,01,59,969	33,76,344
September 2021	31,32,44,503	33,10,54,413	1,78,09,910
December 2021	35,15,47,673	35,29,77,729	14,30,056
March 2022	62,91,56,280	62,90,40,405	-1,15,875

However, as per our opinion, the above mentioned differences are not material with respect to the value of Stocks held by the Company and hence disclosure of reasons for the same does not arise.

- iii. During the year, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured to companies, firms, LLP's or other parties. Accordingly reporting under clause 3(iii) of the order is not applicable to the company.
- iv. There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the year and hence the provisions of section 73 to 76 or any other relevant provisions of the companies Act 2013 are not applicable. Reporting under this clause is not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the same.
- vii. According to the information and explanation given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues including, provident fund, employees' state insurance, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, cess and other material statutory dues applicable to it to the appropriate authority.
  - (b) There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
  - (c) There is no due in respect of any disputed demand in respect of income- tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise as on 31<sup>st</sup> March 2022.
- viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company
- ix. According to the information and explanation given to us,
  - (a) Based on our audit procedures, we are of the opinion that the company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date.
  - (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
  - (c) The term loans were applied for the purpose for which the loans were obtained
  - (d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.
  - (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly reporting under clause 3(ix) (e) of the order is not applicable.

- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix) (f) of the Order does not arise.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order does not arise.  
(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x) (b) of the Order is not applicable.
- xi. (a) Based on the audit procedures performed, we have neither come across any instance of material fraud by the company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.  
(b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by Secretarial Auditor/Cost Auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government  
(c) According to the information and explanations furnished by the management, which have been relied upon by us, no whistle blower complaint was received by the company during the year.
- xii The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standards (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.  
(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable.  
(d) According to the information and explanations given to us, the Group does not have any Core Investment Company (CIC)
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the order is not applicable



- xix. According to the information and explanations given to us and on the basis of the financial ratios, as disclosed in notes to the standalone Ind AS financial statement, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.
- (b) There are no unspent amounts in respect of ongoing projects that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act.



For **GOPAL AIYER AND SUBRAMANIAN**  
Chartered Accountants  
(Firm registration No.: 000960S)

**CA.R.MAHADEVAN**  
Partner

(Membership No.027497)  
UDIN : 22027497AJXRMG2033

Place: Coimbatore  
Date: 30-05-2022

## **ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' section of our report of the even date to the members of M/s. Salona Cotspin Limited on the Ind AS financial statements for the year ended March 31, 2022.)

### **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 M/s Salona Cotspin Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management and Board of Director 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 act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143 (10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and 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 controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting:**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

- (i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the company.
- (ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting.**

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

**Opinion:**

In our opinion, to the best of our information and according to the explanations given to us 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 31,2022, 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.

For **GOPAL AIYER AND SUBRAMANIAN**

Chartered Accountants  
(Firm registration number: 000960S)

**CA.R.MAHADEVAN**

Partner

(Membership No.027497)

UDIN : 22027497AJXRMG2033

Place: Coimbatore

Date: 30-05-2022

**SALONA COTSPIN LIMITED**  
**AUDITED BALANCE SHEET AS AT 31ST MARCH 2022**

No	Particulars	Note No.	As at 31st March 2022 (in Lacs)	As at 31st March 2021 (in Lacs)
(1)	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment	2	4,277.67	2,658.25
	(b) Capital work-in-progress	3		
	(c) Other Intangible assets	4	2.96	6.09
	(d) Financial Assets			
	(i) Investments	5	0.75	0.73
	(e) Other non-current assets	6	166.20	164.60
			<b>4,447.58</b>	<b>2,829.67</b>
(2)	<b>Current assets</b>			
	(a) Inventories	7	6,291.56	4,276.64
	(b) Financial Assets			
	(i) Trade receivables	8	9,620.91	5,346.52
	(ii) Cash and cash equivalents	9	7.23	20.50
	(iii) Bank balances other than (iii) above		32.98	32.66
	(c) Other current assets	10	2,395.92	1,325.24
			<b>18,348.60</b>	<b>11,001.55</b>
	<b>Total Assets</b>		<b>22,796.18</b>	<b>13,831.22</b>
	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share capital	11	532.89	532.89
	(b) Other Equity	12	5,191.07	3,268.81
	<b>LIABILITIES</b>			
	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	13	2,729.66	1,195.35
	(b) Provisions	14	107.24	86.27
	(c) Deferred tax liabilities (Net)	15	307.11	150.77
			<b>8,867.98</b>	<b>5,234.10</b>
	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	16	11,142.88	6,470.71
	(ii) Trade payables	17		
	i) total outstanding dues of micro enterprises and small enterprises		73.56	-
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,737.64	1,786.38
	(b) Other current liabilities	18	811.35	301.60
	(c) Provisions	19	32.27	18.30
	(d) Current Tax Liabilities (Net)	20	130.51	20.13
			<b>13,928.20</b>	<b>8,597.13</b>
	<b>Total Equity and Liabilities</b>		<b>22,796.18</b>	<b>13,831.22</b>

See accompanying notes to the financial statements

Subject to our report of even date attached

For and on Behalf of the Board

**for GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants (FRN 000960S)

Shyamlal Agarwala  
Managing Director  
DIN 00003055

Manoj Kumar Jhajharia  
Joint Managing Director  
DIN 00003076

**R.Mahadevan ( Membership No. 27497)**

Partner

K.B.Sajith  
Company Secretary  
ACS No. 35602

M.S.Selvaraj  
Chief Financial Officer

Place : Coimbatore

Date: 30<sup>th</sup> May, 2022

## SALONA COTSPIN LIMITED

## AUDITED STATEMENT OF PROFIT &amp; LOSS FOR THE PERIOD ENDED 31ST MARCH 2022

No	Particulars	Note No.	Year Ended 31st March 2022 (in Lacs)	Year Ended 31st March 2021 (in Lacs)
I	Revenue From Operations	21	64,708.02	23,012.72
II	Other Income	22	6.23	11.35
III	<b>Total Income (I+II)</b>		<b>64,714.25</b>	<b>23,024.08</b>
IV	<b>EXPENSES</b>			
	Cost of materials consumed	23	11,706.48	5,277.14
	Purchases of Stock-in-Trade	24	44,785.61	13,207.91
	Changes in inventories of finished goods, Stock-in-Trade and Work-in-Progress	25	-2,758.13	-328.61
	Employee benefits expense	26	937.88	634.68
	Finance costs	27	738.12	446.03
	Depreciation and amortization expense	28	332.67	265.77
	Other expenses	29	6,296.57	2,745.20
	<b>Total expenses (IV)</b>		<b>62,039.20</b>	<b>22,248.11</b>
V	<b>Profit/(loss) before exceptional items and Tax (I-IV)</b>		<b>2,675.05</b>	<b>775.96</b>
VI	Exceptional Items		-	-
VII	<b>Profit/(loss) before tax (V-VI)</b>		<b>2,675.05</b>	<b>775.96</b>
VIII	Tax expense:			
	(1) Current tax	30	539.80	126.60
	(2) Deferred tax	31	156.34	29.37
IX	<b>Profit (Loss) for the period from Continuing Operations (VII-VIII)</b>		<b>1,978.92</b>	<b>620.00</b>
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII	<b>Profit/(loss) for the period (IX+XII)</b>		<b>1,978.92</b>	<b>620.00</b>
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to Profit or Loss		-4.03	-27.13
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-	-
	B (i) Items that will be reclassified to Profit or Loss		-	-
	(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	-
XV	<b>Total Comprehensive Income for the period (XIII+XIV)</b> (Comprising Profit (Loss) and other Comprehensive Income for the period)		<b>1,974.89</b>	<b>592.86</b>
XVI	<b>Earnings per equity share (for continuing Operation):</b>			
	(1) Basic		37.60	11.78
	(2) Diluted		37.60	11.78
XVII	<b>Earnings per equity share (for discontinued Operation):</b>			
	(1) Basic		-	-
	(2) Diluted		-	-
XVIII	<b>Earnings per equity share(for discontinued &amp; Continuing Operations)</b>			
	(1) Basic		37.60	11.78
	(2) Diluted		37.60	11.78

See accompanying notes to the financial statements

Subject to our report of even date attached

**for GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants (FRN 000960S)

**R.Mahadevan ( Membership No. 27497)**

Partner

Place : Coimbatore

Date : 30<sup>th</sup> May, 2022Shyamlal Agarwala  
Managing Director  
DIN 00003055K.B.Sajith  
Company Secretary  
ACS No. 35602

