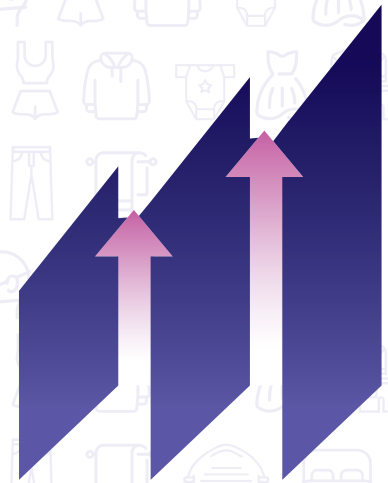




Nitin Spinners Limited

# Pursuing Sustainable Growth



ANNUAL REPORT  
2021-22

# What's inside the report

## Reporting period and scope

The report is aimed at communicating our value creation story in a transparent manner to all our stakeholders. This report covers financial and non-financial information and activities of Nitin Spinners Limited ('the Company') during the period from April 1, 2021, to March 31, 2022.

## Responsiveness

Our reporting addresses a gamut of stakeholders, each having their own needs and interests. This report is one element of our interaction and communication. It reflects how we manage our operations by accounting and responding to stakeholder concerns.

## Corporate Overview

Shaping a Sustainable Future	02
Setting New Benchmarks	03
Corporate Snapshot	04
Delivering Diverse Textile Solutions	06
Chairman's Insights	08
Key Performance Indicators	10
Creating Value Together	12
Strategy Framework	14
CSR	16
Corporate Information	17

## Statutory Reports

Board's Report	18
Business Responsibility and Sustainability Report	32
Management Discussion & Analysis	58
Corporate Governance Report	63

## Financial Statements

Independent Auditors' Report	78
Balance Sheet	88
Statement of Profit & Loss	89
Cash Flow Statement	90
Statement of Changes in Equity	91
Notes to the Financial Statements	92



To know more about the company, log on to  
[www.nitinspinners.com](http://www.nitinspinners.com)



Scan the QR Code to view  
the report online

## Forward looking statement

Some information in this report may contain forward-looking statements. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements are identified by forward-looking words such as 'believe', 'plan', 'anticipate', 'estimate', 'expect', 'may', or other similar words. A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. These forward-looking statements are subject to particular risks and opportunities that could be beyond the Company's control as it is based on the Company's beliefs and assumptions of future events. There could be a possibility of the Company's performance differing from expected outcomes and performance implied in this report.



In the past three decades of our journey, we have dedicated ourselves to creating a distinctive identity through the creation of products and services that address the evolving customer needs with speed, quality, and transparency for our ever-growing network of global customers.

In the process, we focused on research and development (R&D), invested in capacity expansion

and technology, and created a robust foundation that helped in accelerating our journey towards the next phase of sustainable growth.

In a year when the business landscape remained volatile, the resilience and agility of our business model helped us achieve an all-round performance without stretching our balance sheet.

As we prepare to unlock the next stage of our growth, we are positioned attractively to deliver sustainable value to our stakeholders.

**We are poised for an exciting journey ahead.**

# Shaping a Sustainable Future

As we continue to walk on our sustainable growth strategies, our primary aim is to create enduring value while ensuring sustainable returns for our different stakeholders.

We have aligned our strategy with the significant growth opportunities available across the broad range of end-user segments where our products find application. Consistent with the Company's vision, our purpose is to act as a trusted supplier to our customers by providing innovative textile solutions and partnering in their success.

In our quest for sustainable growth, we believe it is only possible to achieve this over the long term by:



Growing our presence in the structurally growing international markets, which are underpinned by the increasing demand for quality and sustainable products. Anticipating the needs of our customers and delivering top-of-the-line textile solutions at a competitive cost.



Building on our expertise, unique and diversified product portfolio, strong R&D capabilities, and integrated business model to help us deliver high-quality textile products of international standards.



Investing in our asset base, building a sustainable network, engaging fairly with our suppliers, and sourcing ethically and sustainably by being close to our raw-material sources. Our ongoing investment plans will enable us to capture growth opportunities in the future.



Looking after our people and building on their skills, experience and specialist knowledge. Investing in their development and providing a safe and fulfilling work environment.



Supporting the communities in which we operate, taking care of the environment and acting with integrity and honesty across all our business functions.

# Settings New Benchmarks ▶

## Financial

**₹2,692 crores**  
Revenue generated in FY22

**66%**  
YoY growth ↑

**₹653 crores**  
EBIDTA generated in FY22

**153%**  
YoY growth ↑

**₹326 crores**  
PAT generated in FY22

**374%**  
YoY growth ↑

**₹58 per share**  
Earnings per share (EPS) in FY22

**374%**  
YoY growth ↑

## Annual Production Capacity

### Yarn



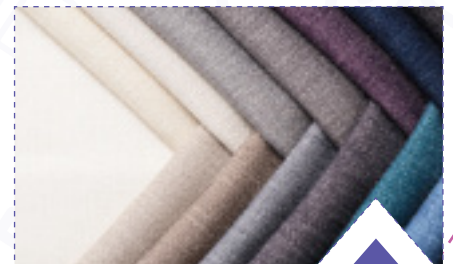
75,000 tonne

### Knitted Fabric



8,500 tonne

### Finished Woven Fabric



30 million meters

## Operational

**29+**

Years of rich industry experience

**50+**

Countries exported to

**2**

Strategically located state-of-the-art manufacturing facilities

**3,07,344**

Total installed spindles

**3,488**

Total installed rotors

**5,000+**

Strong and dedicated workforce

**168**

Total installed air jet weaving machines along with dyeing, finishing and printing facilities



## Corporate Snapshot

# Moving Ahead with Agility and Stability

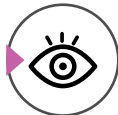
Established in 1993, Nitin Spinners Limited is India’s leading and one of the world’s most efficient manufacturers of cotton yarn, blended yarn, knitted fabrics, and finished woven fabrics. We have progressively enhanced our domestic and international presence across markets backed by our product innovation, in-depth R&D capabilities and sustainability.

With efficient integrated operations and a clear vision for the future, we have successfully executed our strategic growth plan in line with evolving need for textile products to drive sustainable development.

Being one of the few Indian textile manufacturers with a wide range of products, we are among the most admired and respected corporates within its industry space in the country and globally.

Guided by our experienced management team and our innovative edge, along with our continued focus on delivering high-quality products, we have been able to set new industry benchmarks and build long-term customer relationships with some of the globally renowned textile brands.

### Our Vision



- ▷ Become an integrated textiles manufacturer through forward and vertical integration
- ▷ Remain at the forefront by manufacturing high-quality textile products
- ▷ Create value for shareholders and allied industries
- ▷ Increase foreign exchange earnings by being the preferred international supplier
- ▷ Stay effective and proactive in developing new markets and products
- ▷ Endeavour for the ultimate satisfaction of our allied partners with
- ▷ The Right Technology
- ▷ The Right Raw Material
- ▷ The Right People, and above all
- ▷ The Right Attitude

### Our Mission

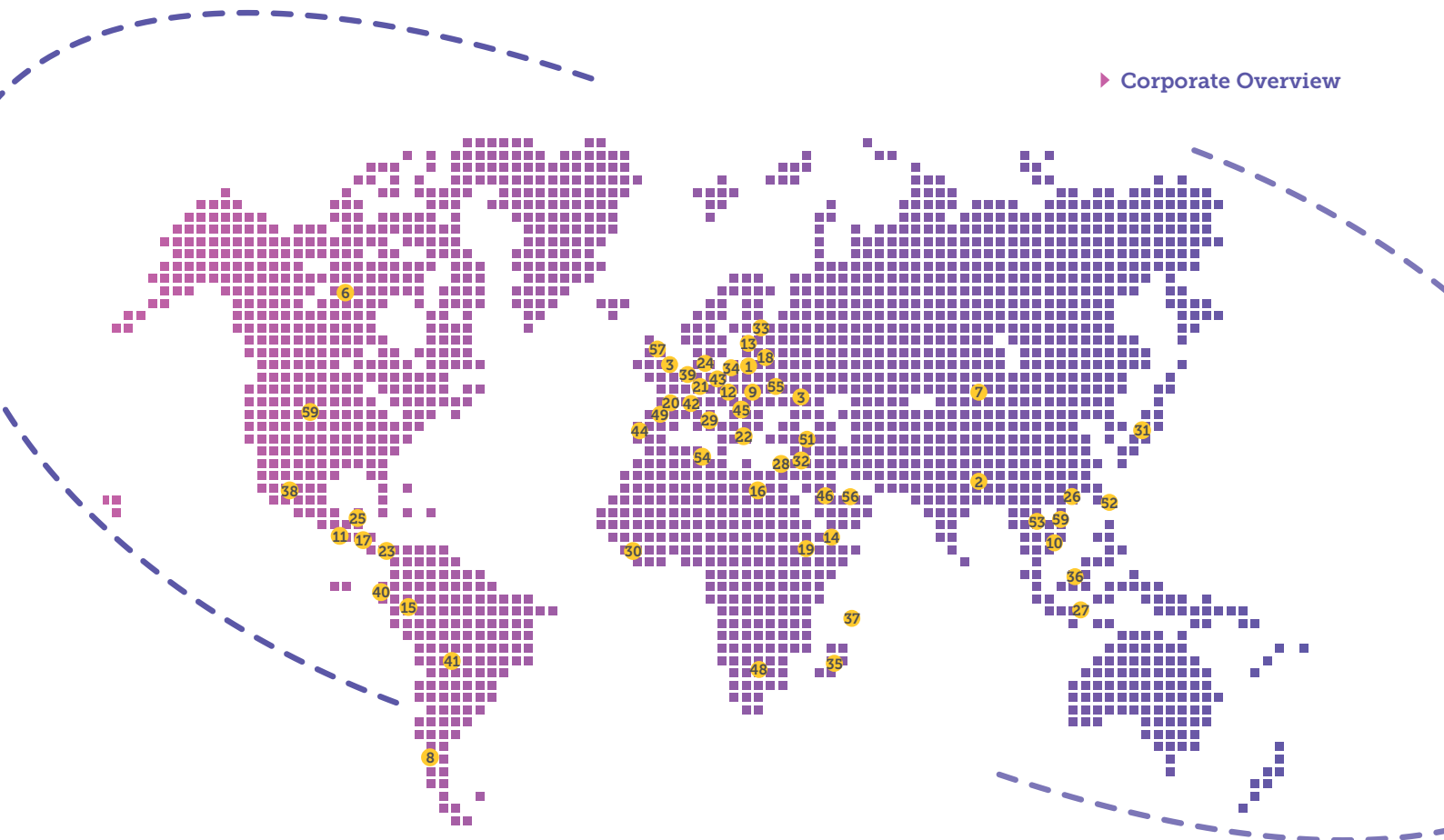


- ▷ To be the most reliable supplier across the textile value chain
- ▷ To provide superior quality products at competitive prices and establish a brand value in the international arena
- ▷ To exceed industry standards with exceptional customer and technical service
- ▷ To maintain our competitive strategic position through cutting-edge technology
- ▷ To promote partnerships with government agencies and institutions of international recognition
- ▷ To provide a safe, fulfilling and rewarding work environment for employees
- ▷ To provide training to our employees for their future development.

### Our Key Advantages



- ▷ Strategically located manufacturing facilities in prime cotton growing belts of India
- ▷ Impeccable product quality validated by various certifications
- ▷ Presence across the entire value chain
- ▷ Horizontally and vertically integrated manufacturing facilities
- ▷ Deep-rooted Customer network
- ▷ Customised and value-added services



- |                |                    |                 |                |                  |                          |
|----------------|--------------------|-----------------|----------------|------------------|--------------------------|
| 01. Austria    | 12. Czech Republic | 22. Greece      | 33. Latvia     | 44. Portugal     | 53. Thailand             |
| 02. Bangladesh | 13. Denmark        | 23. Guatemala   | 34. Lithuania  | 45. Romania      | 54. Tunisia              |
| 03. Belgium    | 14. Djibouti       | 24. Holland     | 35. Madagascar | 46. Saudi Arabia | 55. Turkey               |
| 04. Bulgaria   | 15. Ecuador        | 25. Honduras    | 36. Malaysia   | 47. South Africa | 56. United Arab Emirates |
| 05. Cambodia   | 16. Egypt          | 26. Hongkong    | 37. Mauritius  | 48. South Korea  | 57. United Kingdom       |
| 06. Canada     | 17. El Salvador    | 27. Indonesia   | 38. Mexico     | 49. Spain        | 58. United States        |
| 07. China      | 18. Estonia        | 28. Israel      | 39. Netherland | 50. Sri Lanka    | 59. Vietnam              |
| 08. Chile      | 19. Ethiopia       | 29. Italy       | 40. Peru       | 51. Syria        |                          |
| 09. Croatia    | 20. France         | 30. Ivory Coast | 41. Paraguay   | 52. Taiwan       |                          |
| 10. Colombia   | 21. Germany        | 31. Japan       | 42. Slovenia   |                  |                          |
| 11. Costa Rica |                    | 32. Jordan      | 43. Poland     |                  |                          |

Map not to scale only for presentation

## Expanding reach across key geographies

The Company boasts of a vast product presence across India and over 50 countries spread across the globe. Emerging as a solution provider, the Company has slowly and steadily made its presence in key international markets such as the Unites States of India (USA), the United Kingdom (UK) and European nations. With a presence in these key geographies, we believe that the Company is well-suited to capitalise on the emerging opportunities in these markets and expand our presence in emerging markets.

Headquartered in Bhilwara, Rajasthan, we are leading manufacturers in India with a comprehensive in-house capability across the value chain (from spinning to finished fabric). Spread across the state of Rajasthan, our two state-of-the-art manufacturing facilities are strategically situated at key cotton growing belts of India and in proximity to major ports, giving us logistics and cost advantages.

# Delivering Diverse Textile Solutions

Serving our customers is at the heart of everything we do. Backed by our enviable manufacturing capabilities, insightful industry knowledge, focused R&D, and customer-relevant innovation strategy, we have built a comprehensive range of textile solutions (from yarn to knitted and woven fabrics). Our ability to cater to the diversified needs of our customers, across different segments and price points, has enabled us to stay ahead of our competition.



## Our Accreditations

Accredited by certifications such as ISO 9001:2015 for Quality Management, ISO 14001:2015 for Environment Management, ISO 50001 for Energy Management and OHSAS 18001 for Occupation Health and Safety Management, SA8000 for Social Accountability among others, the products manufactured by the Company are in sync with the global standards and quality. Further, the Company has also been certified by OEKOTex, Global Organic Textile Standard (GOTS), and GRS, which prescribes standards for the processing of fibres from certified organic agriculture and for the use of recycled fibres.

Additionally, the Company has authorisation to use SUPIMA trademark, Cotton USA, Cotton Australia and Cotton Made in Africa Trademarks.



## Yarn

Recognised worldwide as the industry leader for spun yarns, we have enhanced the spinning process at every stage of the yarn manufacturing process by investing in cutting-edge technology and innovation.

### Products

- ▷ 100% cotton and blended ring spun
- ▷ Combed and carded yarns
- ▷ Open-end yarns
- ▷ Compact yarns
- ▷ Slub yarns
- ▷ Core spun yarns
- ▷ Multi-fold yarns
- ▷ Yarns made from Supima Giza, Organic, and BCI cotton, among others
- ▷ Yarns made from recycled fibres
- ▷ Count range 6 to 100s

### Applications

- |                      |                   |
|----------------------|-------------------|
| ▷ Woven apparel      | ▷ Terry towel     |
| ▷ Knitted apparel    | ▷ Medical fabrics |
| ▷ Furnishing fabrics | ▷ Tea bags        |
| ▷ Denims             | ▷ Bed linen       |





## Knitted Fabric

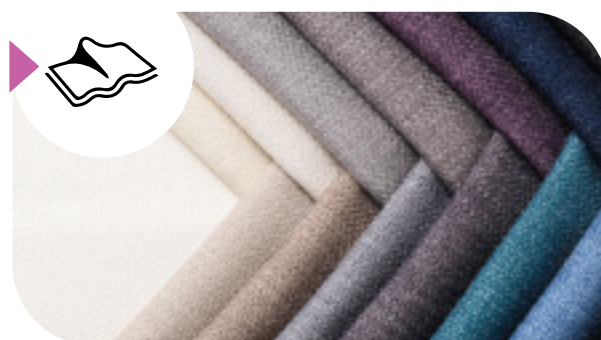
Keeping in mind the growing demand for knitted fabrics, we manufacture grey fabrics of top-notch quality which find application across the global apparel industry. We offer fabrics in greige form in tubular and open width across various diameters and gauges as per the requirement.

### Products

- ▶ Single Jersey
- ▶ Open width with Elastene
- ▶ 3t fleece
- ▶ Interlock
- ▶ Rib

### Applications

- ▶ Inner wear
- ▶ Comfort wear
- ▶ Sports wear
- ▶ Baby wear
- ▶ Winter wear



## Finished Woven Fabric

We produce a complete range of dyed and printed fabrics made of 100% cotton and blend materials, which find application in fashion, apparel and workwear industry in different finishes and stretch wear.

### Products

- ▶ 100% Cotton, Cotton Spandex Fabrics
- ▶ Poly/Cotton, Poly/Cotton Spandex Fabrics
- ▶ RFD, Bleached, Dyed, Print and Yarn Dyed Fabrics with various special finishes such as Teflon and Wrinkle free
- ▶ Water repellent, nano care, soil release, anti-bacteria finish, aero finish and bio polish, among others
- ▶ Various Weaves-Twills, Gabardines, Broken Twill, Ripstop, Canvas, Mattie's, Ducks, Plain Tussor, Dobby, Cord, and Ottoman, among others
- ▶ Healthy and eco-friendly fabrics made from BCI/ organic cotton

### Applications

- ▶ Fashion and Image wear
- ▶ Uniform
- ▶ Healthcare apparel
- ▶ Hotel apparel
- ▶ Industrial and protective apparel
- ▶ Defence apparel

# Chairman's Insights



**The fiscal under review was another year of exciting growth for Nitin Spinners Limited. We recorded our highest ever sales and earnings in FY22.**



**R. L. Nolkha**  
Chairman

## Dear Shareholders,

It gives me great pleasure to present to you the annual performance report of the Company.

The year FY22 was a challenging yet exciting year for us. The macro and the microeconomic situation continued to be uncertain because of the repeated COVID waves and the runaway inflation, an high energy and commodity costs due to the geopolitical conflict. It impacted the growth revival of the economy, which had started becoming visible towards the second half of the year under review.

Notwithstanding the uncertainties, we saw exciting growth in the fiscal. We recorded our highest ever sales and earnings in FY22. These robust results were due to the new business opportunities we have capitalised on and almost doubled our export business during the financial year. This reflects our strong spirit of entrepreneurship and sustainability.



Our unique product portfolio, expertise in understanding the best material choices, and customer-focused innovation capabilities help us deliver textile solutions that are sustainable by design.



### Strengthening our capacities

Amid the pandemic, we acted swiftly to stay on track with our business goals and invested strategically in the most critical areas of our long-term growth. We introduced new initiatives and measures across functions, while systems and processes were strengthened manifold to create an enabling environment for the Company to pursue growth.

Our organisational capabilities delivered a strong performance. We have also been successful in almost doubling our international business. While the COVID outbreak was undoubtedly a catastrophic event, we saw in it the opportunity to fast-track our growth process to emerge as a globally recognised player in the textile industry. We focused on enhancing our research and development (R&D) capabilities in such a way that it helps us in creating an innovative portfolio of products that fulfils the unmet and unarticulated needs of our customers.

### Pursuing sustainability

We undertook several targeted measures during the year to help us remain on track toward our goal of sustainable, long-term growth. The infusion of new technologies and talent pool across different levels and functions has ushered a new level of dynamism into the organisation as we gear up to become future-ready across functions, systems, processes, and people.

We are excited by the growth opportunities in our textile industry, underpinned by the increasing demand for e-commerce and more sustainable clothing solutions. We focused on offering products made from sustainable fibres like organic and BCI cotton or recycled fibres. Our unique product portfolio, expertise in understanding the best material choices, and customer-focused innovation capabilities help us deliver textile solutions that are sustainable by design. This helps us to contribute to a sustainable ecosystem and allows us to grow our existing customer base as well as service new customers.

### Road ahead

Our ability to create value is a direct result of the significant efforts and resilience of our people. To capitalise on growing demand and further strengthen our product range, we are undergoing capacity expansion at our existing facilities at a cost outlay of ~₹955 crore enhancing capacity of all the three segments. The expansion plans will complete in year 2023-24.

I would like to take this opportunity to extend my gratitude and appreciation to all our employees for their dedicated contribution towards building a business entity that is synonymous to trust and reliability.

As I conclude, I would like to express my gratitude to all our stakeholders for their unwavering faith in us. We hope to enter the new phase of growth with the same values and focus on sustainability that has been our foundation for over three decades.

Regards,

**R. L. Nolkha**

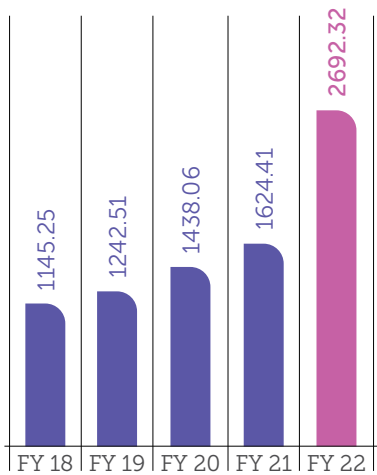
**Chairman**

## Key Performance Indicators

# Registering stellar performance

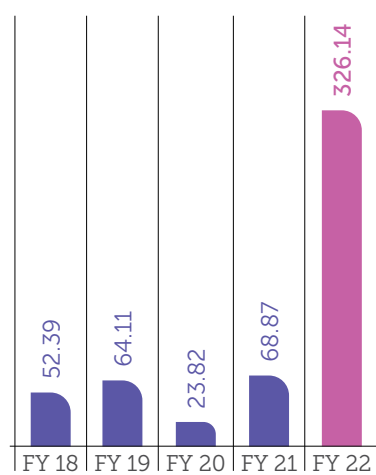
Driven by our commitment to grow sustainably, we delivered on our promises in FY22 and recorded another year of commendable growth.

**Net Sales**  
(₹ in Crores)



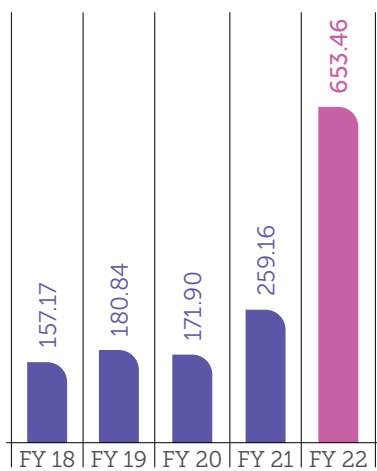
**65.74% YoY Growth**  
**23.60% 5 Year CAGR Growth**

**Profit after Tax (PAT)**  
(₹ in Crores)



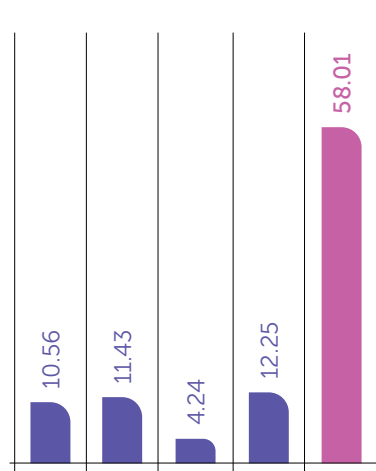
**373.56% YoY Growth**  
**41.57% 5 Year CAGR Growth**

**EBIDTA**  
(₹ in Crores)



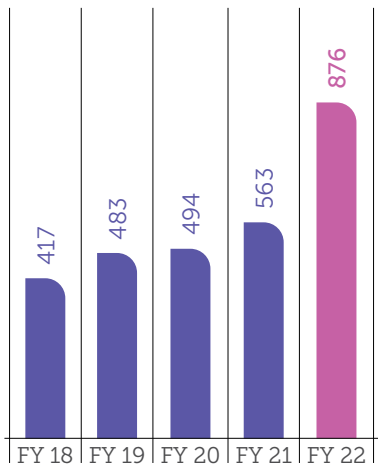
**152.15% YoY Growth**  
**37.23% 5 Year CAGR Growth**

**Earnings Per Share (EPS)**  
(₹)



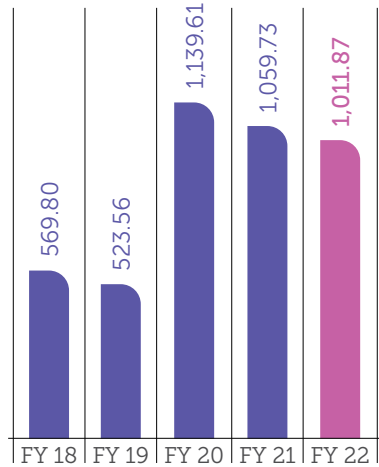
**373.56% YoY Growth**  
**35.91% 5 Year CAGR Growth**

**Net Worth**  
(₹ in Crores)



**55.47% YoY Growth**  
**27.87% 5 Year CAGR Growth**

**Net Fixed Assets**  
(₹ in Crores)



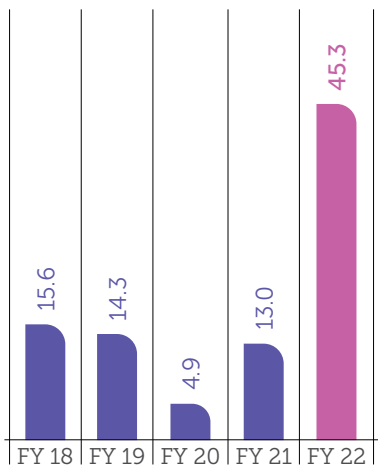
**10.50% 5 Year CAGR Growth**

**Debt - Equity Ratio**  
(Times)



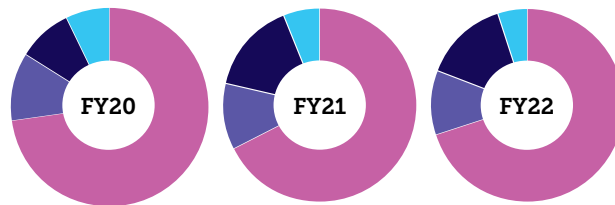
**Reduction of 54% YOY**

**Return on Average Equity**  
(%)



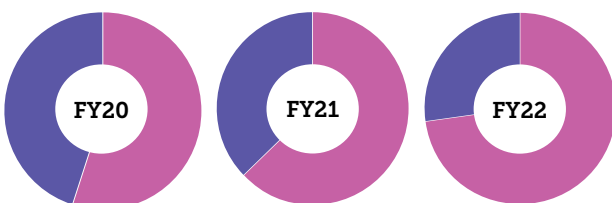
**248% YoY Growth**

**Product-Wise Revenue Contribution**



	FY20	FY21	FY22
Yarn (in %)	73%	68%	70%
Knitted fabrics (in %)	11%	11%	11%
Woven fabrics (in %)	9%	15%	14%
Others (in %)	7%	6%	5%

**Geography-Wise Revenue Contribution**



	FY20	FY21	FY22
Export revenue (in %)	55	63	73
Domestic revenue (in %)	45	37	27

Grew exports sales by **92%** in FY22 from **₹1016** crores in FY21 to **₹1,954** crores in FY22

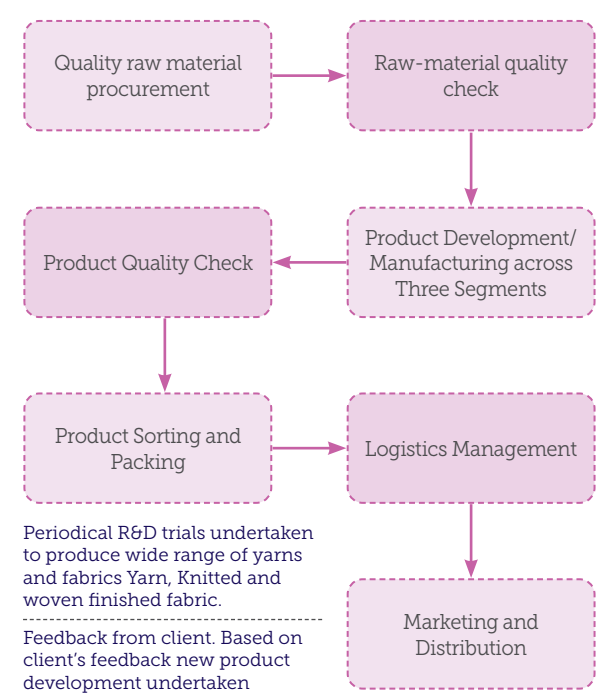
Achieved a CAGR growth of **27%** over the last five years in export sales



## Creating Value Together

# Driving excellence through our capitals

A synchronised interplay of the various capitals employed in our business helps us to generate the desired outcome and also ensures continuous and consistent value creation for our different stakeholders. Despite being in a competitive business environment, our integrated business model helps in the execution of our strategy and delivering value accretive growth sustainably for all of our key stakeholders.

