



Salona
Cotspin
LIMITED

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22nd *Annual Report*

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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 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-Second Annual Report together with Audited financial statements of the Company for the year ended 31st March, 2016.

FINANCIAL HIGHLIGHTS

Details	(Rupees in Lacs)	
	31.03.2016	31.03.2015
INCOME		
Sales and Other operating Receipts	10025.82	10303.37
Other Income	14.35	37.05
Total	10040.17	10340.42
Gross Profit before interest, depreciation and tax	885.24	1000.47
Less: Interest	277.35	303.33
Profit/(Loss) after interest, but before depreciation and tax	607.89	697.14
Less: Depreciation	334.97	443.34
PROFIT BEFORE TAX	272.92	253.80
Less: Taxes	46.04	43.21
NET PROFIT AFTER TAX	226.88	210.59
Add: Opening Surplus	1729.15	1518.57
Total Profit available for appropriation	1956.03	1729.15

APPROPRIATION

The above Profit is proposed to be appropriated as stated below:-		
Proposed Dividends & Tax on Dividend	47.50	0.00
Surplus carried over to Balance sheet	1908.53	1729.15

DIVIDEND:

Your Directors are pleased to recommend a dividend of 7.5% for the year ended 31st March 2016 subject to the approval of members. The total outgo in the form of dividend including corporate dividend tax will be to the extent of Rs. 47.50 Lacs.

REVIEW OF OPERATIONS:

During the year under review, your Company has recorded a turnover of Rs. 9871.75 Lakhs as against Rs. 10180.32 Lakhs in the previous year on account of decrease in raw material and finished goods prices in worldwide. The Export sales turnover increased to Rs. 2725.40 Lakhs from Rs. 2299.79 Lakhs in the previous year. The export turnover in trading division increased to Rs. 1083.78 Lakhs from Rs. 201.05 Lakhs. The mill has produced Knitted fabrics of 23.12 Lakhs Kgs. as against 21.48 Lakhs Kgs. in last year. The yarn production is 42.54 Lakhs Kgs as against 42.94 Lakhs Kgs. in last year on account of increase in average count production.

During the year the green energy generated 52.92 Lakhs units (net) as against 67.84 Lakhs units in previous year through Wind Electric Generator. Due to energy evacuation back out imposed by the TANGEDCO during the year, the steep fall in export of wind electricity. The Wind electricity was captively consumed by use in the Textile Mill. Company consumed major portion of green energy in order to reduce carbon footprints

The overall performance should be considered as satisfactory.

OUT LOOK FOR THE IMMEDIATE FUTURE:

Though the textile industry in spinning sector witnessed a crisis 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; implementing R&D measure to reduce consumption of energy 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:

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

EXTRACT OF ANNUAL RETURN:

As required under Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of annual return as on 31st March 2016 in **MGT 9** is given which form part of this Annual Report is enclosed as **Annexure I**.

DIRECTORS AND MANAGERIAL PERSONNEL:

Sri. Shyamlal Agarwala (DIN : 00003055) was re-appointed as Managing Director of the Company, for a period of five years with effect from 1st April 2015, by passing necessary special resolutions at the 21st Annual General Meeting of the Company held on 23rd September 2015. Based on the recommendations of the Audit Committee and the Nomination and Remuneration committee of the Board, the Board of Directors approved enhancement of remuneration payable to Sri. Shyamlal Agarwala with effect from 1st July 2016 and for the remaining tenure of office till 31st March 2020. The enhancement of remuneration payable to Sri. Shyamlal Agarwala requires approval of Shareholders of the Company by a Special Resolution, as per text contained in the Notice convening the ensuing Annual General Meeting.

The Tenure of office of Shri Manoj Kumar Jhajharia, (DIN 00003076) as Joint Managing Director, will expire on 30th June 2016. The Nomination and Remuneration committee at their meetings held on 26th May 2016, recommended for re-appointment of Sri Manoj Kumar Jhajharia as Joint Managing Director of the Company for a further period Five years, on enhanced remuneration with effect from 1st July 2016. Hence the Board of Directors, at their meeting held on 27th May, 2016, re-appointed Shri Manoj Kumar Jhajharia as Joint 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.

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.B. Sajith	Company Secretary

AUDIT COMMITTEE

The Audit Committee comprises of

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

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

EVALUATION OF BOARD OF DIRECTORS

Pursuant to the provisions of the Companies Act 2013 and 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 Four times during this financial Year, on the following days:

1. 22nd May 2015	2. 12th August 2015
3. 13th November 2015	4. 10th February 2016

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics. The policy has been posted in the website of the Company viz., www.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 Sri S.R. Baalaji, B.Com. F.C.S, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The report is annexed herewith as **Annexure - II**

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 2016 – 2017.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has an Internal Audit which monitors and evaluates the efficiency and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual.

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

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

STATEMENT ON RISK MANAGEMENT POLICY

Pursuant to Section 134(3) (n) of the Companies Act 2013 and 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 2015-16 is Rs. 78,119/-. The amount remaining unspent namely

Rs. 2,92,801/- (pertaining to 2014-15) and Rs. 9,25,236 (pertaining to 2015-16) will be spent during the year 2016-17. The Company is in the process of identifying eligible projects after which the unspent amount will be deployed for the said purpose. The details of the Corporate Social Responsibility activities / expenditure is given as **Annexure III**.

STATUTORY DISCLOSURES

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

No employee of the Company was in receipt of remuneration of Rs.60 Lakhs per annum or more and no employee of the Company employed for the part of the financial year 2016 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 2016 is enclosed as **Annexure V**.

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

INDUSTRIAL RELATIONS:

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

FINANCES:

During the year under review, the Reserves and Surplus, representing credit balance in the Profit and Loss Account stood at Rs.1908.53 Lacs (Rs.1729.15 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.

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 Ahmedabad Stock Exchanges for the financial year 2015-16.

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 : 27th May, 2016

SHYAMLAL AGARWALA
Chairman

ANNEXURE - I**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March 2016**

[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 (01.04.2015)				No. of shares held at the end of the year (31.03.2016)				% 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	2889535	0	2889535	54.909	2.205
	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	0	0	0	0	-7.601
	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	2889535	0	2889535	54.909	-5.396
(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	2889535	0	2889535	54.909	-5.396
(B)	Public Shareholding									
(1)	Institutions									
	a) Mutual Funds	0	0	0	0	0	0	0	0	0.000
	b) Banks/FI	38500	0	38500	0.732	0	0	0	0	-0.732
	c) Central Govt.	0	0	0	0	0	0	0	0	0.000
	d) State Govt.	0	0	0	0	0	0	0	0	0.000
	e) Venture Capital funds	0	0	0	0	0	0	0	0	0.000
	f) Insurance Companies	0	0	0	0	0	0	0	0	0.000
	g) Foreign Institutional Investors	0	0	0	0	0	0	0	0	0.000
	h) Others (Specify)	0	0	0	0	0	0	0	0	0.000
	Sub-Total (B)(1)	38500	0	38500	0.732	0	0	0	0	-0.732

Sl. No.	Category of shareholders	No. of shares held at the beginning of the Year(01.04.2015)				No. of shares held at the end of the year(31.03.2016)				% 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	529213	7000	536213	10.190	655185	7000	662185	12.583	2.393
	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.	458690	554300	1012990	19.249	431147	479400	910547	17.304	-1.945
	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)									
	Directors & Relatives	0	0	0	0.000	110000	0	110000	2.090	2.090
	Non-Resident Indians	2050	0	2050	0.039	2250	0	2250	0.043	0.004
	Clearing Members	12727	0	12727	0.242	2601	0	2601	0.049	-0.193
	Hindu Undivided Families	90948	0	90948	1.728	99670	0	99670	1.894	0.166
	Sub-Total (B)(2)	1420320	630100	2050420	38.963	1809565	563300	2372865	45.091	6.128
	Total Public Shareholding (B)=(B)(1)+(B)(2)	1420320	630100	2088920	39.695	1809565	563300	2372865	45.091	5.396
C	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.000
	GRAND TOTAL (A) + (B) + (C)	4632300	630100	5262400	100.000	4699100	563300	5262400	100.00	0.000

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2015)			Shareholding at the end of the year (31.03.2016)			% 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	0	0.000	0	-0.019
4	Dulichand Pansari	93500	1.777	0	0	0.000	0	-1.777
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	260602	4.952	0	1.015
13	Pradeep Kumar Pansari	6500	0.124	0	0	0.000	0	-0.124
14	Pramod Kumar Jhajharia	291901	5.547	0	291901	5.547	0	0
15	Raghav Agarwal	15000	0.285	0	50754	0.964	0	0.679
16	Sabita Agarwal	131800	2.505	0	180100	3.422	0	0.917
17	Saloni Agarwal	42000	0.798	0	84600	1.608	0	0.810
18	Santosh Kumar Agarwal	30000	0.570	0	30000	0.570	0	0
19	Sheli Agarwal	122534	2.328	0	168534	3.203	0	0.875
20	Shyamlal Agarwala	407393	7.742	0	407393	7.742	0	0
21	Suchitradevi Pansari	9000	0.171	0	0	0.000	0	-0.171
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	0	0.000	0	-7.601
	Total	3173480	60.304	0	2889535	54.908	0	-5.396

