



Salona  
Cotspin  
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 Dhiresb 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  
Vadambacherri Village, Palladam Taluk  
Kozhumankondan Village, Palani Taluk



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

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

E-mail : info@salonagroup.com

Web : www.salonacotspin.com

## NOTICE OF 25th ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Twenty Fifth Annual General Meeting of the members of the Company will be held on Thursday, the 12<sup>th</sup> September 2019 at 10.30 AM at the Registered Office of the Company at S.F.No.74/12 and 75/3 Sathy Road, Pungampalli Village, Sathyamangalam - 638 402 Erode District, Tamil Nadu to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Accounts together with the report of the Board of Directors and the Auditors thereon for the financial year ended March 31, 2019.
2. To Declare a Dividend
3. To Appoint a Director in the place of Sri Arunkumar Jhajharia (DIN:00003086) who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. Re-appointment of Sri G.V.S. Desikan (DIN: 00050597) as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

**RESOLVED** that in terms of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval be and is hereby accorded for continuation of present term of Directorship of Sri G.V.S. Desikan (DIN: 00050597) as a Non-Executive Independent Director, who has attained the age of 75 years.

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment there of for the time being in force) read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Sri. G.V.S. DESIKAN (DIN: 00050597), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, Regulation 16(1)(b) of Listing Regulations and

who is eligible for re-appointment, be and is here by reappointed as an Independent Non-Executive Director of the Company to hold office for a second term of five (5) consecutive years with effect from close of business hours on 28th September, 2019, not liable to retire by rotation

5. **Re-appointment of Sri Dhiresh Jayasi (DIN: 06931744) as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:**

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (as amended) and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Sri. Dhiresh Jayasi (DIN: 06931744), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, Regulation 16(1)(b) of Listing Regulations and who is eligible for re-appointment, be and is here by reappointed as an Independent Non-Executive Director of the Company to hold office for a second term of five (5) consecutive years with effect from close of business hours on 28th September, 2019, not liable to retire by rotation

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

**RESOLVED THAT** pursuant to Section 148 of the Companies Act 2013, and Companies (Audit and Auditors) Rules 2014, as amended from time to time, appointment made by the Board of Directors of the Company on the recommendation of the Audit Committee, of Sri B. Venkateswar, Cost Accountant, Coimbatore as Cost Auditor for conducting the audit of the Cost records of the Company for the financial year 2019-20 and remuneration of Rs. 20,000/- plus taxes as applicable and reimbursement of out of pocket expenses for the financial year ending 31st March 2020, be and is hereby ratified and confirmed.

**By order of the Board**

Place: Coimbatore  
Dated : 13<sup>th</sup> August 2019

(Sd/-)  
**K.B. Sajith**  
Company Secretary  
ACS No: 35602

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.
2. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 06.09.2019 to 12.09.2019 (both days inclusive) in connection with the Annual General Meeting.
4. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address as soon as possible. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the Shareholders/ Depositories. NECS Form is attached to the Notice to the Members for providing details, if not provided.
5. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market; Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts; Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent/the Company.
6. The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012 (IEPF Rules) which are applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2010-11, as on the date of the 17<sup>th</sup> Annual General Meeting (AGM) held on 08<sup>th</sup> September 2011 on the website of the IEPF viz [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investors Section" on the Website of the Company viz. [www.salonacotspin.com](http://www.salonacotspin.com)
7. The relevant details under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
8. Electronic copy of the Annual Report 2019 is being sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2019 is being sent in the permitted mode. Positive consent letter is attached to the Notice to the Members for giving consent to receive documents in electronic mode.
9. Electronic copy of the Notice of the 25<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to the members

whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 25<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

10. Members may also note that the Notice of the 25<sup>th</sup> Annual General Meeting and the Annual Report 2019 will also be available on the Company's website [www.salonacotspin.com](http://www.salonacotspin.com) for download. The Physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id [info@salonagroup.com](mailto:info@salonagroup.com).

11. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the companies (Management and Administration ) Rules 2014, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide its members the facility to exercise their right to vote at the 25<sup>th</sup> Annual General Meeting (AGM) by electronic means. The business may be transacted through e-voting Services provided by Central Depository Services Limited (CDSL)

12. Sri.B. Krishnamoorthi F.C.A., Practicing Chartered Accountant (Membership No.20439) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

13. The instructions for shareholders voting electronically are as under:

(i) The voting period begins on 09<sup>th</sup> September 2019 at 9.00 AM and ends on 11<sup>th</sup> September 2019 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 05<sup>th</sup> September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

(iv) Click on Shareholders.

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (xi) After entering these details appropriately, click on “SUBMIT” tab.
- (xii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xiii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xiv) Click on the EVSN relevant to “SALONA COTSPIN LIMITED” on which you choose to vote.
- (xv) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xvi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

- (xvii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xviii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xix) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xx) If a Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xxi) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

14. In case of members receiving the physical copy:

- a) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- b) The voting will be available from 09<sup>th</sup> September 2019, 9.00 A.M. to 11<sup>th</sup> September, 2019, 5:00 P.M. During this period shareholders’ of the Company, holding shares either in physical form or in the dematerialized form, as on 05<sup>th</sup> September 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)



15. In case of members desiring to exercise vote by Ballot:
- a) A Member desiring to exercise vote by Ballot should complete the Ballot Form and send it to the Scrutinizer. Members are requested to read the instructions contained on the reverse of the Ballot Form and follow the same.
  - b) As the Company, being a Listed Company and having more than 1000 Shareholders, is compulsorily required to provide e-voting facility to its members in terms of Section 108 of the Companies Act, 2013 read with the Rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, voting by show of hands will not be available to the members at the 25<sup>th</sup> Annual General Meeting in view of provisions of Sec 107 read with Sec 114 of the said Act. Hence the items of Business given in this notice are proposed to be transacted through electronic voting/poll. The voting rights are available to the members who are the members as on 05<sup>th</sup> September, 2019 (cutoff date for the purpose of exercising voting rights).
  - c) In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, a Ballot Form is annexed. A member desiring to exercise vote by Ballot form shall complete the enclosed Ballot Form with assent (for) or dissent (against) and sent it to Sri. B. Krishnamoorthi, Practicing Chartered Accountant (Membership No. 20439) Kanapathy Towers, 3<sup>rd</sup> Floor, 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore 641 006, so as to reach him on or before 11<sup>th</sup> September 2019. Any Ballot Form received after the said date shall be treated as if the reply from the Members has not been received.
16. Kindly note that members can opt for only one mode of voting i.e., either by physical ballot or through e-voting. If members are opting for e-voting then do not vote by Physical Ballot or vice versa. However, in case of Members casting their vote both by Physical Ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.
17. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, there after unblock the votes cast through remote e-voting in the presence of at least two witness not in the employment of the company and make not later than three days of the conclusion of the meeting, a consolidated scrutinizer report of the total votes cast in favour or against, if any to the Chairman of the Company.
18. The Results will be declared along with the Scrutinizer's Report and placed on the Company's website [www.salonacotspin.com](http://www.salonacotspin.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
19. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 A.M to 5.00 P.M.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
20. The Route Map to the Venue of the Annual General Meeting is attached to the Proxy Form / Attendance Slip.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

### **Item No.4 & 5**

Securities and Exchange Board of India in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in Regulation 17 (1A), has mandated vide its notification dt : 9 May, 2018, that no Director shall continue the directorship as non-Executive Director who attains the age of 75 years unless a special resolution is passed by the members for this purpose. Sri G.V.S.Desikan has crossed the age of seventy five years. The Company will benefit by his continued association and guidance as a Member of the Board. Accordingly, the Board recommends the resolution in relation to continuation of Sri G.V.S.Desikan, who has crossed the age of 75 years as a non-Executive Independent Director, for the approval by the shareholders of the Company. Except Sri G.V.S.Desikan, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Sri G.V.S. Desikan (DIN: 00050597) and Sri Dhires Jayasi (DIN: 06931744) were appointed as Independent Non-Executive Directors of the Company by the Shareholders at the 20<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2014 to hold office for a term of five (5) consecutive years up to close of business hours on 28<sup>th</sup> September 2019. As per Section 149(10) of the Companies Act, 2013 ('the Act'), an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company but shall be eligible for reappointment on passing a Special Resolution by the Company for another term of up to five consecutive years.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of report of performance evaluation of Sri G.V.S. Desikan and Sri. Dhires Jayasi has recommended their re-appointment as Independent Directors for a second term of five (5) consecutive years with effect from close of business hours on 28<sup>th</sup> September, 2019. Further, the Board of Directors are of the opinion that the continued association of Sri G.V.S. Desikan and Sri. Dhires Jayasi would be immensely beneficial to the Company.

Sri G.V.S.Desikan and Sri.Dhires Jayasi are not disqualified from being appointed as Directors in terms of Section 164 of the Act and not debarred from holding the office of Director by virtue of any Securities Exchange Board of India ('SEBI') order or any other such authority. They have given their consent to act as Directors along with the declaration stating that they meet the criteria of independence as prescribed under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

In the opinion of the Board, Sri G.V.S.Desikan and Sri.Dhires Jayasi fulfill the conditions specified under the Act read with the rules made there under and the Listing Regulations for their re-appointment as Independent Non-Executive Directors of the Company and are independent of the management. The Company has also received notices in writing from members under Section 160 of the Act proposing the candidature of Sri G.V.S.Desikan and Sri.Dhires Jayasi for the office of Independent Directors of the Company. Copy of the draft letter for appointment of Sri G.V.S.Desikan and Sri.Dhires Jayasi as Independent Non-Executive Directors setting out the terms and conditions would be available for inspection

without any fee by the members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any business day.

Accordingly, the Board recommends Special Resolutions in relation to eligibility and reappointment of Sri G.V.S.Desikan and Sri.Dhires Jayasi as Independent Directors for another term of five (5) consecutive years, for approval by the Shareholders of the Company.

The disclosures as required under Regulation 36 of Listing Regulations and Secretarial Standards 2 are furnished and forms a part of this Notice

**Interest of Directors:**

Except Sri G.V.S.Desikan and Sri.Dhires Jayasi, being the proposed appointee(s), respectively, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out as Item No. 4&5 of the accompanying Notice of the AGM.

**Item No. 6**

The Board, on the recommendation of the Audit Committee, has approved the appointment and payment of remuneration to Sri B. Venkateswar, Cost Accountant, Coimbatore, the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March 2020.

In accordance with the provisions of Section 148 of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors needs to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary resolution as set out at Item no.4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March 2020.

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

**By order of the Board**

**K.B. Sajith**  
**Company Secretary**  
ACS No: 35602

Place : Coimbatore  
Date : 13<sup>th</sup> August, 2019

## ANNEXURE TO THE NOTICE

### RE-APPOINTMENT OF DIRECTORS

A brief resume in respect of Director seeking reappointment is given below in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 .