INPUTS		BUSINESS PROCESS	
Financial Capital	Financial capital helps us to invest in key business activities, such as R&D, efficient procurement, marketing and manufacturing capabilities. This enables us to expand our product portfolio, technical capabilities, and geographic reach.		
	<b>Equity</b> ₹876 crores <b>Net Interest-Bearing Debt</b> ₹688 crores <b>Cash and Cash Equivalents</b> ₹0.26 crores		
Manufacturing Capital	An optimal use of our manufacturing capital enables us to offer one of the widest ranges of textile product across the value chain, helps us achieve economies-of-scale and market products at competitive price.	<b>Key enablers of our value creation business process</b>	
	<b>Manufacturing plants: 2</b> <b>Annual capacity:</b> Yarn - 75,000 tonnes; Knitted Fabric - 8,500 tonnes; Finished woven fabrics - 30 million meters <b>Gross block value:</b> ₹1599 crores		
Intellectual Capital	Thanks to our robust R&D capabilities and market insight, we have been able to provide innovative, customised, value-added and sustainable textile products to our global and domestic client base.	<b>Manufacturing</b> An efficient manufacturing process helps us produce a wide range of products in short time and at competitive price  <b>Research &amp; development</b> It helps us develop new products and quality enhancement of the existing product line  <b>Quality management</b> It helps us ensure the desired product quality at input and output level  <b>Information Technology (IT)</b> It helps us accumulate and disseminate information in real-time across the organisation  <b>Human Resources</b> Utilising the expertise and experience of our people, we intend to achieve our mission  <b>Other key business functions</b> Branding   Marketing   Finance and accounts   Secretarial and legal   CSR   Environment management	
	<b>R&amp;D units: 6</b> <b>R&amp;D team strength: 147</b> <b>Total R&amp;D spend (in FY22): ₹4.88 crores</b>		
Human Capital	We have been able to stay ahead of the curve and drive consistent progress thanks to the collective skills and experience of our growing workforce.		
	<b>Number of employees: 5,000+</b>		
Social & Relationship Capital	Our relationships with our stakeholders in the value-chain and communities around us ensure our long-term value-creation and sustainability.		
	<b>CSR spend: ₹1.52 crore</b>		
Natural Capital	We are in a consistent lookout for opportunities to minimise wastage of key natural resources used in our business and to reduce our overall environmental footprint.		
	<b>Water consumption:</b> 1222 kld per day <b>Water reused:</b> 98% kld per day <b>Sustainable raw-material consumed:</b> 15% approx <b>Solar power generated:</b> 129 lac KWH		

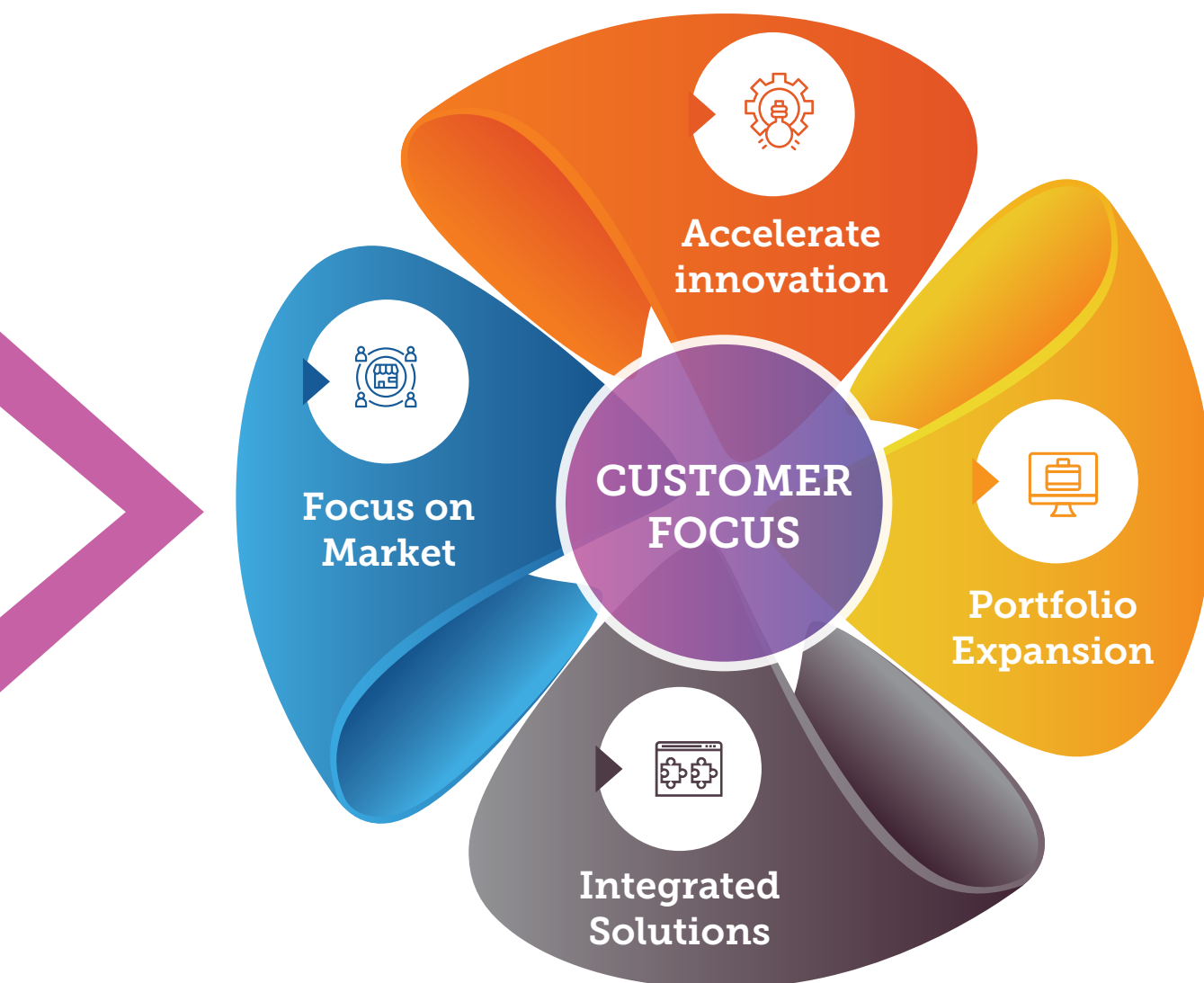
OUTPUT		VALUE CREATED		OUTCOMES	
Our goal is to offer industry leading products and value-added services to our customers that drive profitable growth.		<b>For shareholders</b>	We have delivered sustainable and profitable business growth over time. We balance investing in growth by paying an attractive dividend.	<b>Performance</b>	<b>Revenue: ₹2,692 crores</b> (24% CAGR over the last five years) <b>EBIDTA: ₹653 crores</b> (37% CAGR over the last five years) <b>PAT: ₹326 crores</b> (42% CAGR over the last five years) <b>RoCE: 37%</b>
Segment	Production in FY22				
<b>Yarn</b>	<b>71850</b> tonnes, growth from previous year <b>12%</b> . Out of the yarn produced about 24% yarn is captively consumed in knitted and woven fabric.	<b>For our customers</b>	We intend to provide our customers with a wide range of sustainable and innovative products under one roof and help enhance their income.	<b>People</b>	<ul style="list-style-type: none"> <li>Created direct and indirect employment</li> <li>Improved employee competence through regular training</li> <li>Enhanced customer loyalty and strengthened relationship</li> <li>Gained higher employee productivity</li> <li>Stronger talent management and retention</li> </ul>
<b>Knitted Yarn</b>	<b>8057</b> tonnes, growth from previous year <b>9%</b>	<b>For our people</b>	We strive to provide our people with equal opportunities for their growth and career development.		
<b>Woven Fabrics-Grey</b>	<b>26.9</b> million meters, growth from previous year <b>15%</b>	<b>For our business associates</b>	We intend to supply our dealers and suppliers with innovative products and in a timely manner. We also engage and collaborate with them for knowledge enhancement and new product development.		
<b>Woven Fabrics-Finished</b>	<b>21.37</b> million meters, growth from previous year <b>49%</b>	<b>For our communities</b>	We have a long history of community involvement, helping to make lasting contributions to the places where we live and work.	<b>Planet</b>	<ul style="list-style-type: none"> <li>More efficient processes enable us to use fewer natural resources, reduce our carbon footprint and reuse natural resources</li> <li>Reduced water consumption through process improvement</li> <li>Reuse of the daily water consumption</li> <li>Energy requirement is met through captive solar energy</li> </ul>
		<b>For our mother nature</b>	We care for our planet by reducing our carbon footprint, beneficially using our waste, using less water, and supporting sustainable manufacturing practices.		

# Setting a blueprint for the future

Our strategy is to deliver top-line growth and margin expansion by growing our business organically. We do this by delivering our strategic growth framework, which in turn, unlocks customer growth. Our long-term business plan is formulated as an outcome of the integrated strategy planning process.

The framework is based on four pillars, with serving our customers at its core.

**Strategy  
Framework**



► **Accelerate Innovation**

Increase our investment in R&D to create solutions for our customers by building on our in-house research and development expertise and through open innovation. We work closely with our customers through every stage of the innovation process to move ideas quickly from concept to commercial.

► **Portfolio Expansion**

Strengthen our three product segments with the periodical introduction of new products. Through our leading expertise in the textile industry, we intend to provide customers with new products that bring specific functionality and provide value-addition to their product

► **Integrated solutions**

Strengthen our position as our customers' growth partner by bringing together our industry expertise and insight, our broad portfolio of products and our technical capabilities to provide the solutions they need.

► **Focus on the market**

Maximise our opportunities across different markets and accelerate growth in faster-growing new markets, taking advantage of 'China plus one' strategy.



**GOVERNMENT'S SUPPORT**

Government thrust on 'Atmanirbhar Bharat' is expected to surge internal demand for raw materials, thereby uplifting the industry eco system.

# CSR

Major CSR initiatives by the company over the years



**Construction of Women's Hostel**



**Cotton Development initiatives**



**Contribution for Covid relief and vaccination Drive**



**Rural development activities**



**Water supply**



**Plantation drive**





# Corporate Information

## Board of Directors

**Shri R.L. Nolkha**  
Chairman

**Shri Dinesh Nolkha**  
Managing Director

**Shri Nitin Nolkha**  
Joint Managing Director

**Shri Rohit Swadheen Mehta**  
Independent Director

**Smt. Aditi Mehta**  
Independent Director

**Dr. R. Chattopadhyay**  
Independent Director

## Key Executives

**Shri Sandeep Garg**  
President (Operations)

**Shri P. Maheshwari**  
Chief Financial Officer

**Shri Umesh Toshniwal**  
Vice President (Marketing)

**Shri K. L. Pareek**  
Vice President (HR)

**Shri Anil Jain**  
Vice President (Commercial)

**Shri Ramesh Chandra Mishra**  
Vice President (Processing)

**Shri Sudhir Garg**  
Company Secretary and GM (Legal)

## Bankers

Punjab National Bank  
State Bank of India  
Bank of Baroda  
Union Bank of India

## Auditors

**M/S. Kalani & CO.**  
Chartered Accountants

## Secretarial Auditor

**M/S V. M. Associates**  
Company Secretaries

## Cost Auditors

**Vivek Ladha & Associates**  
Cost Accountants

## Registered Office

16-17 Km. Stone, Chittor Road,  
Hamirgarh, Bhilwara - 311025  
(Rajasthan)

CIN: L17111RJ1992PLC006987  
Telephone: 01482 - 286110 - 113  
Fax: 01482-286117  
Email: nsl@nitinspinners.com  
Website: www.nitinspinners.com

## Works

- 16-17 Km. Stone, Chittor Road,  
Hamirgarh, Distt Bhilwara - 311025  
(Rajasthan)
- Chittor - Kota N.H. 27, Village  
Bhanwaria kalan, Tehsil - Begun  
Distt Chittorgarh - 312023  
(Rajasthan)

# Board's Report

To  
The Members

Your Directors have pleasure to present the 30th Annual Report on the business and operations of your Company along with the Audited Financial Statements for the year ended 31st March, 2022.

## FINANCIAL RESULTS

The Financial Results of the Company's performance for the year under review and those of the previous year are as follows: -

Particulars	(₹ in Crores)	
	As at 31st March 2022	As at 31st March 2021
<b>Revenue From Operations</b>	<b>2692.32</b>	<b>1624.41</b>
Gross Profit Before Finance Cost, Depreciation & Exceptional item	653.45	259.16
Finance Cost	55.34	61.61
Profit before Depreciation, Exceptional items and Tax	598.11	197.55
Depreciation	87.40	91.03
Exceptional items	4.54	-
<b>Profit before Taxation</b>	<b>506.17</b>	<b>106.52</b>
Provision for Taxation - Current Tax (Net of MAT Credit)	167.74	-
- Deferred Tax	12.29	37.65
<b>Profit after Tax</b>	<b>326.14</b>	<b>68.87</b>
<b>Other Comprehensive Income/(Loss) net of Income Tax</b>	<b>3.19</b>	<b>3.82</b>
<b>Total Comprehensive Income for the period</b>	<b>329.33</b>	<b>72.69</b>

## OPERATIONAL PERFORMANCE

### REVENUE FROM OPERATIONS

Your Company has registered quantum jump in Revenue and Profitability due to full year operation of new Integrated Textile Unit, robust demand of cotton yarn and fabrics in domestic as well as export markets, increase in prices of raw materials and value additions. The Revenue from Operations during the year under review is Rs. 2692.32 Crores against Rs. 1624.41 Crores in the previous year, registering an increase of 65.74%. The revenue of Yarn increased by 71.51% during current year from Rs. 1095.22 Crores to Rs 1878.43 Crores. The revenue from Yarn constitutes 69.77% of the total revenue. Revenue of Fabric has increased from Rs. 423.71 Crores in the previous year to Rs. 679.52 Crores during year under review and registered growth of 60.38%. The Fabric revenue constitutes 25.24% of the total revenue from operations.

### EXPORTS

The Exports of the Company has almost doubled to Rs. 1953.63 Crores in the current year from Rs. 1016.57 Crores in the previous year registering an increase of 92.18%. The Exports constituted 72.56% of the total revenue during the year. The increase in exports were mainly led by robust demand of cotton yarn in international markets, introduction of new range of products and restrictions on

import of products made from cotton produced in Xinjiang area of China by USA Government.

### PROFITABILITY

As a result of higher realizations, optimum capacity utilization and thrust on value addition products; the Company has registered significant increase in Operating Profit (EBIDTA) as it has increased from Rs. 259.16 Crores in the previous year to Rs. 653.45 Crores in current year. As percentage to revenue from operations the Operating Profits (EBIDTA) increased from 15.95% in previous year to 24.27% in current year. The Company has reported Net Profit of Rs. 326.14 Crores in the current year against Rs. 68.87 Crores in the previous year.

### DIVIDEND

Your Directors are pleased to recommend final Dividend of 25% i.e. Rs. 2.50 per Equity Shares on the fully paid-up Equity Share of Rs. 10/- each for the financial year 2021-22 subject to approval of shareholders at the ensuing Annual General Meeting. Your Company has paid interim dividend @ 15% i.e. 1.50 per Equity Shares during the year under review. Accordingly, aggregate Dividend for the F.Y. 2021-22 is Rs. 4.00 per share and total outflow towards dividend on Equity Shares for the year under review would be Rs. 22.49 crores.

## Board's Report (Contd..)

The Board continues to support a steady dividend policy and the recommended dividend in accordance with the Dividend Distribution Policy of the Company which is available on the website of the Company at link: <https://nitinspinners.com/wp-content/uploads/2021/10/Dividend-Distribution-Policy.pdf>

### TRANSFER TO RESERVES

The Board of Directors has decided to retain the entire amount of profits for FY 2021-22 in the profit and loss account and no amount is proposed to be transferred to reserves.

### EXPANSION PROJECTS

The Company has undertaken expansion projects at estimated project cost of Rs. 955 Crores at both the Plants located at Hamirgarh (Bhilwara District) and Bhanwaria Kalan (Chittorgarh District) and the same are under implementation as per schedule. The expansion projects are eligible for subsidy under Rajasthan Investment Promotion Scheme (RIPS).

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's vision on CSR is that the Company being a responsible Corporate Citizen would continue to make a serious endeavor for improvement in quality of life and betterment of society through its CSR related initiatives in the local areas where it operate.

During the current year, the Company has incurred expenditure of Rs. 152.84 Lakhs (after adjustment of excess spending of Rs. 6.91 Lakhs during the F.Y. 2020-21) on CSR activities against obligation of Rs. 152.43 Lakhs. The Annual Report on CSR Activities pursuant to Section 135 of the Companies Act, 2013 read with Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure – I** hereto and form part of this report.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri Yeshwantlal Ratilal Shah ceased to be Director of the Company w.e.f. 10.12.2021 due to his sad demise. The Board places on record its appreciation for the services rendered by him during his tenure as Director of the Company. The Board of Directors of Company appointed Shri Rohit Swadheen Mehta as Additional Director w.e.f. 30.12.2021 in the category of Independent Director. He is Chartered Accountant and having work experience of 25 years in the Financial and Advisory field. He is presently working as Head – Special Situation Advisory with Edelweiss Wealth

Management. The Board recommends for his appointment as Independent Director at the ensuing Annual General Meeting for a period of five years effective from 30.12.2021.

Shri Nitin Nolkha, Director of the Company who retired and being eligible, was re-appointed at the Annual General Meeting of the Company held on 16th September, 2021.

No other changes have taken place in composition of Board of Directors and Key Managerial Personnel of the Company during the year under review.

Shri Ratan Lal Nolkha, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. On recommendation of Nomination and Remuneration Committee, the Board recommends his re-appointment at the ensuing Annual General Meeting.

Shri Ratan Lal Nolkha, Executive Chairman has expressed his inability to continue as Executive Chairman due to his age and health. However, he will continue as Non-Executive Chairman w.e.f. 01.10.2022. On recommendation of Nomination and Remuneration Committee, the Board recommends such appointment at the ensuing Annual General Meeting.

Tenure of Shri Dinesh Nolkha, Managing Director is expiring on 30.09.2022. Based on performance evaluation and the recommendation of the Nomination and Remuneration Committee, the Board recommends his re-appointment for another term of five years at the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013 and Regulations 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') confirming that they meet the criteria of independence as prescribed thereunder. The Independent Directors have complied with the Code for Independent Directors prescribed under Schedule IV of the Companies Act, 2013 and the Listing Regulations. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity. Further, Independent Directors fulfill the conditions of appointment as specified in the Listing Regulations and are Independent of the Management. The names of Independent Directors are included in Independent Director's data bank maintained with the Indian Institute of Corporate Affairs ('IICA') in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended.

## Board's Report (Contd..)

None of the Directors are disqualified for being appointed as Director as specified in Section 164(2) of the Act and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

All the Directors, Key Managerial Personnel and Senior Management Personnel have confirmed compliance of "Code of Conduct for Directors and Senior Management Personnel". A declaration by the Managing Director in this regard is enclosed to this Report.

### AUDITORS

#### STATUTORY AUDITORS

M/s Kalani & Co., Chartered Accountants (Firm Registration No. 000722C) were appointed Statutory Auditors for five years from conclusion of 25th Annual General Meeting till the conclusion of ensuing 30th Annual General Meeting. Accordingly, their first term of consecutive five years shall complete at the conclusion of ensuing Annual General Meeting.

Pursuant to Section 139 of the Companies Act, 2013, Board of Directors of the Company on recommendation of the Audit Committee has proposed to re-appoint M/s Kalani & Co., Chartered Accountants (Firm Registration No. 000722C) as the Statutory Auditor of the Company for second term of consecutive five years from the conclusion of the 30th Annual General Meeting till the conclusion of the 35th Annual General Meeting to be held in the year 2027. The appointment of the Statutory Auditors is proposed to the shareholders in the Notice of ensuing Annual General Meeting. The Statutory Auditors have confirmed their eligibility for the said re-appointment.

The Audit Report on the Financial Statements for the Financial Year ended on 31st March, 2022, issued by M/s Kalani & Co., Chartered Accountants, is unmodified and do not contain any qualifications, reservations or adverse remarks. The information referred in Auditor's Report are self explanatory and hence do not require any further clarification.

#### SECRETARIAL AUDITORS

The Board of Directors has appointed M/s. V. M. & Associates, Company Secretaries (Firm Registration No. P1984RJ039200), to conduct Secretarial Audit for the Financial Year 2021-22 under the provisions of Section 204 of the Companies Act, 2013. Accordingly, they have conducted Secretarial Audit for the Financial Year 2021-22 and Secretarial Audit Report in Form MR-3 is enclosed herewith. Pursuant to provisions of Regulation 24A of Listing Regulations the Secretarial Auditors have also issued Annual Secretarial Compliance Report for the F.Y.

2021-22. Both the reports do not contain any qualification, reservation or adverse remark.

The Board of Directors has re-appointed M/s V. M. & Associates, Company Secretaries (Firm Registration No. P1984RJ039200) to conduct Secretarial Audit for the Financial Year 2022-23 under the provisions of Section 204 of the Companies Act, 2013. They have confirmed their eligibility for the said re-appointment.

### COST RECORDS AND COST AUDITORS

The Company is required to maintain cost records, as specified by the Central Government, in terms of Section 148(1) of the Companies Act, 2013 and the rules framed there under, accordingly, the Company has maintained such cost records.

The Board of Directors has appointed M/s. Vivek Laddha & Associates, Cost Accountants (Firm Registration No. 103465) to conduct Cost Audit of the Cost Records maintained by the Company for the Financial Year 2021-22. Accordingly, they have conducted Cost Audit for the Financial Year 2021-22 and their report does not contain any qualification, reservation or adverse remark.

Pursuant to Section 148 of the Companies Act, 2013, your Directors have re-appointed M/s. Vivek Laddha & Associates, Cost Accountants ((Firm Registration No. 103465) to conduct Cost Audit of Cost Records of the Company for the Financial Year 2022-2023. They have confirmed their eligibility for the said re-appointment. The remuneration of Cost Auditors is proposed to be ratified by the Shareholders at the ensuing Annual General Meeting.

### REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees under Section 143(12) of the Companies Act, 2013.

### CORPORATE GOVERNANCE

The Company is committed to maintain the high standards of Corporate Governance. Your Directors adhere to the requirements set out in Companies Act, 2013 and Listing Regulations. Pursuant to regulation 34(3) of the Listing Regulations, the Reports on Corporate Governance and Management Discussions & Analysis have been incorporated in the Annual Report and form an integral part of the Board's Report. A Certificate from Statutory Auditors confirming compliance to conditions of Corporate Governance as stipulated under Listing Regulations forms part of this Annual Report.

## Board's Report (Contd..)

### AWARDS AND RECOGNITION

Your Company has been conferred with the following awards and recognition during the year under review:-

1. **Texprocil's Gold Plaque** for highest export performance in cotton yarn – 51 & above counts under category -I for the Financial Year 2020-21.
2. **Texprocil's Gold Trophy** for highest export performance in Cotton Fabrics under Category II for the Financial Year 2020-21.

### HUMAN RESOURCE DEVELOPMENT

Industrial relations continued to be cordial during the period under review. Your Company firmly believes that a dedicated work force constitutes the primary source of sustainable competitive advantage. Accordingly, human resource development received focused attention. The Company has in house skill training centre and imparts on the job training to its manpower on continuous basis.

Your Directors wish to place on record their appreciation for the dedicated services rendered by the work force during the year under review.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Directors inform the members that the Company continuously looks out for energy conservation measures in all areas of operations across its both the Units. Similarly, your Company endeavors to lookout for up-gradation and absorption of technology. Your Company also spends continuously on research and development. Your Directors are glad to inform the members that your Company is a net foreign exchange earner. The relevant details as required to be disclosed with respect to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in **Annexure – II** and forms integral part of this Report.

### NUMBER OF BOARD MEETINGS

During the year 2021-22, the Board of Directors met five times on 08.05.2021, 03.08.2021, 09.11.2021, 30.12.2021 and 03.02.2022. The details of number of Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report forming part of the Board's Report. The

frequency and intervening gap between the meetings was within the period prescribed under the Companies Act, 2013, Listing Regulations and Secretarial Standards-1 issued by Institute of Company Secretaries of India (ICSI).

### COMMITTEES

The Company has constituted Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. The details of the committees have been given in the Corporate Governance Report which is integral part of the Board's Report. All the recommendation of the Audit Committee was accepted by the Board. No employee was denied access to the Audit Committee.

### RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis and in the ordinary course of business. The Company has complied with all the applicable provisions of the Companies Act, 2013 and Listing Regulations in this regard. There were no transactions requiring disclosure under Section 134(3)(h) of the Act. Hence, the prescribed Form AOC-2 does not form a part of this Annual Report

During the period under review, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the Policy on Materiality of and Dealing with Related Party Transactions. The related party disclosures are provided in the notes to financial statements. The Policy on Related Party transactions is available at the website of the Company under the link <https://nitinspinners.com/wp-content/uploads/2022/01/Related-Party-Policy.pdf>

### LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any Loan, Guarantee or provided security in connection with a loan nor has made any Investments under Section 186 of the Companies Act, 2013.

### PUBLIC DEPOSITS

During the period under review, your Company has not accepted any public deposit within the meaning of provisions of section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and there is no outstanding deposit due for re-payment.



## Board's Report (Contd..)

### VIGIL MECHANISM/WHISTLE BLOWER POLICY

In pursuance of Section 177 (9) of the Companies Act, 2013 and the regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with the objective of pursuing the business in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior and to encourage and protect the employees who wish to raise and report their genuine concerns about any unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct, the Company has adopted a Whistle Blower Policy. The policy has been disclosed on the website of the Company under the link <https://nitinspinners.com/wp-content/uploads/2018/06/VIGIL-MECHANISM.pdf>

During the year under review, there was no instance of fraud and no whistle blower event was reported.

### NOMINATION, REMUNERATION & EVALUATION POLICY AND EVALUATION

Pursuant to provisions of Section 178 of the Companies Act, 2013 and Listing Regulations the Board of Directors have approved Nomination, Remuneration & Evaluation Policy prescribing inter-alia the criteria for appointment, remuneration & evaluation of the Directors. The Nomination and Remuneration Committee and Board reviewed the performance of Board, its committee and all Individual Directors of the Company and expressed its satisfaction over the performance of them. The Independent Directors in their separate meeting have reviewed the performance of non-independent directors, Chairperson and Board as a whole along with review of quality, quantity and timeliness of flow of information between Board and management and expressed their satisfaction over the same. The Nomination, Remuneration & Evaluation Policy is available under the link <http://nitinspinners.com/wp-content/uploads/2019/06/Nomination-Remuneration-Policy.pdf>. During the year no amendment was made in the Policy.

### RISK MANAGEMENT POLICY

The Company has adopted a Risk Management Policy with the objective of ensuring sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The detailed Risk Management framework has been provided in the Management Discussion and Analysis Report of the Company.

### PARTICULARS OF EMPLOYEES & ANALYSIS OF REMUNERATION

The information about employees and analysis of remuneration as required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as **Annexure - III**

### ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 is available on the Company's website at <https://nitinspinners.com/wp-content/uploads/2022/08/FORM-MGT-7-FY-2021-22.pdf>

### INTERNAL FINANCIAL CONTROL

The Company has laid down Internal Financial Controls that include a risk-based framework to ensure orderly and efficient conduct of its business, safeguarding of its assets, accuracy and completeness of the accounting records and assurance on reliability of financial information. The Company maintains adequate and effective internal control systems commensurate with its size and complexity. An independent internal audit function is an important element of the Company's internal control systems. This is executed through an extensive internal audit programme and periodic review by the management and the Audit Committee.

The Audit Committee has satisfied itself on the adequacy and effectiveness of the internal financial control systems laid down by the management. The Statutory Auditors have confirmed the adequacy of the internal financial control systems over financial reporting.

### COMPLIANCE WITH THE PROVISIONS OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for prevention of sexual harassment and constituted internal complaints committee in line with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints regarding sexual harassment at workplace. The committee has informed that during the year it has not received any complaint under the said Act, no complaint was pending at the beginning of the year and no complaint was pending at the end of year under review.

## Board's Report (Contd..)

### BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Pursuant to Regulation 34(2)(f) of the Listing Regulations, instead of publishing a Business Responsibility Report, the Company has voluntarily published the Business Responsibility and Sustainability Report for the financial year ended 31st March, 2022, which forms a part of the report.

### OTHER DISCLOSURES

There is no material changes and commitments affecting the financial position of the Company which has occurred between the end of the financial year and the date of the report.

There is no change in the nature of business of the Company during the year under review.

The Company has complied with all the applicable Secretarial standards issued by the Institute of Company Secretaries of India.

The Company does not have any subsidiary, joint venture & associate company.

No significant and material order has been passed during the year by the regulators or courts or tribunals which can impact the going concern status and Company's operations in future.

No unclaimed dividend or shares are due for transfer to Investor Education & Protection Fund (IPEF) in terms of provisions of Companies Act, 2013. The year wise details of Unclaimed/Unpaid Dividend are available at the website of the Company under link <https://nitinspinners.com/unclaimed-and-unpaid-amounts/>

The paid-up Equity Share Capital as on March 31, 2022 was Rs. 56.22 crore and there was no change in the Share Capital of the Company during the Financial Year 2021-22.

There is no proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 (IBC Code) and there is no instance of one-time settlement of the Company with any bank or financial institution.

The certain disclosures are common under Companies Act, 2013 and Listing Regulations and the same are disclosed in the Corporate Governance Report forming part of this Report.

The disclosures other than made above are either nil or not applicable on the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section 3(c) of Section 134 of the Companies Act, 2013, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities,
- (iv) they have prepared the Annual Accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank all stakeholders including Members, Bankers, Business Partners/Associates, Central and State Governments for their consistent support and co-operation extended to the Company. We also acknowledge the significant contribution made by the employees by their dedication and hard work and trust reposed on us. We look forward to have the same support in our endeavor to help the Company to grow faster.

For and on Behalf of the Board of Directors

**RATAN LAL NOLKHA**

Place : Hamirgarh, Bhilwara

Chairman

Date : 06th August, 2022

(DIN – 00060746)

**Registered Office :**

16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara - 311025

# Annexure - I

## ANNUAL REPORT ON CSR ACTIVITIES

### 1. Brief outline on CSR Policy of the Company:

CSR is strongly connected with the principles of sustainability; an organization should make decisions based not only on financial factors but also on the social and environmental consequences. Hence, it is core responsibility of the Company to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting interests of stakeholders. The Company recognizes that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The company constantly strives to ensure strong corporate culture which emphasizes on integrating CSR values with business objectives.

### 2. Composition of CSR Committee:

S. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Sh. Ratan Lal Nolkha	Chairman-Executive Director	2	2
2.	Sh. Dinesh Nolkha	Member- Executive Director	2	2
3.	Sh. Yeshwantlal Rati Lal Shah (Ceased to be Member w.e.f. 10.12.2021)	Member - Independent Director	2	1
4.	Smt. Aditi Mehta	Member - Independent Director	2	2

### 3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR Committee - <https://nitinspinners.com/committee-of-directors>

CSR Policy - <https://nitinspinners.com/wp-content/uploads/2021/10/CSR-Policy.pdf>

CSR Projects - <https://nitinspinners.com/csr-environment-2>

### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule(3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach there port).

Not Applicable

### 5. Details of the amount available for set off in pursuance of sub rule(3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

S. No.	Financial Year	Amount available for set off from preceding financial year (Rs.in Lakhs)	Amount required to be set-off for the financial year, if any (Rs. in Lakhs)
1.	2020-21	6.91	6.91
	<b>Total</b>	<b>6.91</b>	<b>6.91</b>

## Annexure - I (Contd..)

6. Average net profit of the company as per section 135(5) - Rs. 7966.59 Lakhs
7. (a) Two per cent of average net profit of the company As per section 135(5) - Rs. 159.34 Lakhs
- (b) Surplus arising out of the CSR projects or programmes or Activities of the previous financial years. - Nil
- (c) Amount required to be set off for the financial year, if any - Rs. 6.91 Lakhs
- (d) Total CSR obligation for the financial year (7a+7b-7c) - Rs. 152.43 Lakhs
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (Rs. In Lakhs)	Amount Unspent (in Rs.) – Nil				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second provision to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Rs. 152.84	N.A.	N.A.	N.A.	N.A.	N.A.

(b) Details of CSR amount spent against on going projects for the financial year: Nil

(c) Details of CSR amount spent against on other than ongoing projects for the financial year:-

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (Rs. in lakhs).	Mode of implementation -Direct (Yes/No).	Mode of implementation- Through implementing agency.	
				State.	District.			Name.	CSR Registration number
1.	Transfer of Girls Hostel Building to Trust	Girls Hostel Building	Yes	Rajasthan	Bhilwara	31.78	Yes	-	-
2.	Distribution of Medicinal Plants	Ensuring Environment Sustainability	Yes	Rajasthan	Bhilwara	1.26	Yes	-	-
3.	Cotton Development & Research purpose	Rural Development	Yes	Rajasthan	Bhilwara	2.66	No	CITI-CDRA	CSR00006775
4.	Payment to Widows	Empowering Women	Yes	Rajasthan	Bhilwara	3.00	No	Shri Krishna Das Jajoo Smarak Trust	CSR00008190
5.	Speak up plan of Police	Empowering Women	Yes	Rajasthan	Bhilwara	0.50	No	Mewar Chamber Development Trust	CSR00019403
6.	COVID Support	Disaster Management	Yes	Rajasthan	Multiple Districts	35.00	No	RSDMA CSR COVID Fund	-
7.	COVID Support -Distribution of food packets and contribution at COVID Centre	Disaster Management	Yes	Rajasthan	Chittorgarh	0.84	Yes	-	-
8.	Supply of Drinking Water in nearby Villages	Drinking Water	Yes	Rajasthan	Bhilwara	1.04	Yes	-	-
9.	Construction of Road	Rural Development	Yes	Rajasthan	Bhilwara	59.50	Yes	-	-
10.	Distribution of Solar Pumps to farmers	Ensuring Environment Sustainability	Yes	Rajasthan	Bhilwara	7.25	Yes	-	-

**Annexure - I (Contd..)**

(1) S. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent for the project (Rs. in lakhs).	(7) Mode of implementation -Direct (Yes/No).	(8) Mode of implementation- Through implementing agency.	
				State.	District.			Name.	CSR Registration number
11.	Installation of Water Harvesting System	Ensuring Environment Sustainability	Yes	Rajasthan	Bhilwara	3.26	Yes	-	-
12.	COVID Support- Distribution of Oxygen Concentrator	COVID Support	Yes	Rajasthan	Chittorgarh	4.60	Yes	-	-
13.	Distribution of Bags for collection of seeds	Ensuring Environment Sustainability	Yes	Rajasthan	Bhilwara	1.01	Yes	-	-
14.	Contribution to School	Promotion of Education	Yes	Rajasthan	Bhilwara	0.36	No.	Sneh Samarpan School	CSR00001265
15.	Computer & Printer to Government School	Promotion of Education	Yes	Rajasthan	Bhilwara	0.48	Yes	-	-
16.	Contribution of Volleyball Tournament	Promotion of Nationally Recognized Sports	Yes	Rajasthan	Bhilwara	0.30	No	Universal Sports Club	CSR00023296
<b>TOTAL</b>						<b>152.84</b>			

- (d) Amount spent in Administrative Overheads - Nil
- (e) Amount spent on Impact Assessment, if applicable - Not Applicable
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) - Rs. 152.84

**(g) Excess amount for set off, if any**

S. No.	Particulars	Amount (Rs. In Lakhs)
(I)	Two percent of average net profit of the company as per section 135(5)	159.34
(II)	Total amount spent for the Financial Year	152.84
(III)	Excess amount spent for the financial year [(ii)-(i)]	-6.50
(IV)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	6.91
(V)	Amount available for setoff in succeeding financial years [(iii)-(iv)]	0.41

9. (a) Details of Unspent CSR amount for the preceding three financial years : Nil
- (b) Details of CSR amount spent in the financial year for ongoing projects Of the preceding financial year(s) : Nil

## Annexure - I (Contd..)

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(assets-wise details)** :
- (a) Date of creation or acquisition of the capital asset(s) : None
- (b) Amount of CSR spent for creation or acquisition of capital asset : Nil
- (c) Details of the entity or public authority or beneficiary under Whose name such capital asset is registered, their address etc. : N.A.
- (d) Provide details of the capital asset (s) created or acquired (including complete address and location of the capital asset). : N.A.
11. Specify the reason (s), if the company has failed to spend two percent of the average net profit as per section 135(5) - N.A.