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	G.V.S. Desikan	1000	0.019	0	
2	Dulichand Pansari	93500	1.777	0	
3	Pista Devi Jhajharia	207201	3.937		
	Purchase of Shares on 29.06.2015	2000	0.038	209201	
	Purchase of Shares on 10.07.2015	8900	0.169	218101	
	Purchase of Shares on 29.07.2015	1	0.000	218102	
	Purchase of Shares on 03.08.2015	10000	0.190	228102	
	Purchase of Shares on 04.08.2015	10000	0.190	238102	
	Purchase of Shares on 26.08.2015	10000	0.190	248102	
	Purchase of Shares on 16.02.2016	2500	0.048	250602	
	Purchase of Shares on 25.02.2016	10000	0.190	260602	
4	Pradeep Kumar Pansari	6500	0.124		
5	Raghav Agarwal	15000	0.285		
	Shares Purchase on 11.08.2015	21400	0.407	36400	
	Shares Purchase on 29.08.2015	5000	0.095	41400	
	Shares Purchase on 29.10.2015	9354	0.177	50754	
6	Sabita Agarwal	131800	2.505		
	Shares Purchase on 29.06.2015	5000	0.095	136800	
	Shares Purchase on 10.07.2015	8000	0.152	144800	
	Shares Purchase on 03.08.2015	10000	0.190	154800	
	Shares Purchase on 04.08.2015	8000	0.152	162800	
	Shares Purchase on 16.02.2016	2500	0.048	165300	
	Shares Purchase on 25.02.2016	14800	0.281	180100	
7	Saloni Agarwal	42000	0.798		
	Shares Purchase on 11.08.2015	18600	0.353	60600	
	Shares Purchase on 26.08.2015	15000	0.285	75600	
	Shares Purchase on 29.10.2015	9000	0.171	84600	
8	Sheli Agarwal	122534	2.328		
	Shares Purchase on 29.06.2015	2000	0.038	124534	
	Shares Purchase on 10.07.2015	7000	0.133	131534	
	Shares Purchase on 03.08.2015	10000	0.190	141534	
	Shares Purchase on 04.08.2015	12000	0.228	153534	
	Shares Purchase on 25.02.2016	15000	0.285	168534	
9	Suchitradevi Pansari	9000	0.171		
10	Pansari Textiles & Investments Pvt. Ltd.,	400000	7.601		

(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 (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
		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.,	184354	3.503		
	Sale of Shares on 30.06.2015	9000	0.171	175354	3.332
	Sale of Shares on 03.07.2015	2000	0.038	173354	3.294
	Sale of Shares on 10.07.2015	25000	0.475	148354	2.819
	Sale of Shares on 07.08.2015	60000	1.140	88354	1.679
	Sale of Shares on 14.08.2015	40000	0.760	48354	0.919
	Sale of Shares on 28.08.2015	30000	0.570	18354	0.349
	Sale of Shares on 30.10.2015	18354	0.349	0	0
3	Sugal & Damani Share Brokers	86735	1.648		
	Purchase of shares on 08.05.2015	2000	0.038	88735	1.686
	Purchase of shares on 15.05.2015	1000	0.019	89735	1.705
	Purchase of Shares on 22.05.2015	2000	0.038	91735	1.743
	Sale of Shares on 29.05.2015	5000	0.095	86735	1.648
	Sale of Shares on 19.06.2015	73734	1.401	13001	0.247
	Sale of Shares on 26.06.2015	12991	0.247	10	0
	Purchase of shares on 03.07.2015	9000	0.171	9010	0.171
	Purchase of shares on 17.07.2015	23900	0.454	32910	0.625
	Sale of shares on 24.07.2015	32910	0.625	0	0
	Purchase of Shares on 31.07.2015	1	0	1	0
	Purchase of Shares on 07.08.2015	60000	1.140	60001	1.140
	Sale of Shares on 14.08.2015	60001	1.140	0	0
	Purchase of Shares on 28.08.2015	30000	0.570	30000	0.570
	Sale of Shares on 04.09.2015	30000	0.570	0	0
	Purchase of Shares on 25.09.2015	2000	0.038	2000	0.038
	Purchase of Shares on 30.09.2015	301	0.006	2301	0.044
	Purchase of Shares on 02.10.2015	416	0.008	2717	0.052
	Purchase of Shares on 23.10.2015	12500	0.238	15217	0.289
	Purchase of Shares on 30.10.2015	18354	0.349	33571	0.638
	Sale of Shares on 27.11.2015	33571	0.638	0	0
	Purchase of Shares on 19.02.2016	10000	0.190	10000	0.190
	Purchase of Shares on 04.03.2016	59800	1.136	69800	1.326
	Sale of Shares on 18.03.2016	44325	0.842	25475	0.484
4	Gandhi Kema Tejas	56000	1.064	56000	1.064
5	Ayush Mittal	50115	0.952		
	Sale of shares on 07.08.2015	700	0.013	49415	0.939
	Purchase of shares on 21.08.2015	1700	0.032	51115	0.971
	Purchase of shares on 28.08.2015	808	0.015	51923	0.987

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	Purchase of share on 11.09.2015	354	0.007	52277	0.993
	Purchase of share on 08.01.2015	227	0.004	52504	0.998
6	Ram Gopal Agarwal	42000	0.798	42000	0.798
7	Ram Gopal Agarwal	36300	0.690	36300	0.690
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	26504	0.504	26504	0.504
12	Hema Tejas Gandhi	27618	0.525	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	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
Change in Indebtedness during the financial year				
-Addition	75621681	12981413	0	88603094
-Reduction	38081072		0	38081072
Net Change	37540609	12981413	0	50522022
Indebtedness at the end of the financial year				
i) Principal Amount	279534186	23700000	0	303234186
ii) Interest due but not paid	0	2360613	0	2360613
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	279534186	26060613	0	305594799

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	1886538	1572115	3458653
	(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)	3686538	3072115	6758653
	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	Meena Kumari	
1.	Independent Directors Fee for attending board, committee meetings Commission Others, please specify	28000	8000	18000	8000	62000
	Total (1)	28000	8000	18000	8000	62000
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)	28000	8000	18000	8000	62000
	Total Managerial Remuneration					6820653
	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	66793	494765	561558
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	35068	35068
	(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)	66793	529833	596626

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 : 27th May, 2016

SHYAMLAL AGARWALA
Chairman

ANNEXURE - II

S.R. BAALAJI, B.Com., FCS.
Practising Company Secretary

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

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016
[PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE NO.9 OF THE
COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]

To,

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has during the audit period covering the Financial Year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliances-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter: The members are requested to read this report along with my letter of even date annexed to this report.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Salona Cotspin Limited (the Company) for the Financial Year ended on 31st March, 2016 according to the applicable provisions of:

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

(v)	The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
a.	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b.	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May, 2015) and Securities Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (effective from 15th May 2015)
c.	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable as the company has not issued any further share capital during the period under review).
d.	The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
e.	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
f.	The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review.
g.	The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
h.	The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable as the Company has not bought back any of its securities during the financial year under review.

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

1.	National Textile Policy, 2000
2.	The Textiles Committee Act, 1963
3.	Cotton Control Order, 1986
4.	Cotton Control (Amendment) Orders, 1987
5.	Cotton Control (Amendment) Orders, 1994
6.	Indian Standard specification for Cotton Bales
7.	Textiles (Development and Regulation) Order, 2001
8.	Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO 8/2003 dated 17th April, 2003); and
9.	The Electricity Act, 2003

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

(i)	Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective from 1st July, 2015
(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 complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

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

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

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

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

Place: Coimbatore
Date: 27th May, 2016

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

ANNEXURE TO SECRETARIAL AUDIT REPORT OF EVEN DATE

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

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

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

Auditor's Responsibility

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

Disclaimer

6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Coimbatore
Date : 27th May, 2016

Name of Company Secretary in Practice : **S.R.Baalaji**

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

ANNEXURE - III**ANNUAL REPORT ON CSR****Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2015-16**

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

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

- 2. The composition of the CSR Committee**

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

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

Rs. 462.62 Lacs

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

Rs. 9.25 Lacs

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

a. Total amount to be spent for the financial year : 9.25 Lacs

b. Amount unspent, if any : 8.47 Lacs

c. Manner in which the amount spent during the financial year is details below:

(Rs. in Lacs)

S.No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on Projects or programs. (2) Overheads.	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Promotion of Education	Education	Coimbatore Tamil Nadu	0.33	0.33 Direct Expenditure	0.33	Direct
2	Disaster Relief	Tamilnadu Flood Relief	Chennai, Tamil Nadu	0.26	0.26 Direct Expenditure	0.26	Direct
3	Providing Health care	Promoting preventive health care	Coimbatore, Tamil Nadu	0.18	0.08 Direct Expenditure	0.18	Direct
4.	Eradicating Hunger	Eradicating Hunger	Rameshwaram, Tamil Nadu	0.01	0.01 Direct Expenditure	0.01	Direct
		Total		0.78	0.78	0.78	

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

Shyamlal Agarwala
Managing Director

Manoj Kumar Jhajharia
Joint Managing Director.