For and on Behalf of the Board

Manoj Kumar Jhajharia  
Joint Managing Director  
DIN 00003076M.S.Selvaraj  
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2022**

Name of the Company: **SALONA COTSPIN LIMITED**

Statement of Changes in Equity for the period ended **31ST MARCH 2022**

**A. Equity Share Capital**

Balance as at 31st March 2022	532.89
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**B. Other Equity**

(in Lacs)

	Reserves and Surplus		Items of other Comprehensive Income		Total
	General Reserve	Retained Earnings	Equity Instruments through OCI	Remeasurement of Post employment benefit obligations	
<b>Balance as at 31.03.2021</b>	<b>15.00</b>	<b>3,242.79</b>	<b>0.01</b>	<b>11.01</b>	<b>3,268.81</b>
<b>Add:</b> Profit for the year		1,978.92			<b>1,978.92</b>
<b>Add:</b> Changes in fair value of equity instruments through FVTOCI (net of Tax)			0.01		<b>0.01</b>
<b>Add:</b> Remeasurement of Post employment benefit obligations				-4.04	<b>-4.04</b>
<b>Less:</b> Payment of Dividends		0.00			<b>0.00</b>
<b>Balance as on 31st March 2022</b>	<b>15.00</b>	<b>5,169.08</b>	<b>0.02</b>	<b>6.97</b>	<b>5,191.07</b>

See accompanying notes to the financial statements

Subject to our report of even date attached  
for **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants (FRN 000960S)

**R.Mahadevan ( Membership No. 27497)**  
Partner

Place : Coimbatore  
Date : 30<sup>th</sup> May, 2022

Shyamlal Agarwala  
Managing Director  
DIN 00003055

K.B.Sajith  
Company Secretary  
ACS No. 35602

For and on Behalf of the Board

Manoj Kumar Jhajharia  
Joint Managing Director  
DIN 00003076

M.S.Selvaraj  
Chief Financial Officer

**SALONA COTSPIN LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2022**

	Particulars	31st March 2022 (in Lacs)	31st March 2021 (in Lacs)
<b>A</b>	<b>Cash flow from operating activities:</b>		
	Net Profit before taxation and extra ordinary items	2,671.02	748.83
	<b>Adjustments for:</b>		
	Depreciation	332.67	265.77
	Deferred Expenses written off		
	Profit on sale of fixed assets	4.04	2.95
	Profit on sale of Investments		-
	Interest and financial charges paid	738.12	446.03
	Dividend Income		
	Interest receipts	(2.19)	(8.90)
	Direct Taxes	(539.80)	(126.60)
	Operating profit before working capital changes	3,203.86	1,328.08
	<b>Adjustments for working capital changes</b>		
	(Increase)/Decrease in Operating assets		
Inventories	(2,014.92)	(610.24)	
Trade receivables	(4,274.40)	(3,995.84)	
Loans and Advances - short term	-	(526.61)	
Other Current Assets	(1,071.00)	(164.77)	
Other non-current assets	(1.60)	90.93	
Increase/(Decrease) in Operating liabilities			
Trade payables	24.82	1,118.71	
Other Current Liabilities	509.74	362.91	
Short term Provisions	124.35	22.19	
Loans and Advances - long term	-	(20.40)	
Long Term Provisions	20.97	23.28	
<b>Net cash flow from operating activities (A)</b>	<b>(3,478.17)</b>	<b>(2,371.77)</b>	
<b>B</b>	<b>Cash flow from investing activities:</b>		
	Purchase of Fixed Assets	(1,991.80)	(644.45)
	Purchase of Investment	(0.01)	(0.01)
	Sale of Fixed Assets	38.79	103.85
	Sale of Investments		
	Advance for Capital Goods		
	Deferred Revenue Expenditure	2.19	8.90
Interest receipts			
Dividend Income			
<b>Net cash from investing activities (B)</b>	<b>(1,950.83)</b>	<b>(531.71)</b>	
<b>C</b>	<b>Cash flow from financing activities:</b>		
	Proceeds from long term borrowings	1,534.31	544.18
	Repayment of long term borrowings		-
	Proceeds from short term borrowings	4,672.16	2,806.59
	Increase/(Decrease) in Secured Loan		
	Increase/(Decrease) in long term borrowings		-
	Increase/(Decrease) in short term borrowings	4,672.16	2,806.59
	Interest and financial charges paid	(738.12)	(446.03)
	Increase In share Capital		
	Dividend Paid	52.62	-
	<b>Net cash from financing activities</b>	<b>5,415.73</b>	<b>2,904.75</b>
	Net increase/(decrease) in cash and cash equivalents	(13.27)	1.27
	Cash & cash equivalents at the beginning of the year	20.50	19.24
Cash & cash equivalents at the close of the year	7.23	20.50	
Cash and Cash equivalents at the close of the year comprise of			
Cash on hand	3.80	6.79	
Cash at bank in current accounts	3.44	13.71	
	7.23	20.50	
	0.00	-	

See accompanying notes to the financial statements

Subject to our report of even date attached

**for GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants (FRN 000960S)

**R.Mahadevan ( Membership No. 27497)**

Partner

Place : Coimbatore

Date: 30<sup>th</sup> May, 2022Shyامل Agarwala  
Managing Director  
DIN 00003055K.B.Sajith  
Company Secretary  
ACS No. 35602

For and on Behalf of the Board

Manoj Kumar Jhajharia  
Joint Managing Director  
DIN 00003076M.S.Selvaraj  
Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**  
**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**I. Corporate Information**

- I. Salona Cotspin Limited is public Limited Company and incorporated under the provision of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed in National Stock Exchange of India. The Company is engaged in the manufacturing and selling of Cotton Yarn, Knitted Fabrics and Garments. The company caters to both domestic and international markets.
- II. Significant Accounting Policies followed by the Company

**(a) Basis of preparation**

(i) Compliance with Ind AS

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

The accounting policies are applied consistently to all the periods presented in the financial statements.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value in terms of Ind AS.

(iii) Going Concern

The accounts are prepared on the basis of going concern concept

(iv) 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.

(v) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupees as per the requirement of Schedule III, unless otherwise stated.

**(b) Use of estimates and judgments**

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

**(c) Property, Plant and Equipment**

The Property, Plant and Equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods estimated useful lives and residual value



Depreciation on Property, Plant and Equipment and other fixed assets is provided on a Straight-Line Method, over the estimated useful lives of assets.

The Company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act, and management believe that useful life of assets are same as those prescribed in Schedule II to the Act.

Useful life considered for calculation of depreciation for various assets class are as follows-

<b><u>Asset Class</u></b>	<b><u>Useful Life</u></b>
Plant and Machinery	15 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicles	8 years

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

#### **(d) Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and bank, current account balances.

#### **(e) Inventories**

Inventories of Finished Goods, Stock-in-trade and Packing Materials are stated at cost or net realizable value, whichever is lower. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are "First in First out" as applicable. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

#### **(f) Financial assets**

##### **(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- (1) those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- (2) those measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

##### **(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

##### **(iii) Impairment of financial assets**

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**(g) Impairment of non-financial assets**

that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(h) Segment Reporting:**

The company has only one segment – "Textile Business"

**(i) Provisions and contingent liabilities**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

**(j) Revenue recognition**

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are exclusive of GST and net of returns, trade allowances, rebates, discounts and value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

The Company recognized the above standard retrospectively with cumulative effect.

**(k) Sale of goods**

The Company earns revenue primarily from Sale of Yarn, Fabrics & Garments. It has applied the principles laid down in Ind AS 115 and determined that there is no change require in the existing revenue recognition methodology. In case of sale to domestic customers, sale is made on ex-factory basis and revenue is recognized when the goods are dispatched from the factory gate, in case of sale at Franchisee Outlet, revenue is recognized on goods sold to end customers. In case of export sales, revenue is recognized on shipment date, when performance obligation is met.

**(l) Other operating revenue - Export incentives**

Export Incentives under various schemes are accounted in the year of export.

**(m) Employee benefits**

- (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

- (ii) Employment retirement benefits
  - a) Contribution to Provident Fund has been made to the respective authorities.
  - b) Gratuity liability as per the Actuarial Valuation has been provided in the accounts as at the year end.
  - c) Gratuity to working Directors, the liability is ascertained on accounting principles as laid down by the formula prescribed by Payment of Gratuity Act, 1972 and they are not funded but only provided for.