1	Name	<b>ARUN KUMAR JHAJHARIA</b>
2	Date of Birth & Age	30/06/1972, 46 Years
3	DIN	00003086
4	Date of Appointment	12/02/2018
5	Qualification	B. Com.,
6	Experience	Sri Arun Kumar Jhajharia has about two decades of experience in the fields of Textile, finance and administration.
7	Other Directorships	SRI SADHYAA EXPORTS PRIVATE LIMITED SHRISTI COTSPINN PRIVATE LIMITED
8	Member of Committee	NIL
9	Member of Committee in Other Public Limited Companies	NIL
10	Number of Shares held in the Company	311671 equity shares of Rs. 10/- each
11	Board Position Held	Director (Non-Executive, Non-Independent)
12	Terms and conditions of appointment/reappointment	Subject to Shareholders' approval to be re appointed as Director (Non-Executive, Non independent). He is liable to retire by rotation.
13	Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report
14	Relationship with other Directors	Son of Managing Director and brother of Joint Managing Director

**RE-APPOINTMENT OF INDEPENDENT DIRECTORS**

1	Name	<b>G.V.S.DESIKAN</b>
2	Date of Birth & Age	09/10/1932, 86 Years
3	DIN	00050597
4	Date of Appointment	Original Date of Appointment is 23.02.1995. Appointed as an Independent Director in the Annual General Meeting held on 29.09.2014 for a period of 5 years up to 28.09.2019.
5	Qualification	B.Sc., B.Sc., (Tech)
6	Experience	More than 63 years of experience in Textile Industries.
7	Other Directorships	K G Denim Limited
8	Member of Committee	3
9	Member of Committee in Other Public Limited Companies	1
10	Number of Shares held in the Company	1000 equity shares of Rs. 10/- each
11	Board Position Held	Director (Non-Executive, Independent)
12	Terms and conditions of appointment/reappointment	Subject to Shareholders' approval to be re-appointed as Director (Non-Executive, Independent). He is not liable to retire by rotation.
13	Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report
14	Relationship with other Directors	Nil

1	Name	<b>DHIRESH JAYASI</b>
2	Date of Birth & Age	29/11/1954, 64 Years
3	DIN	06931744
4	Date of Appointment	Original Date of Appointment is 25.07.2014 Appointed as an Independent Director in the Annual General Meeting held on 29.09.2014 for a period of 5 years upto 28.09.2019.
5	Qualification	M.Tech
6	Experience	35 years' experience in Management
7	Other Directorships	NIL
8	Member of Committee	2
9	Member of Committee in Other Public Limited Companies	1
10	Number of Shares held in the Company	Nil
11	Board Position Held	Director (Non-Executive, Independent)
12	Terms and conditions of appointment/reappointment	Subject to Shareholders' approval to be re-appointed as Director (Non-Executive, Independent). He is not liable to retire by rotation.
13	Remuneration paid for the financial year	Information disclosed in the Corporate Governance Report
14	Relationship with other Directors	Nil

**By order of the Board**

Place : Coimbatore  
Date : 13<sup>th</sup> August, 2019

**K.B. Sajith**  
**Company Secretary**  
ACS No: 35602

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

To

The Members

Your Directors have great pleasure in presenting their Twenty-Fifth Annual Report together with Audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2019.

**FINANCIAL HIGHLIGHTS**

Details	( Rupees in Lakh )	
	31.03.2019	31.03.2018
<b>INCOME</b>		
Sales and Other operating Receipts	13287.01	10681.91
Other Income	10.32	9.67
<b>Total</b>	<b>13297.33</b>	<b>10691.58</b>
Gross Profit before interest, depreciation and tax	1014.29	941.15
Less: Interest	399.19	346.69
Profit/(Loss) after interest, but before depreciation and tax	615.10	594.46
Less: Depreciation	384.98	373.47
<b>PROFIT BEFORE TAX</b>	<b>230.12</b>	<b>220.99</b>
Less: Taxes	67.08	7.95
<b>NET PROFIT AFTER TAX</b>	<b>163.04</b>	<b>213.04</b>
Add: Other Comprehensive Income	4.60	36.24
Less: Dividends & Tax on Dividend	38.07	38.00
Add: Opening Surplus	2454.77	2243.49
<b>Surplus carried over to Balance sheet</b>	<b>2584.34</b>	<b>2454.77</b>

**DIVIDEND:**

Your Directors are pleased to recommend a dividend of Rs.0.60 per share for the year ended 31<sup>st</sup> March 2019 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.38.07Lakh. (Previous Year Rs. 38.07 Lakh)

**REVIEW OF OPERATIONS:**

During the year under review, the production of cotton yarn is 39.26 Lakh Kgs as against 37.92 Lakh Kgs in the preceding year. The Sales Turnover increased to Rs.13141.45 Lakh as against Rs. 10537.30 Lakh in the previous period. The Sales turnover includes Total Export Sales of Rs.7970.27 Lakh as against Rs.3346.08 Lakh in the previous year. During the year the export turnover of traded goods increased to Rs.3122.93 Lakh from Rs. 1204.47 Lakh.

During the year the green energy generated was 69.58 Lakh units (net) of wind electricity as against 77.26 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). Your company have installed compact equipments for 100% installed capacity to improve the quality. Further we are into women's' casual trendy wear under the Brand "NEWRIE LONDON". We have showroom both company owned and franchise owned. We have a network of 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 2019 in **MGT 9** is given which form part of this Annual Report is enclosed as **Annexure I**.

**DIRECTORS**

Sri Arun Kumar Jhajharia (DIN: 00003086), Director who retires by rotation at the ensuing Annual General Meeting, being eligible offers himself for reappointment. The Board recommends his reappointment in the forthcoming Annual General Meeting.

The tenure of Sri G.V.S. Desikan (DIN: 00050597) and Sri Dhires Jayasi (DIN: 06931744) Independent Directors of the Company expires at close of business hours on 28th September 2019. The Board of Directors at their meeting held on 13th August 2019 have recommended the reappointment of Sri G.V.S. Desikan and Sri.Dhires Jayasi, as Independent Directors for a second term of five consecutive years commencing from close of business hours of 28th September, 2019.

Your Directors recommend the re-appointment of G.V.S. Desikan (DIN: 00050597) and Sri Dhires Jayasi (DIN: 06931744), in the forthcoming 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 Four times during this financial Year, on the following days:

21.05.2018	09.08.2018	13.11.2018	13.02.2019
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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](http://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 2018-19 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](http://www.salonacotspin.com)

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

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

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

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

## **AUDITORS:**

M/s. Gopalaiyer and Subramanian, Chartered Accountants, Coimbatore was appointed as Auditors of the Company for a term of Five years pursuant to the resolution passed by the members at the Annual General Meeting held on 27th September 2017.

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 2019 – 2020.

## **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 Jhajharia - Member

The Company has partially spent the amount stipulated under the requirements of the Act. The amount spent on CSR activities during the year 2018-19 is Rs.5,50,996/-. The amount remaining unspent namely Rs.3,50,301/-(pertaining to 2016-17) will be spent during the year 2019-20. 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.60.00 Lakh per annum or more and no employee of the Company employed for the part of the financial year 2019 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 2019 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.2599.34 Lakh (Rs.2469.77 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.3,37,660 (Dividend Year 2010-11) to Investor Education and Protection Fund, the amount which was due & payable and remained unclaimed for a period of seven years.

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

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

#### **LISTING:**

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

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

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

#### **ACKNOWLEDGEMENT :**

The Directors wish to place on record their gratitude to State Bank of India , Union Bank of India, 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**

Place: Coimbatore  
Date : 13<sup>th</sup> August, 2019

**SHYAMLAL AGARWALA**  
Chairman

**DIN : 00003055**

**ANNEXURE - I****Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31<sup>st</sup> March 2019**

[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	<b>L17111TZ1994PLC004797</b>
Registration Date	18 <sup>th</sup> January, 1994
Name of the Company	<b>SALONA COTSPIN LIMITED</b>
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: 95855 30133
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. SKDC Consultants Limited, Kanapathy Towers, 3 <sup>rd</sup> 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 (01.04.2018)				No. of shares held at the end of the year (31.03.2019)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A</b>	<b>PROMOTERS</b>									
(1)	<b>Indian</b>									
	a) Individual/HUF	3231827	0	3231827	61.414	3255456	0	3255456	61.863	0.449
	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
	<b>Sub-Total (A)(1)</b>	<b>3231827</b>	<b>0</b>	<b>3231827</b>	<b>61.414</b>	<b>3255456</b>	<b>0</b>	<b>3255456</b>	<b>61.863</b>	<b>0.449</b>
(2)	<b>Foreign</b>									
	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
	<b>Total Shareholding of Promoter</b>									
	<b>(A)=(A)(1)+(A)(2)</b>	<b>3231827</b>	<b>0</b>	<b>3231827</b>	<b>61.414</b>	<b>3255456</b>	<b>0</b>	<b>3255456</b>	<b>61.863</b>	<b>0.449</b>
(B)	<b>Public Shareholding</b>									
(1)	<b>Institutions</b>									
	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
	<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



Sl. No.	Category of shareholders	No. of shares held at the beginning of the Year(01.04.2018)				No. of shares held at the end of the year(31.03.2019)				% change during the year
		Demat	Physical	Total	Total % of Total Shares	Demat	Physical	Total	Total % of Total Shares	
<b>(2)</b>	<b>Non-Institutions</b>									
	<b>a. Bodies Corp.</b>									
	i. Indian	630251	7000	637251	12.110	591072	7000	598072	11.365	-0.745
	ii. Overseas	0	0	0	0	0	0	0	0	0.000
	<b>b. Individuals</b>									
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh.	469843	413900	883743	16.792	488216	379600	867816	16.491	-0.301
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh.	358377	41300	399677	7.595	406720	19900	426620	8.107	0.512
	<b>c. Others (Specify)</b>									
	Directors & Relatives	10000	0	10000	0.190	10000	0	10000	0.190	0.000
	Non-Resident Indians	5022	0	5022	0.096	4912	0	4912	0.093	-0.003
	Clearing Members	14548	0	14548	0.276	5197	0	5197	0.099	-0.177
	Hindu Undivided Families	80332	0	80332	1.527	94327	0	94327	1.792	0.265
	<b>Sub-Total (B)(2)</b>	<b>1568373</b>	<b>462200</b>	<b>2030573</b>	<b>38.586</b>	<b>1600444</b>	<b>406500</b>	<b>2006944</b>	<b>38.137</b>	<b>-0.449</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1568373</b>	<b>462200</b>	<b>2030573</b>	<b>38.586</b>	<b>1600444</b>	<b>406500</b>	<b>2006944</b>	<b>38.137</b>	<b>-0.449</b>
<b>C</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>4800200</b>	<b>462200</b>	<b>5262400</b>	<b>100.00</b>	<b>4855900</b>	<b>406500</b>	<b>5262400</b>	<b>100.00</b>	<b>0.000</b>

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% 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	311671	5.923	0	314671	5.980	0	0.057
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	429401	8.160	0	430901	8.188	0	0.028
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	306653	5.827	0	309403	5.880	0	0.053
11	Pramod Kumar Jhajharia	297913	5.661	0	297966	5.662	0	0.001
12	Raghav Agarwal	102776	1.953	0	108726	2.066	0	0.113
13	Sabita Agarwal	209915	3.989	0	211291	4.015	0	0.026
14	Saloni Agarwal	118534	2.252	0	118534	2.252	0	0.000
15	Santosh Kumar Agarwal	30000	0.570	0	30000	0.570	0	0.000
16	Sheli Agarwal	202622	3.850	0	211622	4.021	0	0.171
17	Shyamlal Agarwala	413393	7.856	0	413393	7.856	0	0.000
18	Sunita Agarwal	20000	0.380	0	20000	0.380	0	0.000
19	Umesh Kumar Agarwal(HUF)	3000	0.057	0	3000	0.057	0	0.000
20	Umesh Kumar Agarwal	30000	0.570	0	30000	0.570	0	0.000
21	Shyamlal Agarwala (HUF)	25000	0.475	0	25000	0.475	0	0.000
	<b>Total</b>	<b>3231827</b>	<b>61.412</b>	<b>0</b>	<b>3255456</b>	<b>61.861</b>	<b>0</b>	<b>0.449</b>

(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 (01.04.2018)		Shareholding at the end of the year (31.03.2019)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Krishna Agarwal	429401	8.160		
	Purchase of shares	1500		430901	8.188
2	Arun Kumar Jhajharia	311671	5.923		
	Purchase of shares	3000		314671	5.980
3	Pista Devi Jhajharia	306653	5.827		
	Purchase of Shares	2750		309403	5.880
4	Sheli Agarwal	202622	3.850		
	Purchase of shares	9000		211622	4.021
5	Raghav Agarwal	102776	1.953		
	Purchase of shares	5950		108726	2.066
6	Pramod Kumar Jhajharia	297913	5.661		
	Purchase of shares	53		297966	5.662
7	Sabita Agarwal	209915	3.989		
	Purchase of Shares	1376		211291	4.015