G.V.S. Desikan
Chairman
CSR Committee

ANNEXURE - IV**ANNEXURE TO THE DIRECTORS REPORT****FORM-A**

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

1. (A) CONSERVATION OF ENERGY:

Efforts are being taken to reduce power consumption. Energy efficient motors are being installed in place of conventional motors. No capital Investment is contemplated for the present in view of sluggish market condition

(B) TECHNOLOGY ABSORPTION:

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

2. FOREIGN EXCHANGE EARNINGS AND OUTGO:

EARNED	Rs. In Lakhs	Rs. In Lakhs
Total Foreign exchange earned:-		
F.O.B. Value of Exports of Finished and Traded goods	2636.52	2157.86
 USED		
Remittance in Foreign exchange:-		
Purchase of Capital goods, Spares, Commission on Exports and interest on foreign currency loan	79.95	36.36

BY ORDER OF THE BOARD

Place: COIMBATORE

Date : 27th May 2016**SHYAMLAL AGARWALA**
Chairman

ANNEXURE V

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

- (i) **The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year 2015-16.**

(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	36.87	12.69:1	67.97%
2	Manoj Kumar Jhahharia	Joint Managing Director	30.72	10.57:1	64.01%
II	Non-Executive Independent Directors				
1	G.V.S. Desikan	Independent Director	0.28	0.10:1	(-)12.50%
2	C. Thirumurthy	Independent Director	0.08	0.03:1	(-)66.67%
3	Dhires h Jayasi	Independent Director	0.18	0.06:1	0.00
4	Meena Kumari	Independent Director	0.08	0.03:1	NA
III	Key Managerial Personnel				
1	M.S. Selvaraj	Chief Financial Officer	5.30	1.82:1	12.29%
2	K.V. Murugan	Company Secretary	0.33	0.11:1	NA
3	K.B.Sajith	Company Secretary	0.34	0.12:1	NA

(a)	Percentage increase in the median remuneration of employees in the Financial year 2015-16	16.17%
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(b)	Number of permanent employees on the rolls of the Company as on 31st March 2016	253
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(c)	Explanation on the relationship between average increase in remuneration and the company performance
	The relationship between average increase in remuneration and the company performance is negligible and could not be compared

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

KMP's remuneration 2015-16 (₹ in lakhs)	% increase / (Decrease) in KMP's remuneration (2015-16 against 2014-15)	Sales 2015-16 (₹ in lakhs)	% increase in sales (2015-16 against 2014-15)
73.56	55.46%	9871.74	(3.03%)

- (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 31.3.2015	As on 31.3.2016	Variations	%
Market Capitalization (` crores)	10.39	16.02	5.63	54.18
Price Earnings Ratio	4.94	7.06	2.13	43.09

Market quotation of the shares as on 31.3.2016 (BSE)	Rs.30.45/- 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 3.69%

The percentile increase granted to managerial personnel is 5%

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

KMP's name and designation	CTC for 2015-16 (` in lakhs)	% Increase/ (Decrease) in CTC (2015-16 against 2014-15)	Sales for 2015-16 (` in lakhs)	% increase in sales (2015-16 against 2014-15)
(MD)	36.87	15.12	9871.74	(3.03)
(CFO)	5.30	12.29		
(CS)	0.67	-		

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

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

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

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

FOR AND ON BEHALF OF THE BOARD

Place: Coimbatore
Date : 27th May, 2016

SHYAMLAL AGARWALA
Chairman

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. The Company implementing R&D measure to reduce consumption of energy and steps taken for generate and consume maximum green energy to reduce carbon footprints.

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.226.88 Lacs (Previous year 210.59 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 : 27th May 2016

SHYAMLAL AGARWALA
Chairman

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

1. COMPANYS PHILOSOPHY WITH RESPECT TO CORPORATE GOVERNANCE:

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

2. BOARD OF DIRECTORS

A) Composition of the Board

The Board of Directors comprises of 6 (Six) Directors viz., one Chairman cum Managing Director, one Joint Managing Director both of whom represent Promoters; of the remaining Four Directors, Three are Non-Executive Independent Directors, who bring in a wide range of skills and experience to the Board and has no business relationship with the Company. The number of independent directors is Two-Third of the total number of Directors. It also ensures a balanced combination of Executive and Non-Executive Directors. The 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 4 (Four) times during the financial year on the dates mentioned below:

1) 22 nd May 2015	2) 12 nd August 2015
3) 13 th November 2015	4) 10 th February 2016

The Annual General Meeting for last year was held on 23rd September 2015. 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	4	Yes	1	1	1
Sri Manoj Kumar Jhajharia Joint Managing Director	4	Yes	1	Nil	2
Sri G. V. S. Desikan	4	Yes	3	3	2
Sri Dulichand Pansari	1	No	Nil	Nil	Nil
Sri.C.Thirumurthy**	1	No	Nil	Nil	Nil
Sri Dhiresb Jayasi	4	Yes	Nil	Nil	Nil
Smt Meena Kumari	4	Yes	Nil	Nil	Nil

*No Extra Ordinary General Meeting held during the year.

** Till 5th June 2015

E) Committees of Board:

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

3. AUDIT COMMITTEE:

A) Composition, Names of members and Chairperson:

The Audit Committee members are, Sri G.V.S. Desikan, Sri Dhiresb Jayasi and Sri Manoj Kumar Jhajharia.

The role of the Audit Committee is to review the internal control procedures, internal audit system, financial reporting process, accounting policies and annual statements before submission to the Board and other related aspects as per the guidelines of Clause 49 and other applicable clauses of the Listing Agreement.

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

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

1) 21st May 2015	2) 12th August 2015	3) 13th November 2015	4) 10th February 2016
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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 Dhiresb Jayasi | - | Member |
| 3. Sri Shyamlal Agarwala | - | Member |

Remuneration Policy

The Nomination and Remuneration Committee has adopted a charter which, inter alia, deals with the manner of selection of Board of Directors/Key Managerial 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 2015-2016 (Rs.)		
			Salary & Perquisites	Commission	Total
i. Shyamlal Agarwala, Managing Director	Father of Joint Managing Director	Promoter	36,86,538	Nil	36,86,538
ii. Manoj Kumar Jhajharia, Joint Managing Director	Son of Managing Director	Promoter	30,72,115	Nil	30,72,115

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.28,000
2.	Sri.C.Thirumurthy**	Non-Executive Independent	Rs.8,000
3.	Sri Dhiresb Jayasi	Non-Executive Independent	Rs.18,000
4.	Smt Meena Kumari	Non-Executive Independent	Rs.8,000

** Till 5th June 2015

Meeting of Independent Directors

During the year under review the Independent Directors met on 30th March, 2016 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) 22nd May 2015	2) 12th August 2015	3) 13th November 2015	4) 10th February 2016
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NO OF COMPLAINTS RECEIVED FROM SHAREHOLDERS DURING THE FINANCIAL YEAR:

- a. Number of Complaints received from Shareholders : Nil
 b. Number of Complaints not solved : Nil
 c. Number of pending Transfers : Nil
 d. Compliance Officer : Sri. K.B. Sajith
 Company Secretary

9. CODE OF CONDUCT

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

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

10. INSIDER TRADING

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

11. SECRETARIAL AUDIT

A Secretarial Audit was carried out pursuant to Section 204 (1) of the Companies Act 2013 by Sri.S.R. Baalaji B.Com, F.C.S. for the year ended 31.03.2016 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
19 th	2013	Registered Office at Pungampalli	16.09.2013	10.00AM
20 th	2014	Registered Office at Pungampalli	29.09.2014	10.00AM
21 st	2015	Registered Office at Pungampalli	23.09.2015	10.00AM

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

A.G.M	DATE	YEAR	DETAILS
20 th	29.09.2014	2014	Resolution passed u/s 180(1)(c) for borrowing money in excess of the aggregate of paid up share capital and free reserves of the Company
			Resolution passed u/s 180(1)(a) to create mortgage or charge on the total assets of the Company
21 st	23.09.2015	2015	Resolution passed for reappointment of Mr Shyamlal Agarwala aged 70 years as Managing Director (Sections 196, 197 and 198)

c) Postal voting & E-voting:

In pursuance of the Listing agreement. E-Voting, Postal Voting facilities and voting at the AGM were extended to all the shareholders of the Company to facilitate Voting on the Subjects/Resolutions contained in the 22nd Annual General Meeting Notice. To conduct the voting procedure in a fair and transparent manner, a Scrutinizer was appointed. Accordingly the Scrutinizer conducted the voting process and submitted his report on the voting polled, to Chairman of the Company.

As per the said Report, the results of the voting on the Subjects/Resolutions, contained in the Agenda of the meeting were announced, Besides Reports were forwarded to the Stock Exchanges. It was also uploaded along with the scrutinizers report, in our website. Entire Resolutions contained in the said agenda were passed.

13. DISCLOSURES:

- a. During the year, there were no transactions of material nature, with its Promoters, the Directors and the Management, their relatives or subsidiaries etc. that may have potential conflict with the interests of the Company at large.
- b. The Audit Committee is periodically briefed of related party transactions entered into by the company in the ordinary course of business.
- c. The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that may have a potential conflict with the interest of the company at large.
- d. There were no instances of non-compliance, penalties and strictures imposed on the Company by the Stock exchanges or SEBI or any Statutory Authority, on any matter related to capital markets during the last three years.
- e. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing the Financial Statements.
- f. Managing Director and CFO have certified to the Board in accordance with Clause 49 V of the Listing Agreement pertaining to CEO / CFO certification for the financial year ended 31st March 2016.

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 Second Annual General Meeting of the Company will be held on Friday, the 16th September, 2016 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.B. Sajith,
Company Secretary

(iii) Financial Year : 12 months ending 31.03.2016

Date of Book Closure: 10/09/2016 to 16/09/2016 (Both days inclusive)

The Register of Members and Share Transfer Books of the Company will remain closed from 10.09.2016 to 16.09.2016 (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 30.6.2016	2 nd Week of August 2016
2	Publication of unaudited financial results for the quarter ended 30.9.2016	2 nd Week of November 2016
3	Publication of unaudited financial results for the quarter ended 31.12.2016	2 nd Week of February 2017
4	Publication of audited financial results for the quarter ended 31.3.2017	Last week of May 2017
5	Annual General Meeting	September 2017

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 2015	22.00	19.00	29094.61	26897.54
May 2015	23.00	17.60	28071.16	26423.99
June 2015	24.15	18.15	27968.75	26307.07
July 2015	29.70	21.60	28578.33	27416.39
August 2015	40.00	25.00	28417.59	25298.42
September 2015	36.90	23.25	26471.82	24833.54

Month	Salona Cotspin Limited		BSE Sensex	
	High	Low	High	Low
October 2015	37.50	22.50	27618.14	26168.71
November 2015	37.00	27.10	26824.30	25451.42
December 2015	49.75	29.00	26256.42	24867.73
January 2016	45.00	30.00	26116.52	23839.76
February 2016	40.00	23.55	25002.32	22494.61
March 2016	37.75	25.00	25479.62	22133.18