**(n) Foreign currency translation**

**(i) Functional and presentation currency**

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

**(ii) Transactions and balances**

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

**(o) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**(p) Earnings Per Share**

**Basic earnings per share:**

Basic earnings per share is calculated by dividing:

- Earnings per share is arrived by dividing the Net Profit after tax attributable to the equity shareholders by the number of equity shares.

**Diluted earnings per share:**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to taken into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(q) Critical estimates and judgements -**

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results.

Management also need to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**Fair value measurement**

Financial Instrument by category and hierarchy The fair values of the financial assets and liabilities are 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 The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short-term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the used of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have significant effect on the recorded fair value that are not based on observable market data.

### **Financial risk management**

#### **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operation activities (primarily trade receivables) and from its financing activities, foreign exchange transactions and other financial instruments.

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 through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business,
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- iv) Significant increase in credit risk on other financial instruments of the same counterparty,

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company.

#### **Trade Receivables**

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and generally on 7 days to 180 days' credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral security. The Company evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

#### **Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

#### **COVID-19**

The world has been afflicted with an unprecedented epidemic COVID-19 which has adversely affected all businesses in all countries including India, during the 1<sup>st</sup> Quarter of financial year 2021-2022.

Epidemic COVID-19 had shown signs of recession during the second half of the financial year 2021 -22 and our business had speedily improved during the second half. In spite of lock down in few State, we achieved a Sales turnover of Rs. 610.63 Lakhs in 2021-22.

**SALONA COTSPIN LIMITED**  
**NOTES TO BALANCE SHEET AS AT 31ST MARCH 2022**  
**NOTE NO.2, 3 & 4 PROPERTY, PLANT AND EQUIPMENT**

(in Lacs)

No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK			
		Ason 01.04.2021	Additions/ Acquisitions through Business Combinations	Deletions/ Disposals	Other than Deletions Disposals of assets	Ason 31.03.2022	Upto 01.04.2021	For the Period	With -drawn on Account of Disposal	With -drawn on Other Account	Upto 31.03.2022	Ason 31.03.2022	Ason 31.03.2021
<b>A</b>	<b>TANGIBLE ASSETS</b>												
1	FREE HOLD LAND	230.39	35.65	-	-	266.04	-	-	-	-	-	266.04	230.39
2	BUILDING	894.86	-	-	-	894.86	413.72	31.53	-	445.25	449.61	449.61	481.15
3	PLANT & EQUIPMENTS	8,038.92	1,774.04	41.19	0.42	9,771.77	6,159.78	268.59	39.13	6,389.24	3,382.53	1,879.14	18.97
4	FURNITURE & FIXTURES	45.71	1.93	-	1.22	47.22	26.74	6.09	-	32.83	14.39	14.39	46.38
5	VEHICLES	137.82	134.74	-	-	271.34	91.44	12.43	-	103.87	167.48	167.48	2.22
6	OFFICE EQUIPMENTS	121.48	5.31	-	-	126.80	119.26	9.91	-	129.17	(2.37)	(2.37)	2.22
	<b>TOTAL A</b>	<b>9,469.18</b>	<b>1,951.67</b>	<b>41.19</b>	<b>1.64</b>	<b>11,378.03</b>	<b>6,810.94</b>	<b>328.55</b>	<b>39.13</b>	<b>7,100.36</b>	<b>4,277.67</b>	<b>2,658.25</b>	
<b>B</b>	<b>INTANGIBLE ASSETS **</b>												
7	COMPUTER SOFTWARE	23.67	1.00	-	-	24.67	17.58	4.13	-	21.71	2.96	2.96	6.09
	<b>TOTAL B</b>	<b>23.67</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>24.67</b>	<b>17.58</b>	<b>4.13</b>	<b>-</b>	<b>21.71</b>	<b>2.96</b>	<b>6.09</b>	
<b>C</b>	<b>CAPITAL WORK-IN-PROGRESS</b>												
8	BUILDING PLANT & EQUIPMENTS	-	-	-	-	-	-	-	-	-	-	-	-
	<b>TOTAL C</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D</b>	<b>INTANGIBLE ASSETS UNDER CONSTRUCTION</b>												
	<b>TOTAL D</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>CURRENT YEAR FIGURES (TOTAL (A+B+C+D))</b>	<b>9,492.85</b>	<b>1,952.67</b>	<b>41.19</b>	<b>1.64</b>	<b>11,402.70</b>	<b>6,828.52</b>	<b>332.67</b>	<b>39.13</b>	<b>7,122.07</b>	<b>4,280.63</b>	<b>2,664.33</b>	
	<b>PREVIOUS YEAR FIGURES</b>	<b>9,004.29</b>	<b>595.36</b>	<b>21.09</b>	<b>85.71</b>	<b>9,492.85</b>	<b>6,611.84</b>	<b>265.77</b>	<b>20.03</b>	<b>6,828.52</b>	<b>2,664.33</b>	<b>2,392.45</b>	

## NOTES TO BALANCE SHEET AS AT 31ST MARCH 2022

**NOTE NO. 5 : NON - CURRENT INVESTMENTS****A. Classifications:**

No	Particulars	As at 31st March 2022 (in Lacs)	As at 31st March 2021 (in Lacs)
a	Investments in Equity Instruments	0.75	0.73
		<b>0.75</b>	<b>0.73</b>

**B. Break up details for Investments:****1) Details for Investments in Equity.**

No	Name of the Script	No of Shares/ Units	Cost of Acquisition	Carrying amount As at 31st March 2022 (in Lacs)	Carrying amount As at 31st March 2021 (in Lacs)
i)	<b>Equity Instruments:</b>				
	<b>Non-trade Quoted</b>				
1	Union Bank of India 272 Equity shares of Rs.10/- each (Previously 272 equity shares of Rs.10/- each)	272	0.30	0.10	0.09
	<b>Trade - Unquoted</b>				
1	6420 Equity Shares in Echanda Urja Private Limited	11,620	0.64	0.64	0.64
	Sub Total	<b>11,892</b>	<b>0.94</b>	<b>0.75</b>	<b>0.73</b>

**2. Abstract of Investments in Equity**

No	Particulars	As at 31st March 2022 (in Lacs)	As at 31st March 2021 (in Lacs)
a	Aggregate amount of quoted investments	0.10	0.09
b	Market Value of Quoted Investments	-	-
c	Aggregate amount of unquoted investments	0.64	0.64
	Net Carrying amount of Investments	<b>0.75</b>	<b>0.73</b>

**NOTE NO. 6 : OTHER NON - CURRENT ASSETS**

No	Particulars	As at 31st March 2022 (in Lacs)	As at 31st March 2021 (in Lacs)
1	Capital Advances	48.75	48.75
2	Security Deposits	102.38	95.45
3	Rental Advances	15.08	20.40
		<b>166.20</b>	<b>164.60</b>

**NOTE NO. 7 : INVENTORIES**

**A. Classification**

No	Particulars	As at 31st March 2022 (in Lacs)	As at 31st March 2021 (in Lacs)
	<b>Inventory on Hand</b>		
a)	Raw Materials	1,582.57	2,343.33
b)	Work in Progress	1,026.95	355.78
c)	Finished Goods	3,582.15	1,513.41
d)	Stores & Spares	99.90	64.12
	<b>Total</b>	<b>6,291.56</b>	<b>4,276.64</b>

**NOTE NO. 8 : TRADE RECEIVABLES**

No	Particulars	As at 31st March 2022 (in Lacs)	As at 31st March 2021 (in Lacs)
a)	-Secured, considered good	-	-
b)	-Unsecured, considered good	9,620.91	5,346.52
	<b>Total</b>	<b>9,620.91</b>	<b>5,346.52</b>
	(Refer Note no. 8(a) & (b) for ageing schedule)		

**Note no. 8(a) Trade Receivable ageing Schedule as at 31st March 2022**

(Amount in Lacs.)

Particulars	Outstanding for following period from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 Years	2-3 Years	More than 3 Years	
i) Undisputed Trade Receivables - Considered good	9,499.27	43.38	73.42	4.84	-	9,620.91
ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit Impairs	-	-	-	-	-	-
iv) Disputed Trade Receivables - Considered good	-	-	-	-	-	-
v) Disputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables - Credit impaired	-	-	-	-	-	-



**Note no. 8(b) Trade Receivable ageing Schedule as at 31st March 2021**

(Amount in Lacs.)

