



Nitin Spinners Limited

RESILIENT,
RESPONSIVE
& RELIABLE

Annual Report

2019-20

INSIDE THIS REPORT...

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Investor information

Market Capitalisation as at 31st March, 2020: ₹ 158 Crores

CIN: L17111RJ1992PLC006987

BSE Code: 532698

NSE Symbol: NITINSPIN

Dividend Declared: ₹ 0.60 Per Share

AGM Date: 16th September, 2020

AGM Mode: Virtual Meeting



Please find our online version at:

<https://nitinspinners.com/investor-relation/annual-reports/>



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DOWNLOAD

Disclaimer: This document contains statements about expected future events and financials of Nitin Spinners Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

AT NITIN SPINNERS LIMITED ('NITIN SPINNERS' OR 'THE COMPANY'), BEING RESILIENT AND RESPONSIVE IS THE NEED OF THE HOUR.

Our strong business model, proactive strategies and evolving product portfolio has made us a reliable choice for our customers across India and abroad. Besides, effective risk management, quality control, good corporate governance, consistent product quality, strong research & development and environment preservation has further played an integral role in building our sustainability.

2019-20 HIGHLIGHTS: KEY PERFORMANCE INDICATORS (KPIS)

TOTAL REVENUE

₹ **1438**
CRORES

PBDT

₹ **116.34**
CRORES

PAT

₹ **23.82**
CRORES

EPS

₹ **4.24**

PBDT: Profit Before Depreciation and Tax
PAT: Profit after Tax
EPS: Earning Per Share

A RESILIENT ORGANISATION

Established in 1992, at Bhilwara (Rajasthan), Nitin Spinners is one of the leading manufacturers of Cotton Yarn, Knitted Fabrics, Greige and Finished Woven Fabrics. Our portfolio of quality products cater different end-user applications.

Over the past two decades, we have evolved into a reliable brand for our clients across India and abroad. Our innovation capabilities and fully integrated manufacturing capacity further makes us responsive to the varied customer needs.



OUR VISION

- ▶ Become integrated textiles manufacturer by forward and vertical integration
- ▶ Remain at the forefront in high-quality textile products manufacturing
- ▶ 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 textile value chain

Provide superior quality products at competitive prices and establish a brand value in the international arena

Exceed industry standards with exceptional customer and technical service

Maintain our competitive strategic position through leading edge technology

Promote partnerships with government agencies and institutions of international recognition

Provide training to our employees for their future development

Provide a safe, fulfilling and rewarding work environment for employees



RESPONSIVE TO CUSTOMER NEEDS

Our constant focus on consumer-relevant innovation and continued investment in expansion has allowed us to capture a large market share.



YARNS

End-User Application

Ring Spun Combed Yarns from Ne 10/1 to Ne 80/1

Multi-fold Ring Spun Yarns

Fancy Slub Yarns

Core Spun Yarns

'S' & 'Z' Twist Yarns

Dye-able Cheese/Cones – Soft package

100% Organic Cotton Yarns and Blends

BCI/TBC Certified Yarns

Supima and Giza Certified Yarns

Zero Twist Yarn for Towel

Eli Twist Yarns (Siro Yarns)

Open End Yarns from Ne 6/1 to Ne 24/1

Multi-fold Open End Yarns



Woven Apparel



Knitted Apparel



Furnishing Fabrics



Denims



Terry Towel



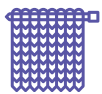
Medical Fabrics



Tea Bags



Bed Linen



KNITTED FABRICS

End-User Application

Single Jersey

Pique Structures

Interlock Structures

Rib Structures

Lycra Blended Fabrics



Inner Wear



Comfort Wear



Sports Wear



Winter Wear



Baby Wear



Masks



WOVEN FABRICS

End-User Application

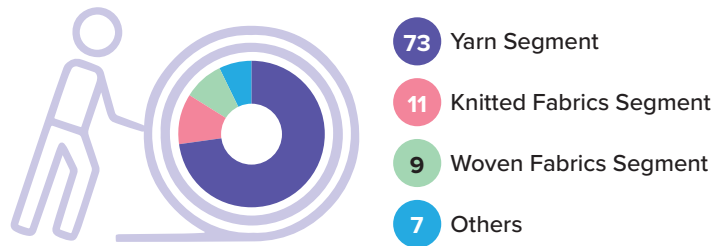
- Greige
- RFD
- White
- Piece Dyed
- Yarn Dyed
- Prints
- Special Finishes

| | |
|--------------------------------|---------------|
| | |
| Fashion and Image Wear | Uniform |
| | |
| Health Care Apparel | Hotel Apparel |
| | |
| Industrial and Protective Wear | Defence Wear |

OUR ACCREDITATION

| | |
|--|--|
| | |
| | |

Segment-wise Contribution to Total Revenue (%)

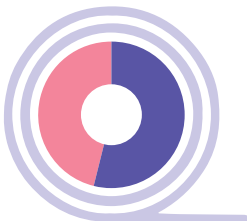


BUILDING RELIABILITY ACROSS INDIA AND THE WORLD

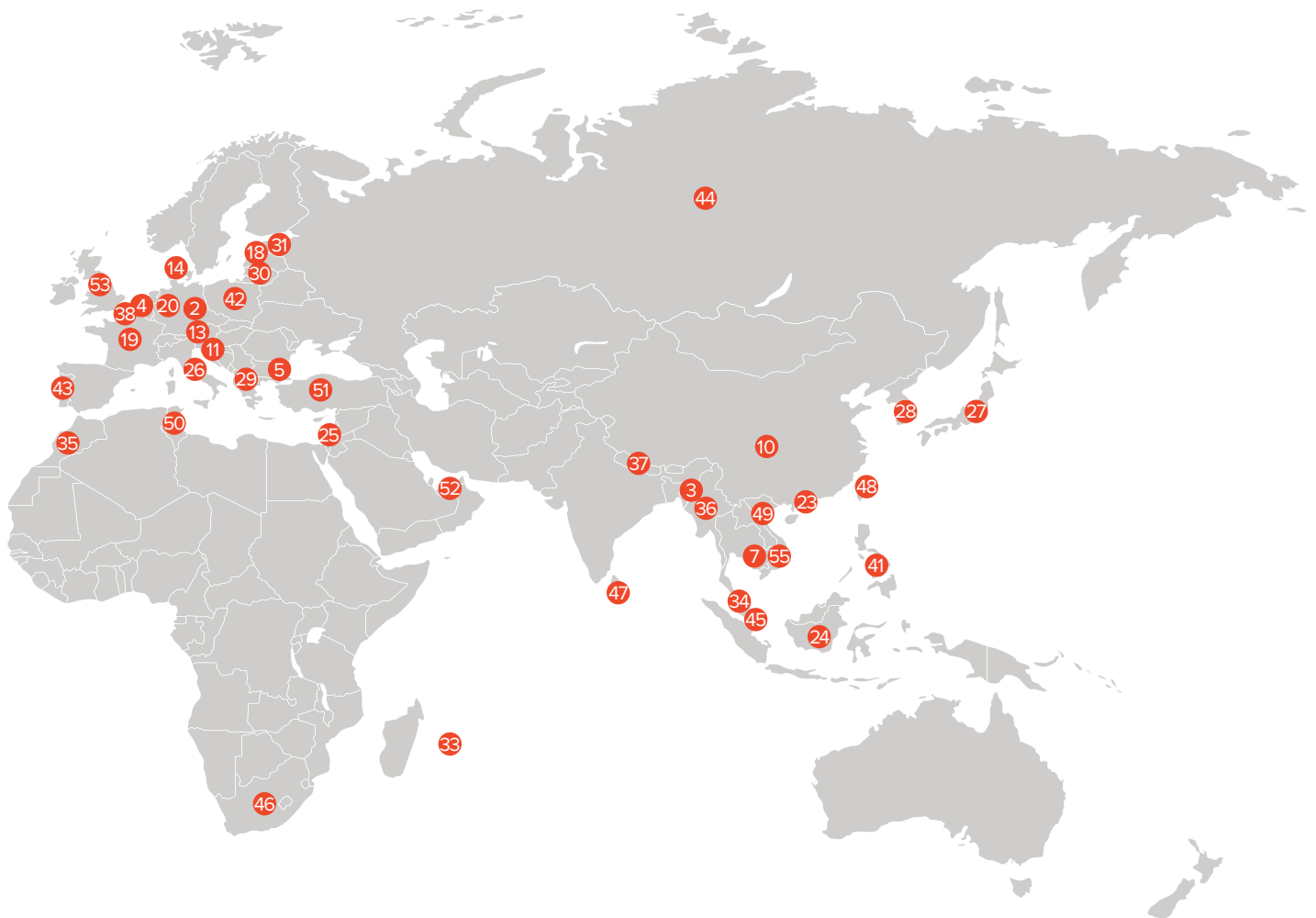
We have fortified our global presence by exporting our top-notch textile products across India, and above 50 countries globally.