(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 31.03.2016, 46,99,100 shares constituting 89.296 % 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	882	64.33	276692	5.26
501-1000	247	18.02	229351	4.36
1001-2000	121	8.83	197218	3.75
2001-3000	41	2.99	110529	2.10
3001-4000	13	0.95	46691	0.89
4001-5000	8	0.57	37703	0.72
5001-10000	12	0.88	90933	1.73
10001 And Above	47	3.43	4273283	81.20
TOTAL	1371	100.00	5262400	100.00

(x) Category –wise distribution of Shareholding :

Sl.No.	Category	No of Shares	Percentage
	Promoter's Holding		
1.	Promoters	2889535	54.91
	Sub Total	2889535	54.91
	Non Promoters Holding		
2.	Banks, Financial Institutions, Insurance Companies.	0	0.00
	Sub Total	0	0.00
	Others	-	-
3.	Private Corporate Bodies	1247185	23.70
4.	Indian Public	1123430	21.35
5.	NRI's / OCB's	2250	0.04
	Sub Total	2372865	45.09
	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, Valipalayam (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: 27th May 2016

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 SALONA COTSPIN LIMITED ("The Company") which comprise of the Balance Sheet as at 31st March 2016, 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 Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for the safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statement 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 specified u/s 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the

state of affairs of the Company as at 31st March 2016 and its profit and its 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, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act we give in the '**Annexure A**' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the financial statements comply with the Accounting Standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the Directors as on March 31, 2016, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016, from being appointed as a Director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls we have given our separate report in 'Annexure B'
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. However the company has not entered into any derivative contracts.
 - iii. 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

V.S. SRINIVASAN
Partner
Membership No. 13729

Place: Coimbatore
Dated: 27th May 2016

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

We report that:

1. In respect of fixed assets:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) The title deeds of all the immovable properties of the Company shown under the Fixed Assets schedule are held in the name of Company.

2. In respect of Inventories:

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

3. In respect of Loans and Advances granted:

The Company has not granted loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

4. In respect of Loans, Investments, Guarantees & Security:

The Company has not granted any Loan nor provided any Guarantee / Security and hence compliance with the provisions of Section 185 and 186 of the Act in respect of the same does not arise.

5. In respect of Deposits accepted:

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

6. In respect of Cost Records:

The Central Government has prescribed maintenance of Cost Records under Section 148 (1) of the Companies Act, 2013. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the same.

7. In respect of statutory dues:

- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other Statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at the end of the year for a period of more than six months from the date of becoming payable.
- b) There are no dues of Sales Tax, Service Tax, Customs Duty, Excise Duty and VAT which have not been deposited on account of any dispute.

8. Default in Repayment of Loans:

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

9. In respect of Application of Funds:

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

10. Frauds:

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

11. In respect of Managerial Remuneration:

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

12. In respect of Nidhi Companies:

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

13. In respect of related party transactions:

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

14. In respect of preferential allotment / private placement:

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

15. In respect of non-cash transactions with directors:

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

16. In respect of registration with RBI:

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

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

V.S. SRINIVASAN
Partner
Membership No. 13729

Place: Coimbatore
Dated: 27th May 2016

**'Annexure B' to the Independent Auditor's Report of Even Date On The
Financial Statements of SALONA COTSPIN LIMITED**

*Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the
Companies Act, 2013 ("the Act")*

We have audited the internal financial controls over financial reporting of Salona Cotspin Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both issued by ICAI and deemed to be prescribed u/s 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

V.S. SRINIVASAN
Partner
Membership No. 13729

Place: Coimbatore
Dated: 27th May 2016

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 have a whistle Blower Policy.

BY ORDER OF THE BOARD

Place : COIMBATORE
Date : 27th May 2016

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 : 27th May 2016

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 2016 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 2015-16, 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
27th May 2016

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 2016, 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, 2016 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

V.S. SRINIVASAN
Partner
Membership No.13729

Place : COIMBATORE

Date : 27th May 2016

SALONA COTSPIN LIMITED
BALANCE SHEET AS AT 31ST MARCH 2016

No	Particulars	Note No.	As at 31st March 2016 Rs.	As at 31st March 2015 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	19,23,52,459	17,44,15,172
(c)	Money received against share warrants	-	-	-
	Sub Total of 1		24,56,41,386	22,77,04,099
(2)	Share application money pending allotment		-	-
(3)	Non-Current Liabilities			
(a)	Long term borrowings	4	8,03,75,356	10,18,60,070
(b)	Deferred Tax Liabilities (Net)	5	2,25,84,700	2,45,59,900
(c)	Other Long Term Liabilities	-	-	-
(d)	Long -Term Provisions	6	51,65,522	52,85,798
	Sub Total of 3		10,81,25,578	13,17,05,768
(4)	Current Liabilities			
(a)	Short -Term Borrowings	7	19,17,26,914	11,61,05,233
(b)	Trade Payables	8	4,05,96,927	1,76,44,259
(c)	Other Current Liabilities	9	5,06,13,639	4,89,04,666
(d)	Short - Term Provisions	10	58,59,152	13,20,199
	Sub Total of 4		28,87,96,632	18,39,74,357
	TOTAL (1+2+3+4)		64,25,63,597	54,33,84,224
II	ASSETS			
(1)	Non-current assets			
(a)	Fixed Assets	11		
(i)	Tangible assets		18,29,27,290	20,98,06,668
(ii)	Intangible assets		71,909	83,330
(iii)	Capital work-in-progress		-	4,11,400
(iv)	Intangible assets under development		-	-
	Sub Total of 1 (a)		18,29,99,199	21,03,01,398
(b)	Non - Current Investments	12	5,49,320	3,01,120
(c)	Deferred Tax Assets (Net)	-	-	-
(d)	Long - Term Loans and advances	13	1,63,26,658	1,66,89,543
(e)	Other Non - Current Assets	14	-	6,19,267
	Sub Total of 1		19,98,75,177	22,79,11,328
(2)	Current assets			
(a)	Current Investments	-	-	-
(b)	Inventories	15	27,02,81,720	19,84,83,102
(c)	Trade Receivables	16	12,59,34,971	8,71,75,050
(d)	Cash and Cash Equivalents	17	1,76,72,086	51,52,947
(e)	Short - Term Loans and Advances	18	1,64,51,132	1,33,34,993
(f)	Other Current Assets	19	1,23,48,511	1,13,26,804
	Sub Total of 2		44,26,88,420	31,54,72,896
	TOTAL (1+2)		64,25,63,597	54,33,84,224

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 V K S AIYER & CO
Chartered Accountants

For and on Behalf of the Board

V.S.Srinivasan
Partner
Membership No. F-13729

Shyamlal Agarwala
Managing Director

Manoj Kumar Jhajharia
Joint Managing Director

Place : Coimbatore
Date : 27th May 2016

K.B.Sajith
Company Secretary

SALONA COTSPIN LIMITED

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH 2016

No	Particulars	Note No.	Year Ended 31st March 2016 Rs.	Year Ended 31st March 2015 Rs.
I	Revenue from operations	20	100,25,81,799	103,03,37,355
II	Other Income	21	14,35,349	37,04,808
III	Total Revenue (I +II)		100,40,17,148	103,40,42,163
IV	Expenses:			
	Cost of Materials Consumed	22	57,29,30,087	68,60,08,352
	Purchase of Stock-in-Trade	23	10,65,81,714	4,80,35,174
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	(1,48,92,574)	(1,33,13,347)
	Employee Benefit Expenses	25	4,54,61,630	4,03,16,447
	Finance Costs	26	2,77,34,999	3,03,32,681
	Depreciation and Amortisation Expenses	27	3,34,97,631	4,43,33,847
	Other Expenses	28	20,54,12,093	17,29,49,006
	Total Expenses (IV)		97,67,25,580	100,86,62,159
V	Profit before exceptional and extraordinary items and tax (III - IV)		2,72,91,567	2,53,80,004
VI	Exceptional Items			
VII	Profit before extraordinary items and tax (V - VI)		2,72,91,567	2,53,80,004
VIII	Extraordinary Items			
IX	Profit before tax (VII - VIII)		2,72,91,567	2,53,80,004
X	Tax expense:			
	(1) Current Tax	29	65,79,200	52,13,000
	(2) Deferred Tax (Net)	30	(19,75,200)	(8,92,000)
	(3) Prior Year Taxes (Net)	31	-	-
	Sub Total for Taxes		46,04,000	43,21,000
XI	Profit (Loss) for the period from continuing operations (After Tax) (IX - X)		2,26,87,567	2,10,59,004
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)		2,26,87,567	2,10,59,004
XVI	Earnings Per Equity Share	32		
	(1) Basic		4.31	4.00
	(2) Diluted		4.31	4.00

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

V.S.Srinivasan
Partner
Membership No. F-13729
Place : Coimbatore
Date : 27th May 2016