Particulars	Outstanding for following period from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 Years	2-3 Years	More than 3 Years	
i) Undisputed Trade Receivables - Considered good	5,277.70	45.34	17.71	5.58	0.18	5,346.52
ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit Impairs	-	-	-	-	-	-
iv) Disputed Trade Receivables - Considered good	-	-	-	-	-	-
v) Disputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables - Credit impaired	-	-	-	-	-	-

**NOTE NO. 9 : CASH AND CASH EQUIVALENTS****A. Classification:**

No	Particulars	As at 31st March 2022 (in Lacs)	As at 31st March 2021 (in Lacs)
a)	Cash on hand	3.80	6.79
b)	Balances with banks:		
	- Balances in Current accounts	3.44	13.71
	- In earmarked accounts		
	Unpaid dividend accounts	8.56	7.77
c)	Other bank deposits		
	- Margin Money Deposits held under lien by Banks	24.42	24.89
	<b>Total</b>	<b>40.22</b>	<b>53.16</b>

**NOTE NO. 10 : OTHER CURRENT ASSETS****A. Classifications :-**

No	Particulars	As at 31st March 2022 (in Lacs)	As at 31st March 2021 (in Lacs)
a)	Balance with Revenue Authorities	1,215.94	669.36
b)	Accrued Income	2.15	2.15
c)	Prepaid Expenses	21.27	11.37
d)	Advance to Suppliers	1,155.65	640.67
e)	Advance to Employees	0.91	1.68
	<b>Total</b>	<b>2,395.92</b>	<b>1,325.25</b>

## NOTES TO BALANCE SHEET AS AT 31ST MARCH 2022

### NOTE NO. 11 : EQUITY SHARE CAPITAL

#### i) Particulars of each class of share capital:

No.	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
1.	Authorised: 6000000 Equity Shares of Rs.10/- each	600.00	600.00
		<b>600.00</b>	<b>600.00</b>
2.	Issued Capital:, 5262400 Equity Shares of Rs.10/- each	526.24	526.24
		<b>526.24</b>	<b>526.24</b>
3.	Subscribed, Called Up and Paid Up Capital 5262400 Equity Shares of Rs.10/- each fully paid up	526.24	526.24
		<b>526.24</b>	<b>526.24</b>
	Forfeited Shares 88700 Nos-(Previous Year 88700 Nos)-Originally Paid-up	6.65	6.65
		<b>532.89</b>	<b>532.89</b>

#### ii) Reconciliation of number of equity shares:

No.	Particulars	No. of shares		As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
		As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)		
	At the commencement of the year	52.62	52.62	526.24	526.24
	At the close of the year	<b>52.62</b>	<b>52.62</b>	<b>526.24</b>	<b>526.24</b>

- a No Shares have been issued during the year Nil Nil
- b No shares have been Bought back during the year Nil Nil
- c No shares have been forfeited during the year Nil Nil

#### iii) Specified details on each class of shares for a period of five years immediately preceding the date as at which Balance Sheet is prepared :-

- a Aggregate Number and class of Shares allotted for contract without payment being received in cash.  
There were no shares allotted for contract without payment being received in cash during the reporting period nor in the preceding five years.
- b Aggregate number and Class of shares allotted as fully paid by way of bonus shares (Fully paid-up)  
No bonus shares were allotted during the reporting period nor in the preceding five years.
- c Aggregate number and Class of shares bought back  
No shares were bought back during the reporting period nor in the preceding five years.

#### iv) Details of Shareholders holding more than five percent of equity shares:

No.	Name of the person	As at 31st March 2022		As at 31st March 2021	
		% of holding	Number of shares	% of holding	Number of shares
1	Shyamlal Agarwala	8.16%	429393	8.16%	429393
2	Manoj Kumar Jhajharia	5.93%	312188	5.93%	312188
3	Pramod Kumar Jhajharia	5.97%	313966	5.97%	313966
4	Arun Kumar Jhajharia	6.28%	330671	6.28%	330671
5	Krishna Agarwal	8.47%	445901	8.47%	445901
6	Pista Devi Jhajharia	6.18%	325403	6.18%	325403

**NOTES TO BALANCE SHEET AS AT 31ST MARCH 2022****v) Rights, Preferences and restrictions attaching to each class of shares including restrictions on distribution of dividends and repayments of capital:**

The Company has only one class of share namely equity shares having a par value of Rs.10 each. Each shareholder is eligible for one vote for every share held. The dividend approved by the shareholders in any annual general meeting and in case of any interim dividend declared, is payable to the equity shareholders in proportion to their holding. The equity shareholders are eligible to receive the remaining assets of the company on the occurrence of an event, requiring repayment of capital, in proportion of their shareholding.

**vi) Terms of any securities convertible into Equity/Preference Shares issued along with earliest date of conversion in descending order starting from earliest such date:**

There are no securities convertible into equity or preference shares

**vii) Shares reserved for issue under option and Contract/ Commitments for the sale of shares / disinvestment including terms and amounts:**

There are no shares reserved under any option

**viii) Share holding of Promoters**

Promoter Name	As at 31st March 2022			As at 31st March 2021		
	No.of Shares	% of Total Shares	% Change during the Year	No.of Shares	% of Total Shares	% Change during the Year
Krishna Agarwal .	445901	8.47%	0.00%	445901	8.47%	0.29%
Shyamlal Agarwala .	429393	8.16%	0.00%	429393	8.16%	0.30%
Arun Kumar Jhajharia .	330671	6.28%	0.00%	330671	6.28%	0.30%
Pistadevi Jhajharia .	325403	6.18%	0.00%	325403	6.18%	0.30%
Pramod Kumar Jhajharia .	313966	5.97%	0.00%	313966	5.97%	0.30%
Manoj Kumar Jhajharia .	312188	5.93%	0.00%	312188	5.93%	0.30%
Mahesh Agarwal	259800	4.94%	0.00%	259800	4.94%	0.00%
Sheli Agarwal .	226622	4.31%	0.00%	226622	4.31%	0.29%
Sabita Agarwal .	224291	4.26%	0.00%	224291	4.26%	0.25%
Indu Agarwal	193000	3.67%	0.00%	193000	3.67%	0.00%
Raghav Agarwal .	124726	2.37%	0.00%	124726	2.37%	0.30%
Saloni Agarwal .	118534	2.25%	0.00%	118534	2.25%	0.00%
Shyamlal Agarwal Huf .	41000	0.78%	0.00%	41000	0.78%	0.30%
Santosh Kumar Agarwal	30000	0.57%	0.00%	30000	0.57%	0.00%
Umesh Kumar Agarwal	30000	0.57%	0.00%	30000	0.57%	0.00%
Sunita Devi Agarwal	20000	0.38%	0.00%	20000	0.38%	0.00%
Kavita Kejriwal	16001	0.30%	0.00%	16001	0.30%	0.00%
Parvati Agarwal	14600	0.28%	0.00%	14600	0.28%	0.00%
Anshu Agarwal	10212	0.19%	0.00%	10260	0.19%	0.00%
Mahesh Kumar Agarwal HUF	3000	0.06%	0.00%	3000	0.06%	0.00%
Umesh Kumar Agarwal Huf	3000	0.06%	0.00%	3000	0.06%	0.00%

**NOTE NO. 12 : OTHER EQUITY**

No.	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
1	<b>A. RESERVES:</b>		
	General Reserve		
	Balance as Per Last Balance Sheet	15.00	15.00
	Transfer From Statement Of Profit & Loss	-	-
	Closing Balance-Total Of Reserves	<b>15.00</b>	<b>15.00</b>
2	<b>B. SURPLUS:</b>		
	<b>Statement of Profit and Loss after all allocations and appropriations:-</b>		
	Opening Balance (i)	3,253.81	2,660.95
	Add : Profit after tax for the year (ii)	1,974.89	592.86
	Total (iii = i+ii)	<b>5,228.70</b>	<b>3,253.81</b>
	Less: (a) Transfer to Reserve	-	-
	(b) Equity Dividend paid for the year 2020-21	52.62	-
	Total (iv)	<b>52.62</b>	-
	Total of Surplus (v = (iii) - (iv))	<b>5,176.07</b>	<b>3,253.81</b>
	Total of Reserves & Surplus-Per Balance Sheet	<b>5,191.07</b>	<b>3,268.81</b>

