

Salona
Cofspin
LIMITED

CONTENTS

Directors' Report

Corporate Governance

Auditors' Report

Schedules to the Accounts

Notes on Accounts

Cash Flow Statement

21st Annual Report

2 0 1 4 - 2 0 1 5

BOARD OF DIRECTORS :

Sri Shyamlal Agarwala
Chairman and Managing Director

Sri Manoj Kumar Jhajharia
Joint Managing Director

Sri G. V. S. Desikan
Director

Sri Dulichand Pansari
Director

Sri C. Thirumurthy
Director

Sri Dhiresh Jayasi
Director

Smt. Meenakumari. S
Director

AUDITORS

M/s. VKS AIYER & CO,
Chartered Accountants
No.34, A.S. Apartments,
Bharathi Park 8th Cross,
Saibaba Colony,
Coimbatore - 641 011

BANKERS

Union Bank of India
The Catholic Syrian Bank Limited
State Bank of India
Oriental Bank of Commerce

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

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

WIND MILLS

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

To

The Members

Your Directors have great pleasure in presenting their Twenty-first Annual Report together with Audited final statements of the Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS

Details	(Rupees in Lacs)	
	31.03.2015	31.03.2014
INCOME		
Sales and Other operating Receipts	10303.37	10637.85
Other Income	37.05	24.46
Total	10340.42	10662.31
Gross Profit before interest, depreciation and tax	1000.47	1671.14
Less: Interest	303.33	337.77
Profit/(Loss) after interest, but before depreciation and tax	697.14	1333.37
Less: Depreciation	443.34	570.38
PROFIT BEFORE TAX	253.80	762.99
Less: Taxes	43.21	196.54
NET PROFIT AFTER TAX	210.59	566.45
Add: Opening Surplus	1518.57	1041.00
Total Profit available for appropriation	1729.15	1607.45

APPROPRIATION

The above Profit is proposed to be appropriated as stated below:-		
General Reserve	0.00	15.00
Proposed Dividends & Tax on Dividend	0.00	73.88
Surplus carried over to Balance sheet	1729.15	1518.57

DIVIDEND:

In order to strengthen the long term resources for the future and considering the decrease in Profits, the Board of Directors regret their inability to recommend any dividend for the financial year 2014-15.

REVIEW OF OPERATIONS:

During the year under review, your Company has recorded marginally lower turnover of Rs.10180.32 Lacs as against Rs.10518.92 Lacs in the previous year inspite of increase in Yarn production and due to lower prices realised for finished goods. The Sales turnover includes Export Sales of Rs. 2299.79 Lacs as against Rs.3875.57 Lacs in the previous year. The yarn production increased to 42.94 Lacs Kgs as against 41.18 Lacs Kgs. in last year. The mill has produced Knitted fabrics of 21.48 Lacs Kgs. as against 18.43 Lacs Kgs. in last year. On account of evacuation back out imposed by the TANGEDCO, the windmills generated 67.84 Lacs units (net) of wind electricity as against 85.92 Lacs units in the previous year. The Wind electricity was captively consumed by use in the Textile Mill.

The overall performance should be considered as satisfactory.

OUT LOOK FOR THE IMMEDIATE FUTURE:

Though the textile industry in spinning sector witnessed a crises of mismatch by steep fall in yarn prices the Company has earned Profit during this year. Your Company continues to pursue cost reduction and better efficiency in production; hence it is optimistic to perform better in the coming years with stability in the prices of raw materials and finished goods.

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:

As per SEBI circular dated 15th September 2014 (Ref CIR/CFD/POLICY CELL/7/2014) compliance with the provisions of Clause 49 is not mandatory, for the time being for Companies whose paid up equity share capital does not exceed Rs.10 crore and Net Worth does not exceed Rs.25 crore, as on the last day of the previous financial year. Hence Corporate Governance Report is not attached to and is not forming part of the Annual Report.

However adopting the past practice, a separate section on Corporate Governance, Management Discussion and Analysis and a certificate from the Auditors of the Company regarding compliance of condition of Corporate Governance is furnished voluntarily.

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 2015 in

MGT 9 is given which form part of this Annual Report is enclosed as **Annexure I**.

DIRECTORS AND MANAGERIAL PERSONNEL:

The Tenure of office of Shri Shyamlal Agarwala, (DIN 00003055) as Managing Director, expired on 31st March 2015. The Nomination and Remuneration committee held on 30th March 2015, approved re-appointment of Sri Shyamlal Agarwala as Managing Director of the Company for a further period Five years, on enhanced remuneration with effect from 1st April 2015. Hence the Board of Directors, at their meeting held on 30th March 2015, re-appointed Shri Shyamlal Agarwal as Chairman and Managing Director for further period of five years, on enhanced remuneration. Such appointment and payment of remuneration are subject to approval of shareholders in the ensuing Annual General Meeting.

Smt. S. Meenakumari (DIN 07143889) was co-opted as an Additional Director (Women) on 30th March, 2015 by the Board of Directors and she hold office up to the date of next Annual General Meeting of the Company.

In order to comply with the provisions of section 149 read with Schedule IV of the Companies Act, 2015 and clause 49 of the Listing agreements entered with Stock Exchanges Smt. S. Meenakumari is proposed to be appointed as Independent Directors. The said Director has consented to act as independent Directors and in respect of whom nominations with required deposit have also been received from members.

KEY MANAGERIAL PERSONNEL

The Company has appointed the following persons as Key Managerial Personnel during the year.

Name of the Persons	Designation
Sri Shyamlal Agarwala	Managing Director
Sri Manoj Kumar Jhajharia	Joint Managing Director
Sri M.S. Selvaraj	Chief Finance Officer
Sri K.V. Murugan	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 C. Thirumurthy – Member (Non-Executive Independent 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 Clause 49 of the Listing agreement 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 their satisfaction with the execution process.

BOARD MEETINGS:

The Board of Directors met Six times during this financial Year.

1. 26th May 2014	2. 25th July 2014	3. 11th August 2014
4. 13th November 2014	5. 11th February 2015	6. 30th March 2015

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 an ethical 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.salonagroup.com

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 under 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.salonagroup.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:

The present Auditors of the Company, M/s. VKS Aiyer & Co., Chartered Accountants, Coimbatore were appointed for a term of three years pursuant to the resolution passed by the members at the Annual General Meeting held on 29th September 2014. A resolution ratifying their appointment in terms of Section 139 is also placed before the shareholders for their approval at the ensuing Annual General Meeting.

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 Mr. G Soundararajan, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The report is annexed herewith as **Annexure - II**

No adverse qualifications/comments have been made in the said report by the Practicing Company Secretary.

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 2015 – 2016.

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.

IMPACT OF PENDING LITIGATIONS

The Company received favourable order from the Appellate Deputy Commissioner (CT) (MAIN) for the sales tax appeals against the orders passed by the Assistant Commissioner (CT) (FAC), R.S.Puram Circle, Coimbatore in respect of Carbon Credit receipt for the years 2008-09 and 2009-10. Subsequently the department has gone on further appeal with the Appellate Tribunal and the matter is pending.

STATEMENT ON RISK MANAGEMENT POLICY

Pursuant to Section 134(3) (n) of the Companies Act 2013 and Clause 49 of the Listing agreement, 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 2014-15 is Rs. 48320/-. The amount remaining unspent namely Rs. 2,44,481/- will be spent during the year 2015-16. The Company is in the process of identifying eligible projects after which the unspent amount will be deployed for the said purpose.

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 III**.

No employee of the Company was in receipt of remuneration of Rs.60 Lakhs per annum or more and no employee of the Company employed for the part of the financial year 2015 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 2015 is enclosed as **Annexure IV**.

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, representing credit balance in the Profit and Loss Account stood at Rs.1729.15 Lacs (Rs.1518.57 Lacs 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. 1,55,782/- to Investor Education & Protection Fund, the amount which was due and payable and remained unclaimed for a period of seven years, as provided in Section 125 of the Companies Act, 2013.

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 the Stock Exchanges of Chennai, Ahmadabad and Calcutta and the Company has paid the annual listing fees to Stock Exchanges for the financial year 2014-15.

Ahmedabad and Madras Stock Exchanges for the financial year 2014-15.

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

The NSE has admitted the Securities of our Company for dealings on the **National Stock Exchange** (Capital Market Segment) with effect from 9th August, 2010 and this agreement discontinued due to de-recognition of Madras Stock Exchange on 21st November 2014.

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 : 22nd May, 2015

SHYAMLAL AGARWALA
Chairman

ANNEXURE - I**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March 2015**

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Sl. No.	Category of shareholders	No. of shares held at the beginning of the Year (01.04.2014)				No. of shares held at the end of the year (31.03.2015)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	PROMOTERS									
(1)	Indian									
	a) Individual/HUF	2773480	0	2773480	52.704	2773480	0	2773480	52.704	0.000
	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.	400000	0	400000	7.601	400000	0	400000	7.601	0.000
	e) Banks/FI	0	0	0	0	0	0	0	0	0.000
	f) Any Other	0	0	0	0	0	0	0	0	0.000
	Sub-Total (A)(1)	3173480	0	3173480	60.305	3173480	0	3173480	60.305	0.000
(2)	Foreign									
	a) NRI-Individuals	0	0	0	0	0	0	0	0	0.000
	b) Other-Individuals	0	0	0	0	0	0	0	0	0.000
	c) Bodies Corp.	0	0	0	0	0	0	0	0	0.000
	d) Banks/FI	0	0	0	0	0	0	0	0	0.000
	e) Any Other	0	0	0	0	0	0	0	0	0.000
	Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0.000
	Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	3173480	0	3173480	60.305	3173480	0	3173480	60.305	0.000
(B)	Public Shareholding									
(1)	Institutions									
	a) Mutual Funds	0	0	0	0	0	0	0	0	0.000
	b) Banks/FI	38,500	0	38,500	0.732	38,500	0	38,500	0.732	0.000
	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
	g) Insurance Companies	0	0	0	0	0	0	0	0	0.000
	h) Foreign Institutional Investors	0	0	0	0	0	0	0	0	0.000
	i) Others (Specify)	0	0	0	0	0	0	0	0	0.000
	Sub-Total (B)(1)	38500	0	38500	0.732	38500	0	38500	0.732	0.000

Sl. No.	Category of shareholders	No. of shares held at the beginning of the Year(01.04.2014)				No. of shares held at the end of the year(31.03.2015)				% change during the year
		Demat	Physical	Total	Total % of Total Shares	Demat	Physical	Total	Total % of Total Shares	
(2)	Non-Institutions									
	a. Bodies Corp.									
	i. Indian	469136	7000	476136	9.048	529213	7000	536213	10.190	1.142
	ii. Overseas	0	0	0	0	0	0	0	0	0.000
	b. Individuals									
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh.	468368	573000	1041368	19.788	458690	554300	1012990	19.249	-0.539
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh.	337000	68800	405800	7.711	326692	68800	395492	7.515	-0.196
	c. Others (Specify)									
	Trust									
	Non-Resident Indians	2475	0	2475	0.047	2050	0	2050	0.039	-0.008
	Clearing Members	4876	0	4876	0.093	12727	0	12727	0.242	0.149
	Hindu Undivided Families	119765	0	119765	2.276	90948	0	90948	1.728	-0.548
	Sub-Total (B)(2)	1401620	648800	2050420	38.963	1420320	630100	2050420	38.963	0.000
	Total Public Shareholding (B)=(B)(1)+(B)(2)	1440120	648800	2088920	39.695	1458820	630100	2088920	39.695	0.000
C	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.000
	GRAND TOTAL (A) + (B) + (C)	4613600	648800	5262400	100.000	4632300	630100	5262400	100.00	0.000