For and Behalf of Board of Directors

Place : Hamirgarh, Bhilwara  
Date : 12th May, 2022

**Dinesh Nolkha**  
(Managing Director)  
DIN : 00054658

**Ratan Lal Nolkha**  
(Chairman of CSR Committee)  
DIN : 00060746



## Annexure - II

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Rule 8 (3) of the Companies (Accounts) Rules, 2014 under Section 134 (3) of the Companies Act, 2013 and forming part of Board's Report for the year ended 31st March, 2022.

#### A. Conservation of Energy

(i) The steps taken or impact on Conservation of Energy - The Company gives high priority for conservation of energy in all fields. The Company has taken following measures for energy savings in the previous year :

- a) Replacement of Old type motors with Energy efficient Motors.
- b) Replacement of old compressors with energy efficient compressors.
- c) Installation of Inverters on SA Fan of Ring frame, carding and preparatory Machines.

(ii) Steps taken by the Company for utilizing alternate sources of energy -

As renewable/green energy initiatives, the Company has installed 8.40 MW Roof Top Solar Power Plant for captive consumption of Solar Power at Hamirgarh & Begun Units.

(iii) Capital Investments on energy conservation equipments

Estimated expenditure on energy conservation equipment is Rs 46.85 lakhs.

#### B. Technology Absorption

(1) The efforts made towards technology absorption :-

The technology is being used for development of new products and for improvement in the production process and quality of products.

(2) Benefits derived like product improvement, cost reduction, product development or import substitute:-

The Company has been continuously improving the quality of its existing products at reduced cost and developed new products from time to time. During the year Company has set up state of art Fabric Designing facilities to develop innovative designs.

(3) No technology has been imported during the last three years.

(4) Expenditure incurred on Research and Development during the year is as follows :

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
(a) Capital	-	-
(b) Recurring	487.84	396.98
<b>Total (a+b)</b>	<b>487.84</b>	<b>396.98</b>
<b>% to total turnover</b>	<b>0.18%</b>	<b>0.24%</b>

## Annexure - II (Contd..)

### C. Foreign Exchange Earnings and Outgo

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
(a) Earnings (Exports on FOB Value)	180028.83	97568.40
(b) Outgo - Capital Goods	437.36	69.01
<b>-Recurring :-</b>		
-Components, Spares Parts	1352.21	1138.11
-Raw Materials	14342.91	12531.62
-Sales Commission, Overseas Freight & Others	3669.29	1801.94

For and on Behalf of the Board of Directors

**RATAN LAL NOLKHA**

Chairman

(DIN – 00060746)

Place : Hamirgarh, Bhilwara

Date : 06th August, 2022

**Registered Office** : 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara - 311025

## Annexure - III

### Statement of Particulars of Employees pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

#### Details of Top Ten Employees in terms of Remuneration drawn :-

Name of Employee	Designation	Remuneration (Rs. Lakhs)	Qualifications	Experience Years	Commencement of employment	Whether Permanent/ Contractual	Age Years	Last Employment
Sh. Ratan Lal Nolkha	Chairman	321.49	FCA, FCS, FCMA	51	06.09.1997	Contractual	76	BSL Ltd.
Sh. Dinesh Nolkha	Managing Director	312.20	FCA, FCMA	27	01.01.1996	Contractual	51	-
Sh. Nitin Nolakha	Jt. Managing Director	303.68	B.Com., MBA	22	01.10.1998	Contractual	46	-
Sh. Sandeep Kumar	President (Operations)	45.36	B. Tech	30	01.04.2007	Permanent	51	ST Cotex
Sh. Purushottam Maheshwari	Chief Financial Officer	35.93	B.Com, FCA	37	01.08.2006	Permanent	60	BSL Ltd.
Sh. Umesh Toshniwal	Vice President (Mktg.)	35.77	B.Com	28	01.04.1993	Permanent	50	-
Sh. Anil Kumar Jain	Vice President (Commercial)	32.43	B.Sc, ICWA, CS	32	03.03.2018	Permanent	56	Sutlej Textiles
Sh. Vijay Kumar Chandulal Dave	GM (Finish Fabric)	27.16	M.Sc Chemistry	29	17.06.2019	Permanent	53	Alok Industries
Sh. Rashmikant Shah	GM (Finish Fabric)	27.05	Diploma Textile Chemistry	25	06.08.2020	Permanent	46	Alok Industries
Sh. Inderjeet Singh	General Manager (Spinning)	26.90	B. Tech. (Tex.)	25	29.06.2018	Permanent	49	Welspun India

Sh. Ratan Lal Nolkha, Sh. Dinesh Nolkha and Sh. Nitin Nolakha are related to each other and none of the other employees are related to any Director or manager of the Company.

#### Notes:

- None of the employees of the Company are covered under Rule 5 (2) (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as none of the employee is in receipt of remuneration in excess of remuneration drawn by Managing Director & Whole Time Directors and holding more than 2% of the paid-up capital of the Company.
- Except above, none of the person was employed for the full year and was in receipt of remuneration of Rs. 1,02,00,000 or more and employed for part of the year and was in receipt of remuneration aggregating to Rs. 8,50,000/- or more per month.

#### Analysis of Managerial Remuneration

Pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the statistical analysis of the remuneration paid to Directors and Key Managerial Personnel (KMP) as against other employees of the company and with respect to the performance of the company (PAT) is given below:-

- The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2021-22 :-

Name of Directors	Ratio
<b>Executive Directors :-</b>	
Sh. Ratan Lal Nolkha, Chairman	146.57:1
Sh. Dinesh Nolkha, Managing Director	142.33:1
Sh. Nitin Nolakha, Jt. Managing Director	138.45:1

## Annexure - III (Contd..)

Name of Directors	Ratio
<b>Non Executive Independent Directors :-</b>	
Sh. Yeshwantlal Ratilal Shah (upto 09.12.2021)	0.36:1
Smt. Aditi Mehta	1.64:1
Dr. Rabisankar Chattopadhyay	1.98:1
Sh. Rohit Swadheen Mehta (w.e.f. 30.12.2021)	0.34:1

Non Executive Directors are being paid only Sitting Fee.

2. The percentage increase/(Decrease) in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2021-22:-

Name of Directors & KMP	% increase/ (Decrease) in remuneration
<b>Executive Directors :-</b>	
Sh. Ratan Lal Nolkha, Chairman	141.13
Sh. Dinesh Nolkha, Managing Director	149.10
Sh. Nitin Nolkha, Jt. Managing Director	156.33
<b>Non Executive Independent Directors :-</b>	
Sh. Yeshwantlal Ratilal Shah(upto 09.12.2021)	(66.67)
Smt. Aditi Mehta	20
Dr. Rabisankar Chattopadhyay	45
Sh. Rohit Swadheen Mehta (w.e.f. 30.12.2021)	NA
<b>CFO &amp; Company Secretary :-</b>	
Sh. P. Maheshwari, Chief Financial Officer	14.28
Sh. Sudhir Garg, Company Secretary & GM (Legal)	16.63

3. The percentage increase in the median remuneration of employees in the financial year 2021-22 :- 4.05
4. The number of permanent employees on the rolls of company:- 5205
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :-  
Average % increase in the salary of employees other than Managerial Personnel: - 5.03  
Average % increase/(Decrease) in the Salary of the Managerial Personnel :- 130.23  
The variable component of Salary i.e. Commission of Executive Directors increased due to higher profit of the Company and resulted into substantial increase in the salary of Managerial Personnel in comparison to other employees.
6. The Company affirms that the remuneration paid to Directors and employees are as per the remuneration policy of the company.

For and on Behalf of the Board of Directors

Place : Hamirgarh, Bhilwara  
Date : 06th August, 2022

**RATAN LAL NOLKHA**  
Chairman  
(DIN – 00060746)

**Registered Office :** 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara - 311025

# Business Responsibility and Sustainability Report

## Letter from our MD

Nitin Spinners has always been working towards sustainability and the recent changes in the disclosure norms are a reiteration of our beliefs in the sustainability of the environment around us. We understand that the environment around us and the communities living around our plants are integral to the achievement of our strategic objective. The BRSR report showcases our commitment and approach to sustainability in the areas of Environment, Employees, Production and Community.

When the SEBI issued the circular to notify the new Business Responsibility and Sustainability Report (BRSR) requirements, we already had a clear mission for our sustainability work – to put it at the heart of how we operate and develop the business. We know the importance of environmental protection, people empowerment and industry transparency to build a sustainable business. These areas are not only close to our heart but very much part of our business perspective.

While we are adopting BRSR on a voluntary basis, one year ahead of the SEBI mandate, it is far from the first time we've talked about the topic. Sustainability has been central to our operations and decision making for many years – and is critical to our future. With this report, we are challenging ourselves to be more ambitious, more impactful and more transparent with our efforts and our public reporting.

When we talk about sustainability, we talk about using resources without harming people and also preserve the planet for future generations. We make products which are designed and built to last. We are guided by philosophy of business profits and at the same time be a responsible business adhering to sustainability in all our operations.

Sustainability at Nitin Spinners is about operating and using resources in a way that can be continued in perpetuity without harming people, the planet or future generations. We must continue to find ways to use less water, to reduce emissions, to better support workers, to drive safer chemistry, to further reduce waste, and to become more circular. We must use our voice and resources to support our people and communities, providing the support they need.

The Paris Agreement on climate change commits world leaders to act to limit global temperature rise to below 2°C above pre-industrial levels and calls for efforts to pursue a more challenging target of a maximum 1.5°C increase. Climate scientists now recommend keeping below 1.5°C to avoid some of the worst impacts, as highlighted in the

recent International Panel on Climate Change Special Report on Global Warming. Energy conservation has been a very important part of our operations. We have been conferred with Rajasthan Energy Conservation Award and won first prize in large scale spinning for the years 2014-15 and 2015-16 and second prize in 2017-18 and 2018-19. The company also has Environment and Energy Management System certifications ISO 14000 and ISO 50001, OSHAS for occupational safety and SA 8000 for Social accountability.

On the product front we have focused on sustainable products and processes. Increasingly we offer products made from Sustainable fibers like Organic Cotton, BCI and CMIA cotton and Recycled fibers. Our products are environment friendly, being made of natural fibers. The company has also been certified by OEKOtex, Global Organic Textile Standard (GOTS) which prescribes standards for the processing of fibres from certified organic agriculture. The Company is certified with GRS for use of recycled fibers.

Our Corporate Social Responsibility work has been our way to reach out to communities, understand their needs and be an active corporate citizen. The construction of women's hostel in Bhilwara, installation of solar rooftop system in hostel building, promoting education of differently-abled children, construction of rooms in school, construction of toilets as a part of Swachh Bharat Abhiyan, contribution towards COVID relief, rural development activity by construction of drainage system are some of the work we have done to support the community development activities.

We have invested our resources to have Zero Liquid Discharge (ZLD) at our Fabric Plant so that the water is treated and reused making it very water efficient operations. At our Hamirgarh plant we have closed the coal fired captive consumption power plant to reduce the emissions and greenhouse gases. As renewable/green energy initiatives, the Company has installed 8.40 MW Roof Top Solar Power Plant for captive consumption of Solar Power at Hamirgarh & Begun Units. At the employee's level, we have ensured that our workers get more than the minimum wages prescribed the Government of Rajasthan and the Government of India.

**Dinesh Nolkha**  
Managing Director  
DIN 00054658

## Business Responsibility and Sustainability Report (Contd..)

### SECTION A: GENERAL DISCLOSURES

#### I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	-	L17111RJ1992PLC006987
2.	Name of the Listed Entity	-	Nitin Spinners Limited
3.	Year of Incorporation	-	1992
4.	Registered and Corporate Office Address	-	16-17 KM. STONE, CHITTOR ROAD, HAMIRGARH, BHILWARA – 311025 RAJASTHAN
5.	E-mail id	-	nsl@nitinspinners.com
6.	Telephone	-	01482 - 286110 - 113
7.	Website	-	www.nitinspinners.com
8.	Financial year for which reporting is being done	-	2021-22
9.	Name of the Stock Exchange(s) where shares are listed		BSE Limited (BSE) The National Stock Exchange of India Ltd. (NSE)
10.	Paid up Capital (INR)	-	INR 5622.00 Lacs
11.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	-	
	Name		Mr. Sudhir Garg
	Designation		Company Secretary & GM (Legal)
	Telephone number		01482 - 286110 - 113
	E-mail id		sudhircarg@nitinspinners.com
12.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)		The Company has no subsidiary.

#### II. Products / Services

13. Details of business activities (accounting for 90% of the Turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing of Yarn & Fabric	The company is in the business of making cotton and blended yarn and fabric for both exports and domestic market	100%

14. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Services	NIC Code	% of total Turnover contributed
1.	Yarn	13111	70%
2.	Knitted Fabric	13911	11%
3.	Woven Fabric	13121	14%



## Business Responsibility and Sustainability Report (Contd..)

### III. Operations

15. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	2	1 (Office is at Plant premises)	2
International	Nil	Nil	Nil

16. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	All states of India
International (No. of Countries)	More than 50

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Exports contributes around 73% of the total turnover of the entity.

c. A brief on types of customers

Our business model is B2B (business to business). In the domestic markets, we are selling majorly to the end use industries and some portion is sold through dealers. Our exports go to more than 50 countries. The exports are directly to Garment manufacturers and distributors.

### IV. Employees

17. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>Employees</b>						
1.	Permanent (D)	593	593	100%	0	0%
2.	Other than Permanent (E)	0	0	0%	0	0%
3.	Total employees (D + E)	593	593	100%	0	0%
<b>Workers</b>						
4.	Permanent (F)	4573	4568	99.89%	5	0.11%
5.	Other than Permanent (G)	39	39	100%	0	0%
6.	Total workers (F + G)	4612	4607	99.89%	5	0.11%

## Business Responsibility and Sustainability Report (Contd..)

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>Differently abled employees</b>						
1.	Permanent (D)	1	1	100%	0	0%
2.	Other than Permanent (E)	0	0	0%	0	0%
3.	Total differently abled employees (D + E)	1	1	100%	0	0%
<b>Differently abled workers</b>						
4.	Permanent (F)	13	13	100%	0	0%
5.	Other than permanent (G)	0	0	0%	0	0%
6.	Total differently abled workers (F + G)	13	13	100%	0	0%

18. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	1	16.67%
Key Management Personnel	2	0	0%

19. Turnover rate for permanent employees and workers

Particulars	FY 2021-22			FY 2020-21			FY 2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	3.67%	NA	3.67%	4.74%	NA	4.74%	4.48%	NA	4.48%
Permanent Workers	16.35%	14%	15.18%	17.69%	14%	15.85%	22%	0	22%

### V. Holding, Subsidiary and Associate Companies (including joint ventures)

20. (a) Names of holding / subsidiary / associate companies / joint ventures

Not Applicable as the company does not have a holding, subsidiary, associate or joint venture.

### VI. CSR Details

21. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: **(Yes/No) Yes**  
(ii) Turnover (Rs. In Crores) 2692.32  
(iii) Net worth (Rs. In Crores) 875.81

## Business Responsibility and Sustainability Report (Contd..)

### VII. Transparency and Disclosures Compliances

22. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2021-22			FY 2020-21		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Y						
Investors (other than shareholders)	Y			No complaints received			
Shareholders	Y						
Employees and workers	Y						
Customers	Y	2	0		1	0	
Value Chain Partners	Y						
Other (please specify)				No complaints received			

Policies & grievance redressal mechanism are accessible on <https://nitinspinners.com/policies/>

Complaints from stakeholders like community, suppliers and contractors are addressed by relevant Departments on a case to case basis.

23. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Natural Fiber	Opportunity	As the awareness about the environmental concerns are growing every day, it is an opportunity for us that we are in the manufacturing of natural fiber cotton yarn and cotton fabric. The customers are preferring natural fiber for their lower lifecycle environmental impact.	NA	NA

## Business Responsibility and Sustainability Report (Contd..)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2.	Energy Consumption (Coal Based Boilers)	Risk	Energy costs are significant part of our operation expenses. The risk could be in the form of increased regulations on the use of fossil fuels.	This is managed through forecasting of potential regulatory impacts on our costs and initiating mitigation action to reduce this through our operational performance, including energy efficiency investment, long term price modelling and energy procurement and renewable electricity targets. We closed down the coal based power generation unit at our Hamirgarh plant and shifted completely to Grid Power. Also we have installed PV solar power in our plants. Also, we have exceeded the energy efficiency targets given by Bureau of energy Efficiency.	NA
3.	Lower Cotton Production	Risk	Cotton is our main raw material and being an agricultural product it is dependent on weather/ environment. Rains in Dec.'21 & Jan'22 lowered the harvest of cotton and consequently the price of cotton went high.	Strategic Purchases. Activities with Cotton Research Foundation.	
4.	Water Risk	Risk	Water is scarce commodity and hence the management of water resource becomes very important.	We have installed Zero Liquid Discharge.  Our 98% of the water requirement is met through the recycled water at our fabric plant.	

## Business Responsibility and Sustainability Report (Contd..)

### SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link* of the Policies, if available	<a href="https://nitinspinners.com/policies/">https://nitinspinners.com/policies/</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	N	N	N	N	N	N	N	N	N
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	<p>All policies conform to the applicable laws of the country, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and National Guidance on Responsible Business Conduct. In addition, the policies have been formulated in accordance with the following standards where ever applicable:</p> <p>P2: ISO 14001:2015                      P3: ISO 45001:2018                      P4: ISO 50001: 2018                      P8: SA 8000:2014</p>								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	<p>Our strategies, business model and operations are based on environment protection, employee and customer safety.</p> <p>The targets which can be taken are:</p> <ol style="list-style-type: none"> <li>Reduction in specific energy consumption by 5% in a next 3 years</li> <li>Reduction in specific GHG emission by 10% in the next 3 years</li> <li>Increase in the number of female employees / workers to 1% of the total employees / workers.</li> <li>Supplier responsibility and sustainability program to be rolled out to 20 top suppliers.</li> <li>Increase in the procurement of organic / BCI/Recycle/sustainable cotton by 2% points every year</li> <li>Increase in the renewable energy, so that renewable energy comprises 7% of the power consumption by 2025.</li> </ol>								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Not applicable								

## Business Responsibility and Sustainability Report (Contd..)

### Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

The message from our MD has been included at the beginning of this report

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

Mr. Dinesh Nolkha, Managing Director

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.

Implementation and oversight of the Business Responsibility Policies and the decision making on sustainability related issues is the responsibility of the Risk Management Committee of the Company, which comprises of following members as on March 31, 2022:

- Sh. Dinesh Nolkha, Managing Director
- Dr. Rabishankar Chattopadhyay, Independent Director
- Sh. Purushottam Maheshwari, Chief Financial Officer

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
	1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7	8	9
Performance against above policies and follow up action	The review has been done by MD									The frequency of the review is Annual								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Compliance with the laws of land are the first step in responsible business conduct. The compliance review with all the statutory requirements of relevance to the principles of National Guidelines on Responsible Business Conduct has been done by the respective committees of the Board.																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

The assessment / evaluation of the working of its policies is being done internally.

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P	P	P	P	P	P	P	P	P
	1	2	3	4	5	6	7	8	9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

-----Not Applicable-----



## Business Responsibility and Sustainability Report (Contd..)

### SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

#### **PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

##### Essential Indicators

1. Percentage coverage by training and awareness programs on any of the Principles during the financial year:

While most of the employees and workers have been provided training under SA 8000 (Social Accountability Standard), the training and awareness programmes on the 9 Principles of National Guidelines on Responsible Business Conduct will be conducted during the FY 2022-23.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format. (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

No such fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings either by the entity or by directors / KMPs.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Code of Conduct Policy and Vigil Mechanism covers the concerns regarding anti-corruption or anti-bribery policy. All the policies are accessible at <https://nitinspinners.com/policies/>.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

No disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption against any of the Directors/KMPs/employees.

6. Details of complaints with regard to conflict of interest:

No complaint was received with regard to conflict of interest of the Directors, KMPs or any other employee.

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

#### **PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe**

##### Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

We have taken many initiatives towards improving energy efficiency, which have been detailed under Principle 6. These initiatives will help us in reducing our carbon footprint.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) Yes

## Business Responsibility and Sustainability Report (Contd..)

- b. If yes, what percentage of inputs were sourced sustainably?

We procure BCI certified and organic cotton. BCI certified and organic cotton have multiple advantages for all stakeholders right from Farmers to the final consumer. Better Cotton Initiative (BCI) exists to make global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector's future. BCI connects people and organisations from across the cotton sector, from field to store, to promote measurable and continuing improvements for the environment, farming communities and the economies of cotton producing areas. BCI has 7 Principles that are the overarching sustainability requirements.

Principle 1: BCI Farmers minimise the harmful impact of crop protection practices.

Principle 2: BCI Farmers promote water stewardship

Principle 3: BCI Farmers care for the health of soil

Principle 4: BCI Farmers enhance biodiversity and use land responsibly

Principle 5: BCI Farmers care for and preserve fibre quality

Principle 6: BCI Farmers promote decent work

Principle 7: BCI Farmers operate an effective management system

The benefits in terms of energy and water savings for BCI certified cotton and organic cotton are realised at the growing and sourcing stage.

The Company has a policy to encourage a purchase of BCI (Better Cotton Initiative) certified cotton, recycled Polyester Fibre and Organic Cotton. We also use recycled cotton in our manufacturing. We have a policy to procure 15% of the raw material from responsible sources which include BCI certified, Organic and recycled cotton and Polyester fibre.

Purchases from nearby districts amount to 15% of total purchases

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

We are undergoing the registration process under Extended Producer Responsibility (EPR) under solid waste management rules.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

We are undergoing the registration process under Extended Producer Responsibility (EPR) under solid waste management rules.

### PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

#### Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	593	112	19%	481	81%	0		0		0	
Female	0					Not Applicable					
<b>Total</b>	<b>593</b>	<b>112</b>	<b>19%</b>	<b>481</b>	<b>81%</b>	<b>0</b>		<b>0</b>		<b>0</b>	
<b>Other than Permanent employees</b>											
Male						NA					
Female						NA					
<b>Total</b>						NA					

## Business Responsibility and Sustainability Report (Contd..)

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent workers</b>											
Male	4568	4427	97%	220	4.8%	NA	NA	Not Applicable			
Female	5	5	100%	0	0	5	100%				
<b>Total</b>	<b>4573</b>	<b>4432</b>	<b>97%</b>	<b>220</b>	<b>4.8%</b>	<b>5</b>	<b>100%</b>				
<b>Other than Permanent workers</b>											
Male	39	0	0%	0	0%	0	0%	0	0%	0	0%
Female	0	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<b>39</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2020-21			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total Employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	N.A.	100%	100%	N.A.
ESI	18.89%	94.3%	Y	19.49%	92.14%	Y
Other - Pls. specify						

### 3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the corporate office of the entity is accessible to differently abled employees and workers.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the company has an Equal Opportunity Policy which is compliance with SA 8000 (Social accountability) policy.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

No employee worker has taken any parental leave during the financial year

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	The grievance redressal mechanism is available in the Code of Conduct Policy
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

## Business Responsibility and Sustainability Report (Contd..)

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

There are no employee association(s) or unions recognized by the company.

8. Details of training given to employees and workers:

Category	FY 2021-22				FY 2020-21					
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Male	593	593	100%	475	80%	579	579	100%	24	4%
Female	0	0				0	0			
<b>Total</b>	<b>593</b>	<b>593</b>	<b>100%</b>	<b>475</b>	<b>80%</b>	<b>579</b>	<b>579</b>	<b>100%</b>	<b>24</b>	<b>4%</b>
<b>Workers</b>										
Male	4607	4607	100%	3686	80%	4586	4586	100%	183	4%
Female	5	5	100%	5	100%	7	7	100%	1	14%
<b>Total</b>	<b>4612</b>	<b>4612</b>	<b>100%</b>	<b>3691</b>	<b>80%</b>	<b>4593</b>	<b>4593</b>	<b>100%</b>	<b>184</b>	<b>4%</b>

9. Details of performance and career development reviews of employees and workers :

Category	FY 2021-22			FY 2020-21		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees:</b>						
Male	593	593	100%	579	579	100%
Female	0	NA	NA	0	NA	NA
<b>Total</b>	<b>593</b>	<b>593</b>	<b>100%</b>	<b>579</b>	<b>579</b>	<b>100%</b>
<b>Workers:</b>						
Male	4607	4607	100%	4586	4357	95%
Female	5	5	100%	7	7	100%
<b>Total</b>	<b>4612</b>	<b>4612</b>	<b>100%</b>	<b>4593</b>	<b>4364</b>	<b>95%</b>

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

The plants are covered under ISO 45001: 2018 – Occupational Health and Safety Management Systems. The company is also certified under SA 8000 (Social Accountability) Policy.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Health and Safety hazard assessment are an important part of our operations. The health and safety risk assessment is part of SA 8000 implementation.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, the process is instituted as part of ISO 45001: 2018 and SA 8000 implementation and certification.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, the employees and workers have a access to medical consultation on the plant premises for any occupational or non-occupational medical issues.

11. Details of safety related incidents, in the following format:

No Safety related recordable incident has occurred during the current or the previous financial year.

## Business Responsibility and Sustainability Report (Contd..)

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Health and Safety management system implemented by the company are certified under ISO 45001: 2018 and SA 8000 policies. Some of the activities undertaken are:

- Allocate light work, freedom of rest, baby feeding and leave the place of work at will for the care of expectant and nursing mother.
- Sufficient and appropriate free PPE kits to all exposed to hazardous work.
- Provide effective training on health & Safety.
- Sufficient no. of fire extinguishers, hose box, hose reels & Fire Tender.
- Provision of adequate fire safety tools.
- Formation of Works committee
- Provision of first aid tools, fire and first aid training, Annual health check-up

13. Number of Complaints on the following made by employees and workers:

No complaints have been made by employees / workers during current financial year or the previous financial year.

14. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices Working Conditions	100%. All the plants were assessed under SA 8000 policy

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions

No safety related incident has happened nor any significant risks / concerns arising from assessments of health & safety practices has been reported upon the assessment.

### PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

#### Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Nitin Spinners believes in forging a strong relationship with its stakeholders based on trust and delivery. The stakeholders' expectations and concerns offer critical inputs to the management of business and its growth. The key stakeholders include employees, customers, suppliers, investors and analysts, shareholders, regulatory bodies and community around our plants as stakeholders for the organization.

By actively fostering periodic interactions, the Company actively engages with and is in a position to address its stakeholder expectations and concerns in an informed and effective way.

## Business Responsibility and Sustainability Report (Contd..)

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Customer Meetings, Customer Feedback, Website, Product Catalogues,	Ongoing	Customer Satisfaction, Product Quality,
Employees	No	Notice Boards, Website, Employee Survey feedback, Annual Performance Review, Meetings, Trainings	Ongoing	Working condition, employee performance, Employee Satisfaction
Community, NGOs	Yes	Corporate Social Responsibility engagements, Meeting with community representative	On going	Welfare of the community,
Investors & Shareholders & Analysts	No	AGM, Investor meets, Investor Grievance redressal mechanism	On going	Business Strategies and Performance
Regulatory Bodies	No	Compliance Reports	On Going	Compliance with the Law of the land

### PRINCIPLE 5: Businesses should respect and promote human rights

#### Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

While structured training on Human rights has not been done, the employees and workers have been trained under the SA 8000 (Social Accountability Standard) policies regarding Child Labour, Forced Labour, discrimination and safe and healthy work place.

Category	FY 2021-22			FY 2020-21		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. employees workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	593	475	80%	579	464	80%
Other than permanent			NA			
<b>Total Employees</b>	<b>593</b>	<b>475</b>	<b>80%</b>	<b>579</b>	<b>464</b>	<b>80%</b>
<b>Workers</b>						
Permanent	4573	3630	80%	4561	3650	80%
Other than permanent	39	31	80%	32	26	80%
<b>Total Workers</b>	<b>4612</b>	<b>4612</b>	<b>80%</b>	<b>4593</b>	<b>3676</b>	<b>80%</b>



## Business Responsibility and Sustainability Report (Contd..)

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2021-22					FY 2020-21				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
<b>Permanent</b>										
Male	593	0	0%	593	100%	579	0	0%	579	100%
Female	0	0	0%	0	100%	0	0	0%	0	100%
<b>Other than Permanent</b>	Not Applicable									
Male										
Female										
<b>Workers</b>										
<b>Permanent</b>										
Male	4568	0	0%	4568	100%	4554	0	0%	4554	100%
Female	5	0	0%	5	100%	7	0	0%	7	100%
<b>Other than Permanent</b>										
Male	39	0	0%	39	100%	32	0	0%	32	100%
Female	0	0	0%	0	100%	0	0	0%	0	100%

3. Details of remuneration/salary/wages, in the following format:

Particulars	Number	Male	Number	Female
		Median remuneration/ salary/ wages of respective category		Median remuneration/ salary/ wages of respective category
Board of Directors (BoD) (Other Than KMP) only Sitting Fee is being paid.	2	Rs. 0.80 Lakhs	1	Rs. 3.60 Lakhs
Key Managerial Personnel	5	Rs. 303.59 Lakhs	-	-
Employees other than BoD and KMP	595	Rs. 4.53 Lakhs	-	-
Workers	4598	Rs. 2.19 Lakhs	7	Rs. 2.19 Lakhs

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Board has adopted the Human Rights Policy and the Board has delegated the responsibility to implement the policy to HR Head, who reports to MD.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Yes. All the complaints regarding human rights violations are routed to Head HR. Head HR and the Grievance Redressal Committee takes action as per the Grievance Mechanism Organization Structure in compliance with SA 8000 (Social Accountability) certification.

## Business Responsibility and Sustainability Report (Contd..)

6. Number of Complaints on the following made by employees and workers:

Particulars	FY 2021-22			FY 2020-21		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment						
Discrimination at workplace						
Child Labour						
Forced Labour/Involuntary Labour						
Wages						
Other human rights related issues						

No complaints has been received during the FY 2021-22 or FY 2020-21

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Code of Conduct and Vigil Mechanism provides the mechanism to prevent adverse consequences to the complainant in discrimination and harassment cases.

8. Do human rights requirements form part of your business agreements and contracts? **(Yes/No)**

No. We are studying this requirement and we are findings the most relevant clauses to be included in the agreements.

9. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	NIL

Assessments were done under the SA 8000 (Social accountability Policy) Certification by a third party.

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No significant risks / concerns arise from the assessments at Question 9 above.

### PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

#### Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameters	Current Year	Previous Year
Total electricity consumption (A)	881912 GJ	651300 GJ
Total fuel consumption (B)	972491 GJ	1549177 GJ
Energy consumption through other sources (C) - Solar Energy	46564 GJ	41569 GJ
<b>Total energy consumption (A+B+C)</b>	<b>1900967 GJ</b>	<b>2242046 GJ</b>
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	706 GJ / Crores of Turnover	1381 GJ / Crores of Turnover
Energy intensity (optional) – the relevant metric may be selected by the entity		

## Business Responsibility and Sustainability Report (Contd..)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Yes, the Hamirgarh plant has been identified as designated consumer (DC) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India. The targets set under the PAT scheme have been achieved by the Hamirgarh plant.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
<b>Water withdrawal by source (in Kiloliters)</b>		
(i) Surface water		
(ii) Groundwater	425225	424125
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>425225</b>	<b>424125</b>
Total volume of water consumption (in kilolitres)	425225	424125
Water intensity per rupee of turnover (Water consumed / turnover)	157 KL / Crores of Turnover	261 KL / Crores of Turnover
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, the ZLD has been installed at the Begun Unit where the water is used in finishing fabric. 100% of the used process water is taken to ZLD and no effluent discharge is made. The dry sludge out of ZLD is sent to authorised collectors and recyclers.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

As part of environmental Management Program the regular monitoring is done for NO<sub>x</sub>, SO<sub>x</sub>, SPM, PM<sub>2.5</sub>, PM<sub>10</sub>, Arsenic, Nickel, Benzene, Benzo-Alfa-Pyrene, CO, Ammonia, Lead, Ozone is done and all the observed values are within limits as per the National Ambient Air Quality Standard, 2009.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2021-22	FY 2020-21
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	48500	148255
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	193531	142924
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO <sub>2</sub> Equivalent / Per Crore of Turnover	90	179
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

## Business Responsibility and Sustainability Report (Contd..)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Energy Consumption is the main source of Green House Gas Emission for the company. We closed the coal based captive power generation plant to reduce the GHG emissions. Also, we continuously look out for energy conservation measures in all areas of operations across our both the Units. The Company has taken following measures for energy savings in the previous year:

- a) Replacement of Old type motors with Energy Efficient Motors.
- b) Replacement of old compressors with energy efficient compressors.
- c) Installation of Inverters on SA Fan of Ring frame, carding and preparatory Machines.
- d) Estimated expenditure on energy conservation equipment is Rs 46.85 lakhs.

8. Provide details related to waste management by the entity, in the following format:

We maintain a ZERO waste to landfill operations at both of our plants. Being a environmentally conscious and responsible organisation we don't send our wastes to landfill. All the cotton, yarn and fabric wastes are either reprocessed in our own manufacturing or sent for other industrial uses. 10% of our waste out of production is recycled and reprocessed in our own operations and balance is sold for other industrial uses. For our liquid discharge we have installed ZERO LIQUID DISCHARGE (ZLD) systems hence we don't discharge effluent in our vicinity of operations. The dry sludge out of ZLD is sent to authorised collectors and recyclers.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy

adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

We maintain a ZERO waste to landfill operations at both of our plants. Being an environmentally conscious and responsible organisation we don't send our wastes to landfill. All the cotton, yarn and fabric wastes are either reprocessed in our own manufacturing or sent for other industrial uses. 10% of our waste out of production is recycled and reprocessed in our own operations and balance is sold for other industrial uses. For our liquid discharge we have installed ZERO LIQUID DISCHARGE (ZLD) systems hence we don't discharge effluent in our vicinity of operations. The dry sludge out of ZLD is sent to authorised collectors and recyclers.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

The entity's operations/offices are not in/around ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

The operations of the company are not covered by the 2006 notification on Environmental Impact Assessment.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, the company is compliant with all applicable environmental laws / regulations / guidelines in India.

## Business Responsibility and Sustainability Report (Contd..)

### PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

#### Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.  
5 (Five)
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body the entity is a member of/ affiliated to).

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	The Confederation of Indian Textile Industry (CITI)	National
2	Northern India Textile Research Association (NITRA)	States of Northern India
3	The Cotton Textiles Export Promotion Council (TEXPROCIL)	National
4	The Rajasthan Textile Mills Association (RTMA)	State
5	Mewar Chamber of Commerce and Industry (MCCI)	State

### PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

#### Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

No requirement of Social Impact Assessments (SIA) of projects was applicable to the company.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

There was no project involving R&R during the FY 2021-22

3. Describe the mechanisms to receive and redress grievances of the community.

Nitin Spinners Limited acknowledges its responsibility towards the society and supports inclusive growth and equitable development of all its stakeholders. We strongly believe in growing together responsibly leading to success of our business. We aim at balancing the needs and address the concerns of our stakeholders and endeavor to take into the consideration the impact we have on the environment, society and the community. We are committed to giving back to the society within which it operates and flourishes and as part of this principle, we have chosen our initiatives under our CSR Programs. The Company carries out various initiatives under the aegis of 'Corporate Social Responsibility' and are undertaken directly or through NGO or government entities. Please refer to CSR Report in Annexure to the Board's Report.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particulars	FY 2021-22	FY 2020-21
Directly sourced from MSMEs / small producers	25% of the ginned cotton Procured in India are purchased directly from MSMEs / Small Producers. Apart from that a significant part of the cotton procurement is done through Cotton Corporation of India (CCI) and other aggregators who procure MSMEs / small producers.	25% of the ginned cotton Procured in India are purchased directly from MSMEs / Small Producers. Apart from that a significant part of the cotton procurement is done through Cotton Corporation of India (CCI) and other aggregators who procure MSMEs / small producers.

## Business Responsibility and Sustainability Report (Contd..)

Particulars	FY 2021-22	FY 2020-21
Sourced directly from within the district and neighbouring districts	Purchases from nearby districts amount to 15% of total purchases	Purchases from nearby districts amount to 15% of total purchases

### PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

#### Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Overall responsibility for handling the complaints lie with HOD (MKT). Managing Director is responsible for taking Complaint settling with Complainant Analysis Report on investigation.

When complaints are received the yarn, Fabric is sent to the concerned department for investigating the issue raised. Also, MD is informed via email/telephone. If the complaint is in respect of quality, it is referred to HOD (QAD).

All the complaints are examined and the cause of complaint is analyzed. Considering the seriousness & nature of complaint, arrange visit to the complainant to evaluate the nature & gravity of problem being faced. HOD (MKT) may also accompany, if required discuss and the report is sent to MD. Corrective actions are taken to avoid such type of problem. Periodically the effectiveness of the corrective actions taken are reviewed.

Customer feedback is taken after sales. We have consistently achieved 100% customer satisfaction in our customer satisfaction index.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

The Company complies with disclosure requirements as per local laws. In addition, some other details are also displayed as per customers' requests and/or facilitate handling/transportation. The yarn is sold to customers, who make final products which consumer uses. We provide all the details to our customers in product details.

3. Number of consumer complaints in respect of the following:

The Company is committed to creating products and solutions that exceed customer expectations and enhance the level of business profitability. We consistently strive forth to ensure higher customer satisfaction through our efforts in production innovation, R&D activities and ensuring enhanced lifecycle of the product.

Category	FY 2021-22			FY 2020-21		
	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Data Privacy						
Advertising						
Cyber Security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Others	1	0		2	0	

## Business Responsibility and Sustainability Report (Contd..)

4. Details of instances of product recalls on account of safety issues:

No product recalls were done during the FY 2021-22

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the company has a Cyber security and Data Privacy policy.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No regulatory action has ever been done regarding advertising, essential services, cyber security, data privacy or product recalls.

For and on Behalf of the Board of Directors

**RATAN LAL NOLKHA**

Chairman

(DIN – 00060746)

Place : Hamirgarh, Bhilwara

Date : 06th August, 2022

**Registered Office** : 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara - 311025



**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED March 31, 2022**

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

To,  
The Members,  
**Nitin Spinners Limited**  
16-17 K. M. Stone, Chittor Road, Hamirgarh  
Bhilwara – 311001 (Rajasthan)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nitin Spinners Limited** (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not applicable to the Company during the Audit Period**);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (repealed w.e.f. 13th August, 2021) (**Not applicable to the Company during the Audit Period**);
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (notified on 13th August, 2021) (**Not applicable to the Company during the Audit Period**);
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (repealed w.e.f. 9th August, 2021) (**Not applicable to the Company during the Audit Period**);
  - (g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (notified on 9th August, 2021) (**Not applicable to the Company during the Audit Period**);
  - (h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (repealed w.e.f. 10th June, 2021) (**Not applicable to the Company during the Audit Period**);

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT (Contd..)**

- (j) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (notified on 10th June, 2021) **(Not applicable to the Company during the Audit Period)**;
  - (k) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period)**; and
  - (l) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) As confirmed by the management, there are no sector specific laws that are applicable specifically to the company.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India;
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Ltd.

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

**We further report that**

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

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

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

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

We further report that during the audit period the company has not undertaken any event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**Place: Jaipur**  
**Date: May 12, 2022**  
**UDIN: F003355D000307076**

**For V. M. & Associates**  
**Company Secretaries**  
**(ICSI Unique Code P1984RJ039200)**  
**PR 581 / 2019**

**CS Manoj Maheshwari**  
**Partner**  
**Membership No.: FCS 3355**  
**C P No.: 1971**

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

# Annexure A

To,  
The Members,  
**Nitin Spinners Limited**  
16-17 K. M. Stone, Chittor Road, Hamirgarh  
Bhilwara – 311001 (Rajasthan)

Our report of even date is to be read along with this letter.

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

**Place: Jaipur**  
**Date: May 12, 2022**  
**UDIN: F003355D000307076**

**For V. M. & Associates**  
**Company Secretaries**  
**(ICSI Unique Code P1984RJ039200)**  
**PR 581 / 2019**

**CS Manoj Maheshwari**  
**Partner**  
**Membership No.: FCS 3355**  
**C P No.: 1971**

## Secretarial Compliance Report of Nitin Spinners Limited

For the year ended March 31, 2022

We **M/s V. M. & Associates, Company Secretaries** have examined:

- (a) all the documents and records made available to us and explanation provided by Nitin Spinners Limited ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2022 ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued there under; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the listed entity during the Review Period);
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the listed entity during the Review Period);
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (repealed w.e.f. 13th August, 2021) (Not applicable to the listed entity during the Review Period);
- (f) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

(notified on 13th August, 2021) (Not applicable to the listed entity during the Review Period);

- (g) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (repealed w.e.f. 9th August, 2021) (Not applicable to the listed entity during the Review Period);
- (h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (notified on 9th August, 2021) (Not applicable to the listed entity during the Review Period);
- (i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 (Not applicable to the listed entity during the Review Period);
- (j) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (k) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and circulars/ guidelines issued thereunder;

and based on the above examination and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.
- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.
- (c) No action has been taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.
- (d) The listed entity has taken the following actions to comply with the observations made in previous reports: **NOT APPLICABLE** being no observation in previous report.

Place: Jaipur

Date: May 12, 2022

UDIN: F003355D000307098

For **V. M. & Associates**  
Company Secretaries  
(ICSI Unique Code P1984RJ039200)  
PR 581 / 2019

**CS Manoj Maheshwari**

Partner  
Membership No.: FCS 3355  
C P No.: 1971

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,  
The Members,  
**Nitin Spinners Limited**  
16-17 K. M. Stone, Chittor Road, Hamirgarh  
Bhilwara – 311001 (Rajasthan)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Nitin Spinners Limited having **CIN: L17111RJ1992PLC006987 and having registered office at 16-17 K. M. Stone, Chittor Road, Hamirgarh, Bhilwara – 311 001 (Rajasthan)** (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN</b>
1.	Ratan Lal Nolkha	00060746
2.	Dinesh Nolkha	00054658
3.	Nitin Nolakha	00054707
4.	Yeshwantlal Ratilal Shah*	00019557
5.	Aditi Mehta	06917890
6.	Rabisankar Chattopadhyay	06928729
7.	Rohit Swadheen Mehta	09449679

\* Ceased w.e.f. 10th December, 2021

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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.

Place: Jaipur  
Date: May 12, 2022  
UDIN: F003355D000307109

For **V. M. & Associates**  
Company Secretaries  
(ICSI Unique Code P1984RJ039200)  
PR 581 / 2019

**CS Manoj Maheshwari**  
Partner  
Membership No.: FCS 3355  
C P No.: 1971

# Management Discussion & Analysis

## Global Economic Overview and Outlook

The year 2021 was a year of global recovery. The global economy registered a GDP growth of 6.1%, its strongest post-recession pace in 80 years. The recovery gained pace in the first half of the year. Policy level adjustments by several countries improved the overall economies and the sentiment of people. However, the recovery was slowed down considerably in the second half of the year due to increasing supply chain disruptions across countries. On the brighter side, the supply-chain disruptions have been significantly fading, which is now catering to the global markets, albeit gradually.

However, uncertainties in terms of inflation and subsequent rise in food and energy costs are expected to loom over the economic performance, owing to the geopolitical conflicts and other external shocks. As a result Global growth is expected to slump to 2.9 % in 2022.

## Indian Economic Overview

India's GDP growth rate for 2021–2022 is 8.7%, after contracting 6.6% during the previous fiscal. Exports have driven India's economic recovery on the demand side, reaching 113% of its pre-pandemic level in 2021–22. In addition to India's effort, the increase in worldwide expenditure as a result of better pandemic management globally also had a role in India's remarkable export record. Additionally, spending increased in India as imports increased to 117% of their pre-pandemic level. There was overall economic growth in India during the year under review.

## Outlook of Indian Economy

In India, GDP is anticipated to slow to 7.5% in the fiscal year 2022–2023, with geopolitical concerns, increasing prices, and supply chain disruptions balancing a rebound in services demand following the epidemic. The successful implementation of the Production Linked Incentive Scheme (PLIS) in 14 industries, the growth of renewable energy sources while reducing reliance on crude oil imports, and the development of the financial sector as evidenced by the improvement of financial metrics and an increase in credit demand have all been significant positive developments that will support economic growth.

## Global Textile and Apparel Industry Review and Outlook

The size of the global textile market was estimated at USD 993.6 billion in 2021 and is anticipated to grow at a com-

-pound annual growth rate (CAGR) of 4.0% from 2022 to 2030. Over the forecast period, the market is anticipated to increase due to rising demand for clothing from the fashion sector and the expansion of e-commerce platforms.

During the year there were some major happening in textiles trade which are as under:-

- a) US ban on import of cotton products from China's Xinjiang region on account of human rights violation caused a major shake-up in the global textile supply chain. The region accounts for four-fifths of China's domestic cotton production and about one-fifth of the world's cotton production.
- b) Cotton prices registered unprecedented growth in 2021 and 2022. The Cotlook A index started the year around 77 US cents and peaked at approx. 120 US cents in November, 21 an increase of 55%. In 2022 also the prices further rose to US 155 Cents. Prices of all other major fibres also increased in the range of 35-45% in 2021.
- c) All year long, the industry suffered immensely from global container shortage resulting in unprecedented increase in vessel shipping costs.
- d) Sustainability remained a key theme with emergence of several low impact materials & technologies and business models around sustainability

## Indian Textile and Apparel Industry

The Indian textile industry is one of the largest in the world, with a large unmatched raw material base and manufacturing strength across the value chain. India is the 6th largest exporter of Textiles & Apparel in the world. India's textiles and clothing industry are one of the mainstays of the national economy. India's domestic clothing and textile sector makes for 12% of the nation's export revenue, 7% of the industry's value-added production, and 5% of the nation's GDP. India has a share of 4% of the global trade in textiles and apparel. The industry is significant from the standpoint of employment as well. It provides both direct and indirect work and a source of income for millions of people, including a sizable number of women and rural residents.

The government's main focus has been increasing textile manufacturing by creating the best-in-class manufacturing infrastructure, upgrading technology to foster innovation, enhancing skills, and leveraging the sector's historical advantages to make India's development inclusive and participatory.



## Management Discussion & Analysis (Contd..)

### Outlook

Indian domestic textile and apparel market is estimated to be US\$ 99 bn. in 2021-22 which has recovered 30% from 2020-21. The Indian textile and apparel industry is expected to grow at 10% CAGR to US\$ 190 billion by FY26, driven by increased awareness of goods and higher disposable incomes. Increased penetration of organised retail, favourable demographics, and rising income level will drive demand for textiles. The Government initiatives such as the PLI Scheme, National Textile Policy, Mega Textiles Park scheme, the SMARTH scheme, the easy availability of raw materials, and the rising income levels will also add to this sector's critical growth.

### Cotton Industry

One of the most significant cash crops, cotton contributes around 25% of the world's total fibre production. The percentage of cotton in the raw materials consumed by the Indian textile industry is roughly 60%. India is one of the world's biggest producers, users, and exporters of cotton.

An estimated 5.8 million cotton growers and 40–50 million people employed in allied industries, including commerce and processing cotton, depend heavily on cotton for their livelihoods. The government of India declares Minimum Sustain Price (MSP) for medium staple and long-staple cotton in order to support the cotton sector. The cotton production in India in cotton season 2020-21 was 352 lac bales and in 2021-22 cotton season the same is estimated to be 315 lac bales.

### Opportunities

#### Rise in per capita income of Indian Household to drive demand

The rise in disposable income and rising middle class will drive demand of Textiles and apparel.

The Industry can focus on value-added or premium products with new Capex. This will help companies with the suitable capacity to capture the future demand early and increase their margins.

### China Plus One Strategy

Many Companies across the world are contemplating diversifying their dependence on China for their sourcing requirement. They are looking to source from developing Asian countries like India, Vietnam, Thailand, Bangladesh and Malaysia. Indian Textiles Trade is likely to benefit from this altered situation owing to its competitive advantage, conducive business environment, and favourable government policies.

### 100% FDI allowance

It will encourage the foreign apparel industry to enter the Indian market. Already, the existing global investors in the Indian textile industry include prominent western brands such as Zara, Forever 21, Levi's, Benetton, C&A, GAP, H&M and Marks & Spencer etc. It also allows them to be near raw material suppliers, as India is one of the few countries in the world with presence across the textile value chain.

### Improving farming techniques

Despite being the world's largest cotton producer, India's yield in terms of kilograms of cotton per hectare of land under cotton cultivation is extremely low. India's output is about 462 kg/ha, as against the world average yield of 787 kgs/ha. Modernisation of farming techniques and the use of machinery and equipment are likely to culminate into higher profits. Furthermore, the rising trend of the agri-tech theme in start-ups is expected to act as a tailwind.

### Exporters gaining from strong global demand

India is the world's second-largest textile exporter. Capacity built over years has led to low cost of production per unit in India's textile industry. This has lent a strong competitive advantage to the country's textile exporters over key global peers

### Government Policies

The Central Government has announced Production Link Incentive Scheme (PLI) for Textile sector, Mega Textiles park schemes and the Government of Rajasthan has put in place Rajasthan Investment Promotion Scheme provides for Interest, Electricity Duty etc. subsidies for installation/expansion of Textiles Units.

### Threats

#### Availability of cotton

Any significant damage to cotton crops in India or overseas due to natural calamities may cause severe price, supply disruption and create uncertainty.

#### Pandemic and its variants

Any further waves of the pandemic and its variants can disrupt trade.

#### Dependency on labour

The Indian textile industry is still a highly labour-intensive one, unlike other countries, where a large part of the pro-



## Management Discussion & Analysis (Contd..)

cess is automated. This dependency on labour makes the sector vulnerable to the cost of rising wages.

### Government Policies

The Central Government imposed Custom Duty and Agriculture Cess on Import of Cotton which has increased cost of imported cotton.

### Company Overview

Incorporated in 1992 in Bhilwara with a small capacity of only 384 rotors, Nitin Spinners over the years has expanded its operations to include open-end yarns, ring-spun yarns, blended yarns, knitted fabrics, and finished woven fabrics.

It now has an installed capacity of 3,07,344 Spindles and 3,488 Rotors, producing 75,000 tons of yarn per annum. It also has an installed capacity of 63 Knitting Machines, producing 8,500 tons of knitted fabrics per annum and 168 looms and dyeing, printing, and finishing capacities to make approximately 300 lakh meters of fabrics per annum.

The Company's manufacturing units are strategically located near places from where it sources its raw materials. It is also well connected to major ports and markets. Investment in world-class technology, continuous growth

and value addition, commitment to consistent product quality, emphasis on customer satisfaction and timely delivery of products are integral to the Company's way of functioning.

### Financial and product wise Performance

Particulars	₹ in Crores)	
	2021-22	2020-21
Revenue from operations	2692.32	1624.41
Other income	1.84	1.90
Total income	2694.16	1626.31
Earnings Before Interest, Tax and Depreciation & Amortization	653.45	259.16
Profit for the year	326.14	68.87
EPS (Basic) (In ₹)	58.01	12.25
EPS (Diluted) (In ₹)	58.01	12.25

For financial and product-wise performance concerning operational performance, please refer to the 'Financial Results' and 'Operational Performance' section of the Board's Report.

### Segment-wise performance

The Company operates in a Single Segment of Textiles.

### Details of Significant Changes

(i.e., change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations, therefore:

	2021-22	2020-21	% change	Reason for change
Inventory Turnover	6.63	4.58	44.69%	Better Sales Realisation
Interest Coverage Ratio	11.81	4.21	180.53%	Improved due to higher operating profit margins
Current Ratio	1.83	1.27	44.63%	Improved due to higher operating cash flow
Debt Equity Ratio	0.57	1.20	-52.72%	Reduced due to repayments of term loan and improved profitability
Debtors Turnover	11.19	9.79	14.21%	Average realisation period reduced
Operating Profit Margin	24.27%	15.95%	52.16%	Increased sale of value-added products, cost optimisation, and better realisations
Net Profit Margin	12.11%	4.24%	185.71%	Increase in Sale of Value added Products and higher margin
Return on Net Worth	37.24%	12.23%	204.50%	Due to higher profits
Earnings Per Share	58.01	12.25	373.55%	Due to higher profits

## Management Discussion & Analysis (Contd..)

### Risk and Concerns

Risk management measures are essential to a governance system. Therefore, it contributes to its strategic goals and safeguards its value, assets, and reputation. Here are some of the risks and mitigation strategies of Nitin Spinners:

Risk	Impact	Mitigation
Competition Risk	An increase in competition could negatively impact the market share, margin profile and return on capital employed.	The distinctly differentiated brand image, long-standing customer relationships, focus on value addition and economies of scale help the Company mitigate this risk.
Foreign Currency Exchange Rate Risk	Given that exports constitute 63% of the revenue, strengthening the Indian Rupee could hamper the revenue.	The Company mitigates this risk by way of its robust currency hedging mechanisms and systems and export pricing.
Raw Material Price Inflation Risk	An increase in cotton prices can adversely impact the profitability of the Company.	The Company has a team that constantly monitors the cotton prices and follows a consistent stocking policy to hedge against any sharp movements.
Reputation Risk	Any delay in payments to lenders/suppliers or poor quality of products can lead to loss of trust in our integrity and adversely impact business performance.	The Company makes a conscious attempt to meet the expectations of all stakeholders and have stringent quality control procedures in place to ensure superior product quality.
Customer concentration risk	Any concentration of customers can cause loss of revenue in case of failure of any big customer.	The Company continuously aims to strengthen its customer relationships and strives to add new customers across geographies to diversify the customer base.

### Environment and Safety

Clean and safe environmental operations form Nitin Spinners' key priorities. The Company conducts all its operations, ensuring the safety of everyone concerned, compliance with statutory and industrial requirements for environment protection, and conservation of natural resources to the extent possible. The Company is also accredited with OHSAS18001:2007 (Occupational Health & Safety Management System) certification from the British Standards India (BSI).

### Human Resources

Human resource is a crucial asset for a Company to achieve sustained growth. To attract, retain and develop its talent pool, the Company has consistently recognised talent, imparted training, and followed the golden principle of rewarding performance. Besides, it is committed to individual well-being and safety at the work place and it is proud to attract the talent that it needs for future growth. Most importantly, it places great emphasis on eliminating all forms of discrimination in terms of employment and professional activities (gender, age, race, political affiliation, religion, among others). It pays special attention to professional equality, gender equality, the employment of

seniors and young people, the employment of people with disabilities. It also has been accredited with S.A. 8000:2014 (Social Accountability System) certification from the BSI. As of 31st March, 2022, the Company's strength stood at 5205 employees.

### Internal Control Systems and their Adequacy

Nitin Spinners has appropriate systems for internal control. These systems are continually improved and modified to meet the changes in the business conditions and the statutory and accounting requirements. The Company also has a robust Management Information System, an integral part of the control mechanism. The Audit Committee of the Board of Directors reviews the efficiency and effectiveness of the internal control systems. It then suggests solutions to improve and strengthen. The internal control system was tested during the year, and no material weakness in design or operations was found.

### Cautionary Statements

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions, may be 'forward-looking statements' within the meaning of applicable laws and

## Management Discussion & Analysis (Contd..)

regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

For and on Behalf of the Board of Directors

Place : Hamirgarh, Bhilwara  
Date : 06th August, 2022

**RATAN LAL NOLKHA**  
Chairman  
(DIN – 00060746)

**Registered Office** : 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara - 311025

# Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages attainment of high level of transparency, accountability and integrity in all its facets.

The Company has consistently practiced good Corporate Governance norms for the efficient conduct of its business and its obligations towards all its stakeholders viz., the shareholders, customers, employees and the community in which the Company operates. The Company is committed to observe good governance by focusing on adequate & timely disclosures, transparent & robust accounting policies, strong & independent Board and endeavors to maximize shareholders benefit. The Company believes that it shall go beyond adherence of regulatory frameworks in disclosing material information to the stakeholders. We believe that Corporate Governance is a journey to constantly improving sustainable value creation. The Board of Directors of the Company plays a central role in the good Corporate Governance by building up strong principles and values on which the Company operates.

## 2. BOARD OF DIRECTORS

### Composition, Category and Attendance at Meetings

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management, legal and marketing fields. The Company has a balanced mix of Executive and

Non-Executive Directors. The Board comprises of six Directors including one Woman Director and composition of Board of Directors of the Company is in conformity with Regulation 17 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein- after referred as "Listing Regulations") and applicable provisions of the Companies Act, 2013. The Company has 50% Non Executive Directors, it has an Executive Chairman and the numbers of Independent Directors are 50% of the total number of Directors. The Independent Directors with their diverse knowledge, experience and expertise bring in their independent judgment in the deliberation and decisions of the Board.

### Number of Board Meetings

During the financial year 2021-22, five meetings of the Board of Directors were held on 08.05.2021, 03.08.2021, 09.11.2021, 30.12.2021 and 03.02.2022. The frequency and intervening gap between the meetings was within the period prescribed under the Companies Act, 2013, Listing Regulations and Secretarial Standards-1 issued by Institute of Company Secretaries of India (ICSI) on Meetings of the Board of Directors. The frequency of the meetings is enough for the Board to undertake its duties effectively.

The 29th Annual General Meeting of the Company was held on 16.09.2021.

The Composition of the Board of Directors, attendance at Board & previous Annual General Meeting, number of other Directorship, Committee Membership and Chairmanship are as under: -

Name of Directors	Category of Directorship	Board Meetings attended out of 5 Meetings	Attendance at last AGM held on 16.09.2021	Directorship in other Companies	No. of other Committees in which Member or Chairperson	
					Chairman	Member
Sh. Ratan Lal Nolkha	Promoter Executive	5	Yes	2	Nil	Nil
Sh. Dinesh Nolkha	Promoter Executive	5	Yes	3	Nil	Nil
Sh. Nitin Nolakha	Promoter Executive	5	Yes	2	Nil	Nil
Sh. Yeshwantlal Ratilal Shah (upto 09.12.2021)	Independent Non-Executive	1	Yes	Nil	Nil	Nil
Dr. Rabisankar Chattopadhyay	Independent Non-Executive	5	Yes	Nil	Nil	Nil
Smt. Aditi Mehta	Independent Non-Executive	5	Yes	Nil	Nil	Nil
Sh. Rohit Swadheen Mehta (w.e.f. 30.12.2021)	Independent Non-Executive	1	NA	Nil	Nil	Nil

## Corporate Governance Report (Contd..)

None of the Directors of the Board serve as Members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per requirements of the Regulation 26(1) of the Listing Regulations. As required under Regulation 17A of the Listing Regulations none of the Independent Directors serves as an Independent Director in more than seven listed companies and none of the Independent Director of the Company is Whole Time Director in any other Listed Company. None of the Director is a Director in any listed entity other than Nitin Spinners Limited. The details of shareholding of Non-Executive Directors in the Company as on 31.03.2022 are as under :-

S. No.	Name of Independent Director	Shareholding as on 31.03.2022
1.	Dr. Rabisankar Chattopadhyay	99 Shares
2.	Sh. Rohit Swadheen Mehta	22000 Shares

No convertible instrument has been issued by the Company. None of the Directors are related to each other except three Executive Promoter Directors as Sh. Ratan Lal Nolkha is father of Sh. Dinesh Nolkha & Nitin Nolkha and Sh. Dinesh Nolkha & Sh. Nitin Nolkha are brothers.

All the Independent Directors have given declaration and confirmation of their independence and inclusion of their names in Independent Director's data bank maintained with the Indian Institute of Corporate Affairs ('IICA') in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended. It is hereby confirmed that in the opinion of Board, the Independent Directors fulfill the conditions specified under the Listing Regulations and they are independent of Management. No Independent Director has resigned during the year.

**The table below summarizes the key attributes and skills matrix, identified by the Board of Directors, as required in the context of business of the Company and the name of Directors who have such skills / expertise / competence :-**

S. No.	Name of Directors	Skills / Expertise / Competence					
		Finance	Legal	Management	Technical Operations	Marketing / Sales	Administration
1.	Sh. Ratan Lal Nolkha, Chairman	✓	✓	✓			✓
2.	Sh. Dinesh Nolkha, Managing Director	✓	✓	✓	✓	✓	✓
3.	Sh. Nitin Nolkha, Jt. Managing Director	✓		✓	✓	✓	✓
4.	Sh. Yeshwant Lal Ratilal Shah, Independent Director (upto 09.12.2021)	✓		✓	✓	✓	✓
5.	Dr. Rabisankar Chattopadhyay, Independent Director	✓		✓	✓		✓
6.	Smt. Aditi Mehta, Independent Director	✓	✓	✓			✓
7.	Sh. Rohit Swadheen Mehta (w.e.f 30.12.2021)	✓	✓	✓			✓

## Corporate Governance Report (Contd..)

### Board Meeting Procedure

The Company's Board Meetings are governed by a structured agenda. The Board Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each Director. The Board Meeting may be convened on short notice, with the consent and presence of Independent Directors, for urgent matters. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. The Board papers, comprising the agenda and detailed notes on each agenda are circulated well in advance before the meeting of the Board.

All statutory, significant and other material information as specified in Part A of Schedule-II under the regulation 17(7) of the Listing Regulations are regularly made available to the Board, wherever applicable. The Board also reviews periodically the compliances of laws applicable on the Company.

Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory regulatory requirements, major accounting provisions etc. are considered by the Board.

### 3. AUDIT COMMITTEE

Your Company has an Audit Committee constituted by the Board of Directors which acts as a link between the management, auditors and the Board and oversees the financial reporting process.

#### Brief Description of terms of reference

The terms of reference of the Audit Committee are aligned with the guidelines set out in the Regulation 18 read with Part C of schedule II of the Listing Regulations and also with the provisions of Section 177 of the Companies Act, 2013. The terms of reference broadly includes approval of annual Internal Audit Plan, review of financial reporting processes, auditors' report, internal control, risk management system, Internal Financial Control and its adequacy, functioning of whistle blower mechanism and governance processes, discussions and approval of quarterly, half yearly and annual financial statements/results, recommendation for appointment, remuneration and terms of appointment of auditors, monitor related party transactions, uses and application of funds raised through issues, review of Auditors' Independence and performance and effectiveness of Audit process, appointment of CFO etc.

### Composition

The composition of the Audit committee meets the requirements of section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. Presently, it comprises Sh. Rohit Swadheen Mehta, Smt. Aditi Mehta and Dr. R. Chattopadhyay. All the members of the committee are non-executive and independent Directors. Sh. Rohit Swadheen Mehta, Chairman of the Committee possesses high degree of accounting and financial management expertise and all other members of the committee are financially literate and have experience and sound accounting and financial knowledge. Sh. Y.R. Shah, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 16th September, 2021.

### Meetings and Attendance

The committee met four times during the financial year 2021-22. The dates on which Audit Committee Meetings were held are 08.05.2021, 03.08.2021, 09.11.2021 and 03.02.2022. The number of meetings attended by each committee member during the year was as under:-

Name of Member	No. of Meetings attended
Sh. Y.R. Shah, Chairman (upto 09.12.2021)	1
Sh. Rohit Swadheen Mehta Chairman (w.e.f. 30.12.2021)	1
Smt. Aditi Mehta, Member	4
Dr. R. Chattopadhyay, Member	4

The Managing Director, CFO as well as the representatives of the internal & the statutory auditors are permanent invitees to the meeting. The Company Secretary acts as secretary to the audit committee.

