



Salona
Co-spin
LIMITED

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BOARD OF DIRECTORS :

Sri Shyamlal Agarwala
Managing Director

Sri Manoj Kumar Jhajharia
Joint Managing Director

Sri G. V. S. Desikan
Director

Sri Arun Kumar Jhajharia
Director

Sri Dhiresh Jayasi
Director

Smt. Meenakumari. S
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
The Catholic Syrian Bank Limited
State Bank of India
Oriental Bank of Commerce

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

M/s. S K D C Consultants Limited
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road,
Ganapathy Post,
Coimbatore - 641 006

WIND MILLS

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

To

The Members

Your Directors have great pleasure in presenting their Twenty-Fourth Annual Report together with Audited financial statements of the Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

Details	(Rupees in Lakh)	
	31.03.2018	31.03.2017
INCOME		
Sales and Other operating Receipts	10681.91	12140.88
Other Income	9.67	12.23
Total	10691.58	12153.11
Gross Profit before interest, depreciation and tax	941.15	871.18
Less: Interest	346.69	230.68
Profit/(Loss) after interest, but before depreciation and tax	594.46	640.50
Less: Depreciation	373.47	363.22
PROFIT BEFORE TAX	220.99	277.28
Less: Taxes	7.95	-56.99
NET PROFIT AFTER TAX	213.04	334.27
Add: Other Comprehensive Income	36.24	0.41
Less: Dividends & Tax on Dividend for the year 2016-17	38.00	-
Add: Opening Surplus	2243.49	1908.81
Surplus carried over to Balance sheet	2454.77	2243.49

DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.0.60 per share for the year ended 31st March 2018 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.38.00 Lacs. (Previous year Rs.38.00 Lakh)

REVIEW OF OPERATIONS:

During the year under review, the production of cotton yarn is 37.92Lakh Kgs as against 41.95 Lakhs Kgs in the preceding year. The Sales Turnover recorded is Rs.10537.30 Lakh as against Rs. 11993.09 Lakh in the previous period. This is due to the fact that the selling price realised for yarn declined more than the decline in price of cotton, causing reduction in gross profit margin. The Sales turnover includes Total Export Sales of Rs.3346.08 Lakh as against Rs.4547.41 Lakh in the previous year. During the year the export turnover of traded goods is Rs.1204.47 Lakh against Rs. 2467.44 Lakh, in the previous year.

During the year the green energy generated was 77.26 Lakh units (net) of wind electricity as against 85.64 Lakh units in the previous year.

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). Hence your company have decided to improve the quality with adding compact equipments for entire spindles. Further your company have started woman garments under the Brand of “**NEWRIE LONDON**” and opened their own showrooms in various places in India and appointed the franchise and distributors throughout the country.

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.

CORPORATE GOVERNANCE:

Corporate Governance, Management Discussion and Analysis and a certificate from the Auditors of the Company regarding compliance of condition of Corporate Governance is furnished in Annexure.

EXTRACT OF ANNUAL RETURN:

As required under Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of annual return as on 31st March 2018 in **MGT 9** is given which form part of this Annual Report is enclosed as **Annexure I**.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sri. Arun Kumar Jhajharia having DIN: 00003086, who was appointed as an additional director by the Board of Directors of the company pursuant to Section 161 of the Companies Act, 2013 with effect from 12th February 2018 and he will hold office only up to the date of this Annual General Meeting. The necessary resolution for his re-appointment is placed in the Notice of Annual General Meeting for the approval of the members.

Based on the recommendation of the Audit Committee and the Nomination and Remuneration Committee of the Board, the Board of Directors approved remuneration payable at Sri. Arun Kumar Jhajharia. The remuneration payable to Sri. Arun Kumar Jhajharia requires approval of the shareholders of the company by way of Special Resolution, as per text contained in the Notice convening the ensuing Annual General Meeting.

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 G.V.S. Desikan – Chairman (Non-Executive Independent Director)
2. Sri Dhires Jayasi – 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.

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.

BOARD MEETINGS:

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

15.05.2017	11.08.2017	05.10.2017	13.11.2017	12.02.2018
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PARTICULARS OF LOANS, GUARANTEES OR 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

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 2017-18 no complaint was received by the companies.

POLICY ON NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors have framed a policy setting out the framework for payment of remuneration to Directors, Key Managerial Personnel and Senior Management Personnel of the Company. The policy is explained as part of the Corporate Governance Report.

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.

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 and that the provisions of Section 188 of the Companies Act 2013 are complied. 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. Hence reporting in Form AOC-2 is not required. 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

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.

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 Sri S.R. Baalaji, B.Com. F.C.S, Practicing Company Secretary 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 2018 – 2019.

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 CSR Committee constituted by the Board consisted of the following Directors with effect from 13th November 2014

1. G.V.S. Desikan - Chairman
2. Shyamlal Agarwala - Member
3. Manoj Kumar Jhaharia - Member

The Company has partially spent the amount stipulated under the requirements of the Act. The amount spent on CSR activities during the year 2017-18 is Rs.1,10,269./-. The amount remaining unspent namely Rs.41,493/- (pertaining to 2014-15) and Rs. 8,59,804(pertaining to 2015-16) will be spent during the

year 2018-19. The Company is in the process of identifying eligible projects after which the unspent amount will be deployed for the said purpose. 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 Lakhs per annum or more and no employee of the Company employed for the part of the financial year 2018 was in receipt of remuneration of Rs. Five 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 2018 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.2469.77 Lakh (Rs.2258.49 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 has transferred a sum of Rs.2,31,431 (Dividend Year 2009-2010) to Investor Education and Protection Fund, the amount which was due & payable and remained unclaimed for a period of seven years.

ADDENDUM TO DIRECTORS REPORT

Reply to Point No. 2(g)(iii) in the Audit Report

There has been some delay in transfer of Amount to Investor Education and Protection Fund. However, we submit that the delay was not intentional and was due to some administrative and technical issues with the banker. It took some time for the bankers to address and resolve those issues. Hence, the delay. However, the board will take all the necessary steps to avoid such delay in future.

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 24th 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, Oriental Bank of Commerce, and The Catholic Syrian 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

SHYAMLAL AGARWALA
Chairman
DIN : 00003055

Place : Coimbatore
Date : 21st May, 2018

ANNEXURE - I**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March 2018**

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

I. REGISTRATION AND OTHER DETAILS:

CIN	L17111TZ1994PLC004797
Registration Date	18 th January, 1994
Name of the Company	SALONA COTSPIN LIMITED
Category / Sub-Category of the Company	Company Limited by Shares
Address of the Registered office and contact details	SF.No. 74/12 & 75/3, Sathy Main Road, Pungampalli Village, Sathyamangalam 638 402 Erode District, Tamil Nadu Tel: 04295-268381/82
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. SKDC Consultants Limited, Kanapathy Towers, 3 rd Floor, 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore 641 006

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Textiles- Spinning of Yarn & Knitted Fabrics	13111	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
- Not Applicable -					

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Sl. No.	Category of shareholders	No. of shares held at the beginning of the Year (01.04.2017)				No. of shares held at the end of the year (31.03.2018)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	PROMOTERS									
(1)	Indian									
	a) Individual/HUF	3027019	0	3027019	57.522	3231827	0	3231827	61.414	3.892
	b) Central Govt.	0	0	0	0	0	0	0	0	0.000
	c) State Govt.(s)	0	0	0	0	0	0	0	0	0.000
	d) Bodies Corp.	0	0	0	0	0	0	0	0	0
	e) Banks/FI	0	0	0	0	0	0	0	0	0.000
	f) Any Other	0	0	0	0	0	0	0	0	0.000
	Sub-Total (A)(1)	3027019	0	3027019	57.522	3231827	0	3231827	61.414	3.892
(2)	Foreign									
	a) NRI-Individuals	0	0	0	0	0	0	0	0	0.000
	b) Other-Individuals	0	0	0	0	0	0	0	0	0.000
	c) Bodies Corp.	0	0	0	0	0	0	0	0	0.000
	d) Banks/FI	0	0	0	0	0	0	0	0	0.000
	e) Any Other	0	0	0	0	0	0	0	0	0.000
	Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0.000
	Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	3027019	0	3027019	57.522	3231827	0	3231827	61.414	3.892
(B)	Public Shareholding									
(1)	Institutions									
	a) Mutual Funds	0	0	0	0	0	0	0	0	0.000
	b) Banks/FI	0	0	0	0	0	0	0	0	0
	c) Central Govt.	0	0	0	0	0	0	0	0	0.000
	d) State Govt.	0	0	0	0	0	0	0	0	0.000
	e) Venture Capital funds	0	0	0	0	0	0	0	0	0.000
	f) Insurance Companies	0	0	0	0	0	0	0	0	0.000
	g) Foreign Institutional Investors	0	0	0	0	0	0	0	0	0.000
	h) Others (Specify)	0	0	0	0	0	0	0	0	0.000
	Sub-Total (B)(1)	0	0	0	0	0	0	0	0	0

Sl. No.	Category of shareholders	No. of shares held at the beginning of the Year(01.04.2017)				No. of shares held at the end of the year(31.03.2018)				% change during the year
		Demat	Physical	Total	Total % of Total Shares	Demat	Physical	Total	Total % of Total Shares	
(2)	Non-Institutions									
	a. Bodies Corp.									
	i. Indian	657303	7000	664303	12.624	630251	7000	637251	12.110	-0.514
	ii. Overseas	0	0	0	0	0	0	0	0	0.000
	b. Individuals									
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh.	410379	438700	849079	16.135	469843	413900	883743	16.792	0.657
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh.	453692	41300	494992	9.406	358377	41300	399677	7.595	-1.811
	c. Others (Specify)									
	Directors & Relatives	110000	0	110000	2.090	10000	0	10000	0.190	-1.900
	Non-Resident Indians	3164	0	3164	0.060	5022	0	5022	0.096	0.036
	Clearing Members	10126	0	10126	0.192	14548	0	14548	0.276	0.084
	Hindu Undivided Families	103717	0	103717	1.971	80332	0	80332	1.527	-0.444
	Sub-Total (B)(2)	1748381	487000	2235381	42.478	1568373	462200	2030573	38.586	-3.892
	Total Public Shareholding (B)=(B)(1)+(B)(2)	1748381	487000	2235381	42.478	1568373	462200	2030573	38.586	-3.892
C	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.000
	GRAND TOTAL (A) + (B) + (C)	4775400	487000	5262400	100.00	4800200	462200	5262400	100.00	0.000

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2017)			Shareholding at the end of the year (31.03.2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Anshu Agarwal	10260	0.195	0	10260	0.195	0	0
2	Arun Kumar Jhajharia	306171	5.818	0	311671	5.923	0	0.105
3	Indu Agarwal	131100	2.491	0	131100	2.491	0	0
4	KavithaKejriwal	16001	0.304	0	16001	0.304	0	0
5	Krishna Agarwal	319401	6.069	0	429401	8.160	0	2.091
6	Mahesh Agarwal	259800	4.937	0	259800	4.937	0	0
7	Mahesh Agarwal (HUF)	3000	0.057	0	3000	0.057	0	0
8	Manoj Kumar Jhajharia	296188	5.628	0	296188	5.628	0	0
9	Parvathi Agarwal	14600	0.277	0	14600	0.277	0	0
10	Pista Devi Jhajharia	265602	5.047	0	306653	5.827	0	0.780
11	Pramod Kumar Jhajharia	291901	5.547	0	297913	5.661	0	0.114
12	Raghav Agarwal	90776	1.725	0	102776	1.953	0	0.228
13	Sabita Agarwal	194720	3.700	0	209915	3.989	0	0.289
14	Saloni Agarwal	118284	2.248	0	118534	2.252	0	0.004
15	Santosh Kumar Agarwal	30000	0.570	0	30000	0.570	0	0
16	Sheli Agarwal	193822	3.683	0	202622	3.850	0	0.167
17	Shyamlal Agarwala	407393	7.742	0	413393	7.856	0	0.114
18	Sunita Agarwal	20000	0.380	0	20000	0.380	0	0
19	Umesh Kumar Agarwal(HUF)	3000	0.057	0	3000	0.057	0	0
20	Umesh Kumar Agarwal	30000	0.570	0	30000	0.570	0	0
21	Shyamlal Agarwala (HUF)	25000	0.475	0	25000	0.475	0	0
	Total	3027019	57.520	0	3231827	61.412	0	3.892