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2014)			Shareholding at the end of the year (31.03.2015)			% 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	297801	5.659	0	297801	5.659	0	0
3	G.V.S. Desikan	1000	0.019	0	1000	0.019	0	0
4	Dulichand Pansari	93500	1.777	0	93500	1.777	0	0
5	Indu Agarwal	131100	2.491	0	131100	2.491	0	0
6	KavithaKejriwal	16001	0.304	0	16001	0.304	0	0
7	Krishna Agarwal	308901	5.870	0	308901	5.870	0	0
8	Mahesh Agarwal	259800	4.937	0	259800	4.937	0	0
9	Mahesh Agarwal (HUF)	3000	0.057	0	3000	0.057	0	0
10	Manoj Kumar Jhajharia	296188	5.628	0	296188	5.628	0	0
11	Parvathi Agarwal	14600	0.277	0	14600	0.277	0	0
12	Pista Devi Jhajharia	207201	3.937	0	207201	3.937	0	0
13	Pradeep Kumar Pansari	6500	0.124	0	6500	0.124	0	0
14	Pramod Kumar Jhajharia	291901	5.547	0	291901	5.547	0	0
15	Raghav Agarwal	15000	0.285	0	15000	0.285	0	0
16	Sabita Agarwal	131800	2.505	0	131800	2.505	0	0
17	Saloni Agarwal	42000	0.798	0	42000	0.798	0	0
18	Santosh Kumar Agarwal	30000	0.570	0	30000	0.570	0	0
19	Sheli Agarwal	122534	2.328	0	122534	2.328	0	0
20	Shyamlal Agarwala	407393	7.742	0	407393	7.742	0	0
21	Suchitradevi Pansari	9000	0.171	0	9000	0.171	0	0
22	Sunita Agarwal	20000	0.380	0	20000	0.380	0	0
23	Umesh Kumar Agarwal(HUF)	3000	0.057	0	3000	0.057	0	0
24	Umesh Kumar Agarwal	30000	0.570	0	30000	0.570	0	0
25	Shyamlal Agarwala (HUF)	25000	0.475	0	25000	0.475	0	0
26	Pansari Textiles & Investments Pvt. Ltd.,	400000	7.601	0	400000	7.601	0	0
	Total	3173480	60.304	0	3173480	60.304	0	0

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

There is no change in Promoters' Shareholding during the year.

(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 (01.04.2014)		Shareholding at the end of the year (31.03.2015)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Kuheli Dealcom Pvt. Ltd	185000	3.516	185000	3.516
2	S.K. Yarns Pvt Ltd.,	210400	3.998		
	Sale of Shares on 14.08.2014	8510	0.01	201890	3.840
	Sale of Shares on 22.08.2014	15321	0.30	186569	3.550
	Sale of Shares on 21.11.2014	2215	0.05	184354	3.510
3	Sugal & Damani Share Brokers	73643	1.399		
	Purchase of shares on 18.04.2014	915	0.020	74558	1.420
	Purchase of shares on 25.04.2014	405	0.010	74963	1.430
	Sale of shares on 20.06.2014	1304	0.025	73659	1.400
	Sale of Shares on 30.06.2014	2784	0.053	70875	1.347
	Purchase of shares on 31.10.2014	15850	0.302	86725	1.648
	Purchase of shares on 13.03.2015	10	0.001	86735	1.649
4	Gandhi Kema Tejas	55520	1.055		
	Purchase of shares on 04.07.2014	480	0.010	56000	1.065
5	Ayush Mittal	49659	0.944		
	Sale of shares on 13.06.2014	250	0.005	49409	0.939
	Sale of shares on 30.06.2014	1112	0.022	48297	0.917
	Purchase of shares on 04.07.2014	979	0.019	49276	0.936
	Sale of shares on 11.07.2014	893	0.017	48383	0.919
	Purchase of shares on 18.07.2014	1695	0.033	50078	0.952
	Sale of shares on 25.07.2014	2471	0.047	47607	0.905
	Purchase of share on 01.08.2014	975	0.019	48582	0.924
	Purchase of share on 08.08.2014	8	0.001	48590	0.925
	Sale of share on 14.08.2014	3640	0.070	44950	0.855
	Sale of share on 22.08.2014	3385	0.065	41565	0.790
	Purchase of share on 29.08.2014	448	0.009	42013	0.799
	Purchase of share on 05.09.2014	420	0.008	42433	0.807
	Purchase of share on 12.09.2014	4089	0.078	46522	0.885
	Purchase of share on 19.09.2014	531	0.010	47053	0.895
	Purchase of share on 30.09.2014	2235	0.043	49288	0.938
	Sale of share on 10.10.2014	429	0.009	48859	0.929
	Purchase of share on 17.10.2014	3847	0.074	52706	1.003
	Sale of share on 24.10.2014	1341	0.026	51365	0.977
	Sale of share on 31.10.2014	1979	0.038	49386	0.939
	Purchase of share on 02.01.2015	241	0.005	49627	0.944
	Purchase of share on 09.01.2015	567	0.011	50194	0.954
	Purchase of share on 16.01.2015	141	0.003	50335	0.957
	Sale of share on 13.02.2015	220	0.005	50115	0.952
6	Ram Gopal Agarwal	42000	0.798	42000	0.798
7	Ram Gopal Agarwal	36300	0.690	36300	0.690

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2014)		Shareholding at the end of the year (31.03.2015)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
8	Dilip Kumar P.Daga	37100	0.705		
	Sale of share on 11.07.2014	3075	0.059	34025	0.649
	Sale of share on 18.07.2014	190	0.004	33835	0.642
	Purchase of share on 25.07.2014	232	0.005	34067	0.647
	Sale of share on 01.08.2014	2367	0.045	31700	0.603
9	Arun Khaitan			23068	0.438
10	Neelam Mittal	23773	0.452	23276	0.442
11	Tejas Harilal Gandhi				
	Purchase of share on 22.08.2014	25004	0.476	25004	0.476
	Purchase of share on 29.08.2014	1500	0.029	26504	0.504
12	Hema Tejas Gandhi				
	Purchase of share on 18.07.2014	5000	0.095	5000	0.095
	Purchase of share on 22.08.2014	10000	0.190	15000	0.285
	Purchase of share on 19.09.2014	11000	0.209	26000	0.494
	Purchase of share on 17.10.2014	1618	0.031	27618	0.525
13	Punjab National Bank	38500	0.732	38500	0.732
14	Guinness Securities Limited	25300	0.481	25300	0.481

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Shyamlal Agarwala At the beginning of the year	407393	7.742	407393	7.742
		407393	7.742	407393	7.742
2	Manoj Kumar Jhajharia At the beginning of the year	296188	5.628	296188	5.628
		296188	5.628	296188	5.628
3	Dulichand Pansari At the beginning of the year	93500	1.777	93500	1.777
		93500	1.777	93500	1.777
4	G.V.S. Desikan At the beginning of the year	1000	0.019	1000	0.019
		1000	0.019	1000	0.019
	Name of the Key Managerial Personnel				
1	M.S. Selvaraj At the beginning of the year	4500	0.090	4500	0.090
		4500	0.090	4500	0.090

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	318757761	12700000	0	331457761
ii) Interest due but not paid	2371141	1524000	0	3895141
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	321128902	14224000		334352902
Change in Indebtedness during the financial year				
·Addition	0	0	0	0
·Reduction	79135325	1144800	0	80280125
Net Change	79135325	1144800	0	80280125
Indebtedness at the end of the financial year				
i) Principal Amount	241993577	11200000	0	253193577
ii) Interest due but not paid	0	1879200	0	1879200
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	241993577	13079200		255072777

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Shyam Lal Agarwala	Manoj Kumar Jhajharia	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1800000	1500000	3300000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	394996	373034	7680300
	(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...			
5.	Others, please specify	0	0	0
	Total (A) + (B) + (C)	2194996	1873034	4068030
	Ceiling as per the Act			

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		G.V.S. Desikan	C.Thirumurthy	Dhires Jayasi	Dulichand Pansari	
1.	Independent Directors Fee for attending board, committee meetings Commission Others, please specify	32000	24000	18000	0	74000
	Total (1)	32000	24000	18000	0	74000
2.	Other Non-Executive Directors Fee for attending board, committee meetings Commission Others, please specify	0	0	0	6000	6000
	Total (2)	0	0	0	6000	6000
	Total (B)=(1+2)	32000	24000	18000	6000	80000
	Total Managerial Remuneration					4148030
	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	192000	447066	639066
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	24806	24806
	(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)	192000	471872	663872

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

FOR AND ON BEHALF OF THE BOARD

Place: Coimbatore
Date : 22nd May, 2015

SHYAMLAL AGARWALA
Chairman

ANNEXURE - II

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2015**

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

To,
The Members,
M/s. Salona Cotspin Limited
Coimbatore.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-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 Salona Cotspin Limited for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (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 there under
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014

- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) 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;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) and other applicable laws applicable to a Textile Industry Viz., Textile Control Orders, Textile (Development and Regulation) Order, Agricultural produce (Market Committee) Act, 1991 etc.,

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Madras Stock Exchange Limited, The Stock Exchange of Ahmedabad and The Calcutta Stock Exchange Association Limited.

During the period under review the Company has not paid the listing fees to The Calcutta Stock Exchange Association Limited. The Company stated to have complied with all the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. including the laws mentioned above. I have test checked the compliance and have not found any non compliance.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

I further informed that the Website is under reconstruction and hence the Policies, Code etc., which was stated to have been placed on Website could not be viewed by me.

As the Stock Exchanges where the Company's shares are listed have covered under Exit Policy for derecognized / non operational stock exchanges and accordingly SEBI requirements have to be complied by the Company within stipulated time.

I further report that during the audit period there were no instances of:

- Public/Rights/Preferential Issue of shares/Debentures/Sweat Equity
- Redemption/Buy Back of Securities
- Major decisions taken by measures in pursuance of Section 180 of the Companies Act, 2013
- Foreign Technical Collaboration

(Sd/-)

Place: Coimbatore
Date: 22/05/2015

Soundararajan.G ACS
Practicing Company Secretary
ACS, CP-4993

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

SOUNDARARAJAN.G ACS

PRACTICING COMPANY SECRETARY

69-1 LML Colony 3rd Street,

P .N.Palayam, Coimbatore-641 037.