### 4. NOMINATION AND REMUNERATION COMMITTEE:

Your Company has Nomination and Remuneration Committee constituted by the Board of Directors to oversee appointment, remuneration and performance evaluation of Directors.

#### Brief Description of terms of reference

The terms of reference of Nomination and Remuneration Committee are aligned with the guidelines set out in the Regulation 19 read with Part D of Schedule II of the Listing Regulations and also with the provisions of Section 178 of the Companies Act, 2013 which broadly includes formulation of the criteria for determining qualifications, positive attributes and



## Corporate Governance Report (Contd..)

independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial and senior management personnel; formulation of criteria for evaluation of performance of the Directors, Committees and the Board of Directors and devising a policy on Board diversity; Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. Decision about extension or continuation of term of Directors including Independent Directors on the basis of report of performance evaluation and to recommend to the Board, all remuneration in whatever form, payable to senior management.

### Composition

Presently, the Committee constitutes Sh. Rohit Swadheen Mehta, Smt. Aditi Mehta, Dr. R. Chattopadhyay, Non-Executive & Independent Directors and Sh. R. L. Nolkha, Executive Chairman of the Company. Sh. Rohit Swadheen Mehta is Chairman of the Committee. The composition of the Nomination and Remuneration Committee meets the requirements of section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

### Meetings and Attendance

During the financial year 2021-22 two meetings of the Committee were held on 08.05.2021 and 03.08.2021. The number of meetings attended by each committee member during the year was as under:-

Name of Member	No. of Meetings attended
Sh. Y.R. Shah, Chairman (upto 09.12.2021)	1
Sh. Rohit Swadheen Mehta Chairman (w.e.f. 30.12.2021)	-
Smt. Aditi Mehta, Member	2
Dr. R. Chattopadhyay, Member	2
Sh. R. L. Nolkha, Member	2

### Details of Remuneration paid to Executive Directors

							(₹ in Lakhs)
S. No.	Name of Directors	Category of Directors	Basic Salary	Contribution to P.F.	Commission	Others	Total
1	Sh. Ratan Lal Nolkha	Promoter & Executive Director	53.70	6.44	259.95	1.40	321.49
2	Sh. Dinesh Nolkha	Promoter & Executive Director	45.30	5.44	259.94	1.52	312.20
3	Sh. Nitin Nolakha	Promoter & Executive Director	37.80	4.54	259.94	1.40	303.68

### Performance Evaluations:-

The Nomination & Remuneration Committee(NRC) and Board is responsible for undertaking a formal annual evaluation of its own performance, committees and individual Directors with a view to review their functioning and effectiveness and to determine whether to extend or continue the term of appointment of the directors including independent directors. During the year, NRC and the Board carried out the performance evaluation of itself, Committees and each of the executive directors/non-executive directors/independent directors. The criteria for performance evaluation of Independent Directors are contained in Nomination, Remuneration and Evaluation Policy of the Company. The criteria for performance evaluation of the Board included aspects such as Board composition and structure, effectiveness of Board processes, etc. The criteria for performance evaluation of the Committees included aspects such as structure and composition of Committees, effectiveness of Committee Meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The detailed Policy inter-alia including criteria for performance evaluation is available under web link <https://nitinspinners.com/wp-content/uploads/2021/07/Nomination-Remuneration-Policy.pdf>

### Remuneration of Directors

Non-Executive/Independent Directors are paid only sitting fees for attending the Board and Committee meetings and Executive Directors are paid Salary, Commission and Perquisites subject to the overall ceilings imposed by the Companies Act, 2013 and other applicable statutes.

The appointment and remuneration of Chairman, Managing Director and Jt. Managing Director are governed as per terms and conditions approved by the Board of Directors and Shareholders on the recommendation of Nomination and Remuneration Committee.



## Corporate Governance Report (Contd..)

**Performance linked incentive & Criteria** – Commission based on profit of the Company.

**Service contract, notice period, severance fee** - The employment of Executive Directors shall terminate automatically in the event of his ceasing to be a Director of the Company in the General Meeting and/or in the event of their resignation as a Director of the Company. No severance fee is payable to Executive Directors. Notice period shall be as per the terms of the policy on appointments of the Company.

### Stock option to Executive Directors - Nil

Non-Executive Directors do not draw any remuneration except sitting fee of Rs. 50,000/- for attending every Board Meeting and Rs. 25,000/- (revised w.e.f. 09.11.2021) for attending every Committee Meeting. Total sitting fee of Rs. 9,50,000/- was paid during the financial year 2021-22. The details of remuneration paid to Non-Executive Directors during the financial year 2021-22 are as under:-

### Details of Sitting Fee paid to Non-Executive Directors

S. No.	Name of Director	Category of Directors	Sitting Fee (Amt. In Lakhs)
1.	Smt. Aditi Mehta	Independent Non-Executive Director	3.60
2.	Dr. R. Chattopadhyay	Independent Non-Executive Director	4.35
3.	Sh. Rohit S Mehta (w.e.f. 30.12.2021)	Independent Non-Executive Director	0.75
4.	Sh. Y. R. Shah (upto 09.12.2021)	Independent Non-Executive Director	0.80

The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees to them for attending Board and Committee meetings. Dr. Rabisankar Chattopadhyay is holding 99 and Sh. Rohit S. Mehta is holding 22000 Equity Shares of the Company; except them no Independent & Non-Executive Directors are holding any share in the Company and no stock option, convertible instrument have been issued by the Company. The Company has not advanced any loan to any Director during the Financial Year 2021-22.

## 5. RISK MANAGEMENT COMMITTEE

Pursuant to Regulation 21 of the "Listing Regulations", the Board of the Company constituted Risk Management Committee at its Meeting held on 03.08.2021 to monitor risk associated to the Company.

### Broad Terms of reference

The terms of reference of the Committee broadly includes formulation and review of detailed risk management policy, design methodology, processes and systems to monitor and evaluate risks associated with the business of the Company, monitor and oversee implementation of the risk management policy.

### Composition

The committee comprises of Sh. Dinesh Nolkha, Managing Director, Dr. R. Chattopadhyay, Independent Director, Sh. Purushottam Maheshwari, CFO of the Company as Members with Sh. Dinesh Nolkha as Chairman of the Committee.

### Meeting and Attendance

The Committee meets as and when required and during the financial year 2021-22, two meetings of the Committee were held on 09.11.2021 and 03.02.2022. Both the meetings were attended by all the members of the Committee.

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

Your company has Stakeholders Relationship Committee constituted by the Board of Director to oversee the services provided to the Investors of the Company.

### Broad Terms of reference

The terms of reference of Stakeholders Relationship Committee are in line with the provisions of regulation 20 read with Part D of Schedule II of the Listing Regulations and also with the provisions of Section 178 of the Companies Act, 2013 which broadly includes the following:-

The committee considers and approves various requests for transmission, sub-division, consolidation, renewal, exchange, issue of new certificates in replacement of old ones, Dematerialization/Rematerialization of Shares, non-receipt of declared Dividend, Annual Reports and to redress the grievances of the investors as may be received from time to time. The Committee evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company; Provide guidance and make recommendations to

## Corporate Governance Report (Contd..)

improve investor service levels for the investors; Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends; Review of adherence to the service standards adopted by the Company; Review of measures taken for effective exercise of voting rights by shareholders.

The Secretarial Department of the Company and Registrar & Transfer Agent, Bigshare Services

Private Ltd., Mumbai attend all the Grievance of the Shareholders and Investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, SCORES etc.

No Stakeholders' Grievance remained un-attended/pending for more than 15 days. There was no complaint pending disposal as on the March 31, 2022. No request for dematerialization of Equity Shares of the Company was pending for approval as at the 31st March, 2022.

### Composition

The composition of Stakeholders Relationship Committee is as under:

S. No.	Name of the Director	Designation	Nature of Directorship
1.	Dr. R. Chattopadhyay (w.e.f. 09.11.2021)	Chairman	Independent & Non-Executive
2.	Sh. Y.R. Shah (upto 08.11.2021)	Chairman	Independent & Non-Executive
3.	Sh. Dinesh Nolkha	Member	Promoter & Executive
4.	Sh. Nitin Nolkha	Member	Promoter & Executive

### Meeting and Attendance

The Committee meets as and when required and during the financial year 2021-22, one meeting of the Committee was held on 09.11.2021 and same was attended by all the members of the Committee.

**Compliance Officer:** - Mr. Sudhir Garg, Company Secretary & GM (Legal)

**Designated E-mail for Investors' Grievances** - investorrelations@nitinspinners.com

### Details of Complaints received and status thereof:-

No complaint was received from Investors during the financial year 2021-22 and no complaint was pending at the end of the year.

## 7. General Body Meeting:-

### (i) Location and Time of General Body Meetings:

The details of location, date and time of Annual General Meetings held during last three years are given as under :-

AGM	Date	Time	Place	Special Resolution(s) passed
27th AGM	20.09.2019	3.30 PM	Nitin Spinners Limited 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara -311025	1. Re-appointment of Sh. Dinesh Nolkha, Managing Director 2. Re-appointment of Sh. Yashwantlal Ratil Shah, Independent Director 3. Re-appointment of Smt. Aditi Mehta, Independent Director 4. Re-appointment of Sh. Rabishankar Chattopadhyay, Independent Director
28th AGM	16.09.2020	3.00 PM	Through Video Conference (VC)/ Other Audio Visual Means ("OAVM") hosted at Nitin Spinners Limited 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara -311025	Nil

## Corporate Governance Report (Contd..)

AGM	Date	Time	Place	Special Resolution(s) passed
29th AGM	16.09.2021	3.00 PM	Through Video Conference (VC)/ Other Audio Visual Means ("OAVM") hosted at Nitin Spinners Limited 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara -311025	<ol style="list-style-type: none"> <li>1. Re-appointment of Sh. Ratan Lal Nolkha, Executive Chairman.</li> <li>2. Re-appointment of Sh. Nitin Nolakha, Jt. Managing Director</li> </ol>

During the financial year 2021-22, no resolution has been passed through Postal Ballot. Also, no business proposed at the ensuing Annual General Meeting requires passing through postal ballot.

### 8. INDEPENDENT DIRECTORS' MEETING

Pursuant to the Regulation 25(3) of the Listing Regulations, a meeting of the Independent Directors was held on August 03, 2021 without the attendance of Non-Independent Directors and members of management to inter-alia to:

- Review the performance of Non Independent Directors and the Board of Directors as a whole;
- Review the performance of the Chairman of the Company taking into account the views of the Executive and Non Executive Directors;
- Assess the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

### 9. OTHER DISCLOSURES:

#### Details of Compliances:-

The Company has complied with all the applicable requirements of the Listing Regulations as well as SEBI regulations and guidelines. During the last three years, no penalties/strictures were imposed / passed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets.

#### Related Party Transactions:-

All the related party transactions are entered on arm's length basis and in the ordinary course of business. The Company has complied with all the applicable provisions of the Companies Act, 2013 and Listing Regulations in this regard. There were no materially significant transactions with related parties during the financial year. Suitable disclosure as required

by the Ind AS 24 has been made in the notes to the Financial Statements. Pursuant to regulation 23 of the Listing Regulations, all the related party transactions are disclosed to Stock Exchanges on half yearly basis. The Board has approved a policy for related party transactions which has been uploaded on the Company's website under the link <https://nitinspinners.com/wp-content/uploads/2022/01/Related-Party-Policy.pdf>

#### Code of Conduct:-

The Board of the Company has laid down a Code of Conduct for all Board members and Senior Management of the Company. The Company is committed to conduct its business in accordance with the pertinent laws, rules and regulations and with the highest standards of business ethics.

The code of conduct for Directors and Senior Management as approved by the Board of Directors has been placed on the website of the Company under the link <https://nitinspinners.com/wp-content/uploads/2021/07/Code-of-Conduct-for-Directors.pdf> All Board members and senior management personnel have affirmed compliance with the code of conduct during the year under review. In this regard, certificate of Managing Director is given at the end of this report.

#### Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders

In compliance with the SEBI (Prohibition of Insider Trading) Regulation, 2015 the Company has instituted a comprehensive code of conduct for Regulating, Monitoring & Reporting Trading in shares of the Company by designated and connected persons. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while trading in shares of the Company and cautions them on consequences of violations. The Company follows closure of trading window prior to the publication of price sensitive information. The Company has been informing the directors, senior management personnel and other persons covered under the code and advise them not to trade in Company's securities during the closure of trading window period.

## Corporate Governance Report (Contd..)

### Compliance with Regulation 34(3) of Listing Regulations

In accordance with the provisions of Regulation 34(3) read with Schedule V Para C Sub clause (10) (i) of the Listing Regulations, the Company has obtained a certificate from Practicing Company Secretary confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed with the report.

### Whistle Blower Policy/Vigil Mechanism:-

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Audit Committee is committed to ensure fraud-free work environment and to this end the Committee has laid down a Whistle Blower Policy providing a platform to all the Directors, employee, other stakeholders and they can report any suspected or confirmed incident of fraud/misconduct. The policy also provides for adequate safeguard against victimization. This policy is applicable to all the directors, employees, other stakeholders of the Company and it is posted on the website of the Company under the link <https://nitinspinners.com/wp-content/uploads/2021/07/VIGIL-MECHANISM.pdf>. It provides for direct access to the Chairperson of audit committee in appropriate or exceptional cases. No employee was denied access to the Audit Committee.

During the year under review, there was no instance of fraud and no whistle blower event was reported.

### Prohibition of Sexual Harassment of Women

The Company has in place a Policy for prevention of sexual harassment and constituted internal complaints committee in line with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints regarding sexual harassment at workplace.

The committee meet from time to time and informed that no complaint was pending at the beginning and end of the year and no complaint of sexual harassment of women has been received during the financial year 2021-22.

### Familiarization Programme for Independent Directors:-

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of

appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction program on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director.

Further, the Directors are regularly updated with amendments in the provisions of the Companies Act, 2013, Listing Regulations, other applicable SEBI Regulations etc. Besides these Directors are updated on continuous basis in respect of Related Party Transactions, Audit and Auditors and they are periodically meeting with the senior management of the Company.

The details of familiarization programme for Independent Directors is available at the website of the Company under the link <https://nitinspinners.com/wp-content/uploads/2022/02/FAMILIARIZATION-PROGRAMS-2021-22..pdf>

### Loans and Advances

The Company has not made any loan advances to firms/companies in which Directors of the Company are interested.

### Compliance Confirmation

It is confirmed that the Company has complied with the requirements prescribed under Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

### Discretionary Requirements

The Company has complied with all the mandatory requirements of the Listing Regulations and adoptions of discretionary requirements as provided in the Part -E of Schedule - II under regulation 27(1) Listing Regulations are as under:-

- (i) Reporting of Internal Auditors directly to Audit Committee.
- (ii) Modified opinion(s) in Audit Report –Moved towards regime of financial statement with unmodified audit opinion.

During the year the Company has paid total fee of Rs. 13.38 Lakhs to the Statutory Auditors towards Audit Fee and other services.

There are no instances where Board has not accepted the recommendation of any Committee of Board of the Company.

The Company do not have any Subsidiary Company.

## Corporate Governance Report (Contd..)

The details about commodity price risk or foreign exchange risk and hedging activities are given in the Management Discussion and Analysis Report.

### 10. MEANS OF COMMUNICATION

The main channel of communication to shareholders is through Annual Report which inter-alia includes the Board's Report, the Report on Corporate Governance and Audited Financial Statements.

Quarterly financial results are approved by the Board of Directors and submitted to the Stock Exchanges. The Quarterly financial results are published in one prominent English newspaper such as the Business Standard and one/two vernacular language newspapers such as the Rajasthan Patrika/the Dainik Bhaskar and Nafa Nuksan.

The website of the Company [www.nitinspinners.com](http://www.nitinspinners.com) acts as the primary source of information about the Company which inter-alia display the annual/quarterly financial results, official press/news release and Shareholding pattern, of the Company. The same are also displayed on the website of both the Stock Exchanges. The Company ensures that relevant provisions of Regulation 46 of the Listing Regulation are complied with.

Presentations made to institutional investors and analysts during the financial year 2021-22 are available on the website of the Company [www.nitinspinners.com](http://www.nitinspinners.com) and also disseminated to the Stock Exchanges i.e. BSE and NSE.

During the Financial year 2021-22, the Company did not raise any funds through preferential allotment or qualified institutional placement.

### 11. GENERAL SHAREHOLDER INFORMATION

#### Shareholder Information:-

- |           |   |   |
|-----------|---|---|
| <b>A.</b> | Date of AGM & Time & Venue                              | 15th September, 2022 at 3.00 PM IST through Video Conference (VC)/Other Audio Visual Means (OAVM) |
| <b>B.</b> | Date of Book Closure                                    | 09.09.2022 to 15.09.2022<br>(Both the days Inclusive)   |
| <b>C.</b> | Dividend Payment date                                   | Within 30 days from the date of AGM.  |
| <b>D.</b> | Financial Year  | April 1, 2022 to March 31, 2023   |
| <b>E.</b> | Tentative Financial Calendar for next Year for 2022-23: |   |

Period	Date of Board Meeting
1st Quarter ending June, 2022	Last week of July, 2022 or first week of August, 2022
2nd Quarter ending September, 2022	Last week of October, 2022 or First week of November, 2022
3rd Quarter ending December, 2022	Last week of January, 2023 or First week of February, 2023
Year ending 31st March, 2023	April/May 2023
AGM for year ending 31st March, 2023	August/September 2023

- F.** Listing on Stock Exchange & Stock Code :

Name of Stock Exchange	Address	Stock Code
BSE Limited	Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001	532698
National Stock Exchange of India Limited	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	NITINSPIN

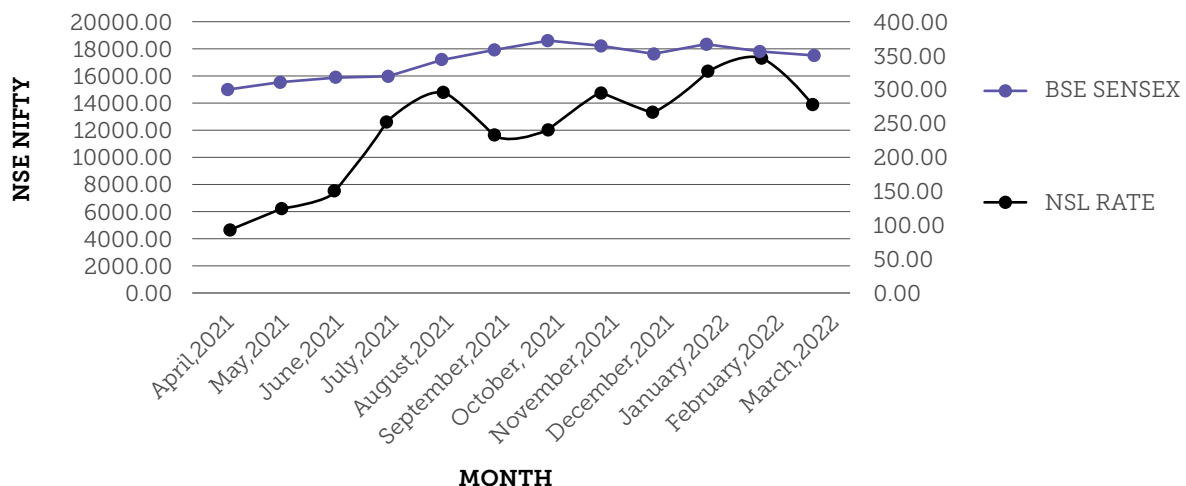
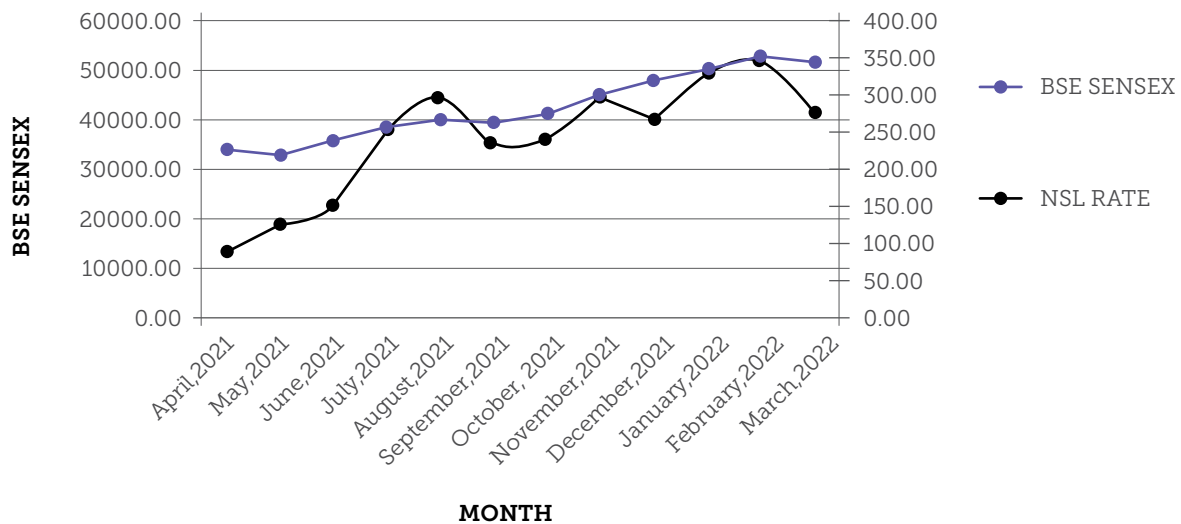
The applicable listing fee for the Financial Year 2022-23 has been paid to both the Stock Exchanges

## Corporate Governance Report (Contd..)

### G. Stock Price Data :

Month	BSE		NSE	
	High	Low	High	Low
April, 2021	90.85	76.60	91.95	77.00
May, 2021	125.00	85.60	125.00	84.60
June, 2021	150.30	114.10	150.50	114.50
July, 2021	252.55	142.00	252.00	142.00
August, 2021	295.00	186.15	295.00	185.20
September, 2021	235.00	185.75	232.50	185.90
October, 2021	239.55	206.20	240.85	201.45
November, 2021	295.00	220.05	294.45	220.00
December, 2021	269.00	225.00	267.60	227.05
January, 2022	328.75	255.15	323.90	255.20
February, 2022	345.75	252.00	345.00	250.65
March, 2022	278.90	224.00	277.00	225.00

### H Performance in comparison to Broad based Indices - BSE SENSEX :-





## Corporate Governance Report (Contd..)

### I. Dematerialisation of Share and Liquidity:

The equity shares of the Company are compulsorily traded and settled in dematerialised form under ISIN INE229H01012. The details of Shares under dematerialised and physical mode are as under:-

Particulars	31st March, 2022		31st March, 2021	
	No. of Shares	%	No. of Shares	%
No. of Shares Dematerialised				
- NSDL	4,78,96,555	85.20	4,90,00,821	87.16
- CDSL	83,22,815	14.80	72,18,549	12.84
No. of Shares in Physical Mode	630	0.00	630	0.00
Total	5,62,20,000	100.00	5,62,20,000	100.00

### J. Outstanding GDRs/ADRs/Warrants Etc. Nil

### K. Registrar & Share Transfer Agent:-

The Bigshare Services Private Limited is the Registrar and Share Transfer Agent (RTA) of the Company. The Shareholders / Investors are requested to contact for all correspondence / queries at the following address:-

M/s Bigshare Services Private Limited

Unit : Nitin Spinners Limited  
 Address : Office No S6-2, 6th floor Pinnacle Business Park,  
 Next to Ahura Centre, Mahakali Caves Road,  
 Andheri (East) Mumbai – 400093 (Maharashtra)  
 Phone No. : 022-62638200  
 Fax No. : 022-62638299  
 Email : investor@bigshareonline.com  
 Web Site : <http://www.bigshareonline.com>

### Share Transfer System

The SEBI vide PR No. 12/2019 dated 27th March, 2019 mandated that w.e.f. 01st April, 2019 no request for effecting transfer of securities shall be processed unless shares are held in DEMAT form however this is not applicable on transmission or transposition of securities. Accordingly, no request for transfer of shares in physical form was received by the Company. The cases of transmission & transposition of shares in physical form is processed and completed by Bigshare Services Private Ltd., Mumbai within a period of 15 days from the date of receipt thereof provided all the documents are in order and after taking necessary approvals from the Company. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing regulations, a practicing Company Secretary audits the System of Transfer and a Certificate to that effect is issued.

### L. Distribution of Shareholding as on 31st March, 2022:

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% to Shares
Up to 500	33819	87.8872	3588242	6.3825
501 to 1,000	2183	5.6731	1768384	3.1455
1,001 to 2,000	1114	2.8950	1708178	3.0384
2,001 to 3,000	441	1.1460	1136633	2.0218
3,001 to 4,000	191	0.4964	680796	1.2109
4,001 to 5,000	173	0.4496	818769	1.4564
5,001 to 10,000	288	0.7484	2141811	3.8097
10,001 & above	271	0.7043	44377187	78.9348
<b>Total</b>	<b>38480</b>	<b>100</b>	<b>56220000</b>	<b>100</b>



## Corporate Governance Report (Contd..)

### M. Category wise Shareholding

Particulars	31st March, 2022		31st March, 2021	
	No. of Shares	%	No. of Shares	%
Promoters and Promoters' Group	3,16,25,000	56.25	3,15,80,000	56.17
Public				
-Institutional	53,16,080	9.46	59,21,343	10.53
-Others	1,92,78,920	34.29	1,87,18,657	33.30
Total	<b>5,62,20,000</b>	<b>100.00</b>	5,62,20,000	100.00

### N. Credit Ratings of the Company

During the year 2021-22, Brickwork Ratings India Pvt. Ltd. and CARE has reviewed the ratings of Bank Loan facilities of the Company and following are credit ratings given by them :-

Facilities	Rating Agency	Current Year Rating	Previous Year Rating
Long term Rating - Term Loan & Working Capital (Fund Based)	Brickwork	BWR A (BWR A) Outlook – Stable	BWR A (BWR A) Outlook – Negative
	Care	CARE A Outlook – Stable	NA
Short Term Ratings (Non Fund based)	Brickwork	BWR A1 (BWR A One)	BWR A1 (BWR A One)
	Care	CARE A1	NA

### O. Plant Location & Address for Correspondence

(a) Plant Locations	(i) 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara (Rajasthan) PIN – 311025
	(ii) Chittor –Kota NH-27, Village – Bhanwaria Kalan, Tehsil-Begun, Distt. - Chittorgarh (Rajasthan) PIN – 312023
(b) Registered office and address for correspondence	16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara – 311025 (Rajasthan) Phone : 01482-286110 to 286113 Fax No. : 01482-286117 & 286114 E-Mail : nsl@nitinspinners.com Website – <a href="http://www.nitinspinners.com">www.nitinspinners.com</a>

For and on Behalf of the Board of Directors

Place : Hamirgarh, Bhilwara  
Date : 06th August, 2022

**RATAN LAL NOLKHA**  
Chairman  
(DIN – 00060746)

**Registered Office :**  
16-17 KM Stone, Chittor Road,  
Hamirgarh, Bhilwara - 311025

# Compliance Certificate

{Under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015}

- A) We have reviewed financial statements and cash flow statement for the year ended 31st March, 2022 and that to the best of our knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (2) 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 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control system of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take rectify these deficiencies.
- D) We have indicated to the auditors and the Audit Committee:
- (1) Significant changes in internal control over financial reporting during the year;
  - (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**(P. Maheshwari)**  
Chief Financial Officer  
PAN – ABAPM8005C

**(Dinesh Nolkha)**  
Managing Director  
DIN - 00054658

Place: Hamirgarh, Bhilwara  
Date: 12th May, 2022

---

## Declaration as required under regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

All Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management of Nitin Spinners Limited for the Financial Year ended 31st March, 2022.

Place : Hamirgarh, Bhilwara  
Date : 12th May, 2022

**DINESH NOLKHA**  
Managing Director  
(DIN – 00054658)

# Auditor's Certificate on compliance of Corporate Governance

To  
The Members of **Nitin Spinners Limited**

We have examined the compliance of conditions of Corporate Governance by Nitin Spinners Limited for the year ended 31st March, 2022 as stipulated in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

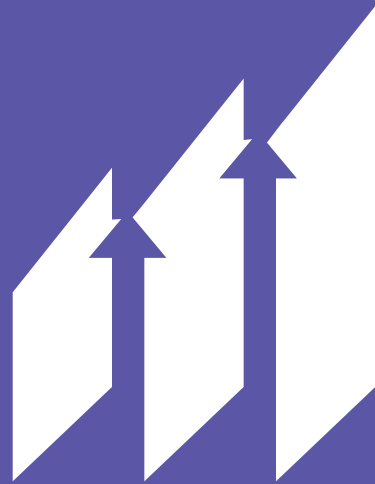
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

For **Kalani & Company**  
Chartered Accountants  
Firm Regn. No 000722C

**S.P. Jhanwar**  
Partner  
Membership No. - 074414

Place: Hamirgarh, Bhilwara  
Date: 06-08-2022



# Financial Statements

# Independent Auditors' Report

To  
The Members of  
**Nitin Spinners Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying Financial statements of Nitin Spinners Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by Companies Act, 2013 ("the Act") in the manner so required, and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As" ) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in our audit
<p><b>1. Valuation of Inventories</b></p> <ul style="list-style-type: none"> <li>The net carrying value of inventory as on 31st March, 2022 is 22.27 % of Total Assets of the company.</li> <li>Sales in the industry can be extremely volatile with consumer demand changing significantly (Seasonal) based on current trends. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value.</li> </ul> <p>Hence, we determined the valuation of inventories as a key audit matter.</p> <p><u>Related Disclosures:</u></p> <p>Please refer to Note-6 for details of the accounting policies of inventories and Note-6 of Notes to Financial Statements for relevant disclosures of inventories.</p>	<p><u>Our audit procedure:</u></p> <ul style="list-style-type: none"> <li>We have performed the Inventory physical stock count on sample basis. We performed inventory counts at location, which is selected based on financial significance and risk and we performed the following procedures at each site:               <ol style="list-style-type: none"> <li>Selected a sample of inventory items and compared the quantities we counted to the quantities recorded.</li> <li>Observed a sample of management's inventory count procedures to assess compliance with Company's policy, and</li> <li>Made inquiries regarding obsolete inventory items and inspected the condition of items counted.</li> </ol> </li> <li>We have also evaluated a selection of controls over inventory existence across the company.</li> </ul>

Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>Examining the Company's historical trading patterns of inventory sold at full price and inventory sold below full price, together with the related margins achieved for each product lines in order to gain comfort that stock has not been sold below cost.</li> <li>Evaluating the rationality of the inventory policies such as the policy of inventory valuation and provision for obsolescence and understanding whether the valuation of inventory was performed in accordance with the Company's policy.</li> <li>Analyzing the inventory aging report and net realizable value of inventories.</li> <li>Inspecting the post period sales situation and evaluating the net realizable value of measurement applied on aging inventory in order to verify the evaluation accuracy of the estimated inventory allowance by the Company and</li> <li>Assessing whether the disclosures of provision for inventory valuation are appropriate.</li> </ul>
<p><b>2. Trade Receivables</b></p> <ul style="list-style-type: none"> <li>The recoverability of trade receivables and the level of provisions for doubtful debts are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business.</li> <li>At 31st March, 2022 the trade receivables balances (net of provisions) consist of 13.19 % of the total amount of assets. Accordingly, we determined audit of trade receivables as the key audit matter.</li> </ul> <p><u>Related Disclosures:</u> Please refer to Note-7 of Notes to Financial Statements for relevant disclosures of inventories.</p>	<p><u>Our Audit Procedure:</u></p> <ul style="list-style-type: none"> <li>Assessed the design and implementation of key controls around the monitoring of recoverability.</li> <li>Discussed with the management regarding the level and ageing of trade receivables, along with the consistency and appropriateness of receivables provisioning by assessing recoverability with reference to amount received in respect of trade receivables.</li> <li>In addition, we have considered the company's previous experience of bad debt exposure and the individual counter-party credit risk.</li> <li>Tested these balances on a sample basis through agreement to post period end invoicing and cash receipt.</li> <li>The accuracy and completeness was verified through, analytical reviews and balance confirmation.</li> <li>Analyzing the aging schedule of trade receivable, past collection records, industry boom and concentration of customers' credit risk.</li> </ul>
<p><b>3. Revenue Recognition</b></p> <ul style="list-style-type: none"> <li>Revenue is an important measure used to evaluate the performance of the Company. There is a risk that the revenue is presented for amounts higher than what has been actually generated by the Company. Consequently, we considered revenue recognition to be a significant key audit matter.</li> </ul> <p><u>Related Disclosures:</u> Please refer to Note-11 of the accounting policies for details of the accounting policies of revenue recognition and Note-37 of Notes to Financial Statements.</p>	<p><u>Our audit procedure:</u></p> <ul style="list-style-type: none"> <li>Assessing the design, implementation existence and operating effectiveness of internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions.</li> <li>Inspecting underlying documentation for any book entries which were considered to be material on a sample basis.</li> <li>Inspecting the key terms and conditions of agreements with major customers on a sample basis to assess if there were any terms and conditions that may have affected the accounting treatment of the revenue recognition.</li> <li>The accuracy and completeness of revenue was verified through, cut-off test, analytical reviews and balance confirmation.</li> </ul>

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The other information as identified above is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to

liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are responsible for overseeing the Company's financial reporting process.