Geography-wise Revenue (%)

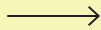


- | | | | | |
|---------------|-----------------|---------------|-----------------|------------------|
| 1. Argentina | 12. Croatia | 23. Hong Kong | 34. Mexico | 45. Singapore |
| 2. Austria | 13. Czech | 24. Indonesia | 35. Morocco | 46. South Africa |
| 3. Bangladesh | 14. Denmark | 25. Israel | 36. Myanmar | 47. Sri Lanka |
| 4. Belgium | 15. Ecuador | 26. Italy | 37. Nepal | 48. Taiwan |
| 5. Bulgaria | 16. Egypt | 27. Japan | 38. Netherland | 49. Thailand |
| 6. Brazil | 17. El Salvador | 28. Korea | 39. Panama | 50. Tunisia |
| 7. Cambodia | 18. Estonia | 29. Latvia | 40. Peru | 51. Turkey |
| 8. Canada | 19. France | 30. Lithuania | 41. Philippines | 52. U.A.E |
| 9. Chile | 20. Germany | 31. Macedonia | 42. Poland | 53. UK |
| 10. China | 21. Guatemala | 32. Malaysia | 43. Portugal | 54. USA |
| 11. Colombia | 22. Honduras | 33. Mauritius | 44. Russia | 55. Vietnam |



VALUE-ACCRETIVE BUSINESS MODEL

OUR RESOURCES



OUR VALUE-CREATING PROCESS

MANUFACTURING CAPITAL

Total no. of Plants: 2

| SPINDLES | ROTORS | KNITTED MACHINES |
|------------------|-----------------------------|------------------|
| ~3 LAC | 3488 | 63 |
| WEAVING MACHINES | DYEING & FINISHING CAPACITY | |
| 168 | 36 MILLION MTS/PA | |

FINANCIAL CAPITAL

| TOTAL EQUITY | LONG TERM DEBT | NET BLOCK |
|-----------------|-----------------|------------------|
| ₹ 494.03 CRORES | ₹ 676.33 CRORES | ₹ 1139.61 CRORES |

HUMAN CAPITAL

TOTAL NO. OF EMPLOYEES

4167

- Training & Development Programs
- Safe Working Environment

SOCIAL CAPITAL

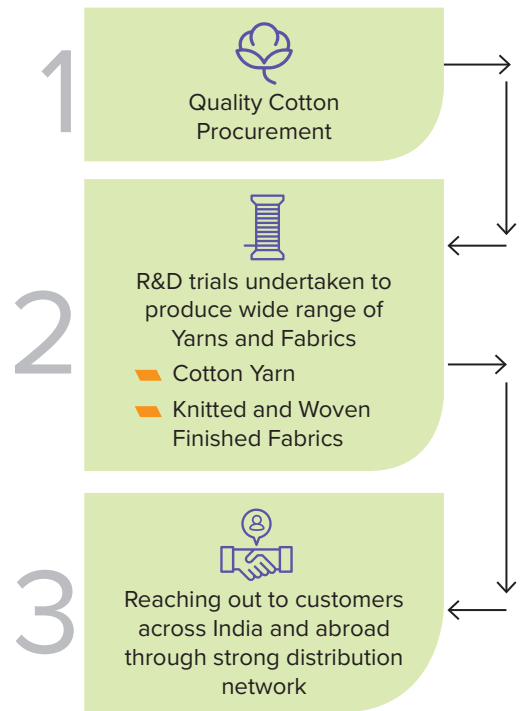
CSR SPEND

₹ **161.36** LACS

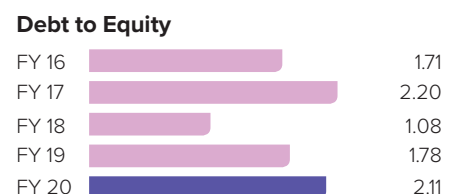
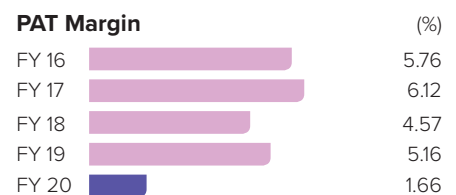
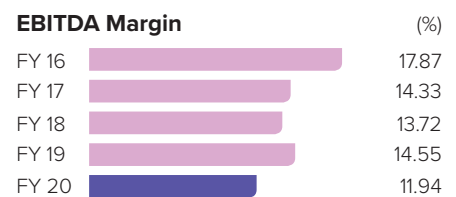
NATURAL CAPITAL

- Usage of Renewable Energy
- Energy-Efficient Equipment
- Zero Liquid Discharge

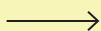
VALUE-CREATION PROCESS



OUR FINANCIAL SCORECARD



Our long-term value creation model is based on the balanced pursuit of how we deploy our resources and manage our processes.