Ph.9443898005

Email-soundar05@rediffmail.com

ACS-13993, CP-4993

'Annexure A'

To,

The Members

M/s.Salona Cotspin Limited

Coimbatore

My 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 express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. I have obtained the Management representation about the Compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

(Sd/-)

Soundararajan.G ACS

Practicing Company Secretary

ACS, CP-4993

Place : Coimbatore

Date : 22/05/2015

ANNEXURE - III**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.27,343/- has been paid as membership subscription to South Indian Textile Research Association that is undertaking Research and Development in the field of textiles on behalf of its members. Production and quality norms have been established in the past and further Research and Development programs are being undertaken by SITRA. Total expenditure in Research and Development as percentage of income is negligible.

2. FOREIGN EXCHANGE EARNINGS AND OUTGO:

EARNED	Rs. In Lacs	Rs. In Lacs
Total Foreign exchange earned:-		
F.O.B. Value of Exports of Finished and Traded goods	2157.86	3607.72
USED		
Remittance in Foreign exchange:-		
Purchase of Capital goods, Spares, Commission on Exports and interest on foreign currency loan	36.36	73.88

BY ORDER OF THE BOARD

Place: COIMBATORE

Date : 22nd May 2015**SHYAMLAL AGARWALA**
Chairman

ANNEXURE IV

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 2014-15.**

(Rs. in Lacs)

Sl.No.	Name of Directors	Designation	Remuneration	Ratio of Directors remuneration to Median remuneration	% increase in the remuneration
I	Executive Directors				
1	Shyamlal Agarwala	Chief Executive Officer	21.95	8.78:1	(-)47.16%
2	Manoj Kumar Jhahharia	Joint Managing Director	18.73	7.49:1	(-)36.96%
II	Non-Executive Independent Directors				
1	G.V.S. Desikan	Independent Director	0.32	0.13:1	45.46%
2	C. Thirumurthy	Independent Director	0.24	0.10:1	84.62%
3	Dhiresb Jayasi	Independent Director	0.18	0.08:1	NA
4	Dulichand Pansari	Non-Independent Director	0.06	0.03:1	50.00%
III	Key Managerial Personnel				
1	M.S. Selvaraj	Chief Financial Officer	4.72	1.89:1	7.77%
2	K.V. Murugan	Company Secretary	1.92	0.77:1	NA

(a)	Percentage increase in the median remuneration of employees in the Financial year 2014-15	15%
-----	---	-----

(b)	Number of permanent employees on the rolls of the Company as on 31st March 2015	247
-----	---	-----

(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 2014-15 (₹ in lakhs)	% increase / (Decrease) in KMP's remuneration (2014-15 against 2013-14)	Sales 2014-15 (₹ in lakhs)	% increase in sales (2014-15 against 2013-14)
6.64	7.77%	10180.32	(3.219%)

- (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 31.3.2014	As on 31.3.2015	Variations	%
Market Capitalization (' crores)	10.21	10.39	0.35	1.81
Price Earnings Ratio	1.80	4.94	3.14	174.45

Market quotation of the shares as on 31.3.2015 (BSE)	Rs.19.75/- 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 17.67%

The percentile increase granted to managerial personnel is 10%

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

KMP's name and designation	CTC for 2014-15 (₹ in lakhs)	% Increase/ (Decrease) in CTC (2014-15 against 2013-14)	Sales for 2014-15 (₹ in lakhs)	% increase in sales (2014-15 against 2013-14)
(MD)	21.95	(47.16)	10180.32	(3.219)
(CFO)	4.72	7.77		
(CS)	1.92	-		

- (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.**

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure and Developments:

The Textile Industry is a major export earner for the country by export of cotton yarn and value added products like fabrics and garments. The revival of economy in the overseas market will add stimulus to the Industry. The Industry depends upon availability of cotton at a stable price besides availability of uninterrupted supply of power from the State Controlled Electricity undertakings. The Management continues to upgrade the quality of yarn produced to ensure competitive advantage in marketing its products more through exports and sustain profitability.

Opportunities and Threats:

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

Product-wise performance:

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

Outlook:

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

Risks and Concerns:

The key raw material for our industry is cotton and major area under cotton cultivation is rain-fed and hence it is dependent on vagaries of monsoon. Adequate availability of raw cotton is crucial for the company. Any disruption in the supply and / or violent changes in the cost structure would affect the profitability of the company. Power also plays a major role in cost structure.

Internal Control system and their adequacy:

The Company has proper and adequate systems of internal controls, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. These systems also ensure that all transactions are authorized, recorded and reported correctly. A strong system of internal audit and effective and comprehensive reviews by the Audit Committee of the Board have strengthened the internal controls within the organization.

The Company's Financial Performance & Analysis:

The Company earned post tax Profit of Rs.210.59 Lacs (Previous year 566.45 Lacs) 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.

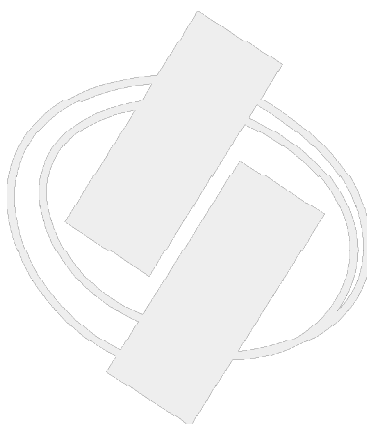
Human Resources/Industrial relations:

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 : 22nd May 2015

SHYAMLAL AGARWALA
Chairman



REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

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 7 (Seven) Directors viz., one Chairman cum Managing Director, one Joint Managing Director both of whom represent Promoters; of the remaining Five Directors, Four 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 composition of the Board is in conformity with Clause 49 of the Listing Agreement. A formal letter of appointment has been issued and a copy of the same is posted in website of the Company viz., www.salonagroup.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 6 (Six) times during the financial year on the dates mentioned below:

1) 26 th May 2014	2) 25 th July 2014	3) 11 th August 2014
4) 13 th November 2014	5) 11 th February 2015	6) 30 th March 2015

The Annual General Meeting for last year was held on 29th September 2014. The gap between two meetings did not exceed four months. The information as required under Annexure-IA to Clause 49 of the Listing Agreement is being made available to the Board for discussion and consideration at Board Meetings.

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

Directors Name	No. of Board Meeting attended	Last AGM Attended Yes / No	No. of Director-ship held in other Companies	No of Board Committee Member-ships held in Other Companies	
				As Chairman	As Member
Sri Shyamlal Agarwala Managing Director	6	Yes	2	1	1
Sri Manoj Kumar Jhajharia Joint Managing Director	6	Yes	1	Nil	2
Sri G. V. S. Desikan	6	Yes	7	3	2
Sri Dulichand Pansari	2	Yes	Nil	Nil	Nil
Sri.C.Thirumurthy	6	Yes	1	Nil	Nil
Sri Dhiresh Jayasi	5	Yes	Nil	Nil	Nil

*No Extra Ordinary General Meeting held during the year.

E) Committees of Board:

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

3. AUDIT COMMITTEE:

A) Composition, Names of members and Chairperson:

The Audit Committee members are, Sri G.V.S. Desikan, Sri Dhiresh Jayasi and Sri C.Thirumurthy.

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 Clause 49 and other applicable clauses of the Listing Agreement.

All the members are Non-Executive and Independent Directors. Sri G.V.S.Desikan, Non-Executive Independent Director, is the Chairman of the Committee and has good financial and accounting knowledge.

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

1) 26 th May 2014	2) 11 th August 2014	3) 13 th November 2014	4) 11 th February 2015
------------------------------	---------------------------------	-----------------------------------	-----------------------------------

B) Brief description of the terms of reference:

The terms of reference include all the terms stipulated under clause 49 of the Listing Agreement, which interalia 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.134of 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 |
| 4. Sri C.Thirumurthy | - | 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 Personnels'/Senior Managerial Personnels. The Policy is accordingly derived from the said Charter. The Policy on remuneration is available in the following web link: www.salonagroup.com

Evaluation Criteria

The evaluation/assessment of Directors, Key Managerial Personnels and Senior Managerial Personnels 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 Personnels and Senior Managerial Personnels.

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 2014-2015 (Rs.)		
			Salary & Perquisites	Commission	Total
i. Shyamlal Agarwala, Managing Director	Father of Joint Managing Director	Promoter	21,94,996	Nil	21,94,996
ii. Manoj Kumar Jhajharia, Joint Managing Director	Son of Managing Director	Promoter	18,73,034	Nil	18,73,034

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

Remuneration paid to Directors:

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

Sl No.	Name of the Director	Position	Sitting Fees
1.	Sri G.V.S.Desikan	Non-Executive Independent	Rs.32,000
2.	Sri.C.Thirumurthy	Non-Executive Independent	Rs.24,000
3.	Sri Dhiresh Jayasi	Non-Executive Independent	Rs.18,000
4.	Sri Dulichand Pansari	Non-Executive Independent	Rs.6,000

Meeting of Independent Directors

During the year under review the Independent Directors met on 30th March, 2015 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.salonagroup.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.salonagroup.com.

7. SHAREHOLDING OF NON EXECUTIVE DIRECTORS AS ON 31.03.2015

Name of the Director	No. of Shares held
G.V.S. Desikan	1000
Dulichand Pansari	93500

8. THE STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The members of the Committee are Sri Shyamlal Agarwala, Sri Manoj Kumar Jhajharia and Sri G.V.S. Desikan.

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

1) 26 th May 2014	2) 11 th August 2014	3) 13 th November 2014	4) 11 th February 2015
------------------------------	---------------------------------	-----------------------------------	-----------------------------------

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.G.Soundararajan A.C.S for the year ended 31.03.2015 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
18 th	2012	Registered Office at Pungampalli	20.09.2012	10.30AM
19 th	2013	Registered Office at Pungampalli	16.09.2013	10.30AM
20 th	2014	Registered Office at Pungampalli	29.09.2014	10.30AM

- b) Ballot:

The Company did not have any special resolutions to put through ballot during the last three years. The Company does not have any proposal to pass any Special Resolution by way of Ballot.

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 Clause 49 V of the Listing Agreement pertaining to CEO / CFO certification for the financial year ended 31st March 2015.

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.salonagroup.com

16. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting:

The Twenty First Annual General Meeting of the Company will be held on Wednesday, the 23rd September, 2015 at 10.00 AM at the Registered Office of the Company at S.F.No.74/12 and 75/3, Sathy Main Road, Pungampalli, Valipalayam (Post), Sathy Taluk, Erode District, Tamilnadu.

(ii) Name of the Compliance Officer : Sri. K.V.Murugan,
Company Secretary

(iii) Financial Year : 12 months ending 31.03.2015

Date of Book Closure: 17/09/2015 to 23/09/2015 (Both days inclusive)

The Register of Members and Share Transfer Books of the Company will remain closed from 17.09.2015 to 23.09.2015 (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 30.6.2015	2 nd Week of August 2015
2	Publication of unaudited financial results for the quarter ended 30.9.2015	2 nd Week of November 2015

3	Publication of unaudited financial results for the quarter ended 31.12.2015	2 nd Week of February 2016
4	Publication of audited financial results for the quarter ended 31.3.2016	Last week of May 2016
5	Annual General Meeting	September 2016

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

(v) Market Price data:

Month	Salona Cotspin Limited		BSE Sensex	
	High	Low	High	Low
April 2014	19.95	18.05	22939.31	22197.51
May 2014	22.50	19.00	25375.63	22277.04
June 2014	26.70	20.90	25725.12	24270.20
July 2014	30.00	21.15	26300.17	24892.00
August 2014	29.50	24.25	26674.38	25232.82
September 2014	30.35	24.00	27354.99	26220.49
October 2014	29.00	20.00	27894.32	25910.77
November 2014	30.00	24.10	28822.37	27739.56
December 2014	29.95	23.25	28809.64	26469.42
January 2015	32.25	25.35	29844.16	26776.12
February 2015	27.75	20.00	29560.32	28044.49
March 2015	24.90	18.10	30024.74	27248.45

(vi) The Company has appointed Registrars & Share Transfer Agents for physical and demat segment.