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2017)		Shareholding at the end of the year (31.03.2018)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Krishna Agarwal	319401	6.069		
	Purchase of shares on 23.06.2017	5000		324401	6.165
	Purchase of shares on 30.06.2017	5000		329401	6.260
	Purchase of shares on 31.03.2018	100000		429401	8.160
2	Arun Kumar Jhajharia	306171	5.818		
	Purchase of shares on 30.06.2017	5000		311171	5.913
	Purchase of shares on 31.03.2018	500		311671	5.923
3	Pista Devi Jhajharia	265602	5.047		
	Purchase of Shares on 23.06.2017	5000		270602	5.142
	Purchase of shares on 02.03.2018	500		271102	5.151
	Purchase of shares on 31.03.2018	33362		304464	5.785
	Purchase of shares on 31.03.2018	2189		306653	5.827
4	Sabita Agarwal	194720	3.700		
	Purchase of Shares on 15.09.2017	839		195559	3.716
	Purchase of Shares on 02.02.2018	2946		198505	3.772
	Purchase of Shares on 09.02.2018	1410		199915	3.798
	Purchase of Shares on 31.03.2018	10000		209915	3.988
5	Saloni Agarwal	118284	2.248		
	Purchase of Shares on 02.03.2018	250		118534	2.252
6	Sheli Agarwal	193822	3.683		
	Purchase of Shares on 02.06.2017	800		194622	3.698
	Purchase of Shares on 23.06.2017	5000		199622	3.793
	Purchase of Shares on 12.01.2018	2500		202122	3.840
	Purchase of Shares on 02.03.2018	500		202622	3.850
7	Raghav Agarwal	90776	1.725		
	Purchase of Shares on 23.06.2017	5000		95776	1.820
	Purchase of Shares on 30.06.2017	5000		100776	1.915
	Purchase of Shares on 28.07.2017	2000		102776	1.953
8	Shyamlal Agarwala	407393	7.742		
	Purchase of Shares on 31.03.2018	6000		413393	7.855
9	Pramod Kumar Jhajharia	291901	5.547		
	Purchase of Shares on 07.04.2017	260		292161	5.552
	Purchase of Shares on 30.06.2017	5000		297161	5.647
	Purchase of Shares on 02.02.2018	752		297913	5.661

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2017)		Shareholding at the end of the year (31.03.2018)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	PANSARI TEXTILES & INVESTMENTS PRIVATE LTD	400000	7.601	400000	7.610
2	KUHELI DEALCOM PVT LTD	185000	3.516	185000	3.516
3	HARESH KASHINATH BHOBE	98771	1.877	112676	2.141
4	GANDHI HEMA TEJAS	56000	1.064	78000	1.482
5	HEMA TEJAS GANDHI	27618	0.525	2000	0.038
6	RAJESH KUMAR AGARWAL .	80700	1.534	35600	0.676
7	MUDRA NIVESH PRIVATE LIMITED	56800	1.079	0	0.00
8	RAMGOPAL AGARWAL	42000	0.798	42000	0.798
9	RAMGOPAL AGARWAL	36300	0.690	36300	0.690
10	ARUN KHAITAN	30562	0.581	0	0.00
11	TEJAS HARILAL GANDHI	26504	0.504	0	0.00
12	DINESH AGARWAL	21800	0.414	21800	0.414
13	S ASHWIN KUMAR	20000	0.380	20000	0.380
14	RAM GOPAL AGARWAL	19900	0.378	19900	0.378

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of the Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Shyamlal Agarwala At the Beginning of the Year At the end of the year	407393	7.742	13393	7.856
2	Manoj Kumar Jhajharia At the Beginning of the Year At the end of the year	296188	5.628	296188	5.628
3	Dulichand Pansari At the Beginning of the year At the end of the year	93500	1.777	-93500	-1.777
4	G.V.S. Desikan At the beginning of the Year At the end of the year	1000	0.019	1000	0.019
5	Arun Kumar Jhajharia At the beginning of the Year At the end of the year	306171	5.818	311671	5.923
	Name of the Key Managerial Personnel				
1	M.S. Selvaraj At the beginning of the Year At the end of the year	100	0.002	100	0.002

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	326711846	23700000	0	350411846
ii) Interest due but not paid	0	2559600	0	2559600
iii) Interest accrued but not due	0	0	0	
Total (i+ii+iii)	326711846	26259600	0	352971446
Change in Indebtedness during the financial year				
- Addition	110023700	0.00	0	110023700
- Reduction	24000000	7559600	0	31559600
Net Change	86023700	-7559600	0	78464100
Indebtedness at the end of the financial year				
i) Principal Amount	412735546	18700000		431435546
ii) Interest due but not paid	0	0		0
iii) Interest accrued but not due	0	0		0
Total (i+ii+iii)	412735546	18700000		431435546

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Shyam Lal Agarwala	Manoj Kumar Jhajharia	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2400000	1800000	4200000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	219355	185538	404893
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission			
	- as % of profit	220993	0	220993
	- others, specify...			
5.	Others, please specify	0	0	0
	Total (A) + (B) + (C)	2840348	1985538	4825886
	Celling as per the Act			

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		G.V.S. Desikan	Arun Kumar Jhajharia	Dhiresb Jayasi	Meena Kumari	
1.	Independent Directors Fee for attending board, committee meetings Commission Others, Reimbursement of Travelling Expenses	26000		18000	10000	54000
		26000		18000	10000	54000
	Total (1)	52000		36000	20000	108000
2.	Other Non-Executive Directors Fee for attending board, committee meetings Salary Others, Please specify	0	100000	0	0	100000
		0	100000	0	0	100000
	Total (2)	0	100000	0	0	100000
	Total (B)=(1+2)	52000	100000	36000	20000	208000
	Total Managerial Remuneration					5033886
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	240000	591811	831811
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	60000	71006	131006
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission			
	- as % of profit - Others, specify...	0	0	0
5.	Others, please specify	0	0	0
	Total (A) + (B) + (C)	300000	662817	962817

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

FOR AND ON BEHALF OF THE BOARD

Place: Coimbatore
Date : 21st May, 2018

SHYAMLAL AGARWALA
Chairman

DIN : 00003055

ANNEXURE - II

SUNDARARAJAN BAALAJI, B.Com., FCS.
Practising Company Secretary

No. 81-82, Raju Naidu Road
III Floor, Indian Bank Upstairs
Sivanandha Colony, Coimbatore - 641 012.
Phone: 0422 4519343
Cell: 98422-06891
E-mail : akshayasri23@gmail.com

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

**[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 638402

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, 2018 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: The members are requested to read this report along with my letter of even date annexed to this report.

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, 2018 according to the applicable provisions of:

(i)	The Companies Act, 2013 (the Act) and the rules made thereunder; There has been a delay of 80 days for transferring the amount to the Investor Education and Protection Fund by the Company
(ii)	The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
(iii)	The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
(iv)	Foreign Exchange Management Act, 1999 and the rules and regulations made 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.	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;
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.	National Textile Policy, 2000
2.	The Textiles Committee Act, 1963
3.	Cotton Control Order, 1986
4.	Cotton Control (Amendment) Orders, 1987
5.	Cotton Control (Amendment) Orders, 1994
6.	Indian Standard specification for Cotton Bales
7.	Textiles (Development and Regulation) Order, 2001
8.	Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003); and
9.	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 and The Calcutta Stock Exchange Association Limited.

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

I further report that:

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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;

Place: Coimbatore
Date: 21st May, 2018

Name of Company Secretary in Practice: **Sundararajan Baalaji**
FCS NO. 5966
C P NO. 3514

ANNEXURE TO SECRETARIAL AUDIT REPORT OF EVEN DATE

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

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

Management's Responsibility

1. It is the responsibility of the management of the company to maintain secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis of our opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Disclaimer

6. My 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.

Name of Company Secretary in Practice : **Sundararajan Baalaji**

Place: Coimbatore
Date: 21st May, 2018

FCS NO. 5966
C P NO. 3514

ANNEXURE - III

ANNUAL REPORT ON CSR

Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2017-18

- 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.

- 2. The composition of the CSR Committee**

- a. G.V.S. Desikan – Chairman
b. Shyamlal Agarwala – Member – Managing Director
c. Manoj Kumar Jhaharia – Member – Joint Managing Director

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

Rs.268.00 Lakh

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

Not applicable

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

- a. Total amount to be spent for the financial year : Not applicable
b. Amount unspent, if any : Not applicable
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	Promotion of Education	Education	Coimbatore, Tamil Nadu	0.10	0.10 Direct Expenditure	0.10	Direct
2	Animal welfare	Animal welfare	Jhajhar, Jhunjhunu District Rajasthan	1.00	1.00 Direct Expenditure	1.00	Direct
		Total		1.10	1.10	1.10	

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

G.V.S. Desikan
Chairman
CSR Committee

DIN:00050597

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. No capital Investment is contemplated for the present in view of sluggish market condition

(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:

EARNED	Rs. In Lakh	Rs.In Lakh
Total Foreign exchange earned:- F.O.B. Value of Exports of Finished and Traded goods	3268.50	4228.86
USED		
Remittance in Foreign exchange:- Purchase of Capital goods, Raw materials, Spares, Commission on Exports and interest on foreign currency loan	1848.48	118.03

BY ORDER OF THE BOARD

Place: Coimbatore
Date: 21st May, 2018

SHYAMLAL AGARWALA
Chairman
DIN : 00003055

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 2017-18.**

(Rs. in Lakh)

Sl.No.	Name of Directors	Designation	Remuneration	Ratio of Directors remuneration to Median remuneration	% increase in the remuneration
I	Executive Directors				
1	Shyamlal Agarwala	Chief Executive Officer	28.40	7.40:1	(15.70)%
2	Manoj Kumar Jhajharia	Joint Managing Director	19.86	5.17:1	(22.81)%
3	Arun Kumar Jhajharia	Additional Director	1.00	0.26:1	
II	Non-Executive Independent Directors				
	G.V.S. Desikan	Independent Director	0.26	0.07:1	30.00%
	Dhires Jayasi	Independent Director	0.18	0.05:1	12.50%
	Meena Kumari	Independent Director	0.10	0.03:1	100.00%
III	Key Managerial Personnel				
1	M.S. Selvaraj	Chief Financial Officer	6.63	1.73:1	15.71%
2	K.B.Sajith	Company Secretary	3.00	0.78:1	0.00%