Shyam Lal Agarwala
Managing Director

Manoj Kumar Jhajharia
Joint Managing Director

K.B.Sajith
Company Secretary

SALONA COTSPIN LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

	Particulars	31st March 2016 Rs.	31st March 2015 Rs.
A	Cash flow from operating activities:		
	Net Profit before taxation and extra ordinary items	2,72,91,567	2,53,80,002
	Adjustments for:		
	Depreciation	3,34,97,631	4,43,33,847
	Deferred Expenses written off	-	6,19,267
	Profit on sale of fixed assets	(32,393)	(2,90,575)
	Profit on sale of Investments	-	(5,66,059)
	Interest and financial charges paid	2,77,34,999	3,03,32,681
	Dividend Income	(2,832)	(1,394)
	Interest receipts	(14,00,124)	(28,46,780)
	Direct Taxes	(65,79,200)	(52,13,000)
	Operating profit before working capital changes	8,05,09,648	9,17,47,989
	Adjustments for working capital changes		
	(Increase)/Decrease in Operating assets		
	Inventories	(7,17,98,618)	94,09,618
	Trade receivables	(3,87,59,921)	4,00,48,427
	Loans and Advances - short term	(31,16,140)	(70,07,833)
	Other Current Assets	19,68,852	9,13,784
	Other non-current assets	6,19,267	6,19,271
	Increase/(Decrease) in Operating liabilities		
	Trade payables	2,29,52,669	(1,42,51,861)
	Other Current Liabilities	17,08,973	(93,54,483)
	Short term Provisions	45,38,953	(1,01,46,739)
	Loans and Advances - long term	3,62,885	(60,54,919)
	Long Term Provisions	(1,20,276)	16,65,921
	Net cash flow from operating activities (A)	(11,33,708)	9,75,89,175
B	Cash flow from investing activities:		
	Purchase of Fixed Assets	(62,63,278)	(67,62,200)
	Purchase of Investment	(3,16,200)	(68,000)
	Sale of Fixed Assets	1,00,238	3,99,288
	Sale of Investments	68,000	6,10,858
	Advance for Capital Goods	-	-
	Deferred Revenue Expenditure	-	(6,19,267)
	Interest receipts	14,00,124	28,46,780
	Dividend Income	2,832	1,394
	Net cash from investing activities (B)	(50,08,284)	(35,91,147)
C	Cash flow from financing activities:		
	Proceeds from long term borrowings	2,14,84,714	4,09,93,220
	Repayment of long term borrowings	7,56,21,681	(3,21,78,537)
	Proceeds from short term borrowings	7,56,21,681	(3,21,78,537)
	Increase/(Decrease) in Secured Loan	(2,14,84,714)	(4,09,93,220)
	Increase/(Decrease) in long term borrowings	7,56,21,681	(3,21,78,537)
	Increase/(Decrease) in short term borrowings	(2,77,34,999)	(3,03,32,681)
	Interest and financial charges paid	(2,77,34,999)	(3,03,32,681)
	Increase In share Capital	-	-
	Dividend Paid	47,50,280	-
	Net cash from financing activities	2,16,51,687	(10,35,04,438)
	Net increase/(decrease) in cash and cash equivalents	1,55,09,696	(95,06,407)
	Cash & cash equivalents at the beginning of the year	10,56,611	1,05,63,018
	Cash & cash equivalents at the close of the year	1,65,66,307	10,56,611
	Cash and Cash equivalents at the close of the year comprise of		
	Cash on hand	5,97,325	7,74,552
	Cash at bank in current accounts	1,59,68,983	2,82,059
		1,65,66,308	10,56,611
		(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 amortisation

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

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

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

Intangible assets are ammortised over their estimated useful life.

9. Foreign Currency Transaction

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

10. Retirement Benefits

- a) Retirement benefits such as periodical Contribution to Provident fund and Pension Fund being defined contribution plans are charged to revenue. Such contributions are on predetermined statutory rates payable to competent authority.
- b) Gratuity, which is a defined benefit, is accrued and provided for based on independent actuarial valuations as at the balance sheet date. Gratuity claims are settled on the occurring of the event / claim.
- c) The present value of the obligation under such plan is determined based on the actuarial valuation using the projected unit credit method which 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 in its capacity as lessee, where the Groups 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 all 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 2016

NOTE NO. 2 : SHARE CAPITAL**i) Particulars of each class of share capital:**

No.	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 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 2016 Rs.	As at 31st March 2015 Rs.
		As at 31st March 2016	As at 31st March 2015		
	At the commencement of the year	52,62,400	52,62,400	5,26,24,000	5,26,24,000
	At the close of the year	52,62,400	52,62,400	5,26,24,000	5,26,24,000

During the year

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

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

- 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 2016		As at 31st March 2015	
		% of holding	Number of shares	% of holding	Number of shares
1	Shyamlal Agarwala	7.74%	407393	7.74%	407393
2	Manoj Kumar Jhajharia	5.63%	296188	5.63%	296188
3	Pramod Kumar Jhajharia	5.55%	291901	5.55%	291901
4	Arun Kumar Jhajharia	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 2016

v) **Rights, Preferences and restrictions attaching to each class of shares including restrictions on distribution of dividends and repayments of capital:**

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

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

There are no securities convertible into equity or preference shares

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

There are no shares reserved under any option

NOTE NO. 3 : RESERVES AND SURPLUS

No.	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
1	A. RESERVES:		
	General Reserve		
	Balance as Per Last Balance Sheet	15,00,000	15,00,000
	Transfer From Statement Of Profit & Loss	-	-
	Closing Balance-Total Of Reserves	15,00,000	15,00,000
2	B. SURPLUS:		
	Statement of Profit and Loss after all allocations and appropriations:-		
	Opening Balance (i)	17,29,15,172	15,18,56,166
	Add : Profit after tax for the year (ii)	2,26,87,567	2,10,59,006
	Total (iii = i+ii)	19,56,02,739	17,29,15,172
	Less : (a) Transfer to Reserve	-	-
	(b) Provision for Proposed Equity Dividend	39,46,800	-
	(c) Provision for Tax on Equity Dividend	8,03,480	-
	Total (iv)	47,50,280	-
	Total of Surplus (v = (iii) - (iv))	19,08,52,459	17,29,15,172
Total of Reserves & Surplus-Per Balance Sheet	19,23,52,459	17,44,15,172	

NOTE NO. 4 : LONG TERM BORROWINGS

A. Classifications:-

No.	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
	Secured:		
(a)	Term Loans - From Banks	5,56,00,000	8,89,62,000
(b)	Deferred Payment Liabilities	-	-
(c)	Long term maturities of Finance Lease Obligation	10,75,355	16,98,070
	Unsecured:		
(d)	Other Loans and Advances	2,37,00,000	1,12,00,000
	Total Per Balance Sheet	8,03,75,356	10,18,60,070

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 2016	As at 31st March 2015
1	Secured : Union Bank of India Term Loan - II	1094	Rs.34.69 Lacs Per instalment (Number of instalment varies from time to time)	0	57,82,114
	Term Loan - III	248	24 Quarters commencing from June 2011 @ Rs.10.33 Lacs Per installment (variable ROI Basic PLR)	0	35,80,285
2	Oriental Bank of Commerce Term Loan	1368	FY 2016-2019 Rs.60 Lacs for 13 Installments. FY 2019-2020 Rs.16 Lacs for one Installments.	5,56,00,000	7,95,99,601
	Total Per Balance Sheet			5,56,00,000	8,89,62,000
				5,56,00,000	8,89,62,000

(a) (ii) Term Loans from Banks**Nature of Security and Details of Guarantee**

- The above facilities are secured on first charge on the specific fixed assets acquired besides a charge on all other fixed assets
- All the above facilities pursuant to an agreement rank pari passu amongst the bankers and the company.
- Rs.34.69 Lacs Per instalment (Number of instalment varies from time to time)
- Managing Director and Joint Managing Director have furnished their personal guarantee to bankers for the loans so availed and the guarantee is for the amount outstanding to the said bankers.
- The details of security listed above also covers for current maturities of long term debts for the above term loans

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

No	Name of the Financier	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
	Secured		
1	Volkswagen Finance Private Limited	6,09,317	13,63,356
2	HDFC Bank Ltd	89,020	3,34,714
3	Kotak Mahendra Prime Ltd	3,77,018	-
	Total Per Balance Sheet	10,75,355	16,98,070

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 2016 Rs.	As at 31st March 2015 Rs.
1	Loans from Shareholders Unsecured	-	-
	Inter-corporate Loans	2,37,00,000	1,12,00,000
	Total Per Balance Sheet	2,37,00,000	1,12,00,000
(Terms of repayment - exceeding 24 months and carrying rate of interest of 12% per annum) (Amount of Loan Repayable per period is variable and depends upon the amount availed earlier)			

NOTE NO. 5 : DEFERRED TAX LIABILITIES (NET)

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
A.	Deferred Tax Liability Opening Balance	2,84,23,300	3,61,95,300
	Add : Additions during the year	-	-
	Less: Reversed During the year	2,84,23,300	3,61,95,300
	(A)	50,12,200	77,72,000
		2,34,11,100	2,84,23,300
B	Deferred Tax Asset Add : Additions during the year	38,63,400	1,07,43,400
	Less: Reversed During the year	-	-
	(B)	38,63,400	1,07,43,400
		30,37,000	68,80,000
		8,26,400	38,63,400
	Deferred Tax Liability (Net) A-B	2,25,84,700	2,45,59,900

NOTE NO. 6 : LONG -TERM PROVISIONS

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
1	<u>Provision for Employee Benefits</u> Provision for Gratuity	51,65,522	52,85,798
	Total	51,65,522	52,85,798

NOTE NO. 7 : SHORT -TERM BORROWINGS

A. Classifications :

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
(a)	Secured Loans repayable on demand		
	i) From Banks	19,17,26,914	11,61,05,233
	Total	19,17,26,914	11,61,05,233

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

No	Particulars	Limit Sanctioned Rs. In Lacs	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
1	Cash Credit From Banks:			
	The Catholic Syrian Bank Ltd	750.00	2,97,25,074	3,42,88,245
	Oriental Bank of Commerce	200.00	84,87,039	52,74,441
	Union Bank of India	910.00	2,20,60,924	46,63,630
	State Bank of India	356.00	2,16,51,246	1,51,60,081
2	Packing credit loans:			
	The Catholic Syrian Bank Ltd	(sub-limit)	1,35,90,000	
	Union Bank of India	(sub-limit)	6,40,87,399	3,52,98,930
	State Bank of India	(sub-limit)	38,44,660	98,03,589
3	Foreign Bills Purchased by Banks:			
	Union Bank of India	500.00	2,47,56,870	-
	State Bank of India	-	1,55,526	1,05,69,490
4	Inland Bills Purchased By Banks:			
	State Bank of India		22,13,133	-
	Union Bank of India		11,55,042	10,46,827
	Total	2,716	19,17,26,914	11,61,05,233