OUR RESULTS

OUR COMPETITIVE EDGE

- ▶ Versatile Product Mix
- ▶ Strong Financial Position
- ▶ Solid Brand Image
- ▶ Cutting-Edge Technology
- ▶ Robust R&D
- ▶ Operational Efficiency
- ▶ Experienced Leaders

PRODUCTION

YARN

6135
MTPA

KNITTED FABRICS

6310
MTPA

WOVEN FABRICS

19.71
MILLION MTS

FINISHED FABRICS

2.63
MILLION MTS

REVENUE

₹ **1438**
CRORES

PBDT

₹ **116.34**
CRORES

PAT

₹ **23.82**
CRORES

DPS

₹ **0.60**

BOOK VALUE PER SHARE

₹ **87.87**

EBITDA

(₹ in Crores)

| | |
|-------|-----|
| FY 16 | 137 |
| FY 17 | 134 |
| FY 18 | 157 |
| FY 19 | 181 |
| FY 20 | 172 |

PAT

(₹ in Crores)

| | |
|-------|----|
| FY 16 | 44 |
| FY 17 | 57 |
| FY 18 | 52 |
| FY 19 | 64 |
| FY 20 | 24 |

PBDT

(₹ in Crores)

| | |
|-------|-----|
| FY 16 | 105 |
| FY 17 | 112 |
| FY 18 | 128 |
| FY 19 | 152 |
| FY 20 | 116 |

ROCE

(%)

| | |
|-------|------|
| FY 16 | 7.35 |
| FY 17 | 6.54 |
| FY 18 | 5.93 |
| FY 19 | 4.67 |
| FY 20 | 1.75 |

High Retention Rate

High Employee Satisfaction

Innovative Offerings

Value Addition to Existing Products

Strong Relationship with Customers

Increasing Market Share

Increasing Trust from all the Stakeholders

Community Upliftment

Cost Rationalisation

Reduced Environmental Impact

CHAIRMAN'S MESSAGE



WE AT NITIN SPINNERS ALSO DERIVE MAJORITY OF THE REVENUE FROM EXPORTS AND KEEP OURSELVES HEDGED AGAINST ANY DOWNTURN IN THE DOMESTIC ECONOMY. THIS FURTHER ALIGNS US WITH THE PRIME MINISTER'S VISION OF AN 'ATMANIRBHAR BHARAT' WHICH AIMS TO REDUCE THE COUNTRY'S DEPENDENCY ON IMPORTS AND BUILD MANUFACTURING CAPACITIES IN INDIA.

Dear Stakeholders,

We commenced our journey in the early 90's right after opening of the Indian markets. The implementation of Liberalisation, Globalisation and Privatisation (LPG) reforms attracted many opportunities our way. Through our determination, we seized every opportunity and it helped us steer in an ever-changing landscape. This has made us resilient and responsive to the ever-changing market dynamics. I am glad to share that today we have become a reliable and one of the leading manufacturers of Cotton Yarns, Blend Yarns, Knitted Fabrics and Woven Fabrics in India. This leadership position is well demonstrated in our Revenue from Operation performance, which clocked in a 15.73% Y-O-Y growth amidst the challenging macroeconomic environment and Covid-19 outbreak in the last few weeks of 2019-20.

Macro Environment

India's GDP growth declined from 6.1% in 2018-19 to 4.2% in 2019-20. Rising unemployment rate and income stress in rural areas caused the consumer consumption level to dry up. Trade tensions and geopolitical factors in the external world were also a cause of worry for the overall business sentiments. The Government of India took measures in the form of reducing corporate and personal income tax rates, increasing Minimum Support Prices (MSP) for farmers and imposing import duties to encourage both supply and demand situation in India. However, before these actions could bring in any positive economic news, the country was hit by the Covid-19-induced lockdowns. It sent shock waves across many industries and brought all the economic activities across the world to a standstill. The cash flow support from the Government and RBI through monetary and fiscal policies helped control the pandemic impact on public from getting more severe and intense. Going ahead, it will all depend on the containment of this pandemic and how the countries and companies adapt to the new normal.

Business Landscape

Over the last decade, Asia has emerged amongst the largest production and consumption powerhouse in textile industry. India dominates the raw material space. Cotton accounts for 25% of the global output and it augurs well for the upstream

textile players like us. For the last six years, Indian textile exports level has remained at the US\$ 40 Billion level. This signifies the pivotal role it plays in contributing to India's forex. We, at Nitin Spinners, also derive majority of the revenue from exports and keep ourselves hedged against any downturn in the domestic economy. This further aligns us with the Prime Minister's vision of an 'Atmanirbhar Bharat' which aims to reduce the country's dependency on imports and build manufacturing capacities in India.

Financial snapshots:

- ▶ Total income remained at ₹ 1438 Crores against ₹ 1242 Crores in the previous year
- ▶ Export accounted for 54.46% of the total revenue, whereas domestic market contributed the rest
- ▶ EBIDTA was reported at ₹ 172 Crores against ₹ 181 Crores in the previous year
- ▶ PAT was reported at ₹ 23.81 Crores against ₹ 64.11 Crores in the previous year

Strategic Expansion: Adding to our Responsiveness

Overseas end-user textile and apparel players prefer to source their low-cost cotton fabrics requirements from India. Our proactive decision of forward integrating into value-added cotton fabrics, is now paying off. We commenced with the commercial production of the Finished Fabric from 1st January, 2020 onwards. While we were already present in the Knitted Fabrics, we also commenced with the production of Woven Finished Fabrics. We have thus completed all planned Capex during the year.

Teamwork Works!

We are blessed to work with a talented pool of people across all the departments. Their commitment and dedication through the thick and thin of the organisational journey is appreciation worthy. We have consistently worked on improving their skills through regular trainings and workshops. Besides, we have also worked on the leadership building and overall motivational levels of all our employees.

To the Social and Environmental Concern

As we grow, we continuously look to embed eco-friendly practices into our operation and reduce our carbon footprints. Our commitment towards environmental stewardship has yielded beneficial results not only for the environment but for the society as well. As a part of community development, we create employment opportunities and also conduct several awareness drives in the areas of cleanliness, social issues and education, among others.

Outlook

We have set the benchmark through our quality products, workplace environment, practices, policies, and strong governance. We remain committed to improving life for our consumers, employees, and communities. Going ahead, we shall consolidate our existing products and capacities. We will also continue to explore newer markets across the geographies. While we have grown from strength to strength, we are further looking forward to build on this success and continue creating sustainable value for our stakeholders.

Acknowledgement

In the closing note, I would like to acknowledge the role of our Board Members and the Management team for consistently delivering, mentoring the team and demonstrating resilience. I also thank all our employees, bankers, communities, business partners, suppliers and, above all, our loyal shareholders, for their unwavering trust. I am confident that by working closely together, we will continue to deliver a solid performance and reliable growth for Nitin Spinners, going ahead.

Regards,

R. L. Nolkha

Chairman

BEING RESPONSIVE THROUGH INNOVATIVE OFFERINGS AND SUPERIOR QUALITY

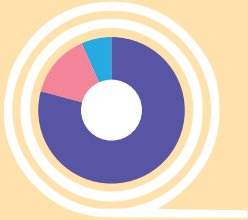
For over 25 years, we have continuously tracked the development of textile space. This has assisted us in understanding the emerging trends. Using this to our advantage, we expanded into new products horizon while continuously improving the quality, which has helped us to scale new heights.

The Cotton Fabric industry in India is largely dominated by the small enterprises, which fall behind when it comes to delivering higher volumes and meeting global demand. Our foray into the Finished Fabric segment has allowed us to tap the exciting growth prospects into this space and further strengthen our foothold in the International Fashion Arena.

