



Salona
Cotspin
LIMITED

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20th *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 C.Thirumurthy
Director

Sri Dhiresb Jayasi
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
Vadambacherri Village, Palladam Taluk
Kozhumankondan Village, Palani Taluk

DIRECTORS' REPORT TO THE SHAREHOLDERS

To

The Members

Your Directors have great pleasure in presenting their Twentieth Annual Report together with Audited financial statements of the Company for the year ended 31st March, 2014.

1. WORKING RESULTS

Details	(Rupees in Lacs)	
	31.03.2014	31.03.2013
INCOME		
Sales and Other operating Receipts	10637.85	8570.34
Other Income	24.46	13.29
Total	10662.31	8583.63
Gross Profit before interest, depreciation and tax	1671.14	1347.77
Less: Interest	337.77	428.80
Profit/(Loss) after interest, but before depreciation and tax	1333.37	918.97
Less: Depreciation	570.38	547.91
PROFIT BEFORE TAX	762.99	371.06
Less: Provision for Income Tax – Current Tax	152.60	78.00
Less: Provision for Deferred Tax Liability (Net)	43.12	(18.30)
Less: Prior Year Taxes	0.82	0.11
NET PROFIT/(LOSS) AFTER TAX	566.45	311.25
Add: Opening Surplus	1041.00	729.75
Total Profit available for appropriation	1607.45	1041.00

APPROPRIATION

The above Profit is proposed to be appropriated as stated below:-		
Proposed Dividends & Tax on Dividend	73.88	0.00
Surplus carried over to Balance sheet	1533.57	1041.00

2. REVIEW OF OPERATIONS:

During the year under review, the Company achieved further growth in volume of production and sales of yarn when compared with the previous year. The Company achieved much better working results than in the previous year due to better capacity utilisation, due to stability in supply of power and prices of cotton.

The sales turnover was Rs.10518.92 Lacs as against Rs.8518.13 Lacs in the previous due to increase in Yarn production and increase in yarn prices. The Sales turnover includes Export Sales of Rs. 3875.57 Lacs as against Rs.1964.01 Lacs in the previous year. Even the yarn production increased to 41.18 Lacs Kgs as against 36.23 Lacs Kgs. in last year. The mill has produced Knitted fabrics of 18.43 Lacs Kgs. as against 18.44 Lacs Kgs. in last year. Though the evacuation back out was imposed by the TANGEDCO, the windmills generated 85.92 Lacs units (net) of wind electricity as against 83.20 Lacs units in the previous year. The Wind electricity was captively consumed by use in the Textile Mill.

The overall performance should be considered as satisfactory.

3. OUT LOOK FOR THE IMMEDIATE FUTURE:

Availability of raw material viz., Cotton of good quality and at a reasonable price is always a significant factor, which will influence the performance of the Company. The textile industry in India is also counting upon imports and hence fluctuation in foreign exchange may also impact the cost of raw material. Your Directors are optimistic of achieving satisfactory results in the ensuing year.

4. DIVIDEND:

Your Directors are pleased to recommend a dividend of 12% for the year ended 31st March 2014 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.73.88 Lacs.

5. FINANCES:

During the year under review, the Reserves and Surplus, representing credit balance in the Profit and Loss Account stood at Rs.1533.56 Lacs (Rs.1041.00 Lacs credit balance in the previous year). The liability for interest free sales tax deferred credit stood at Rs.106.59 Lacs. (Rs. 229.48 Lacs) The Company met all financial commitments to the Bankers on account of Term Loan and Working Capital Credit.

6. TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

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

During the year, the Company has transferred a sum of Rs. 1,26,760/- to Investor Education & Protection Fund, the amount which was due and payable and remained unclaimed for a period of seven years, as provided in Section 205C(2) of the Companies Act, 2013.

7. FIXED DEPOSITS:

The Company has not accepted any deposits from the public so far and there is no outstanding on account of public deposits.

8. INFORMATION PURSUANT TO SECTION 217 OF COMPANIES ACT, 2013

The information in accordance with clause (e) of sub-section (1) of section 217 of the Companies Act, 2013 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2014 is given in Annexure to this report.

During the period under review, the Company had no employee covered under Section 217(2A) of the Companies Act, 2013, read with the Companies (Particulars of Employees) Rules, 1975.

9. DIRECTORS:

Sri C. Thirumurthy and Sri G.V. Desikan are liable to retire by rotation under the provisions of erstwhile Companies Act, 1956 and being eligible and the board recommends their appointment as Independent Director.

Sri Dhires Jayasi was appointed as Additional Director of the Company on 25th July 2014 by the Board of Directors and is liable to retire at this Annual General Meeting.

In order to comply with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreements entered into with Stock Exchanges Sri.G.V.S. Desikan, Sri C. Thirumurthy and Sri Dhires Jayasi are proposed to be appointed as Independent Directors. The said Directors have consented to act as independent Directors and in respect of whom nominations with required deposit have been received from members.

A brief profile of the Director retiring by rotation and seeking re-election, to be provided as per Clause-49 of the Listing Agreement is annexed to the Notice of Annual General Meeting.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance of Section-217(2AA) of the Companies Act, 1956 the Directors of your Company confirm that:

- All applicable Accounting Standards have been followed in preparation of Annual Accounts and that there are no material departures;
- Such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Annual Accounts of your Company have been prepared on a going concern basis.

11. AUDITORS:

Your Company's Auditors M/s. VKS Aiyer & Co., Chartered Accountants, Coimbatore will retire at the ensuing Annual General Meeting and they are eligible for re-appointment.

12. Board Committees:

The Board of Directors has re-constituted the Audit Committee and rechristened the existing Remuneration Committee as Nomination and Remuneration Committee and reconstituted it and further, the investors grievance

Committee renamed as Stakeholders Relationship Committee so as to be in line with as prescribed under the Companies Act, 2013 and Clause 49 of the amended Listing Agreement with the Stock Exchanges.

13. CORPORATE GOVERNANCE:

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

14. INDUSTRIAL RELATIONS:

The Industrial relations continued to remain cordial during the period. The Board of Directors wish to place on record their appreciation for co-operation extended by all sections of the employees.

15. LISTING:

The equity shares of the Company are listed and traded in the Stock Exchanges of Chennai, Ahmadabad and Calcutta and the Company has paid the annual listing fees to Stock Exchanges for the financial year 2013-14.

The Equity Shares of the Company are permitted for trading in BSE Indonext segment – under group “S” of **Bombay Stock Exchange Limited**.

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.

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.**

16. 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.

Date : 25th July 2014
Place : Coimbatore

FOR AND ON BEHALF OF THE BOARD

(Sd/-)
SHYAMLAL AGARWALA
Chairman and Managing Director

ANNEXURE TO THE DIRECTORS REPORT

FORM-A

Information pursuant to the Companies (Disclosures of particulars in the report of the Board of Directors) rules 1988 in the terms of section 217 (1)(e) of the Companies Act, 1956.

1. (A) CONSERVATION OF ENERGY:

Particulars of energy consumption and energy consumption per unit of production are furnished below:

Power and Fuel Consumption	Current Year 2013 – 2014	Previous Year 2012-2013
1. ELECTRICITY:		
(a) Purchased:		
Units	11277200	8904994
Total Amount (Rs.)	71105398	58667700
Rate per Unit (Average)	6.31	6.59
(b) Own Generation:		
Through Diesel Generator Units (KWH)	1463242	3351856
Consumed (Liters)	418603	903711
Total amount (Rs.)	22510703	40261937
Unit per Liter. of Diesel (KWH)	3.49	3.71
Cost per Unit (Rs.)	15.38	12.01
2. COAL	Not Applicable	Not Applicable
3. FURNACE OIL	Not Applicable	Not Applicable
4. OTHERS / INTERNAL GENERATION:		
Wind Electricity through own WEG's (Unit)	8592004	8319696
Total Amount (Rs.)	39702044	44608497
5. Consumption per unit of Production:		
Production in Kgs	4117893	3622771
Electricity Units	12740442	12256850
Unit/Kg of Yarn	3.09	3.38

(B) TECHNOLOGY ABSORPTION:

Since all the machinery installed are new, and of latest technology available, no formal research and developments activities were undertaken. Product and process development are made on continuous basis. The Company is a member of South India Textile Research Association (SITRA) and avails all the benefits out of the research findings and development activities of SITRA.

(C) RESEARCH AND DEVELOPMENTS:

The Company does not have any research and development wing.

2. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

For consistent production of higher quality of products besides having state of the art machinery and equipments, the manufacturing units are equipped with well trained personnel and high tech quality control equipments.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

EARNED	Rs. In Lacs	Rs. In Lacs
Total Foreign exchange earned:-		
F.O.B. Value of Exports of Finished and Traded goods	3607.72	1957.57
 USED		
Remittance in Foreign exchange:-		
Purchase of Capital goods, Spares, Commission on Exports and interest on foreign currency loan	73.88	72.13

BY ORDER OF THE BOARD

(Sd/-)

SHYAMLAL AGARWALA

Chairman and Managing Director

Place : COIMBATORE

Date : 26.05.2014

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure and Developments:

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

Opportunities and Threats:

The cotton textile industry has large potential for growth through ever growing demands for cotton fabrics / garments; however, the textile industry in India, continues to face the threat of availability of quality cotton at a stable price as the domestic supply of cotton depends upon vagaries of monsoon. The adverse fluctuation of rupee as against dollar, is more than off set 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.

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. 566.45 Lacs (Previous year 311.25 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

(Sd/-)

SHYAMLAL AGARWALA

Chairman and Managing Director

Place : Coimbatore

Date : 26.05.2014

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 endeavor 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 5 (Five) Directors viz., one Chairman cum Managing Director, one Joint Managing Director both of whom represent Promoters; the remaining three directors 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 more than one-half 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.

B) Ceiling of Directorship/Committee position

None of the Directors on 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.