(a)	Percentage increase in the median remuneration of employees in the Financial year 2017-18	6.38%
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(b)	Number of permanent employees on the rolls of the Company as on 31st March 2018	231
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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 2017-18 (₹ in lakh)	% increase / (Decrease) in KMP's remuneration (2017-18 against 2016-17)	Sales 2017-18 (₹ in lakh)	% increase in sales (2017-18 against 2016-17)
59.43	(12.80)%	10537.50	(12.14)%

- (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 31.3.2017	As on 31.3.2018	Variations	%
Market Capitalization (crores)	30.00	47.26	17.26	57.54
Price Earnings Ratio	8.98	22.17	13.19	147.01
Market quotation of the shares as on 31.3.2018 (NSE)	Rs.89.80 Per share of face value Rs.10/-per share			
Market quotation of the shares as on 31.3.2018 (BSE)	Rs.92.00 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 granted to employees other than managerial personnel is 6.34%

The percentile increase granted to managerial personnel is 5%

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

KMP's name and designation	CTC for 2017-18 (` in lakhs)	% Increase/ (Decrease) in CTC (2017-18 against 2016-17)	Sales for 2017-18 (` in lakhs)	% increase in sales (2017-18 against 2016-17)
Shyamlal Agarwala Managing Director	28.40	(15.70)%	10537.30	(12.14)%
M.S. Selvaraj Chief Finance Officer	6.63	15.71%		
K.B. Sajith Company Secretary	3.00	0.00%		

- (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 : 21st May, 2018

SHYAMLAL AGARWALA
Chairman
DIN : 00003055

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure and Developments:

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 besides availability of uninterrupted supply of power from the State Controlled Electricity undertakings. 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:

The cotton textile industry has large potential for growth through ever growing demands for cotton fabrics / garments; however, the textile industry in India, continues to face the threat of availability of quality cotton at a stable price as the domestic supply of cotton depends upon vagaries of monsoon. The adverse fluctuation of rupee as against dollar, is more than offset by the constant rise in the prices of imported raw material and cost of fuel, which leads to increase in the cost of power purchased from the State Controlled Electricity undertakings or from other private suppliers. Hence the company is exposed to the threat of erosion of profit in spite of optimum production and exports.

Product-wise performance:

The Company's main product range continues to be Cotton Yarn and Knitted fabrics, 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:

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. Adequate availability of raw cotton is crucial for the company. 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, 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's Financial Performance & Analysis: The Company earned post tax Profit of Rs 213.04 Lakhs (Previous year Rs.334.28 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.



Place: COIMBATORE
Date : 21st May 2018

BY ORDER OF THE BOARD

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. COMPANYS 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 additional 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.

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 information for him to understand the Company's operations, products and events relating to the Company.

C) Ceiling of Directorship/Committee position

None of the Directors of the Company's Board is a member 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 met 5 (Five) times during the financial year on the dates mentioned below:

1) 15 th May 2017	2) 11 th August 2017	3) 05 th October 2017
3) 13 th November 2017	4) 12 th February 2018	

The Annual General Meeting for last year was held on 27th September 2017. 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	5	Yes	1	1	1
Sri Manoj Kumar Jhajharia Joint Managing Director	5	Yes	1	Nil	2
Sri. Arun Kumar Jhajharia (from 12.02.2018) Additional Director	1	No	2	Nil	2
Sri G. V. S. Desikan	5	Yes	2	2	2
Sri Dulichand Pansari (up to 24.12.2017)	1	No	Nil	Nil	Nil
Sri Dhiresb Jayasi	5	Yes	Nil	Nil	Nil
Smt. Meenakumari	5	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 G.V.S. Desikan, Sri Dhiresb Jayasi 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 G.V.S. Desikan, 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:

1) 15 th May 2017	2) 11 th August 2017	3) 13 th November 2017	4) 12 th February 2018
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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 G.V.S. Desikan | - | Chairman |
| 2. Sri Dhires Jayasi | - | Member |
| 3. Sri Shyamlal Agarwala | - | Member |

Remuneration Policy

The Nomination and Remuneration Committee has adopted a charter which, inter alia, deals with the manner of selection of Board of Directors/Key Managerial Personnel's/Senior Managerial Personnel's. The Policy is accordingly derived from the said Charter. The Policy on remuneration is available in the following web link: www.salonacotspin.com

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 2017-2018 (Rs.)		
			Salary & Perquisites	Commission	Total
i. Shyamlal Agarwala, Managing Director	Father of Joint Managing Director and Director	Promoter	26,19,355	2,20,993	28,40,348
ii. Manoj Kumar Jhajharia, Joint Managing Director	Son of Managing Director	Promoter	19,85,538	Nil	19,85,538
iii. Arun Kumar Jhajharia Additional Director	Son of Managing Director	Director	1,00,000	Nil	1,00,000

Sri Shyamlal Agarwala and Sri Manoj Kumar Jhajharia & Arunkumar 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 G.V.S.Desikan	Non-Executive Independent	Rs.26,000
2.	Sri Dhiresb Jayasi	Non-Executive Independent	Rs.18,000
3.	Smt Meenakumari	Non-Executive Independent	Rs.10,000

Meeting of Independent Directors

During the year under review the Independent Directors met on 12th February, 2018 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. 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

6. 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.

7. SHAREHOLDING OF NON EXECUTIVE DIRECTORS AS ON 31.03.2018

Name of the Director	No. of Shares held
G.V.S. Desikan	1,000

8. 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 G.V.S. Desikan.

The Chairman of the Committee is Sri G.V.S. Desikan. The Committee met four times during the year under review as under:

1) 15 th May 2017	2) 11 th August 2017	3) 13 th November 2017	4) 12 th February 2018
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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

9. 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.

10. 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.

11. SECRETARIAL AUDIT

A Secretarial Audit was carried out pursuant to Section 204 (1) of the Companies Act 2013 by Sri S.R. Baalaji, B.Com. F.C.S., for the year ended 31.03.2018 and the Secretarial Audit Report forms part of the Annual Report.

12. ANNUAL GENERAL MEETINGS:

- a) Particulars of past three Annual General Meeting:

A.G.M	YEAR	VENUE	DATE	TIME
21 st	2015	Registered Office at Pungampalli	23.09.2015	10.00AM
22 nd	2016	Registered Office at Pungampalli	16.09.2016	10.00 AM
23 rd	2017	Registered Office at Pungampalli	27.09.2017	04.00 PM

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

A.G.M	DATE	YEAR	DETAILS
21 st	23.09.2015	2015	Resolution passed for reappointment of Mr Shyamlal Agarwala aged 70 years as Managing Director (Sections 196, 197 and 198)
22 nd	16.09.2016	2016	Revision of remuneration payable to Mr. Shyamlal Agarwala, Managing Director pursuant to the provisions of Section 196, 197, 198 and all other applicable provisions if any of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.
23 rd	27.09.2017	2017	NIL

c) **Postal voting & E-voting:**

In pursuance of the Listing agreement E-Voting, Postal voting facilities and voting at the AGM were extended to all the shareholders of the Company to facilitate Voting on the Subjects/Resolutions contained in the 24th 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.

13. 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 (Indian Accounting Standards) Amendment Rules, 2016 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 2018.

14. 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.

15. 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 dispatched to individual shareholders.
- c. The financial results are also accessible on the Company's website www.salonacotspin.com

16. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting:

The Twenty Fourth Annual General Meeting of the Company will be held on Monday, the 24th September 2018 at 10.00 A.M at the Registered Office of the Company at S.F.No.74/12 and 75/3, Sathy Main Road, Pungampalli, Valipalayam (Post), Sathy Taluk, Erode District, Tamilnadu.

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

(iii) Financial Year : 12 months ending 31.03.2018

Date of Book Closure: 18/09/2018 to 24/09/2018 (Both days inclusive)

The Register of Members and Share Transfer Books of the Company will remain closed from 18.09.2018 to 24.09.2018 (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 30.6.2018	2 nd Week of August 2018
2	Publication of unaudited financial results for the quarter ended 30.9.2018	2 nd Week of November 2018
3	Publication of unaudited financial results for the quarter ended 31.12.2018	2 nd Week of February 2019
4	Publication of audited financial results for the quarter ended 31.3.2019	Last week of May 2019
5	Annual General Meeting	September 2019

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 5th July, 2006 and subsequently withdrawn on 24th 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 9th August, 2010 and this agreement discontinued due to de-recognition of Madras Stock exchange on 21st November 2014. The Company shall comply the SEBI Circular dated 17.04.2015 within the prescribed time period.

(v) Market Price data:

Month	Salona Cotspin Limited		NSE Sensex	
	High	Low	High	Low
April 2017	62.95	57.25	9,367.15	9,075.15
May 2017	63.00	55.00	9,649.60	9,232.35
June 2017	63.95	55.00	9,709.30	9,448.75
July 2017	63.95	56.00	10,114.85	9,543.55
August 2017	71.45	50.05	10,137.85	9,740.10
September 2017	116.45	65.00	10,178.95	9,714.40
October 2017	136.00	88.30	10,384.50	9,831.05
November 2017	157.00	109.10	10,490.45	10,094.00
December 2017	207.90	125.00	10,552.40	10,033.35
January 2018	213.00	125.50	11,171.55	10,404.65
February 2018	144.75	118.40	11,117.35	10,276.30
March 2018	112.80	88.20	10,525.50	9,951.90

(vi) The Company has appointed Registrars & Share Transfer Agents for physical and demat segment. The Name and Address is given below:

M/s. S K D C Consultants Limited
 Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road,
 Ganapathy, Coimbatore – 641 006
 Phone No: 0422-6549995
 Fax No: 0422-2539837
 e mail – info@skdc-consultants.com
 Contact person: Mr. Marimuthu, Manager

(vii) 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.

(viii) Dematerialisation of shares:

As on 31.03.2018, 4800200 shares constituting 91.22 % 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	1795	79.43	341766	6.49
501 - 1000	259	11.46	231155	4.39
1001 - 2000	106	4.69	171804	3.26
2001 - 3000	36	1.59	96562	1.83
3001 - 4000	7	0.31	26589	0.51
4001 - 5000	8	0.35	37623	0.71
5001 - 10000	14	0.62	110097	2.09
10001 AND ABOVE	35	1.55	4246804	80.72
Total	2260	100.00	5262400	100.00

(x) Category –wise distribution of Shareholding :

Sl.No.	Category	No of Shares	Percentage
	Promoter's Holding		
1.	Promoters	3231827	61.41
	Sub Total	3231827	61.41
	Non Promoters Holding		
2.	Banks, Financial Institutions, Insurance Companies.	0	0.00
	Sub Total	0	0.00
	Others	-	-
3.	Private Corporate Bodies	637251	12.11
4.	Indian Public	1388300	26.38
5.	NRI's / OCB's	5022	0.096
	Sub Total	2030573	38.59
	Total	5262400	100.000

(i) 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

(ii) Address for Correspondence:

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

BY ORDER OF THE BOARD

Place: Coimbatore
 Date: 21st May 2018

SHYAMLAL AGARWALA
 Chairman
 DIN : 00003055

INDEPENDENT AUDITOR'S REPORT

To

The Members of **SALONA COTSPIN LIMITED**, Coimbatore.**Report on the Financial Statements**

We have audited the accompanying financial statements of **SALONA COTSPIN LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows of the Company in accordance with the Indian Accounting Standards (IndAS) 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, based on our audit 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 and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the afore said financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 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:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been a delay of 80 days for transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **GOPAL AIYER AND SUBRAMANIAN**

Chartered Accountants
(Firm registration number: 000960S)

CA.R.MAHADEVAN

Partner
(Membership No.027497)