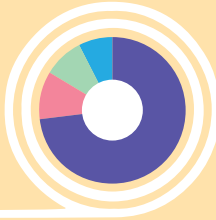


Segment-wise Sales Break Up

(₹ in Crores)



2018-19



2019-20

984.19

←

Yarn

→

1054.51

178.06

←

Knitted Fabrics

→

151.31

0.00

←

Woven Fabrics

→

126.53

80.26

←

Others

→

105.71

EXPANDING OUR PRODUCT VARIANTS

OUR FINISHED FABRICS VARIANTS CONSISTS OF SPECIAL FINISHES LIKE AIRO FINISH, BIO POLISH, WATER REPELLENT, NANO CARE, SOIL RELEASE, MICRO SANDING, ANTI-BACTERIA, WRINKLE FREE, STAIN GUARD, AND MOISTURE MANAGEMENT, AMONG OTHERS. THESE UNIQUE PRODUCT VARIANTS SUIT THE REQUIREMENTS OF DIFFERENT SEASONS AND EMERGING TRENDS.



DRIVING BUSINESS THROUGH GREATER EFFICIENCY

The real strength lies in our manufacturing facilities which are equipped with the best in-class technology and machineries. We actively invest in upgradation of machineries and equipment at our manufacturing facilities. Besides, we also focus on minimising energy cost, elimination of wastage and faster turnaround, to further enhance our efficiency quotient.



Five important points that make our manufacturing efficient and sustainable

Result

Maintaining quality consistency

We procure best cotton available from qualified selectors to produce the finest quality of Yarn and Fabrics. Whereas, our state-of-art processing and dyeing machineries ensure international quality standards is maintained.

Reduction in contamination level

Increasing trust amongst customers

Strong brand name

Strategic location

Our plants are located on national highways and in proximity to ports and cotton-producing areas. Cotton is available within radius of 250 km and nearly 10 lakh bales are produced from this region.

Helps us in saving the transportation cost

Quick delivery turnaround time of our products to clients

Captive power plant

Power is a major input in our business. Our substantial power requirements are met through captive solar power and generators.

Captive

THERMAL

10.5 MW

SOLAR

8 MW

Lower power per unit cost

Consistent power supply

Optimum utilisation

We have the ability to reprocess the waste and use that as an input for different products manufactured.

Saving of raw material cost

Sustainability of the business

Technology upgradation

We undertake regular technological upgradations across our facilities to ensure uptime and better utilisation.

Improves production processes and product quality



MANAGEMENT TEAM

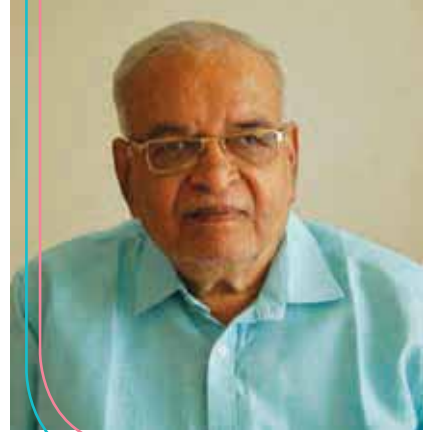
- 1** SHRI R. L. NOLKHA
Chairman
- 2** SHRI DINESH NOLKHA
Managing Director
- 3** SHRI NITIN NOLAKHA
Executive Director



BOARDS OF DIRECTORS



SHRI R. L. NOLKHA
Chairman



SHRI Y. R. SHAH
Independent Director



SHRI DINESH NOLKHA
Managing Director



SMT. ADITI MEHTA
Independent Director



SHRI NITIN NOLAKHA
Executive Director



DR. R. CHATTOPADHYAY
Independent Director

BEING A RESPONSIBLE CORPORATE

We are conscious of our role in the society, therefore giving back to the community forms a part of our core corporate strategy. Our intervention majorly focuses on health, education, social issues, environmental conservation related activities and cotton industry development. These initiatives lead to enhancement of our ethical value and socio-economic development.

Initiatives undertaken during the year



COMMUNITY DEVELOPMENT

- Infrastructural development of women hostel in Bhilwara
- Construction of rooms in school
- Steering education for differently-abled children
- Construction of toilets as a part of the Swachh Bharat Abhiyan
- Awareness camps and free health services
- Contribution to the Confederation of Indian Textile Industry

CSR SPENT IN 2019-20

₹ **161.36**
LACS



ENVIRONMENT INITIATIVES

- Installation of energy-efficient equipment
- Zero liquid discharge system through reutilisation of wastewater
- Use of organic and BCI cotton

ROOFTOP SOLAR POWER PLANT INSTALLED

8 MW

Contributing to the Sustainable Development Goals adopted by all the UN Member States in 2015, as a part of the 2030 Agenda for Sustainable Development





CORPORATE INFORMATION

BOARD OF DIRECTORS

SHRI R. L. NOLKHA
Chairman

SHRI Y. R. SHAH
Independent Director

SHRI DINESH NOLKHA
Managing Director

SMT. ADITI MEHTA
Independent Director

SHRI NITIN NOLAKHA
Executive Director

DR. R. CHATTOPADHYAY
Independent Director

KEY EXECUTIVES

SHRI SANDEEP GARG
President (Operations)

SHRI P. MAHESHWARI
Chief Financial Officer

SHRI S. S. BASU
Sr. Vice President (Processing)

SHRI UMESH TOSHNIWAL
Vice President (Marketing)

SHRI K. L. PAREEK
Vice President (HR)

SHRI ANIL JAIN
Vice President (Commercial)

SHRI D. K. DASGUPTA
Vice President (Weaving)

COMPANY SECRETARY & GM (LEGAL)

Shri Sudhir Garg

BANKERS

Punjab National Bank

State Bank of India

Bank of Baroda

Union Bank of India

AUDITORS

M/s. Kalani & co.
Chartered Accountants

Secretarial Auditors

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

1. 16-17 Km. Stone, Chittor Road, Hamirgarh
Distt Bhilwara - 311025 (Rajasthan)

2. 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 28th Annual Report on the business and operations of your Company along with the Audited Financial Statements for the year ended 31st March, 2020.

FINANCIAL RESULTS

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

| (₹ in Crores) | | |
|---|----------------------|-----------------------|
| Particulars | Current Year 2019-20 | Previous Year 2018-19 |
| Revenue from operations | 1,438.06 | 1,242.51 |
| Gross Profit Before Finance Cost, Depreciation & Exceptional item | 171.90 | 180.84 |
| Finance Cost | 55.56 | 28.90 |
| Profit before Depreciation, Exceptional items and Tax | 116.34 | 151.94 |
| Depreciation | 80.69 | 54.64 |
| Exceptional items | - | - |
| Profit before Taxation | 35.65 | 97.30 |
| Provision for Taxation- Current Tax (Net of Mat Credit) | - | 36.41 |
| - Earlier Year | (0.44) | (1.50) |
| - Deferred Tax | 12.27 | (1.72) |
| Profit after Tax | 23.82 | 64.11 |
| Other Comprehensive Income/(Loss) net of Income Tax | (3.85) | 1.67 |
| Total Comprehensive Income for the period | 19.97 | 65.78 |
| Transfer to General Reserves | - | 10.00 |

OPERATIONAL PERFORMANCE

REVENUE FROM OPERATIONS

The revenue from operations during the year under review is at ₹ 1,438.06 Crores against ₹ 1,242.51 Crores in the previous year, registering an increase of 15.74%. The revenue of Yarn increased by 7.14% during current year from ₹ 984.19 Crores to ₹ 1,054.51 Crores. The revenue from Yarn constitutes 73.33% of the total Sales. Revenue of Fabric has increased from ₹ 178.06 Crores in the previous year to ₹ 277.84 Crores during year under review and registered growth of 56.04%. The Fabric revenue constitutes 19.32% of the total revenue from operations. Commencement of commercial production at new unit at Bhanwaria Kalan, Begun resulted into increased turnover and with this the Company has also added new products like Blended yarn, Woven Greige and Finished Fabrics.