The Name and Address is given below:

M/s. S K D C Consultants Limited

Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641 006

Phone No: 0422-6549995

Fax No: 0422-2539837 e mail – info@skdc-consultants.com

Contact person: Mr. Marimuthu, Manager

(vii) Share Transfer Systems:

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

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, 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 31.03.2015, 46,32,300 shares constituting 88.026 % 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	885	63.12	284651	5.41
501-1000	261	18.62	244223	4.64
1001-2000	120	8.56	197200	3.75
2001-3000	44	3.14	119015	2.26
3001-4000	17	1.21	60727	1.15
4001-5000	8	0.57	37808	0.72
5001-10000	20	1.43	155603	2.96
10001 And Above	47	3.35	4163173	79.11
TOTAL	1402	100.00	5262400	100.00

(x) Category –wise distribution of Shareholding :

Sl.No.	Category	No of Shares	Percentage
	Promoter's Holding		
1.	Promoters	2773480	52.704
2.	Persons acting in concert	400000	7.601
	Sub Total	3173480	60.305
	Non Promoters Holding		
3.	Banks, Financial Institutions, Insurance Companies.	38500	0.732
	Sub Total	38500	0.732
	Others	—	-
4.	Private Corporate Bodies	536213	10.190
5.	Indian Public	1512157	28.734
6.	NRI's / OCB's	2050	0.039
	Sub Total	2050420	38.963
	Total	5262400	100.000

(xi) Company Plants:

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

(xii) Address for Correspondence:

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

BY ORDER OF THE BOARD

Place: Coimbatore
Date: 22nd May 2015

SHYAMLAL AGARWALA
Chairman

INDEPENDENT AUDITORS' REPORT

To The Members of SALONA COTSPIN LIMITED, COIMBATORE

1. Report on the Financial Statements

We have audited the accompanying financial statements of LIMITED ("The Company") which comprise of the Balance Sheet as at 31st March 2015, and the Statement of profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements so as to 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 Accounting Standards referred to in Section 133 of the Companies Act, 2013. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing prescribed by the Central Government pursuant to the provisions of sub section 10 of Section 143 read with proviso to sub section (10) of Section 143 of the Companies Act 2013. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015.
- b) In the case of the Statement of Profit and Loss, of the PROFITS for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Pursuant to the provisions of 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 purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the financial statements comply with the applicable Accounting Standards referred to in section 133 of the Act;
 - e) On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director pursuant to the provisions of Section 164(2) of the Act.
3. Pursuant to the provisions of Section 143(3) of the Act, read with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, we further comment that:
 - a) the company has disclosed the impact of pending litigations on its financial position, if any, in the financial statement.
 - b) the company has made provision as required by law or accounting standards, for all material foreseeable losses, if any, on long term contracts. However the company has not entered into any derivative contracts.
 - c) the company has no amounts required to be transferred to investor education and protection fund.

For **VKS AIYER & CO**
Chartered Accountants
ICAI Firm Reg No. 000066S

N. RAMESH NATARAJAN
Partner
Membership No. 200/23443

Place: Coimbatore
Dated: 22nd May 2015

Annexure referred to in Paragraph 5(1) of our report of even date:

Re: SALONA COTSPIN LIMITED

1. In respect of Fixed Assets:

- a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have been physically verified by the management during the year and there is also a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

2. In respect of its inventories:

- a) The inventory of raw materials finished goods and stores, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3. In respect of loans and advances granted:

The company had not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. In respect of Internal Control:

In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

5. In respect of deposits accepted:

The company had not accepted deposits (not being loans) from parties listed in the register maintained pursuant to section 189 of the Companies Act, 2013. The Company had however accepted inter corporate deposits from certain parties and 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 comment on compliance of provisions or rules or other directives does not arise.

6. Cost Records:

We have broadly reviewed the cost records maintained by the company pursuant to the Rules prescribed by the Central Government under section 148 (1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.

7. Statutory Dues:

According to the information and explanations given to us in respect of the statutory dues:

- a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2015 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there are disputed statutory dues, the details of which are as under:

Name of the Statute	Nature of the Dues	Amount	Asst Year	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Nil	2011-12	Income Tax Appellate Tribunal
Tamilnadu Added Tax Value Added Act 2006	Value Added Tax	Rs.10,01,642	2008-09	Appellate Tribunal (Departmental appeal)
Tamilnadu Value Added Tax Act 2006	Value Added Tax	Rs.2,66,244	2009-10	Appellate Tribunal (Departmental appeal)

- c) According to the information and explanations given to us, the amount required to be transferred to Investor Education and Protection Fund, in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under have been transferred to such fund within time.

8. Accumulated Losses:

Based on the Balance Sheet examined by us, the company as at the end of the financial year has no accumulated losses.

9. Default in repayment of loans:

In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to bank. The company had neither borrowed from any financial institution nor had raised debentures.

10. Granting of guarantees on behalf of third parties:

The company has not given guarantee for loans taken by third parties from banks or financial institutions.

11. Application of Term Loans:

In our opinion, the term loans have been applied for the purpose for which they were raised.

12. Frauds:

Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.

For **VKS AIYER & CO**
Chartered Accountants
ICAI Firm Reg No. 000066S

N. RAMESH NATARAJAN
Partner
Membership No. 200/23443

Place: Coimbatore
Dated: 22nd May 2015

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>No tenure has been fixed for independent Directors.</p> <p>This is ensured.</p>
2.	Remuneration Committee	Please refer to Serial No.4 of this Report
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 does not have a whistle Blower Policy.

BY ORDER OF THE BOARD

Place : COIMBATORE
Date : 22nd May 2015

SHYAMLAL AGARWALA
Chairman

CODE OF CONDUCT - DECLARATION CLAUSE 49 (1) (D)

This is to certify that all the Board Members and Senior Management Personnel of the Company have affirmed Compliance with the Code of Conduct laid down by the Company, as approved by the Board of Directors of the Company.

For SALONA COTSPIN LIMITED

Place: Coimbatore
Date : 22nd May 2015

SHYAMLAL AGARWALA
Chairman

CEO AND CFO CERTIFICATION

To the Board of Directors of SALONA COTSPIN LIMITED

In compliance with Clause 49(V) of the Listing Agreement with the Stock Exchanges, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statements for the year ended 31st March 2015 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 2014-15, 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
22nd May 2015

SHYAMLAL AGARWALA
Managing Director (CEO)

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

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

(under Clause 49 of the Listing Agreement)

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

We have examined the compliance of Corporate Governance by **SALONA COTSPIN LIMITED**, for the year ended on 31st March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

We certify that based on representations made by the management and confirmation given by the Registrar and Share Transfer Agent of the Company, no investor grievances were remaining unattended as on 31st March, 2015 for a period exceeding one month.

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

FOR VKS AIYER & CO
Chartered Accountants
ICAI Firm Reg No.000066S

N. RAMESH NATARAJAN
Partner
Membership No.200/23443

Place : COIMBATORE

Date : 22nd May 2015

SALONA COTSPIN LIMITED
BALANCE SHEET AS AT 31ST MARCH 2015

No	Particulars	Note No.	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
I	EQUITY AND LIABILITIES			
(1)	Shareholder's Funds			
(a)	Share Capital	2	5,32,88,927	5 32 88 927
(b)	Reserves and Surplus	3	17,44,15,172	15 33 56 168
(c)	Money received against share warrants	-		
	Sub Total of 1		22,77,04,099	20 66 45 095
(2)	Share application money pending allotment			
(3)	Non-Current Liabilities			
(a)	Long term borrowings	4	10,18,60,071	14,28,53,291
(b)	Deferred Tax Liabilities (Net)	5	2,45,59,900	2,54,51,900
(c)	Other Long Term Liabilities	-		
(d)	Long -Term Provisions	6	52,85,798	36,19,877
	Sub Total of 3		13,17,05,769	17,19,25,068
(4)	Current Liabilities			
(a)	Short -Term Borrowings	7	11,61,05,233	14,82,83,770
(b)	Trade Payables	8	1,76,44,259	3,18,96,120
(c)	Other Current Liabilities	9	4,89,04,666	5,82,59,149
(d)	Short - Term Provisions	10	13,20,199	1,14,66,938
	Sub Total of 4		18,39,74,357	24,99,05,977
	TOTAL (1+2+3+4)		54,33,84,225	62,84,76,140
II	ASSETS			
(1)	Non-current assets			
(a)	Fixed Assets	11		
(i)	Tangible assets		20,98,06,668	24,76,12,178
(ii)	Intangible assets		83,330	8,180
(iii)	Capital work-in-progress		4,11,400	3,61,400
(iv)	Intangible assets under development			
	Sub Total of 1 (a)		21,03,01,398	24,79,81,758
(b)	Non - Current Investments	12	3,01,120	2,77,920
(c)	Deferred Tax Assets (Net)	-		
(d)	Long - Term Loans and advances	13	1,66,89,543	1,06,34,624
(e)	Other Non - Current Assets	14	6,19,267	12,38,538
	Sub Total of 1		22,79,11,328	26,01,32,840
(2)	Current assets			
(a)	Current Investments	-		
(b)	Inventories	15	19,84,83,103	20,78,92,722
(c)	Trade Receivables	16	8,71,75,050	12,72,23,477
(d)	Cash and Cash Equivalents	17	51,52,947	1,53,78,722
(e)	Short - Term Loans and Advances	18	1,33,34,993	63,27,160
(f)	Other Current Assets	19	1,13,26,804	1,15,21,219
	Sub Total of 2		31,54,72,897	36,83,43,300
	TOTAL (1+2)		54,33,84,225	62,84,76,140

Notes referred to above and further notes attached there to form an integral part of Balance Sheet