C) Board Meeting and General Meeting:

The Board met 4 (Four) times during the financial year on the dates mentioned below:

1) 27 th May 2013	2) 12 th August 2013	3) 13 th November 2013	4) 13 th February 2014
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The Annual General Meeting for last year was held on 16th September, 2013. 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 Directorship held in other Companies	No. of Board Committee Memberships held in Other Companies	
				As Chairman	As Member
Sri Shyamlal Agarwala -Managing Director	4	Yes	2	Nil	Nil
Sri Manoj Kumar Jhajharia -Joint Managing Director	4	Yes	1	Nil	Nil
Sri G. V. S. Desikan	4	Yes	6	3	2
Sri Dulichand Pansari	1	Yes	Nil	Nil	Nil
Sri.C.Thirumurthy	4	Yes	1	Nil	Nil

*No Extra Ordinary General Meeting held during the year.

D) COMMITTEES OF BOARD:

The Board of Directors and its Committees meet at periodic intervals. Policy formulation, setting up of goals, evaluation of performance and control function vested with the Board. The Board has constituted four committees, namely, Audit Committee, Remuneration Committee, Share Transfer Committee and Investors Grievances Committee.

3. AUDIT COMMITTEE:**A) Composition, Names of members and Chairperson:**

The Audit Committee members are, Sri G.V.S. Desikan, Sri Dulichand Pansari, and Sri C. Thirumurthy.

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

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

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

1) 27 th May 2013	2) 12 th August 2013	3) 13 th November 2013	4) 13 th February 2014
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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 clause (2AA) of section 217 of the Companies Act, 2013.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.

- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- (6) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (8) Discussion with internal auditors any significant findings and follow up thereon.
- (9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (10) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

4. REMUNERATION COMMITTEE:

The Board of Directors has constituted a 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 C.Thirumurthy - Member
3. Sri Dulichand Pansari - Member

Executive Directors, their business interest & remuneration paid:

Name of the Directors	Relationship with other Director	Business relationship with the company if any	Remuneration paid / Payable during 2013-2014 (Rs.)		
			Salary & Perquisites	Commission	Total
1. Shyamlal Agarwala, Managing Director	Father of Joint Managing Director	Promoter	33,90,538	7,62,990	41,53,528
2. Manoj Kumar Jhajharia, Joint Managing Director	Son of Managing Director	Promoter	29,71,115	Nil	29,71,115

Sri Shyamlal Agarwala and Sri Manoj Kumar Jhajharia are related to each other as father and son respectively. Non Executive Directors and details of remuneration paid:

Serial No.	Name of the Director	Position	Sitting Fees in Rupees
1.	Sri G.V.S.Desikan	Non Executive Independent	22,000
2.	Sri. Dulichand Pansari	Non Executive Independent	4,000
3.	Sri.C.Thirumurthy	Non Executive Independent	13,000

5. SHAREHOLDERS GRIEVANCE 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) 27 th May 2013	2) 12 th August 2013	3) 13 th November 2013	4) 13 th February 2014
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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. V. Murugan
Company Secretary

6. 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.

7. ANNUAL GENERAL MEETINGS:

- a) Particulars of past three Annual General Meetings:

A.G.M	YEAR	VENUE	DATE	TIME
17 th	2011	Registered Office at Pungampalli	08 th September, 2011	10.30AM
18 th	2012	Registered Office at Pungampalli	20 th September, 2012	10.30AM
19 th	2013	Registered Office at Pungampalli	16 th September, 2013	10.00AM

b) Postal Ballot:

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

8. 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 2014.

9. 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.

10. 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

11. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting:

The Twentieth Annual General Meeting of the Company will be held on 29th September 2014 at 10.00 AM at the Registered Office of the Company at S.F.No.74/12 and 75/3, Sathy Main Road, Pungampalli, Valipalayam (Post), Sathy Taluk, Erode District, Tamilnadu.

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

(iii) Financial Year : 12 months ending 31st March, 2014

(iv) Date of Book Closure: : 23rd September, 2014 to 29th September, 2014
(Both days inclusive)

The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2014 to 29th September, 2014 (both days inclusive) for the purpose of Annual General Meeting.

(v) Financial Calendar (Tentative):

1	Publication of unaudited financial results for the quarter ended 30 th June, 2014	2 nd Week of August 2014
2	Publication of unaudited financial results for the quarter ended 30 th September, 2014	2 nd Week of November 2014
3	Publication of unaudited financial results for the quarter ended 31 st December, 2014	2 nd Week of February 2015
4	Publication of Audited financial results for the year ending 31 st March, 2015	Last week of May 2015
5	Annual General Meeting	September 2015

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 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 all the shareholders are requested to make use of this facility.

(vi) Market Price data:

Month	Salona Cotspin Limited		BSE Sensex	
	High	Low	High	Low
April 2013	16.50	16.00	19622.68	18144.22
May 2013	16.50	13.00	20443.62	19451.26
June 2013	13.26	10.82	19860.19	18467.16
July 2013	10.75	9.77	20351.06	19126.82
August 2013	10.72	10.19	19569.20	17448.71
September 2013	12.08	10.28	20739.69	18166.17
October 2013	17.35	11.55	21205.44	19264.72
November 2013	17.00	15.50	21321.53	20137.67
December 2013	18.00	17.00	21483.74	20568.70
January 2014	19.00	17.15	21409.66	20343.78
February 2014	19.40	17.50	21140.51	19963.12
March 2014	19.95	18.05	22467.21	20920.98

(vii) 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

(viii) 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.

(ix) Dematerialisation of shares:

As on 31st March, 2014, 46,13,600 shares constituting 87.67 % of the total paid up Share Capital of the Company have been dematerialized with CDSL and NSDL.

(x) Distribution of Shareholding :

No of Shares held	No of Share-holders	% of Share-holders	No of Shares	% of Share - holding
1-500	901	63.01	300952	5.72
501-1000	272	19.02	254450	4.84
1001-2000	122	8.53	198190	3.77
2001-3000	46	3.22	123366	2.34
3001-4000	15	1.05	54599	1.04
4001-5000	11	0.76	51265	0.97
5001-10000	16	1.12	128718	2.45
Above 10000	47	3.29	4150860	78.87
TOTAL	1430	100.00	5262400	100.00

(xi) Category –wise distribution of Shareholding :

Sl. No.	Category	No of Shares	Percentage
Promoter's Holding			
1.	Promoters	2773480	52.704
2.	Persons acting in concert	400000	7.601
	Sub Total	3173480	60.305
Non Promoters Holding			
3.	Banks, Financial Institutions, Insurance Companies.	38500	0.732
	Sub Total	38500	0.732
Others			
4.	Private Corporate Bodies	476136	9.048
5.	Indian Public	1571809	29.868
6.	NRI's / OCB's	2475	0.047
	Sub Total	2050420	38.963
	Total	5262400	100.00

(xii) Company Plants:

The Company's plant (Textile Mill) is located at SF No.74/12 and 75/13, Sathy Main Road, Pungampalli Village, Valipalayam (Post), Sathy TK, Erode District.

(xiii) Address for Correspondence:

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

BY ORDER OF THE BOARD

(Sd/-)
SHYAMLAL AGARWALA
Chairman and Managing Director

Place: Coimbatore

Date : 26.05.2014



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 programme for Directors.

6	Mechanism for evaluating non executive Board – Members – The performance evaluation of non executive Directors could be done by a Peer Group comprising the entire Board of Directors, excluding the Director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend / continue the terms of appointment of non-executive directors	At present, the Company does not have any such mechanism for evaluating the performance of Non-Executive Board Members.
7	Whistle Blower Policy	The Company does not have a whistle Blower Policy.

BY ORDER OF THE BOARD

(Sd/-)
SHYAMLAL AGARWALA
Chairman and Managing Director

Place : COIMBATORE

Date : 26.05.2014

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

(Sd/-)
SHYAMLAL AGARWALA
Chairman and Managing Director

Place : COIMBATORE

Date : 26.05.2014

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 2014 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 2013-14, 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
26.05.2014

(Sd/-)
SHYAMLAL AGARWALA
Chairman and Managing Director (CEO)

(Sd/-)
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 2014, 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, 2014 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

(Sd/-)
N. RAMESH NATARAJAN
Partner
Membership No.200/23443

Place : COIMBATORE
Date : 26th May, 2014

V K S AIYER & CO.,
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members,

SALONA COTSPIN LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SALONA COTSPIN LIMITED**, ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the statement of Profit and Loss and Cash Flow Statement for the year then ended and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and 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.

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014.
- (b) In the case of the Statement of Profit and loss, of the **"PROFIT"** for the year ended on that date; and
- (c) In the case of the Cash flow Statement, of the Cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India, in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law have been kept by the company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - e) On the basis of the written representations, received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1) (g) of the Act.

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

Place: COIMBATORE
Dated:26th May, 2014

(Sd/-)
N. RAMESH NATARAJAN
PARTNER
Membership No. 200/23443

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management during the year in accordance with a regular programme of verification which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such physical verification.
 - c) The fixed assets disposed off during the year, in our opinion do not constitute a substantial part of the fixed assets of the Company.
2. In respect of its inventories :
 - a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. The Company has neither granted nor taken secured or unsecured loan, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5.
 - a. In respect of transactions that need to be entered in a register in pursuance of Section 301 of the Act, transactions have been so entered;
 - b. For transactions each of which exceeding the value of Rs.5 Lacs in respect of any party, these transactions each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956 for Textile and Wind energy. 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.
9. In respect of statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, 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 31st March, 2014 for a period of more than six months from the date of becoming payable.

b) The details of disputed statutory dues are as under:

Name of the Statute	Nature of the Dues	Amount	Asst Year	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Nil	2010-11	Commissioner of Income Tax (Appeals), Coimbatore
Income Tax Act, 1961	Income Tax	Nil	2011-12	

10. The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit but in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation 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.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society, Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. According to the records of the Company, there are no transactions and contracts in respect of trading in securities, debentures and other investments; all shares, debentures and other investments have been held by the Company in its own name.
15. The Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
16. The Term loans raised by the Company have been applied for the purpose for which they were raised.
17. In our opinion and according to the information and explanations given to us and on over all examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. During the year, the Company has not made any preferential allotment of share to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the period under audit.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