EXPORTS

Exports Sales was reduced from ₹ 844.06 Crores in the previous year to ₹ 783.17 Crores in the current year. Exports constitute 54.46% of the total revenue. Due to lower cotton crop in India during the cotton year 2018-19; cotton prices were very high in domestic market in comparison to international market in the first half of the year under review and consequently exports of yarn became uncompetitive. In the second half of the year the situation improved but due to lock down in view of COVID-19 pandemic across the world in the last quarter of the year exports were further affected.

PROFITABILITY

The Operating Profit (EBIDTA) of the Company has decreased from ₹ 180.84 Crores in the previous year to ₹ 171.90 Crores in current year in spite of increase in turnover. As percentage to revenue from operations the Operating Profits (EBIDTA) reduced from 14.55% in previous year to 11.95% in current year. Due to lower exports from India there was selling pressure in domestic market as a result of which margins contracted. Further, lower capacity utilisation of Weaving & Processing division of new unit at Begun resulted in higher operating cost. Moreover, lockdown of the operations of the Company from 22nd March, 2020 further affected sales & profitability.

The finance cost for the year under review increased due to borrowings for new unit as such Cash Profit (PBDT) was also reduced from ₹ 151.94 Crores in the previous year to ₹ 116.34 Crores in current year. The Company has reported Net Profit of ₹ 23.82 Crores in the current year against ₹ 64.11 Crores in the previous year.

DIVIDEND

Your Directors are pleased to recommend Dividend of 6% i.e. ₹ 0.60 per Equity Shares on the fully paid-up Equity Share of ₹ 10/- each for the financial year 2019-20 subject to approval of shareholders at the ensuing Annual General Meeting. No interim dividend declared during the reporting period.

Board's Report (Contd.)

IMPACT OF COVID-19 PANDEMIC

The outbreak of COVID-19 globally and resultant lockdown in many countries, including in India, has had impact on the business of the Company. Operations of the Company were completely closed from 22nd March, 2020 to 19th April, 2020 due to lockdown. The operations were partially resumed from 20th April and capacity utilisation is being gradually increased. Due to the lockdown there was reduction in sales and profitability for the quarter ended on 31st March, 2020. The lockdown is partially continuing in 2020-21 and the Company is continuing its operations with current lower demand. Management is expecting that demand will improve once markets stabilize after effect of COVID-19 and lockdown is over.

INSTALLATION OF INTEGRATED TEXTILE UNIT

Your directors in their previous report had informed the members about installation of Integrated Textile Unit at Bhanwaria Kalan, Tehsil Begun in the District of Chittorgarh, Rajasthan. Your Directors are pleased to inform you that the Company has successfully installed the same and commercial production on Spinning & Weaving Unit was commenced with effect from 01st July, 2019 and that on Processing Unit with effect from 01st January, 2020.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is committed to make a positive contribution to communities where it operates. Pursuant to Section 135 of the Companies Act, 2013, the Company constituted CSR committee and formulated CSR Policy as guiding principle for undertaking CSR activities. 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.

During the current year, the Company has incurred expenditure of ₹ 161.36 Lacs on CSR activities against obligation of ₹ 159.52 Lacs. Accordingly, during the year there is no shortfall on CSR expenditure. The disclosures of CSR activities pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 9 of Companies (Corporate Social Responsibility) Rules, 2014 is annexed as **Annexure – I** hereto and form part of this report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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 20th September, 2019.

Shri Dinesh Nolkha, Managing Director of the Company was re-appointed for a further period of three years at the Annual General Meeting of the Company held on 20th September, 2019.

Shri Y. R. Shah, Smt. Aditi Mehta and Sh. R. Chattopadhyay, Independent Directors were appointed for second term at the Annual General Meeting held on 20th September, 2019 through Special Resolution.

Shri R.L. Nolkha, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his re-appointment for consideration of members of the Company at the ensuing Annual General Meeting.

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

All Independent Directors of the Company have confirmed that they meet criteria of independence as per requirement of Section 149(6) of the Companies Act, 2013 and regulation 16(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

AUDITORS :-

STATUTORY AUDITORS

M/s Kalani & Co., Chartered Accountants (FRN 000722C) were appointed Statutory Auditors at the 25th Annual General Meeting held on 04th September, 2017 for five years till the conclusion of 30th Annual General Meeting to be held in the calendar year 2022. Accordingly, they have conducted Statutory Audit for the 2019-20 and shall continue to be Statutory Auditors for the Financial Year 2020-21. They have confirmed their eligibility to continue as Statutory Auditors of the Company for the 2020-21 under section 141 of the Companies Act, 2013 and rules framed there under.

The Audit Report on the Financial Statements for the Financial Year ended on 31st March, 2020, issued by M/s Kalani & Co., Chartered Accountants, 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 2019-20 under the provisions of Section 204 of the Companies Act, 2013. Accordingly, they have conducted Secretarial Audit for the Financial Year 2019-20 and Secretarial Audit Report in Form MR-3 is enclosed herewith. The report does not contain any qualification, reservation or adverse remark.

Board's Report (Contd.)

The Board of Directors has re-appointed M/s V. M. & Associates, Company Secretaries (Firm Registration No. P1984RJ039200), being eligible, to conduct Secretarial Audit for the Financial Year 2020-21 under the provisions of Section 204 of the Companies Act, 2013.

COST AUDITORS

The Board of Directors has appointed M/s. Vivek Laddha & Associates, Cost Accountants (FRN 103465) to conduct Cost Audit of the Cost Records maintained by the Company for the Financial Year 2019-20. The Cost Audit Report for the Financial Year ended 31st March, 2020 is under finalisation.

Pursuant to Section 148 of the Companies Act, 2013, your Directors have re-appointed M/s. Vivek Laddha & Associates, Cost Accountants (FRN 103465), being eligible, to conduct Cost Audit of the Cost Records maintained by the Company for the Financial Year 2020-2021.

Further, the Statutory, Secretarial and Cost Auditors have not reported any frauds 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 the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and have implemented all the prescribed requirements. Pursuant to regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Reports on Corporate Governance and Management Discussions & Analysis have been incorporated in the Annual Report and form an integral part of the Board Report. A Certificate from Statutory Auditors confirming compliance to conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Annual Report.

AWARDS, RECOGNITION & CERTIFICATIONS

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

1. Texprocil's Silver Plaque for second highest exports of cotton yarn above 50 counts for the Financial Year 2018-19.
2. Certifications:
Your Company continued to hold following certifications from British Standards Institution (BSI): -
 - (a) Quality Management System - ISO 9001:2015
 - (b) Environmental Management System - ISO 14001:2015
 - (c) Energy Management System - ISO 50001:2011

- (d) Occupational Health & Safety Management System - OHSAS 18001:2007
- (e) Social Accountability System - SA 8000:2014

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 your 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 detail 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 2019-20, the Board of Directors met four times on 25.05.2019, 10.08.2019, 13.11.2019 and 07.02.2020. 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, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Secretarial Standards-1 issued by Institute of Company Secretaries of India (ICSI) on Board meetings

COMMITTEES

The Company has constituted Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee of Directors. The details of these committees have been given in the Corporate Governance Report form integral part of the Board's Report

Board's Report (Contd.)