Subject to our report of even date attached

For and on Behalf of the Board

for V K S AIYER & CO

Chartered Accountants

Manoj Kumar Jhajharia
Joint Managing Director

Shyamlal Agarwala
Managing Director

N.RAMESH NATARAJAN

Partner

Membership No. 200/23443

Place : Coimbatore

Date : 22nd May 2015

K.V. Murugan
Company Secretary

SALONA COTSPIN LIMITED

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH 2015

No	Particulars	Note No.	Year Ended 31st March 2015 Rs.	Year Ended 31st March 2014 Rs.
I	Revenue from operations	20	1,03,03,37,355	1,06,37,85,098
II	Other Income	21	37,04,808	24,45,662
III	Total Revenue (I +II)		1,03,40,42,163	1,06,62,30,760
IV	Expenses:			
	Cost of Materials Consumed	22	68,60,08,352	67,05,00,533
	Purchase of Stock-in-Trade	23	4,80,35,174	3,76,76,250
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	-1,33,13,347	- 94,01,997
	Employee Benefit Expense	25	4,03,16,447	3,85,18,635
	Finance Costs	26	3,03,32,681	3,37,77,038
	Depreciation and Amortisation Expenses	27	4,43,33,847	5,70,38,341
	Other Expenses	28	17,29,49,006	16,18,22,952
	Total Expenses (IV)		1,00,86,62,159	98,99,31,752
V	Profit before exceptional and extraordinary items and tax (III - IV)		2,53,80,004	7,62,99,008
VI	Exceptional Items			
VII	Profit before extraordinary items and tax (V - VI)		2,53,80,004	7,62,99,008
VIII	Extraordinary Items			
IX	Profit before tax (VII - VIII)		2,53,80,004	7,62,99,008
X	Tax expense:			
(1)	Current Tax	29	52,13,000	1,52,60,000
(2)	Deferred Tax (Net)	30	- 8,92,000	43,12,300
(3)	Prior Year Taxes (Net)	31	-	81,890
	Sub Total for Taxes		43,21,000	1,96,54,190
XI	Profit (Loss) for the period from continuing operations (After Tax) (IX - X)		2,10,59,004	5,66,44,818
XII	Profit/(Loss) from discontinuing Operations			
XIII	Tax expense of discontinuing operations			
XIV	Profit/(Loss) from Discontinuing operations (After Tax) (XII - XIII)			
XV	Profit/(Loss) for the period (XI + XIV)		2,10,59,004	5,66,44,818
XVI	Earnings Per Equity Share	32		
	(1) Basic		4.00	10.76
	(2) Diluted		4.00	10.76

Notes referred to above and further notes attached there to form an integral part of Statement of Profit and Loss

Subject to our report of even date attached
for V K S AIYER & CO
Chartered Accountants

For and on Behalf of the Board

Manoj Kumar Jhajharia
Joint Managing Director

Shyamlal Agarwala
Managing Director

N.RAMESH NATARAJAN
Partner
Membership No. 200/23443

K.V. Murugan
Company Secretary

Place : Coimbatore
Date : 22nd May 2015

SALONA COTSPIN LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

	Particulars	31st March 2015 Rs.	31st March 2014 Rs.
A	Cash flow from operating activities:		
	Net Profit before taxation and extra ordinary items	2,53,80,004	7,62,99,008
	Adjustments for:		
	Depreciation	4,43,33,847	5,70,38,341
	Deferred Expenses written off	6,19,267	-
	Profit on sale of Investments	-	-
	Profit on sale of fixed assets	(2,90,575)	-
	Profit on sale of Investments	(5,66,059)	-
	Interest and financial charges paid	3,03,32,681	3,37,77,038
	Dividend Income	(1,394)	(26,176)
	Interest receipts	(28,46,780)	(24,19,486)
	Direct Taxes	(52,13,000)	(1,53,41,890)
	Operating profit before working capital changes	9,17,47,991	14,93,26,835
	Adjustments for working capital changes (Increase)/Decrease in Operating assets		
	Inventories	94,09,618	(2,17,52,890)
	Trade receivables	4,00,48,427	(3,28,32,858)
	Loans and Advances - short term	(70,07,833)	(79,636)
	Other Current Assets	9,13,784	8,81,017
Other non-current assets	6,19,271	6,19,271	
Increase/(Decrease) in Operating liabilities			
Trade payables	(1,42,51,861)	1,51,69,513	
Other Current Liabilities	(93,54,483)	(35,36,024)	
Short term Provisions	(1,01,46,739)	88,23,982	
Loans and Advances - long term	(60,54,919)	1,92,462	
Long Term Provisions	16,65,921	3,21,406	
	9,75,89,177	11,71,33,078	
B	Cash flow from investing activities:		
	Purchase of Fixed Assets	(67,62,200)	(1,18,34,747)
	Purchase of Investment	(68,000)	-
	Sale of Fixed Assets	3,99,288	-
	Sale of Investments	6,10,858	-
	Advance for Capital Goods	-	-
	Deferred Revenue Expenditure	(6,19,267)	-
	Interest receipts	28,46,780	24,19,486
	Dividend Income	1,394	26,176
		(35,91,147)	(93,89,085)
C	Cash flow from financing activities:		
	Proceeds from long term borrowings		
	Repayment of long term borrowings	4,09,93,220	3,91,45,641
	Proceeds from short term borrowings	(3,21,78,537)	(1,74,25,418)
	Increase/(Decrease) in Secured Loan	-	-
	Increase/(Decrease) in long term borrowings	(4,09,93,220)	(3,91,45,642)
	Increase/(Decrease) in short term borrowings	(3,21,78,537)	(1,74,25,418)
	Interest and financial charges paid	(3,03,32,681)	(3,37,77,038)
	Increase In share Capital	-	-
	Dividend Paid	-	73,88,094
		(10,35,04,438)	(9,77,36,190)
	Net increase/(decrease) in cash and cash equivalents	(95,06,407)	1,00,07,802
	Cash & cash equivalents at the beginning of the year	1,05,63,018	5,55,216
Cash & cash equivalents at the close of the year	10,56,611	1,05,63,018	
Cash and Cash equivalents at the close of the year comprise of			
Cash on hand	7,74,552	2,81,355	
Cash at bank in current accounts	2,82,059	1,02,81,663	
	10,56,611	1,05,63,018	
	(0)	(0)	

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared under historical cost convention, as a going concern and on accrual basis and in accordance with applicable Accounting Standards referred to in Section 133 of the Companies Act, 2013 and normally accepted accounting principles.

Accounting Standards referred to in Section 133 of the Companies Act, 2013 have been followed to the extent applicable in the preparation of annual accounts and no material departures are made.

2. Use of estimates:

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

3. Fixed Assets

- (a) Fixed assets are stated at cost of acquisition, including and attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation.
- (b) Cenvat credit / Value Added Tax, 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 Of Cost or Net Realisable Value
- c) Finished Goods - Cotton hosiery yarn and Fabrics - Lower of Cost or Net Realisable Value.
- d) By product - Net Realisable value
- e) Work-in-progress - Lower of Cost or Net Realisable Value

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

6. Provisions and Contingent Liabilities:

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

7. Revenue Recognition

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

8. Depreciation and ammortisation

The Company provides for depreciation on written down value method applying the rates specified in Schedule II to the Companies Act, 2013.

For additions / 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.

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 recognises 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 including interest and other costs as specified in paragraph 4 of the accounting standard 16 incurred in connection with borrowing funds, if any, are capitalised as per the method prescribed in the said standard, with the value of the qualifying asset, which takes a substantial period exceeding 12 months to get ready for its intended use or sale.
- 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 profits attributable to 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 proposed by Directors, if any, is provided for in the books of accounts.

19. Deferred Revenue Expenditure:

Expenditure incurred in respect of replacement of a major WEG component has been treated as deferred revenue expenditure and are amortized over period of nine years.

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2015

NOTE NO. 2 : SHARE CAPITAL

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

No.	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1.	Authorised: 6000000 Equity Shares of Rs.10/- each	6,00,00,000	6,00,00,000
		6,00,00,000	6,00,00,000
2.	Issued Capital:, 5262400 Equity Shares of Rs.10/- each	5,26,24,000	5,26,24,000
		5,26,24,000	5,26,24,000
3.	Subscribed, Called Up and Paid Up Capital 5262400 Equity Shares of Rs.10/- each fully paid up	5,26,24,000	5,26,24,000
		5,26,24,000	5,26,24,000
	Forfeited Shares 88700 Nos-(Previous Year 88700 Nos)-Originally Paid-up	6,64,927	6,64,927
		5,32,88,927	5,32,88,927

ii) *Reconciliation of number of equity shares:*

No.	Particulars	No. of shares		As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
		As at 31st March 2015	As at 31st March 2014		
	At the commencement of the year	52,62,400	52,62,400	5,26,24,000	5,26,24,000
	At the close of the year	52,62,400	52,62,400	5,26,24,000	5,26,24,000

During the year

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

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 2015		As at 31st March 2014	
		% of holding	Number of shares	% of holding	Number of shares
1	Shyamlal Agarwala	7.74%	407393	7.74%	407393
2	Manoj Kumar Jhahharia	5.63%	296188	5.63%	296188
3	Pramod Kumar Jhahharia	5.55%	291901	5.55%	291901
4	Arun Kumar Jhahharia	5.66%	297801	5.66%	297801
5	Krishna Agarwal	5.87%	308901	5.87%	308901
6	Pansari Textiles & Investments Ltd	7.60%	400000	7.60%	400000

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2015**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 to 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. 3 : RESERVES AND SURPLUS

No.	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	A. RESERVES: General Reserve Opening Balance Add : Additions during the year	15,00,000 -	- 15,00,000
	(a)	15,00,000	15,00,000
2	B. SURPLUS: Statement of Profit and Loss after all allocations and appropriations:- Opening Balance Add : Profit after tax for the year	15,18,56,168	10,40,99,443
	(i)	15,18,56,168	10,40,99,443
	(ii)	2,10,59,004	5,66,44,819
	Total (iii = i+ii)	17,29,15,172	16,07,44,262
	Less : (a) Transfer to Reserve	-	15,00,000
	(b) Provision for Proposed Equity Dividend	-	63,14,880
	(c) Provision for Tax on Equity Dividend	-	10,73,214
	Total (iv)		88,88,094
	Total of Surplus (v = (iii) - (iv))	17,29,15,172	15,18,56,168
	Total of Reserves & Surplus-Per Balance Sheet	17,44,15,172	15,33,56,168

NOTE NO. 4 : LONG TERM BORROWINGS**A. Classifications:-**

No.	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
	Secured:		
(a)	Term Loans - From Banks	8,89,62,000	12,79,42,843
(b)	Deferred Payment Liabilities	-	-
(c)	Long term maturities of Finance Lease Obligation	16,98,070	20,41,066
	Unsecured:		
(d)	Other Loans and Advances	1,12,00,000	1,28,69,381
	Total Per Balance Sheet	10,18,60,071	14,28,53,291

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 2015	As at 31st March 2014
1	Secured : Union Bank of India Term Loan - II	1094	Rs.34.69 Lacs Per instalment (Number of instalment varies from time to time)	57,82,114	2,24,18,547
	Term Loan - III	248	24 Quarters commencing from June 2011 @ Rs.10.33 Lacs Per installment (variable ROI Basic PLR)	35,80,285	72,37,027
2	Oriental Bank of Commerce Term Loan	1368	Rs.30 Lacs Per instalment (Number of instalment varies from time to time)	7,95,99,601	9,76,00,000
3	The Catholic Syrian Bank Ltd., Term Loan	60	Rs.3.24 Lacs Per instalment (Number of instalment varies from time to time)	-	5,25,697
	Mortgage Loan	26	Rs.1.41 Lacs Per instalment (Number of instalment varies from time to time)	-	1,61,572
	Total Per Balance Sheet			8,89,62,000	12,79,42,843
				8,89,62,000	12,79,42,843