Place : Coimbatore

Dated : 21st May 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **SALONA COTSPIN LIMITED** of even date)

i. In respect of the Company's fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are free hold, are held in the name of the Company as at the balance sheet date.

ii. In respect of Inventory:

As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of such verification is reasonable and no discrepancies were noticed at the time of verification.

iii. In respect of Loans and Advances granted:

According to the information and explanations given to us, the Company has not granted unsecured loans to any corporate, covered in the register maintained under section 189 of the Companies Act, 2013.

iv. In respect of Loans and Investments:

In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. In respect of Deposits accepted:

The company has not accepted deposits from parties listed in the register maintained pursuant to Section 189 of the Companies Act, 2013 but has accepted inter corporate deposits from certain parties. These deposits are not covered by the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 or the rules made there under. Hence the comments to be made on compliance of provisions or rules or other directives does not arise.

vi. In respect of Cost records:

The Central Government has prescribed maintenance of Cost Records under Section 148 (1) of the Companies Act, 2013. We have broadly reviewed the accounts and cost records of the Company maintained in pursuant to Companies (Cost Records and Audit) Rules 2014 as amended by the Central Government under sub-section (1) of Section 148 of Companies Act 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been made and maintained. We have not however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. In respect of statutory dues:

- (a) According to the information and explanations given to us, 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, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

viii. **In respect of De-fault in repayment of loans:**

Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

ix. **In respect of Application of Funds:**

The Company has not raised any moneys by way of Initial Public Offer / Further Public Offer during the Year. In our opinion, the moneys raised by way of Term Loans during the year were applied for the purposes for which those are raised.

x. **In respect of Frauds:**

In our opinion and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers / employees has been noticed or reported during the year.

xi. **In respect of Managerial Remuneration:**

The Managerial Remuneration has been paid / provided in accordance with the requisite approvals mandated by Section 197 read with Schedule V to the Companies Act 2013.

xii. **In respect of Nidhi Companies:**

The Company is not a Nidhi Company and therefore reporting as per Para 3 Clause 12 of the Order is not applicable to the Company.

xiii. **In respect of related party transactions:**

In our opinion, all the Related Party Transactions entered into by the Company during the year are in compliance with the provisions of Section 177 and 188 of the Act and the details there of have been disclosed in the Financial Statements as required by the Accounting standards.

xiv. **In respect of preferential allotment / private placement:**

The Company has not made any preferential allotment / private placement of shares during the year and therefore Para 3 Clause 14 of the Order is not applicable to the Company.

xv. **In respect of non-cash transactions with directors:**

During the year, the Company has not entered into any non-cash transactions with directors / persons connected with him as stipulated u/s. 192 of the Act. Hence reporting as per Para 3 Clause 15 of the Order is not applicable to the Company.

xvi. **In respect of registration with RBI:**

In our opinion and based on our verification, we report that the Company is not required to be registered u/s 45-IA of the Reserve Bank of India Act, 1934.

For **GOPAL AIYER AND SUBRAMANIAN**

Chartered Accountants
(Firm registration number: 000960S)

CA.R.MAHADEVAN

Partner

(Membership No.027497)

Place: Coimbatore

Dated: 21st May 2017

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON
THE FINANCIAL STATEMENTS OF SALONA COTSPIN LIMITED****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 **SALONA COTSPIN LIMITED** (“the Company”) as of March 31, 2018 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 Board of Directors of the Company 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. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, 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, 2018, 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.MAHDEVAN

Partner

(Membership No.027497)

Place: Coimbatore

Dated: 21st May 2017

CORPORATE GOVERNANCE- NON MANDATORY REQUIREMENTS – EXTENT ADOPTED

1.	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 Independent Directors may have tenure not exceeding , in aggregate , a period of nine years, on the Board of a Company 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.	Does not arise as the Chairman of the Board is an Executive Chairman Tenure of Five years has been fixed for independent Directors. This is ensured.
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 : 21st May 2018**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 31.03.2018.

Place: Coimbatore
Date: 21st May 2018**For SALONA COTSPIN LIMITED**
SHYAMLAL AGARWALA
Chairman
DIN: 00003055

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 31st March 2018 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 2017-18, 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
21st May 2018

SHYAMLAL AGARWALA
Managing Director (CEO)
DIN: 00003055

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

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

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

We have examined the compliance of Corporate Governance by **SALONA COTSPIN LIMITED**, for the year ended on 31st March 2018, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us:-

We certify that based on representations made by the management and confirmation given by the Registrar and Share Transfer Agent of the Company, no investor grievances were remaining unattended as on 31st March, 2018 for a period exceeding one month.

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

For **GOPAL AIYER AND SUBRAMANIAN**
Chartered Accountants
(Firm registration number: 000960S)

CA.R.MAHDEVAN
Partner
(Membership No.027497)

Place : COIMBATORE

Date : 21st May 2018

SALONA COTSPIN LIMITED
BALANCE SHEET AS AT 31ST MARCH 2018

No	Particulars	Note No.	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
(1)	ASSETS			
	Non-current assets			
	(a) Property, Plant and Equipment	2	14,84,54,421	16,46,44,943
	(b) Capital work-in-progress	3	5,01,84,966	0
	(c) Other Intangible assets	4	15,30,064	6,07,862
	(d) Financial Assets			
	(i) Investments	5	30,61,192	30,69,346
	(ii) Loans & Advances	6	1,84,38,406	1,91,54,433
	(e) Other non-current assets	7		
			22,16,69,049	18,74,76,584
(2)	Current assets			
	(a) Inventories	8	36,47,19,783	27,14,27,312
	(b) Financial Assets			
	(i) Trade receivables	9	19,13,76,989	21,61,26,626
	(ii) Cash and cash equivalents	10	4,79,812	7,29,530
	(iii) Bank balances other than (ii) above		55,58,244	13,39,116
	(iv) Loans	11	2,10,44,343	1,95,22,734
	(c) Other current assets	12	2,89,72,388	1,11,88,872
			61,21,51,559	52,03,34,189
	Total Assets		83,38,20,608	70,78,10,773
	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share capital	13	5,32,88,927	5,32,88,927
	(b) Other Equity	14	24,69,77,468	22,58,49,135
	LIABILITIES			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	15	5,34,60,107	5,63,09,827
	(b) Provisions	16	56,44,603	82,27,809
	(c) Deferred tax liabilities (Net)	17	64,36,800	1,07,51,800
			36,58,07,905	35,44,27,498
	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	18	34,38,93,997	27,11,11,846
	(ii) Trade payables	19	6,70,90,151	3,94,00,834
	(b) Other current liabilities	20	5,38,52,114	4,08,82,759
	(c) Provisions	21	19,44,801	19,47,200
	(d) Current Tax Liabilities (Net)	22	12,31,640	40,636
			46,80,12,703	35,33,83,275
	Total Equity and Liabilities		83,38,20,608	70,78,10,773

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 : 21st May 2018

SALONA COTSPIN LIMITED

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH 2018

No	Particulars	Note No.	Year Ended 31st March 2018 Rs.	Year Ended 31st March 2017 Rs.
I	Revenue From Operations	23	1,06,81,91,391	1,21,40,88,441
II	Other Income	24	9,67,006	12,22,538
III	Total Income (I+II)		1,06,91,58,397	1,21,53,10,979
IV	EXPENSES			
	Cost of materials consumed	25	63,41,06,609	66,35,29,763
	Purchases of Stock-in-Trade	26	13,87,35,250	24,13,35,909
	Changes in inventories of finished goods, Stock-in-Trade and Work-in-Progress	27	(4,29,61,503)	(4,00,28,054)
	Employee benefits expense	28	5,90,69,600	5,49,69,800
	Finance costs	29	3,46,69,041	2,30,67,722
	Depreciation and amortization expense	30	3,73,46,701	3,63,21,762
	Other expenses	31	18,60,93,369	20,83,85,409
	Total expenses (IV)		1,04,70,59,067	1,18,75,82,309
V	Profit/(loss) before exceptional items and Tax (I-IV)		2,20,99,329	2,77,28,670
VI	Exceptional Items		-	-
VII	Profit/(loss) before tax (V-VI)		2,20,99,329	2,77,28,670
VIII	Tax expense:			
	(1) Current tax	32	51,10,000	61,34,000
	(2) Deferred tax	33	(43,15,000)	(1,18,32,900)
IX	Profit (Loss) for the period from Continuing Operations (VII-VIII)		2,13,04,329	3,34,27,570
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII	Profit/(loss) for the period (IX+XII)		2,13,04,329	3,34,27,570
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to Profit or Loss		36,24,235	40,488
	(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	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)		2,49,28,564	3,34,68,058
XVI	Earnings per equity share (for continuing Operation):			
	(1) Basic		4.05	6.35
	(2) Diluted		4.05	6.35
XVII	Earnings per equity share (for discontinued Operation):			
	(1) Basic		-	-
	(2) Diluted		-	-
XVIII	Earnings per equity share (for discontinued & Continuing Operations)			
	(1) Basic		4.05	6.35
	(2) Diluted		4.05	6.35

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)

R.Mahadevan (Membership No. 27497)

Partner

Place : Coimbatore

Date : 21st May 2018Shyامل Agarwala
Managing Director
DIN 00003055K.B.Sajith
Company Secretary
ACS NO 35602Manoj Kumar Jhajharia
Joint Managing Director
DIN 00003076M.S.Selvaraj
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

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

Statement of Changes in Equity for the period ended **31ST MARCH 2018**

A. Equity Share Capital

Balance as at 31st March 2017	5,32,88,927
Changes in equity share capital during the year	0
Balance as at 31st March 2018	5,32,88,927

B. Other Equity

(in Rupees)

	Reserves and Surplus		Items of other Comprehensive Income		
	General Reserve	Retained Earnings	Equity Instruments through OCI	Remeasurement of Post employment benefit obligations	Total
Balance as on 31st March 2017	15,00,000	22,43,49,135	0	0	22,58,49,135
Add: Profit for the year		2,13,04,329			2,13,04,329
Add: Changes in fair value of equity instruments through FVTOCI (net of Tax)			-4,325		-4,325
Add: Remeasurement of Post employment benefit obligations				36,28,560	36,28,560
Less: Payment of Dividends		31,57,440			31,57,440
Less: Taxes on Dividends paid		6,42,792			6,42,792
Balance as on 31st March 2018	15,00,000	24,18,53,232	-4,325	36,28,560	24,69,77,468

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)

R.Mahadevan (Membership No. 27497)