**NOTE NO. 13 : LONG TERM BORROWINGS**

**A. Classifications:-**

No.	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
	<b>Secured:</b>		
(a)	Term Loans - From Banks	2,449.67	999.61
(b)	Long term maturities of Finance Lease Obligation	117.92	8.75
	<b>Unsecured:</b>		
(c)	Other Loans and Advances	162.08	187.00
	<b>Total Per Balance Sheet</b>	<b>2,729.66</b>	<b>1,195.35</b>

**B. Other Disclosures:****(a) (i) Term Loans from Banks**

No.	Particulars	Limit sanctioned (Rs.In Lacs)	Terms of repayment	Amount Outstanding	
				As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
1	Secured : <b>1 Punjab National Bank</b> Term Loan -II	1330.00	Repayable in 24 equal quarterly installments after a moratorium of six months	-	180.98
	COVID19 - Term Loan CECF	80.00	Repayable in 18 equated monthly installments after a moratorium period of six months	-	5.25
	WCTL UNDER GECL	282.72	Repayable in 36 installments after a moratorium period of 12 months	-	182.46
2	<b>Union Bank of India</b> COVID19 - Term Loan CELC	376.91	Repayable in 18 equated monthly principal installments after a moratorium period of six months	194.02	5.06
	Term Loan (UGECL)	768.46	Repayable in 36 equated monthly principal installments after a moratorium period of 24 months	300.00	324.56
3	<b>State Bank of India</b> TERM LOAN (SOLAR PLANT) Roof Top	420.00	Repayable in 120 equated monthly principal installments after a moratorium period of 12 months	363.08	239.26
	TERM LOAN (SOLAR PLANT) Ground Mounting	1001.00	Repayable in 156 equated monthly principal installments after a moratorium period of 12 months	948.14	-
	Term Loan (GECL)	79.12	Repayable in 48 equated monthly principal installments after a moratorium period of 12 months	40.00	62.03
	Term Loan (GECL)	181.00	Repayable in 48 equated monthly principal installments after a moratorium period of 24 months	182.22	-
4	<b>HDFC Bank Limited</b> Term Loan (PNB Take Over)	402.60	Repayable in 21 equated monthly installments	-	-
	Term Loan (CCECL)	58.50	Repayable in 12 equated monthly principal installments\	-	-
	Term Loan (GECL)	276.00	Repayable in 36 equated monthly principal installments	122.58	-
	Term Loan	572.80	Repayable in 60 equated monthly principal installments after a moratorium period of 9 months	299.62	-
<b>Total Per Balance Sheet</b>				<b>2,449.67</b>	<b>999.61</b>

**(a) (ii) Term Loans from Banks**

**Nature of Security and Details of Guarantee**

- a The above facilities are secured on first charge on the specific fixed assets acquired besides a charge on all other fixed assets
- b All the above facilities pursuant to an agreement rank pari passu amongst the bankers and the company.
- c Managing Director and Joint Managing Director have furnished their personal guarantee to bankers for the loans so availed and the guarantee is for the amount outstanding to the said bankers.
- d The details of security listed above also covers for current maturities of long term debts for the above term loans
- e The Company has not defaulted in the payment of Principal and interest during the year
- f Term Loans were applied for the purpose they were obtained. Further, Short Term Loans availed have not been utilised for Long term purposes by Company
- g Quarterly retruns or statements of Current assets filed by the Company for the sanctioned borrowings with banks or financial institutions are not materially difference with that of books of accounts.

**(b) Long Term Maturity of Finance Lease Obligations:-**

No	Name of the Financier	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
<b>Secured</b>			
1	Kotak Mahendra Prime Ltd	0.11	0.20
2	Kotak Mahendra Bank Ltd	17.84	8.55
3	HDFC Bank LTd	13.77	-
4	Punjab National Bank Ltd	86.20	-
<b>Total Per Balance Sheet</b>		<b>117.92</b>	<b>8.75</b>

The Hire Purchase finance credits have been secured by the hypothecation of the vehicles acquired for which necessary endorsement for the hypothecation is made in vehicle registration certificate furnished by the Regional Transport Authority

**(c) Other Loans & Advances**

No	Nature of Loan	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
1	Loans from Shareholders Unsecured	-	-
	Inter-corporate Loans	162.08	187.00
	<b>Total Per Balance Sheet</b>	<b>162.08</b>	<b>187.00</b>
(Terms of repayment - exceeding 24 months and carrying rate of interest of 12% per annum) (Amount of Loan Repayable per period is variable and depends upon the amount availed earlier)			

**NOTE NO. 14 : LONG -TERM PROVISIONS**

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
1	<u>Provision for Employee Benefits</u>		
	Provision for Gratuity	107.24	86.27
	<b>Total Per Balance Sheet</b>	<b>107.24</b>	<b>86.27</b>

**NOTE NO. 15 : DEFERRED TAX LIABILITIES (NET)**

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
A.	Deferred Tax Liability		
	Opening Balance	164.12	149.12
	Add : Additions during the year	182.00	15.00
		346.12	164.12
	Less: Reversed During the year	-	-
	(A)	<b>346.12</b>	<b>164.12</b>
B	Deferred Tax Asset	113.35	27.72
	Add : Additions during the year	25.66	-
		39.01	27.72
	Less: Reversed During the year	-	14.37
	(B)	<b>39.01</b>	<b>13.35</b>
	Deferred Tax Liability (Net)	<b>307.11</b>	<b>150.77</b>
	<b>A-B</b>		

**NOTE NO. 16 : SHORT -TERM BORROWINGS****A. Classifications :**

No	Particulars	As at 31st March 2022 Rs.	As at 31st March 2021 Rs.
(a)	Loans repayable on demand		
	i) From Banks	10,502.83	5,953.00
(b)	Borrowings		
	i) Current maturities of Long Term Debt	620.63	511.50
	ii) Current Maturities of Finance Lease Obligations	19.42	6.21
	<b>Total Per Balance Sheet</b>	<b>11,142.88</b>	<b>6,470.71</b>

**(ii) Nature of Security and terms of guarantee**

- a The above facilities are secured by way of hypothecation and / or pledge of stocks in trade, besides a first charge on its fixed assets
- b All the above facilities are pursuant to an agreement rank Pari passu amongst the bankers and the company has created an equitable mortgage by deposit of the title deeds for the credit facilities availed. The equitable mortgage is registered with the Registrar of Assurances, while a charge is registered with the Registrar of Companies.
- c Managing Director and Joint Managing Director have furnished their personal guarantee to bankers for the loans so availed and the guarantee is for the amount outstanding to the said bankers.

**NOTE NO. 17 : TRADE PAYABLES**

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
1	Micro Small & Medium Enterprises	73.56	-
2	Others	1,737.64	1,786.38
	<b>Total Per Balance Sheet</b>	<b>1,811.20</b>	<b>1,786.38</b>

**Trade Payables ageing schedule: As at 31.03.2022**

Outstanding for following period from the due date of payment					
Particulars	Less than 1 Years	1-2 Years	2-3 Years	More than 3 years	Total
i) MSME	73.56	-	-	-	<b>73.56</b>
II) Others	1,495.33	238.28	3.63	0.40	<b>1,737.64</b>
iii) Disputed dues - MSME	-	-	-	-	-
iv) Disputed dues - Others	-	-	-	-	-

**Trade Payables ageing schedule: As at 31.03.2021**

Outstanding for following period from the due date of payment					
Particulars	Less than 1 Years	1-2 Years	2-3 Years	More than 3 years	Total
i) MSME	-	-	-	-	-
II) Others	1,764.08	19.05	2.73	0.52	<b>1,786.38</b>
iii) Disputed dues - MSME	-	-	-	-	-
iv) Disputed dues - Others	-	-	-	-	-

**Note:**

Dues to Micro and Small Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED ACT). The Disclosure pursuant to the said MSMED Act as follows:



No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
a)	The Principal amount remaining unpaid to any supplier at the end of the year.	73.56	-
b)	Interest due remaining unpaid to any supplier at the end of the year	0.05	
c)	The amount of interest paid by the buyer in terms of section 16 of MSMED Act, 2006, along with the amount of the payment made to the seller		
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006		
e)	The amount of interest accrued and remaining unpaid at the end of each accounting year.		
f)	The amount of further interest due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance of a deductible		

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per intimation received from them on request made by the company.