(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.
- 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 2015 Rs.	As at 31st March 2014 Rs.
1	Secured Volkswagen Finance Private Limited	13,63,356	20,41,066
2	HDFC Bank Ltd	3,34,714	-
	Total Per Balance Sheet	16,98,070	20,41,066

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 2015 Rs.	As at 31st March 2014 Rs.
1	Loans from Shareholders Unsecured	-	-
	Inter-corporate Loans	1,12,00,000	1,28,69,381
	Total Per Balance Sheet	1,12,00,000	1,28,69,381
(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. 5 : DEFERRED TAX LIABILITIES (NET)

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
A.	Deferred Tax Liability		
	Opening Balance	3,61,95,300	4,74,21,900
	Add : Additions during the year	3,61,95,300	4,74,21,900
	Less: Reversed During the year	77,72,000	1,12,26,600
		2,84,23,300	3,61,95,300
B	Deferred Tax Asset	1,07,43,400	2,62,82,300
	Add : Additions during the year	1,07,43,400	2,62,82,300
	Less: Reversed During the year	68,80,000	1,55,38,900
		38,63,400	1,07,43,400
	Deferred Tax Liability (Net)	2,45,59,900	2,54,51,900

NOTE NO. 6 : LONG -TERM PROVISIONS

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	<u>Provision for Employee Benefits</u>		
	Provision for Gratuity	52,85,798	36,19,877
	Total	52,85,798	36,19,877

NOTE NO. 7 : SHORT -TERM BORROWINGS

A. Classifications :

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
(a)	Secured		
	Loans repayable on demand		
	i) From Banks	11,61,05,233	14,82,83,770
	Total	11,61,05,233	14,82,83,770

B. Other Disclosure

(i) Loans Repayable on Demand from Bank

No	Particulars	Limit Sanctioned Rs. In Lacs	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Cash Credit From Banks:			
	The Catholic Syrian Bank Ltd	750.00	3,42,88,245	3,32,50,687
	Oriental Bank of Commerce	200.00	52,74,441	42,62,643
	Union Bank of India	910.00	46,63,630	19,29,895
	State Bank of India	356.00	1,51,60,081	1,65,336
2	FCNRB Loans:			
	The Catholic Syrian Bank Ltd	(sub-limit)		
	The Catholic Syrian Bank Ltd	(sub-limit)		
	State Bank of India FCNRB	(sub-limit)		
	Union Bank of India	(sub-limit)		
3	Packing credit loans:			
	Oriental Bank of Commerce	(sub-limit)		
	Union Bank of India	(sub-limit)	3,52,98,930	5,25,54,617
	State Bank of India	(sub-limit)	98,03,589	1,41,98,959
4	Foreign Bills Purchased by Banks:			
	Union Bank of India (FDBP A/c)	300.00	-	45,98,236
	State Bank Of India		1,05,69,490	-
5	Inland Bills Purchased By Banks:			
	State Bank of India		-	3,36,59,143
	Union Bank of India		10,46,827	36,64,254
	Total	2,516.00	11,61,05,233	14,82,83,770

(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. 8 : TRADE PAYABLES

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Micro Small & Medium Enterprises	-	-
2	Others	1,76,44,259	3,18,96,120
	Total	1,76,44,259	3,18,96,120

NOTE NO. 9 : OTHER CURRENT LIABILITIES**A. Classifications:-**

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
a	Current maturities of Long Term Debt	3,69,26,344	4,25,31,148
b	Interest accrued and due on Term Loans	-	23,71,141
c	Interest accrued and due on Unsecured Loans	18,79,200	15,24,000
d	Current Maturities of Finance Lease Obligations	10,28,152	6,09,108
e	Unpaid dividends	6,75,848	7,36,417
f	Other payables		
	Liability For Expenses	72,46,460	81,95,241
	Statutory Liabilities (duties and taxes payable)	11,48,662	22,92,094
	Total	4,89,04,666	5,82,59,149

NOTE NO. 10 : SHORT - TERM PROVISIONS

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Others		
	a. Provision for Dividends	-	73,88,094
	b. Provision for Direct Taxes (net)	13,20,199	40,78,844
		13,20,199	1,14,66,938
	Total	13,20,199	1,14,66,938

SALONA COTSPIN LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH 2015

NOTE NO.11 : FIXED ASSETS

No.	Particulars	← GROSS BLOCK →			← DEPRECIATION →			← NET BLOCK →		
		As on 01.04.2014	Additions / Acquisitions through Business Combinations	Deletions / Disposals	As on 01.04.2015	Upto 01.04.2014	For the year	Withdrawn on Account or Disposal	Upto 01.04.2015	As on 31.03.2015
A	TANGIBLE ASSETS									
1	FREEHOLD LAND	15,88,882	-	-	15,88,882	-	-	-	-	15,88,882
2	BUILDING	7,91,83,200	1,83,081	-	7,93,66,281	2,20,43,017	21,32,330	2,41,75,347	5,51,90,934	5,71,40,183
3	PLANT & EQUIPMENTS	60,94,78,625	50,31,181	11,94,813	61,33,14,993	42,71,84,329	4,02,42,865	46,63,24,323	14,69,90,670	18,22,94,297
4	FURNITURE & FIXTURES	10,74,044	-	-	10,74,044	6,45,554	87,780	7,33,334	3,40,710	4,28,490
5	VEHICLES	94,64,963	10,98,400	3,35,300	1,02,28,063	44,79,992	8,83,952	50,45,409	51,82,654	49,84,971
6	OFFICE EQUIPMENTS	54,37,634	3,01,783	-	57,39,417	42,62,279	9,64,320	52,26,599	5,12,818	11,75,355
	TOTAL A	70,62,27,348	66,14,445	15,30,113	71,13,11,680	45,86,15,171	4,43,11,247	50,15,05,012	20,98,06,668	24,76,12,178
B	INTANGIBLE ASSETS **									
7	COMPUTER SOFTWARE	1,40,000	97,750	-	2,37,750	1,31,820	22,600	1,54,420	83,330	8,180
	TOTAL B	1,40,000	97,750	-	2,37,750	1,31,820	22,600	1,54,420	83,330	8,180
C	CAPITAL									
	WORK-IN-PROGRESS									
8	BUILDING	3,61,400	2,33,081	1,83,081	4,11,400	-	-	-	4,11,400	3,61,400
	PLANT & EQUIPMENTS									
	TOTAL C	3,61,400	2,33,081	1,83,081	4,11,400	-	-	-	4,11,400	3,61,400
D	INTANGIBLE ASSETS UNDER CONSTRUCTION									
	TOTAL D									
	CURRENT YEAR FIGURES (TOTAL (A+B+C+D))	70,67,28,748	69,45,276	17,13,194	71,19,60,830	45,87,46,991	4,43,33,847	50,16,59,432	21,03,01,398	24,79,81,758
	PREVIOUS YEAR FIGURES	69,48,94,001	2,66,30,215	1,47,95,468	70,67,28,748	40,17,08,650	5,70,38,341	45,87,46,991	24,79,81,758	29,31,85,351

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2015

NOTE NO. 12 : NON - CURRENT INVESTMENTS**A. Classifications:**

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
a	Investments in Equity Instruments valued at cost	3,01,120	2,77,920
		3,01,120	2,77,920

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 2015 Rs.	Carrying amount As at 31st March 2014 Rs.
i)	Equity Instruments: Non-trade Quoted				
1	Union Bank of India 472 Equity shares of Rs.10/- each (Previously 3272 equity shares of Rs.10/- each)	472	33,120	33,120	77,920
	Trade - Unquoted				
1	Sarmangala Synthetics Limited 20000 Equity shares of Rs.10/- each (Previously 20000 equity shares of Rs.10/- each)	20,000	2,00,000	2,00,000	2,00,000
2	500 shares in Triple S Electric Powers Pvt Ltd	500	68,000	68,000	
	Sub Total	20,972	3,01,120	3,01,120	2,77,920

2. Abstract of Investments in Equity

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
a	Aggregate amount of quoted investments	33,120	77,920
b	Market Value of Quoted Investments	2,09,040	4,48,918
c	Aggregate amount of unquoted investments	2,68,000	2,00,000
	Net Carrying amount of Investments	3,01,120	2,77,920

NOTE NO. 13 : LONG - TERM LOANS AND ADVANCES**A. Classifications:**

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Unsecured and Considered good Capital Advances	55,56,640	55,56,640
2	Security Deposits	1,09,92,903	49,07,984
3	Loans and advances to related parties	60,000	60,000
4	Other Loans and Advances	80,000	1,10,000
	Total	1,66,89,543	1 06,34,624

B. Disclosures:

1) Capital advances

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
i)	Unsecured, considered Good Advances for acquisition of capital assets/ expenditure	55,56,640	55,56,640
	Total	55,56,640	55,56,640

2) Security Deposits:

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
i)	Unsecured, considered Good Deposits with Statutory Authorities	1,09,92,903	49,07,984
	Total	1,09,92,903	49,07,984

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

3) Loans and advances to Related Parties

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
i)	Unsecured, considered Good Rental Advance for Office Premises	60,000	60,000
	Total	60,000	60,000

4) Other loans and advances

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
	Rental Advance for Office Premises	80,000	80,000
	Amount due from Officers of the Company	-	30,000
	Total	80,000	1,10,000

NOTE NO. 14 : OTHER NON - CURRENT ASSETS

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
	Deferred revenue expenditure	6,19,267	12,38,538
		6,19,267	12,38,538
	Opening balance	12,38,538	18,57,809
	Less: Amortised during the year	6,19,271	6,19,271
	Closing balance	6,19,267	12,38,538

NOTE NO. 15 : INVENTORIES**A. Classification**

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
	Inventory on Hand		
a)	Raw Materials	13,05,66,879	14,85,73,225
b)	Work in Progress	2,41,39,434	2,47,64,212
c)	Finished Goods	3,94,08,788	3,12,71,952
d)	Stores & Spares	43,68,002	32,83,333
	Total	19,84,83,103	20,78,92,723

NOTE NO. 16 : TRADE RECEIVABLES

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
a)	Outstanding for a period exceeding six months		
	- Unsecured, considered good	-	14,94,291
	Sub Total	-	14,94,291
b)	Others		
	- Unsecured, considered good	8,71,75,050	12,57,29,186
	Sub Total	8,71,75,050	12,57,29,186
	Total	8,71,75,050	12,72,23,477

NOTE NO. 17 : CASH AND CASH EQUIVALENTS**A. Classification:**

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
a)	Cash on hand	7,74,552	2,81,355
b)	Balances with banks:		
	- Cheques, draft on hand	2,82,059	1,02,81,662
	- In earmarked accounts		
	Unpaid dividend accounts	6,75,848	7,36,417
c)	Other bank deposits		
	- Margin Money Deposits held under lien by Banks	34,20,488	40,79,288
	Total	51,52,947	1,53,78,722

NOTE NO. 18 : SHORT - TERM LOANS AND ADVANCES**A. Classifications:-**

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Other loans and advances		
	- Others	1,33,34,993	63,27,160
	Total	1,33,34,993	63,27,160