(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 (01.04.2018)		Shareholding at the end of the year (31.03.2019)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	PANSARI TEXTILES & INVESTMENTS PRIVATE	400000	7.610	400000	7.610
2	KUHELI DEALCOM PVT LTD	185000	3.516	185000	3.516
3	HARESH KASHINATH BHOBE	112676	2.141	133455	2.536
4	GANDHI HEMA TEJAS	78000	1.482	75000	1.425
5	HEMA TEJAS GANDHI	2000	0.038	5000	0.095
6	RAJESH KUMAR AGARWAL.	35600	0.676	0	0
7	RAMGOPAL AGARWAL	42000	0.798	42000	0.798
8	RAMGOPAL AGARWAL	36300	0.690	36300	0.690
9	DINESH AGARWAL	21800	0.414	21800	0.414
10	S ASHWIN KUMAR	20000	0.380	20000	0.380
11	RAM GOPAL AGARWAL	19900	0.378	19900	0.378
12	GANDHI CHETANKUMAR JAYANTILAL	10000	0.190	21400	0.407
13	GANDHI PARULBEN CHETANKUMAR	14300	0.272	20000	0.380

(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	<b>Shyamlal Agarwala</b> At the Beginning of the Year At the end of the year	413393	7.856	413393	7.856
2	<b>Manoj Kumar Jhajharia</b> At the Beginning of the Year At the end of the year	296188	5.628	296188	5.628
3	<b>Arun Kumar Jhajharia</b> At the Beginning of the Year At the end of the year	311671	5.923	314671	5.980
4	<b>G.V.S. Desikan</b> At the beginning of the Year At the end of the year	1000	0.019	1000	0.019
	<b>Name of the Key Managerial Personnel</b>				
1	<b>M.S. Selvaraj</b> 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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	412735546	18700000	0	431435546
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	
<b>Total (i+ii+iii)</b>	<b>412735546</b>	<b>18700000</b>	<b>0</b>	<b>431435546</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	116317223	0.00	0	116317233
Reduction	40625001	0.00	0	40625001
<b>Net Change</b>	<b>75692222</b>	<b>0.00</b>	<b>0</b>	<b>75692222</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	488427768	18700000		507127768
ii) Interest due but not paid	0	0		0
iii) Interest accrued but not due	0	0		0
<b>Total (i+ii+iii)</b>	<b>488427768</b>	<b>18700000</b>		<b>507127768</b>

**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
		Shyamlal 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	199415	185538	384953
	(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	230116	0	230116
	- others, specify...			
5.	Others, please specify	0	0	0
	Total (A) + (B) + (C)	2829531	1985538	4815069
	Ceiling 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	Dhires Jayasi	Meena Kumari	
1.	Independent Directors Fee for attending board, committee meetings Commission Others, Reimbursement of Travelling Expenses	24000		16000	8000	48000
		24000		16000	8000	48000
	Total (1)	48000		32000	16000	96000
2.	Other Non-Executive Directors Fee for attending board, committee meetings Salary Others, Please specify	0	1200000	0	0	1200000
	Total (2)	0	1200000	0	0	1200000
	Total (B)=(1+2)	48000	1200000	32000	16000	1296000
	Total Managerial Remuneration					6111069
	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	250000	615962	865962
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	70000	91685	161685
	(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)	320000	707647	1027647

**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)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

FOR AND ON BEHALF OF THE BOARD

Place: Coimbatore  
Date : 27<sup>th</sup> May, 2019

**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, 2019**  
**[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 and Regulation**  
**24A of SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015]**

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 **M/s. Salona Cotspin Limited'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 **31<sup>st</sup> March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliances-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Salona Cotspin Limited** (the Company) for the Financial Year ended on 31<sup>st</sup> March, 2019 according to the applicable provisions of :

(i)	The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii)	The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
(iii)	The Depositories 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
b.	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
c.	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
d.	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;
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)	Applicable Secretarial Standards issued by The Institute of Company Secretaries of India.
(ii)	The Listing Agreements entered into by the Company with National Stock Exchange of India Limited

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

*The Company has paid a fine of Rs.10,000/- (Ten Thousand Only) to the National Stock Exchange on 13.03.2019 for a delayed compliance of 2 days under Listing Regulation 29(2)/(3).*

I further report that, during the year under review, there were no actions/events in pursuance of the following Rules/Regulations requiring compliance thereof by the Company:

- a. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- b. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- c. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- d. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- e. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

**I further report that:**

Having regard to the compliance system prevailing in the Company and on the review quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws applicable.

The Compliance by the Company of applicable financial laws, like direct and indirect laws, has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

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.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Other than the above, there were no instances of**

- Public/Rights/Preferential issue of shares/debentures/sweat equity.
- Redemption of securities.
- Major decision taken by the members pursuant to Section 180 of the Companies Act 2013.
- Merger/Amalgamation/reconstruction etc.
- Foreign technical collaborations.

Place: Coimbatore  
Date: 27<sup>th</sup> May, 2019

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.**

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to make a report based on the secretarial records produced for my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my report.
3. I have not verified the correctness and appropriateness of financial records and books of accountants of the company.
4. Wherever required, I have obtained the management's representations about the compliances of laws, rules and regulations and happenings of events etc.
5. Compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on random test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company

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

Place: Coimbatore  
Date: 27<sup>th</sup> May, 2019

**FCS NO. 5966**  
**C P NO. 3514**

**ANNEXURE - III**

**ANNUAL REPORT ON CSR**

**Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2018-19**

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

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

- 2. The composition of the CSR Committee**

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

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

Rs.242.80 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	0.68	0.68 Direct Expenditure	0.68	Direct
2	Chief Minister Distress Relief Fund -Kerala	Chief Minister Relief Fund	Contribution towards Chief Minister relief fund, Kerala	1.31	1.31 Direct Expenditure	1.31	Chief Minister Distress Relief Fund
3	Eradicating hunger	Clause i	Coimbatore, Tamil Nadu	1.02	1.02 Direct Expenditure	1.02	Direct
4	Promoting Preventive Health care	Clause i	Coimbatore, Tamil Nadu	2.50	2.50 through UYIR Trust	2.50	UYIR Trust
		<b>Total</b>		<b>5.51</b>	<b>5.51</b>	<b>5.51</b>	

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

**Shyamlal Agarwala**  
Managing Director

**Manoj Kumar Jhajharia**  
Joint Managing Director.

**G.V.S. Desikan**  
Chairman  
CSR Committee

DIN: 00003055

DIN: 00003076

DIN:00050597

Place: Coimbatore  
Date: 27<sup>th</sup> May, 2019

**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.20,820/- has been paid as membership subscription to South Indian Textile Research Association that is undertaking Research and Development in the field of textiles on behalf of its members. Production and quality norms have been established in the past and further Research and Development programs are being undertaken by SITRA. Total expenditure in Research and Development as percentage of income is negligible.

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

	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
<b>EARNED</b>	Rs. In Lakh	Rs.In Lakh
Total Foreign exchange earned:- F.O.B. Value of Exports of Finished and Traded goods	7998.54	3268.50
 <b>USED</b>		
Remittance in Foreign exchange:-RR Purchase of Capital goods, Raw materials, Spares, Commission on Exports and interest on foreign currency loan	1039.40	1848.48

**BY ORDER OF THE BOARD**

Place: Coimbatore  
Date: 27<sup>th</sup> May, 2019

**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 2018-19.**

(Rs. in Lakh)

Sl.No.	Name of Directors	Designation	Remuneration	Ratio of Directors remuneration to Median remuneration	% increase in the remuneration
<b>I</b>	<b>Executive Directors</b>				
1	Shyamlal Agarwala	Chief Executive Officer	28.30	7.25:1	(0.35)%
2	Manoj Kumar Jhajharia	Joint Managing Director	19.86	5.09:1	0.00%
3	Arun Kumar Jhajharia	Additional Director	12.00	3.08:1	91.66%
<b>II</b>	<b>Non-Executive Independent Directors</b>				
	G.V.S. Desikan	Independent Director	0.24	0.06:1	(8.33)%
	Dhiresb Jayasi	Independent Director	0.16	0.04:1	(12.50)%
	Meena Kumari	Independent Director	0.08	0.02:1	(25.00)%
<b>III</b>	<b>Key Managerial Personnel</b>				
1	M.S. Selvaraj	Chief Financial Officer	7.08	1.81:1	6.35%
2	K.B.Sajith	Company Secretary	3.20	0.82:1	6.25%

(a)	Percentage increase in the median remuneration of employees in the Financial year 2018-19	1.58%
-----	---	-------

(b)	Number of permanent employees on the rolls of the Company as on 31st March 2019	230
-----	---	-----

(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 2018-19 (₹ in lakh)	% increase / (Decrease) in KMP's remuneration (2018-19 against 2017-18)	Sales 2018-19 (₹ in lakh)	% increase in sales (2018-19 against 2017-18)
58.43	(1.71)%	13141.45	19.82%

- (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 31.3.2018	As on 31.3.2019	Variations	%
Market Capitalization (crores)	47.26	32.67	(14.58)	(30.86)
Price Earnings Ratio	22.17	20.03	(2.14)	(9.67)

Market quotation of the shares as on 31.3.2019 (NSE)	Rs.62.09 Per share of face value Rs.10/-per share
Market quotation of the shares as on 31.3.2019 (BSE)	Rs.55.05 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 10.08%

The percentile increase granted to managerial personnel is 10%

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

KMP's name and designation	CTC for 2018-19 (₹ in lakhs)	% Increase/ (Decrease) in CTC (2018-19 against 2017-18)	Sales for 2018-19 (₹ in lakhs)	% increase in sales (2018-19 against 2017-18)
Shyamlal Agarwala Managing Director	28.30	(0.35)%	13141.45	19.82%
Manoj Kumar Jhajharia Joint Managing Director	19.86	0.00%		
M.S. Selvaraj Chief Financial Officer	7.08	6.35%		
K.B. Sajith Company Secretary	3.20	6.25%		

- (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: 27<sup>th</sup> May, 2019

**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 Compact 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. Price Fluctuation on both domestic and import cotton. Any disruption in the supply and / or violent changes in the cost structure would affect the profitability of the company. Power also plays a major role in cost structure.

**Internal Control system and their adequacy:**

The Company has proper and adequate systems of internal controls, 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 163.04 Lakh (Previous year Rs.213.04 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.



**BY ORDER OF THE BOARD**

Place: Coimbatore  
Date: 27<sup>th</sup> May, 2019

**SHYAMLAL AGARWALA**  
Chairman  
DIN : 00003055

## REPORT ON CORPORATE GOVERNANCE

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

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

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

### 2. BOARD OF DIRECTORS

#### A) Composition of the Board

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

#### B) Familiarisation Programme

At the time of appointment of Directors a formal letter of appointment is issued, which set out roles, functions, duties and responsibilities of him. The Directors also explained the relevant regulations. The appointments are also provided with necessary 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 4 (Four) times during the financial year on the dates mentioned below:

21.05.2018	09.08.2018	13.11.2018	13.02.2019
------------	------------	------------	------------

The Annual General Meeting for last year was held on 24<sup>th</sup> September 2018. 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	4	Yes	1	1	1
Sri Manoj Kumar Jhajharia Joint Managing Director	4	Yes	1	Nil	2
Sri.Arun Kumar Jhajharia	4	Yes	2	Nil	Nil
Sri G. V. S. Desikan	4	Yes	2	2	2
Sri Dhiresb Jayasi	4	Yes	Nil	Nil	Nil
Smt. Meenakumari	4	Yes	Nil	Nil	Nil

No Extra Ordinary General Meeting held during the year.

E) Committees of Board:

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

**3. AUDIT COMMITTEE:**

A) Composition, Names of members and Chairperson:

The Audit Committee members are, Sri 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:

21.05.2018	09.08.2018	13.11.2018	13.02.2019
------------	------------	------------	------------

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](http://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 2018-2019 (Rs.)		
			Salary & Perquisites	Commission	Total
i. Shyamlal Agarwala, Managing Director	Father of Joint Managing Director and Director	Promoter	25,99,415	2,30,116	28,29,531
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	12,00,000	Nil	12,00,000

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.

SI No.	Name of the Director	Position	Sitting Fees
1.	Sri G.V.S.Desikan	Non-Executive Independent	Rs.24,000
2.	Sri Dhiresb Jayasi	Non-Executive Independent	Rs.16,000
3.	Smt Meenakumari	Non-Executive Independent	Rs.8,000

### Meeting of Independent Directors

During the year under review the Independent Directors met on 30<sup>th</sup> March, 2019 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](http://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](http://www.salonacotspin.com).