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

(Sd/-)
N. RAMESH NATARAJAN
Partner
M.No. 200/23443

Place: COIMBATORE
Dated: 26th May, 2014

SALONA COTSPIN LIMITED

BALANCE SHEET AS AT 31ST MARCH 2014

No	Particulars	Note No.	As at 31st March 2014	Rs.	As at 31st March 2013	Rs.
I	EQUITY AND LIABILITIES					
(1)	Shareholder's Funds					
(a)	Share Capital	2	53,288,927		53,288,927	
(b)	Reserves and Surplus	3	153,356,167		104,099,443	
(c)	Money received against share warrants	-	0		0	
	Sub Total of 1		206,645,094		157,388,370	
(2)	Share application money pending allotment		0		0	
(3)	Non-Current Liabilities					
(a)	Long term borrowings	4	142,853,291		181,998,933	
(b)	Deferred Tax Liabilities (Net)	5	25,451,900		21,139,600	
(c)	Other Long Term Liabilities	-	0		0	
(d)	Long -Term Provisions	6	3,619,877		3,298,471	
	Sub Total of 3		171,925,068		206,437,004	
(4)	Current Liabilities					
(a)	Short -Term Borrowings	7	148,283,770		165,709,188	
(b)	Trade Payables	8	31,896,120		16,726,607	
(c)	Other Current Liabilities	9	58,259,149		61,795,173	
(d)	Short - Term Provisions	10	11,466,938		2,642,956	
	Sub Total of 4		249,905,977		246,873,924	
	TOTAL (1+2+3+4)		628,476,139		610,699,298	
II	ASSETS					
(1)	Non-current assets					
(a)	Fixed Assets	11				
(i)	Tangible assets		247,612,178		285,448,591	
(ii)	Intangible assets		8,180		35,136	
(iii)	Capital work-in-progress		361,400		7,701,624	
(iv)	Intangible assets under development		0		0	
	Sub Total of 1 (a)		247,981,758		293,185,351	
(b)	Non - Current Investments	12	277,920		277,920	
(c)	Deferred Tax Assets (Net)	-				
(d)	Long - Term Loans and advances	13	10,634,624		10,827,086	
(e)	Other Non - Current Assets	14	1,238,538		1,857,809	
	Sub Total of 1		260,132,840		306,148,166	
(2)	Current assets					
(a)	Current Investments	-	0		0	
(b)	Inventories	15	207,892,723		186,139,834	
(c)	Trade Receivables	16	127,223,477		94,390,618	
(d)	Cash and Cash Equivalents	17	15,378,723		5,448,027	
(e)	Short - Term Loans and Advances	18	6,327,160		6,247,524	
(f)	Other Current Assets	19	11,521,219		12,325,130	
	Sub Total of 2		368,343,300		304,551,133	
	TOTAL (1+2)		628,476,139		610,699,298	
			-		(0)	

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

(Sd/-)
N.RAMESH NATARAJAN
Partner
Membership No. 200/23443

For and on Behalf of the Board
(Sd/-)
Shyamal Agarwala

Chairman and Managing Director

(Sd/-)
Manoj Kumar Jhajharia
Joint Managing Director

Place: Coimbatore
Date: 26th May 2014

(Sd/-)
K.V.Murugan
Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2014

No	Particulars	Note No.	Year ended 31st March 2014	Year ended 31st March 2013
I	Revenue from operations	20	1,063,785,098	857,034,160
II	Other Income	21	2,445,662	1,328,856
III	Total Revenue (I +II)		1,066,230,760	858,363,016
IV	Expenses:			
	Cost of Materials Consumed	22	670,500,533	509,773,727
	Purchase of Stock-in-Trade	23	37,676,250	10,401,379
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	(9,401,997)	27,437,534
	Employee Benefit Expenses	25	38,518,635	27,578,794
	Finance Costs	26	33,777,038	42,879,615
	Depreciation and Amortisation Expenses	27	57,038,341	54,791,273
	Other Expenses	28	161,822,952	148,394,348
	Total Expenses (IV)		989,931,752	821,256,670
V	Profit before exceptional and extraordinary items and tax (III - IV)		76,299,008	37,106,346
VI	Exceptional Items			
VII	Profit before extraordinary items and tax (V - VI)		76,299,008	37,106,346
VIII	Extraordinary Items			
IX	Profit before tax (VII - VIII)		76,299,008	37,106,346
X	Tax expense:			
	(1) Current Tax	29	15,260,000	7,800,000
	(2) Deferred Tax (Net)	30	4,312,300	(1,830,100)
	(3) Prior Year Taxes (Net)	31	81,890	11,180
	Sub Total for Taxes		19,654,190	5,981,080
XI	Profit (Loss) for the period from continuing operations (After Tax) (IX - X)		56,644,818	31,125,266
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)		56,644,818	31,125,266
XVI	Earnings Per Equity Share	32		
	(1) Basic		10.76	5.91
	(2) Diluted		10.76	5.91

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

(Sd/-)

N.RAMESH NATARAJAN
Partner
Membership No. 200/23443

(Sd/-)

Manoj Kumar Jhajharia
Joint Managing Director

(Sd/-)

Shyam Lal Agarwala
Chairman and Managing Director

Place: Coimbatore
Date: 26th May 2014

(Sd/-)
K.V.Murugan
Secretary

NOTES No. 1 : 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 Subsection 3C of Section 211 of the Companies Act, 1956 and normally accepted accounting principles.

Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 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

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.

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
- b) Raw Materials - Cotton - Lower cost or Net Realisable Value
- c) Finished Goods - Cotton hosiery yarn and Fabrics - Lower of Cost or Net Realisable Value.
- d) By product - Net Realisable value
- e) Process Stock - 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 written down value method applying the rates specified in Schedule XIV to the Companies Act, 1956; (For items costing Rs.5000/-each or less, 100% depreciation has been charged). For additions during the year prorata charge has been made from the date the asset is put into use. No depreciation is charged in the year of sale of the asset, which has no revenue impact.

Intangible assets are ammortised over their estimated useful life. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern as per the Revised Schedule VI.

9. Foreign Currency Transaction

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

10. Retirement Benefits

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

Borrowing costs in including interest and other costs as specified in paragraph 4 of the accounting standard 16 incurred in connection with borrowing funds, if any, are capitalized 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.

Interest on borrowings, if any, attributable to acquisition of qualifying assets are capitalised and included in the cost of the asset, as appropriate.

12. Related Party Transactions:

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

13. Leases:

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

14. Earnings per Share:

Earnings per share is arrived by dividing profits attributable to shareholders by the number of equity shares

15. Taxes on Income:

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

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

Deferred tax assets, other than those arising on account of unabsorbed depreciation or carry forward of losses under tax laws, 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 balance 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 2014

NOTE NO. 2 : SHARE CAPITAL

i) *Particulars of each class of Share Capital:*

Particulars	Note No.	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
Authorised: 6000000 Equity Shares of Rs.10/- each		60,000,000		60,000,000	
		60,000,000		60,000,000	
Issued Capital: 5262400 Equity Shares of Rs.10/- each		52,624,000		52,624,000	
		52,624,000		52,624,000	
Subscribed, Called Up and Paid Up Capital 5262400 Equity Shares of Rs.10/- each fully paid up		52,624,000		52,624,000	
		52,624,000		52,624,000	
Forfeited Shares - (88700 Nos.) (Originally Paid-up)		664,927		664,927	
		53,288,927		53,288,927	

ii) *Reconciliation of Number of Equity Shares:*

Particulars	No. of shares		As at 31st March 2014	As at 31st March 2013
	As at 31st March 2014	As at 31st March 2013		
At the commencement of the year	5,262,400	5,262,400	52,624,000	52,624,000
At the close of the year	5,262,400	5,262,400	52,624,000	52,624,000

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

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

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

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

No.	Name of the Person	As at 31st March 2014		As at 31st March 2013	
		% 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

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

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

vii) **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

viii) **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

Particulars	As at 31st March 2014		As at 31st March 2013	
		Rs.		Rs.
Surplus in Statement of Profit and Loss after all allocations and appropriations:-				
Opening Balance (i)	104,099,443		72,974,177	
Add : Profit after tax for the year (ii)	56,644,818		31,125,266	
Total (iii = i+ii)	160,744,261		104,099,443	
Less: (a) Transfer from / to Reserve	-		-	
(b) Provision for Proposed Equity Dividend	6,314,880		-	
(c) Provision for Tax on Equity Dividend	1,073,214		-	
Total (iv)	7,388,094		-	
Total of Surplus (v = (iii) - (iv))	153,356,167		104,099,443	
Total of Reserves & Surplus	153,356,167		104,099,443	

NOTE NO. 4 : LONG TERM BORROWINGS

A. Classifications:-

No.	Particulars	As at 31st March 2014		As at 31st March 2013	
			Rs.		Rs.
Secured:					
(a)	Term Loans - From Banks	127,942,843		158,639,839	
(b)	Deferred Payment Liabilities	-		10,659,094	
(c)	Long term maturities of Finance Lease Obligation	2,041,066		-	
Unsecured:					
(d)	Other Loans and Advances	12,869,381		12,700,000	
	Total	142,853,291		181,998,933	

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 2014 Rs.	As at 31st March 2013 Rs.
1	Secured : Union Bank of India Term Loan - II	1094	Rs.34.69 Lacs Per instalment (Number of instalment varies from time to time)	22,418,547	33,539,517
	Term Loan - III	248	24 Quarters commencing from June 2011 @ Rs.10.33 Lacs Per installment (variable ROI Basic PLR)	7,237,027	12,880,674
2	Oriental Bank of Commerce Term Loan	1368	Rs.30 Lacs Per instalment (Number of instalment varies from time to time)	97,600,000	109,600,000
3	The Catholic Syrian Bank Ltd., Term Loan	60	Rs.3.24 Lacs Per instalment (Number of instalment varies from time to time)	525,697	2,038,417
	Mortgage Loan	26	Rs.1.41 Lacs Per instalment (Number of instalment varies from time to time)	161,572	581,231
Total				127,942,843	158,639,839

(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) by mortgage of the personal property of the Joint Managing Director
- 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) Deferred Payment Liabilities:

No.	Particulars	Credit Availed Rs. In Lacs	Terms of repayment	Amount outstanding	
				As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
	Secured Interest Free Sales Tax Deferral Scheme	745.81	MONTHLY	-	10,659,094
Total				-	10,659,094

The Liability to Sales Tax deferral scheme is fully secured on the gross value of fixed assets acquired by the undertaking and is personally guaranteed by the Managing Director.