B. Other Disclosures:

(b) Unsecured and Considered good

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Trade Advances	1,07,06,171	35,94,524
2	Advance Towards Direct Taxes (Net)		
3	Advance Towards Indirect Taxes	16,33,726	16,86,247
4	Prepaid Expenses	6,32,822	5,48,061
5	Advances to Staff and Other Operatives	3,38,350	4,94,201
6	Others	23,924	4,127
	Total	1,33,34,993	63,27,160

NOTE NO. 19 : OTHER CURRENT ASSETS

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
	BREAKUP FOR OTHER CURRENT ASSETS		
	Export:		
	Duty Draw Back Receivable	23,84,014	49,54,694
	Incentive under FMS/FPS Receivable	13,53,989	7,18,472
	Bank Interest Subvention Receivable	-	50,987
	Interest:		
	Interest Receivable on Energy Supply Deposits	3,600	3,600
	Interest & Interest Subsidy Receivable	66,96,098	49,04,363
	Others:		
	Accrued Income	3,94,472	3,94,472
	Evening Peak Energy & Demand Charges Receivable	2,14,240	2,14,240
	Income tax Refund Due	2,80,391	2,80,391
		1,13,26,804	1,15,21,219

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2015

NOTE NO. 20 : REVENUE FROM OPERATIONS

A. Classifications:-

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Sale of Products	1,01,80,32,476	1,05,18,91,920
2	Other Operating Revenues	1,23,04,879	1,18,93,178
		1,03,03,37,355	1,06,37,85,098
	Less: Excise Duty		
	Total per statement of P & L	1,03,03,37,355	1,06,37,85,098

B. Other Disclosures:

(i) Other operating revenues

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Export Incentives:		
	Duty Draw Back	71,12,503	1,09,57,022
	DEPB Licence	-	2,02,662
	Incentive under FMS/FPS	16,20,944	7,18,472
2	Other Miscellaneous Income	61,164	15,022
3	Foreign Exchange Fluctuation Gain (Net)	35,10,268	-
		1,23,04,879	1,18,93,178

NOTE NO. 21 : OTHER INCOME

A. Classifications:-

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Interest Income	28,46,780	24,19,486
2	Dividend Income	1,394	26,176
3	Other Non- Operating Income (Net of Expenses directly attributable to such Income) (Refer note (iii) below)	8,56,634	-
	Total per statement of P & L	37,04,808	24,45,662

B. Other Disclosures:

(i) Interest Income

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	From Current Investments		
	Interest Receipts:		
	Banks Fixed Deposits	6,12,682	8,83,249
	Inland Bill Discounting	14,65,781	10,91,426
	Energy Security Deposit	7,66,317	3,72,873
	From Others		
2	Interest Receipts-Other parties	2,000	71,938
	Total	28,46,780	24,19,486

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2015

(ii) **Dividend Income**

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
	<u>From Others:</u>		
1	From Long Term Investments Equity Instruments	1,394	26,176
	Total	1,394	26,176

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

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Profit on sale of Fixed Assets	2,90,575	
2	Profit on sale of Equity Instruments	5,66,059	
	Total	8,56,634	

NOTE NO. 22 : COST OF MATERIALS CONSUMED

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Raw Materials	68,03,15,177	66,43,91,056
2	Other Consumables	56,93,175	61,09,477
	Total	68,60,08,352	67,05,00,533

A. Disclosures:

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Consumption of Raw Materials		
	Cotton:		
	Opening stock	14,85,73,225	13,87,47,131
	Work-in Progress	83,59,591	51,71,764
	Add: Purchases during the year	65,65,07,540	67,74,04,977
		81,34,40,356	82,13,23,872
	Less: Closing stock	13,05,66,879	14,85,73,225
	Work-in Progress	25,58,300	83,59,591
	Consumption of raw materials	68,03,15,177	66,43,91,056
2	Consumption of Other Consumables		
	Packing Consumables:		
	Opening stock	5,93,170	1,78,585
	Add: Purchases during the year	59,08,436	65,24,062
		65,01,606	67,02,647
	Less: Closing stock	8,08,431	5,93,170
	Consumption of other materials	56,93,175	61,09,477

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2015

NOTE NO. 23 : PURCHASE OF STOCK-IN-TRADE

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Yarn	3,42,41,845	3,17,61,664
2	Fabric	1,37,93,329	3,29,216
3	Waste	-	55,85,370
	Total	4,80,35,174	3,76,76,250

NOTE NO. 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
a	Inventories at the commencement of the year	4,76,76,574	3,82,74,577
b	Less: Inventories at the close of the year	6,09,89,921	4,76,76,574
	Total	-1,33,13,347	- 94,01,997

Disclosure on Changes in Inventories:

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Opening Stock:		
	Finished Goods - Yarn	2,52,39,130	1,64,60,693
	Finished Goods - Fabrics	16,23,107	9,69,794
	Work in Process	1,64,04,621	1,78,77,764
	By-Product - Seconds Cotton	44,09,716	29,66,326
		4,76,76,574	3,82,74,577
2	Less: Closing Stock:		
	Finished Goods - Yarn	3,10,40,949	2,52,39,130
	Finished Goods - Fabrics	55,72,611	16,23,107
	Work in Process	2,15,81,134	1,64,04,621
	By-Product - Seconds Cotton	27,95,228	44,09,716
		6,09,89,921	4,76,76,574
	Total	-1,33,13,347	- 94,01,997

NOTE NO. 25 : EMPLOYEE BENEFIT EXPENSE

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Salaries & Wages	2,08,67,357	1,77,34,344
2	Contribution to Provident and Other Funds	29,00,851	17,99,195
3	Staff Welfare Expenses	1,24,80,209	1,18,60,453
4	Managerial Remuneration	40,68,030	71,24,643
	Total per statement of P & L	4,03,16,447	3,85,18,635

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2015

NOTE NO. 26 : FINANCE COSTS

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Interest Expenses (Refer note (i) below)	2,65,90,075	2,77,00,391
2	Other Borrowing Costs (Refer note (ii) below)	37,42,606	60,76,647
	Total	3,03,32,681	3,37,77,038

Disclosure on Finance Cost:

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
(i)	Notes		
	<u>Interest Expense:</u>		
	Interest on borrowings from Banks	2,49,63,217	2,61,08,982
	Interest on borrowings from Others	13,44,000	15,24,000
	Finance Charges on Finance Lease	2,82,858	67,409
	Total	2,65,90,075	2,77,00,391
(ii)	<u>Other Borrowing Costs</u>		
	Foreign Exchange difference / Net loss on the Forex	19,71,540	42,86,219
	Discounts / premiums on borrowings	17,71,066	17,90,428
	Bank Charges		
	Total	37,42,606	60,76,647

NOTE NO. 27 : DEPRECIATION AND AMORTISATION EXPENSES

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Depreciation	4,43,11,247	5,70,11,385
2	Amortization Expense	22,600	26,956
	Total	4,43,33,847	5,70,38,341

NOTE NO. 28 : OTHER EXPENSES

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Manufacturing Expenses (Refer note (i) below)	10,34,83,259	8,66,15,339
2	Administrative Expenses (Refer note (ii) below)	1,00,25,830	83,90,442
3	Repairs and Maintenance (Refer note (iii) below)	2,53,07,035	2,27,03,521
4	Sales and Distribution Expenses (Refer note (iv) below)	3,37,69,702	4,24,27,431
5	Miscellaneous Expenses (Refer note (v) below)	3,63,180	16,86,218
	Total	17,29,49,006	16,18,22,952

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2015Disclosure on Other expenses

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
	Notes		
(i)	Manufacturing Expenses		
a	Power and Fuel (Net of Captive use of wind electricity)	6,90,61,587	5,40,66,195
b	Consumption of Stores and Spare Parts	1,32,64,797	1,60,36,222
c	Other Manufacturing Expenses	2,11,56,875	1,65,12,922
	Total	10,34,83,259	8,66,15,339
(ii)	Administrative Expenses		
a	Rent	3,48,000	3,40,000
b	Rates and taxes, excluding taxes on income	3,83,659	3,17,736
c	Payments to Auditors	4,89,609	2,52,835
d	Insurance	10,05,599	7,74,175
e	Sitting Fees To Other Non whole Time Directors	89,889	43,821
f	Travelling Expenses	36,91,730	28,44,259
g	Communication Expenses	8,55,287	7,66,002
h	Printing & Stationery	4,48,979	4,53,155
i	Donation	5,30,000	3,17,001
j	General Expenses	5,30,146	6,67,212
k	Professional & Legal Fees	9,37,458	7,18,339
l	Security Service Charges	6,73,131	8,13,564
m	Subscription		
	Trade Associations	15,000	55,000
	Research Association	27,343	27,343
	Total	1,00,25,830	83,90,442
(iii)	Repairs and Maintenance		
a	Buildings	36,36,386	41,56,945
b	Machinery	86,13,121	79,30,048
c	Wind Mills	82,27,837	63,65,308
d	Vehicles	14,63,622	16,24,161
e	Others	33,66,069	26,27,059
	Total	2,53,07,035	2,27,03,521
(iv)	Sales and Distribution Expenses		
a	Consumption of Other Packing Materials		
	Opening Stock	5,37,462	2,32,356
	Add: Purchases during the year	47,15,779	53,25,201
		52,53,241	55,57,557
	Less: Closing Stock	7,05,862	5,37,462
	Consumption of Other Packing Materials	45,47,379	50,20,095
b	Advertisement Charges	2,21,529	3,55,673
c	Commission Payments on sales / services	38,55,266	55,16,779
d	Commission Payments on Export Sales	34,15,585	86,45,425
e	Discounts Allowed	7,07,368	4,26,618
f	Other Sales Expenses	1,20,71,578	86,46,342
g	Export Sales Expenses	89,50,997	1,38,16,500
	Total	3,37,69,702	4,24,27,431
(v)	Miscellaneous Expenses		
		3,63,180	16,86,218
	Total	3,63,180	16,86,218

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2015

NOTE NO. 29 : (1) CURRENT TAX

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Current tax	52,13,000	1,52,60,000
		52,13,000	1,52,60,000
	Current Tax Liability	52,13,000	1,52,60,000

NOTE NO. 30 : (2) DEFERRED TAX (NET)

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Provision for Deferred Tax Liability (Dr.)		
2	Reversal of Deferred Tax Liability (Cr.)	- 77,72,000	-1,12,26,600
3	Provision for Deferred Tax Asset (Cr.)		
4	Reversal of Deferred Tax Asset (Dr.)	68,80,000	1,55,38,900
	Net Deferred Tax per statement of Profit & Loss	- 8,92,000	43,12,300

NOTE NO. 31 : (3) PRIOR YEAR TAXES (NET)

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
1	Excess / Short Provision of Taxes for Earlier Years		
2	Prior year income tax paid during the year	-	81,890
	Net prior year tax per statement of Profit & Loss	-	81,890

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

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
a)	Claims against the Company not acknowledged as Debt	11,90,000	11,90,000
b)	Claims against the Company acknowledged as Debt The company is liable to pay electricity tax on own generation which is disputed in a writ petition before Madras High Court which had granted a stay against such levy. The company has contested the claim by TANGECO which has demanded interest in respect of delayed payment of infrastructure development charges for the creation of common facility for connectivity access in respect of wind electric generators	29,22,358	12,23,019
c)	Guarantees given to customs department against import of capital goods	-	44,42,354
d)	Other money for which the Company is contingently liable	-	-