### 7. SHAREHOLDING OF NON EXECUTIVE DIRECTORS AS ON 31.03.2019

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:

21.05.2018	09.08.2018	13.11.2018	13.02.2019
------------	------------	------------	------------

**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 31.03.2019 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
22 <sup>nd</sup>	2016	Registered Office at Pungampalli	16.09.2016	10.00AM
23 <sup>rd</sup>	2017	Registered Office at Pungampalli	27.09.2017	04.00PM
24 <sup>th</sup>	2018	Registered Office at Pungampalli	24.09.2018	10.00AM

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

A.G.M	DATE	YEAR	DETAILS
22 <sup>nd</sup>	16.09.2016	2016	Revision of remuneration payable to Mr. Shyam Lal 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 <sup>rd</sup>	27.09.2017	2017	NIL
24 <sup>th</sup>	24.09.2018	2018	Reappoint Mr. Arun Kumar Jhajharia as director of the company



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

**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 (Accounting Standards) Rules, 2006 while preparing the Financial Statements.
- f. Managing Director and CFO have certified to the Board in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to CEO / CFO certification for the financial year ended 31st March 2019.
- g. The company is not undertaking any commodity hedging activities, hence there is no risk of commodity hedging to the company.

**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](http://www.salonacotspin.com)

## 16. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting:

The Twenty Fifth Annual General Meeting of the Company will be held on Thursday, the 12<sup>th</sup> September 2019 at 10.30 A.M at the Registered Office of the Company at S.F.No.74/12 and 75/3, Sathy Main Road, Pungampalli, Valpalayam (Post), Sathy Taluk, Erode District, Tamilnadu.

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

(iii) Financial Year : 12 months ending 31.03.2019

Date of Book Closure: 06.09.2019 to 12.09.2019 (Both days inclusive)

The Register of Members and Share Transfer Books of the Company will remain closed from 06.09.2019 to 12.09.2019 (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 30.6.2019	2 <sup>nd</sup> Week of August 2019
2	Publication of unaudited financial results for the quarter ended 30.9.2019	2 <sup>nd</sup> Week of November 2019
3	Publication of unaudited financial results for the quarter ended 31.12.2019	2 <sup>nd</sup> Week of February 2020
4	Publication of audited financial results for the quarter ended 31.3.2020	Last week of May 2020
5	Annual General Meeting	September 2020

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

## (v) Market Price data:

Month	Salona Cotspin Limited		NSE Sensex	
	High	Low	High	Low
April 2018	135.00	85.90	10759.00	10127.75\
May 2018	108.15	85.80	10929.20	10417.80
June 2018	101.45	71.05	10893.25	10550.90
July 2018	87.00	69.10	11328.10	10604.65
August 2018	89.50	70.30	11760.20	11234.95
September 2018	107.45	73.50	11751.80	10850.30
October 2018	83.75	67.10	11035.65	10004.55
November 2018	77.90	69.50	10922.45	10105.10
December 2018	76.95	63.50	10985.15	10333.85
January 2019	83.00	61.50	10987.45	10583.65
February 2019	80.20	60.05	11118.10	10585.65
March 2019	77.50	60.60	11630.35	10817.00

## (vi) The Company has appointed Registrars &amp; 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 31.03.2019, 4855900 shares constituting 92.275 % 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	1624	78.65	317646	6.04
501 - 1000	236	11.43	213199	4.05
1001 - 2000	101	4.89	159628	3.03
2001 - 3000	40	1.94	107383	2.04
3001 - 4000	12	0.58	42858	0.81
4001 - 5000	5	0.24	23420	0.45
5001 - 10000	10	0.48	74490	1.42
10001 AND ABOVE	37	1.79	4323776	82.16
<b>Total</b>	<b>2065</b>	<b>100.00</b>	<b>5262400</b>	<b>100.00</b>

(x) Category –wise distribution of Shareholding :

Sl.No.	Category	No of Shares	Percentage
	Promoter's Holding		
1.	Promoters	3255456	61.862
	<b>Sub Total</b>	<b>3255456</b>	<b>61.862</b>
	Non Promoters Holding		
2.	Banks, Financial Institutions, Insurance Companies.	0	0.00
	<b>Sub Total</b>	<b>0</b>	<b>0.00</b>
	Others	-	-
3.	Private Corporate Bodies	585000	11.117
4.	Indian Public	1417592	26.938
5.	NRI's / OCB's	4352	0.083
	<b>Sub Total</b>	<b>2006944</b>	<b>38.138</b>
	<b>Total</b>	<b>5262400</b>	<b>100.000</b>

(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: 27<sup>th</sup> May 2019

**SHYAMLAL AGARWALA**  
Chairman  
DIN : 00003055

## **INDEPENDENT AUDITOR'S REPORT**

To

The Members of **SALONA COTSPIN LIMITED**, Coimbatore (“the company”)

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Salona Cotspin Limited (“the Company”), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity for the year then ended and notes to the financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis of Opinion**

We conducted our audit of the Financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. 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.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Information other than Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, Board’s Report, Report on Corporate Governance, but does not include the Financial Statements and our auditor’s report thereon.

Our Opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

#### **Management’s Responsibility for the 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, 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 of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by section 143(3) of the Act, we report that ;

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion proper books of accounts and 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, Other comprehensive Income, Statement of changes in equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 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**".
- (g) With respect to other matter to be included in the Auditor report in accordance with the requirements of sec 197(16) of the act, as amended.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company did not have any pending litigations which would impact its financial position
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company.

For **GOPAL AIYER AND SUBRAMANIAN**

Chartered Accountants  
(FRN: 000960S)

Place : Coimbatore  
Dated : 27<sup>th</sup> May 2019

**CA.R.MAHADEVAN**  
Partner (M No.027497)

## 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, Employee's 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, 2019 for a period of more than six months from the date they became payable.

**viii. In respect of default 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 money 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 purpose 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 of 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 : 27<sup>th</sup> May 2019

## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

### **Report on the Internal Financial Controls 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 over financial reporting of **SALONA COTSPIN LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company’s management is responsible for establishing and maintaining internal financial controls based on 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, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act,2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over the financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 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 judgment, 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 authorities of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of the 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 the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, 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 : 27<sup>th</sup> May 2019

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

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

**BY ORDER OF THE BOARD**

Place : COIMBATORE

Date : 27<sup>th</sup> May 2019

**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 31.03.2019.

Place: Coimbatore  
Date: 27<sup>th</sup> May 2019

**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 31<sup>st</sup> March 2019 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 2018-19, 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  
27<sup>th</sup> May 2019

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

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

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

1. We, Gopalaiyer and Subramanian, Chartered Accountants, the Statutory Auditors of Salona Cotspin Limited (“the company”) have examined the compliance of conditions of Corporate Governance by the company, for the year ended on 31<sup>st</sup> March 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of the Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations”).

### Management's Responsibility

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

### Auditor's Responsibility

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

### Opinion

7. In our opinion and to the best of our information and according to explanations given to us and the representation provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clause (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31<sup>st</sup> March 2019.
8. We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which management has conducted the affairs of the company.

For **GOPAL AIYER AND SUBRAMANIAN**

Chartered Accountants  
(Firm registration number: 000960S)

**CA.R.MAHADEVAN**

Partner

Place: Coimbatore

Dated : 27<sup>th</sup> May 2019

(Membership No.027497)

**SALONA COTSPIN LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2019**

No	Particulars	Note No.	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
(1)	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment	2	25,61,77,799	14,84,54,421
	(b) Capital work-in-progress	3	59,51,961	5,01,84,966
	(c) Other Intangible assets	4	12,67,695	15,30,064
	(d) Financial Assets			
	(i) Investments	5	23,85,949	30,61,192
	(ii) Loans & Advances	6	1,60,89,379	1,84,38,406
	(e) Other non-current assets	7		
			<b>28,18,72,783</b>	<b>22,16,69,049</b>
(2)	<b>Current assets</b>			
	(a) Inventories	8	37,10,97,755	36,47,19,783
	(b) Financial Assets			
	(i) Trade receivables	9	18,20,31,308	19,13,76,989
	(ii) Cash and cash equivalents	10	7,66,105	4,79,812
	(iii) Bank balances other than (iii) above		9,04,556	55,58,244
	(iv) Loans	11	1,55,37,294	2,10,44,343
	(c) Other current assets	12	4,67,96,329	2,89,72,388
			<b>61,71,33,347</b>	<b>61,21,51,558</b>
	<b>Total Assets</b>		<b>89,90,06,130</b>	<b>83,38,20,607</b>
	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share capital	13	5,32,88,927	5,32,88,927
	(b) Other Equity	14	25,99,34,449	24,69,77,468
	<b>LIABILITIES</b>			
	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	15	8,67,53,194	5,34,60,107
	(b) Provisions	16	56,98,804	56,44,603
	(c) Deferred tax liabilities (Net)	17	80,04,000	64,36,800
			<b>41,36,79,374</b>	<b>36,58,07,905</b>
	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	18	39,10,24,529	34,38,93,997
	(ii) Trade payables	19	3,96,23,025	6,70,90,151
	(b) Other current liabilities	20	5,29,96,516	5,38,52,114
	(c) Provisions	21	16,82,685	19,44,801
	(d) Current Tax Liabilities (Net)	22		12,31,640
			<b>48,53,26,755</b>	<b>46,80,12,703</b>
	<b>Total Equity and Liabilities</b>		<b>89,90,06,130</b>	<b>83,38,20,607</b>

See accompanying notes to the financial statements

Subject to our report of even date attached

For and on Behalf of the Board

**for GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants (FRN 000960S)

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

Partner

Place : Coimbatore  
Date : 27<sup>th</sup> May 2019Shyامل 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

### STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH 2019

No	Particulars	Note No.	Year Ended 31st March 2019 Rs.	Year Ended 31st March 2018 Rs.
I	Revenue From Operations	23	1,32,87,00,607	1,06,81,91,391
II	Other Income	24	10,32,554	9,67,006
<b>III</b>	<b>Total Income (I+II)</b>		<b>1,32,97,33,161</b>	<b>1,06,91,58,397</b>
<b>IV</b>	<b>EXPENSES</b>			
	Cost of materials consumed	25	63,96,24,597	63,41,06,609
	Purchases of Stock-in-Trade	26	34,81,21,347	13,87,35,250
	Changes in inventories of finished goods, Stock-in-Trade and Work-in-Progress	27	(5,68,74,767)	(4,29,61,503)
	Employee benefits expense	28	6,63,42,456	5,90,69,600
	Finance costs	29	3,99,18,925	3,46,69,041
	Depreciation and amortization expense	30	3,84,98,211	3,73,46,701
	Other expenses	31	23,10,90,775	18,60,93,369
	<b>Total expenses (IV)</b>		<b>1,30,67,21,543</b>	<b>1,04,70,59,067</b>
<b>V</b>	<b>Profit/(loss) before exceptional items and Tax (I-IV)</b>		<b>2,30,11,618</b>	<b>2,20,99,329</b>
VI	Exceptional Items		-	-
<b>VII</b>	<b>Profit/(loss) before tax (V-VI)</b>		<b>2,30,11,618</b>	<b>2,20,99,329</b>
VIII	Tax expense:			
	(1) Current tax	32	51,40,830	51,10,000
	(2) Deferred tax	33	15,67,200	(43,15,000)
<b>IX</b>	<b>Profit (Loss) for the period from Continuing Operations (VII-VIII)</b>		<b>1,63,03,588</b>	<b>2,13,04,329</b>
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	-
<b>XIII</b>	<b>Profit/(loss) for the period (IX+XII)</b>		<b>1,63,03,588</b>	<b>2,13,04,329</b>
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to Profit or Loss		4,59,854	36,24,235
	(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)		<b>1,67,63,442</b>	<b>2,49,28,564</b>
XVI	Earnings per equity share (for continuing Operation):			
	(1) Basic		3.10	4.05
	(2) Diluted		3.10	4.05
XVII	Earnings per equity share (for discontinued Operation):			
	(1) Basic		-	-
	(2) Diluted		-	-
XVIII	Earnings per equity share (for discontinued & Continuing Operations)			
	(1) Basic		3.10	4.05
	(2) Diluted		3.10	4.05