#### NOTE NO. 18 : OTHER CURRENT LIABILITIES

##### A. Classifications:-

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
a	Interest accrued and due on borrowings	5.73	0.08
b	Unpaid dividends	8.56	7.77
c	Other Payables		
	Liability For Expenses	468.08	183.73
	Statutory Liabilities	72.89	110.03
	Advances From Customers	256.09	-
	<b>Total Per Balance Sheet</b>	<b>811.35</b>	<b>301.60</b>

#### NOTE NO. 19 : SHORT - TERM PROVISIONS

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
1	Provision for Employee Benefits		
	Provision For Bonus	32.27	18.30
		<b>32.27</b>	<b>18.30</b>

#### NOTE NO. 20 : CURRENT TAX LIABILITIES - NET

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
1	Others		
	a. Provision For Taxation ( net)	130.51	20.13
	<b>Total Per Balance Sheet</b>	<b>130.51</b>	<b>20.13</b>

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2022

NOTE NO. 21 : REVENUE FROM OPERATIONS

A. Classifications:-

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
1	Sale of Products	61,063.44	22,508.45
2	Other Operating Revenues	3,644.58	504.27
		64,708.02	23,012.72
	Less: Excise Duty	-	-
	<b>Total per statement of P &amp; L</b>	<b>64,708.02</b>	<b>23,012.72</b>

B. Other Disclosures:

(i) Other operating revenues

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
1	Export Incentives: Duty Draw Back	1,043.90	345.12
	Incentive under MEIS	-	73.68
2	Foreign Exchange Fluctuation	804.85	85.48
3	Export Freight & Insurance	1,795.83	-
	<b>Total Per Statement Of P &amp; L</b>	<b>3,644.58</b>	<b>504.27</b>

NOTE NO. 22 : OTHER INCOME

A. Classifications:-

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
1	Interest Income	2.19	8.41
2	Profit on sale of Fixed Assets	4.04	2.95
	<b>Total Per Statement Of P &amp; L</b>	<b>6.23</b>	<b>11.35</b>

**NOTE NO. 25 : COST OF MATERIALS CONSUMED**

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
1	Consumption of Raw Materials <b>Cotton:</b> Opening Stock Of:		
	Raw Materials	2,343.33	2,069.27
	Work-in Progress	44.55	46.20
	Add: Purchases during the year	10,869.79	5,485.62
		13,257.67	7,601.10
	Less: Closing stock of :		
	Raw Materials	1,582.57	2,343.33
	Work-in Progress	26.33	44.55
	Consumption of raw materials	<b>11,648.78</b>	<b>5,213.22</b>
2	<b>Consumption of Other Consumables</b> <b>Packing Consumables:</b> Opening stock	4.42	3.17
	Add: Purchases during the year	67.19	64.17
		71.61	67.34
	Less: Closing stock	13.91	4.42
	Consumption of other materials	<b>57.71</b>	<b>63.92</b>

**NOTE NO. 24 : PURCHASE OF STOCK-IN-TRADE**

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
1	Yarn	43,893.59	12,708.15
2	Fabric	868.42	409.24
3	Garments	23.60	91.52
		<b>44,785.61</b>	<b>13,208.91</b>

**NOTE NO. 25 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
<b>1</b>	<b>Opening Stock:</b>		
	Finished Goods - Yarn	618.01	236.33
	Finished Goods - Fabrics	97.81	80.56
	Finished Goods - Garments	729.47	817.68
	Work in Process	306.41	340.69
	By-Product - Seconds Cotton	72.94	20.77
		<b>1,824.64</b>	<b>1,496.03</b>
<b>2</b>	<b>Less: Closing Stock:</b>		
	Finished Goods - Yarn	2,584.80	618.01
	Finished Goods - Fabrics	462.59	97.81
	Finished Goods - Garments	483.62	729.47
	Work in Process	1,000.62	306.41
	By-Product - Seconds Cotton	51.14	72.94
		<b>4,582.77</b>	<b>1,824.64</b>
	<b>Total Per Statement of P &amp; L</b>	<b>(2,758.13)</b>	<b>(328.61)</b>

**NOTE NO. 26 : EMPLOYEE BENEFIT EXPENSES**

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
1	Salaries & Wages	456.66	305.57
2	Contribution to Provident and Other Funds	16.18	11.31
3	Staff Welfare Expenses	312.10	240.19
4	Managerial Remuneration	152.93	77.61
	<b>Total Per Statement of P &amp; L</b>	<b>937.88</b>	<b>634.68</b>

**NOTE NO. 27 : FINANCE COSTS**

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
1	Interest on borrowings from Banks	277.62	310.93
2	Interest on borrowings from Others	20.82	22.44
3	Finance Charges on Finance Lease	2.73	0.90
4	Other Borrowing Costs	436.94	111.76
	<b>Total Per Statement Of P &amp; L</b>	<b>738.12</b>	<b>446.03</b>

**NOTE NO. 28 : DEPRECIATION AND AMORTISATION EXPENSES**

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
1	Depreciation	328.55	260.43
2	Amortization Expense	4.13	5.34
	<b>Total Per Statement of P &amp; L</b>	<b>332.67</b>	<b>265.77</b>

**NOTE NO. 29 : OTHER EXPENSES**

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
1	Power and Fuel	539.53	521.85
2	Consumption of Stores and Spare Parts	283.81	200.84
3	Other Manufacturing Expenses	515.60	503.26
4	Rent	28.58	37.77
5	Repairs and Maintenance		
	Buildings	112.46	91.60
	Machinery	128.95	129.54
	Wind Mills	72.71	66.02
	Vehicles	35.76	35.31
	Others	56.24	46.56
6	Rates and taxes, excluding taxes on income	9.65	12.90
7	Audit Fees		
	for Audit	1.25	1.20
	for Taxation Matters	0.75	1.88
	for Other Services	4.55	2.29
	for Cost Audit	0.25	0.25
	for Internal Audit	0.60	0.60
8	Consumption of Packing Material	87.50	72.22
9	Commission Payments on sales / services	406.41	71.23
10	Commission Payments on Export Sales	1,148.89	444.85
11	Discounts Allowed	13.90	17.82
12	Other Sales Expenses	82.10	85.97
13	Export Sales Expenses	2,518.02	191.11
14	Insurance	30.59	18.43
15	Advertisement Charges	1.23	1.30
16	Sitting Fees To Other Non whole Time Directors	0.46	0.20
17	Travelling Expenses	65.34	31.21
18	Communication Expenses	11.32	13.20
19	Printing & Stationery	6.17	6.01
20	Donation	5.25	5.84
21	General Expenses	13.93	12.37
22	Loss on value of Discarded show room assets	15.65	56.65
23	Professional & Legal Fees	27.78	13.56
24	Security Service Charges	22.27	15.52
25	Subscription		
	Trade Associations	0.80	0.04
	Research Association	0.37	0.04
26	Miscellaneous Expenses	47.92	35.77
	<b>Total Per Statement Of P &amp; L</b>	<b>6,296.57</b>	<b>2,745.20</b>

**NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2022**

**NOTE NO. 30 : CURRENT TAX**

No	Particulars	Year Ended March 2022 Rs.	Year Ended March 2021 Rs.
1	Current tax	539.80	126.60
		<b>539.80</b>	<b>126.60</b>
	<b>Current Tax Liability</b>	<b>539.80</b>	<b>126.60</b>

**NOTE NO. 31 : DEFERRED TAX (NET)**

No	Particulars	Year Ended March 2022 Rs.	Year Ended March 2021 Rs.
1	Provision for Deferred Tax Liability (Dr.)	182.00	-
2	Reversal of Deferred Tax Liability (Cr.)	-	15.00
3	Provision for Deferred Tax Asset (Cr.)	(25.66)	-
4	Reversal of Deferred Tax Asset (Dr.)	-	14.37
	<b>Net Deferred Tax per statement of Profit &amp; Loss</b>	<b>156.34</b>	<b>29.37</b>

**OTHER NOTES****I. ADDITIONAL INFORMATION TO BALANCE SHEET****A Contingent Liabilities:**

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
a)	Claims against the Company not acknowledged as Debt	-	-
b)	Guarantees given to customs department against import of Capital goods	-	-
c)	Other money for which the Company is contingently liable	-	-

**B Commitments:**

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
a)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for	133.00	354.12
b)	Uncalled liability on shares and other investments partly paid	-	-
c)	Other Commitments	-	-