B Commitments:

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
a)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for	6,21,00,000	6,21,00,000
b)	Uncalled liability on shares and other investments partly paid	-	-
c)	Other Commitments	-	-

C Proposed Dividends:

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
a)	On Equity Shares: Total Amount of Proposed Dividend	-	63,14,880
	Number of Shares	52,62,400	52,62,400
	Amount of Dividend per Share	-	1.20

D Dues to Micro, Small & Medium Enterprises :

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 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 2015 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.		
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	NIL	NIL
d)	The amount of interest accrued and remaining unpaid at the end of the period	NIL	NIL
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	NIL	NIL

II. ADDITIONAL INFORMATION TO STATEMENT OF PROFIT AND LOSS:

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 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.	35,10,268	(1,436,354)
3	Payments to Auditors Statutory Auditor's Remuneration (a) For Audit (b) For Taxation matters, Direct Tax Indirect Tax (c) For company law matters, (d) For other services, (e) For reimbursement of service tax;	1,00,000 1,22,000 60,000 25,000 60,200 29,997	97,800 24,200 30,000 30,000 29,800 19,035
		3,97,197	230,835
	Cost Auditor's Remuneration (a) For Audit (b) For reimbursement of service tax;	- 9,146	22,000 -
		9,146	22,000
	Total Payments to auditor	4,06,343	252,835
4	Amounts Spent Towards Corporate Social Responsibility	48,320	-
5	Turnover i) Indigenous Cotton Yarn Knitted Fabrics ii) Export Cotton Yarn Knitted Fabrics iii) By Products-Waste - Indigenous - Export iv) Traded Goods Cotton Yarn Export Cotton Yarn Local Cotton Yarn Export v) Knitting charges	33,41,58,808 41,74,30,300 11,09,08,759 6,88,33,386 3,64,64,264 2,28,31,260 73,00,192 2,01,05,507 -	26,75,14,727 36,64,73,351 27,31,54,408 3,57,22,630 3,03,46,933 2,75,84,953 1,81,00,129 3,29,94,789 -
	Total	1,01,80,32,476	1,05,18,91,920
6	Closing Inventory Cotton Yarn Hosiery Knitted Cloth By Product	3,10,40,949 55,72,611 27,95,228	2,52,39,130 16,23,107 44,09,716
	Total	3,94,08,788	3,12,71,952

Note: A company falling in more than one category will make the above disclosures, to the extent relevant.

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
7	Opening Inventory		
	Cotton Yarn	2,52,39,130	1,64,60,693
	Hosiery Knitted Cloth	16,23,107	9,69,794
	By Product	44,09,716	29,66,326
	Total	3,12,71,952	2,03,96,813
8	Break Up for Consumption		
	a) Raw Materials		
	Indigenous	Rs. 61,94,21,233	66,43,91,056
		% 91%	100%
	Imported	6,08,93,944	
		9%	
	Total	68,03,15,177	66,43,91,056
	b) Stores and Spares		
	Indigenous	Rs. 1,28,95,496	14,334,614
		% 97%	89%
	Imported	Rs. 3,69,301	17,01,608
		% 3%	11%
	Total	1,32,64,797	1,60,36,222
9	Value of imports calculated on C.I.F basis by the company during the Financial Year in respect of		
	I. Raw materials;	-	-
	II. Components and spare parts;	25,79,332	14,42,747
	III. Capital goods;	-	-
10	Expenditure in foreign currency:		
	Purchase of spares	25,79,332	14,42,747
	Interest & Bank charges	8,22,220	18,30,081
	Commission on exports	2,34,587	41,14,910
	Travelling expenses to directors	-	-
	-	-	-
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. 4	4
ii)	Total No. of Shares held	No. 2,050	2,475
iii)	Total Amount of Dividend due / paid	No. -	-
iv)	Year to which the Dividend Related	-	-
12	Earnings in foreign exchange classified under the following heads, namely:-		
	I. Export of goods calculated on F.O.B. basis;	21,57,85,633	36,07,71,795
	II. Royalty, know-how, professional and consultation fees;	-	-
	III. Interest and dividend;	-	-
	IV. Other income, indicating the nature thereof	-	-

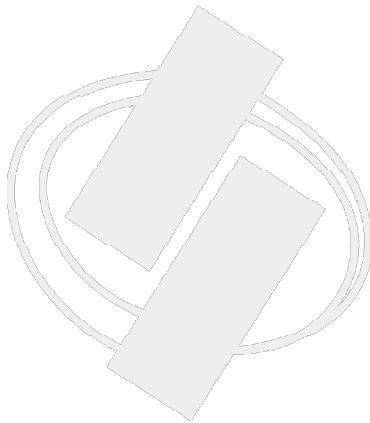
No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
13	<u>DEPRECIATION NOTE</u> Effective from 1st April 2014, the Company has charged depreciation with reference to the estimated useful life of fixed assets prescribed by the Schedule II of the Companies Act 2013 or based on management's assessment of useful life based on technical advice in case if useful life is lower than what is prescribed under Schedule II. On account of the above, depreciation for the year ended 31st March 2015 is higher by Rs.8.63 Lakhs which has been considered as a current year charge in the Profit and Loss account with the consequential effect on deferred tax.		
14	<u>Power & Fuel is arrived as under:</u>		
	Electricity Charges incurred	9,36,25,867	7,88,11,516
	Fuel Consumed	1,28,26,254	2,25,10,703
	Total	10,64,52,121	10,13,22,219
	Less: Wind Electricity generated & Capitivity Consumed	3,73,90,534	4,72,56,024
	Net debit to P&L	6,90,61,587	5,40,66,195
15	<u>OTHERS</u>		
a	The company has contributed to trade related research institutions by way of annual subscriptions	27,343	27,343
b	In the opinion of the Board of Directors, the assets other than fixed assets and non-current investments, do have a value on realization in the ordinary course of business, 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.		

III. DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS**I. DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-15 RETIREMENT BENEFITS**

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
i)	Defined Contribution Plans The Company makes Provident Fund, Pension Fund and Insurance fund contributions to defined payment to defined contribution benefit plans.		
	Contribution to Provident Fund	3,37,254	3,87,719
	Contribution to Employees Pension Fund	7,46,357	7,09,811
	Contribution to Deposit Linked Insurance Fund	42,535	42,035
	Contribution to Employees State Insurance Fund	4,09,961	-
	Contribution to Tamil Nadu Labour Welfare Fund	5,082	5,460
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 and provides for it in its books of accounts; but does not contribute the amount to any fund or trust.		
	Opening balance	23,65,071	22,02,318
	Add: Provision for the year	12,65,478	5,59,608
		36,30,549	27,61,926
	Less: Payments during the year	2,48,587	3,96,855
	Closing balance	33,81,962	23,65,071
II.	<u>DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-16 BORROWING COSTS</u>		
	Borrowing costs capitalised during the year	<u>NIL</u>	<u>NIL</u>
III.	<u>DISCLOSURES PURSUANT TO ACCOUNTING STANDARD- 17 SEGMENT REPORTING</u>		
	The company operates only on one segment which is the company's primary segment i.e.	Cotton Textiles	Cotton Textiles
IV.	<u>DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-18 RELATED PARTY DISCLOSURES</u>		
1	In terms of the Accounting Standard 18 requiring disclosure of related parties, the following persons have been identified as Related Parties:		
i)	Key Management Personnel:		
	Shyamlal Agarwala	Managing Director	
	Manoj Kumar Jhajharia	Joint Managing Director	
	Pramod Kumar Jhajharia	Chief Executive	
ii)	Associates:		
	Shristi Cotspinn Private Limited		
	Sri Sadhyaa Exports Private Limited		

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
2	Transactions with related parties: Nature of transactions		
a)	Key Management Personnel:		
i)	Rent payments to Related Parties - Administrative office (Relative of Managing Director)	2,40,000	2,40,000
ii)	Advance towards Rent payments to Related parties - Administrative Office (Relative of Managing Director)	60,000	60,000
c)	Remuneration to Managing Director	21,94,996	41,53,528
d)	Remuneration to Joint Managing Director	18,73,034	29,71,115
e)	Sitting fees to other Directors	80,000	39,000
f)	Travelling reimbursement to Other Directors	80,000	27,000
g)	Remuneration to chief executive:		
	Salary	5,40,000	5,40,000
	Company's contribution to PF and Other funds	16,500	9,360
		5,56,500	5,49,360
	<u>BREAK UP OF MANAGERIAL REMUNERATION PAID</u>		
	<u>MANAGING DIRECTOR</u>		
	Salary	18,00,000	18,00,000
	Perquisites	-	14,84,000
	Medical Reimbursement	20,000	20,000
	Gratuity Provision	3,74,996	86,538
	Commission to Managing Director	-	7,62,990
		21,94,996	41,53,528
	<u>JOINT MANAGING DIRECTOR</u>		
	Salary	15,00,000	15,00,000
	Perquisites	84,000	13,84,000
	Medical Reimbursement	15,000	15,000
	Gratuity Provision	2,74,034	72,115
		18,73,034	29,71,115
2	Associates:		
	Sale of Goods		
	Shristi Cotspinn Private Limited	99,38,257	3,69,90,777
V.	<u>DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-20</u>		
	<u>EARNINGS PER SHARE</u>		
	Profit after tax (A)	2,10,59,004	5,66,44,818
	Number of equity shares (B)	52,62,400	52,62,400
	Basic EPS (A/B)	4.00	10.76
	Number of equity shares (B1)	52,62,400	52,62,400
	Diluted EPS (A/B1)	4.00	10.76

No	Particulars	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
VI.	<p><u>DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-22</u> <u>TAXES ON INCOME</u></p> <p>In terms of Accounting Standard 22 working for Deferred Tax Asset has been recognised on account of prudence and the estimated reliability within a reasonable point of time.</p> <p>Net Deferred Tax Asset/Liability in respect of the year ending 31st March 2015.</p> <p>Deferred Tax Liability:</p> <p>On Depreciation</p> <p>On Deferred Revenue expenditure</p> <p>Deferred Tax Asset:</p> <p>On MAT Credit</p> <p>On Commission to Managing Director</p> <p>On unabsorbed depreciation and other expenses</p> <p>Net Deferred Tax Liability</p> <p>Deferred Tax Liability at the beginning</p> <p>Net Deferred Tax Liability debited to Statement of Profit and Loss</p> <p>Net Deferred Tax Liability credited to Statement of Profit and Loss</p>		
		2,82,22,500	3,59,94,500
		2,00,900	2,00,900
		-	
		2,84,23,400	3,61,95,400
		27,36,700	93,21,300
		-	2,47,552
		11,26,700	11,74,500
		38,63,400	1,07,43,352
		2,45,60,000	2,54,52,048
		2,54,52,048	2,11,39,700
		-	43,12,300
		8,92,000	-



This document was created with Win2PDF available at <http://www.win2pdf.com>.
The unregistered version of Win2PDF is for evaluation or non-commercial use only.
This page will not be added after purchasing Win2PDF.