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

M.S.Selvaraj

Place : Coimbatore

Company Secretary

Chief Financial Officer

Date : 27<sup>th</sup> May 2019

ACS NO 35602



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

Name of the Company: **SALONA COTSPIN LIMITED**Statement of Changes in Equity for the period ended **31ST MARCH 2019****A. Equity Share Capital**

Balance as at 31st March 2018	5,32,88,927
Changes in equity share capital during the year	0
Balance as at 31st March 2019	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
<b>Balance as on 31st March 2018</b>	15,00,000	24,18,53,232	-4,325	36,28,560	<b>24,69,77,468</b>
<b>Add:</b> Profit for the year		1,63,03,588			<b>1,63,03,588</b>
<b>Add:</b> Changes in fair value of equity instruments through FVTOCI (net of Tax)			3,917		<b>3,917</b>
<b>Add:</b> Remeasurement of Post employment benefit obligations				4,55,937	<b>4,55,937</b>
<b>Less:</b> Payment of Dividends		31,57,440			<b>31,57,440</b>
<b>Less:</b> Taxes on Dividends paid		6,49,021			<b>6,49,021</b>
<b>Balance as on 31st March 2019</b>	<b>15,00,000</b>	<b>25,43,50,359</b>	<b>3,917</b>	<b>4,55,937</b>	<b>2,59,934,449</b>

See accompanying notes to the financial statements

Subject to our report of even date attached

For and on Behalf of the Board

**for GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants (FRN 000960S)

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

Partner

Shyامل Agarwala  
Managing Director  
DIN 00003055Manoj Kumar Jhajharia  
Joint Managing Director  
DIN 00003076Place : Coimbatore  
Date : 27<sup>th</sup> May 2019K.B.Sajith  
Company Secretary  
ACS NO 35602M.S.Selvaraj  
Chief Financial Officer

**SALONA COTSPIN LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019**

	Particulars	31st March 2019 Rs.	31st March 2018 Rs.
<b>A</b>	<b>Cash flow from operating activities:</b>		
	Net Profit before taxation and extra ordinary items	2,34,71,472	2,57,23,564
	<b>Adjustments for:</b>		
	Depreciation	3,84,98,211	3,73,46,701
	Deferred Expenses written off	-	-
	Profit on sale of fixed assets	-	1,48,684
	Profit on sale of Investments	-	(32,276)
	Interest and financial charges paid	3,99,18,925	3,46,69,041
	Dividend Income	0	-
	Interest receipts	(6,16,582)	(7,86,046)
	Direct Taxes	(51,40,830)	(51,10,000)
	Operating profit before working capital changes	9,61,31,196	9,19,59,669
	<b>Adjustments for working capital changes</b>		
	(Increase)/Decrease in Operating assets		
	Inventories	(63,77,972)	(9,32,92,471)
	Trade receivables	93,45,681	2,47,49,637
	Loans and Advances - short term	55,07,049	(15,21,609)
	Other Current Assets	(1,31,70,254)	(2,20,02,644)
	Other non-current assets	-	-
	Increase/(Decrease) in Operating liabilities		
	Trade payables	(2,74,67,126)	2,76,89,317
	Other Current Liabilities	(8,55,598)	1,29,69,355
	Short term Provisions	(14,93,756)	11,88,605
	Loans and Advances - long term	23,49,027	7,16,027
	Long Term Provisions	54,201	(25,83,206)
	<b>Net cash flow from operating activities (A)</b>	<b>6,40,22,448</b>	<b>3,98,72,681</b>
<b>B</b>	<b>Cash flow from investing activities:</b>		
	Purchase of Fixed Assets	(11,29,00,551)	(7,34,57,276)
	Purchase of Investment	6,75,243	8,154
	Sale of Fixed Assets	1,11,74,337	10,42,609
	Sale of Investments	-	34,910
	Advance for Capital Goods	-	-
	Deferred Revenue Expenditure	-	-
	Interest receipts	6,16,582	7,86,046
	Dividend Income	-	-
	<b>Net cash from investing activities (B)</b>	<b>(10,04,34,389)</b>	<b>(7,15,85,557)</b>
<b>C</b>	<b>Cash flow from financing activities:</b>		
	Proceeds from long term borrowings	3,32,93,087	28,49,720
	Repayment of long term borrowings	-	7,27,82,151
	Proceeds from short term borrowings	4,71,30,532	-
	Increase/(Decrease) in Secured Loan	-	(28,49,720)
	Increase/(Decrease) in long term borrowings	4,71,30,532	7,27,82,151
	Increase/(Decrease) in short term borrowings	(3,99,18,925)	(3,46,69,041)
	Interest and financial charges paid	-	-
	Increase In share Capital	38,06,461	38,00,232
	Dividend Paid	-	-
	<b>Net cash from financing activities</b>	<b>3,66,98,234</b>	<b>3,14,63,157</b>
	Net increase/(decrease) in cash and cash equivalents	2,86,293	(2,49,718)
	Cash & cash equivalents at the beginning of the year	4,79,812	7,29,530
	Cash & cash equivalents at the close of the year	7,66,105	4,79,812
	Cash and Cash equivalents at the close of the year comprise of		
	Cash on hand	3,00,466	2,97,207
	Cash at bank in current accounts	4,65,638	1,82,605
		7,66,105	4,79,812
		(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 : 27<sup>th</sup> May 2019

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****1. Corporate Information**

Salona Cotspin Limited is public Limited Company and incorporated under the provision of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed in National Stock Exchange of India. The Company is engaged in the manufacturing and selling of Cotton Yarn, Knitted Fabrics and Garments. The company caters to both domestic and international markets. The financial statement are approved for issue by the Company's Board of Directors on 27<sup>th</sup> May 2019.

**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. 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 netRealisable 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 2019**  
**NOTE NO.2, 3 & 4 PROPERTY, PLANT AND EQUIPMENT**

No.	Particulars	← GROSS BLOCK →				← DEPRECIATION →				← NET BLOCK →		
		Ason 01.04.2018	Additions/ Acquisitions through Business Combinations	Deletions/ Disposals	As on 31.03.2019	Upto 01.04.2018	For the year	With -drawn on Account of Disposal	With -drawn on Other Account	Upto 31.03.2019	As on 31.03.2019	As on 31.03.2018
<b>A</b>	<b>TANGIBLE ASSETS</b>											
1	FREE HOLD LAND	96,46,092	1,33,79,888	-	2,30,25,980	-	-	-	-	-	2,30,25,980	96,46,092
2	BUILDING	7,97,77,681	37,56,646	-	8,35,34,327	3,24,41,326	26,63,620	-	3,51,04,946	4,84,29,381	4,84,29,381	4,73,36,355
3	PLANT & EQUIPMENTS	63,46,31,026	12,41,17,633	1,00,95,266	74,86,53,393	55,96,19,735	3,21,45,252	96,33,912	58,21,31,075	16,65,22,318	16,65,22,318	7,50,11,291
4	FURNITURE & FIXTURES	82,95,984	16,10,051	-	99,06,035	17,69,865	8,84,523	-	26,54,388	72,51,647	72,51,647	65,26,119
5	VEHICLES	1,22,86,180	7,49,214	10,79,071	1,19,56,323	64,94,586	10,22,088	10,25,117	64,91,507	54,64,816	54,64,816	57,91,594
6	OFFICE EQUIPMENTS	1,07,10,845	27,70,977	-	1,34,81,822	65,67,874	14,30,291	-	79,98,165	54,83,657	54,83,657	41,42,971
	<b>TOTAL A</b>	<b>75,53,47,808</b>	<b>14,63,84,409</b>	<b>1,11,74,337</b>	<b>89,05,57,880</b>	<b>60,68,93,386</b>	<b>3,81,45,724</b>	<b>1,06,59,029</b>	<b>63,43,80,081</b>	<b>25,61,77,799</b>	<b>25,61,77,799</b>	<b>14,84,54,421</b>
<b>B</b>	<b>INTANGIBLE ASSETS **</b>											
7	COMPUTER SOFTWARE	19,08,407	90,118	-	19,98,525	3,78,343	3,52,487	-	7,30,830	12,67,695	12,67,695	15,30,064
	<b>TOTAL B</b>	<b>19,08,407</b>	<b>90,118</b>	<b>-</b>	<b>19,98,525</b>	<b>3,78,343</b>	<b>3,52,487</b>	<b>-</b>	<b>7,30,830</b>	<b>12,67,695</b>	<b>12,67,695</b>	<b>15,30,064</b>
<b>C</b>	<b>CAPITAL</b>											
	<b>WORK-IN-PROGRESS</b>											
8	BUILDING	58,18,096	1,33,865	-	59,51,961	-	-	-	-	59,51,961	59,51,961	58,18,096
	PLANT & EQUIPMENTS	4,43,66,870	-	4,43,66,870	-	-	-	-	-	-	-	4,43,66,870
	<b>TOTAL C</b>	<b>5,01,84,966</b>	<b>1,33,865</b>	<b>4,43,66,870</b>	<b>59,51,961</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,51,961</b>	<b>59,51,961</b>	<b>5,01,84,966</b>
<b>D</b>	<b>INTANGIBLE ASSETS UNDER CONSTRUCTION</b>											
	<b>TOTAL D</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>CURRENT YEAR FIGURES (TOTAL (A+B+C+D))</b>	<b>80,74,41,181</b>	<b>14,66,08,392</b>	<b>5,55,41,207</b>	<b>89,85,08,366</b>	<b>60,72,71,729</b>	<b>3,84,98,211</b>	<b>1,06,59,029</b>	<b>63,51,10,911</b>	<b>26,33,97,455</b>	<b>26,33,97,455</b>	<b>20,01,69,451</b>
	<b>PREVIOUS YEAR FIGURES</b>	<b>73,60,69,122</b>	<b>7,24,14,667</b>	<b>10,42,609</b>	<b>80,74,41,180</b>	<b>57,08,16,321</b>	<b>3,73,46,701</b>	<b>8,91,293</b>	<b>60,72,71,729</b>	<b>20,01,69,451</b>	<b>20,01,69,451</b>	<b>16,52,52,801</b>

**NOTES TO BALANCE SHEET AS AT 31ST MARCH 2019****NOTE NO. 5 : NON - CURRENT INVESTMENTS****A. Classifications:**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
a	Investments in Equity Instruments valued at cost	23,85,949	30,61,192
		<b>23,85,949</b>	<b>30,61,192</b>

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

No	Name of the Script	No of Shares / Units	Cost of Acquisition	Carrying amount As at 31st March 2019 Rs.	Carrying amount As at 31st March 2018 Rs.
i)	<b>Equity Instruments:</b>				
	<b>Non-trade Quoted</b>				
1	Union Bank of India 272 Equity shares of Rs.10/- each (Previously 272 equity shares of Rs.10/- each)	272	29,920	98,619	94,702
	<b>Trade - Unquoted</b>				
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	22,23,130	29,02,290
	<b>Sub Total</b>	<b>3,02,184</b>	<b>29,96,410</b>	<b>23,85,949</b>	<b>30,61,192</b>

**2. Abstract of Investments in Equity**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
a	Aggregate amount of quoted investments	98,619	94,702
b	Market Value of Quoted Investments	-	-
c	Aggregate amount of unquoted investments	22,87,330	29,66,490
	Net Carrying amount of Investments	<b>23,85,949</b>	<b>30,61,192</b>

**NOTE NO. 6 : LONG - TERM LOANS AND ADVANCES****A. Classifications:**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
	Unsecured and Considered good		
1	Capital Advances	48,74,940	55,56,640
2	Security Deposits	80,12,439	1,01,98,466
3	Other Loans and Advances	32,02,000	26,83,300
	<b>Total</b>	<b>1,60,89,379</b>	<b>1,84,38,406</b>

## B. Disclosures:

### 1) Capital advances

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
i)	Unsecured, considered Good Advances for acquisition of capital assets/ expenditure	48,74,940	55,56,640
	<b>Total</b>	<b>48,74,940</b>	<b>55,56,640</b>

### 2) Security Deposits:

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
i)	Unsecured, considered Good Deposits with Statutory Authorities	80,12,439	1,01,98,466
	<b>Total</b>	<b>80,12,439</b>	<b>1,01,98,466</b>
Security deposits are placed with Electricity, Telephone and other Statutory authorities.			