Partner

Place : Coimbatore

Date : 21st May 2018

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

SALONA COTSPIN LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

	Particulars	31st March 2018 Rs.	31st March 2017 Rs.
A	Cash flow from operating activities:		
	Net Profit before taxation and extra ordinary items	2,57,23,564	2,77,69,158
	Adjustments for:		
	Depreciation	3,73,46,701	3,63,21,762
	Deferred Expenses written off	-	-
	Profit on sale of fixed assets	1,48,684	-
	Profit on sale of Investments	(32,276)	(2,00,000)
	Interest and financial charges paid	3,46,69,041	2,30,67,722
	Dividend Income	-	(920)
	Interest receipts	(7,86,046)	(10,21,618)
	Direct Taxes	(51,10,000)	(61,34,000)
	Operating profit before working capital changes	9,19,59,669	7,98,02,104
	Adjustments for working capital changes		
	(Increase)/Decrease in Operating assets		
	Inventories	(9,32,92,471)	(11,45,592)
	Trade receivables	2,47,49,637	(9,01,91,654)
	Loans and Advances - short term	(15,21,609)	(46,11,002)
	Other Current Assets	(2,20,02,644)	9,26,301
	Other non-current assets	-	-
	Increase/(Decrease) in Operating liabilities		
	Trade payables	2,76,89,317	(11,96,093)
	Other Current Liabilities	1,29,69,355	(81,65,881)
	Short term Provisions	11,88,605	(54,36,316)
	Loans and Advances - long term	7,16,027	(28,27,775)
	Long Term Provisions	(25,83,206)	30,62,287
	Net cash flow from operating activities (A)	3,98,72,681	(2,97,83,621)
B	Cash flow from investing activities:		
	Purchase of Fixed Assets	(7,34,57,276)	(1,87,23,754)
	Purchase of Investment	8,154	(12,04,008)
	Sale of Fixed Assets	10,42,609	1,48,386
	Sale of Investments	34,910	4,52,000
	Advance for Capital Goods	-	-
	Deferred Revenue Expenditure	-	-
	Interest receipts	7,86,046	10,21,618
	Dividend Income	-	920
	Net cash from investing activities (B)	(7,15,85,557)	(1,83,04,838)
C	Cash flow from financing activities:		
	Proceeds from long term borrowings	28,49,720	2,40,65,529
	Repayment of long term borrowings	7,27,82,151	7,93,84,932
	Proceeds from short term borrowings	-	-
	Increase/(Decrease) in Secured Loan	-	-
	Increase/(Decrease) in long term borrowings	(28,49,720)	(2,40,65,529)
	Increase/(Decrease) in short term borrowings	7,27,82,151	7,93,84,932
	Interest and financial charges paid	(3,46,69,041)	(2,30,67,722)
	Increase In share Capital	-	-
	Dividend Paid	38,00,232	-
	Net cash from financing activities	3,14,63,157	3,22,51,681
	Net increase/(decrease) in cash and cash equivalents	(2,49,719)	(1,58,36,778)
	Cash & cash equivalents at the beginning of the year	7,29,530	1,65,66,308
	Cash & cash equivalents at the close of the year	4,79,812	7,29,530
	Cash and Cash equivalents at the close of the year comprise of		
	Cash on hand	2,97,207	2,36,099
	Cash at bank in current accounts	1,82,605	4,93,431
		4,79,812	7,29,530
		(0)	0

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)

R.Mahadevan (Membership No. 27497)

Partner

Place : Coimbatore

Date : 21st May 2018Shyامل Agarwala
Managing Director
DIN 00003055K.B.Sajith
Company Secretary
ACS NO 35602Manoj Kumar Jhajharia
Joint Managing Director
DIN 00003076M.S.Selvaraj
Chief Financial Officer

SALONA COTSPIN LIMITED

1. Corporate Information

Salona Cotspin Limited is a 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. The financial statement are approved for issue by the Company's Board of Directors on 21st May 2018.

2. Significant Accounting Policies

2.1 Statement of Compliance

The financial statements have been prepared in accordance with IND AS notified under Sec.133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules 2015 and other relevant provision of the Act.

2.2. Basis of Accounting

The financial statements are prepared accordance with Indian Accounting Standards (IndAS) under the historical cost convention, as a going concern and on accrual basis except for certain financial instruments which are measured at fair values, the provision of Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind As are prescribed under section 133 of the Act read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2.3 Use of estimates:

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3. Fixed Assets

- a. Fixed assets are stated at cost of acquisition, including and attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation.
- b. CENVAT credit / Value Added Tax/GST, where eligible, has been reduced from the cost of fixed assets.

4. Investments.

Investments classified as non - current and are carried at their cost unless there is a permanent diminution in value of investments. Dividend and yields if any, are accounted on their entitlement.

5. Inventories

Inventories are valued on the following basis.

- a) Stores and Spares - Cost including excise duty if applicable
- b) Raw Materials - Cotton - Lower cost or Net Realisable Value
- c) Finished Goods - Cotton hosiery yarn and Fabrics - Lower of Cost or net Realisable Value.
- d) By product - Net Realisable value
- e) Work in progress - Lower of Cost or Net Realisable Value

First in - First out cost formula is used while determining the cost of all the above items, except cotton for which actual cost formula is used.

6. Provisions and Contingent Liabilities:

The Company recognizes a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

7. Revenue Recognition

- i. Accrual basis of accounting is followed by the company for all regular sources of income and expenses.
- ii. Sales are accounted on transfer of property in goods to the buyers for a definite consideration; sales include exchange fluctuation gain / loss realised or incurred during the year in respect of export sales.
- iii. Carbon credit is taken as income only when the credit is considered eligible for grant and realized from its users.
- iv. Input credit against goods are accounted for by adjustments against cost of relevant goods; Unadjusted State VAT/GST Credit is carried over as advance.

8. Depreciation and amortisation

The Company provides for depreciation on Straight line method and effective from 1st April 2014, the Company has charged depreciation with reference to the estimated useful life of fixed assets prescribed by the Schedule II of the Companies Act 2013 or based on management's assessment of useful life based on technical advice in case if useful life is lower than what is prescribed under Schedule II.

For additions and deletions during the year prorata charge has been made from the date the asset is put into use. No depreciation is charged in the year of sale of the asset, which has no revenue impact.

If the cost of a part of the asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately for depreciation.

Intangible assets are ammortised over their estimated useful life.

9. Foreign Currency Transaction

Foreign currency transactions chargeable to revenue have been accounted for by adopting the exchange rate as per documents negotiated with the bankers. Export sales are net of exchange fluctuation gain / loss realised / incurred and accounted for as per realisation certificate received from the bankers. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date or at forward exchange rate, as may be applicable.

10. Retirement Benefits

- a) Retirement benefits such as periodical Contribution to Provident fund and Pension Fund being defined contribution plans are charged to revenue. Such contributions are on predetermined statutory rates payable to competent authority.
- b) Gratuity, which is a defined benefit, is accrued and provided for based on independent actuarial valuations as at the balance sheet date. Gratuity claims are settled on the occurring of the event / claim.
- c) The present value of the obligation under such plan is determined based on the actuarial valuation using the projected unit credit method which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligation.
- d) 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.

11. Borrowing Cost:

- a. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense.
- b. Interest on borrowings, if any, attributable to acquisition of qualifying assets are capitalised and included in the cost of the asset, as considered appropriate.

12. Related Party Transactions:

Transactions with the directors or similar key management personnel of an enterprise with respect to the name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties.

13. Leases:

Assets leased by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

14. Earnings per Share:

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

15. Taxes on Income:

Current tax is determined as per the provisions of the Income – Tax, 1961 in respect of taxable income for the year and based on the expected outcome of assessments / appeals.

Deferred tax assets and liabilities are recognised on timing differences between accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

16. Cash Flow Statements:

Cash Flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balances with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

17. Impairment of Assets:

An asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of fixed assets are reviewed at each balance sheet date to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable value is recognised as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

18. Dividend

Dividend on shares are recorded as a liability on the date of approval by the shareholders at the Annual General Meeting.

SALONA COTSPIN LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH 2018
NOTE NO.2, 3 & 4 PROPERTY, PLANT AND EQUIPMENT

No.	Particulars	← GROSS BLOCK →			← DEPRECIATION →			← NET BLOCK →				
		As on 01.04.2017	Additions / Acquisitions through Business Combinations	Deletions / Disposals	As on 31.03.2018	Upto 01.04.2017	For the year	Withdrawn on Account of Disposal	Withdrawn on Other Account	Upto 31.03.2018	As on 31.03.2018	As on 31.03.2017
A	TANGIBLE ASSETS											
1	FREE HOLD LAND	96,46,092	-	-	96,46,092	-	-	-	-	-	-	96,46,092
2	BUILDING	7,97,77,681	-	-	7,97,77,681	26,04,009	-	-	3,24,41,326	4,73,36,355	4,99,40,364	
3	PLANT & EQUIPMENTS	61,99,51,389	1,46,79,637	-	63,46,31,026	3,19,79,859	-	-	55,96,19,735	7,50,11,291	9,23,11,512	
4	FURNITURE & FIXTURES	57,04,281	25,91,703	-	82,95,984	7,84,134	-	-	17,69,865	65,26,119	47,18,554	
5	VEHICLES	1,20,43,948	12,84,841	10,42,609	1,22,86,180	10,64,125	8,91,293	-	64,94,566	57,91,594	57,22,194	
6	OFFICE EQUIPMENTS	81,52,157	25,58,688	-	1,07,10,845	7,21,944	-	-	65,67,874	41,42,971	23,06,227	
	TOTAL A	73,52,75,547	2,11,14,869	10,42,609	75,53,47,807	3,71,54,071	8,91,293	-	60,68,93,386	14,84,54,421	16,46,44,943	
B	INTANGIBLE ASSETS **											
7	COMPUTER SOFTWARE	7,93,575	11,14,832	-	19,08,407	1,92,630	-	-	3,78,343	15,30,064	6,07,862	
	TOTAL B	7,93,575	11,14,832	-	19,08,407	1,92,630	-	-	3,78,343	15,30,064	6,07,862	
C	CAPITAL											
	WORK-IN-PROGRESS											
8	BUILDING	-	58,18,096	-	58,18,096	-	-	-	-	58,18,096	-	
	PLANT & EQUIPMENTS	-	4,43,66,870	-	4,43,66,870	-	-	-	-	4,43,66,870	-	
	TOTAL C	-	5,01,84,966	-	5,01,84,966	-	-	-	-	5,01,84,966	-	
D	INTANGIBLE ASSETS UNDER CONSTRUCTION											
	TOTAL D	-	-	-	-	-	-	-	-	-	-	
	CURRENT YEAR FIGURES (TOTAL (A+B+C+D))	73,60,69,122	7,24,14,667	10,42,609	80,74,41,180	3,73,46,701	8,91,293	-	60,72,71,729	20,01,69,451	16,52,52,805	
	PREVIOUS YEAR FIGURES	71,74,93,754	1,87,23,754	1,48,386	73,60,69,122	3,63,32,160	10,398	-	57,08,16,321	16,52,52,801	18,29,99,195	

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2018

NOTE NO. 5 : NON - CURRENT INVESTMENTS

A. Classifications:

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
a	Investments in Equity Instruments valued at cost	30,61,192	30,69,346
		30,61,192	30,69,346

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 2018 Rs.	Carrying amount As at 31st March 2017 Rs.
i)	Equity Instruments:				
	<u>Non-trade Quoted</u>				
1	Union Bank of India 272 Equity shares of Rs.10/- each (Previously 472 equity shares of Rs.10/- each)	272	29,920	94,702	1,02,226
	<u>Trade - Unquoted</u>				
1	11620 Equity Shares in Echanda Urja Private Limited	11,620	64,200	64,200	64,200
2	Ind-Barath Powergencom Ltd (Previously 173940 Shares equity shares of Rs.10/-each)	2,90,292	29,02,290	29,02,290	29,02,920
	Sub Total	3,02,184	29,96,410	30,61,192	30,69,346

2. Abstract of Investments in Equity

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
a	Aggregate amount of quoted investments	94,702	1,02,226
b	Market Value of Quoted Investments	-	-
c	Aggregate amount of unquoted investments	29,66,490	29,67,120
	Net Carrying amount of Investments	30,61,192	30,69,346

NOTE NO. 6 : LONG - TERM LOANS AND ADVANCES

A. Classifications:

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
	Unsecured and Considered good		
1	Capital Advances	55,56,640	58,56,640
2	Security Deposits	1,01,98,466	1,19,07,633
3	Other Loans and Advances	26,83,300	13,90,160
	Total	1,84,38,406	1,91,54,433

B. Disclosures:**1) Capital advances**

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
i)	Unsecured, considered Good Advances for acquisition of capital assets/ expenditure	55,56,640	58,56,640
	Total	55,56,640	58,56,640

2) Security Deposits:

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
i)	Unsecured, considered Good Deposits with Statutory Authorities	1,01,98,466	1,19,07,633
	Total	1,01,98,466	1,19,07,633

Security deposits are placed with Electricity, Telephone and other Statutory authorities.