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

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

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

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



events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and according to the information & explanation given to us, we give in the Annexure-1, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by section 143(3) of the Act, based on our audit we report:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

- (b) In our opinion and to the best of our information and according to the explanations given to us, proper books of accounts 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 (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- (e) On the basis of written representations received from the directors, as on March 31, 2022 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2022, from being appointed as a director in terms of section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to Annexure 'II' to this report.
- (g) With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note No.30)
  - ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in Note-34 to the financial statements
- (a) The final dividend proposed in the previous year, declared and paid by Company during the year is in accordance with section 123 of the act, as applicable
- (b) The interim dividend declared and paid by the company during the year and until the date of this report is in compliance with section 123 of the act
- (c) The Board of Director of the company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

**For Kalani & Company**  
Chartered Accountants  
Firm Regn. No 000722C

**S.P. Jhanwar**  
Partner  
Membership No.- 074414

Place: Bhilwara  
Date: 12<sup>th</sup> May, 2022

## Annexure - I to the Independent Auditors' Report

Annexure referred to in Para 1 of Report on Other Legal and Regulatory requirements of Independent Auditor's Report to the members of the **Nitin Spinners Limited, Bhilwara** on the standalone financial statements for the year ended 31st March, 2022 we report that,

- (i) In respect of Property, Plant & Equipment and Intangible Assets
- a) (A) The Company has maintained proper records showing full particulars including quantitative details and the situation of its Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of its Intangible Assets.
- b) The Company has a regular program of physical verification of its property, plant & equipment by which these are verified in a phased manner by the management during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) According to information and explanation given to us and based on our verification, the title deeds of immovable properties are held in the name of the company.
- d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- e) Based on the information and explanation given to us and as represented by the person those charge with governance, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) a) As per the information and explanation given to us, the Company's management has carried out physical verification of inventory at reasonable intervals and in our opinion the coverage and procedure of such verification by the management is appropriate. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Based on the information and explanation given to us and as represented by the person those charge with governance, we have not noticed any material variations in the quarterly returns or statements filed by the company with such banks or financial institutions with the books of account of the Company.
- (iii) During the year, the company has not made any investments in, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.
- a) No loans and advances in the nature of loan given by the company, hence clause 3(iii)(a) is not applicable
- b) Company has not made any investments, no guarantees provided, no security given hence clause 3(iii)(b) is not applicable
- c) No loans and advances in the nature of loan given by the company, hence reporting under clause 3(iii)(c) is not applicable.
- d) No loans and advances in the nature of loan given by the company, hence reporting under clause 3(iii)(d) is not applicable.
- e) No loans and advances in the nature of loan given by the company, hence reporting under clause 3(iii)(e) is not applicable.
- f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment hence reporting under clause 3(iii)(f) is not applicable,
- (iv) The Company has not granted any loans, made any investments, given any guarantees, and security, secured or unsecured to any companies, firms, limited liability partnership or other parties covered in register maintained under Section 189 of the Companies Act, 2013. Hence the clause 3 (iv) of the Order is not applicable.
- (v) The company has not accepted deposits from the public within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the rules made there under, hence this clause is not applicable.
- (vi) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act read with Companies (Cost Records & Audit) Rules, 2014 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and there are no undisputed statutory dues outstanding

as on 31st March 2022 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no unpaid dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess under dispute except as per details given hereunder :

Sr. No.	Name of the Statue	Nature of Dues	Gross Amount Involved ( in Lacs)	Amount Deposited under Protest ( in Lacs)	Amount not deposited ( in Lacs)	Period to which it relates	Forum where dispute is pending
1.	Central Excise	Excise duty & Penalty	9.25	9.25	-	2006-07	High Court, Jodhpur
2.	Customs	Redemption Fine	0.50	-	0.50	2009-10	CESTAT, Ahmedabad
3.	SGST & CGST	Penalty	27.82	-	27.82	2018-19	Jt. Commissioner (A), Ajmer
4.	SGST & CGST	Penalty	28.67	-	28.67	2019-20	Jt. Commissioner (A), Ajmer
<b>Total</b>			<b>66.24</b>	<b>9.25</b>	<b>56.99</b>		

(viii) There are no transactions which are not recorded in the books of accounts. Hence reporting under the clause 3 (viii) of the CARO is not applicable.

(ix) (a) The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender accordingly reporting under clause 3(ix)(a) is not applicable.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) (a) The Company has not raised money by way of Initial Public Offer / further public offer (including debt instruments), hence reporting under clause (x) of 'the Order' is not applicable.

(b) In our opinion and according to the information and explanations given to us, the company has utilized funds raised by way of preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) for the purposes for which they were raised.

(xi) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no material fraud by the company or any fraud on the company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.

- (xii) The company is not a Nidhi Company, hence reporting under clause xii(a), xii(b), xii(c) of 'the Order' is not applicable.
- (xiii) According to information and explanation given to us and based on our examination, section 177 of 'the Act' is not applicable to company and company has complied with the provisions of Section 188 of 'the Act' w.r.t. transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the company issued till date, for the period under audit.
- (xv) According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.
- (xvi) (a) Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).
- (b) Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (COR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, accordingly this clause is not applicable.
- (d) Company does not have CIC as part of the Group.
- (xvii) Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) (a) There is no unspent amount in respect of CSR accordingly this clause is not applicable.
- (b) There is no unspent amount in respect of CSR accordingly this clause is not applicable.
- (xxi) Since this report is in relation to stand alone financial statements accordingly this clause is not applicable.

**For Kalani & Company**  
Chartered Accountants  
Firm Regn. No 000722C

**S.P. Jhanwar**  
Partner

Place: Bhilwara  
Date: 12<sup>th</sup> May, 2022

Membership No.- 074414



## Annexure "II" forming part of Independent Auditor's Report

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

We have audited the internal financial controls with reference to financial statements of Nitin Spinners Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

### **Inherent Limitations of Internal financial controls with reference to financial statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial

controls with reference to Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal financial controls with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Kalani & Company**  
Chartered Accountants  
Firm Regn. No 000722C

Place: Bhilwara  
Date: 12<sup>th</sup> May, 2022

**S.P. Jhanwar**  
Partner  
Membership No.- 074414



# Balance Sheet

 as at 31<sup>st</sup> March 2022

(₹ in Lacs)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	2	101063.08	105852.02
(b) Capital Work-in-Progress	3	8.25	156.78
(c) Other Intangible Assets	4	124.30	120.74
(d) Other Non-Current Assets	5	5814.24	1167.98
<b>Total Non-Current Assets (A)</b>		<b>107009.87</b>	<b>107297.52</b>
<b>(2) Current Assets</b>			
(a) Inventories	6	40629.23	35468.40
(b) Financial Assets			
(i) Trade Receivables	7	24068.12	16584.58
(ii) Cash and Cash Equivalents	8	25.96	2.06
(iii) Other Bank Balances	8A	35.11	82.76
(iv) Other Financial Assets	9	232.14	91.83
(c) Other Current Assets	10	10436.35	8104.92
<b>Total Current Assets (B)</b>		<b>75426.91</b>	<b>60334.55</b>
<b>Total Assets (A+B)</b>		<b>182436.78</b>	<b>167632.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	11	5622.00	5622.00
(b) Other Equity	12	81958.70	50712.75
<b>Total Equity (A)</b>		<b>87580.70</b>	<b>56334.75</b>
<b>(2) LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
Borrowing	13	40718.68	56389.36
(b) Provisions	14	494.29	1971.18
(c) Deferred Tax Liabilities (Net)	15	12512.15	5350.95
<b>Total Non-Current Liabilities (B)</b>		<b>53725.12</b>	<b>63711.49</b>
<b>(3) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowing	16	28136.09	39774.01
(ii) Lease Liabilities	17	-	3.69
(iii) Trade Payables	18		
- Due to Micro & Small Enterprises		254.24	148.04
- Due to Others		7955.07	5328.83
(iv) Other Financial Liabilities	19	1767.52	1109.28
(b) Other Current Liabilities	20	1781.11	705.74
(c) Provisions	21	54.90	159.41
(d) Current Tax Liabilities (Net)	22	1182.03	356.83
<b>Total Current Liabilities (C)</b>		<b>41130.96</b>	<b>47585.83</b>
<b>Total Liabilities (B+C)</b>		<b>94856.08</b>	<b>111297.32</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>182436.78</b>	<b>167632.07</b>
Significant Accounting Policies	1		
Disclosures and Additional Informations	30-54		

In terms of our report of even date

For and on behalf of the Board

**For KALANI & CO.**

 Chartered Accountants  
 (Firm Reg. no. 000722C)

**R. L. NOLKHA**

 Chairman  
 (DIN - 00060746)

**DINESH NOLKHA**

 Managing Director  
 (DIN - 00054658)

**S. P. JHANWAR**

 Partner  
 M. No. 074414

**P. MAHESHWARI**

 Chief Financial Officer  
 (PAN - ABAPM8005C)

**SUDHIR GARG**

 Company Secretary & General Manager (Legal)  
 (PAN - ABBPK6037F)

Place : Hamirgarh, Bhilwara

Date : 12.05.2022

# Statement of Profit & Loss

for the year ended 31<sup>st</sup> March 2022

(₹ in Lacs)

Particulars	Note No.	For the Year ended 31st March 2022	For the Year ended 31st March 2021
I Revenue from Operations	23	269231.73	162441.22
II Other Income	24	184.02	189.93
III <b>Total Income (I+II)</b>		<b>269415.75</b>	<b>162631.15</b>
IV <b>Expenses</b>			
Cost of Materials Consumed	25	157034.97	97190.93
Purchase of Stock in Trade		-	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	(9413.70)	(2560.42)
Employee Benefits Expense	27	13272.98	11177.71
Finance Cost	28	5533.72	6160.71
Depreciation & Amortisation Expense	2,4	8740.39	9103.28
Other Expenses	29	43175.83	30907.08
<b>Total Expenses (IV)</b>		<b>218344.19</b>	<b>151979.29</b>
V <b>Profit before Exceptional Items &amp; Tax</b>		<b>51071.56</b>	<b>10651.86</b>
VI Exceptional Items		(454.38)	-
VII <b>Profit/(Loss) Before Tax (V-VI)</b>		<b>50617.18</b>	<b>10651.86</b>
VIII <b>Tax Expenses</b>			
1. Current Tax (Net of MAT Credit)		16774.35	-
2. Earlier Year		-	-
3. Deferred Tax		1229.06	3764.67
IX <b>Profit/(Loss) for the period from Continuing Operations After Tax (VII-VIII)</b>		<b>32613.77</b>	<b>6887.19</b>
X <b>Other Comprehensive Income</b>			
1 <b>Items that will not be reclassified to Profit or Loss (Net of Tax)</b>			
Remeasurements of Defined Benefit Plans		347.94	129.39
Income tax related to Defined Benefit Plans		(121.59)	(45.21)
		<b>226.35</b>	<b>84.18</b>
2 <b>Items that will be reclassified to profit or loss (Net of Tax)</b>			
Change in Fair Value of Effective portion of Cash Flow Hedge		142.06	456.98
Tax on Cash Flow Hedge Recognised during the year		(49.64)	(159.60)
		<b>92.42</b>	<b>297.38</b>
<b>Total Other Comprehensive Income for the year, net of Income Tax</b>		<b>318.77</b>	<b>381.56</b>
XI <b>Total Comprehensive Income for the period (IX+X)</b>		<b>32932.54</b>	<b>7268.75</b>
XII <b>Earning Per Equity Share (Rupees Per Share)</b>			
(1) Basic		58.01	12.25
(2) Diluted		58.01	12.25
Significant Accounting Policies	1		
Disclosures and Additional Informations	30-54		

In terms of our report of even date

For and on behalf of the Board

**For KALANI & CO.**  
Chartered Accountants  
(Firm Reg. no. 000722C )

**R. L. NOLKHA**  
Chairman  
(DIN - 00060746)

**DINESH NOLKHA**  
Managing Director  
(DIN - 00054658)

**S. P. JHANWAR**  
Partner  
M. No. 074414

**P. MAHESHWARI**  
Chief Financial Officer  
(PAN - ABAPM8005C)

**SUDHIR GARG**  
Company Secretary & General Manager (Legal)  
(PAN - ABBPK6037F)

Place : Hamirgarh, Bhilwara  
Date : 12.05.2022

# Cash Flow Statement

 for the year ended 31<sup>st</sup> March 2022

(₹ in Lacs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit Before Tax &amp; Exceptional Items</b>	51071.56	10651.86
<b>Adjustments for :-</b>		
Depreciation	8740.39	9103.28
Interest Expenditure	5533.72	6160.71
Loss/ (Profit) on sale of Property, Plant & Equipment	(20.17)	(45.52)
Actuarial (loss)/gains on Defined Benefit Obligations	347.94	129.39
<b>Operating Profit Before Working Capital Changes (1)</b>	<b>65673.44</b>	<b>25999.72</b>
<b>Adjustments for :-</b>		
Decrease/( Increase) Inventories	(5160.83)	(8998.12)
Decrease/ (Increase) Trade Receivables	(7483.54)	(1306.31)
Decrease/ (Increase) Other Current & Non Current Assets	(2580.72)	(677.07)
Increase/(Decrease) Current & Non Current Liabilities	2880.96	2077.89
<b>Total Adjustments (2)</b>	<b>(12344.13)</b>	<b>(8903.61)</b>
<b>Cash Generated from Operations (1-2)</b>	<b>53329.31</b>	<b>17096.11</b>
Less : Taxes Paid	10186.01	1609.07
<b>Net Cash Generated from Operating Activities (A)</b>	<b>43143.30</b>	<b>15487.04</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Property, Plant & Equipment	(5045.53)	(1189.33)
Capital WIP including Capital Advances	(4201.26)	(52.95)
Receipts of Capital Subsidy	26.94	23.06
Sale of Property, Plant & Equipment	629.37	96.93
<b>Net Cash Generated/(Used) in Investing Activities (B)</b>	<b>(8590.48)</b>	<b>(1122.29)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from /(Repayment) of Short Term Borrowing (Net)	(9331.67)	(333.59)
Proceeds from Long Term Borrowings	-	218.00
Repayment of Long Term Borrowings	(17976.93)	(7761.52)
Interest Paid	(5533.72)	(6160.71)
Dividend Paid	(1686.60)	(337.32)
<b>Net Cash Generated/(Used) From Financing Activities (C)</b>	<b>(34528.92)</b>	<b>(14375.14)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>23.90</b>	<b>(10.39)</b>
Opening Balance of Cash & Cash Equivalent	2.06	12.45
<b>Closing Balance of Cash &amp; Cash Equivalent</b>	<b>25.96</b>	<b>2.06</b>

In terms of our report of even date

For and on behalf of the Board

**For KALANI & CO.**

 Chartered Accountants  
(Firm Reg. no. 000722C )

**R. L. NOLKHA**

 Chairman  
(DIN - 00060746)

**DINESH NOLKHA**

 Managing Director  
(DIN - 00054658)

**S. P. JHANWAR**

 Partner  
M. No. 074414

**P. MAHESHWARI**

 Chief Financial Officer  
(PAN - ABAPM8005C)

**SUDHIR GARG**

 Company Secretary & General Manager (Legal)  
(PAN - ABBPK6037F)

Place : Hamirgarh, Bhilwara

Date : 12.05.2022

# Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2022

## A. Equity Share Capital

(₹ in Lacs)

Particulars	As at 31st March 2022		As at 31st March 2021	
	Number	(₹ In Lacs)	Number	(₹ In Lacs)
<b>Equity Share Capital</b>				
<b>Balance at the beginning of reporting period</b>	56220000	5622.00	56220000	5622.00
Changes in equity share capital due to prior period errors	-	-	-	-
Restate balance at the beginning of current reporting period	56220000	5622.00	56220000	5622.00
Changes in equity share capital during the current year	-	-	-	-
<b>Balance at the end of the reporting period</b>	<b>56220000</b>	<b>5622.00</b>	<b>56220000</b>	<b>5622.00</b>

## B. Other Equity

(₹ in Lacs)

Particulars	Reserves & Surplus				Other Reserves	Total
	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earning	Number	
<b>Balance as at 1st April 2020</b>	<b>150.00</b>	<b>13727.12</b>	<b>5000.00</b>	<b>25168.77</b>	<b>(264.57)</b>	<b>43781.32</b>
Changes in accounting Policy or prior period errors	-	-	-	-	-	-
<b>Restate balance as at 1st April 2020</b>	<b>150.00</b>	<b>13727.12</b>	<b>5000.00</b>	<b>25168.77</b>	<b>(264.57)</b>	<b>43781.32</b>
Profit for the year ended 31st March 2021				6887.19		6887.19
<b>Other Comprehensive Income/ (Expenses) (OCI)</b>						
(a) Remeasurement of Defined Benefit obligation (Net of Tax)				84.18		84.18
(b) Adjustment for Effective portion of Cash Flow Hedge (Net of Tax)					297.38	297.38
Dividends (Including Dividend Tax)				(337.32)		(337.32)
Securities Premium						-
Transfer to General Reserve						-
<b>Balance as at 31st March 2021</b>	<b>150.00</b>	<b>13727.12</b>	<b>5000.00</b>	<b>31802.82</b>	<b>32.81</b>	<b>50712.75</b>
Changes in accounting Policy or prior period errors	-	-	-	-	-	-
<b>Restate balance as at 31st March 2021</b>	<b>150.00</b>	<b>13727.12</b>	<b>5000.00</b>	<b>31802.82</b>	<b>32.81</b>	<b>50712.75</b>
Profit for the year ended 31st March 2022				32613.77		32613.77
<b>Other Comprehensive Income/ (Expenses) (OCI)</b>						
(a) Remeasurement of Defined Benefit obligation (Net of Tax)				226.36		226.36
(b) Adjustment for Effective portion of Cash Flow Hedge (Net of Tax)					92.42	92.42
Dividends (Including Dividend Tax)				(1686.60)		(1686.60)
Security Premium						-
Transfer to General Reserve						-
<b>Balance as at 31st March 2022</b>	<b>150.00</b>	<b>13727.12</b>	<b>5000.00</b>	<b>62956.35</b>	<b>125.23</b>	<b>81958.70</b>

In terms of our report of even date

For and on behalf of the Board

**For KALANI & CO.**

Chartered Accountants  
(Firm Reg. no. 000722C )

**S. P. JHANWAR**

Partner  
M. No. 074414

**R. L. NOLKHA**

Chairman  
(DIN - 00060746)

**P. MAHESHWARI**

Chief Financial Officer  
(PAN - ABAPM8005C)

**DINESH NOLKHA**

Managing Director  
(DIN - 00054658)

**SUDHIR GARG**

Company Secretary & General Manager (Legal)  
(PAN - ABBPK6037F)

Place : Hamirgarh, Bhilwara

Date : 12.05.2022

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note No. 1 - Company Information and Significant Accounting Policies

### A. Corporate Overview

Nitin Spinners Limited (the "Company"), incorporated on 15th October, 1992, is a Company domiciled in India and limited by shares (CIN: L17111RJ1992PLC006987). The address of the Company's Registered Office is 16-17 Km. Stone, Chittor Road, Hamirgarh, Distt. Bhilwara - (Rajasthan 311025). The company is engaged in manufacturing of Cotton and Blended Yarn, Knitted Fabrics and Woven Fabrics. The company is listed at National Stock Exchange of India Limited and at BSE Limited.

### B. Basis of Preparation

These Separate Financial Statements are prepared on Going Concern basis following Accrual basis of accounting and comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent applicable), applicable provisions of the Companies Act, 1956.

#### 1. Basis of Measurement/Use of Estimates

- (i) The Financial Statements are prepared on Accrual basis under the Historical Cost convention except certain Financial Assets and Liabilities (including Derivatives instruments) that are measured at fair value.

Historical Cost is generally based on the Fair Value of the consideration given in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a Liability in an orderly transaction between market participants at the measurement date.

- (ii) The preparation of Financial Statements requires judgments, estimates and assumptions that affect the reported amount of Assets and Liabilities, disclosure of Contingent Liabilities on the date of the Financial Statements and the reported amount of Revenues and Expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

#### 2. Functional and Presentation Currency

These Financial Statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in

INR has been rounded to the nearest lacs (up to two decimals), except as stated otherwise.

### 3. Current and Non-Current classification

The Company presents Assets and Liabilities in the Balance Sheet based on Current/Non-Current classification.

An Asset is Current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as Non-Current.

A Liability is Current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other Liabilities are classified as Non-Current.

Deferred Tax Assets/Liabilities are classified as Non-Current.

### C. Significant Accounting Policies

A summary of the significant Accounting Policies applied in the preparation of the Financial Statements are as given below. These Accounting Policies have been applied consistently to all periods presented in the Financial Statements.

#### 1. Property, Plant & Equipment

##### 1.1. Initial Recognition and Measurement

An item of Property, Plant and Equipment is recognized as an Asset if and only if it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

Items of Property, Plant and Equipment are measured at Cost less Accumulated Depreciation/ Amortization and Accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset, inclusive of non-refundable taxes & duties, to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are recognized separately.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of Property, Plant and Equipment are capitalized.

## 1.2. Subsequent Costs

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in Statement of Profit or Loss as and when incurred.

## 1.3. Derecognition

Property, Plant and Equipment are derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and Losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment, and are recognized in the Statement of Profit and Loss.

## 1.4. Depreciation

Assets are depreciated using straight line method over the estimated useful life of the asset as specified in Part "C" of Schedule II of Companies Act, 2013 except for Plant & Machinery (other than Laboratory Equipments, Fire Fighting Equipments and Tools & Equipments) whose estimated useful life is taken as 13 years (Triple Shift) after retaining residual life of 5% of original cost. Assets residual values and useful lives are reviewed at each financial year end considering the physical condition of the assets.

Depreciation on additions to/deductions from Property, Plant & Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Where it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably, subsequent expenditure on a PPE along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

In circumstance, where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the same period.

## 2. Capital Work-in-Progress

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets.

## 3. Intangible Assets and Intangible Assets under Development

### 3.1. Initial recognition and measurement

An Intangible Asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.

## 3.2. Subsequent Costs

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

## 3.3. Derecognition

An Intangible Asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and Losses on disposal of an item of Intangible Assets are determined by comparing the proceeds from disposal with the carrying amount of Intangible Assets and are recognized in the Statement of Profit and Loss.

## 3.4. Amortization

Intangible Assets having definite life is amortized on straight line method in their useful lives. Useful life of Computer Software is estimated at five years.

## 4. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction, exploration, development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of:

- (a) interest expense calculated using the effective interest method as described in Ind AS 109 – 'Financial Instruments',
- (b) finance charges in respect of finance leases recognized in accordance with Ind AS 116 – 'Leases',
- (c) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and,

- (d) other costs that an entity incurs in connection with the borrowing of funds. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to revenue as and when incurred.

## 5. Statement of Cash Flows

Cash Flow Statement has been prepared in accordance with the Indirect method prescribed in Ind AS 7 'Statement of Cash Flows'.

## 6. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts other than those capitalized as Property, Plant and Equipment are carried as inventory.

The diminution in the value of obsolete, unserviceable and surplus stores & spares is ascertained on review and provided for.

## 7. Cash and Cash Equivalent

Cash and cash equivalent in the Balance Sheet comprises Cash at Banks, Cash on Hand and Short-Term Deposits with an original maturity of three months or less, which are subject to insignificant risk of change in value.

## 8. Government Grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. When the government grant relates to an asset, the asset is disclosed by deducting that grant in arriving at the carrying amount of that asset. Government grants that compensate the Company for expenses incurred are recognised in the statement of profit and loss,



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

as income or deduction from the relevant expense, on a systematic basis in the periods in which the expense is recognised.

## 9. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent Liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a Contingent Liability, unless the probability of outflow of economic benefits is remote. Contingent Liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent Assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of

judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

## 10. Foreign Currency Transactions and Translation

Transactions in foreign currencies are initially recorded at the functional currency rates at the date the transaction first qualifies for recognition.

Monetary Assets and Liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss in the year in which it arises.

Non-monetary items are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## 11. Revenue Recognition

The Company derives revenues primarily from business of textiles. Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. Refer Note 1 "Significant Accounting Policies," in the Company's 2018 Annual Report for the policies in effect for Revenue prior to April 1, 2018.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Ind AS 115 moves away from the "transfer of risk and rewards" approach and introduces a new "transfer of control" approach delivered through the new five-step model described as follows:

1. Identify the contract with a customer.
2. Identify the separate performance obligations in the contract.
3. Determine the transaction Price.
4. Allocate the transaction price to the separate performance obligations.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

5. Recognize revenue when (or as) each performance obligation is satisfied.

At contract inception, an entity assesses the goods or services promised in a contract with a customer and identify each performance obligation promised to be transferred to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The company classifies the right to consideration in exchange for deliverables as either a receivable or as a contract asset. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as contract asset and is classified as a financial asset for these cases a right to consideration is unconditional upon passage of time. This would result in the timing of revenue recognition being different from the time of billing the customers.

Company classifies amount received as advance from customers against sales as contract liability.

Trade receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

## 11.1 Sale of Goods

Revenue from the sale of goods is recognised upon transfer of control of the goods have passed to the buyer, which generally coincides with dispatch. Revenue from export sales are recognised on shipment basis. Revenue from the sale of goods is measured at an amount that reflects the consideration we expect to receive in exchange for those products (i.e. the transaction price). The Company presents revenues net of indirect taxes, returns and allowances, trade discounts and volume rebates in its Statement of Profit and Loss. Inter-divisional sales comprising of sale of power for captive consumption is reduced from gross turnover in arriving Net Turnover.

## 11.2 Rendering of services

Revenue from Job work services is recognised based on the services rendered in accordance with the terms of contracts.

## 11.3 Other Export Benefit

Export benefits are accounted for in the year of export at net market realizable value.

## 11.4 Other Income

Revenue from transactions or events that do not arise from a contract with a customer not in the scope of Ind AS 115 are continue to be recognised in accordance with the other standards. Such Income includes Interest and Dividend income which are dealt with in Ind AS 109 and Rental income to be accounted as per Ind AS 116.

## 11.5 Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

## 11.6 Dividend

Dividend Income is recognized when the company's right to receive is established which generally occurs when the shareholders approve the dividend.

## 11.7 Income other than Interest and Dividend

Other income is recognized in the Statement of Profit and Loss when increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

## 12. Employee Benefits

### 12.1. Short Term Benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are booked as an expense as the related service is provided.

A liability is recognized for the amount expected to be paid under performance related pay if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## 12.2. Post-Employment Benefits

Employee Benefit that are payable after the completion of employment are Post-Employment Benefit (other than termination benefit). These are of two types:

### 12.2.1. Defined Contribution Plans

Defined contribution Plans are those plans in which an entity pays fixed contribution into separate entities and will have no legal or constructive obligation to pay further amounts. Provident Fund and Family Pension Funds are Defined Contribution Plans in which company pays a fixed contribution and will have no further obligation.

### 12.2.2. Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Company pays Gratuity as per provisions of the Gratuity Act, 1972. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a liability to the company, the present value of liability is recognized as provision for employee benefit. Any actuarial gains or losses in respect of gratuity are recognised in OCI in the period in which they arise.

## 12.3 Other Long-Term Employee Benefits

Benefits under the Company's Leave Encashment Scheme constitute other long-term employee benefits. The Company's net obligation in respect of leave encashment is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that

benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise.

## 13. Income Taxes

Income Tax Expense comprises Current and Deferred Tax. Current Tax Expense is recognised in Statement of Profit and Loss A/c except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which it is recognised in OCI or Equity.

Current Tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years. Current Income Taxes are recognized under 'Income Tax payable' net of payments on account, or under 'Tax receivables' where there is a debit balance.

Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred Tax Assets and Liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle Current Tax Liabilities and Assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred Tax is recognized in Statement of Profit and Loss except to the extent that it relates to items recognized directly in OCI or Equity, in which case it is recognized in OCI or Equity.

A Deferred Tax Asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

benefit will be realised. Minimum Alternate Tax credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

Additional Income Taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

## 14. Leases:

### 14.1 Recognition:

The Company as a Lessee

The Company's Lease Asset classes primarily consist of Leases for Land and Buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets

are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### 14.2 Accounting for

#### 14.2.1 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are recognized as an expense over the lease term.

#### 14.2.2 Finance Lease

Leases of Property, Plant and Equipment where the Company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance leases are recorded as Property, Plant and Equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

the reduction of the outstanding liability.

## 15. Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount (higher of its fair value less costs to disposal or its value in use) is estimated.

An impairment loss is recognized if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount which is only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 16. Dividends

Dividends and Interim dividends payable to a Company's shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively.

## 17. Material Prior Period Errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest prior period presented, the opening balances of assets, liabilities and equity for the earliest prior period presented, are restated.

## 18. Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

## 19. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### a. Financial Assets

#### Initial recognition and measurement

All financial assets are recognized initially at fair value plus or minus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset.

#### Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, the credit quality of the instrument improves then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

In respect of Trade receivables or any financial asset that result from transactions that are within the scope of Ind AS 115, company follows 'simplified approach' for recognition of impairment loss allowance within the scope of Ind AS 115, if they do not contain a significant financing component. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## b. Financial Liabilities

### Initial recognition and measurement

All Financial Liabilities are recognized at fair value and in case of loans, net of directly attributable transaction cost. Fees of recurring nature are directly recognized in the Statement of Profit and Loss as finance cost.

### Subsequent Measurement

Financial Liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any material transaction that are any integral part of the EIR. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value of the instrument.

### Derecognition

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

## c. Derivative Financial Instruments

The Company uses forwards to mitigate the risk of changes in interest rates, exchange rates and commodity prices. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value on the reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken to cash flow hedge reserve through Statement of Other Comprehensive Income.

These are accounted for as follows:

### a) Cash flow hedge

When derivative is designated as a cash flow hedging instrument, the effective

portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the Statement of Profit and Loss. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

### b) Fair Value Hedge

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to Statement of Profit and Loss over the period of maturity.

## 20. CSR Expenditure

Amount spent on CSR activities during the year is charged to Statement of Profit & Loss, if the same is of revenue nature. If the expenditure is of such nature, which may give rise to a capital asset, the same is recognized in the Balance Sheet as "CSR Assets" under respective head of Property, Plant & Equipment.

## D. Major Estimates made in preparing Financial Statements:

### 1. Useful life of Property, Plant and Equipment and Intangible Assets

The estimated useful life of Property, Plant and Equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

Useful life of the assets other than Plant and machinery (except Laboratory Equipments, Fire Fighting Equipments and Tools & Equipments) are in accordance with Schedule II of the Companies Act, 2013.

The Company reviews at the end of each reporting date the useful life of property, plant and equipment, and are adjusted prospectively, if appropriate.

Intangible assets are being amortized on straight line basis over the period of five years.

## 2. Post-Employment Benefit Plans

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

## 3. Provisions and Contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events requires best judgment by management regarding the probability of exposure to potential loss. In case of change in the circumstances the following unforeseeable developments, the likelihood could alter.