### 3) Other loans and advances

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
	Rental Advance for Office Premises	32,02,000	26,83,300
	<b>Total</b>	<b>32,02,000</b>	<b>26,83,300</b>

### NOTE NO. 7 : OTHER NON - CURRENT ASSETS

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 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 2019 Rs.	As at 31st March 2018 Rs.
	<b>Inventory on Hand</b>		
a)	Raw Materials	14,15,85,057	19,75,63,349
b)	Work in Progress	2,79,27,857	2,42,90,646
c)	Finished Goods	19,42,86,769	13,75,47,746
d)	Stores & Spares	72,98,072	53,18,042
	<b>Total</b>	<b>37,10,97,755</b>	<b>36,47,19,783</b>



**NOTE NO. 9 : TRADE RECEIVABLES**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
a)	Outstanding for a period exceeding six months		
	- Unsecured, considered good	-	-
	Sub Total	-	-
b)	Others		
	- Unsecured, considered good	18,20,31,308	19,13,76,989
	Sub Total	<b>18,20,31,308</b>	<b>19,13,76,989</b>
	<b>Total</b>	<b>18,20,31,308</b>	<b>19,13,76,989</b>

**NOTE NO. 10 : CASH AND CASH EQUIVALENTS****A. Classification:**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
a)	Cash on hand	3,00,466	2,97,207
b)	Balances with banks:		
	- Balances in Current accounts	4,65,638	1,82,605
	- In earmarked accounts		
	Unpaid dividend accounts	6,96,978	8,22,173
c)	Other bank deposits		
	- Margin Money Deposits held under lien by Banks	2,07,578	47,36,071
	<b>Total</b>	<b>16,70,661</b>	<b>60,38,056</b>

**NOTE NO. 11 : SHORT - TERM LOANS AND ADVANCES****A. Classifications:-**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
1	Other loans and advances		
	- Others	1,55,37,294	2,10,44,343
	<b>Total</b>	<b>1,55,37,294</b>	<b>2,10,44,343</b>

**B. Other Disclosures:****(a) Unsecured and Considered Doubtful**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
1	Trade Advances	45,00,000	30,00,000
	Less: Provision for Doubtful advances	45,00,000	30,00,000
	<b>Total</b>	<b>-</b>	<b>-</b>

**(b) Unsecured and Considered good**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
1	Trade Advances	1,24,38,022	1,87,95,353
2	Advance Towards Direct Taxes (Net)	6,09,593	-
3	Prepaid Expenses	11,59,320	13,06,878
4	Advances to Staff and Other Operatives	3,84,314	48,860
5	Others	9,46,045	8,93,252
	<b>Total</b>	<b>1,55,37,294</b>	<b>2,10,44,343</b>

**NOTE NO. 12 : OTHER CURRENT ASSETS**

**A. Classifications :-**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
a)	Other current assets	4,67,96,329	2,89,72,388
	<b>Total</b>	<b>4,67,96,329</b>	<b>2,89,72,388</b>

**B. Disclosures :**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
	<b>BREAKUP FOR OTHER CURRENT ASSETS</b>		
	Export:		
	Duty Draw Back Receivable	2,73,699	10,00,166
	Incentative Under MEIS Receivables	36,15,380	17,31,731
	IGST Export Service Tax Receivable	21,87,857	-
	Interest:		
	Interest Receivable on Energy Supply Deposits	3,200	3,200
	Interest & Interest Subsidy Receivable	98,65,648	95,67,214
	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	3,01,40,572	1,58,75,703
	<b>Total</b>	<b>4,67,96,329</b>	<b>2,89,72,388</b>

## NOTES TO BALANCE SHEET AS AT 31ST MARCH 2019

## NOTE NO. 13 : EQUITY SHARE CAPITAL

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

No.	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
1.	Authorised: 6000000 Equity Shares of Rs.10/- each	6,00,00,000	6,00,00,000
		<b>6,00,00,000</b>	<b>6,00,00,000</b>
2.	Issued Capital: 5262400 Equity Shares of Rs.10/- each	5,26,24,000	5,26,24,000
		<b>5,26,24,000</b>	<b>5,26,24,000</b>
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
		<b>5,26,24,000</b>	<b>5,26,24,000</b>
	Forfeited Shares 88700 Nos-(Previous Year 88700 Nos)-Originally Paid-up	6,64,927	6,64,927
		<b>5,32,88,927</b>	<b>5,32,88,927</b>

ii) *Reconciliation of number of equity shares:*

No.	Particulars	No. of shares		As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
		As at 31st March 2019 Rs.	As at 31st March 2018 Rs.		
	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	<b>52,62,400</b>	<b>52,62,400</b>	<b>5,26,24,000</b>	<b>5,26,24,000</b>

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 :-*

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

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

No.	Name of the person	As at 31st March 2019		As at 31st March 2018	
		% of holding	Number of shares	% of holding	Number of shares
1	Shyamlal Agarwala	7.86%	413393	7.86%	413393
2	Manoj Kumar Jhajharia	5.63%	296188	5.63%	296188
3	Pramod Kumar Jhajharia	5.66%	297966	5.66%	297913
4	Arun Kumar Jhajharia	5.98%	314671	5.92%	311671
5	Krishna Agarwal	8.19%	430901	8.16%	429401
6	Pansari Textiles & Investments Ltd	7.60%	400000	7.60%	400000
7	Pista Devi Jhajharia	5.88%	309403	5.83%	306653

## **NOTES TO BALANCE SHEET AS AT 31ST MARCH 2019**

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 2019 Rs.	As at 31st March 2018 Rs.
1	<b>A. RESERVES:</b>		
	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	<b>15,00,000</b>	<b>15,00,000</b>
2	<b>B. SURPLUS:</b>		
	<b>Statement of Profit and Loss after all allocations and appropriations:-</b>		
	Opening Balance (i)	24,54,77,468	22,43,49,135
	Add : Profit after tax for the year (ii)	1,67,63,442	2,49,28,564
	Total (iii = i+ii)	26,22,40,910	24,92,77,700
	Less: (a) Transfer to Reserve	-	-
	(b) Equity Dividend paid for the year 2017-18	31,57,440	31,57,440
	(c) Tax on Equity Dividend paid for 2017-18	6,49,021	6,42,792
	Total (iv)	<b>38,06,461</b>	<b>38,00,232</b>
	Total of Surplus (v = (iii) - (iv))	<b>25,84,34,449</b>	<b>24,54,77,468</b>
Total of Reserves & Surplus-Per Balance Sheet	<b>25,99,34,449</b>	<b>24,69,77,468</b>	

**NOTE NO. 15 : LONG TERM BORROWINGS****A. Classifications:-**

No.	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
	<b>Secured:</b>		
(a)	Term Loans - From Banks	6,76,36,571	3,37,58,217
(b)	Deferred Payment Liabilities	-	-
(c)	Long term maturities of Finance Lease Obligation	4,16,623	10,01,890
	<b>Unsecured:</b>		
(d)	Other Loans and Advances	1,87,00,000	1,87,00,000
	<b>Total Per Balance Sheet</b>	<b>8,67,53,194</b>	<b>5,34,60,107</b>

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

No.	Particulars	Limit sanctioned (Rs. In Lacs)	Terms of repayment	Amount Outstanding	
				As at 31st March 2019	As at 31st March 2018
1	Secured : Oriental Bank of Commerce  Term Loan - I  Term Loan -II	1368  1330	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
	<b>Total Per Balance Sheet</b>			6,76,36,571	2,61,58,217
				<b>6,76,36,571</b>	<b>3,37,58,217</b>

**(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 2019 Rs.	As at 31st March 2018 Rs.
	<b>Secured</b>		
1	Kotak Mahendra Prime Ltd	1,97,232	3,18,637
2	SBI Car Loan	2,19,391	6,83,253
	<b>Total Per Balance Sheet</b>	<b>4,16,623</b>	<b>10,01,890</b>

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

**(c) Other Loans & Advances**

No	Nature of Loan	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
1	Loans from Shareholders Unsecured	-	-
	Inter-corporate Loans	1,87,00,000	1,87,00,000
	<b>Total Per Balance Sheet</b>	<b>1,87,00,000</b>	<b>1,87,00,000</b>
(Terms of repayment - exceeding 24 months and carrying rate of interest of 12% per annum) (Amount of Loan Repayable per period is variable and depends upon the amount availed earlier)			

**NOTE NO. 16 : LONG -TERM PROVISIONS**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
1	Provision for Employee Benefits		
	Provision for Gratuity	56,98,804	56,44,603
	<b>Total Per Balance Sheet</b>	<b>56,98,804</b>	<b>56,44,603</b>

**NOTE NO. 17 : DEFERRED TAX LIABILITIES (NET)**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
A.	Deferred Tax Liability Opening Balance	1,07,39,000	1,68,70,000
	Add : Additions during the year	38,00,000	-
	Less: Reversed During the year	1,45,39,000	1,68,70,000
		-	61,31,000
	( A )	<b>1,45,39,000</b>	<b>1,07,39,000</b>
B	Deferred Tax Asset	43,02,200	61,18,200
	Add : Additions during the year	22,32,800	-
	Less: Reversed During the year	65,35,000	61,18,200
		-	18,16,000
	( B )	<b>65,35,000</b>	<b>43,02,200</b>
	Deferred Tax Liability (Net)	<b>80,04,000</b>	<b>64,36,800</b>
	<b>A-B</b>		

**NOTE NO. 18 : SHORT -TERM BORROWINGS**

**A. Classifications :**

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
(a)	Secured		
	Loans repayable on demand		
	i) From Banks	39,10,24,529	34,38,93,997
	<b>Total Per Balance Sheet</b>	<b>39,10,24,529</b>	<b>34,38,93,997</b>

**B. Other Disclosure****(i) Loans Repayable on Demand from Bank**

No	Particulars	Limit Sanctioned Rs. In Lacs	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
1	Cash Credit From Banks:			
	The Catholic Syrian Bank Ltd	750.00	6,55,39,543	6,37,34,319
	Oriental Bank of Commerce	800.00	7,99,25,328	7,92,13,546
	State Bank of India	356.00	3,48,65,463	3,47,78,894
	Union Bank of India	910.00	2,82,14,666	76,06,203
2	Packing credit loans:			
	The Catholic Syrian Bank Ltd	(sub-limit)	46,36,244	95,52,999
	Union Bank of India	(sub-limit)	5,31,95,641	7,91,51,538
	State Bank of India	(sub-limit)	-	123
3	Foreign Bills Purchased by Banks:			
	The Catholic Syrian Bank Ltd	500.00	81,26,248	2,34,47,260
	Union Bank of India (FDBP A/c)	500.00	5,96,28,116	4,64,09,116
4	Warehouse Receipt Loan			
	State Bank of India	600.00	5,68,93,281	-
	<b>Total Per Balance Sheet</b>	<b>4,416.00</b>	<b>39,10,24,529</b>	<b>34,38,93,997</b>

**(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 2019 Rs.	As at 31st March 2018 Rs.
1	Micro Small & Medium Enterprises	32,240	-
2	Others	3,95,90,785	6,70,90,151
	<b>Total Per Balance Sheet</b>	<b>3,96,23,025</b>	<b>6,70,90,151</b>

**Note:**

Dues to Micro and Small Enterprises

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

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
a)	The Principal amount remaining unpaid to any supplier at the end of the year.	32,240	-
b)	Interest due remaining unpaid to any supplier at the end of the year		
c)	The amount of interest paid by the buyer in terms of section 16 of MSMED Act, 2006, along with the mamount of the payment made to the seller		
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006		
e)	The amount of interest accrued and remaining unpaid at the end of ech accounting year.		
f)	The amount of further interest due and payable even in the succeeding yers, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance of a deductible		