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

No.	Name of the Financier	As at 31st March 2014		As at 31st March 2013	
		Rs.		Rs.	
1	Secured Volkswagen Finance Private Limited	2,041,066		-	
	Total	2,041,066		-	

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

(d) Other Loans & Advances

No.	Nature of Loan	As at 31st March 2014		As at 31st March 2013	
		Rs.		Rs.	
1	Unsecured Inter-corporate Loans	12,869,381		12,700,000	
	Total	12,869,381		12,700,000	

(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 2014		As at 31st March 2013	
		Rs.		Rs.	
A.	Deferred Tax Liability				
	Opening Balance	47,421,900		57,324,900	
	Add : Additions during the year	-		-	
		47,421,900		57,324,900	
	Less: Reversed During the year	11,226,600		9,903,000	
		36,195,300		47,421,900	
	(A)				
B	Deferred Tax Asset	26,282,300		34,355,200	
	Add : Additions during the year	-		-	
		26,282,300		34,355,200	
	Less: Reversed During the year	15,538,900		8,072,900	
	10,743,400		26,282,300		
	(B)				
	Deferred Tax Liability (Net)	25,451,900		21,139,600	
	A-B				

NOTE NO. 6 : LONG -TERM PROVISIONS

No.	Particulars	As at 31st March 2014		As at 31st March 2013	
		Rs.		Rs.	
1	Provision for Employee Benefits				
	Provision for Gratuity	3,619,877		3,298,471	
	Total	3,619,877		3,298,471	

NOTE NO. 7 : SHORT -TERM BORROWINGS

A. Classifications :

No.	Particulars	As at 31st March 2014		As at 31st March 2013	
		Rs.		Rs.	
(a)	Secured				
	Loans repayable on demand				
	i) From Banks	148,283,770		165,709,188	
	Total	148,283,770		165,709,188	

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

No.	Particulars	Limit Sanctioned Rs. In Lacs	As at 31st March	
			2014 Rs.	2013 Rs.
1	Cash Credit From Banks:			
	The Catholic Syrian Bank Ltd	750.00	33,250,687	7,993,427
	Oriental Bank of Commerce	200.00	4,262,643	1,598,322
	Union Bank of India	910.00	1,929,895	1,864,823
	State Bank of India	356.00	165,336	2,410,162
2	FCNRB Loans:			
	The Catholic Syrian Bank Ltd	(sub-limit)		10,000,000
	The Catholic Syrian Bank Ltd	(sub-limit)		10,000,000
	State Bank of India FCNRB	(sub-limit)		-
	Union Bank of India	(sub-limit)		50,000,000
3	Packing credit loans:			
	Oriental Bank of Commerce	(sub-limit)		-
	Union Bank of India	(sub-limit)	52,554,617	31,811,768
	State Bank of India	(sub-limit)	14,198,959	23,970,577
4	Foreign Bills Purchased by Banks:	-		
	Union Bank of India (FDBP A/c)	300.00	4,598,236	10,173,066
	State Bank Of India			8,131,546
5	Inland Bills Purchased By Banks:			
	State Bank of India		33,659,143	7,755,497
	Union Bank of India		3,664,254	
	Total	2,516.00	148,283,770	165,709,188

(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.
- The loans are further secured by mortgage of the personal property of the Joint Managing Director.
- 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	
		2014 Rs.	2013 Rs.
1	Micro Small & Medium Enterprises	-	-
2	Others	31,896,120	16,726,607
	Total	31,896,120	16,726,607

NOTE NO. 9 : OTHER CURRENT LIABILITIES

A. Classifications:-

No.	Particulars	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
a	Current maturities of Long Term Debt	42,531,148		50,232,517	
b	Interest accrued and due on Term Loans	2,371,141		2,401,592	
c	Interest accrued and due on Unsecured Loans	1,524,000		1,768,863	
d	Current Maturities of Finance Lease Obligations	609,108		83,630	
e	Interest accrued and due on Working Capital Loans	-		1,338,295	
g	Unpaid dividends	736,417		863,675	
h	Other payables				
	Liability For Expenses	8,195,241		3,318,648	
	Statutory Liabilities (duties and taxes payable)	2,292,094		1,787,953	
	Advances From Customers	-		-	
	Total	58,259,149		61,795,173	

NOTE NO. 10 : SHORT - TERM PROVISIONS

No.	Particulars	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
1	Others				
	a. Provision for Dividends	7,388,094		-	
	b. Provision for Proposed Taxation (net)	4,078,844		2,642,956	
	c. Warranty Provision	-		-	
	Total	11,466,938		2,642,956	
	Total	11,466,938		2,642,956	

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2014

NOTE NO. 11 : FIXED ASSETS

No.	PARTICULARS	← GROSS BLOCK →			← DEPRECIATION →			← NET BLOCK →		
		As on 01.04.2013	Additions / Acquisitions through Business Combinations	Deletions / Disposals	As on 31.03.2014	Upto 01.04.2013	For the year	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
A	TANGIBLE ASSETS									
1	FREE HOLD LAND	1,588,882	-	-	1,588,882	-	-	-	1,588,882	1,588,882
2	BUILDING	67,738,139	11,445,061	-	79,183,200	19,946,687	2,096,330	22,043,017	57,140,183	47,791,452
3	PLANT & EQUIPMENTS	605,921,322	3,557,303	-	609,478,625	373,525,756	53,658,573	427,184,329	182,294,297	232,395,566
4	FURNITURE & FIXTURES	1,050,764	23,280	-	1,074,044	588,114	57,440	645,554	428,490	462,650
5	VEHICLES	6,133,843	3,331,120	-	9,464,963	3,843,230	636,762	4,479,992	4,984,971	2,290,613
6	OFFICE EQUIPMENTS	4,619,427	818,207	-	5,437,634	3,699,999	562,280	4,262,279	1,175,355	919,428
	TOTAL A	687,052,377	19,174,971	-	706,227,348	401,603,786	57,011,385	458,615,171	247,612,178	285,448,591
B	INTANGIBLE ASSETS									
7	COMPUTER SOFTWARE	140,000	-	-	140,000	104,864	26,956	131,820	8,180	35,136
	TOTAL B	140,000	-	-	140,000	104,864	26,956	131,820	8,180	35,136
C	CAPITAL WORK-IN-PROGRESS									
8	BUILDING	4,351,217	7,455,244	11,445,061	361,400	-	-	-	361,400	4,351,217
	PLANT & EQUIPMENTS	3,350,407	-	3,350,407	-	-	-	-	-	3,350,407
	TOTAL C	7,701,624	7,455,244	14,795,468	361,400	-	-	-	361,400	7,701,624
D	INTANGIBLE ASSETS UNDER CONSTRUCTION									
	TOTAL D	-	-	-	-	-	-	-	-	-
	CURRENT YEAR FIGURES									
	(TOTAL (A+B+C+D))	694,894,001	26,630,215	14,795,468	706,728,748	401,708,650	57,038,341	458,746,991	247,981,758	293,185,351
	PREVIOUS YEAR FIGURES	686,330,157	9,514,352	950,508	694,894,001	347,754,640	54,791,273	401,708,650	293,185,351	338,575,517

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2014

NOTE NO. 12 : NON - CURRENT INVESTMENTS

A. Classifications:

No.	Particulars	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
a	Investments in Equity Instruments valued at cost	277,920		277,920	
		277,920		277,920	

B. Break up details for Investments:

1) Details for Investments in Equity.

No.	Name of the Script	No of Shares / Units	Cost of Acquisition	Carrying amount	
				As at 31st March 2014	As at 31st March 2013
i)	Equity Instruments: Non-trade Quoted				
1	Union Bank of India 3272 Equity shares of Rs.10/- each (Previously 3272 equity shares of Rs.10/- each)	3,272	77,920	77,920	77,920
2	Trade - Unquoted Sarmangala Synthetics Limited 20000 Equity shares of Rs.10/- each (Previously 20000 equity shares of Rs.10/- each)	20,000	200,000	200,000	200,000
	Sub Total	23,272	277,920	277,920	277,920

2. Abstract of Investments in Equity

No.	Particulars	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
a	Aggregate amount of quoted investments	77,920		77,920	
b	Market Value of Quoted Investments	448,918		713,296	
c	Aggregate amount of unquoted investments	200,000		200,000	
	Net Carrying amount of Investments	277,920		277,920	

NOTE NO. 13 : LONG - TERM LOANS AND ADVANCES

A. Classifications:

No.	Particulars	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
	Unsecured and Considered good				
1	Capital Advances	5,556,640		5,556,640	
2	Security Deposits	4,907,984		5,095,446	
3	Loans and advances to related parties	60,000		60,000	
4	Other Loans and Advances	110,000		115,000	
	Total	10,634,624		10,827,086	

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

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
i)	Unsecured, considered Good Advances for acquisition of capital assets/ expenditure	5,556,640	5,556,640
	Total	5,556,640	5,556,640

2) Security Deposits:

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
i)	Unsecured, considered Good Deposits with Statutory Authorities	4,907,984	5,095,446
	Total	4,907,984	5,095,446
Security deposits are placed with Electricity, Telephone and other Statutory authorities.			