**C Proposed Dividends:**

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
a)	On Equity Shares: Total Amount of Proposed Dividend	63.15	52.62
	Number of Shares	52.62	52.62
	Amount of Dividend per Share	1.20	1.00

**D Dues to Micro, Small & Medium Enterprises :**

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
	The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31st March 2022 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act.		
a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	73.61	NIL
b)	The amount of interest paid by the Company along with the amount of the payments made to the supplier beyond the appointed day during the period.	NIL	NIL
c)	The amount of interest due and payable for the period of delay in making payment((which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	NIL	NIL
d)	The amount of interest accrued and remaining unpaid at the end of the period	NIL	NIL
e)	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 to the small enterprise.	NIL	NIL

## II. ADDITIONAL INFORMATION TO STATEMENT OF PROFIT AND LOSS:

No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
1	Adjustments to the carrying amount of Investments (Any adjustments to carrying amount of Investments pursuant to diminution in value of the Investment (or reversal thereof) should be disclosed here.)	-	-
2	Net Gain / (Loss) on Foreign currency transaction (other than considered as finance cost) normally arising from settlement / restatement of monetary items.	804.85	85.48
3	Payments to Auditors Statutory Auditor's Remuneration		
	(a) For Audit	1.25	1.20
	(b) For Taxation matters, Direct Tax	0.75	1.88
	Indirect Tax	-	-
	(c) For company law matters,		
	(d) For other services,	4.55	2.29
	(e) For Representation Services	-	-
		<b>6.55</b>	<b>5.37</b>
	Cost Auditor's Remuneration		
	(a) For Audit	0.25	0.25
	(b) For reimbursement of service tax;	-	-
		<b>0.25</b>	<b>0.25</b>
	<b>Total Payments to auditor</b>	<b>6.80</b>	<b>5.62</b>
4	Amounts Spent Towards Corporate Social Responsibility	7.86	1.70
5	<b>Turnover</b>		
i)	Indigenous		
	Cotton Yarn	2,966.76	2,926.66
	Knitted Fabrics	828.01	428.68
	Garments	453.29	518.88
	Cotton	1,100.91	87.20
ii)	Export		
	Cotton Yarn	5,357.82	2,527.09
	Knitted Fabrics	7,302.24	4,185.25
	Garments	-	0.29
iii)	By Products-Waste		
	Indigenous	822.34	529.82
	Export	29.73	74.82
iv)	Traded Goods		
	Cotton Yarn Export	41,901.51	11,146.70
	Fabrics Export	300.83	83.08
	<b>Total</b>	<b>61,063.44</b>	<b>22,507.45</b>
6	<b>Closing Inventory</b>		
	Finished Goods		
	Cotton Yarn	2,584.80	618.01
	Hosiery Knitted Cloth	462.59	97.81
	By Product	51.14	72.94
	Garments	483.62	729.47
	Work in Process	1,000.62	306.41
	<b>Total</b>	<b>4,582.77</b>	<b>1,824.64</b>



No	Particulars	Year Ended March 2022 (In Lacs)	Year Ended March 2021 (In Lacs)
7	<b>Opening Inventory</b>		
	Cotton Yarn	618.01	236.33
	Hosiery Knitted Cloth	97.81	80.56
	By Product	72.94	20.77
	Garments	729.47	817.68
	Work in process	306.41	340.69
	<b>Total</b>	<b>1,824.64</b>	<b>1,496.03</b>
	Note: A company falling in more than one category will make the above disclosures, to the extent relevant		
8	Break Up for Consumption		
	a) <b>Raw Materials</b>		
	Indigenous	Rs. 11,648.78	5,213.22
		% 100%	100%
	Imported	Rs. -	-
		% 0%	0%
	<b>Total</b>	<b>11,648.78</b>	<b>5,213.22</b>
	b) <b>Stores and Spares</b>		
	Indigenous	Rs. 270.96	193.56
		% 95%	96%
	Imported	Rs. 12.86	7.29
		% 5%	4%
	<b>Total</b>	<b>283.81</b>	<b>193.56</b>
9	Value of imports calculated on C.I.F basis by the company during the Financial Year in respect of		
	I. Raw materials;	-	-
	II. Components and spare parts;	6.28	7.29
	III. Capital goods;	196.75	-
10	Expenditure in foreign currency:		
	Purchase of Raw Materails	-	-
	Purchase of Fabrics & Yarn	38.87	-
	Purchase of spares	6.28	7.29
	Purchase of Capital Goods	196.75	-
	Interest & Bank charges	32.71	38.41
	Commission on exports	622.75	355.58
11	The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related;		
	i) Total No.of Non-resident Shareholders	No. 31.00	11.00
	ii) Total No. of Shares held	No. 8,387.00	2,849.00
	iii) Total Amount of Dividend due / paid	No. -	-
	iv) Year to which the Dividend Related	-	-

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
12	Earnings in foreign exchange classified under the following heads, namely:- I. Export of goods calculated on F.O.B. basis; II. Royalty, know-how, professional and consultation fees; III. Interest and dividend; IV. Other income, indicating the nature thereof	54,892.13 - - -	18,017.22 - - -
13	<b>POWER &amp; FUEL COST IS AS UNDER</b>		
	Electricity Charges incurred	946.30	916.14
	Fuel Consumed	9.62	0.04
	<b>Total</b>	<b>955.92</b>	<b>916.18</b>
	Less: Wind Electricity generated & Capatively Consumed	416.38	394.33
	<b>Net debit to P&amp;L</b>	<b>539.53</b>	<b>521.85</b>
14	<b>CORPORATE SOCIAL RESPONSIBILITY (CSR)</b>		
	(a) Amount required to be spent by the Company during the Year	7.97	N.A.
	(b) Amount of expenditure is incurred	8.15	1.70
	(c) Shortfall at the end of the Year	-	-
	(d) Total Previous Years shortfall	-	-
	(e) Reason for shortfall	-	-
	(f) Nature of CSR	Promoting education of Poor children, Promoting Health care & Covid -19 related activities.	
	(g) Details of related party transactions	N.A.	N.A.
	(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	N.A.	N.A.

### III. DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS

#### I. DISCLOSURES PURSUANT TO IND AS 19 : RETIREMENT BENEFITS

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
i)	Defined Contribution Plans The Company makes Provident Fund, Pension Fund and Insurance fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. In case of provident, pension fund and Insurance Fund the contributions as specified under the law are paid to the Regional Provident Fund Commissioner and the Central Provident Fund under the Employees Pension Scheme. <u>Payment to Defined Contribution Benefit Plans:</u>		
	Contribution to Provident Fund	3.28	2.38
	Contribution to Employees Pension Fund	7.45	5.39
	Contribution to Deposit Linked Insurance Fund	0.45	0.34
	Contribution to Employees State Insurance Fund	4.44	2.84
	Contribution to Tamil Nadu Labour Welfare Fund	0.11	0.08

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
ii)	<p>Defined benefit plans</p> <p>The company has an unfunded defined benefit gratuity plan. Every employee who has qualified and completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months, subject to a maximum laid down by law.</p> <p>The company has undertaken an actuarial valuation in respect of gratuity liability for its employees and provides for it in its books of accounts; but does not contribute the amount to any fund or trust.</p> <p>Opening balance of accrued gratuity liability</p> <p>Add: Provision for the year</p> <p>Less: Payments during the year</p> <p>Less : Actuarial (Gain) recognised</p> <p>Closing balance</p>		
		49.93	28.67
		11.84	7.47
		61.77	36.14
		2.42	13.36
		-4.04	-27.15
		<b>63.40</b>	<b>49.93</b>
<b>2.</b>	<b><u>DISCLOSURES PURSUANT TO IND AS 23 :</u></b> <b><u>BORROWING COSTS</u></b>		
	Borrowing costs capitalised during the year	<u>NIL</u>	<u>NIL</u>
<b>3.</b>	<b><u>DISCLOSURES PURSUANT TO IND AS 108 :</u></b> <b><u>SEGMENT REPORTING</u></b>		
	The company operates only on one segment which is the company's primary segment i.e.	Cotton Textiles	Cotton Textiles
<b>4.</b>	<b><u>DISCLOSURES PURSUANT TO IND AS 24 :</u></b> <b><u>RELATED PARTY DISCLOSURES</u></b>		
1	In terms of the Accounting Standard 24 requiring disclosure of related parties, the following persons have been identified as Related Parties:		
i)	Key Management Personnel:		
	Shyamlal Agarwala	Managing Director	
	Manoj Kumar Jhajharia	Joint Managing Director	
	Pramod Kumar Jhajharia	Chief Executive	
ii)	Enterprises that have a member of key management in common with the company:		
	<b>Shristi Cotspinn Private Limited</b>		
2	Transactions with related parties: Nature of transactions		
a)	Key Management Personnel:		
i)	Rent payments to Related Parties - Administrative office (Relative of Managing Director)	8.40	3.00
ii)	Remuneration to Managing Director	91.23	39.75
iii)	Remuneration to Joint Managing Director	37.71	25.86
iv)	Remuneration to Director	24.00	12.00
v)	Sitting fees to other Directors	0.46	0.20
vi)	Travelling reimbursement to Other Directors	0.34	0.42
vii)	Remuneration to chief executive:		
	Salary	11.78	11.78
	Company's contribution to PF and Other funds	0.22	0.22
		<b>12.00</b>	<b>12.00</b>