3) Other loans and advances

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
	Rental Advance for Office Premises	26,83,300	13,90,160
	Total	26,83,300	13,90,160

NOTE NO. 7 : OTHER NON - CURRENT ASSETS

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
	Deferred revenue expenditure	-	-
	Opening balance	-	-
	Less: Amortised during the year	-	-
	Closing balance	-	-

NOTE NO. 8 : INVENTORIES**A. Classification**

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
	Inventory on Hand		
a)	Raw Materials	19,75,63,349	14,71,57,723
b)	Work in Progress	2,42,90,646	3,17,91,777
c)	Finished Goods	13,75,47,746	8,86,30,852
d)	Stores & Spares	53,18,042	38,46,960
	Total	36,47,19,783	27,14,27,312

NOTE NO. 9 : TRADE RECEIVABLES

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
a)	Outstanding for a period exceeding six months - Unsecured, considered good	-	4,19,407
	Sub Total	-	4,19,407
b)	Others - Unsecured, considered good	19,13,76,989	21,57,07,219
	Sub Total	19,13,76,989	21,57,07,219
	Total	19,13,76,989	21,61,26,626

NOTE NO. 10 : CASH AND CASH EQUIVALENTS

A. Classification:

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
a)	Cash on hand	2,97,207	2,36,099
b)	Balances with banks: - Balances in Current accounts - In earmarked accounts Unpaid dividend accounts	1,82,605	4,93,431
		8,22,173	8,75,326
c)	Other bank deposits - Margin Money Deposits held under lien by Banks	47,36,071	4,63,790
	Total	60,38,056	20,68,646

NOTE NO. 11 : SHORT - TERM LOANS AND ADVANCES

A. Classifications:-

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
1	Other loans and advances - Others	2,10,44,343	1,95,22,734
	Total	2,10,44,343	1,95,22,734

B. Other Disclosures:

(a) Unsecured and Considered Doubtful

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
1	Trade Advances	30,00,000	15,00,000
	Less: Provision for Doubtful advances	30,00,000	15,00,000
	Total	-	-

(b) Unsecured and Considered good

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
1	Trade Advances	1,87,95,353	1,56,83,236
2	Advance Towards Direct Taxes (Net)	-	-
3	Advance Towards Indirect Taxes	-	26,28,372
4	Prepaid Expenses	13,06,878	8,86,730
5	Advances to Staff and Other Operatives	48,860	2,98,165
7	Others	8,93,252	26,232
	Total	2,10,44,343	1,95,22,734

NOTE NO. 12 : OTHER CURRENT ASSETS**A. Classifications :-**

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
a)	Other current assets	2,89,72,388	1,11,88,872
	Total	2,89,72,388	1,11,88,872

B. Disclosures :

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
	BREAKUP FOR OTHER CURRENT ASSETS		
	Export:		
	Duty Draw Back Receivable	10,00,166	6,87,229
	Incentive under FMS/FPS Receivable	-	-
	Incentative Under MEIS Receivables	17,31,731	9,42,491
	Export Service Tax Receivable	-	4,331
	Interest:		
	Interest Receivable on Energy Supply Deposits	3,200	5,960
	Interest & Interest Subsidy Receivable	95,67,214	88,38,887
	Others:		
	Accrued Income	2,15,343	2,15,343
	Evening Peak Energy & Demand Charges Receivable	2,14,240	2,14,240
	Income tax Refund Due	2,80,391	2,80,391
	Terminal Excise Duty Refundable A/c	84,400	-
	GST Input credit available	1,58,75,703	
	Total	2,89,72,388	1,11,88,872

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2018

NOTE NO. 13 : EQUITY SHARE CAPITAL

i) Particulars of each class of share capital:

No.	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
1.	Authorised: 6000000 Equity Shares of Rs.10/- each	6,00,00,000	6,00,00,000
		6,00,00,000	6,00,00,000
2.	Issued Capital: 5262400 Equity Shares of Rs.10/- each	5,26,24,000	5,26,24,000
		5,26,24,000	5,26,24,000
3.	Subscribed, Called Up and Paid Up Capital 5262400 Equity Shares of Rs.10/- each fully paid up	5,26,24,000	5,26,24,000
		5,26,24,000	5,26,24,000
	Forfeited Shares 88700 Nos-(Previous Year 88700 Nos)-Originally Paid-up	6,64,927	6,64,927
		5,32,88,927	5,32,88,927

ii) Reconciliation of number of equity shares:

No.	Particulars	No. of shares		As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
		As at 31st March 2018	As at 31st March 2017		
	At the commencement of the year	52,62,400	52,62,400	5,26,24,000	5,26,24,000
	At the close of the year	52,62,400	52,62,400	5,26,24,000	5,26,24,000

During the year

a	No Shares have been issued	Nil	Nil
b	No shares have been Bought back	Nil	Nil
c	No shares have been forfeited	Nil	Nil

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

- 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
- 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.
- 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 2018		As at 31st March 2017	
		% of holding	Number of shares	% of holding	Number of shares
1	Shyamlal Agarwala	7.86%	413393	7.74%	407393
2	Manoj Kumar Jhajharia	5.63%	296188	5.63%	296188
3	Pramod Kumar Jhajharia	5.66%	297913	5.55%	291901
4	Arun Kumar Jhajharia	5.92%	311671	5.82%	306171
5	Krishna Agarwal	8.16%	429401	6.07%	319401
6	Pansari Textiles & Investments Ltd	7.60%	400000	7.60%	400000
7	Pista Devi Jhajharia	5.83%	306653	5.05%	265602

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2018**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

NOTE NO. 14 : OTHER EQUITY

No.	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
1	A. RESERVES:		
	General Reserve		
	Balance as Per Last Balance Sheet	15,00,000	15,00,000
	Transfer From Statement Of Profit & Loss	-	-
	Closing Balance-Total Of Reserves	15,00,000	15,00,000
2	B. SURPLUS:		
	Statement of Profit and Loss after all allocations and appropriations:-		
	Opening Balance (i)	22,43,49,135	19,08,81,077
	Add : Profit after tax for the year (ii)	2,49,28,564	3,34,68,058
	Total (iii = i+ii)	24,92,77,700	22,43,49,135
	Less: (a) Transfer to Reserve		-
	(b) Equity Dividend paid for the year 2016-17	31,57,440	-
	(c) Tax on Equity Dividend paid for 2016-17	6,42,792	-
	Total (iv)	38,00,232	-
	Total of Surplus (v = (iii) - (iv))	24,54,77,468	22,43,49,135
Total of Reserves & Surplus-Per Balance Sheet	24,69,77,468	22,58,49,135	

NOTE NO. 15 : LONG TERM BORROWINGS

A. Classifications:-

No.	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
	Secured:		
(a)	Term Loans - From Banks	3,37,58,217	3,16,00,000
(b)	Deferred Payment Liabilities	-	-
(c)	Long term maturities of Finance Lease Obligation	10,01,890	10,09,827
	Unsecured:		
(d)	Other Loans and Advances	1,87,00,000	2,37,00,000
	Total Per Balance Sheet	5,34,60,107	5,63,09,827

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 2018	As at 31st March 2017
1	Secured : Oriental Bank of Commerce Term Loan - I	1368	FY 2016-2019 Rs.60 Lacs for 13 Installments. FY 2019-2020 Rs.16 Lacs for one Installments. Repayable in 24 equal quarterly installments after a moratorium of six months	76,00,000	3,16,00,000
	Term Loan -II	1330		2,61,58,217	-
	Total Per Balance Sheet			3,37,58,217	3,16,00,000

(a) (ii) Term Loans from Banks

Nature of Security and Details of Guarantee

- The above facilities are secured on first charge on the specific fixed assets acquired besides a charge on all other fixed assets
- All the above facilities pursuant to an agreement rank pari passu amongst the bankers and the company.
- Rs.60.00 Lacs Per instalment (Number of instalment varies from time to time)
- 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.
- The details of security listed above also covers for current maturities of long term debts for the above term loans

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

No	Name of the Financier	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
	Secured		
1	Volkswagen Finance Private Limited	-	27,137
2	HDFC Bank Ltd	-	3,280
3	Kotak Mahendra Prime Ltd	3,18,637	9,79,410
4	SBI Car Loan	6,83,253	
	Total Per Balance Sheet	10,01,890	10,09,827

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 2018 Rs.	As at 31st March 2017 Rs.
1	Loans from Shareholders Unsecured	-	-
	Inter-corporate Loans	1,87,00,000	2,37,00,000
	Total Per Balance Sheet	1,87,00,000	2,37,00,000
(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. 16 : LONG -TERM PROVISIONS

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
1	<u>Provision for Employee Benefits</u>		
	Provision for Gratuity	56,44,603	82,27,809
	Total Per Balance Sheet	56,44,603	82,27,809

NOTE NO. 17 : DEFERRED TAX LIABILITIES (NET)

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
A.	Deferred Tax Liability Opening Balance	1,68,70,000	2,34,11,100
	Add : Additions during the year	-	-
	Less: Reversed During the year	1,68,70,000	2,34,11,100
		61,31,000	65,41,100
	(A)	1,07,39,000	1,68,70,000
B	Deferred Tax Asset	61,18,200	8,26,400
	Add : Additions during the year	-	52,91,800
	Less: Reversed During the year	61,18,200	61,18,200
		18,16,000	
	(B)	43,02,200	61,18,200
	Deferred Tax Liability (Net)	A-B	64,36,800
		64,36,800	1,07,51,800

NOTE NO. 18 : SHORT -TERM BORROWINGS

A. Classifications :

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
(a)	Secured		
	Loans repayable on demand		
	i) From Banks	34,38,93,997	27,11,11,846
	Total Per Balance Sheet	34,38,93,997	27,11,11,846

B. Other Disclosure

(i) Loans Repayable on Demand from Bank

No	Particulars	Limit Sanctioned Rs. In Lacs	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
1	Cash Credit From Banks:			
	The Catholic Syrian Bank Ltd	750.00	6,37,34,319	4,84,56,399
	Oriental Bank of Commerce	800.00	7,92,13,546	1,97,38,333
	State Bank of India	356.00	3,47,78,894	3,15,96,174
	Union Bank of India	910.00	76,06,203	1,89,16,076
2	FCNRB Loans:			
	The Catholic Syrian Bank Ltd	(sub-limit)		
	State Bank of India FCNRB	(sub-limit)		
	Union Bank of India	(sub-limit)		
3	Packing credit loans:			
	The Catholic Syrian Bank Ltd	(sub-limit)	95,52,999	1,61,56,725
	Union Bank of India	(sub-limit)	7,91,51,538	5,58,13,500
	State Bank of India	(sub-limit)	123	6,90,480
4	Foreign Bills Purchased by Banks:			
	The Catholic Syrian Bank Ltd	500.00	2,34,47,260	1,53,93,366
	Union Bank of India	500.00	4,64,09,116	5,65,61,888
	State Bank of India		-	-
5	Inland Bills Purchased By Banks:			
	State Bank of India		-	77,88,905
	Union Bank of India		-	-
	Total Per Balance Sheet	3,316.00	34,38,93,997	27,11,11,846