3) Loans and advances to Related Parties

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
i)	Unsecured, considered Good Rental Advance for Office Premises	60,000	60,000
	Total	60,000	60,000

3) Loans and advances to Related Parties

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
i)	Unsecured, considered Good Rental Advance for Office Premises	60,000	60,000
	Total	60,000	60,000

4) Other loans and advances

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
	Rental Advance for Office Premises	80,000	80,000
	Amount due from Officers of the Company	30,000	35,000
	Total	110,000	115,000

NOTE NO. 14 : OTHER NON - CURRENT ASSETS

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
	Deferred revenue expenditure	1,238,538	1,857,809
	Opening balance	1,857,809	2,477,080
	Less: Amortised during the year	619,271	619,271
	Closing balance	1,238,538	1,857,809

NOTE NO. 15 : INVENTORIES

A. Classification

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
	Inventory on Hand		
a)	Raw Materials	148,573,225	138,747,131
b)	Work in Progress	24,764,212	23,049,528
c)	Finished Goods	31,271,952	20,396,813
d)	Stores & Spares	3,283,333	3,946,362
	Total	207,892,723	186,139,834

NOTE NO. 16 : TRADE RECEIVABLES

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
a)	Outstanding for a period exceeding six months -Unsecured, considered good	1,494,291	211,781
	Sub Total	1,494,291	211,781
b)	Others -Unsecured, considered good	125,729,186	94,178,837
	Sub Total	125,729,186	94,178,837
	Total	127,223,477	94,390,618

NOTE NO. 17 : CASH AND CASH EQUIVALENTS

A. Classification:

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
a)	Cash on hand	281,355	221,252
b)	Balances with banks:		
	- Cheques, draft on hand	10,281,663	333,965
	- In earmarked accounts Unpaid dividend accounts	736,417	863,677
c)	Other bank deposits - Margin Money Deposits held under lien by Banks	4,079,288	4,029,134
	Total	15,378,723	5,448,027

NOTE NO. 18 : SHORT - TERM LOANS AND ADVANCES

A. Classifications:-

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
1	Other loans and advances - Others	6,327,160	6,247,524
	Total	6,327,160	6,247,524

B. Other Disclosures:**Unsecured and Considered good**

No.	Particulars	As at 31st March	
		2014	2013
1	Trade Advances	3,594,524	3,980,752
2	Advance Towards Direct Taxes (Net)	-	-
3	Advance Towards Indirect Taxes	1,686,247	1,158,731
4	Prepaid Expenses	548,061	622,853
5	Advances to Staff and Other Operatives	494,201	458,353
6	Others	4,127	26,836
	Total	6,327,160	6,247,524

NOTE NO. 19 : OTHER CURRENT ASSETS

No.	Particulars	As at 31st March	
		2014	2013
	Export:		
	Duty Draw Back Receivable	4,954,694	2,594,201
	Incentive under FMS Receivable	718,472	
	UBI Interest Subvention Receivable A/c	50,987	
	Interest:		
	Interest on EB MCD refundable	3,600	3,600
	Interest Receivable	4,904,363	8,401,432
	Others:		
	Accrued Income	394,472	831,266
	Evening Peak Energy & Demand Charges Receivable	214,240	214,240
	Income tax Refund Due 2009-10 Asst.	280,391	280,391
		11,521,219	12,325,130

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2014

NOTE NO. 20 : REVENUE FROM OPERATIONS

A. Classifications:-

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Sale of Products	1,051,891,920	851,813,214
2	Other Operating Revenues	11,893,178	5,220,946
	Less: Excise Duty	-	-
	Total	1,063,785,098	857,034,160

B. Other Disclosures:

(i) Other operating revenues

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Export Incentives:		
	Duty Draw Back	10,957,022	4,309,396
	DEPB Licence	202,662	31,953
	Incentive under FMS	718,472	-
2	Other Miscellaneous Income	15,022	879,597
	Total	11,893,178	5,220,946

NOTE NO. 21 : OTHER INCOME

A. Classifications:-

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Interest Income	2,419,486	1,290,925
2	Dividend Income	26,176	26,176
3	Other Non- Operating Income (Net of Expenses directly attributable to such Income) (Refer note (iii) below)	-	11,755
	Total	2,445,662	1,328,856

B. Other Disclosures:

(i) Interest Income

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	From Current Investments		
	Interest Receipts:		
	Banks Fixed Deposits	883,249	359,134
	Inland Bill Discounting	1,091,426	514,679
	Energy Security Deposit	372,873	409,996
	From Others		
2	Interest Receipts-Other parties	71,938	7,116
	Total	2,419,486	1,290,925

(ii) Dividend Income

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
	From Others:		
1	From Long Term Investments		
	Equity Instruments	26,176	26,176
	Total	26,176	26,176

(iii) Other Non Operating Income:

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Profit on sale of Fixed Assets	-	11,755
	Total	-	11,755

NOTE NO. 22 : COST OF MATERIALS CONSUMED

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Raw Materials	664,391,056	505,406,823
2	Other Consumables	6,109,477	4,366,904
	Total	670,500,533	509,773,727

A. Disclosures:

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Consumption of Raw Materials		
	Cotton:		
	Opening stock of Raw Materials	138,747,131	110,485,171
	Work-in Progress	5,171,764	8,956,453
	Add: Purchases during the year	677,404,977	529,884,094
		821,323,872	649,325,718
	Less: Closing stock of raw materials	148,573,225	138,747,131
	Work-in Progress	8,359,591	5,171,764
	Consumption of raw materials	664,391,056	505,406,823
2	Consumption of Other Consumables		
	Packing Consumables:		
	Opening stock	178,585	162,894
	Add: Purchases during the year	6,524,062	4,382,595
		6,702,647	4,545,489
	Less: Closing stock	593,170	178,585
	Consumption of other materials	6,109,477	4,366,904

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

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Yarn	31,761,664	8,572,763
2	Fabric	329,216	-
3	Waste	5,585,370	1,825,713
4	Scrap	-	2,903
	Total	37,676,250	10,401,379

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

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
a	Inventories at the commencement of the year	38,274,577	65,712,111
b	Less: Inventories at the close of the year	47,676,574	38,274,577
	Total	(9,401,997)	27,437,534

Disclosure on Changes in Inventories:

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Opening Stock:		
	Finished Goods - Yarn	16,460,693	27,901,666
	Finished Goods - Fabrics	969,794	6,768,540
	Work in Process	17,877,764	24,554,378
	By-Product - Seconds Cotton	2,966,326	6,487,527
		38,274,577	65,712,111
2	Less: Closing Stock:		
	Finished Goods - Yarn	25,239,130	16,460,693
	Finished Goods - Fabrics	1,623,107	969,794
	Work in Process	16,404,621	17,877,764
	By-Product - Seconds Cotton	4,409,716	2,966,326
		47,676,574	38,274,577
	Total	(9,401,997)	27,437,534

NOTE NO. 25 : EMPLOYEE BENEFIT EXPENSES

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Salaries & Wages	17,734,344	15,648,015
2	Contribution to Provident and Other Funds	1,799,195	1,201,192
3	Staff Welfare Expenses	11,860,453	8,136,972
4	Managerial Remuneration	7,124,643	2,592,615
	Total	38,518,635	27,578,794

Disclosure on Employee Benefit Expenses:

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
(i)	Staff Welfare Expenses		
	Medical Expenses Reimbursed/Insurance Premium	132,489	109,259
	Water Expenses	2,464,339	1,501,362
	Staff & Workers Welfare Expenses	5,003,433	3,454,036
	Canteen Expenses	4,260,192	3,072,315
	Total	11,860,453	8,136,972

NOTE NO. 26 : FINANCE COSTS

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Interest Expenses (Refer note (i) below)	27,700,391	39,505,213
2	Other Borrowing Costs (Refer note (ii) below)	6,076,647	3,374,402
	Total	33,777,038	42,879,615

Disclosure on Finance Cost:

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
(i)	Notes		
	Interest Expense:		
	Interest on borrowings from Banks	26,108,982	37,434,026
	Interest on borrowings from Others	1,524,000	2,050,420
	Finance Charges on Finance Lease	67,409	20,767
	Total	27,700,391	39,505,213
(ii)	Other Borrowing Costs		
	Foreign Exchange difference / Net loss on the Forex		
	Discounts / premiums on borrowings	4,286,219	2,410,712
	Bank Charges	1,790,428	963,690
	Total	6,076,647	3,374,402

NOTE NO. 27 : DEPRECIATION AND AMORTISATION EXPENSES

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Depreciation	57,011,385	54,735,273
2	Amortization Expense	26,956	56,000
	Total	57,038,341	54,791,273

NOTE NO. 28 : OTHER EXPENSES

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Manufacturing Expenses (Refer note (i) below)	86,615,339	86,235,867
2	Administrative Expenses (Refer note (ii) below)	8,390,442	8,116,941
3	Repairs and Maintenance (Refer note (iii) below)	22,703,521	18,552,464
4	Sales and Distribution Expenses (Refer note (iv) below)	42,427,431	29,250,757
5	Miscellaneous Expenses (Refer note (v) below)	1,686,218	6,238,319
		161,822,952	148,394,348

Disclosure on Other expenses

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
	Notes		
(i)	Manufacturing Expenses		
a	Power and Fuel	54,066,195	54,428,345
b	Consumption of Stores and Spare Parts	16,036,222	14,528,634
c	Other Manufacturing Expenses	16,512,922	17,278,888
	Total	86,615,339	86,235,867
(ii)	Administrative Expenses		
a	Rent	340,000	336,000
b	Rates and taxes, excluding taxes on income	317,736	1,096,030
c	Payments to Auditors	252,835	254,953
d	Insurance	774,175	918,496
e	Sitting Fees To Other Non whole Time Directors	43,821	29,101
f	Travelling Expenses	2,844,259	2,390,376
g	Communication Expenses	766,002	579,885
h	Printing & Stationery	453,155	294,519
i	Donation	317,001	261,000
j	General Expenses	667,212	298,451
k	Professional & Legal Fees	718,339	649,191
l	Security Service Charges	813,564	629,096
m	Subscription		
	Trade Associations	55,000	352,500
	Research Association	27,343	27,343
	Total	8,390,442	8,116,941
(iii)	Repairs and Maintenance		
a	Buildings	4,156,945	3,248,343
b	Machinery	7,930,048	6,569,134
c	Wind Mills	6,365,308	5,790,467
d	Vehicles	1,624,161	1,240,218
e	Others	2,627,059	1,704,302
	Total	22,703,521	18,552,464

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
(iv)	Sales and Distribution Expenses		
a	Consumption of Other Packing Materials		
	Opening Stock of Packing Materials	232,356	317,544
	Add: Purchases during the year	5,325,201	3,984,027
		5,557,557	4,301,571
	Less: Closing Stock of Packing Materials	537,462	232,356
	Consumption of Packing Materials	5,020,095	4,069,215
b	Advertisement Charges	355,673	279,702
c	Commission Payments on sales / services	5,516,779	4,749,912
d	Commission Payments on Export Sales	8,645,425	4,737,004
e	Discounts Allowed	426,618	197,154
f	Other Sales Expenses	8,646,342	6,502,178
g	Export Sales Expenses	13,816,500	8,715,592
	Total	42,427,431	29,250,757
(v)	Miscellaneous Expenses		
a	Other Miscellaneous Expenses	249,864	287,120
b	Net loss on the Forex transactions / translations	1,436,354	5,951,199
	Total	1,686,218	6,238,319