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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in this regard. There is no materially significant related party transaction with Promoters, Directors or Key Management Personnel and any other related party which may have potential conflict with the interest of the Company at large. During the year, the Company has not entered into any related party transactions under the Section 188 of the Companies Act, 2013 and the particulars of contracts or arrangements with related parties are Nil.

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 the 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.

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 & 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 reported and all the recommendation of the Audit Committee were accepted by the Board. No employee was denied access to the Audit Committee.

NOMINATION, REMUNERATION & EVALUATION POLICY AND EVALUATION

Pursuant to provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors have approved Nomination, Remuneration & Evaluation Policy prescribing inter-

alia the criteria for appointment, remuneration & evaluation of the Directors. The 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/2018/06/Nomination-Remuneration-Policy.pdf>

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**.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 as required under section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration Rules), 2014 is enclosed as **Annexure – IV**. The same is available on the website of the Company at www.nitinspinners.com.

INTERNAL CONTROL SYSTEM

Your Directors inform the members that your Company has put in place strong internal control systems commensurate with the size of the Company. Further, your Directors take utmost care to ensure that all assets are properly safeguarded and reliable information is provided to the management. Your Directors endeavor to inform the members that all the obligations of the Company are properly adhered to. Your Directors endeavor to continuously improve and monitor the internal control systems.

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

The Company has duly constituted internal complaints committee in line with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition

Board's Report (Contd.)

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 Act, no complaint was pending at the beginning of the year and no complaint was pending at the end of year under review.

BUSINESS RESPONSIBILITY REPORT

The Regulation 34(2)(f) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended) requires for top 1000 listed entities based on Market Capitalisation (calculated as on 31st March of every financial) shall contain Business Responsibility Report in its Annual Report. As per list of National Stock Exchange of India Limited for top 1000 listed entities based on Market Capitalisation your company meets this criterion as on 31st March, 2020. Accordingly, the Business Responsibility Statement shall be included in the Annual Report 2020-21.

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.

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 certain disclosures are common under Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the same are disclosed in the Corporate Governance Report forming part of this Report.

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; and
- (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;
- (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 Customers, Members, Suppliers, 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

Place : Hamirgarh, Bhilwara
Date : 19th June, 2020

R. L. NOLKHA
Chairman
(DIN – 00060746)

Annexure - I

Annual Report on CSR Activities

| | | |
|----|---|--|
| 1. | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. | CSR is strongly connected with the principles of sustainability; an organisation 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 recognises 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 organisations. The Company constantly strives to ensure strong corporate culture which emphasises on integrating CSR values with business objectives. The Company has completed project of Girls/Women hostel in Bhilwara. In compliance with the provisions of the Companies Act, 2013, the Company has framed a CSR Policy and the same has been placed at the website of the Company under the link http://nitinspinners.com/wp-content/uploads/2018/06/CSR-Policy.pdf |
| 2. | The Composition of the CSR Committee as on 31st March, 2020. | <ol style="list-style-type: none"> Shri R. L. Nolkha, Chairman of the Committee Shri Dinesh Nolkha, Member Shri Y. R. Shah, Member Smt. Aditi Mehta, Member |
| 3. | Average Net Profit of the Company for last three financial years (Amount in Lacs) | ₹ 7,975.98 |
| 4. | Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (Amount in Lacs) | ₹ 159.52 |
| 5. | Details of CSR spent during the financial year. | |
| | (1) Total amount to be spent for the Financial Year (Amount in Lacs) | ₹ 159.52 |
| | (2) Amount unspent, if any; | Nil |
| | (3) Manner in which the amount spent during the Financial Year: | Specified as under |

(Amt. in ₹)

| S. No. | CSR Project or Activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads: | Cumulative expenditure upto to the reporting period | Amount spent: Direct or through implementing agency |
|--------|---|--|---|---|---|---|--|
| 1. | Medical Aid to Animals | Animal welfare | Local Area Bhilwara (Rajasthan) | 31,000 | 31,000 | 31,000 | Implementing Agency – People for Animals |
| 2. | Contribution to Shri Ganesh Utsav Prabandh and Seva Samiti – Shivar for Health Check up | Health Care | Local Area Bhilwara (Rajasthan) | 61,000 | 61,000 | 61,000 | Implementing Agency - Shri Ganesh Utsav Prabandh and Seva Samiti |
| 3. | Contribution to CITI – CDRA for Cotton Development and Research Purpose | Rural Development | Local Area Bhilwara (Rajasthan) | 1, 50,000 | 1, 50,000 | 1, 50,000 | Implementing Agency- CITI – CDRA |

Annexure - I Annual Report on CSR Activities (Contd.)

(Amt. in ₹)

| S. No. | CSR Project or Activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads: | Cumulative expenditure upto to the reporting period | Amount spent: Direct or through implementing agency |
|--------|---|---|---|---|---|---|--|
| 4. | Construction of Woman Hostel | Empowering Women | Local Area Bhilwara (Rajasthan) | 1,35,00,000 | 1,37,26,411 (Direct Expenditure) | 4,89,42,565 | Direct |
| 5. | Contribution for Construction of Hostel | Promotion of Education | Other Area Mumbai (Maharashtra) | 11,00,000 | 11,00,000 | 11,00,000 | Implementing Agency- RVG Educational Foundation |
| 6. | Conservation of Water and Plantation | Environmental Sustainability | Local Area Bhilwara (Rajasthan) | 2,60,000 | 2,60,000 | 2,60,000 | Implementing Agency- Jaldhara Vikas Sansthan |
| 7. | Contribution for distribution of Books in Schools | Promotion of Education | Local Area Bhilwara (Rajasthan) | 21,000 | 21,000 | 21,000 | Implementing Agency- Nimbark Vedic Sanskrit Samiti |
| 8. | Contribution to Chittor Mahotsav | Promotion and Development of Traditional Arts and Handicrafts | Chittor (Rajasthan) | 1,00,000 | 1,00,000 | 1,00,000 | Implementing Agency- District Collector Chittorgarh |
| 9. | Contribution for Sports events | Promoting nationally recognised sports | Local Area Bhilwara (Rajasthan) | 1,47,000 | 1,47,000 | 1,47,000 | Implementing Agency- Various Schools, Sports Council Bhilwara & Shree Nagar Maheshwari Sabha, Bhilwara |
| 10. | Supply of Drinking Water at nearby villages | Safe Drinking Water | Local Area Bhilwara (Rajasthan) | 39,200 | 39,200 | 39,200 | Direct |
| 11. | Covid-19 Pandemic | Disaster Management | Local Area Bhilwara (Rajasthan) | 5,00,000 | 5,00,000 | 5,00,000 | District Magistrate |
| | | | Total | 1,59,09,200 | 1,61,35,611 | 5,13,51,765 | |

The Company has spent ₹ 161.36 Lacs against obligation of ₹ 159.52 Lacs during the year 2019-20. Hence, there is no shortfall in spending of CSR expenditure;

We hereby confirm that implementation and monitoring of CSR Policy is in compliance with CSR Objectives and CSR Policy of the Company.