(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 2016 Rs.	As at 31st March 2015 Rs.
1	Micro Small & Medium Enterprises	-	-
2	Others	4,05,96,927	1,76,44,259
	Total	4,05,96,927	1,76,44,259

NOTE NO. 9 : OTHER CURRENT LIABILITIES

A. Classifications:-

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
a	Current maturities of Long Term Debt	3,22,07,272	3,69,26,344
b	Interest accrued and due on Term Loans	-	-
c	Interest accrued and due on Unsecured Loans	23,60,613	18,79,200
d	Current Maturities of Finance Lease Obligations	11,85,068	10,28,152
e	Unpaid dividends	6,75,248	6,75,848
f	Other payables		
	Liability For Expenses	1,14,38,297	72,46,460
	Statutory Liabilities (duties and taxes payable)	27,47,141	11,48,662
	Total	5,06,13,639	4,89,04,666

NOTE NO. 10 : SHORT - TERM PROVISIONS

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
1	Others		
	a. Provision for Dividends	39,46,800	
	b. Provision for Dividend distribution tax	8,03,480	
	c. Provision for Proposed Taxation (net)	11,08,872	13,20,199
		58,59,152	13,20,199
	Total	58,59,152	13,20,199

SALONA COTSPIN LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH 2016

NOTE NO.11 : FIXED ASSETS

No.	Particulars	← GROSS BLOCK →			← DEPRECIATION →			← NET BLOCK →			
		As on 01.04.2015	Additions / Acquisitions through Business Combinations	Deletions / Disposals	As on 31.03.2016	Upto 01.04.2015	For the year	Withdrawn on Account or Disposal	Upto 31.03.2016	As on 31.03.2016	As on 31.03.2015
A	TANGIBLE ASSETS										
1	FREE HOLD LAND	15,88,882	-	-	15,88,882	-	-	-	-	15,88,882	15,88,882
2	BUILDING	7,93,66,281	4,11,400	-	7,97,77,681	2,41,75,347	30,57,962	2,72,33,309	5,25,44,372	5,51,90,934	5,51,90,934
3	PLANT & EQUIPMENTS	61,33,14,993	46,35,425	-	61,79,50,418	46,63,24,323	2,90,28,807	49,53,53,130	12,25,97,288	14,69,90,670	14,69,90,670
4	FURNITURE & FIXTURES	10,74,044	1,38,266	-	12,12,310	7,33,334	1,26,637	8,59,971	3,52,339	3,40,710	3,40,710
5	VEHICLES	1,02,28,063	7,97,815	7,30,350	1,02,95,528	50,45,409	9,65,596	53,48,501	49,47,027	51,82,654	51,82,654
6	OFFICE EQUIPMENTS	57,39,417	6,91,768	-	64,31,185	52,26,599	3,07,208	55,33,807	8,97,378	5,12,818	5,12,818
	TOTALA	71,13,11,680	66,74,674	7,30,350	71,72,56,004	50,15,05,012	3,34,86,210	53,43,28,718	18,29,27,286	20,98,06,668	20,98,06,668
B	INTANGIBLE ASSETS **										
7	COMPUTER SOFTWARE	2,37,750	-	-	2,37,750	1,54,420	11,421	1,65,841	71,909	83,330	83,330
	TOTALB	2,37,750	-	-	2,37,750	1,54,420	11,421	1,65,841	71,909	83,330	83,330
C	CAPITAL										
	WORK-IN-PROGRESS										
8	BUILDING	4,11,400	-	4,11,400	-	-	-	-	-	4,11,400	4,11,400
	PLANT & EQUIPMENTS	-	-	-	-	-	-	-	-	-	-
	TOTALC	4,11,400	-	4,11,400	-	-	-	-	-	4,11,400	4,11,400
D	INTANGIBLE ASSETS UNDER CONSTRUCTION										
	TOTALD	-	-	-	-	-	-	-	-	-	-
	CURRENT YEAR FIGURES										
	(TOTAL (A+B+C+D))	71,19,60,830	66,74,674	11,41,750	71,74,93,754	50,16,59,432	3,34,97,631	53,44,94,559	18,29,99,195	21,03,01,398	21,03,01,398
	PREVIOUS YEAR FIGURES	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	24,79,81,757	24,79,81,757

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2016

NOTE NO. 12 : NON - CURRENT INVESTMENTS

A. Classifications:

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
a	Investments in Equity Instruments valued at cost	5,49,320	3,01,120
		5,49,320	3,01,120

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 2016 Rs.	Carrying amount As at 31st March 2015 Rs.
i)	Equity Instruments:				
	<u>Non-trade Quoted</u>				
1	Union Bank of India 472 Equity shares of Rs.10/- each (Previously 472 equity shares of Rs.10/- each)	472	33,120	33,120	33,120
	<u>Trade - Unquoted</u>				
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
3	11620 Equity Shares in Echanda Urja Private Limited	11,620	1,16,200	1,16,200	-
4	Ind-Bharath Power Gencom Limited	28,664	2,00,000	2,00,000	-
	Sub Total	61,256	5,49,320	5,49,320	3,01,120

2. Abstract of Investments in Equity

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
a	Aggregate amount of quoted investments	33,120	33,120
b	Market Value of Quoted Investments	2,09,040	2,09,040
c	Aggregate amount of unquoted investments	5,16,200	2,68,000
	Net Carrying amount of Investments	5,49,320	3,01,120

NOTE NO. 13 : LONG - TERM LOANS AND ADVANCES

A. Classifications:

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
	Unsecured and Considered good		
1	Capital Advances	55,56,640	55,56,640
2	Security Deposits	1,06,90,018	1,09,92,903
3	Loans and advances to related parties	-	60,000
4	Other Loans and Advances	80,000	80,000
	Total	1,63,26,658	1,66,89,543

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

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 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 2016 Rs.	As at 31st March 2015 Rs.
i)	Unsecured, considered Good Deposits with Statutory Authorities	1,06,90,018	1,09,92,903
	Total	1,06,90,018	1,09,92,903
Security deposits are placed with Electricity, Telephone and other Statutory authorities.			

3) Loans and advances to Related Parties

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
i)	Unsecured, considered Good Rental Advance for Office Premises	-	60,000
	Total	-	60,000

4) Other loans and advances

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
	Rental Advance for Office Premises	80,000	80,000
	Total	80,000	80,000

NOTE NO. 14 : OTHER NON - CURRENT ASSETS

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
	Deferred revenue expenditure	-	6,19,267
		-	6,19,267
	Opening balance	6,19,267	12,38,538
	Less: Amortised during the year	6,19,267	6,19,271
	Closing balance	-	6,19,267

NOTE NO. 15 : INVENTORIES

A. Classification

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
	Inventory on Hand		
a)	Raw Materials	18,43,46,297	13,05,66,879
b)	Work in Progress	2,79,89,075	2,41,39,434
c)	Finished Goods	5,23,83,962	3,94,08,788
d)	Stores & Spares	55,62,387	43,68,002
	Total	27,02,81,720	19,84,83,102

NOTE NO. 16 : TRADE RECEIVABLES

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
a)	Outstanding for a period exceeding six months - Unsecured, considered good	-	-
	Sub Total	-	-
b)	Others - Unsecured, considered good	12,59,34,971	8,71,75,050
	Sub Total	12,59,34,971	8,71,75,050
	Total	12,59,34,971	8,71,75,050

NOTE NO. 17 : CASH AND CASH EQUIVALENTS

A. Classification:

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
a)	Cash on hand	5,97,325	7,74,552
b)	Balances with banks:		
	- Balances in Current accounts	1,59,68,983	2,82,059
	- In earmarked accounts Unpaid dividend accounts	6,75,248	6,75,848
c)	Other bank deposits - Margin Money Deposits held under lien by Banks	4,30,530	34,20,488
	Total	1,76,72,086	51,52,947

NOTE NO. 18 : SHORT - TERM LOANS AND ADVANCES

A. Classifications:-

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
1	Other loans and advances - Others	1,64,51,132	1,33,34,993
	Total	1,64,51,132	1,33,34,993

B. Other Disclosures:**(b) Unsecured and Considered good**

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
1	Trade Advances	1,24,36,759	1,07,06,171
	Advance Towards direct Taxes		
2	Advance Towards Indirect Taxes	24,53,873	16,33,726
3	Prepaid Expenses	13,03,091	6,32,822
4	Advances to Staff and Other Operatives	2,24,500	3,38,350
5	Others	32,910	23,924
	Total	1,64,51,132	1,33,34,993

NOTE NO. 19 : OTHER CURRENT ASSETS

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
	BREAKUP FOR OTHER CURRENT ASSETS		
	Export:		
	Duty Draw Back Receivable	11,42,380	23,84,014
	Incentive under FMS/FPS Receivable		13,53,989
	Incentive Under MEIS Receivables	17,59,237	-
	Interest:		
	Interest Receivable on Energy Supply Deposits	3,200	3,600
	Interest & Interest Subsidy Receivable	85,21,295	66,96,098
	Others:		
	Accrued Income	2,65,185	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
	Sales Promotion expenses receivable	1,24,134	
	Inland LC interest receivable	38,449	
		1,23,48,511	1,13,26,804

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2016

NOTE NO. 20 : REVENUE FROM OPERATIONS

A. Classifications:-

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Sale of Products	98,71,74,414	101,80,32,476
2	Other Operating Revenues	1,54,07,385	1,23,04,879
		100,25,81,799	103,03,37,355
	Less: Excise Duty		
	Total per statement of P & L	100,25,81,799	103,03,37,355

B. Other Disclosures:

(i) Other operating revenues

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Export Incentives:		
	Duty Draw Back	95,42,482	71,12,503
	Incentive under FMS/FPS	57,36,233	16,20,944
2	Other Miscellaneous Income	24,800	61,164
3	Foreign Exchange Fluctuation	1,03,870	35,10,268
		1,54,07,385	1,23,04,879