NOTE NO. 29 : (1) CURRENT TAX

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Current tax	15,260,000	7,800,000
		-	-
		15,260,000	7,800,000
	Current Tax Liability	15,260,000	7,800,000

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

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Provision for Deferred Tax Liability (Dr.)	-	-
2	Reversal of Deferred Tax Liability (Cr.)	(11,226,600)	(9,903,000)
3	Provision for Deferred Tax Asset (Cr.)	-	-
4	Reversal of Deferred Tax Asset (Dr.)	15,538,900	8,072,900
	Net Deferred Tax per statement of Profit & Loss	4,312,300	(1,830,100)

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

No.	Particulars	Year ended 31st March 2014	Year ended 31st March 2013
1	Excess / Short Provision of Taxes for Earlier Years	-	-
2	Prior year income tax paid during the year	81,890	11,180
	Net prior year tax per statement of Profit & Loss	81,890	11,180

OTHER NOTES

I. ADDITIONAL INFORMATION TO BALANCE SHEET

A Contingent Liabilities:

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
a)	Claims against the Company not acknowledged as Debt	1,190,000	1,190,000
b)	Claims against the Company acknowledged as Debt The company is liable to pay electricity tax on own generation which is disputed in a writ petition before Madras High Court which had granted a stay against such levy. The company has contested a claim by an employee who has claimed compensation for injury; the company has filed an appeal in the High Court of Madras against the order of the District Labour Court ordering to pay compensation. The company has deposited a sum with the Court pursuant to its orders Rs.	1,223,019	1,223,019
c)	Guarantees given to customs department against import of capital goods	-	147,564
d)	Other money for which the Company is contingently liable	4,442,354	4,442,354
			-

B Commitments:

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
a)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for	62,100,000	62,100,000
b)	Uncalled liability on shares and other investments partly paid	-	-
c)	Other Commitments	-	-

C Proposed Dividends:

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
a)	On Equity Shares: Total Amount of Proposed Dividend	6,314,880	-
	Number of Shares	5,262,400	5,262,400
	Amount of Dividend per Share	1.20	-

D Dues to Micro, Small & Medium Enterprises:

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 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 2014 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 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 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	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.	(1,436,354)		(5,951,199)	
3	Payments to Auditors				
	Statutory Auditor's Remuneration				
	(a) For Audit	97,800		82,500	
	(b) For Taxation matters, Direct Tax	24,200		36,000	
	Indirect Tax	30,000		-	
	(c) For company law matters,	30,000		23,000	
	(d) For other services,	29,800		22,373	
	(e) For reimbursement of service tax;	19,035		39,500	
		230,835		203,373	
	Cost Auditor's Remuneration	22,000		16,545	
		22,000		16,545	
	Total Payments to auditor	252,835		219,918	
4	Turnover				
i)	Indigenous				
	Cotton Yarn	267,514,727		245,029,836	
	Knitted Fabrics	366,473,351		371,019,204	
ii)	Export				
	Cotton Yarn	273,154,408		147,007,560	
	Knitted Fabrics	35,722,630		13,971,748	
iii)	By Products-Waste				
	- Indigenous	30,346,933		39,336,795	
	- Export	27,584,953		26,257,260	
iv)	Traded Goods				
	Cotton Yarn Export	18,100,129		644,812	
	Cotton Yarn Local				
	Cotton Yarn Export	32,994,789		8,520,007	
v)	Knitting charges	-		25,992	
	Total	1,051,891,920		851,813,214	
		-		-	
5	Closing Inventory				
	Cotton Yarn	25,239,130		16,460,693	
	Hosiery Knitted Cloth	1,623,107		969,794	
	By Product	4,409,716		2,966,326	
	Total	31,271,952		20,396,813	
6	Opening Inventory				
	Cotton Yarn	16,460,693		27,901,666	
	Hosiery Knitted Cloth	969,794		6,768,540	
	By Product	2,966,326		6,487,527	
	Total	20,396,813		41,157,733	

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

No.	Particulars	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
7	Break Up for Consumption				
a)	Raw Materials				
	Indigenous	Rs.	664,391,056		505,406,823
		%	100%		100%
	Total		664,391,056		505,406,823
			-		-
b)	Stores and Spares				
	Indigenous	Rs.	14,334,614		12,144,708
		%	89%		84%
	Imported	Rs.	1,701,608		2383926
		%	11%		16%
	Total		16,036,222		14,528,634
8	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;		1,442,747		1,293,538
	III. Capital goods;		-		-
9	Expenditure in foreign currency:				
	Purchase of spares		1,442,747		1,293,538
	Interest & Bank charges		1,830,081		4,934,061
	Commission on exports		4,114,910		985,153
	Travelling expenses to directors		-		-
10	The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related;				
	i) Total No.of Non-resident Shareholders	No.	4		4
	ii) Total No. of Shares held	No.	2,475		2,475
	iii) Total Amount of Dividend due / paid	No.	-		-
	iv) Year to which the Dividend Related		-		-
11	Earnings in foreign exchange classified under the following heads, namely:-				
	I. Export of goods calculated on F.O.B. basis;		360,771,795		195,756,575
	II. Royalty, know-how, professional and consultation fees;		-		-
	III. Interest and dividend;		-		-
	IV. Other income, indicating the nature thereof		-		-

III. DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS

I. DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-15 RETIREMENT BENEFITS

No.	Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
i)	Defined Contribution Plans The Company makes Provident Fund, Pension Fund and Insurance fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. In case of provident , pension fund and Insurance Fund the contributions as specified under the law are paid to the Regional Provident Fund Commissioner and the Central Provident Fund under the Employees Pension Scheme. Payment to Defined Contribution Benefit Plans: Contribution to Provident Fund Contribution to Employees Pension Fund Contribution to Deposit Linked Insurance Fund Contribution to Tamil Nadu Labour Welfare Fund		
		387,719	230,694
		709,811	523,672
		93,724	69,153
		5,460	4,683
ii)	Defined benefit plans The company has an unfunded defined benefit gratuity plan. Every employee who has qualified and completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months, subject to a maximum laid down by law. The company has undertaken an actuarial valuation in respect of gratuity liability and provides for it in its books of accounts; but does not contribute the amount to any fund or trust. Opening balance Add: Provision for the year		
		2,202,318	2,135,403
		559,608	341,211
		2,761,926	2,476,614
	Less: Payments during the year	396,855	274,296
	Closing balance	2,365,071	2,202,318
II.	DISCLOSURES PURSUANT TO ACCOUNTING STANDARD - 16 BORROWING COSTS Borrowing costs capitalised during the year	NIL	NIL
III.	DISCLOSURES PURSUANT TO ACCOUNTING STANDARD- 17 SEGMENT REPORTING The company operates only on one segment which is the company's primary segment i.e.	Cotton Textiles	Cotton Textiles
IV.	DISCLOSURES PURSUANT TO ACCOUNTING STANDARD- 18 RELATED PARTY DISCLOSURES		
1	In terms of the Accounting Standard 18 requiring disclosure of related parties, the following persons have been identified as Related Parties:		
i)	Key Management Personnel: Shyamlal Agarwala Manoj Kumar Jhajharia Pramod Kumar Jhajharia	Managing Director Joint Managing Director Chief Executive	
ii)	Associates: Shristi Cotspinn Private Limited Sri Sadhyaa Exports Private Limited		

No.	Particulars	As at 31st March	
		2014	2013
		Rs.	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)	240,000	240,000
ii)	Advance towards Rent payments to Related parties - Administrative Office (Relative of Managing Director)	60,000	60,000
c)	Remuneration to Managing Director	4,153,528	1,361,692
d)	Remuneration to Joint Managing Director	2,971,115	1,230,923
e)	Sitting fees to other Directors	39,000	27,000
f)	Travelling reimbursement to Other Directors	27,000	28,000
g)	Remuneration to chief executive:		
	Salary	540,000	540,000
	Company's contribution to PF and Other funds	9,360	9,360
		549,360	549,360
	BREAK UP OF MANAGERIAL REMUNERATION PAID MANAGING DIRECTOR		
	Salary	1,800,000	1,200,000
	Perquisites	1,484,000	84,000
	Medical Reimbursement	20,000	20,000
	Gratuity Provision	86,538	57,692
	Commission to Managing Director	762,990	-
		4,153,528	1,361,692
	JOINT MANAGING DIRECTOR		
	Salary	1,500,000	1,080,000
	Perquisites	1,384,000	84,000
	Medical Reimbursement	15,000	15,000
	Gratuity Provision	72,115	51,923
		2,971,115	1,230,923
2	Associates:		
	Sale of Goods		
	Shristi Cotspinn Private Limited	36,990,777	30,812,290
	Sri Sadhyaa Exports Private Limited	-	853,657
	Purchase of Goods		
	Shristi Cotspinn Private Limited	-	686,193
V.	DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-20 EARNINGS PER SHARE		
	Profit after tax (A)	56,644,818	31,125,266
	Number of equity shares (B)	5,262,400	5,262,400
	Basic EPS (A/B)	10.76	5.91
	Number of equity shares (B1)	5,262,400	5,262,400
	Diluted EPS (A/B1)	10.76	5.91

No.	Particulars	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
VI.	DISCLOSURES PURSUANT TO ACCOUNTING STANDARD-22 TAXES ON INCOME				
	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 2013 and earlier credited / debited to profit & loss account and Net Deferred Tax Liability as on 31st March, 2014 are computed as below:				
	Deferred Tax Liability:				
	On Depreciation	35,994,500		47,422,000	
	On Deferred Revenue expenditure	200,900		-	
		36,195,400		47,422,000	
	Deferred Tax Asset:				
	On MAT Credit	9,321,300		24,884,600	
	On Commission to Managing Director	247,552		-	
	On unabsorbed depreciation and other expenses	1,174,500		1,397,700	
		10,743,352		26,282,300	
	Net Deferred Tax Liability	25,452,048		21,139,700	
	Deferred Tax Liability at the beginning	21,139,700		43,600,000	
	Net Deferred Tax Liability debited to Statement of Profit and Loss	4,312,300			
	Net Deferred Tax Liability credited to Statement of Profit and Loss			1,830,100	
E	The company has contributed to trade related research institutions by way of annual subscriptions		27,343		27,343
F	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				
G	Previous year figures have been reworked grouped and regrouped to conform to the current year classification to make it comparable.				