For and on behalf of the Board

Dinesh Nolkha
Managing Director
(DIN – 00054658)

R. L. Nolkha
Chairman of CSR Committee
(DIN – 00060746)

Place : Hamirgarh, Bhilwara
Date : 19th June, 2020

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, 2020.

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 expanded the scope in respect of following measures for energy saving started in the previous year:

- Replacement of Spindles and Bobbins of Ring Frames Machines from higher to lower weight.
- Reduction in the leakage of compressed air and air pressure during machine cleaning.
- Replacement of old motors of Machines to Energy Efficient Motors.

The Company has also replaced eight old Two for One (TFO) Machines with high energy efficient TFO.

- (ii) Steps taken by the Company for utilising alternate sources of energy -
- (4) Expenditure incurred on Research and Development during the year is as follows:

As renewable/green energy initiatives, the Company has installed 8.10 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 equipments is ₹ 752.80 Lacs.

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 design.

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

| Particulars | (₹ in Lacs) | |
|----------------------------|---------------|---------------|
| | Current Year | Previous Year |
| (a) Capital | 153.67 | - |
| (b) Recurring | 330.94 | 184.77 |
| Total (a+b) | 484.61 | 184.77 |
| % to total turnover | 0.34% | 0.15% |

Foreign Exchange Earnings and Outgo

| Particulars | (₹ in Lacs) | |
|---|--------------|---------------|
| | Current Year | Previous Year |
| (a) Earnings (Exports on FOB Value) | 75927.49 | 82236.46 |
| (b) Outgo | | |
| - Capital Goods | 9178.37 | 12978.12 |
| - Recurring:- | | |
| - Components, Spares Parts including Packing Material | 1849.83 | 1187.03 |
| - Raw Materials | 15191.15 | 13811.51 |
| - Sales Commission, Overseas Freight & Others | 1053.49 | 1014.54 |
| - Travelling | 9.95 | 7.50 |

For and on Behalf of the Board of Directors

R. L. NOLKHA

Chairman

(DIN – 00060746)

Place : Hamirgarh, Bhilwara

Date : 19th June, 2020

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 (₹ Lacs) | Qualifications | Experience Years | Commencement of employment | Whether Permanent/Contractual | Age Years | Last Employment |
|------------------------------|----------------------------------|-----------------------|--------------------|------------------|----------------------------|-------------------------------|-----------|----------------------------|
| Shri Ratan Lal Nolkha | Chairman | 87.15 | FCA, FCS, FCMA | 49 | 06.09.1997 | Contractual | 74 | Managing Director BSL Ltd. |
| Shri Dinesh Nolkha | Managing Director | 77.75 | FCA, FCMA | 25 | 01.01.1996 | Contractual | 49 | - |
| Shri Nitin Nolakha | Executive Director | 69.49 | B.Com., MBA | 20 | 01.10.1998 | Contractual | 44 | - |
| Shri Sandeep Kumar | President (Operations) | 38.76 | B. Tech | 28 | 01.04.2007 | Permanent | 49 | ST Cotex |
| Shri Debasis Kumar Das Gupta | Vice President (Weaving) | 34.97 | M. Tech. (Tex.) | 34 | 17.04.2018 | Permanent | 60 | Nahar Ind. |
| Shri Shib Shankar Basu | Sr. Vice President (Process) | 34.31 | B.Sc. Tech. (Tex.) | 39 | 04.07.2018 | Permanent | 63 | Donear Industry |
| Shri Purushottam Maheshwari | Chief Financial Officer | 31.44 | B. Com, FCA | 35 | 01.08.2006 | Permanent | 58 | BSL Ltd. |
| Shri Umesh Toshniwal | Vice President (Marketing) | 31.41 | B. Com | 26 | 01.04.1993 | Permanent | 48 | - |
| Shri Anil Kumar Jain | Vice President (Commercial) | 31.10 | B.Sc, ICWA,CS | 30 | 03.03.2018 | Permanent | 54 | Sutlej Textiles |
| Shri Ratnesh Kumar | General Manager (Rotor Spinning) | 22.07 | B. Tech. (Tex.) | 28 | 29.04.2008 | Permanent | 49 | CLC Group |

Sh. R.L. 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 ₹ 1,02,00,000 or more and employed for part of the year and was in receipt of remuneration aggregating to ₹ 8,50,000/- or more per month.

Analysis of Managerial Remuneration

In 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 2019-20:-

| Name of Directors | Ratio |
|---|---------|
| Executive Directors :- | |
| Sh. Ratan Lal Nolkha, Chairman | 42.03:1 |
| Sh. Dinesh Nolkha, Managing Director | 37.49:1 |
| Sh. Nitin Nolakha, Executive Director | 33.51:1 |
| Non-Executive Independent Directors :- | |
| Sh. Yeshwantlal Ratilal Shah | 1.54:1 |
| Smt. Aditi Mehta | 1.06:1 |
| Dr. Rabisankar Chattopadhyay | 1.45:1 |

Non-Executive Directors are being paid only Sitting Fee.

Annexure - III (Contd.)

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 2019-20:-

| Name of Directors & KMP | % increase/(Decrease) in remuneration |
|--|---------------------------------------|
| Executive Directors :- | |
| Shri Ratan Lal Nolkha, Chairman | (34.28) |
| Shri Dinesh Nolkha, Managing Director | (36.91) |
| Shri Nitin Nolkha, Executive Director | (39.69) |
| Non-Executive Independent Directors :- | |
| Shri Yeshwantlal Ratilal Shah | 113.33 |
| Smt. Aditi Mehta | 57.14 |
| Dr. Rabisankar Chattopadhyay | 87.50 |
| CFO and Company Secretary | |
| Shri P. Maheshwari, Chief Financial Officer | 8.26 |
| Shri Sudhir Garg, Company Secretary & GM (Legal) | 4.36 |

3. The percentage increase in the median remuneration of employees in the financial year 2019-20:- 8.27
4. The number of permanent employees on the rolls of company:- 4,167
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: - 13.21
- Average % increase/(Decrease) in the Salary of the Managerial Personnel:- (36.02)
- (The variable component of Salary i.e. Commission of Executive Directors decreased due to lower profit of the Company and resulted into reduction in 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

R. L. NOLKHA

Chairman

(DIN – 00060746)

Place : Hamirgarh, Bhilwara

Date : 19th June, 2020

Annexure - IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2020

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

I. REGISTRATION AND OTHER DETAILS

| | | |
|------|---|---|
| i) | CIN | L17111RJ1992PLC006987 |
| ii) | Registration Date | 15.10.1992 |
| iii) | Name of the Company | NITIN SPINNERS LIMITED |
| iv) | Category / Sub-Category of the Company | COMPANY LIMITED BY SHARES/INDIAN NON GOVERNMENT COMPANY |
| v) | Address of the Registered office and Contact details | 16-17 KM. STONE, CHITTOR ROAD, HAMIRGARH, BHILWARA - 311025 RAJASTHAN PHONE NO. 01482-286110 TO 113 E-Mail - nsl@nitinspinners.com |
| vi) | Whether listed company | YES |
| vii) | Name, Address and Contract detail of Registrar and Transfer Agent, if any | Bigshare Services Pvt Ltd, 1st Floor, Bharat Tin Works Building, opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai - 400059 Phone No. 022-62638200 Fax 022-62638299 Email : investor@bigshareonline.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and description of main products / services | NIC Code of the Product/ service | % of total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1 | YARN | 13111 | 73.33 |
| 2 | COTTON KNITTED FABRIC | 13911 | 10.52 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| Sl. No. | Name and Address of the Company | CIN / GLN | Holding/Subsidiary/ Associate | % of Shares Held | Applicable Section |
|---------|---------------------------------|-----------|-------------------------------|------------------|--------------------|
| 1 | Nil | N.A. | N.A. | N.A. | N.A. |