(ii) Nature of Security and terms of guarantee

- The above facilities are secured by way of hypothecation and / or pledge of stocks in trade, besides a first charge on its fixed assets
- 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.
- 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. 19 : TRADE PAYABLES

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
1	Micro Small & Medium Enterprises	-	-
2	Others	6,70,90,151	3,94,00,834
	Total Per Balance Sheet	6,70,90,151	3,94,00,834

NOTE NO. 20 : OTHER CURRENT LIABILITIES**A. Classifications:-**

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
a	Current maturities of Long Term Debt	3,50,83,332	2,40,00,000
b	Interest accrued and due on borrowings	-	25,59,600
c	Current Maturities of Finance Lease Obligations	9,21,702	14,13,930
d	Unpaid dividends	8,22,073	8,75,326
e	Other Payables		
	Liability For Expenses	1,01,66,084	86,29,208
	Statutory Liabilities	68,58,923	34,04,695
	Total Per Balance Sheet	5,38,52,114	4,08,82,759

NOTE NO. 21 : SHORT - TERM PROVISIONS

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
1	<u>Provision for Employee Benefits</u>		
	Provision For Bonus	19,44,801	19,47,200
		19,44,801	19,47,200

NOTE NO. 22 : CURRENT TAX LIABILITIES - NET

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
1	Others		
	a. Provision For Proposed Dividends	-	-
	b. Provision For Dividend distribution tax	-	-
	c. Provision For Taxation (net)	12,31,640	40,636
	Total Per Balance Sheet	12,31,640	40,636

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2018

NOTE NO. 23 : REVENUE FROM OPERATIONS

A. Classifications:-

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Sale of Products	105,37,29,826	119,93,08,919
2	Other Operating Revenues	1,44,61,566	1,47,79,522
		106,81,91,391	121,40,88,441
	Total per statement of P & L	106,81,91,391	121,40,88,441

B. Other Disclosures:

(i) Other operating revenues

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Export Incentives:		
	Duty Draw Back	62,45,546	1,19,59,624
	Incentive under FMS/FPS	17,95,472	4,71,264
	Service Tax on Exports	66,481	1,60,833
2	Other Miscellaneous Income	4,39,500	40,000
3	Foreign Exchange Fluctuation	59,14,567	21,47,801
	Total Per Statement Of P & L	1,44,61,566	1,47,79,522

NOTE NO. 24 : OTHER INCOME

A. Classifications:-

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Interest Income	7,86,046	10,21,618
2	Dividend Income	-	920
3	Other Non- Operating Income (Net of Expenses directly attributable to such Income) (Refer note (iii) below)	1,80,960	2,00,000
	Total	9,67,006	12,22,538

B. Other Disclosures:

(i) Interest Income

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	From Current Investments		
	Interest Receipts:		
	Banks Fixed Deposits	1,97,864	2,74,919
	Inland Bill Discounting		-
	Energy Security Deposit	5,88,182	7,30,595
2	From Others		
	Interest Receipts-Other parties		16,104
	Total Per Statement of P & L	7,86,046	10,21,618

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2018

(ii) **Dividend Income**

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
	From Others:		
1	From Long Term Investments Equity Instruments		920
	Total Per Statement of P & L		920

(iii) **Other Non Operating Income:**

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Profit on sale of Fixed Assets	1,48,684	-
2	Profit on sale of Equity Instruments	32,276	2,00,000
	Total Per Statement of P & L	1,80,960	2,00,000

NOTE NO. 25 : COST OF MATERIALS CONSUMED

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Raw Materials	62,94,05,573	65,89,05,562
2	Other Consumables	47,01,037	46,24,201
	Total Per Statement of P & L	63,41,06,609	66,35,29,763

A. Disclosures:

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Consumption of Raw Materials		
	Cotton:		
	Opening Stock Of : Raw Materials	14,71,57,723	18,43,46,297
	Work-in Progress	45,12,080	44,90,542
	Add : Purchases during the year	67,82,65,459	62,17,38,526
		82,99,35,262	81,05,75,365
	Less: Closing stock of : Raw Materials	19,75,63,349	14,71,57,723
	Work-in Progress	29,66,340	45,12,080
	Consumption of raw materials	62,94,05,573	65,89,05,562
2	Consumption of Other Consumables		
	Packing Consumables:		
	Opening stock	4,07,552	6,25,903
	Add: Purchases during the year	45,32,173	44,05,850
		49,39,725	50,31,753
	Less: Closing stock	2,38,688	4,07,552
	Consumption of other materials	47,01,037	46,24,201

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2018

NOTE NO. 26 : PURCHASE OF STOCK-IN-TRADE

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Yarn	12,71,98,588	23,36,60,805
2	Fabric	1,15,36,662	76,75,104
		13,87,35,250	24,13,35,909

NOTE NO. 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
a	Inventories at the commencement of the year	11,59,10,549	7,58,82,495
b	Less: Inventories at the close of the year	15,88,72,052	11,59,10,549
	Total Per Statement of P & L	(4,29,61,503)	(4,00,28,054)

Disclosure on Changes in Inventories:

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Opening Stock:		
	Finished Goods - Yarn	2,53,04,095	3,79,89,795
	Finished Goods - Fabrics	6,45,548	1,22,98,410
	Finished Goods - Garments	5,95,89,974	-
	Work in Process	2,72,79,697	2,34,98,533
	By-Product - Seconds Cotton	30,91,235	20,95,757
		11,59,10,549	7,58,82,495
2	Less: Closing Stock:		
	Finished Goods - Yarn	4,56,14,733	2,53,04,095
	Finished Goods - Fabrics	73,09,479	6,45,548
	Finished Goods - Garments	8,40,83,139	5,95,89,974
	Work in Process	2,13,24,306	2,72,79,697
	By-Product - Seconds Cotton	5,40,395	30,91,235
		15,88,72,052	11,59,10,549
	Total Per Statement of P & L	(4,29,61,503)	(4,00,28,054)

NOTE NO. 28 : EMPLOYEE BENEFIT EXPENSES

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Salaries & Wages	3,35,25,364	3,01,16,986
2	Contribution to Provident and Other Funds	23,45,608	43,75,595
3	Staff Welfare Expenses	1,83,72,742	1,45,34,786
4	Managerial Remuneration	48,25,886	59,42,433
	Total Per Statement of P & L	5,90,69,600	5,49,69,800

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2018

Disclosure on Employee Benefit Expenses:

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
(i)	Staff Welfare Expenses		
	Medical Expenses Reimbursed/Insurance Premium	8,82,374	1,49,293
	Water Expenses	27,32,540	23,39,490
	Workmen & Staff Welfare Expenses	99,48,215	70,74,367
	Canteen Expenses	48,09,612	49,71,636
	Total Per Statement of P & L	1,83,72,742	1,45,34,786

NOTE NO. 29 : FINANCE COSTS

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Interest Expenses (Refer note (i) below)	2,84,78,199	1,84,42,174
2	Other Borrowing Costs (Refer note (ii) below)	61,90,842	46,25,548
	Total Per Statement of P & L	3,46,69,041	2,30,67,722

Disclosure on Finance Cost:

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
(i)	Notes		
	Interest Expense:		
	Interest on borrowings from Banks	2,57,73,990	1,53,89,303
	Interest on borrowings from Others	25,26,740	28,44,000
	Finance Charges on Finance Lease	1,77,469	2,08,871
	Total Per Statement Of P & L	2,84,78,199	1,84,42,174
(ii)	Other Borrowing Costs		
	Foreign Exchange difference / Net loss on the Forex		
	Discounts / premiums on borrowings	37,71,986	17,34,362
	Bank Charges	24,18,856	28,91,186
	Total Per Statement of P & L	61,90,842	46,25,548

NOTE NO. 30 : DEPRECIATION AND AMORTISATION EXPENSES

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Depreciation	3,71,54,071	3,63,01,891
2	Amortization Expense	1,92,630	19,871
	Total Per Statement of P & L	3,73,46,701	3,63,21,762

NOTE NO. 31 : OTHER EXPENSES

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Manufacturing Expenses (Refer note (i) below)	8,95,48,669	9,83,78,948
2	Administrative Expenses (Refer note (ii) below)	2,15,41,587	1,59,41,954
3	Repairs and Maintenance (Refer note (iii) below)	2,96,36,744	3,11,11,895
4	Sales and Distribution Expenses (Refer note (iv) below)	4,30,90,987	6,13,09,375
5	Miscellaneous Expenses (Refer note (v) below)	22,75,382	16,43,236
	Total Per Statement of P & L	18,60,93,369	20,83,85,409

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2018

Disclosure on Other expenses

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
	Notes		
(i)	Manufacturing Expenses		
a	Power and Fuel	4,21,84,712	4,29,37,272
b	Consumption of Stores and Spare Parts	1,23,22,018	1,44,55,764
c	Other Manufacturing Expenses	3,50,41,939	4,09,85,912
	Total Per Statement Of P & L	8,95,48,669	9,83,78,948
(ii)	Administrative Expenses		
a	Rent	62,79,350	16,12,225
b	Rates and taxes, excluding taxes on income	2,97,714	18,97,550
c	Payments to Auditors	3,98,513	4,93,370
d	Insurance	6,89,433	6,27,745
e	Sitting Fees To Other Non whole Time Directors	55,800	50,560
f	Travelling Expenses	84,28,846	52,09,619
g	Communication Expenses	9,37,158	9,47,875
h	Printing & Stationery	5,99,037	7,09,665
i	Donation	2,57,000	2,77,700
j	General Expenses	12,64,468	14,15,700
k	Professional & Legal Fees	11,64,998	12,39,316
l	Security Service Charges	10,89,636	8,95,530
m	Subscription		
	Trade Associations	43,130	4,86,615
	Research Association	36,504	78,485
	Total	2,15,41,587	1,59,41,954
	Total Per Statement Of P & L		
(iii)	Repairs and Maintenance		
a	Buildings	63,77,889	84,36,009
b	Machinery	1,07,49,743	96,96,622
c	Wind Mills	59,06,861	67,44,044
d	Vehicles	33,30,153	30,30,060
e	Others	32,72,099	32,05,160
	Total Per Statement Of P & L	2,96,36,744	3,11,11,895
(iv)	Sales and Distribution Expenses		
a	Consumption of Other Packing Materials		
	Opening Stock	1,84,544	3,70,976
	Add: Purchases during the year	84,09,402	1,15,56,460
		85,93,946	1,19,27,436
	Less: Closing Stock	1,64,344	1,84,543
	Consumption of Other Packing Materials	84,29,602	1,17,42,892
b	Advertisement Charges	12,92,675	11,90,277
c	Commission Payments on sales / services	67,34,673	97,41,510
d	Commission Payments on Export Sales	38,85,803	1,24,06,146
e	Discounts Allowed	8,95,504	9,24,253
f	Other Sales Expenses	1,42,55,717	1,70,95,818
g	Export Sales Expenses	75,97,014	82,08,479
	Total Per Statement Of P & L	4,30,90,987	6,13,09,375
(v)	Miscellaneous Expenses		
	Provision for Doubtful / Debts Advances	15,00,000	15,00,000
	Others	7,75,382	1,43,236
	Total Per Statement Of P & L	22,75,382	16,43,236