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

No.	Particulars	As at 31st March	
		2014	Rs.
A	Cash flow from operating activities:		
	Net Profit before taxation and extra ordinary items	76,299,008	37,106,346
	Adjustments for:		
	Depreciation	57,038,341	54,791,273
	Profit on sale of fixed assets	-	(11,755)
	Interest and financial charges paid	33,777,038	42,879,615
	Dividend Income	(26,176)	(26,176)
	Interest receipts	(2,419,486)	(1,290,925)
	Direct Taxes	(15,341,890)	(7,811,180)
	Operating profit before working capital changes	149,326,835	125,637,198
	Adjustments for working capital changes		
	(Increase)/Decrease in Operating assets		
	Inventories	(21,752,889)	2,000,508
	Trade receivables	(32,832,858)	(39,618,025)
	Loans and Advances - short term	(79,636)	1,351,041
	Other Current Assets	881,017	1,769,185
	Other non-current assets	619,271	619,271
	Increase/(Decrease) in Operating liabilities		
	Trade payables	15,169,513	(3,869,161)
	Other Current Liabilities	(3,536,024)	(12,282,166)
Short term Provisions	8,823,982	2,642,956	
Loans and Advances - long term	192,462	1,956,418	
Long Term Provisions	321,406	176,530	
Net cash flow from operating activities (A)	117,133,078	80,383,755	
B	Cash flow from investing activities:		
	Purchase of Fixed Assets	(11,834,747)	(9,514,352)
	Sale of Fixed Assets	-	125,000
	Interest receipts	2,419,486	1,290,925
	Dividend Income	26,176	26,176
Net cash from investing activities (B)	(9,389,085)	(8,072,251)	
C	Cash flow from financing activities:		
	Proceeds from long term borrowings		
	Repayment of long term borrowings	39,145,642	44,133,900
	Proceeds from short term borrowings	(17,425,418)	4,352,597
	Increase/(Decrease) in Secured Loan		
	Increase/(Decrease) in long term borrowings	(39,145,642)	-
	Increase/(Decrease) in short term borrowings	(17,425,418)	-
	Interest and financial charges paid	(33,777,038)	(42,879,615)
	Increase In share Capital	-	-
	Dividend Paid	7,388,094	-
Net cash from financing activities	(97,736,192)	(82,660,918)	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

No.	Particulars	As at 31st March	
		2014	2013
	Net increase/(decrease) in cash and cash equivalents	10,007,802	(10,349,415)
	Cash & cash equivalents at the beginning of the year	555,216	10,904,631
	Cash & cash equivalents at the close of the year	10,563,018	555,216
	Cash and Cash equivalents at the close of the year comprise of		
	Cash on hand	281,355	221,252
	Cash at bank in current accounts	10,281,663	333,965
		10,563,018	555,217
		(0)	(0)

As per our Report of Even date attached

For V K S AIYER & CO

Chartered Accountants

(Sd/-)

N.RAMESH NATARAJAN

Partner

Membership No. 200/23443

Place : Coimbatore

Date : 26th May 2014

For and on Behalf of the Board

(Sd/-)

Shyamal Agarwala

Chairman and Managing Director

(Sd/-)

Manoj Kumar Jhajharia

Joint Managing Director

(Sd/-)

K.V.Murugan

Secretary



Regd. Office : S.F. No. 74/12 & 75/3, Sathy Road, Pungampalli Village, Sathyamangalam - 638402
CIN : L17111TZ1994PLC004797 Phone : 0422 -2454415, 2454416, 2454417
E-mail : info@salonagroup.com Web : www.salonagroup.com

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint Shareholders may obtain additional Slip at the venue of the meeting.

DP Id*	
Client Id*	

Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDERS :

I hereby record my presence at the 20th Annual General Meeting of the Company held on Monday, September 29, 2014 at 10.00 A.M. at the Registered Office of the Company at S.F. No. 74/12 and 75/3 Sathy Road, Pungampalli Village, Sathyamangalam - 638 402

Signature of Shareholder/Proxy

*Applicable for investors holding shares in electronic form.



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

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

E-mail : info@salonagroup.com

Web : www.salonagroup.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 20th Annual General Meeting of the members of the Company will be held on Monday the 29th September 2014 at 10.00 AM at the Registered Office of the Company at S.F.No.74/12 and 75/3 Sathy Road, Pungampalli Village, Sathyamangalam - 638 402 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Accounts together with Directors Report as also the Auditors Report thereon for the year ended March 31, 2014.
2. To declare dividend.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 139 of the Companies Act, 2013 (Act) read with the Companies (Audit and Auditors) Rules 2014 or such other modifications/ clarifications if any from time to time in accordance with the Act and pursuant to the recommendations of the Audit Committee, the retiring Auditors M/s VKS Aiyer & Co, Chartered Accountants, Coimbatore (Firm Registration Number 000066S) be and are hereby appointed as Statutory Auditors of the Company to hold such office for a period of three years from the conclusion of this Annual General Meeting till the conclusion of the 23rd Annual General Meeting subject to ratification by members at every Annual General Meeting on such remuneration plus service tax, out of pocket expenses as may be fixed by the Board of Directors of the Company as recommended by the Audit Committee thereof.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following on as an Ordinary Resolution :

RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule-IV of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and Clause 49 of the Listing agreement, Sri C.Thirumurthy (DIN : 00001991), Director of the Company who retires by rotation at the ensuing Annual General Meeting under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose C. Thirumurthy as a candidate for the office of Independent Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director to hold office for a period of five years upto 28th September 2019.

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5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

RESOLVED THAT pursuant to Section 149, 150, 152 and other applicable provisions if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule-IV of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and Clause 49 of the Listing agreement, Sri.G.V.S.Desikan (DIN: 00050597), Director of the Company who retires by rotation at the ensuing Annual General Meeting under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Sri.G.V.S. Desikan as a candidate for the office of Independent Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director to hold office for a period of five years upto 28th September 2019.

6. To consider and if thought fit, to pass with or without modification, the following on as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of sections 149,150,152 and other applicable provisions if any, of the Companies Act, 2013 and the Rules made there under read with Schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri. Dhires Jayasi (DIN 06931744), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years up to 28th September 2019”.

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

RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 11th Annual General Meeting held on 28th September 2005 and pursuant to Section 180 (1) (c) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained /to be obtained from the Company’s Bankers in the ordinary course of business, shall not be in excess of Rs. 300.00 Crores (Rupees Three hundred Crores) over and above the aggregate of the paid up share capital and free reserves of the Company.

RESOLVED FURTHER that for the purpose of giving effect to this resolution the Board or any Committee or person(s) authorized by the Board be and is/are hereby authorized to finalise settle and execute such documents / deeds / writings / papers / agreements and to do all acts deeds matters and things as may be required.

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

RESOLVED THAT pursuant to Section 180(1)(a) and other applicable provisions if any of the Companies Act 2013 and the Rules made thereunder (including any statutory modifications or re-enactments thereof for the time being in force) consent of the company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any committee thereof) to create such charges mortgages pledges and hypothecations in addition to existing charges mortgages pledges and hypothecations created by the company on such movable and/or immovable tangible and/or intangible properties of the company both present and future in such form and manner and with such ranking as to priority and for such time and on such terms as the Board may deem fit together with the power to take over the management of the business and concern of the company in certain events of default in favour of the lender(s) agent(s) trustee(s) for securing the borrowings of the company availed/ to be availed by way of loan(s) (in Indian rupee and/or foreign currency)and/or debentures bonds or any other debt instruments issued by the company from time to time subject to the limits approved under Section 180(1)(c) of the Companies Act 2013 and temporary loans obtained / to be obtained from the company’s bankers in the ordinary course of business together with interest at the respective agreed rates additional interest compound interest in case of default accumulated interest liquidated damages commitment charges premia on prepayment remuneration of agent(s)/trustee(s) premium if any on redemption all other costs charges expenses and all other moneys payable by the company in terms of loan agreement(s) head of agreement(s) debenture trust deed(s) or any other document entered into/to be entered into between the company and the lender(s)/agent(s)/trustee(s) in respect of the said loans/ borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the lender(s)/agent(s)/trustees

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution the Board or any Committee or person(s) authorized by the Board be and is/are hereby authorized to finalise settle and execute such documents / deeds writings / papers / agreements and to do all acts deeds matters and things as may be required.

For and on behalf of the Board

(Sd/-)

K.V.Murugan

Company Secretary

Place : Coimbatore

Date : 25th July 2014

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.
2. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc must be supported by an appropriate resolution / authority, as applicable.
3. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of special business under item 5 to 8 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **23.09.2014 to 29.09.2014 (both days inclusive)** in connection with the Annual General Meeting and for the purpose of payment of dividend, if approved by the Members.
5. The dividend as recommended by the Board of Directors if declared at the meeting will be paid on or after **03.10.2014** to those members:
 - (a) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/Registrar and Transfer Agent on or before **22.09.2014** and
 - (b) whose names appear as Beneficial Owners in the list of Beneficial Owners on **22.09.2014** to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address as soon as possible. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the Shareholders/ Depositories for depositing of dividends. NECS Form is attached to the Notice to the Members for providing details, if not provided.
7. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market; Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts; Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent/the Company.
8. Under Section 205A and 205C of the Companies Act, 1956 the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs.1,26,760/- being the unpaid and unclaimed dividend amount pertaining to Dividend for the year 2005-06 on 19.10.2013 to the Investor Education and Protection Fund of the Central Government.