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
	<b><u>BREAK UP OF MANAGERIAL REMUNERATION PAID</u></b>		
	<b><u>MANAGING DIRECTOR</u></b>		
	Salary	28.50	24.00
	Perquisites	29.34	6.84
	Gratuity Provision	6.63	1.15
	Commission to Managing Director	26.75	7.76
		<b>91.23</b>	<b>39.75</b>
	<b><u>JOINT MANAGING DIRECTOR</u></b>		
	Salary	18.00	18.00
	Perquisites	18.84	6.99
	Gratuity Provision	0.87	0.87
		<b>37.71</b>	<b>25.86</b>
b)	Enterprises that have a member of key management in common with the company:		
	Sale of Goods		
	Shristi Cotspinn Private Limited	855.17	11.28
	Purchase of Goods		
	Shristi Cotspinn Private Limited	1,891.30	-
5.	<b><u>DISCLOSURES PURSUANT TO IND AS 33 :</u></b>		
	<b><u>EARNINGS PER SHARE</u></b>		
	Net Profit after tax Before other Comprehensive Income (A)	1,978.92	620.00
	Number of equity shares (B)	52.62	52.62
	<b>Basic EPS (A/B)</b>	<b>37.60</b>	<b>11.78</b>
	Number of equity shares (B1)	52.62	52.62
	<b>Diluted EPS (A/B1)</b>	<b>37.60</b>	<b>11.78</b>
6.	<b><u>DISCLOSURES PURSUANT TO IND AS 12 :</u></b>		
	<b><u>TAXES ON INCOME</u></b>		
	In terms of Accounting Standard 22 working for Deferred Tax Asset has been recognised on account of prudence and the estimated reliability within a reasonable point of time.		
	Net Deferred Tax Asset/Liability in respect of the year ending 31st March 2022 and earlier credited / debited to profit & loss account and Net Deferred Tax Liability as on 31st March, 2022 are computed as below:		
	<b>Deferred Tax Liability:</b>		
	On Depreciation	346.12	164.12
	On Deferred Revenue expenditure	-	-
		<b>346.12</b>	<b>164.12</b>
	Deferred Tax Asset:		
	1. Fiscal Provisions		
	A.Provision For Bonus	9.40	5.07
	B.Provision For Tax on Electricity Self Generation	3.35	2.97
	C.Commission To managing Director	7.28	-
	2. Disallowed U/s.40A(7)	5.63	2.64
	3. Disallowance of Perquisites	-	-
	4. Provision For Doubtful Debts	-	2.67
	5. Unabsorbed Loss C/F	-	-
	6. MAT Credit Carried forward for Set off	-	-
		<b>25.66</b>	<b>13.35</b>
	Net Deferred Tax Liability	320.46	150.77
	Deferred Tax Liability at the beginning	164.12	121.40
	Net Deferred Tax Liability debited to Statement of Profit and Loss	-	-
	Net Deferred Tax Liability credited to Statement of Profit and Loss	(156.34)	(29.37)

No	Particulars	As at 31st March 2022 (In Lacs)	As at 31st March 2021 (In Lacs)
<b>7.</b>	<b><u>OTHER DISCLOSURES</u></b>		
a	The company has contributed to trade related research institutions by way of annual subscription	0.80	0.04
b	In the option of the Board of Director : the assests other than fixed assets and non-current investments, do have a value on realization in the ordinary course of busines, at least equal to the amount at which they are stated.  Amounts are required to be transferred to Investor Education & Protection Fund	-	3.09
c	Previous year figures have been reworked grouped and regrouped to conform to the current year classification to make it comparable.		

### 8 Other Statutory Information

- a. No funds have been Loans or advances or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to Promoters, Directors, KMPs and the related parties either severally or jointly with any other person or entities.

#### Details of Borrowings secured against current assets

- b. The Company has been sanctioned with working capital limits in excess of Rs. 5 crores, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets. The quarterly returns/statements filed by the Company with such banks and financial Institutions are generally in agreement with the books of accounts of the Company except as follows

Quarter ended	Name of the bank	particulars of securities provided	Amount as per books of accounts	Amount reported in the quarterly statement	Difference (Rs.)
Jun-21	The Catholic Syrian Bank Ltd , Union Bank of India , HDFC Bank Ltd and State Bank of India	First Charge on hypothecated Stock, Book debts and other current assets	4667.84	4701.60	33.76
Sep-21	The Catholic Syrian Bank Ltd , Union Bank of India , HDFC Bank Ltd and State Bank of India	First Charge on hypothecated Stock, Book debts and other current assets	3132.45	3310.54	178.10
Dec-21	The Catholic Syrian Bank Ltd , Union Bank of India , HDFC Bank Ltd and State Bank of India	First Charge on hypothecated Stock, Book debts and other current assets	3515.48	3529.78	14.30
Mar-22	The Catholic Syrian Bank Ltd , Union Bank of India , HDFC Bank Ltd and State Bank of India	First Charge on hypothecated Stock, Book debts and other current assets	6291.56	6290.40	-1.16

- c No funds have been received by the company from any Promoters, Directors, MKPs and the related parties either severally or jointly with any other persons or entities
- d The Company does not have any Benami Property, where any proceedings has been initiated or pending against the Company for holding any Benami Property.
- e The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.
- f The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.)
- g The Company has no transactions with struck off companies during the year.
- h The Company has not been declared as wilful defaulters by any bank or financial institution or Government or any Government authority.
- i The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- j No schemes of arrangements have been applied or approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013
- k The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017 (as amended).
- l The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

**9 Ratio as per the Schedule III requirements:**

Sno	Ratio	Numerator	Denominator	For the year ended March 31/03/2022	For the year ended March 31/03/2021	% of variance	Reasons
1	Current ratio(times)	Current Assets	Current liabilities	1.32	1.28	3	NA
2	Debt Equity ratio	total Debt	Shareholder's equity	0.48	0.31	52	Increased in Profit
3	Debt Service coverage ratio	net profit after tax +non cash operating expenses / income	Debt service	4.81	2.69	79	Increased in Profit
4	Return on Equity %	Net profits after tax	Average Shareholder's equity	41.55%	17.69%	135	Increased in Profit
5	Inventory turnover ratio (times)	Sales	Average inventories	11.56	5.67	104	Due to Increase in Turn Over
6	Trade receivables turnover ratio(times)	Revenue from operations	Average trade receivables	8.16	6.72	21	NA
7	Trade payable turnover ratio (times)	net credit purchases	Average trade payables	30.98	15.29	103	Due to Increase in Turn Over
8	Net capital turnover ratio (times)	Revenue from operations	Average working capital	18.96	12.05	57	Due to Increase in Turn Over
9	Net profit %	net profit after tax	Revenue from operations	3.06%	2.69%	14	NA
10	Return on Capital Employed %	Earnings before Interest and tax	Capital Employed	17.15%	10.52%	63	Due to Increase in Profit
11	Return on investment %	Total Return	Average investment	1.67%	1.98%	-16	NA

Subject to our report of even date attached

For and on Behalf of the Board

**for GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants (FRN 000960S)

**R.Mahadevan ( Membership No. 27497)**  
PartnerPlace : Coimbatore  
Date: 30<sup>th</sup> May, 2022**Shyamlal Agarwala**  
Managing Director  
DIN 00003055**K.B.Sajith**  
Company Secretary  
ACS No. 35602**Manoj Kumar Jhajharia**  
Joint Managing Director  
DIN 00003076**M.S.Selvaraj**  
Chief Financial Officer