NOTE NO. 21 : OTHER INCOME

A. Classifications:-

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Interest Income	14,00,124	28,46,780
2	Dividend Income	2,832	1,394
3	Other Non- Operating Income (Net of Expenses directly attributable to such Income) (Refer note (iii) below)	32,393	8,56,634
	Total	14,35,349	37,04,808

B. Other Disclosures:

(i) Interest Income

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	From Current Investments		
	Interest Receipts:		
	Banks Fixed Deposits	2,03,359	6,12,682
	Inland Bill Discounting	1,97,872	14,65,781
	Energy Security Deposit	7,64,745	7,66,317
2	From Others		
	Interest Receipts-Other parties	2,34,148	2,000
	Total	14,00,124	28,46,780

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2016(ii) Dividend Income

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
	From Others:		
1	From Long Term Investments Equity Instruments	2,832	1,394
	Total	2,832	1,394

(iii) Other Non Operating Income:

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Profit on sale of Fixed Assets	32,393	2,90,575
2	Profit on sale of Equity Instruments	-	5,66,059
	Total	32,393	8,56,634

NOTE NO. 22 : COST OF MATERIALS CONSUMED

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Raw Materials	56,82,31,558	68,03,15,177
2	Other Consumables	46,98,528	56,93,175
	Total	57,29,30,087	68,60,08,352

A. Disclosures:

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Consumption of Raw Materials		
	Cotton:		
	Opening stock of Raw Materials	13,05,66,879	14,85,73,225
	Work-in Progress	25,58,300	83,59,591
	Add: Purchases during the year	62,39,43,218	65,65,07,540
		75,70,68,397	81,34,40,356
	Less: Closing stock of raw materials	18,43,46,297	13,05,66,879
	Work-in Progress	44,90,542	25,58,300
	Consumption of raw materials	56,82,31,558	68,03,15,177
2	Consumption of Other Consumables		
	Packing Consumables:		
	Opening stock	8,08,431	5,93,170
	Add: Purchases during the year	45,16,000	59,08,436
		53,24,431	65,01,606
	Less: Closing stock	6,25,903	8,08,431
	Consumption of other materials	46,98,528	56,93,175

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2016

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

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Yarn	8,43,40,708	3,42,41,845
2	Fabric	2,22,41,006	1,37,93,329
		10,65,81,714	4,80,35,174

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

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
a	Inventories at the commencement of the year	6,09,89,921	4,76,76,574
b	Less: Inventories at the close of the year	7,58,82,495	6,09,89,921
	Total	(1,48,92,574)	(1,33,13,347)

Disclosure on Changes in Inventories:

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Opening 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
2	Less: Closing Stock:		
	Finished Goods - Yarn	3,79,89,795	3,10,40,949
	Finished Goods - Fabrics	1,22,98,410	55,72,611
	Work in Process	2,34,98,533	2,15,81,134
	By-Product - Seconds Cotton	20,95,757	27,95,228
		7,58,82,495	6,09,89,921
	Total	(1,48,92,574)	(1,33,13,347)

NOTE NO. 25 : EMPLOYEE BENEFIT EXPENSE

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Salaries & Wages	2,22,39,644	2,07,83,357
2	Contribution to Provident and Other Funds	18,70,020	29,00,851
3	Staff Welfare Expenses	1,45,93,313	1,24,80,209
4	Managerial Remuneration	67,58,653	41,52,030
	Total	4,54,61,630	4,03,16,447

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2016**Disclosure on Employee Benefit Expenses:**

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
(i)	Staff Welfare Expenses		
	Medical Expenses Reimbursed/Insured Premium	1,83,662	57,145
	Water Expenses	28,21,522	27,53,032
	Staff & Workers Welfare Expenses	64,77,990	50,45,524
	Canteen Expenses	51,10,140	46,24,508
	Total	1,45,93,313	1,24,80,209

NOTE NO. 26 : FINANCE COSTS

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Interest Expenses (Refer note (i) below)	2,39,67,845	2,65,90,075
2	Other Borrowing Costs (Refer note (ii) below)	37,67,155	37,42,606
	Total	2,77,34,999	3,03,32,681

Disclosure on Finance Cost:

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
(i)	Notes		
	Interest Expense:		
	Interest on borrowings from Banks	2,10,91,998	2,49,63,217
	Interest on borrowings from Others	26,22,904	13,44,000
	Finance Charges on Finance Lease	2,52,943	2,82,858
	Total	2,39,67,845	2,65,90,075
(ii)	Other Borrowing Costs		
	Foreign Exchange difference / Net loss on the Forex	15,10,492	19,71,540
	Discounts / premiums on borrowings	22,56,663	17,71,066
	Bank Charges		
	Total	37,67,155	37,42,606

NOTE NO. 27 : DEPRECIATION AND AMORTISATION EXPENSES

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Depreciation	3,34,86,210	4,43,11,247
2	Amortization Expense	11,421	22,600
	Total	3,34,97,631	4,43,33,847

NOTE NO. 28 : OTHER EXPENSES

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Manufacturing Expenses (Refer note (i) below)	11,83,59,178	10,34,83,259
2	Administrative Expenses (Refer note (ii) below)	1,26,42,859	1,00,25,830
3	Repairs and Maintenance (Refer note (iii) below)	2,84,25,518	2,53,07,035
4	Sales and Distribution Expenses (Refer note (iv) below)	4,54,36,097	3,37,69,702
5	Miscellaneous Expenses (Refer note (v) below)	5,48,442	3,63,180
	Total	20,54,12,093	17,29,49,006

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2016

Disclosure on Other expenses

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
	<u>Notes</u>		
(i)	Manufacturing Expenses		
a	Power and Fuel	7,09,13,572	6,90,61,587
b	Consumption of Stores and Spare Parts	1,80,67,688	1,32,64,797
c	Other Manufacturing Expenses	2,93,77,917	2,11,56,875
	Total	11,83,59,178	10,34,83,259
(ii)	Administrative Expenses		
a	Rent	4,47,600	3,48,000
b	Rates and taxes, excluding taxes on income	11,37,863	3,83,659
c	Payments to Auditors	3,74,208	4,89,609
d	Insurance	9,08,456	10,05,599
e	Sitting Fees To Other Non whole Time Directors	70,412	89,889
f	Travelling Expenses	52,16,411	36,91,730
g	Communication Expenses	9,41,696	8,55,287
h	Printing & Stationery	6,36,178	4,48,979
i	Donation	4,47,000	5,30,000
j	General Expenses	6,76,804	5,30,146
k	Professional & Legal Fees	9,45,353	9,37,458
l	Security Service Charges	7,56,374	6,73,131
m	Subscription		
	Trade Associations	48,000	15,000
	Research Association	36,504	27,343
	Total	1,26,42,859	1,00,25,830
(iii)	Repairs and Maintenance		
a	Buildings	65,21,907	36,36,386
b	Machinery	92,67,857	86,13,121
c	Wind Mills	59,86,442	82,27,837
d	Vehicles	28,20,909	14,63,622
e	Others	38,28,403	33,66,069
	Total	2,84,25,518	2,53,07,035
(iv)	Sales and Distribution Expenses		
a	Consumption of Other Packing Materials		
	Opening Stock	7,05,862	5,37,462
	Add: Purchases during the year	63,99,737	47,15,779
		71,05,599	52,53,241
	Less: Closing Stock	3,70,976	7,05,862
	Consumption of Other Packing Materials	67,34,623	45,47,379
b	Advertisement Charges	2,59,854	2,21,529
c	Commission Payments on sales/ services	85,82,001	38,55,266
d	Commission Payments on Export Sales	81,30,133	34,15,585
e	Discounts Allowed	14,56,976	7,07,368
f	Other Sales Expenses	1,29,86,978	1,20,71,578
g	Export Sales Expenses	72,85,532	89,50,997
	Total	4,54,36,097	3,37,69,702
(v)	<u>Miscellaneous Expenses</u>		
		5,48,442	363,180
	Total	5,48,442	363,180

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2016**NOTE NO. 29 : (1) CURRENT TAX**

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Current tax	65,79,200	52,13,000
		65,79,200	52,13,000
	Current Tax Liability	65,79,200	52,13,000

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

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Provision for Deferred Tax Liability (Dr.)		
2	Reversal of Deferred Tax Liability (Cr.)	(50,12,200)	(77,72,000)
3	Provision for Deferred Tax Asset (Cr.)	-	-
4	Reversal of Deferred Tax Asset (Dr.)	30,37,000	68,80,000
	Net Deferred Tax per statement of Profit & Loss	(19,75,200)	(8,92,000)

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

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
1	Excess / Short Provision of Taxes for Earlier Years		
2	Prior year income tax paid during the year	-	-
	Net prior year tax per statement of Profit & Loss	-	-

OTHER NOTES

I. ADDITIONAL INFORMATION TO BALANCE SHEET

A Contingent Liabilities:

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 Rs.
a)	Claims against the Company not acknowledged as Debt	11,90,000	11,90,000
b)	Guarantees given to customs department against import of Capital goods	-	-
c)	Other money for which the Company is contingently liable	-	-

B Commitments:

No	Particulars	Year Ended March 2016 Rs.	Year Ended March 2015 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 2016 Rs.	As at 31st March 2015 Rs.
	Total Amount of Proposed Dividend	39,46,800	-
	Number of Shares	52,62,400	52,62,400
	Amount of Dividend per Share	0.75	-

D Dues to Micro, Small & Medium Enterprises :

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 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 2016 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act.		
a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
b)	The amount of interest paid by the Company along with the amount of the payments made to the supplier beyond the appointed day during the period.	NIL	NIL
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	NIL	NIL
d)	The amount of interest accrued and remaining unpaid at the end of the period	NIL	NIL
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	NIL	NIL