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- The Ministry of Corporate Affairs (MCA) on May10, 2012 notified the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012 (IEPF Rules) which are applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2006-07, as on the date of the 13th Annual General Meeting (AGM) held on 22nd September 2007 on the website of the IEPF viz www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.salonagroup.com
9. The relevant details under Clause 49 of the listing agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
 10. Electronic copy of the Annual Report 2014 is being sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2014 is being sent in the permitted mode. Positive consent letter is attached to the Notice to the Members for giving consent to receive documents in electronic mode.
 11. Electronic copy of the Notice of the 20th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 20th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
 12. Members may also note that the Notice of the 20th Annual General Meeting and the Annual Report 2014 will also be available on the Company's website www.salonagroup.com for download. The Physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id info@salonagroup.com.
 13. Voting through electronic means
 - I. Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the companies (Management and Administration) Rules 2014, and Clause 35B of the Listing Agreement the Company is pleased to provide its members the facility to exercise their right to vote at the 20th Annual General Meeting (AGM) by electronic means. The business may be transacted through e-voting Services provided by Central Depository Services Limited (CDSL)
 14. Sri.G.Soundararajan, Practising Company Secretary (Membership No. A 13993 CP No. 4993) has been appointed as the Scrutinizer to Scrutinize the e-voting process in a fair and transparent manner.
 15. The voting through electronic means will be available from 22nd September 2014 9.00 A.M. to 24th September, 2014 5:00 P.M. The Members will not be able to cast their vote electronically beyond the date and time mentioned above and the e-voting system shall be disabled for voting thereafter.
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16. The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (I) Log on to the e-voting website: www.evotingindia.co.in
- (II) Click on “Shareholders” tab.
- (III) Now, select the “SALONA COTSPIN LIMITED” from the drop down menu and click on “SUBMIT”
- (IV) Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (V) Next enter the Image Verification as displayed and Click on Login.
- (VI) If you are holding shares in demat form and had logged on to www.evotingindia.co.in and voted on an earlier voting of any company, then your existing password is to be used.
- (VII) If you are a first time user follow the steps given below :

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.-● In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none">● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member ID/ Folio No. in the Dividend Bank details field.

- (VIII) After entering these details appropriately, click on “SUBMIT” tab.
- (IX) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note

that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (X) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (XI) Click on the EVSN for the relevant "SALONA COTSPIN LIMITED" on which you choose to vote.
- (XII) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (XIII) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (XIV) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (XV) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (XVI) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (XVII) If Demat account holder has forgotten the password/changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create an user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

17. In case of members receiving the physical copy:

- a) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- b) The voting will be available from 22nd September 2014 9.00 A.M. to 24th September 2014 5:00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in the dematerialized form, as on 22nd August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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- c) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com
18. In case of members desiring to exercise vote by Postal Ballot:
- a) A Member desiring to exercise vote by Postal Ballot should complete the Postal Ballot Form and send it to the Scrutinizer. Members are requested to read the instructions contained on the reverse of the Postal Ballot Form and follow the same.
- b) As the Company, being a Listed Company and having more than 1000 Shareholders, is compulsorily required to provide e-voting facility to its members in terms of Section 108 of the Companies Act, 2013 read with the Rules made thereunder and Clause 35 B of the Listing Agreement, voting by show of hands will not be available to the members at the 20th Annual General Meeting in view of provisions of Section 107 read with Sec 114 of the said Act. Hence the items of Business given in this notice are proposed to be transacted through electronic voting/postal ballot system/poll. The voting rights are available to the members who are the members as on 22nd August, 2014 (cut off date for the purpose of exercising voting rights).
- c) In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, a Postal Ballot Form is annexed. A member desiring to exercise vote by Postal Ballot shall complete the enclosed Postal Ballot Form with assent (for) or dissent (against) and sent it to Sri.G.Soundararajan, Practicing Company Secretary (Membership No. A 13993 CP No. 4998), 69-1, LML Colony, 3rd Street, Ammankulam Road, Pappanaickenpalayam, Coimbatore - 641037, so as to reach him on or before 24th September, 2014. Any Postal Ballot Form received after the said date shall be treated as if the reply from the Members has not been received.
19. Kindly note that members can opt for only one mode of voting i.e., either by physical ballot or through e-voting. If members are opting for e-voting then do not vote by Physical Ballot or vice versa. However, in case of Members casting their vote both by Physical Ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.
20. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any forthwith to the Chairman of the Company.
21. The Results shall be declared at the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.salonagroup.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
22. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 A.M to 5.00 P.M.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

Sri. C Thirumurthy, aged 55 years is an expert in Corporate Management for more than 22 years and is a Practicing Company Secretary. He is an Independent Director on the Board of Directors of the Company for over 2 years.

The Company has received a nomination under Section 160 of the Companies Act, 2013 from a member of the Company with requisite deposit signifying his intention to propose the appointment of Sri. C Thirumurthy as Independent Director. Sri.C Thirumurthy will hold office for a period of five years from the conclusion of this Annual General Meeting.

In the opinion of the Board, Sri C Thirumurthy, proposed to be appointed as an Independent Director fulfills the conditions specified in the Section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and that the proposed director is independent of the management.

Interest of Directors

None of the Directors, key managerial personnel or their relatives other than Sri C. Thirumurthy is concerned or interested in the resolution

Item No.5

Sri. G.V.S. Desikan, aged 81 years has more than 59 years of experience in Textile Industry and has good financial and accounting knowledge. He is an Independent Director on the Board of Directors of the Company for over 19 years.

The Company has received a nomination under Section 160 of the Companies Act, 2013 from a member of the Company with requisite deposit signifying his intention to propose the appointment of Sri. G.V.S. Desikan as Independent Director. Sri. G.V.S. Desikan will hold office for a period of five years from the conclusion of this Annual General Meeting.

In the opinion of the Board, Sri G V S Desikan, proposed to be appointed as an Independent Director fulfills the conditions specified in the Section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and that the proposed director is independent of the management.

Interest of Directors

None of the Directors, key managerial personnel or their relatives other than Sri. G.V.S. Desikan is concerned or interested in the resolution

Item No.6

Sri.Dhires Jayasei, aged 59 years is a qualified Engineer and has wide Knowledge in Industrial design and Commissioning of Buildings and plants. He was appointed as Additional Director of the Company at the Board Meeting held on 25.07.2014 and is liable to retire at the ensuing Annual General Meeting.

The Company has received a nomination under Section 160 of the Companies Act, 2013 from a member of the Company with requisite deposit signifying his intention to propose the appointment of Sri Dhires Jayasi as Independent Director. Sri Dhires Jayasi will hold office for a period of five years from the conclusion of this Annual General Meeting.

In the opinion of the Board, Sri Dhiresh Jayasi, proposed to be appointed as an Independent Director fulfills the conditions specified in the Section 149(6) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and that the proposed director is independent of the management.

Interest of Directors

None of the Directors, key managerial personnel or their relatives other than Sri Dhiresh Jayasi is concerned or interested in the resolution

Item No.7 and 8

The members of the Company at their 11th Annual General Meeting held on 28th September 2005 approved by way of an Ordinary Resolution under Section 293(1) (d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.75.00 Crores (Rupees Seventy five Crores).

Section 180 of the Companies Act, 2013 effective from September 12, 2013 requires that consent of the company accorded by way of a special resolution is required to borrow money in excess of the company's paid up share capital and free reserves. Further, as per the clarification issued by the Ministry of Corporate Affairs approval granted by the shareholders by way of an ordinary resolution shall be valid for one year from the date Section 180 became effective. Thus, the approval granted by members is valid upto 11th September, 2014.

Hence approval of the members to borrow Rs 300 crores(Rupees Three Hundred Crores) over and above the aggregate of the paid up share capital and free reserves of the company apart from temporary loans obtained / to be obtained from the company's bankers in the ordinary course of business under Section 180(1)(c) of the Companies Act 2013 and to create mortgage or charge on the total assets of the company (both movable and immovable) under Section 180(1)(a) of the Companies Act 2013 is therefore now sought by way of Special Resolutions

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7 and 8.

DETAILS OF DIRECTOR SEEKING APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE:

Name of the Directors	Sri C. Thirumurthy	Sri G.V.S. Desikan
Date of Birth and Age	16.04.1959 55 Years	09.10-1932 81 Years
Qualification	B.Com, B.L., FCS	B.Sc., B.Sc.,(Tech)
Date of Appointment	13th February 2012	23rd February, 1995
Experience in specific functional areas	More than 22 Years of experience in Corporate Management.	More than 59 years of experience in Textile Industries
Directorship held in other Public Companies	1	4
Memberships / Chairmanships of Committee across public Companies	2	3
No of Equity Shares held	Nil	1000
Relationship between Directors Inter- Se	None	None

Name of the Directors	Sri.Dhiresb Jayasi
Date of Birth and Age	29.11.1954 : 59 years
Qualification	M.Tech
Date of Appointment	25.07.2014
Experience in specific functional areas	30 Years experience in Management
Directorship held in other Public Companies	Nil
Memberships / Chairmanships of Committee across public Companies	Nil
No of Equity Shares held	Nil
Relationship between Directors, Inter- Se	None

The above Directors in the operation of the Board fulfill the conditions specified in the Companies Act, 2013 and Rules made there under for their appointment as an independent Director under Section 149 and other applicable provisions of the Companies Act, 2013 and are independent in compliance with Clause 49 of the Listing Agreement.

For and on behalf of the Board

(Sd/-)

Shyamial Agarwala
Chairman and Managing Director

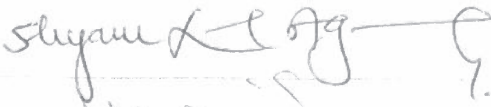


Place : Coimbatore
Date : 25th July 2014



Bombay Stock Exchange
Corporate Relation Department
1st Floor, New Trading Ring
Rotunda Building,
P.J.Tower, Dalal Street,
Mumbai - 400 001.

FORM-A

Format of covering letter of the annual audit report

1.	Name of the Company:	SALONA COTSPIN LIMITED
2.	Annual Financial statements for the year ended	31 st March-2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Repetitive from inception
5.	• Managing Director	
	• CFO	
	• Auditor of the company	
	• Audit Committee Chairman	