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

#### NOTE NO. 20 : OTHER CURRENT LIABILITIES

##### A. Classifications:-

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
a	Current maturities of Long Term Debt	2,97,66,668	3,50,83,332
b	Interest accrued and due on borrowings	-	-
c	Current Maturities of Finance Lease Obligations	10,02,277	9,21,702
d	Unpaid dividends	6,96,878	8,22,073
e	Other Payables		
	Liability For Expenses	1,36,15,417	1,01,66,084
	Statutory Liabilities	79,15,276	68,58,923
	<b>Total Per Balance Sheet</b>	<b>5,29,96,516</b>	<b>5,38,52,114</b>

#### NOTE NO. 21 : SHORT - TERM PROVISIONS

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
1	<u>Provision for Employee Benefits</u>		
	Provision For Bonus	16,82,685	19,44,801
		<b>16,82,685</b>	<b>19,44,801</b>

#### NOTE NO. 22 : CURRENT TAX LIABILITIES - NET

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
1	Others		
	a. Provision For Proposed Dividends	-	-
	b. Provision For Dividend distribution tax	-	-
	c. Provision For Taxation ( net)	-	12,31,640
	<b>Total Per Balance Sheet</b>	<b>-</b>	<b>12,31,640</b>



## NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2019

## NOTE NO. 23 : REVENUE FROM OPERATIONS

## A. Classifications:-

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Sale of Products	1,31,41,45,289	1,05,37,29,826
2	Other Operating Revenues	1,45,55,318	1,44,61,566
		1,32,87,00,607	1,06,81,91,391
	<b>Total per statement of P &amp; L</b>	<b>1,32,87,00,607</b>	<b>1,06,81,91,391</b>

## B. Other Disclosures:

## (i) Other operating revenues

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Export Incentives:		
	Duty Draw Back	1,08,09,856	62,45,546
	Incentive under FMS/FPS	32,11,487	17,95,472
	Service Tax on Exports		66,481
2	Other Miscellaneous Income	5,33,975	4,39,500
3	Foreign Exchange Fluctuation		59,14,567
	<b>Total Per Statement Of P &amp; L</b>	<b>1,45,55,318</b>	<b>1,44,61,566</b>

## NOTE NO. 24 : OTHER INCOME

## A. Classifications:-

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Interest Income	6,16,582	7,86,046
2	Dividend Income	-	-
3	Other Non- Operating Income (Net of Expenses directly attributable to such Income) (Refer note (iii) below)	4,15,972	1,80,960
	<b>Total</b>	<b>10,32,554</b>	<b>9,67,006</b>

## B. Other Disclosures:

## (i) Interest Income

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	From Current Investments		
	Interest Receipts:		
	Banks Fixed Deposits	1,26,868	1,97,864
	Energy Security Deposit	4,74,055	5,88,182
2	From Others		
	Interest Receipts-Other parties	15,659	-
	<b>Total Per Statement of P &amp; L</b>	<b>6,16,582</b>	<b>7,86,046</b>

**NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2019**

(ii) **Dividend Income**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
	<b>From Others:</b>		
1	From Long Term Investments	-	-
	Equity Instruments	-	-
	<b>Total Per Statement of P &amp; L</b>		

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

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Profit on sale of Fixed Assets	4,15,972	1,48,684
2	Profit on sale of Equity Instruments	-	32,276
	<b>Total Per Statement of P &amp; L</b>	<b>4,15,972</b>	<b>1,80,960</b>

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

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Raw Materials	63,28,04,980	62,94,05,573
2	Other Consumables	68,19,617	47,01,037
	<b>Total Per Statement of P &amp; L</b>	<b>63,96,24,597</b>	<b>63,41,06,609</b>

**A. Disclosures:**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	<b>Consumption of Raw Materials</b>		
	<b>Cotton:</b>		
	Opening Stock Of : Raw Materials	19,75,63,349	14,71,57,723
	Work-in Progress	29,66,340	45,12,080
	Add : Purchases during the year	58,03,28,155	67,82,65,459
		78,08,57,844	82,99,35,262
	Less: Closing stock of : Raw Materials	14,15,85,057	19,75,63,349
	Work-in Progress	64,67,807	29,66,340
	Consumption of raw materials	<b>63,28,04,980</b>	<b>62,94,05,573</b>
2	<b>Consumption of Other Consumables</b>		
	<b>Packing Consumables:</b>		
	Opening stock	2,38,688	4,07,552
	Add: Purchases during the year	69,92,983	45,32,173
		72,31,671	49,39,725
	Less: Closing stock	4,12,054	2,38,688
	Consumption of other materials	<b>68,19,617</b>	<b>47,01,037</b>

## NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2019

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

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Yarn	29,60,05,111	12,71,98,588
2	Fabric	3,66,99,876	1,15,36,662
3	Garments	1,54,16,360	-
		<b>34,81,21,347</b>	<b>13,87,35,250</b>

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

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
a	Inventories at the commencement of the year	15,88,72,052	11,59,10,549
b	Less: Inventories at the close of the year	21,57,46,819	15,88,72,052
	<b>Total Per Statement of P &amp; L</b>	<b>(5,68,74,767)</b>	<b>(4,29,61,503)</b>

Disclosure on Changes in Inventories:

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	<b>Opening Stock:</b>		
	Finished Goods - Yarn	45,6,14,733	2,53,04,095
	Finished Goods - Fabrics	7,3,09,479	6,45,548
	Finished Goods - Garments	84,0,83,139	5,95,89,974
	Work in Process	21,3,24,306	2,72,79,697
	By-Product - Seconds Cotton	5,40,395	30,91,235
		<b>158,8,72,052</b>	<b>11,59,10,549</b>
2	<b>Less: Closing Stock:</b>		
	Finished Goods - Yarn	7,38,63,355	4,56,14,733
	Finished Goods - Fabrics	97,00,033	73,09,479
	Finished Goods - Garments	10,92,39,395	8,40,83,139
	Work in Process	2,14,60,050	2,13,24,306
	By-Product - Seconds Cotton	14,83,986	5,40,395
		<b>21,57,46,819</b>	<b>15,88,72,052</b>
	<b>Total Per Statement of P &amp; L</b>	<b>(5,68,74,767)</b>	<b>(4,29,61,503)</b>

## NOTE NO. 28 : EMPLOYEE BENEFIT EXPENSES

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Salaries & Wages	3,29,47,984	3,35,25,364
2	Contribution to Provident and Other Funds	15,84,597	23,45,608
3	Staff Welfare Expenses	2,57,94,806	1,83,72,742
4	Managerial Remuneration	60,15,069	48,25,886
	<b>Total Per Statement of P &amp; L</b>	<b>6,63,42,456</b>	<b>5,90,69,600</b>

**NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2019**

**Disclosure on Employee Benefit Expenses:**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
(i)	<b>Staff Welfare Expenses</b>		
	Medical Expenses Reimbursed/Insurance Premium	10,28,025	8,82,374
	Water Expenses	47,57,200	27,32,540
	Workmen & Staff Welfare Expenses	1,35,19,047	99,48,215
	Canteen Expenses	64,90,534	48,09,612
	<b>Total Per Statement of P &amp; L</b>	<b>2,57,94,806</b>	<b>1,83,72,742</b>

**NOTE NO. 29 : FINANCE COSTS**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Interest Expenses (Refer note (i) below)	3,02,52,725	2,84,78,199
2	Other Borrowing Costs (Refer note (ii) below)	96,66,199	61,90,842
	<b>Total Per Statement of P &amp; L</b>	<b>3,99,18,925</b>	<b>3,46,69,041</b>

**Disclosure on Finance Cost:**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
(i)	<b>Notes</b>		
	<b>Interest Expense:</b>		
	Interest on borrowings from Banks	2,78,62,536	2,57,73,990
	Interest on borrowings from Others	22,44,000	25,26,740
	Finance Charges on Finance Lease	1,46,189	1,77,469
	<b>Total Per Statement Of P &amp; L</b>	<b>3,02,52,725</b>	<b>2,84,78,199</b>
(ii)	<b>Other Borrowing Costs</b>		
	Foreign Exchange difference / Net loss on the Forex	58,18,230	37,71,986
	Discounts / premiums on borrowings	38,47,969	24,18,856
	Bank Charges		
	<b>Total Per Statement of P &amp; L</b>	<b>96,66,199</b>	<b>61,90,842</b>

**NOTE NO. 30 : DEPRECIATION AND AMORTISATION EXPENSES**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Depreciation	3,81,45,724	3,71,54,071
2	Amortization Expense	3,52,487	1,92,630
	<b>Total Per Statement of P &amp; L</b>	<b>3,84,98,211</b>	<b>3,73,46,701</b>

**NOTE NO. 31 : OTHER EXPENSES**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Manufacturing Expenses (Refer note (i) below)	10,73,55,895	8,95,48,669
2	Administrative Expenses (Refer note (ii) below)	2,87,06,306	2,15,41,587
3	Repairs and Maintenance (Refer note (iii) below)	3,45,44,082	2,96,36,744
4	Sales and Distribution Expenses (Refer note (iv) below)	5,72,15,742	4,30,90,987
5	Miscellaneous Expenses (Refer note (v) below)	32,68,750	22,75,382
	<b>Total Per Statement of P &amp; L</b>	<b>23,10,90,775</b>	<b>18,60,93,369</b>

## NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2019

**Disclosure on Other expenses**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
	<b>Notes</b>		
(i)	<b>Manufacturing Expenses</b>		
a	Power and Fuel	6,22,57,053	4,21,84,712
b	Consumption of Stores and Spare Parts	1,37,08,256	1,23,22,018
c	Other Manufacturing Expenses	3,13,90,586	3,50,41,939
	<b>Total Per Statement Of P &amp; L</b>	<b>10,73,55,895</b>	<b>8,95,48,669</b>
(ii)	<b>Administrative Expenses</b>		
a	Rent	89,75,308	62,79,350
b	Rates and taxes, excluding taxes on income	10,37,582	2,97,714
c	Payments to Auditors	1,85,000	3,98,513
d	Insurance	9,94,941	6,89,433
e	Sitting Fees To Other Non whole Time Directors	48,000	55,800
f	Travelling Expenses	1,14,58,271	84,28,846
g	Communication Expenses	10,68,451	9,37,158
h	Printing & Stationery	9,17,074	5,99,037
i	Donation	6,58,000	2,57,000
j	General Expenses	7,03,078	12,64,468
k	Professional & Legal Fees	13,59,633	11,64,998
l	Security Service Charges	12,70,707	10,89,636
m	Subscription		
	Trade Associations	9,440	43,130
	Research Association	20,820	36,504
	<b>Total</b>	<b>2,87,06,306</b>	<b>2,15,41,587</b>
	<b>Total Per Statement Of P &amp; L</b>		
(iii)	<b>Repairs and Maintenance</b>		
a	Buildings	90,72,395	63,77,889
b	Machinery	1,19,80,424	1,07,49,743
c	Wind Mills	48,03,003	59,06,861
d	Vehicles	33,39,037	33,30,153
e	Others	53,49,224	32,72,099
	<b>Total Per Statement Of P &amp; L</b>	<b>3,45,44,082</b>	<b>2,96,36,744</b>
(iv)	<b>Sales and Distribution Expenses</b>		
a	Consumption of Other Packing Materials		
	Opening Stock	1,64,344	1,84,544
	Add: Purchases during the year	80,21,768	84,09,402
		81,86,112	85,93,946
	Less: Closing Stock	4,88,011	1,64,344
	Consumption of Other Packing Materials	76,98,101	84,29,602
b	Advertisement Charges	2,83,242	12,92,675
c	Commission Payments on sales / services	47,06,800	67,34,673
d	Commission Payments on Export Sales	2,01,05,704	38,85,803
e	Discounts Allowed	15,55,275	8,95,504
f	Other Sales Expenses	94,78,564	1,42,55,717
g	Export Sales Expenses	1,33,88,056	75,97,014
	<b>Total Per Statement Of P &amp; L</b>	<b>5,72,15,742</b>	<b>4,30,90,987</b>
(v)	<b>Miscellaneous Expenses</b>		
	Provision for Doubtful / Debts Advances	15,00,000	15,00,000
	Others	17,68,750	7,75,382
	<b>Total Per Statement Of P &amp; L</b>	<b>32,68,750</b>	<b>22,75,382</b>