II. ADDITIONAL INFORMATION TO STATEMENT OF PROFIT AND LOSS:

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 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	1,03,870	35,10,268
3	Payments to Auditors		
	Statutory Auditor's Remuneration		
	(a) For Audit	1,00,000	1,00,000
	(b) For Taxation matters,		
	Direct Tax	65,000	1,22,000
	Indirect Tax	18,000	60,000
	(c) For company law matters,	35,000	25,000
	(d) For other services,	45,500	60,200
	(e) For reimbursement of service tax;	-	29,997
		2,63,500	3,97,197
	Cost Auditor's Remuneration		
	(a) For Audit	-	6,427
	(b) For reimbursement of service tax;	-	2,719
		-	9,146
	Total Payments to auditor	2,63,500	4,06,343
4	Amounts Spent Towards Corporate Social Responsibility	78,119	48,320
5	Turnover		
	i) Indigenous		
	Cotton Yarn	29,34,45,590	33,41,58,808
	Knitted Fabrics	39,07,23,423	41,74,30,300
	Garments	1,254	-
	ii) Export		
	Cotton Yarn	7,62,20,139	11,09,08,759
	Knitted Fabrics	5,99,10,849	6,88,33,386
	Yarn - Deemed Export	45,54,000	-
	iii) By Products-Waste		
	Indigenous	3,04,64,552	3,64,64,264
	Export	2,34,76,244	2,28,31,260
	iv) Traded Goods		
	Cotton Yarn Export	-	73,00,192
	Yarn	5,12,23,208	2,01,05,507
	Fabrics	5,71,55,154	-
	v) Knitting charges	-	-
	Total	98,71,74,414	101,80,32,476
		-	-
6	Closing Inventory		
	Cotton Yarn	3,79,89,795	3,10,40,949
	Hosiery Knitted Cloth	1,22,98,410	55,72,611
	By Product	20,95,757	27,95,228
	Total	5,23,83,962	3,94,08,788

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

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
7	Opening Inventory		
	Cotton Yarn	3,10,40,949	2,52,39,130
	Hosiery Knitted Cloth	55,72,611	16,23,107
	By Product	27,95,228	44,09,716
	Total	3,94,08,788	3,12,71,952
8	Break Up for Consumption		
	a) Raw Materials		
	Indigenous	Rs. 56,82,31,558	61,94,21,233
		% 100%	91%
	Imported	Rs. -	6,08,93,944
		% 0%	9%
	Total	56,82,31,558	68,03,15,177
	b) Stores and Spares		
	Indigenous	Rs. 1,24,98,331	1,28,95,496
		% 69%	97%
	Imported	Rs. 55,69,357	3,69,301
		% 31%	3%
	Total	1,80,67,688	1,32,64,797
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;	48,41,904	25,79,332
	III. Capital goods;	-	-
10	Expenditure in foreign currency:		
	Purchase of spares	48,41,904	25,79,332
	Interest & Bank charges	11,58,033	8,22,220
	Commission on exports	19,95,546	2,34,587
	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	4	4
ii)	Total No. of Shares held	No. 2,050	2,050
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;	26,36,52,100	21,57,85,633
	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 2016 Rs.	As at 31st March 2015 Rs.
13	DEPRECIATION NOTE Depreciation and amortisation expenses for the year ended 31st March, 2016, is net of Rs.33.14 lakhs , being the credit taken for excess provision made in the immediate prior year withdrawn.		
14	Power & Fuel is arrived as under:		
	Electricity Charges incurred	9,94,56,387	9,36,25,867
	Fuel Consumed	50,59,273	1,28,26,254
	Total	10,45,15,660	10,64,52,121
	Less: Wind Electricity generated & Captively Consumed	3,36,02,088	3,73,90,534
	Net debit to P&L	7,09,13,572	6,90,61,587
15	OTHERS		
a	The company has contributed to trade related research institutions by way of annual subscriptions	36,504	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 2016 Rs.	As at 31st March 2015 Rs.
i)	<p>Defined Contribution Plans The Company makes Provident Fund, Pension Fund and Insurance fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. In case of provident, pension fund and Insurance Fund the contributions as specified under the law are paid to the Regional Provident Fund Commissioner and the Central Provident Fund under the Employees Pension Scheme.</p> <p><u>Payment to Defined Contribution Benefit Plans:</u></p> <p>Contribution to Provident Fund</p> <p>Contribution to Employees Pension Fund</p> <p>Contribution to Deposit Linked Insurance Fund</p> <p>Contribution to Employees State Insurance Fund</p> <p>Contribution to Tamil Nadu Labour Welfare Fund</p>	<p>3,36,265</p> <p>7,63,637</p> <p>41,559</p> <p>5,09,976</p> <p>7,620</p>	<p>3,37,254</p> <p>7,46,357</p> <p>42,535</p> <p>4,09,961</p> <p>5,082</p>
ii)	<p>Defined benefit plans The company has an unfunded defined benefit gratuity plan. Every employee who has qualified and completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months, subject to a maximum laid down by law.</p> <p>The company has undertaken an actuarial valuation in respect of gratuity liability and provides for it in its books of accounts; but does not contribute the amount to any fund or trust.</p> <p>Opening balance</p> <p>Add: Provision for the year</p> <p>Less: Payments during the year</p> <p>Closing balance</p>	<p>33,81,962</p> <p>1,32,231</p> <p>35,14,193</p> <p>4,11,160</p> <p>31,03,033</p>	<p>23,65,071</p> <p>12,65,478</p> <p>36,30,549</p> <p>2,48,587</p> <p>33,81,962</p>
II.	<p><u>DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-16 BORROWING COSTS</u></p> <p><u>Borrowing costs capitalised during the year</u></p>	<u>NIL</u>	<u>NIL</u>
III.	<p><u>DISCLOSURES PURSUANT TO ACCOUNTING STANDARD- 17 SEGMENT REPORTING</u></p> <p>The company operates only on one segment which is the company's primary segment i.e.</p>	Cotton Textiles	Cotton Textiles
IV.	<p><u>DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-18 RELATED PARTY DISCLOSURES</u></p>		
1	In terms of the Accounting Standard 18 requiring disclosure of related parties, the following persons have been identified as Related Parties:		
i)	<p>Key Management Personnel:</p> <p>Shyamlal Agarwala</p> <p>Manoj Kumar Jhajharia</p> <p>Pramod Kumar Jhajharia</p>	<p>Managing Director</p> <p>Joint Managing Director</p> <p>Chief Executive</p>	
ii)	<p>Enterprises that have a member of key management in common with the company:</p> <p>Shristi Cotspinn Private Limited</p>		

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 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
c)	Remuneration to Managing Director	36,86,538	21,94,996
d)	Remuneration to Joint Managing Director	30,72,115	18,73,034
e)	Sitting fees to other Directors	62,000	80,000
f)	Travelling reimbursement to Other Directors	80,000	80,000
g)	Remuneration to chief executive:		
	Salary	5,40,000	5,40,000
	Company's contribution to PF and Other funds	16,500	16,500
		5,56,500	5,56,500
	<u>BREAK UP OF MANAGERIAL REMUNERATION PAID</u>		
	<u>MANAGING DIRECTOR</u>		
	Salary	18,00,000	18,00,000
	Perquisites	18,00,000	-
	Medical Reimbursement	-	20,000
	Gratuity Provision	86,538	3,74,996
	Commission to Managing Director	-	-
		36,86,538	21,94,996
	<u>JOINT MANAGING DIRECTOR</u>		
	Salary	15,00,000	15,00,000
	Perquisites	15,00,000	84,000
	Medical Reimbursement	-	15,000
	Gratuity Provision	72,115	2,74,034
		30,72,115	18,73,034
b)	Enterprises that have a member of key management in common with the company:		
	Sale of Goods		
	Shristi Cotspinn Private Limited	45,54,000	99,38,257
V.	<u>DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-20</u>		
	<u>EARNINGS PER SHARE</u>		
	Profit after tax (A)	2,26,87,567	2,10,59,004
	Number of equity shares (B)	52,62,400	52,62,400
	Basic EPS (A/B)	4.31	4.00
	Number of equity shares (B1)	52,62,400	52,62,400
	Diluted EPS (A/B1)	4.31	4.00

No	Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
VI.	<u>DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-22</u>		
	<u>TAXES ON INCOME</u>		
	In terms of Accounting Standard 22 working for Deferred Tax Asset has been recognised on account of prudence and the estimated reliability within a reasonable point of time.		
	Net Deferred Tax Asset/Liability in respect of the year ending 31st March 2016 and earlier credited / debited to profit & loss account and Net Deferred Tax Liability as on 31st March, 2016 are computed as below:		
	Deferred Tax Liability:		
	On Depreciation	2,32,10,300	2,82,22,500
	On Deferred Revenue expenditure	2,00,900	2,00,900
		2,34,11,200	2,84,23,400
	Deferred Tax Asset:		
	1. Provision for Bonus Payable	5,07,800	5,05,500
	2. Provision for Self generation Tax	2,24,200	-
	3. Commission to Managing Director	-	-
	4. Provision for Gratuity	94,400	6,21,200
	5. Unabsorbed Loss C/F	-	-
	6. MAT Credit Carried forward for Set off	-	27,36,700
		8,26,400	38,63,400
	Net Deferred Tax Liability	2,25,84,800	2,45,60,000
	Deferred Tax Liability at the beginning	2,45,60,000	2,54,52,048
	Net Deferred Tax Liability debited to Statement of Profit and Loss	-	-
	Net Deferred Tax Liability credited to Statement of Profit and Loss	19,75,200	8,92,000

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

For and on Behalf of the Board

Shyam Lal Agarwala
Managing Director

V.S.Srinivasan
Partner
Membership No. F-13729

Manoj Kumar Jhajharia
Joint Managing Director

Place : Coimbatore
Date : 27th May 2016

K.B.Sajith
Company Secretary