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2018

NOTE NO. 32 : CURRENT TAX

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Current tax	51,10,000	61,34,000
		51,10,000	61,34,000
	Current Tax Liability	51,10,000	61,34,000

NOTE NO. 33 : DEFERRED TAX (NET)

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
1	Provision for Deferred Tax Liability (Dr.)		
2	Reversal of Deferred Tax Liability (Cr.)	(61,31,000)	(65,41,100)
3	Provision for Deferred Tax Asset (Cr.)	18,16,000	(52,91,800)
4	Reversal of Deferred Tax Asset (Dr.)	-	-
	Net Deferred Tax per statement of Profit & Loss	(43,15,000)	(1,18,32,900)

OTHER NOTES

I. ADDITIONAL INFORMATION TO BALANCE SHEET

A Contingent Liabilities:

No	Particulars	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
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	Year Ended March 2018 Rs.	Year Ended March 2017 Rs.
a)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for	6,21,00,000	6,21,00,000
b)	Uncalled liability on shares and other investments partly paid	-	-
c)	Other Commitments	-	-

C Proposed Dividends:

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
a)	On Equity Shares: Total Amount of Proposed Dividend	3,157,440	3,157,440
	Number of Shares	5,262,400	5,262,400
	Amount of Dividend per Share	0.60	0.60

D Dues to Micro, Small & Medium Enterprises :

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
	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 2018 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.	NIL	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	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
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	59,14,567	21,47,801
3	Payments to Auditors		
	Statutory Auditor's Remuneration		
	(a) For Audit	1,00,000	1,00,000
	(b) For Taxation matters,		
	Direct Tax	65,000	65,000
	Indirect Tax	-	35,000
	(c) For company law matters,	40,000	40,000
	(d) For other services,	1,75,250	1,52,500
	(e) For Representation Services	-	50,000
	(f) For service tax on professional charges	18,263	50,870
		3,98,513	4,93,370
	Cost Auditor's Remuneration		
	(a) For Audit	26,600	26,000
	(b) For reimbursement of service tax;	-	-
		26,600	26,000
	Total Payments to auditor	4,25,113	5,19,370
4	Amounts Spent Towards Corporate Social Responsibility	1,10,269	14,600
5	Turnover		
	i) Indigenous		
	Cotton Yarn	44,82,28,712	32,83,53,918
	Knitted Fabrics	15,60,03,844	34,42,90,123
	Garments	4,10,25,278	1,67,09,118
	Cotton	72,63,617	-
	ii) Export		
	Cotton Yarn	12,85,60,372	15,17,15,653
	Knitted Fabrics	8,02,45,891	1,91,46,376
	Yarn - Deemed Export	-	2,76,22,652
	iii) By Products-Waste		
	Indigenous	5,75,90,036	5,52,14,819
	Export	53,53,928	89,72,577
	iv) Traded Goods		
	Cotton Yarn	11,17,87,968	5,39,858
	Fabrics	86,59,581	23,49,43,744
	Fabrics Indigenous	90,10,599	1,18,00,080
	Total	1,05,37,29,826	1,19,93,08,919
6	Closing Inventory		
	Cotton Yarn	4,56,14,733	2,53,04,095
	Hosiery Knitted Cloth	73,09,479	6,45,548
	By Product	5,40,395	30,91,235
	Garments	8,40,83,139	5,95,89,974
	Work in process	2,13,24,306	2,72,79,697
	Total	15,88,72,052	11,59,10,549

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
7	Opening Inventory		
	Cotton Yarn	2,53,04,095	3,79,89,795
	Hosiery Knitted Cloth	6,45,548	1,22,98,410
	By Product	30,91,235	20,95,757
	Garments	5,95,89,974	-
	Work in process	2,72,79,697	2,34,98,533
	Note: A company falling in more than one category will make the above disclosures, to the extent relevant		
	Total	11,59,10,549	7,58,82,495
8	Break Up for Consumption		
	a) Raw Materials		
	Indigenous	Rs. 50,23,70,606	50,39,99,198
		% 80%	76%
	Imported	Rs. 12,70,34,967	15,49,06,364
		% 20%	24%
	Total	62,94,05,573	65,89,05,562
	b) Stores and Spares		
	Indigenous	Rs. 93,65,365	1,19,04,100
		% 76%	82%
	Imported	Rs. 29,56,653	25,51,664
		% 24%	18%
	Total	1,23,22,018	1,44,55,764
9	Value of imports calculated on C.I.F basis by the company during the Financial Year in respect of		
	I. Raw materials;	12,70,81,779	-
	II. Components and spare parts;	29,56,653	18,14,280
	III. Capital goods;	5,03,95,692	-
10	Expenditure in foreign currency:		
	Purchase of Raw Materails	12,70,81,779	-
	Purchase of spares	29,56,653	18,14,280
	Purchase of Capital Goods	5,03,11,550	-
	Interest & Bank charges	17,57,681	30,09,027
	Commission on exports	27,40,866	69,80,067
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. 19	7
	ii) Total No. of Shares held	No. 5,022	3,164
	iii) Total Amount of Dividend due / paid	No. -	-
	iv) Year to which the Dividend Related	-	-

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
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	32,68,50,265 - - -	42,28,66,286 - - -
13	POWER & FUEL COST IS AS UNDER		
	Electricity Charges incurred	9,04,00,427	9,64,05,060
	Fuel Consumed	8,44,088	9,13,428
	Total	9,12,44,515	9,73,18,488
	Less: Wind Electricity generated & Capatively Consumed	4,90,59,803	5,43,81,216
	Net debit to P&L	4,21,84,712	4,29,37,272

III. DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS

I. DISCLOSURES PURSUANT TO IND AS 19 : RETIREMENT BENEFITS

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
i)	<p>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.</p> <p><u>Payment to Defined Contribution Benefit Plans:</u></p> <p>Contribution to Provident Fund Contribution to Employees Pension Fund Contribution to Deposit Linked Insurance Fund Contribution to Employees State Insurance Fund Contribution to Tamil Nadu Labour Welfare Fund</p>	<p>4,27,747 9,70,837 58,229 7,96,365 8,250</p>	<p>4,07,663 9,13,506 51,235 5,19,882 7,770</p>
ii)	<p>Defined benefit plans 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 Add: Provision for the year</p> <p>Less: Payments during the year Less : Actuarial (Gain) recognised Closing balance</p>	<p>54,00,887 14,20,338 68,21,275 5,76,927 36,28,560 26,15,788</p>	<p>31,03,033 24,75,539 55,78,572 1,77,685 54,00,887</p>

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
2.	<u>DISCLOSURES PURSUANT TO IND AS 23 : BORROWING COSTS</u> Borrowing costs capitalised during the year	<u>NIL</u>	<u>NIL</u>
3.	<u>DISCLOSURES PURSUANT TO IND AS 108 : SEGMENT REPORTING</u> The company operates only on one segment which is the company's primary segment i.e.	Cotton Textiles	Cotton Textiles
4.	<u>DISCLOSURES PURSUANT TO IND AS 24 : RELATED PARTY DISCLOSURES</u>		
1	In terms of the Ind as 24 requiring disclosure of related parties, the following persons have been identified as Related Parties:		
i)	Key Management Personnel: Shyamlal Agarwala Manoj Kumar Jhajharia Pramod Kumar Jhajharia Arun Kumar Jhajharia	Managing Director Joint Managing Director Chief Executive Director	
ii)	Enterprises that have a member of key management in common with the company: Shristi Cospinn Private Limited		
2	Transactions with related parties: Nature of transactions		
a)	Key Management Personnel:		
i)	Rent payments to Related Parties - Administrative office (Relative of Managing Director)	2,40,000	2,40,000
b)	Remuneration to Managing Director	28,40,348	33,69,396
c)	Remuneration to Joint Managing Director	19,85,538	25,73,037
d)	Sitting fees to other Directors	44,000	44,000
e)	Travelling reimbursement to Other Directors	44,000	44,000
f)	Remuneration to chief executive:		
	Salary	23,78,400	10,13,400
	Company's contribution to PF and Other funds	21,600	21,600
		24,00,000	10,35,000
	<u>BREAK UP OF MANAGERIAL REMUNERATION PAID</u>		
	<u>MANAGING DIRECTOR</u>		
	Salary	24,00,000	22,50,000
	Perquisites	84,000	6,09,000
	Medical Reimbursement	20,000	20,000
	Gratuity Provision	1,15,355	4,90,396
	Commission to Managing Director	2,20,993	-
		28,40,348	33,69,396
	<u>JOINT MANAGING DIRECTOR</u>		
	Salary	18,00,000	17,25,000
	Perquisites	84,000	5,59,000
	Medical Reimbursement	15,000	15,000
	Gratuity Provision	86,538	2,74,037
		19,85,538	25,73,037

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
b)	Enterprises that have a member of key management in common with the company:		
	Sale of Goods		
	Shristi Cotspinn Private Limited	99,32,209	3,19,78,269
	Purchase of Goods		
	Shristi Cotspinn Private Limited	97,67,166	37,29,099
5.	<u>DISCLOSURES PURSUANT TO IND AS 33 :</u>		
	<u>EARNINGS PER SHARE</u>		
	Profit after tax (A)	21,304,329	3,34,27,570
	Number of equity shares (B)	5,262,400	52,62,400
	Basic EPS (A/B)	4.05	6.35
	Number of equity shares (B1)	5,262,400	52,62,400
	Diluted EPS (A/B1)	4.05	6.35
6.	<u>DISCLOSURES PURSUANT TO IND AS 12 :</u>		
	<u>TAXES ON INCOME</u>		
	In terms of Ind AS 12 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 2018 and earlier credited / debited to profit & loss account and Net Deferred Tax Liability as on 31st March, 2018 are computed as below:		
	Deferred Tax Liability:		
	On Depreciation	10,739,100	1,68,70,100
	On Deferred Revenue expenditure	-	-
		10,739,100	1,68,70,100
	Deferred Tax Asset:		
	1. Fiscal Provisions		
	A.Provision For Bonus	5,80,600	6,31,800
	B.Provision For Tax on Electricity Self Generation	18,92,500	15,38,000
	2. Disallowed U/s.40A(7)	5,26,400	26,69,500
	3. Disallowance of Perquisites	-	-
	4. Provision For Doubtful Debts	4,86,700	4,86,700
	5. Unabsorbed Loss C/F	-	-
	6. MAT Credit Carried forward for Set off	8,16,000	7,92,200
		43,02,200	61,18,200
	Net Deferred Tax Liability	64,36,900	1,07,51,900
	Deferred Tax Liability at the beginning	1,07,51,900	2,25,84,800
	Net Deferred Tax Liability debited to Statement of Profit and Loss	-	-
	Net Deferred Tax Liability credited to Statement of Profit and Loss	43,15,000	1,18,32,900

No	Particulars	As at 31st March 2018 Rs.	As at 31st March 2017 Rs.
7.	<u>OTHER DISCLOSURES</u>		
a	The company has contributed to trade related research institutions by way of annual subscription	79,634	5,65,100
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. No amounts are required to be transferred to Investor Education & Protection Fund		
c	Previous year figures have been reworked grouped and regrouped to conform to the current year classification to make it comparable.		

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

For and on Behalf of the Board

R.Mahadevan (Membership No. 27497)
Partner

Shyamlal Agarwala
Managing Director

Manoj Kumar Jhajharia
Joint Managing Director

Place : Coimbatore
Date : 21st May 2018

K.B.Sajith
Company Secretary

M.S. Selvaraj
Cheif Financial Officer