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2019

**NOTE NO. 32 : CURRENT TAX**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Current tax	51,40,830	51,10,000
		51,40,830	51,10,000
	<b>Current Tax Liability</b>	<b>51,40,830</b>	<b>51,10,000</b>

**NOTE NO. 33 : DEFERRED TAX (NET)**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
1	Provision for Deferred Tax Liability (Dr.)		
2	Reversal of Deferred Tax Liability (Cr.)	38,00,000	(61,31,000)
3	Provision for Deferred Tax Asset (Cr.)	(22,32,800)	18,16,000
4	Reversal of Deferred Tax Asset (Dr.)	-	-
	<b>Net Deferred Tax per statement of Profit &amp; Loss</b>	<b>15,67,200</b>	<b>(43,15,000)</b>

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

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 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 2019 Rs.	Year Ended March 2018 Rs.
a)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for	3,54,12,000	6,21,00,000
b)	Uncalled liability on shares and other investments partly paid	-	-
c)	Other Commitments	-	-

**C Proposed Dividends:**

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 Rs.
a)	On Equity Shares:		
	Total Amount of Proposed Dividend	31,57,440	31,57,440
	Number of Shares	52,62,400	52,62,400
	Amount of Dividend per Share	0.60	0.60

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

No	Particulars	Year Ended March 2019 Rs.	Year Ended March 2018 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 2019 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	Year Ended March 2019 Rs.	Year Ended March 2018 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	(11,15,345)	59,14,567
3	Payments to Auditors Statutory Auditor's Remuneration		
	(a) For Audit	1,00,000	1,00,000
	(b) For Taxation matters, Direct Tax	55,000	65,000
	(c) For company law matters,	-	40,000
	(d) For other services,	30,000	1,75,250
	(f) For service tax on professional charges	-	18,263
		<b>1,85,000</b>	<b>3,98,513</b>
	Cost Auditor's Remuneration		
	(a) For Audit	20,000	26,600
		<b>20,000</b>	<b>26,600</b>
	<b>Total Payments to auditor</b>	<b>2,05,000</b>	<b>4,25,113</b>
4	Amounts Spent Towards Corporate Social Responsibility	5,50,996	1,10,269
5	<b>Turnover</b>		
	i) Indigenous		
	Cotton Yarn	36,16,89,169	44,82,28,712
	Knitted Fabrics	6,07,13,182	15,60,03,844
	Garments	3,77,99,537	4,10,25,278
	Cotton	29,89,608	72,63,617
	ii) Export		
	Cotton Yarn	32,24,81,886	12,85,60,372
	Knitted Fabrics	16,22,52,378	8,02,45,891
	iii) By Products-Waste		
	Indigenous	5,39,26,478	5,75,90,036
	Export	-	53,53,928
	iv) Traded Goods		
	Cotton Yarn Export	28,65,64,041	11,17,87,968
	Fabrics Export	2,57,29,009	86,59,581
	Fabrics Indigenous	-	90,10,599
	<b>Total</b>	<b>131,41,45,289</b>	<b>105,37,29,826</b>
6	<b>Closing Inventory</b>		
	Finished Goods		
	Cotton Yarn	7,38,63,355	4,56,14,733
	Hosiery Knitted Cloth	97,00,033	73,09,479
	By Product	14,83,986	5,40,395
	Garments	10,92,39,395	8,40,83,139
	Work in Process	2,14,60,050	2,13,24,306
	<b>Total</b>	<b>21,57,46,819</b>	<b>15,88,72,052</b>



No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
7	<b>Opening Inventory</b>		
	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
	Note: A company falling in more than one category will make the above disclosures, to the extent relevant		
	<b>Total</b>	<b>15,88,72,052</b>	<b>11,59,10,549</b>
8	Break Up for Consumption		
	a) <b>Raw Materials</b>		
	Indigenous	Rs. 63,28,04,980	50,23,70,606
		% 100%	80%
	Imported	Rs. -	12,70,34,967
		% 0%	20%
	<b>Total</b>	<b>63,28,04,980</b>	<b>62,94,05,573</b>
	b) <b>Stores and Spares</b>		
	Indigenous	Rs. 1,18,81,643	93,65,365
		% 87%	76%
	Imported	Rs. 18,26,613	29,56,653
		% 13%	24%
	<b>Total</b>	<b>1,37,08,256</b>	<b>1,23,22,018</b>
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;	18,26,613	29,56,653
	III. Capital goods;	8,06,84,405	5,03,95,692
10	Expenditure in foreign currency:		
	Purchase of Raw Materials	-	12,70,81,779
	Purchase of Fabrics	36,92,328	-
	Purchase of spares	18,26,613	29,56,653
	Purchase of Capital Goods	8,06,84,405	5,03,11,550
	Interest & Bank charges	49,37,284	17,57,681
	Commission on exports	1,27,99,778	27,40,866
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. 20	19
	ii) Total No. of Shares held	No. 4,912	5,022
	iii) Total Amount of Dividend due / paid	No. -	-
	iv) Year to which the Dividend Related	-	-

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 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	79,98,53,991 - - -	32,68,50,265 - - -
13	<b>POWER &amp; FUEL COST IS AS UNDER</b>		
	Electricity Charges incurred	10,49,23,351	9,04,00,427
	Fuel Consumed	16,08,556	8,44,088
	<b>Total</b>	<b>10,65,31,907</b>	<b>9,12,44,515</b>
	Less: Wind Electricity generated & Capatively Consumed	4,42,74,854	4,90,59,803
	<b>Net debit to P&amp;L</b>	<b>6,22,57,053</b>	<b>4,21,84,712</b>

### III. DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS

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

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
i)	Defined Contribution Plans The Company makes Provident Fund, Pension Fund and Insurance fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. In case of provident, pension fund and Insurance Fund the contributions as specified under the law are paid to the Regional Provident Fund Commissioner and the Central Provident Fund under the Employees Pension Scheme. <u>Payment to Defined Contribution Benefit Plans:</u>		
	Contribution to Provident Fund	280,022	4,27,747
	Contribution to Employees Pension Fund	635,601	9,70,837
	Contribution to Deposit Linked Insurance Fund	52,163	58,229
	Contribution to Employees State Insurance Fund	554,186	7,96,365
	Contribution to Tamil Nadu Labour Welfare Fund	8,160	8,250
ii)	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. 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.		
	Opening balance of accrued gratuity liability	26,15,788	54,00,887
	Add: Provision for the year	5,69,802	14,20,338
		31,85,590	68,21,275
	Less: Payments during the year	2,61,617	5,76,927
	Less : Actuarial (Gain) recognised	4,55,937	36,28,560
	Closing balance	24,68,036	26,15,788

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
<b>2.</b>	<b><u>DISCLOSURES PURSUANT TO IND AS 23 :</u></b> <b><u>BORROWING COSTS</u></b> Borrowing costs capitalised during the year	<u>NIL</u>	<u>NIL</u>
<b>3.</b>	<b><u>DISCLOSURES PURSUANT TO IND AS 108 :</u></b> <b><u>SEGMENT REPORTING</u></b> The company operates only on one segment which is the company's primary segment i.e.	Cotton Textiles	Cotton Textiles
<b>4.</b>	<b><u>DISCLOSURES PURSUANT TO IND AS 24 :</u></b> <b><u>RELATED PARTY DISCLOSURES</u></b>		
1	In terms of the Accounting Standard 24 requiring disclosure of related parties, the following persons have been identified as Related Parties:		
i)	Key Management Personnel: Shyamlal Agarwala Manoj Kumar Jhahharia Pramod Kumar Jhahharia	Managing Director Joint Managing Director Chief Executive	
ii)	Enterprises that have a member of key management in common with the company: <b>Shristi Cotspinn Private Limited</b>		
2	Transactions with related parties: Nature of transactions		
a)	Key Management Personnel:		
i)	Rent payments to Related Parties - Administrative office (Relative of Managing Director)	2,90,000	2,40,000
ii)	Remuneration to Managing Director	28,29,531	28,40,348
iii)	Remuneration to Joint Managing Director	19,85,538	19,85,538
iv)	Remuneration to Director	12,00,000	-
v)	Sitting fees to other Directors	48,000	44,000
vi)	Travelling reimbursement to Other Directors	48,000	44,000
vii)	Remuneration to chief executive:		
	Salary	11,78,400	23,78,400
	Company's contribution to PF and Other funds	21,600	21,600
		<b>12,00,000</b>	<b>24,00,000</b>
	<b><u>BREAK UP OF MANAGERIAL REMUNERATION PAID</u></b>		
	<b><u>MANAGING DIRECTOR</u></b>		
	Salary	24,00,000	24,00,000
	Perquisites	84,000	84,000
	Medical Reimbursement	-	20,000
	Gratuity Provision	1,15,415	1,15,355
	Commission to Managing Director	2,30,116	2,20,993
		<b>28,29,531</b>	<b>28,40,348</b>
	<b><u>JOINT MANAGING DIRECTOR</u></b>		
	Salary	18,00,000	18,00,000
	Perquisites	84,000	84,000
	Medical Reimbursement	15,000	15,000
	Gratuity Provision	86,538	86,538
		<b>19,85,538</b>	<b>19,85,538</b>

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
b)	Enterprises that have a member of key management in common with the company:		
	Sale of Goods		
	Shristi Cotspinn Private Limited	12,968	99,32,209
	Purchase of Goods		
	Shristi Cotspinn Private Limited	21,51,951	97,67,166
<b>5.</b>	<b><u>DISCLOSURES PURSUANT TO IND AS 33 :</u></b>		
	<b><u>EARNINGS PER SHARE</u></b>		
	Net Profit after tax Before other Comprehensive Income (A)	1,63,03,588	21,304,329
	Number of equity shares (B)	52,62,400	5,262,400
	<b>Basic EPS (A/B)</b>	<b>3.10</b>	<b>4.05</b>
	Number of equity shares (B1)	52,62,400	5,262,400
	<b>Diluted EPS (A/B1)</b>	<b>3.10</b>	<b>4.05</b>
<b>6.</b>	<b><u>DISCLOSURES PURSUANT TO IND AS 12 :</u></b>		
	<b><u>TAXES ON INCOME</u></b>		
	In terms of Accounting Standard 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 2019 and earlier credited / debited to profit & loss account and Net Deferred Tax Liability as on 31st March, 2019 are computed as below:		
	<b>Deferred Tax Liability:</b>		
	On Depreciation	1,45,39,000	10,739,100
	On Deferred Revenue expenditure	-	-
		<b>1,45,39,000</b>	<b>10,739,100</b>
	Deferred Tax Asset:		
	1. Fiscal Provisions		
	A.Provision For Bonus	4,68,000	5,80,600
	B.Provision For Tax on Electricity Self Generation	2,94,000	18,92,500
	2. Disallowed U/s.40A(7)	2,15,000	5,26,400
	3. Disallowance of Perquisites	-	-
	4. Provision For Doubtful Debts	4,17,000	4,86,700
	5. Unabsorbed Loss C/F	-	-
	6. MAT Credit Carried forward for Set off	51,40,800	8,16,000
		<b>65,34,800</b>	<b>43,02,200</b>
	Net Deferred Tax Liability	80,04,200	64,36,900
	Deferred Tax Liability at the beginning	64,37,000	1,07,51,900
	Net Deferred Tax Liability debited to Statement of Profit and Loss	-	-
	Net Deferred Tax Liability credited to Statement of Profit and Loss	(15,67,200)	43,15,000

No	Particulars	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
<b>7.</b>	<b><u>OTHER DISCLOSURES</u></b>		
a	The company has contributed to trade related research institutions by way of annual subscription	30,260	79,634
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  
DIN 00003055

**Manoj Kumar Jhajharia**  
Joint Managing Director  
DIN 00003076

Place : Coimbatore  
Date : 27<sup>th</sup> May 2019

**K.B. Sajith**  
Company Secretary  
ACS NO.35602

**M.S. Selvaraj**  
Cheif Financial Officer