## 4. Estimation of uncertainties relating to the Global Health Pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, and inventory. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 2 : Property, Plant and Equipment

Particulars	Gross Carrying Amount		Depreciation/Amortisation		Net Carrying Amount	
	As at 1st April 2021	As at 31st March 2022	As at 1st April 2021	For the Year	As at 31st March 2022	As at 31st March 2021
<b>Tangible Assets</b>						
Free Hold Land	906.59	1529.69	-	-	1529.69	906.59
Lease Hold Land	135.06	-	5.98	0.56	-	129.08
Buildings	31973.82	31755.04	3579.06	999.34	3849.49	28394.76
Plant & Machinery	99320.56	3076.15	26682.97	7114.60	32158.97	72637.59
Electric Installations	3516.16	41.33	1058.68	323.90	1301.01	2457.48
Furniture & Fixtures	1177.03	79.12	243.62	111.92	345.57	933.41
Office Equipments	436.05	23.10	218.72	87.72	306.44	217.33
Vehicles	338.92	288.62	166.52	58.82	179.16	172.40
Right of Use- Building	10.14	-	6.76	3.38	10.14	3.38
<b>Total</b>	<b>137814.33</b>	<b>5001.82</b>	<b>31962.31</b>	<b>8700.24</b>	<b>38150.78</b>	<b>105852.02</b>
<b>Previous Year</b>	<b>136853.11</b>	<b>1183.99</b>	<b>23045.22</b>	<b>9065.39</b>	<b>31962.31</b>	<b>113807.89</b>

(₹ in Lacs)

**2.1** All Property, Plant and Equipments mentioned above (except PPE under CSR and Right of Use - Building) having net block of ₹ 101063.08 Lacs (Previous Year - ₹ 1053589.43 Lacs) are held as security towards Borrowings as specified in Note 13.

**2.2** Deduction in Plant & Machinery include ₹ 26.94 Lacs (Previous Year - ₹ 23.06 Lacs) received as Capital Subsidy from Government of Rajasthan under Rajasthan Investment Promotion Scheme for Installation of Zero Liquid Discharge Effluent Treatment Plant.

**2.3** Details of Property, Plant and Equipment under CSR included in above are as follows:

Particulars	Gross Carrying Amount		Depreciation/Amortisation		Net Carrying Amount	
	As at 1st April 2021	As at 31st March 2022	As at 1st April 2021	For the Year	As at 31st March 2022	As at 31st March 2021
Lease Hold Land	135.06	-	5.98	0.56	6.54	129.08
Building	298.26	-	10.63	2.01	12.64	287.63
Electric Installation	26.42	-	6.11	1.07	7.18	20.31
Furniture & Fixtures	29.45	-	7.26	1.19	8.45	22.19
<b>Total</b>	<b>489.19</b>	<b>489.19</b>	<b>29.98</b>	<b>4.83</b>	<b>34.81</b>	<b>459.21</b>
<b>Previous Year</b>	<b>489.19</b>	<b>489.19</b>	<b>18.68</b>	<b>11.30</b>	<b>29.98</b>	<b>470.51</b>

(₹ in Lacs)

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

2.4 Information regarding Historical cost of Property, Plant and Equipment based on the previous GAAP prior to date of transition to Ind AS is as follows:

Particulars	(₹ in Lacs)								Total	
	Free Hold Land	Lease Hold Land	Buildings	Plant & Machinery	Electric Installation	Furniture & Fixtures	Office Equipments	Vehicles		Right of Use Building
<b>Gross Block as on 1st April 2021</b>	906.59	135.06	34176.54	119348.29	4758.61	1222.48	526.67	391.50	10.14	161475.88
Addition during the year 2021-22	623.10	-	870.40	3076.15	41.33	79.12	23.10	288.62	-	5001.82
Deduction during the year 2021-22	-	(135.06)	(1608.85)	(4711.56)	(286.50)	(34.31)	(0.68)	(72.14)	-	(6849.10)
<b>Total Historical Cost as on 31st March 2022</b>	<b>1529.69</b>	<b>-</b>	<b>33438.09</b>	<b>117712.88</b>	<b>4513.44</b>	<b>1267.29</b>	<b>549.09</b>	<b>607.98</b>	<b>10.14</b>	<b>159628.60</b>

## Note 3 : Capital Work In Progress

Particulars	(₹ in Lacs)					As at 31st March 2022
	As at 1st April 2021	Addition	Deduction/ Adjustments	Capitalised	As at 31st March 2022	
Building	88.04	-	-	88.04	-	-
Electric Installation	0.71	-	-	0.71	-	-
Plant & Machinery	68.03	-	-	68.03	-	-
Pre Operative Expenses	-	-	-	-	-	-
- Legal & Professional Expenses	-	8.25	-	-	-	8.25
<b>Total</b>	<b>156.78</b>	<b>8.25</b>	<b>-</b>	<b>156.78</b>	<b>-</b>	<b>8.25</b>

## 3.1 Ageing of Capital Work in Progress

As at 31st March 2022

Particulars	(₹ in Lacs)					Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total	
Project in Progress	8.25	-	-	-	-	8.25
<b>Total</b>	<b>8.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.25</b>

As at 31st March 2021

Particulars	(₹ in Lacs)					Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total	
Project in Progress	156.78	-	-	-	-	156.78
<b>Total</b>	<b>156.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156.78</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 4 : Other Intangible Assets

Particulars	Gross Carrying Amount		Depreciation/Amortisation		Net Carrying Amount	
	As at 1st April 2021	As at 31st March 2022	As at 1st April 2021	For the Year	As at 31st March 2022	As at 31st March 2021
Computer Software	225.21	268.92	104.47	40.15	144.62	120.74
<b>Total</b>	<b>225.21</b>	<b>268.92</b>	<b>104.47</b>	<b>40.15</b>	<b>144.62</b>	<b>120.74</b>
Previous Year	219.87	225.21	66.58	37.89	104.47	153.29

### 4.1 Information regarding Historical cost of Intangible Assets based on the previous GAAP prior to date of transition to Ind AS is as follows:

Particulars	Computer Software
<b>Gross Block as on 1st April 2021</b>	233.18
Addition during the year 2021-22	43.71
Deduction during the year 2021-22	-
<b>Total Historical Cost as on 31st March 2022</b>	<b>276.89</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Financial Assets

### Note 5 : Other Non Current Assets

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Security Deposits	1216.21	884.92
Deferred Transaction Cost	90.43	125.25
Capital Advances	4507.60	157.81
<b>Total</b>	<b>5814.24</b>	<b>1167.98</b>

## Current Assets

### Note 6 : Inventories

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Raw Material	19333.12	23339.65
Work-In-Process	4696.21	3381.38
Finished Goods	15605.26	7506.39
Stores and Spares	898.96	718.06
Fuel	95.68	522.92
<b>Total</b>	<b>40629.23</b>	<b>35468.40</b>

6.1 Inventory has been valued as per the Accounting Policy

6.2 Raw Material consist of:

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Cotton	18333.07	22182.45
Yarn	156.41	321.75
Polyster & Other Fibers	438.92	573.80
Dyes & Chemical	404.72	261.65
<b>Total</b>	<b>19333.12</b>	<b>23339.65</b>

6.3 Finished Goods consist of:

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Yarn	9004.15	3959.41
Fabric	6117.43	3112.10
Saleable Waste	483.68	434.88
<b>Total</b>	<b>15605.26</b>	<b>7506.39</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 7 : Current Financial Assets - Trade Receivables

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Secured		
Considered Good	-	-
Unsecured		
Considered Good	24068.12	16152.00
Receivables having Significant Increase in Credit Risks	121.23	865.16
Less : - Provision for Doubtful Debts	121.23	432.58
<b>Net</b>	<b>-</b>	<b>432.58</b>
<b>Total</b>	<b>24068.12</b>	<b>16584.58</b>

Note 7.1 Ageing and other information has been depicted in Note no. 36

## Note 8 : Current Financial Assets - Cash and Cash Equivalents

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Cash in Hand	4.05	1.95
Balance with Banks in :		
Current Accounts	21.91	0.11
<b>Total</b>	<b>25.96</b>	<b>2.06</b>

## Note 8A : Current Financial Assets - Bank Balances other than Cash and Cash Equivalents

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Unclaimed Dividend Accounts	32.21	31.36
Fixed Deposits	2.90	51.40
<b>Total</b>	<b>35.11</b>	<b>82.76</b>

1) The yearwise details of Unclaimed Dividend is given in Note No. 41.

2) Fixed Deposits are maturing within 12 months and pledged with bank as margin against opening of Letter of Credit.

## Note 9 : Other Current Financial Assets

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Derivative Assets (Net)	192.51	50.45
Advances to Employees	39.63	41.38
<b>Total</b>	<b>232.14</b>	<b>91.83</b>

## Note 10 : Other Current Assets

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Advances to Suppliers	1687.22	1165.99
Employees Benefit Fund*	228.67	-
Prepaid Expenses	272.25	188.42
Amount Receivable under TUFS /RIPS	3382.79	4133.79
Income Tax Refundable	116.04	118.26
VAT & GST Credit Receivables	212.78	1725.41

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 10 : Other Current Assets (Contd..)

(₹ in Lacs)

Particulars	As at	As at
	31st March 2022	31st March 2021
GST Refundable	1192.78	523.69
Other Receivables**	3343.82	249.36
<b>Total</b>	<b>10436.35</b>	<b>8104.92</b>

\*Denoted fund contributed in excess of Net Liabilities to Gratuity Fund Refer Note No. 35

\*\*Other receivables includes amount of Export Incentive and Duty drawback etc.

## Equity & Liabilities

### Equity

## Note 11 : Share Capital

(₹ in Lacs)

Particulars	As at	As at
	31st March 2022	31st March 2021
<b>Authorised :</b>		
6,00,00,000 (Previous Year : 6,00,00,000) Equity Shares of Rs. 10/- Each	6000.00	6000.00
<b>Total</b>	<b>6000.00</b>	<b>6000.00</b>
<b>Issued, Subscribed &amp; Fully Paid up :</b>		
5,62,20,000 (Previous Year : 5,62,20,000) Equity Shares of Rs. 10/- Each fully paid up ranking pari passu	5622.00	5622.00
<b>Total</b>	<b>5622.00</b>	<b>5622.00</b>

### a. Details of Shareholders holding more than 5% Shares are as under :

Name of Shareholders	No. of Shares (% of Holding)	No. of Shares (% of Holding)
Redial Trading & Investment Pvt. Ltd.	17895000 (31.83%)	17850000 (31.75%)
Ratan Lal Nolkha	6150000 (10.94%)	6150000 (10.94%)

### b. Reconciliation of the number of Shares outstanding is set out below :

Particulars	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	56220000	56220000
Add : Shares issued during the year	-	-
Equity Shares at the end of the year	56220000	56220000

### c. The company has not issued, any Shares pursuant to contract without payment being received in Cash, Bonus Shares and has not bought back any Shares

### d. Terms and Rights attached to Equity Shares:

The company has only one class of Equity Shares having a par value of ₹10/- per share. The holders of the equity shares are entitled to dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 11 : Share Capital (Contd..)

### e. Shares held by promoters at the end of year

S. No.	Promoter Name	No. of Shares		% of Total Shares	% Change during the year
		As on 31st March 2022	As on 31st March 2021		
1	Ratan Lal Nolkha	6150000	6150000	10.94%	-
2	Dinesh Nolkha	1153000	1153000	2.05%	-
3	Nitin Nolkha	1850000	1850000	3.29%	-
4	Sushila Devi Nolkha	1650000	1650000	2.93%	-
5	Ratan Lal Nolkha HUF	1650000	1650000	2.93%	-
6	Krishna Nolkha	270000	270000	0.48%	-
7	Dinesh Nolkha HUF	356000	356000	0.63%	-
8	Ranjeeta Nolkha	190000	190000	0.34%	-
9	Nitin Nolkha HUF	201000	201000	0.36%	-
10	Pratyush Nolkha	260000	260000	0.46%	-
11	Redial Trading and Investment Pvt Ltd	17895000	17850000	31.75%	0.25%

## Note 12 : Other Equity

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Capital Redemption Reserve	150.00	150.00
Securities Premium	13727.12	13727.12
General Reserve	5000.00	5000.00
Other Reserve - Cash Hedge Reserve	125.23	32.81
Retained Earnings	62956.35	31802.82
<b>Total</b>	<b>81958.70</b>	<b>50712.75</b>

### Note 12.1 : Particular of Other Equity

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>a. Capital Redemption Reserve</b>		
Opening Balance	150.00	150.00
Additions during the year	-	-
Deductions during the year	-	-
<b>Net Balance</b>	<b>150.00</b>	<b>150.00</b>
<b>b. Securities Premium</b>		
Opening Balance	13727.12	13727.12
Additions during the year	-	-
Deductions during the year	-	-
<b>Net Balance</b>	<b>13727.12</b>	<b>13727.12</b>
<b>c. General Reserve</b>		
Opening Balance	5000.00	5000.00
Additions during the year	-	-
Deductions during the year	-	-
<b>Net Balance</b>	<b>5000.00</b>	<b>5000.00</b>
<b>d. Other Reserve - Cash Hedge Reserve</b>		
Opening Balance	32.81	(264.57)
Additions during the year	92.42	297.38
Deduction during the year	-	-
<b>Net Balance</b>	<b>125.23</b>	<b>32.81</b>



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 12.1 : Particular of Other Equity (Contd..)

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>e. Retained Earnings</b>		
Opening Balance	31802.82	25168.77
Add: Profit for the year	32613.77	6887.19
Less : Allocation / Appropriation		
Dividend Paid	843.30	337.32
Interim Dividend Paid	843.30	-
Transfer to General Reserve	-	-
Actuarial Loss/(Gain)	(226.36)	(84.18)
<b>Sub Total</b>	<b>1460.24</b>	<b>253.14</b>
<b>Net Balance</b>	<b>62956.35</b>	<b>31802.82</b>
<b>Total (a to e)</b>	<b>81958.70</b>	<b>50712.75</b>

## Note 13 : Non Current Financial Liabilities - Borrowings

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Term Loans from Banks</b>		
Term Loans from Banks	49858.68	67835.61
Less: Taken to Short Term Borrowings being Current Maturities	9140.00	11446.25
<b>Total</b>	<b>40718.68</b>	<b>56389.36</b>

### 13.1 Security

Term Loans of ₹ 49858.68 Lacs (Previous Year ₹ 67835.61 Lacs) are secured by way of first charge on all immovable and movable Property, Plant & Equipment except Right of Use - Building (both present and future) situated at Hamirgarh unit & Begun unit and site situated at Badi ka Kheda Tehsil Begun dist. Chittorgarh or anywhere else ranking pari-passu with all term lenders and second charge on entire current assets i.e. Stock of Raw Material, Consumable Stores, Semi Finished & Finished Goods & Book Debts of Hamirgarh unit & Begun unit and or anywhere else ranking pari-passu with all term lenders. The term loans are also secured by way of personal guarantee of three executive directors.

### 13.2 Terms of Repayment

Term loans of ₹ 9889.99 Lacs in 11 variable quarterly instalments upto Dec. 2024 and ₹ 39968.69 Lacs in 21 variable quarterly instalments upto June 2027.

## Note 14 : Non Current Liabilities - Provisions

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for Employee Benefits	494.29	1971.18
<b>Total</b>	<b>494.29</b>	<b>1971.18</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 15 : Deferred Tax Liability

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>A. Deferred Tax Liability</b>		
- Depreciation	12561.23	12078.32
- Deferred Transaction Cost	31.60	43.77
	<b>12592.83</b>	<b>12122.09</b>
<b>B. Deferred Tax Assets</b>		
- Employee Benefits Expenses & Others	328.28	940.81
- Unabsorbed Depreciation	-	145.78
	<b>328.28</b>	<b>1086.59</b>
<b>Total (A-B)</b>	<b>12264.55</b>	<b>11035.50</b>
Less : MAT Credit Entitlement	-	5760.92
Add : Deferred Tax related to OCI	247.60	76.37
<b>C. Deferred Tax Liability (Net)</b>	<b>12512.15</b>	<b>5350.95</b>

Note 15.1 Further information has been disclosed in Note No. 31

## Note 16 : Current Financial Liabilities - Borrowings

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Working Capital Loan from Banks (Secured)	18996.09	28227.76
Loan from Corporates (Unsecured)	-	100.00
Current Maturities of Long Term Debt	9140.00	11446.25
<b>Total</b>	<b>28136.09</b>	<b>39774.01</b>

### 16.1 Security

Working capital loans of ₹18996.09 Lacs (PY ₹ 28227.76 Lacs) are secured by way of first charge on entire current assets i.e. Stock of Raw Material, Consumable Stores, Semi Finished & Finished Goods & Book Debts of Hamirgarh unit & Begun unit or anywhere else ranking pari-passu with all lenders and second charge on all immovable and movable Property, Plant & Equipment except Right of Use - Building (both present and future) situated at Hamirgarh unit & Begun unit and site situated at Badi ka Kheda Tehsil Begun dist Chittorgarh or anywhere else ranking pari-passu with all lenders. The working capital loans are also secured by way of personal guarantee of three executive directors.

### 16.2 Terms of Repayment

Working Capital Loans and Loans from Corporates are repayable on Demand.

## Note 17 : Current Financial Liabilities - Lease Liabilities

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Lease Liability - Building	-	3.69
<b>Total</b>	<b>-</b>	<b>3.69</b>

## Note 18 : Current Financial Liabilities - Trade Payable

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>For Goods Purchased</b>		
Due to Micro & Small Enterprises	249.65	148.04
Due to Others	2175.45	1885.66

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 18 : Current Financial Liabilities - Trade Payable (Contd..)

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>For Services &amp; Others</b>		
Due to Micro & Small Enterprises	4.59	-
Due to Others	5779.62	3443.17
<b>Total</b>	<b>8209.31</b>	<b>5476.87</b>

### Note 18.1 Ageing of Trade Payable has been depicted in Note no. 42

### Note 18.2 Disclosure related to Micro, Small & Medium Enterprises

- Trade Payables include Principal amount ₹ 254.24 Lacs (Previous Year ₹ 148.04 Lacs) and Interest amount ₹ Nil (Previous Year ₹ Nil) due to Micro, Small & Medium Enterprises as at 31st March 2022. The figures have been disclosed on the basis of informations received from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and/or based on the information available with the company. Further, no interest during the year has been paid or payable under the provisions of the MSMED Act, 2006.
- No Interest has been paid under section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.
- No Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.
- No Interest accrued and remaining unpaid at the end of each accountig year.
- No further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

## Note 19 : Other Current Financial Liability

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Retention Money	5.12	-
Unclaimed Dividend	32.21	31.36
For Capital Goods		
Due to Micro & Small Enterprises	-	-
Due to Others	-	0.40
Security Deposit	23.39	16.99
Other Payable	1706.80	1060.53
<b>Total</b>	<b>1767.52</b>	<b>1109.28</b>

## Note 20 : Other Current Liabilities

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Advances From Customers	1398.85	433.00
Statutory Dues	316.50	235.00
Security Deposit	65.76	37.74
<b>Total</b>	<b>1781.11</b>	<b>705.74</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 21 : Current Liabilities - Provisions

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for Employee Benefits	54.90	159.41
<b>Total</b>	<b>54.90</b>	<b>159.41</b>

## Note 22 : Current Tax Liabilities

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Provision for Tax (Net)	1182.03	356.83
<b>Total</b>	<b>1182.03</b>	<b>356.83</b>

## Note 23 : Revenue from Operations

(₹ in Lacs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>Revenue from Contract with Customers</b>		
<b>Sale of Products</b>		
Yarn	185343.97	108136.66
Fabrics	67665.28	42230.57
Others	13385.73	10497.44
<b>Sale of Services</b>	2.19	0.89
<b>Other</b>		
Foreign Exchange Fluctuation (Net)	2834.56	1575.66
<b>Total</b>	<b>269231.73</b>	<b>162441.22</b>

## Note 24 : Other Income

(₹ in Lacs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
Interest Received	110.55	115.40
Insurance Charge Collected	42.43	22.61
Profit on Sale of PPE	20.17	45.52
Miscellaneous Income	10.87	6.40
<b>Total</b>	<b>184.02</b>	<b>189.93</b>

## Note 25 : Cost of Material Consumed

(₹ in Lacs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>Inventory at Opening</b>		
Cotton	22182.45	16513.06
Yarn	321.75	68.01
Polyester & Other Fibers	573.80	147.91
Dyes & Chemical	261.65	294.51
<b>Total</b>	<b>23339.65</b>	<b>17023.49</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 25 : Cost of Material Consumed (Contd..)

(₹ in Lacs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>Add : Purchases &amp; Expenses</b>		
Cotton	144469.44	96890.09
Yarn	2264.76	1822.51
Polyster & Other Fibers	3431.41	3097.30
Dyes & Chemical	2832.18	1697.19
Grey Fabric	30.65	-
<b>Total</b>	<b>153028.44</b>	<b>103507.09</b>
<b>Total</b>	<b>176368.09</b>	<b>120530.58</b>
<b>Less : Inventory at Closing</b>		
Cotton	18333.07	22182.45
Yarn	156.41	321.75
Polyster & Other Fibers	438.92	573.80
Dyes & Chemical	404.72	261.65
<b>Total</b>	<b>19333.12</b>	<b>23339.65</b>
<b>Total Consumption</b>	<b>157034.97</b>	<b>97190.93</b>

## Note 26 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

(₹ in Lacs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>Inventory at Closing</b>		
Finished Goods	15605.26	7506.39
Work-In-Progress	4696.21	3381.38
<b>Total</b>	<b>20301.47</b>	<b>10887.77</b>
<b>Inventory at Opening</b>		
Finished Goods	7506.39	5364.74
Work-In-Progress	3381.38	2962.61
<b>Total</b>	<b>10887.77</b>	<b>8327.35</b>
<b>(Increase)/Decrease in Inventories</b>	<b>(9413.70)</b>	<b>(2560.42)</b>

## Note 27 : Employee Benefits Expense

(₹ in Lacs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
Salary & Wages	11095.71	9291.94
Contribution to Providend and Other Funds	1032.87	825.29
Gratuity and Leave Encashment Expenses	598.28	497.10
Staff Welfare Expenses	546.12	563.38
<b>Total</b>	<b>13272.98</b>	<b>11177.71</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 28 : Finance Cost

Particulars	(₹ in Lacs)	
	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>Interest Expenses</b>		
On Term Loans	2549.52	3270.37
On Others	2470.62	2453.52
	<b>5020.14</b>	<b>5723.89</b>
Other Borrowing Costs	513.58	436.82
<b>Total</b>	<b>5533.72</b>	<b>6160.71</b>

## Note 29 : Other Expenses

Particulars	(₹ in Lacs)	
	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>(a) Manufacturing Expenses</b>		
Power & Fuel	20907.09	17857.12
Stores & Spares Consumed	4784.12	3429.58
Packing Expenses	2537.45	1891.76
Job Charges Paid	29.82	0.37
Repair to :-		
Machinery	149.85	110.86
Building	72.79	61.71
Others	75.98	67.61
<b>Total (a)</b>	<b>28557.10</b>	<b>23419.01</b>
<b>(b) Administrative and Other Expenses</b>		
Printing & Stationary	33.04	33.85
Postage & Communication	29.27	26.34
Subscription & Membership Fees	3.55	4.03
Director's Sitting Fee	9.50	8.40
Rates & Taxes	43.09	19.49
Listing Expenses	7.17	7.81
Travelling Exp - Directors	5.86	1.43
- Others	27.24	11.75
Vehicle & Conveyance	170.22	146.56
Charity & Donation	6.32	6.24
CSR Expenditure	152.84	143.16
Legal & Professional	80.14	22.44
Insurance Charges	352.64	278.75
Payment to Auditors	13.38	12.36
Cost Audit Fees	0.75	0.50
Advertisement	13.20	9.23
Software Expenses	86.46	45.52
Provision for Doubtful Debts & Bad Debts Written Off (Refer Note No 36)	320.09	432.58
Miscellaneous Expenses	14.91	8.12
<b>Total (b)</b>	<b>1369.67</b>	<b>1218.56</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 29 : Other Expenses (Contd..)

(₹ in Lacs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>(c) Selling and Distribution Expenses</b>		
Sales Promotion Expenses	79.05	59.63
Sales Commission	2835.14	1866.32
Rebate, Claims & Discount	186.61	224.90
Freight & Forwarding	10140.85	4115.38
Hank Yarn Obligation Expenses	7.41	3.28
<b>Total (c)</b>	<b>13249.06</b>	<b>6269.51</b>
<b>Total (a to c)</b>	<b>43175.83</b>	<b>30907.08</b>

## Note 29.1 : Payment to Auditors

(₹ in Lacs)

Particulars	Current Year	Previous Year
Audit Fees	11.00	10.00
Tax Audit Fees	1.50	1.00
Legal Services	0.50	1.00
Certification & Others	0.06	0.06
Reimbursement of Expenses	0.32	0.30
<b>Total</b>	<b>13.38</b>	<b>12.36</b>

## Note 30 – Disclosure as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

### 1 Contingent Liabilities not provided for :

(₹ in Lacs)

Sr. No.	Particulars	Current Year	Previous Year
<b>a.</b>	<b>Disputed Liabilities not acknowledged as debts</b>		
	- Cenvat, Goods & Service Tax and Custom Duty	66.24	9.75
<b>b.</b>	<b>Guarantees</b>		
	- Outstanding Bank Guarantees	218.76	219.89
<b>c.</b>	<b>Other money for which the company is contingently liable</b>		
	- Bills negotiated with Banks (against goods sold under Letter of Credit)	22122.61	10539.01

### 2 Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) ₹ 52804.22 Lacs (Previous Year – ₹ 2277.66 Lacs).
- The company has an outstanding export obligation of approx. ₹ 6609.12 lacs (Previous Year – ₹ 69947.97 lacs), in respect of capital goods imported at the concessional rate of duty under Export Promotion Capital Goods Scheme, which is required to be met at different dates on or before **31<sup>st</sup> March, 2027** and export obligation of approx. ₹ 7498.06 lacs (Previous Year – ₹ Nil), in respect of cotton imported at the concessional rate of duty under Advance Licence scheme, which is required to be met at different dates on or before **25<sup>th</sup> August, 2023**.



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 31 - Disclosure as per Ind AS 12 "Income Taxes"

### (a) Reconciliation of Tax Expense and the accounting profit multiplied by India's Tax Rate:

(₹ in Lacs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
Accounting Profit Before Tax	50617.18	10651.86
<b>Tax using Company's Domestic Tax Rate for respective year</b>	<b>17687.67</b>	<b>3722.19</b>
Effect of Non-Deductible Expenses	142.45	22.63
Effect of Depreciation	173.29	19.85
Tax in respect of Earlier Years	-	-
<b>Tax as per Statement of Profit &amp; Loss</b>	<b>18003.41</b>	<b>3764.67</b>

### (b) Income Tax Expense

#### i. Income Tax recognized in Statement of Profit and Loss

(₹ in Lacs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
<b>[A] Current Tax expense:</b>		
Current Year (Net of MAT Credit)	16774.35	-
Adjustment for Earlier Years	-	-
<b>Total [A]</b>	<b>16774.35</b>	<b>-</b>
<b>[B] Deferred Tax Expense</b>		
Origination and Reversal of Temporary Differences	1229.06	3764.67
<b>Total [B]</b>	<b>1229.06</b>	<b>3764.67</b>
<b>Total Income Tax [A+B]</b>	<b>18003.41</b>	<b>3764.67</b>

#### ii. Income Tax recognized in Other Comprehensive Income

(₹ in Lacs)

Particulars	For the Year Ended 31st March 2022			For the Year Ended 31st March 2021		
	Before Tax	Tax Expenses	Net of Tax	Before Tax	Tax Expenses	Net of Tax
Net Actuarial Gain/ (Losses) on Defined Benefit Plans	347.94	121.59	226.35	129.39	45.21	84.18
Net Gain/ (Losses) on Cash Flow Hedge	142.06	49.64	92.42	456.98	159.60	297.38

### (c) Movement in Deferred tax Asset/ Liability

(₹ in Lacs)

Particulars	As at 1st April 2021	Recognised in P&L A/c	As at 31st March 2022
<b>(A) Deferred Tax Assets</b>			
- Provision for Employee Benefit and Others	940.81	(612.53)	328.28
- Unabsorbed Depreciation	145.78	(145.78)	-
<b>Total (A)</b>	<b>1086.59</b>	<b>(758.32)</b>	<b>328.28</b>
<b>(B) Deferred Tax Liability</b>			
- Impact of Temporary Difference in Depreciation	12078.32	482.91	12561.23
- Amortised Value of Financial Assets	43.77	(12.17)	31.60
<b>Total (B)</b>	<b>12122.09</b>	<b>470.74</b>	<b>12592.83</b>
<b>Net Deferred Tax Liability (B-A)</b>	<b>11035.50</b>	<b>1229.06</b>	<b>12264.55</b>
Add: Deferred Tax Related to OCI	76.37	171.23	247.60
	<b>11111.87</b>	<b>1400.29</b>	<b>12512.15</b>
Less: Liability net off through MAT Credit Entitlement	5760.92	(5760.92)	-
<b>Net Deferred Tax Liability</b>	<b>5350.95</b>	<b>7161.21</b>	<b>12512.15</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 31 - Disclosure as per Ind AS 12 "Income Taxes" (Contd..)

### (d) MAT Credit Available to the company in future:

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021	Available Till
F.Y. 2013-14	-	190.29	F.Y. 2023-24
F.Y. 2014-15	-	1126.56	F.Y. 2024-25
F.Y. 2015-16	-	582.47	F.Y. 2025-26
F.Y. 2016-17	-	1272.59	F.Y. 2026-27
F.Y. 2019-20	-	629.56	F.Y. 2034-35
F.Y. 2020-21	-	1959.45	F.Y. 2035-36
<b>Total</b>	<b>-</b>	<b>5760.92</b>	

### (e) Reconciliation of Deferred Tax Liabilities (Net)

(₹ in Lacs)

Particulars	2021-22	2020-21
<b>Deferred tax liability at the beginning of the year</b>	<b>5350.95</b>	<b>3327.38</b>
Deferred tax (Income)/ Expenses during the year recognised in the Statement of Profit and Loss	1229.06	3764.67
Deferred tax (Income)/ Expenses during the year recognised in Other Comprehensive Income	171.23	218.35
Liability net off through MAT Credit Entitlement	(5760.92)	1959.45
<b>Deferred tax liability at the end of the year</b>	<b>12512.15</b>	<b>5350.95</b>

## Note No.32 - Disclosure as per Ind AS 24 "Related Party Disclosures"

### 1. List of Related Parties with whom Transactions have taken place:-

#### (a) Key Management Personnel:-

Name of Person	Relationship
Shri R.L. Nolkha	Chairman
Shri Dinesh Nolkha	Managing Director
Shri Nitin Nolkha	Joint Managing Director
Shri P. Maheshwari	Chief Financial Officer
Shri Sudhir Garg	Company Secretary & GM (Legal)

#### (b) Relatives:-

Name of Person	Relationship
Smt. Sushila Devi Nolkha	Wife of Shri R.L. Nolkha, Mother of Shri Dinesh Nolkha & Shri Nitin Nolkha
Ratan Lal Nolkha HUF	Director's Relative
Krishna Nolkha	Director's Relative
Dinesh Nolkha HUF	Director's Relative
Ranjeeta Nolkha	Director's Relative
Nitin Nolkha HUF	Director's Relative
Pratyush Nolkha	Director's Relative
Smt. Pallavi Rohit Mehta	Independent Director's Relative

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note No.32 - Disclosure as per Ind AS 24 "Related Party Disclosures" (Contd..)

### (c) Related Companies:-

Name of Person	Relationship
Redial Trading & Investment Pvt. Ltd.	Holding 31.83% shares of the Company

### (d) Independent Directors

Name of Person	Relationship
Shri Y. R. Shah	Independent Director (till 09th Dec. 2021)
Shri R. Chattopadhyay	Independent Director
Shri Rohit Swadheen Mehta	Independent Director (since 30th Dec. 2021)
Smt. Aditi Mehta	Independent Director

### (e) Other Related Parties

Name of Person	Relationship
Nitin Spinners Employees Gratuity Trust Fund	Promoter Directors are Trustee
Shri Sojiram Ratanlal Nolkha Charitable Trust	Promoter Directors are Trustee

## 2. Details of Transactions with related parties:-

S. No.	Nature of Transactions	(₹ in Lacs)	
		For the Year Ended 31st March 2022	For the Year ended 31st March 2021
<b>1</b>	<b>Rent Payment</b>		
	Smt. Sushila Devi Nolkha	3.00	3.00
	Redial Trading & Investment Pvt. Ltd.	0.90	0.90
<b>2</b>	<b>Remuneration to Key Managerial Person</b>		
	Shri R. L. Nolkha	321.49	133.33
	Shri Dinesh Nolkha	312.20	125.33
	Shri Nitin Nolkha	303.68	118.47
	Shri P. Maheshwari	35.93	31.44
	Shri Sudhir Garg	23.48	20.14
<b>3</b>	<b>Interest Payment on Unsecured Loans</b>		
	Redial Trading & Investment Pvt. Ltd.	6.33	8.06
<b>4</b>	<b>Sitting Fees Paid to Independent Director</b>		
	Lt. Shri Y. R. Shah	0.80	2.40
	Shri R. Chattopadhyay	4.35	3.00
	Shri Rohit Swadheen Mehta	0.75	-
	Smt. Aditi Mehta	3.60	3.00
<b>5</b>	<b>Dividend Paid</b>		
	Shri R. L. Nolkha	184.50	36.90
	Shri Dinesh Nolkha	34.59	6.92
	Shri Nitin Nolkha	55.50	11.07
	Smt. Sushila Devi Nolkha	49.50	9.90
	Shri R. L. Nolkha HUF	49.50	9.78
	Smt. Krishna Nolkha	8.10	1.59
	Shri Dinesh Nolkha HUF	10.68	2.13
	Smt. Ranjeeta Nolkha	5.70	1.08
	Shri Nitin Nolkha HUF	6.03	1.20

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note No.32 - Disclosure as per Ind AS 24 "Related Party Disclosures" (Contd..)

(₹ in Lacs)

S. No.	Nature of Transactions	For the Year Ended 31st March 2022	For the Year ended 31st March 2021
	Shri Pratyush Nolkha	7.80	1.52
	Redial Trading & Investment Pvt. Ltd.	536.18	106.55
	Shri Rohit Swadheen Mehta	0.33	-
	Smt. Pallavi Rohit Mehta	0.42	-
	Shri P. Maheshwari	0.04	0.01
<b>6</b>	<b>Contribution to Post Employment Benefit Plans</b>		
	Nitin Spinners Employees Gratuity Trust Fund	1950.00	-
<b>7</b>	<b>Assets Transferred (Girls Hostel Constructed under CSR)</b>		
	Shri Sojiram Ratanlal Nolkha Charitable Trust*	-	-

\*As per the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021, effective from 22.01.2021, any capital assets accquired or created by a company out of Corporate Social Responsibility (CSR) obligations cannot be held in its name. Accordingly, the company has transferred the capital assets created out of its CSR obligations to a Registered Public trust at Nil value against book value of ₹ 454.38 Lacs.

### 3. Balance due to related parties and maximum balance outstanding during the year are as under:

(₹ in Lacs)

Particulars	Outstanding Balance		Maximum Balance outstanding during the year	
	For the Year Ended 31st March 2022	For the Year Ended 31st March 2021	For the Year Ended 31st March 2022	For the Year Ended 31st March 2021
1 Redial Trading & Investment Pvt. Ltd.	-	100.00	100.00	150.00

## Note 33- Disclosure as per Ind AS 33 "Earning Per Share (EPS)"

### i) Basic and Diluted Earnings Per Share (in Rs.)

(₹ in Lacs)

S. No.	Nature of Transactions	For the Year Ended 31st March 2022	For the Year ended 31st March 2021
a)	Net Profit available to Equity Shareholders	32613.77	6887.19
b)	Weighted Average Number of Equity Shares of Rs.10 each outstanding during the year (In lacs)	562.20	562.20
c)	Basic/Diluted Earning per share (In Rs.)	58.01	12.25
d)	Face Value of each Equity Share (In Rs.)	10	10

### ii) Weighted Average Number of Equity Shares

(₹ in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>Opening Balance of issued Equity Shares</b>	56220000	56220000
Effect of Shares issued during the year	-	-
<b>Weighted Average No. of Equity Shares Rs.10 each</b>	<b>56220000</b>	<b>56220000</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note No.34 - Dividend on Equity Shares

(₹ in Lacs)

Particulars	Year 2021-22	Year 2020-21
<b>(i) Dividend Declared and paid during the year</b>		
Final Dividend for the year ended 31st March, 2021 of ₹ 1.50 (31st March 2020- ₹ 0.60) per fully paid Equity Share	843.30	337.32
Interim Dividend for the year ended 31st March, 2022 of ₹ 1.50 (31st March 2021- ₹ Nil) per fully paid Equity Share	843.30	-
<b>Total</b>	<b>1686.60</b>	<b>337.32</b>

### (ii) Dividend not recognised at the end of reporting period

In addition to the interim dividend, the company's Board of Directors have proposed the payment of final dividend of ₹ 2.50 (31st March 2021- ₹ 1.50) per fully paid Equity Share. This proposed final dividend is subject to the approval of the shareholders in Annual General Meeting. The total outgo towards the same will be ₹ 1405.50 Lacs.

## Note 35 - Disclosure as per Ind AS 19 "Employee Benefits"

### a) Defined Contribution Plan

The Company makes contributions towards Employees Provident Fund and Family Pension Fund for qualifying employees. The Fund is operated by the Regional Provident Fund Commissioner. The amount of contribution is recognized as expense for defined contribution plans.

Total contribution made by the employer to the Fund during the year is ₹ 793.65 lakhs (Previous Year ₹ 639.95 Lakhs).

### b) Defined Benefit Plan & Other Long Term Benefits

#### (i) Gratuity

The Company makes payment to vested employees at retirement, disability or termination of employment as per provisions of Payment of Gratuity Act, 1972. The provision of Gratuity liability as on the Balance Sheet date is done on actuarial valuation basis for qualifying employees and the same is funded in the funds held under the Gratuity Plan by Trust. Trust is incorporated on 28-09-2021 and 100% management of funds for gratuity is entrusted with HDFC Life Insurance Company Limited.

The present value of the Defined Benefits obligation and the related current service cost is measured using the Projected Unit Credit Actuarial Method at the end of Balance Sheet date by the Actuary.

#### (ii) Leave Encashment

The company provides benefit of leave encashment to its employees as per defined rules. The provision for liability for leave encashment as on date of Balance Sheet is recognised on the basis of Actuarial certificate.

#### (iii) The following table set out the status of Gratuity and Leave encashment plans as required under Ind AS-19 :

##### (a) Changes in Defined Benefit Obligations :-

(₹ in Lacs)

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit obligation at the beginning of the year	1648.36	472.51	1371.65	432.10
Interest cost	111.43	31.94	85.88	27.34
Current service cost	390.14	188.88	358.11	174.14
Benefits paid	(80.66)	(29.37)	(37.89)	(12.70)
Contribution paid to the Fund	(1950.00)	-	-	-
Actuarial (Gain)/Loss on obligation & Assets	(347.94)	(124.11)	(129.39)	(148.37)
<b>Present value of obligation at the end of year*</b>	<b>(228.67)</b>	<b>539.85</b>	<b>1648.36</b>	<b>472.51</b>

\*Refer Note No. 10

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 35 - Disclosure as per Ind AS 19 "Employee Benefits" (Contd..)

(b) Net Defined Benefit Cost/(Income) included in the:-

1. Statement of Profit and Loss

(₹ in Lacs)

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service Cost	390.14	188.88	358.11	174.14
Interest Cost	111.43	31.94	85.88	27.34
Net actuarial (gain)/loss recognized in the period	-	(124.11)	-	(148.37)
<b>Expenses recognized in the Profit &amp; Loss statement</b>	<b>501.57</b>	<b>96.71</b>	<b>443.99</b>	<b>53.11</b>

2. Other Comprehensive Income :-

(₹ in Lacs)

Particulars	Gratuity	
	For the year ended 31st March 2022	For the year ended 31st March 2021
Actuarial (Gain)/Loss for the year on Projected Benefit Obligations	(347.94)	(129.39)
<b>Unrecognized actuarial (Gain)/Loss at the end of the year</b>	<b>(347.94)</b>	<b>(129.39)</b>

(c) Changes in Plan Assets

(₹ in Lacs)

Particulars	Gratuity	
	For the year ended 31st March 2022	For the year ended 31st March 2021
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	23.54	-
Employer Contribution	1950.00	-
Benefit Paid	-	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>1973.54</b>	<b>-</b>

(d) Reconciliation of the Present value of Defined Obligation and the fair value of the plan assets:

(₹ in Lacs)

Particulars	Year 2021-22		Year 2020-21	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation as at the end of year	1744.87	539.85	1648.36	472.51
Fair value of Plan Assets	(1973.54)	-	-	-
<b>Liability (Assets) Recognized in Balance Sheet</b>	<b>(228.67)</b>	<b>539.85</b>	<b>1648.36</b>	<b>472.51</b>

(e) The assumptions used in Actuarial Valuation:-

(₹ in Lacs)

Particulars	Year 2021-22	Year 2020-21
<b>Financial Assumptions used to determine the Profit &amp; Loss Charge</b>		
a) Discounting Rate	7.26% p.a.	6.76% p.a.
b) Salary Escalation Rate	8.00% p.a.	8.00% p.a.
<b>Demographic Assumptions Used to determine the Defined Benefit</b>		
a) Retirement Age	62 Years	60 Years
b) Mortality Table	100% IALM (2012-2014)	100% IALM (2012-2014)

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 35 - Disclosure as per Ind AS 19 "Employee Benefits" (Contd..)

(₹ in Lacs)

Particulars	Year 2021-22	Year 2020-21
<b>c) Employee Turnover/Attrition Rate</b>		
18 To 30 Years	3.00%	3.00%
31 to 44 Years	2.00%	2.00%
Above 44 Years	1.00%	1.00%

### (f) Sensitivity Analysis as at 31st March, 2022:-

(₹ in Lacs)

Particulars	Gratuity	Leave Encashment
Defined benefit Obligation - Discount Rate+50 Basis points	(127.44)	(42.88)
Defined benefit Obligation - Discount Rate-50 Basis points	143.22	48.45
Defined benefit Obligation - Salary Escalation Rate+50 Basis points	141.49	47.86
Defined benefit Obligation - Salary Escalation Rate-50 Basis points	(127.18)	(42.79)

### (g) Expected Cash Flows as at 31st March, 2022:-

(₹ in Lacs)

Particulars	Gratuity	Leave Encashment
Within 1 Year	75.98	45.56
1-5 Years	182.51	58.93
Beyond 5 Years	1486.39	435.36
<b>Total Expected Payments</b>	<b>1744.88</b>	<b>539.85</b>

(h) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

(i) The discount rate is based on prevailing market yields of Indian Government Bonds, as at the balance sheet date, consistent with the currency and estimated term of the post employment benefit obligations.

## Note No.36 - Disclosure as per Ind AS 107 "Financial instrument disclosure"

### i. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Company monitors capital using a gearing ratio, which is calculated by dividing Net Debt from the Equity. The Company includes within Net Debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance) and under Equity, the Equity Share Capital plus other Equity (excluding Preference Share Capital) is considered.

(₹ in Lacs)

Financial Assumptions used to determine the Profit & Loss Charge	As at 31st March 2022	As at 31st March 2021
<b>Gross Debt</b>	68854.77	96163.37
Less: Cash and Cash Equivalents	(25.96)	(2.06)
<b>Net Debt (A)</b>	<b>68828.81</b>	<b>96161.31</b>
<b>Total Equity (B)</b>	<b>87580.70</b>	<b>56334.75</b>
<b>Gearing Ratio (A/B)</b>	<b>0.79</b>	<b>1.71</b>



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note No.36 - Disclosure as per Ind AS 107 "Financial instrument disclosure" (Contd..)

### i. Financial Risk Management

The Company's Financial Risk Management is an integral part of how to plan and execute its business strategies. The Company's financial risk management is set by the Managing Board.

Company is exposed to following risk from the use of its financial instrument:

- Credit Risk
- Liquidity Risk
- Market Risk

#### (a) Credit Risk

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorise a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

#### Provision for Expected Credit or Loss

##### (a) Financial assets for which loss allowance is measured using 12 month expected credit losses:

The Company has assets where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is very low. Accordingly, no loss allowance for impairment has been recognized.

##### (b) Financial assets for which loss allowance is measured using life time expected credit losses:

The Company provides loss allowance on trade receivables using life time expected credit loss and as per simplified approach.

#### Ageing of Trade Receivables

Particulars	(₹ in Lacs)						Total
	Not Due	Less Than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
<b>As on 31.03.2022</b>							
Undisputed Trade Receivable - Considered Good (Unsecured)	21035.09	2975.77	56.07	1.19		-	24068.12
Undisputed Trade Receivable - Which have significant increase in credit risk				26.81	94.42	-	121.23
Impairment loss recognized in 2021-22	-	-	-	26.81	94.42	-	121.23
<b>As on 31.03.2021</b>							
Undisputed Trade Receivable - Considered Good (Unsecured)	12610.77	3403.21	123.41	14.61		-	16152.00
Undisputed Trade Receivable - Which have significant increase in credit risk				865.16		-	865.16
Impairment loss recognized in 2020-21	-	-	-	432.58	-	-	432.58

Total Bad Debts written off during the year amount of ₹ 631.44 Lacs out of which provision created in previous year ₹ 432.58 Lacs and remaining ₹ 198.86 Lacs debited to Profit & Loss Account during the year. Further Provision for Doubtful Debts created of ₹ 121.23 Lacs during the current financial year.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note No.36 - Disclosure as per Ind AS 107 "Financial instrument disclosure" (Contd..)

### Hedge Accounting Disclosures

The Cash Flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognized and accumulated under the heading of cash flow reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss or included as a basic adjustment to the non financial hedged item.

### (b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As on 31.03.2022

Contractual Maturities of Financial Liabilities	Contractual cash flows					Total
	3 Months or less	3-12 Months	1-2 Years	2-5 Years	More than 5 Years	
Term Loans from Banks*	3255.39	9509.47	13440.45	31841.49	2249.08	60295.89
Trade and other Payables	8209.31	-	-	-	-	8209.31

(₹ in Lacs)

As on 31.03.2021

Contractual Maturities of Financial Liabilities	Contractual cash flows					Total
	3 Months or less	3-12 Months	1-2 Years	2-5 Years	More than 5 Years	
Term Loans from Banks*	4338.12	12657.35	17031.19	40159.93	11746.17	85932.76
Trade and other Payables	5476.87	-	-	-	-	5476.87

(₹ in Lacs)

\*Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenure of the borrowing.

The Company has accessed the following undrawn facilities at the end of reporting period:

Particulars	As At	As At
	31st March 2022	31st March 2021
Fixed Rate Borrowings	-	-
Floating-rate Borrowings	16503.91	7202.24
<b>Total- Undrawn Facilities</b>	<b>16503.91</b>	<b>7202.24</b>

(₹ in Lacs)

### (c) Market Risk

Considering the Company's existing foothold/experience in the Textile sector, established & diversified client base, association with various international/domestic agents, it's competent sales team and an established marketing setup in India and International Market, it does not foresee any problem in marketing its production.

Market Risk is the risk of loss of future earnings, fair values of future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchanges rates, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, and other market changes.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note No.36 - Disclosure as per Ind AS 107 "Financial instrument disclosure" (Contd..)

The Company manages market risk through a finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

### i) Interest Rate Risk

It is the risk where changes in market interest rates might adversely affect the company's financial condition. The short term/immediate impact of changes in interest rates are on the Company's net interest income/expenses. On a longer term, change in interest rate impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the Company arising out of all reprising mismatches and other interest rate sensitive positions.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

#### Detail of financial instrument bearing interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value:

(₹ in Lacs)

Particulars	As At	As At
	31st March 2022	31st March 2021
<b>Variable rate instruments</b>		
Long Term Borrowings	40718.68	56389.36
Current Maturities of Long Term Debts	9140.00	11446.25
Short Term Borrowings	18996.09	28327.76
<b>Total</b>	<b>68854.77</b>	<b>96163.37</b>

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lacs)

Particulars	Effect of Profit or Loss	
	50 BP decrease	50 BP increase
<b>31st March 2022</b>		
Term Loans	249.29	(249.29)
Loan repayable on demand	94.98	(94.98)
<b>Total</b>	<b>344.27</b>	<b>(344.27)</b>
<b>31st March 2021</b>		
Term Loans	339.18	(339.18)
Loan repayable on demand	141.64	(141.64)
<b>Total</b>	<b>480.82</b>	<b>(480.82)</b>

### ii) Foreign Exchange Risk

It is the risk that the company may suffer losses as a result of adverse exchange rates movements during a period in which it has an open position in an individual foreign currency. In addition, the company may also expose to the following risks on account of foreign exchange exposures as applicable.

Interest Rate Risk - Which arises from the maturity mismatches of foreign currency position

Settlement Risk - On account of risk of default of the counter parties

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note No.36 - Disclosure as per Ind AS 107 "Financial instrument disclosure" (Contd..)

### Exposure to Foreign Currency :

(Foreign Currency In Lacs)

Particulars	As at	As At
	31st March 2022	31st March 2021
<b>Exposure on account of Financial Assets</b>		
Trade Receivables (Net of Bill Discounted) (A)		
In USD	174.24	112.36
In Euro	3.78	2.40
In GBP	-	-
In CHF	-	-
Amount hedged through Forward Contracts (B)		
In USD	174.24	112.36
In Euro	3.78	2.40
In GBP	-	-
In CHF	-	-
Net Exposure to Foreign Currency Assets (C = A-B)		
In USD	-	-
In Euro	-	-
In GBP	-	-
In CHF	-	-
<b>Exposure on account of Financial Liabilities</b>		
Trade Payables (D)		
In USD	8.50	4.26
In Euro	0.14	0.22
In GBP	-	0.11
In CHF	0.47	0.20
Amount hedged through Forward Contracts (E)		
In USD	-	-
In Euro	-	-
In GBP	-	-
In CHF	-	-
Net Exposure to Foreign Currency Liabilities(F = D - E)		
In USD	8.50	4.26
In Euro	0.14	0.22
In GBP	-	0.11
In CHF	0.47	0.20
Net Exposure to Foreign Currency Assets/Liabilities (C-F)		
In USD	(8.50)	(4.26)
In Euro	(0.14)	(0.22)
In GBP	-	(0.11)
In CHF	(0.47)	(0.20)

The Company uses forward contracts to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities, firm commitments and highly probable forecast transactions. The use of the aforesaid financial instruments is governed by the Company's overall Risk Management Strategy. The Company does not use forward contracts and options for speculative purposes. The details of the outstanding forward contracts and unhedged currency exposure as at 31st March, 2022 is as under :

(₹ in Lacs)

Particulars	Current Year		Previous Year	
	Foreign Currency	INR	Foreign Currency	INR
<b>Forward Contracts Outstanding (For Hedging)</b>				
USD (Sale)	533.93	40913.45	458.08	33986.82
EURO (Sale)	7.11	605.69	5.53	492.39

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note No.36 - Disclosure as per Ind AS 107 "Financial instrument disclosure" (Contd..)

(₹ in Lacs)

Particulars	Current Year		Previous Year	
	Foreign Currency	INR	Foreign Currency	INR
GBP (Sale)	-	-	1.48	150.19
<b>Total</b>	<b>541.04</b>	<b>41519.14</b>	<b>465.09</b>	<b>34629.40</b>
<b>Unhedged Forex Exposure</b>				
Payable – USD	8.50	644.36	4.26	313.13
Payable – EURO	0.14	11.85	0.22	18.94
Payable – GBP	-	-	0.11	11.10
Payable – CHF	0.47	38.55	0.20	15.50
<b>Total</b>	<b>9.11</b>	<b>694.77</b>	<b>4.79</b>	<b>358.68</b>

### Foreign Currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO, GBP and CHF rates to the functional currency of respective entity, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(₹ in Lacs)

Particulars	As At	As At
	31st March 2022	31st March 2021
<b>1% Appreciation in INR</b>		
Impact on Equity	6.95	3.59
Impact on P&L	6.95	3.59
<b>1% Depreciation in INR</b>		
Impact on Equity	(6.95)	(3.59)
Impact on P&L	(6.95)	(3.59)

## Note 37 - Disclosure as per Ind AS 115 "Revenue from Contract with Customers"

The company has adopted Ind AS 115 "Revenue from Contracts with Customers" which is mandatory for reporting periods beginning on or after 01st April 2018. The Company has adopted the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with this method, the comparatives have not been retrospectively adjusted. Application of Ind AS 115 does not have any material impact on the financial results of the company.

### Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2022 by contract-type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

(₹ in Lacs)

Particulars	As At
	31st March 2022
<b>Revenues on the basis of Geographical area</b>	
- Domestic Sales	73868.17
- Export Sales (Including Export Incentives)	195363.56
<b>Total</b>	<b>269231.73</b>

### Trade receivables and Contract Balances

The Company classifies the right to consideration in exchange for deliverables either as a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time. This would result in the timing of revenue recognition being different from the timing of billing the customers.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 37 - Disclosure as per Ind AS 115 "Revenue from Contract with Customers" (Contd..)

Company classifies amount received as advance from customers against sales as contract liability.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended 31st March 2022, the company recognizes revenue of ₹ 433.00 Lacs arising from opening contract liabilities as of 1st April, 2021.

### Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in para 121 of Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts as the performance obligation is part of a contract that has an original expected duration of less than 1 year.

The remaining performance obligation as on 31st March 2022 is ₹ 1398.85 Lacs which is to be satisfied within 1 year or less.

The impact on account of applying the erstwhile IndAS 18 Revenue instead of IndAS 115 Revenue from contract with customers on the financials results of the Company for the year ended as at March 31, 2022 is insignificant.

## Note 38 - Disclosure as per Ind AS 108 "Operating Segments"

The Company is engaged in Business of Textiles. Hence there is no separate business segments.

Details of Export outside country and Domestic sales within country are as under:

Particulars	(₹ in Lacs)	
	Current Year	Previous Year
<b>Segment Revenue</b>		
- Within India (Domestic Sales)	73868.17	60783.38
- Outside India (Exports - Including Export Incentives)	195363.56	101657.84
<b>Total</b>	<b>269231.73</b>	<b>162441.22</b>

## Note 39 - Disclosure of Corporate social responsibility (CSR)

As per section 135 of Companies Act the company is required to spend in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial year in accordance with its CSR policy.

- Gross amount required to be spent by the Company during the year 2021-22 – ₹ 159.33 Lacs (Year 2020-21 - ₹ 136.25 Lacs).
- Amount of ₹ 6.91 Lacs available for set off from preceding financial year 2020-21.

### CSR Expenditure Details during the financial year 2021-22

CSR Project Nature	(₹ in Lacs)				
	Actual Amount Spent	Amount yet to be Spent	Total	Reason for Amount Unspent	Related Party Transaction (If Involved)
Transfer of Girls Hostel Building to Trust	31.78	-	31.78	-	-
Ensuring Environment Sustainability	12.78	-	12.78	-	-
Rural Development	62.16	-	62.16	-	-
Empowering Women	3.50	-	3.50	-	-
Disaster Management	40.44	-	40.44	-	-
Drinking Water	1.04	-	1.04	-	-
Promotion of Education	0.84	-	0.84	-	-
Promotion of Nationally Recognized Sports	0.30	-	0.30	-	-
<b>Total</b>	<b>152.84</b>	<b>-</b>	<b>152.84</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 39 - Disclosure of Corporate social responsibility (CSR) (Contd..)

### CSR Expenditure Details during the financial year 2020-21

(₹ in Lacs)

CSR Project Nature	Actual Amount Spent	Amount yet to be Spent	Total	Reason for Amount Unspent	Related Party Transaction (If Involved)
Animal Welfare	0.31	-	0.31	-	-
Health Care	0.71	-	0.71	-	-
Rural Development	1.64	-	1.64	-	-
Empowering Women	2.51	-	2.51	-	-
Contribution to PM Care Fund	11.00	-	11.00	-	-
Disaster Management	8.36	-	8.36	-	-
Sanitation	108.47	-	108.47	-	-
Ensuring Environment Sustainability	10.17	-	10.17	-	-
<b>Total</b>	<b>143.16</b>	<b>-</b>	<b>143.16</b>	<b>-</b>	<b>-</b>

## Note 40 - Disclosure as per Ind AS 116: Leases

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 10.14 lacs and a lease liability of ₹ 10.14 lacs. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10% p.a.

### Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022:

(₹ in Lacs)

Particulars	Right to Use Assets		
	Building	Land	Total
<b>Balance as at April 1, 2021</b>	3.38	-	3.38
Reclassified on account of adoption of Ind AS 116	-	-	-
Additions*	-	-	-
Deletion	-	-	-
Depreciation	3.38	-	3.38
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 40 - Disclosure as per Ind AS 116: Leases (Contd..)

The following is the movement in lease liabilities during the year ended March 31, 2022:

Particulars	(₹ in Lacs)	
	For the Year Ended 31st March 2022	
Balance at the beginning	3.69	
Additions	-	
Finance cost accrued during the period	0.21	
Deletions	-	
Payment of lease liabilities	3.90	
Translation Difference	-	
<b>Balance at the end</b>	<b>-</b>	

## Amount Recognised in Profit and Loss

Particulars	(₹ in Lacs)	
	2021-22	
Interest on lease liabilities	0.21	
Amortisation	3.38	
Variable lease payments not included in measurement of lease liabilities	-	
Income from sub-leasing right of use assets	-	
Expenses related to short term leases	-	
Expenses related to leases of low value assets, excluding short term leases of low value assets	-	
<b>Total</b>	<b>3.59</b>	

## Note 41 : Details of Unclaimed Dividend

The yearwise details of Unclaimed dividend lying in separate bank account is as under :

Particulars	(₹ in Lacs)	
	As at 31st March 2022	As at 31st March 2021
Final Dividend Accounts		
- Year 2013-14*	-	4.62
- Year 2014-15	4.30	4.30
- Year 2015-16	5.21	5.22
- Year 2016-17	4.95	4.97
- Year 2017-18	6.86	6.95
- Year 2018-19	3.61	3.62
- Year 2019-20	1.67	1.68
- Year 2020-21	3.34	-
Interim Dividend Accounts		
- Year 2021-22	2.27	-
<b>Total</b>	<b>32.21</b>	<b>31.36</b>

\*Amount of ₹ 4.62 Lacs of unclaimed dividend has been transferred to "Investor Education and Protection Fund" during the current financial year 2021-22 on completion of 7 years.

## Note 42 : Trade Payable ageing schedule

Particulars	(₹ in Lacs)					
	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
<b>As on 31st March 2022</b>						
(i) MSME	243.98	10.26	-	-	-	<b>254.24</b>
(ii) Others*	6953.19	985.38	10.90	5.60	-	<b>7955.07</b>
<b>As on 31st March 2021</b>						
(i) MSME	133.89	14.15	-	-	-	<b>148.04</b>
(ii) Others	4657.92	656.36	12.35	2.20	-	<b>5328.83</b>

\*Other Trade payable showing in not due include unbilled transaction of ₹ 926.68 Lacs.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 43 : Disclosure of Additional Regulatory Information - Ratios

Particulars	As at 31st March 2022	As at 31st March 2021	% Change	Basis of Ratio Calculation	Reason for Change
Current Ratio (Including current maturities of Long term Borrowing)	1.83	1.27	44.63%	Current Assets/Current Liabilities	Improved due to higher operating cash flow
Debt Equity Ratio	0.57	1.20	-52.72%	Long Term Borrowing & Current Maturities of long term borrowing/ Total Equity	Reduced due to repayments of term loan and increase in Net Worth
Debt Service Coverage Ratio (In times)	2.14	1.75	22.51%	PAT+Depreciation & Interest on Term Loan/ Repayment of Term Loan & Interest on Term Loan	Higher profit and decrease in Term loan interest
Return on Equity Ratio	37.24%	12.23%	204.60%	Profit After Tax/Total Equity	Higher net profit
Inventory Turnover Ratio (In times)	6.63	4.58	44.69%	Revenue from Operations/ Inventories	Better sales realisation
Trade Receivable Turnover Ratio (In times)	11.19	9.79	14.21%	Revenue from Operations/ Trade Receivables	Average Realisation period reduced
Trade Payable Turnover Ratio (In times)	32.80	29.66	10.57%	Revenue from Operations/ Trade Payables	Average payment period reduced
Net Capital Turnover Ratio (In times)	1.72	1.07	61.57%	Revenue from Operations/Total Equity, Long Term Borrowing & Short Term Borrowing	Higher revenues
Net Profit Ratio	12.11%	4.24%	185.71%	Profit After Tax/Revenue from Operations	Increase in Sale of Value added Products and higher margin
Return on Capital Employed	36.18%	11.02%	228.21%	EBIT/Total Equity, Long Term Borrowing & Short Term Borrowing	Higher operating margin & repayments of borrowings
Return on Investment	-	-	-	Not Applicable due to there are no investment	

## Note 44 : Disclosure of Transaction with Companies Struck Off

The Company does not have any transactions with company which have been strucked off.

## Note 45 : Disclosure of Borrowings on Security of Current Assets

The Company has borrowed funds from banks on the basis of security of current assets. The quarterly returns filed by the company to bank or financial institution are in line with books of accounts.

## Note 46 : Disclosure of Benami Property

The company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

## Note 47 : Disclosure of Undisclosed Income

There are no transaction which is not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as search or survey or any other relevant provisions of The Income Tax Act, 1961.

## Note 48 : Disclosure of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March 2022

## Note 49 : Disclosure of Wilful Defaulter

The company has not declared as a wilful defaulter by any bank or financial institution or any other lender during the financial year.

## Note 50 : Disclosure of Registration of Charge with ROC

The Company has filed all type of applicable charges or satisfaction with Registrar of Companies (ROC) in time, So there are no charges of satisfaction is pending for registration with ROC as on balance sheet date.

## Note 51 : Disclosure of Compliance with Number of Layer Companies

The company is neither a holding company of any subsidiaries companies not a subsidiary company of any holding company, hence The company is not covered under clause (87) of section 2 of the Companies Act along with the Companies (Restriction on number of Layers) Rules, 2017.

## Note 52 : Disclosure of Scheme of Arrangement

The Company has not entered in any Scheme of Arrangements which has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

## Note 53 : Disclosure of Title Deeds of Immovable Property

The title deeds of all immovable properties are in the name of Company.

## Note 54 : Recent Accounting Pronouncements

The amendments to standards that are issued, but not yet effective up to the date of issuance of the Company's Financial statements are disclosed below. The Company intends to adopt these standards, if applicable as and when they become effective. The Ministry of Corporate Affairs (MCA) has notified certain amendments to Ind AS, through companies (Indian Accounting Standards) Amendment Rules, 2022 on 23<sup>rd</sup> March 2022. These amendments maintain convergence with IFRS by incorporating amendments issued by International Accounting Standards Board (IASB) into Ind AS and has amended the following standards:

1. Ind AS 101 - First Time Adoption of Ind AS
2. Ind AS 103 - Business Combinations
3. Ind AS 109 - Financial Instruments
4. Ind AS 16 - Property Plant & Equipment
5. Ind AS 37 - Provisions, Contingent Liabilities & Contingent Assets
6. Ind AS 41 - Agriculture

These amendments shall come into force with effect from 01<sup>st</sup> April 2022.

The Company is assessing the potential effect of the amendments on its financial statements. The company will adopt these amendments, if applicable from applicability date.

In terms of our report of even date

For and on behalf of the Board

### For KALANI & CO.

Chartered Accountants  
(Firm Reg. no. 000722C )

### S. P. JHANWAR

Partner  
M. No. 074414

### R. L. NOLKHA

Chairman  
(DIN - 00060746)

### P. MAHESHWARI

Chief Financial Officer  
(PAN - ABAPM8005C)

### DINESH NOLKHA

Managing Director  
(DIN - 00054658)

### SUDHIR GARG

Company Secretary & General Manager (Legal)  
(PAN - ABBPK6037F)

Place : Hamirgarh, Bhilwara

Date : 12.05.2022





*NITIN*

**Nitin Spinners Limited**

If undelivered please return to:

**Nitin Spinners Limited**

16-17 Km. Stone, Chittor Road,  
Hamirgarh, Distt Bhilwara

(Rajasthan) - 311025

Telephone: 01482-286110-113