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

| Category of the Shareholders | No. of Share held at the beginning of the year 1st April, 2019 | | | | No. of Share held at the end of the year 31st March, 2020 | | | | % Change during the year |
|------------------------------|--|----------|-----------------|-------------------|---|----------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 13652000 | 0 | 13652000 | 24.29 | 13662000 | 0 | 13662000 | 24.30 | 0.01 |
| b) Central Govt. | | | | | | | | | |
| c) State Govt(s) | | | | | | | | | |
| d) Bodies Corp. | 17728000 | 0 | 17728000 | 31.53 | 17758000 | 0 | 17758000 | 31.59 | 0.06 |
| e) Banks / FI | | | | | | | | | |
| f) Any Other | | | | | | | | | |
| Sub-total (A)(1) :- | 31380000 | 0 | 31380000 | 55.82 | 31420000 | 0 | 31420000 | 55.89 | 0.07 |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | | | | | | | | | |
| b) Other - Individual | | | | | | | | | |
| c) Bodies Corp. | | | | | | | | | |

Annexure - IV

Form No. MGT-9 (Contd.)

| Category of the Shareholders | No. of Share held at the beginning of the year 1st April, 2019 | | | | No. of Share held at the end of the year 31st March, 2020 | | | | % Change during the year |
|---|--|-------------|-----------------|-------------------|---|------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| d) Banks / FI | | | | | | | | | |
| e) Any Other | | | | | | | | | |
| Sub-total (A)(2) :- | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Shareholding of Promoter (A) = (A)(1)+(A)(2) | 31380000 | 0 | 31380000 | 55.82 | 31420000 | 0 | 31420000 | 55.89 | 0.07 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | 8916056 | 0 | 8916056 | 15.86 | 9081456 | 0 | 9081456 | 16.16 | 0.30 |
| b) Banks / FI | 21651 | 0 | 21651 | 0.04 | 1440 | 0 | 1440 | 0.00 | -0.04 |
| c) Central Govt. | | | | | | | | | |
| d) State Govt(s) | | | | | | | | | |
| e) Venture Capital Funds | | | | | | | | | |
| f) Insurance Companies | | | | | | | | | |
| g) FIs | 23000 | 0 | 23000 | 0.04 | 0 | 0 | 0 | 0.00 | -0.04 |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Others - Foreign Portfolio Investor | 0 | 0 | 0 | 0.00 | 23000 | 0 | 23000 | 0.04 | 0.04 |
| Sub-total (B)(1) :- | 8960707 | 0 | 8960707 | 15.94 | 9105896 | 0 | 9105896 | 16.20 | 0.26 |
| (2) Non-Institution | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 994150 | 0 | 994150 | 1.76 | 771872 | 0 | 771872 | 1.37 | -0.39 |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal capital upto ₹ 1 Lakh | 9215562 | 630 | 9216192 | 16.39 | 8920999 | 630 | 8921629 | 15.87 | -0.52 |
| ii) Individual shareholders holding nominal capital in excess of ₹ 1 Lakh | 3943689 | 0 | 3943689 | 7.01 | 4079594 | 0 | 4079594 | 7.26 | 0.25 |
| c) Others (specify) | | | | | | | | | |
| i) Clearing Members | 132932 | 0 | 132932 | 0.24 | 208675 | 0 | 208675 | 0.37 | 0.13 |
| ii) NRI | 1070814 | 2450 | 1073264 | 1.91 | 1157922 | 0 | 1157922 | 2.06 | 0.15 |
| iii) Trust | 4000 | 0 | 4000 | 0.01 | 1550 | 0 | 1550 | 0.00 | -0.01 |
| iv) Hindu Undivided Family (HUF) | 515066 | 0 | 515066 | 0.92 | 552862 | 0 | 552862 | 0.98 | 0.06 |
| Sub-total (B)(2) :- | 15876213 | 3080 | 15879293 | 28.24 | 15693474 | 630 | 15694104 | 27.91 | -0.33 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 24836920 | 3080 | 24840000 | 44.18 | 24799370 | 630 | 24800000 | 44.11 | -0.07 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A+B+C) | 56216920 | 3080 | 56220000 | 100.00 | 56219370 | 630 | 56220000 | 100.00 | 0.00 |

Annexure - IV

Form No. MGT-9 (Contd.)

ii) Shareholding of Promoters (including Promoter Group)

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year 1st April, 2019 | | | Shareholding at the end of the year 31st March, 2020 | | | % Change in shareholding during the year |
|--------|-------------------------------------|---|----------------------------------|--|--|----------------------------------|--|--|
| | | No. of Shares | % of total shares of the company | % of Shares Pledged / Encumbered to total shares | No. of Shares | % of total shares of the company | % of Shares Pledged / Encumbered to total shares | |
| 1 | RATAN LAL NOLKHA | 6120000 | 10.89 | Nil | 6130000 | 10.90 | Nil | 0.01 |
| 2 | SUSHILA DEVI NOLKHA | 1650000 | 2.94 | Nil | 1650000 | 2.94 | Nil | 0.00 |
| 3 | RATAN LAL NOLKHA HUF | 1630000 | 2.90 | Nil | 1630000 | 2.90 | Nil | 0.00 |
| 4 | DINESH NOLKHA | 1153000 | 2.05 | Nil | 1153000 | 2.05 | Nil | 0.00 |
| 5 | KRISHNA NOLKHA | 265000 | 0.47 | Nil | 265000 | 0.47 | Nil | 0.00 |
| 6 | PRATYUSH NOLKHA | 254000 | 0.45 | Nil | 254000 | 0.45 | Nil | 0.00 |
| 7 | DINESH NOLKHA HUF | 355000 | 0.63 | Nil | 355000 | 0.63 | Nil | 0.00 |
| 8 | NITIN NOLAKHA | 1845000 | 3.28 | Nil | 1845000 | 3.28 | Nil | 0.00 |
| 9 | RANJEETA NOLKHA | 180000 | 0.32 | Nil | 180000 | 0.32 | Nil | 0.00 |
| 10 | NITIN NOLAKHA HUF | 200000 | 0.36 | Nil | 200000 | 0.36 | Nil | 0.00 |
| 11 | REDIAL TRADING & INVESTMENT PVT LTD | 17728000 | 31.53 | Nil | 17758000 | 31.59 | Nil | 0.06 |
| | Total | 31380000 | 55.82 | Nil | 31420000 | 55.89 | Nil | 0.07 |

iii) Change in Promoter's Shareholding :

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase / (Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (1st April, 2019 to 31st March, 2020) | |
|--------|-------------------------------------|---|----------------------------------|------------|---------------------------------------|----------|---|----------------------------------|
| | | No. of Shares at the beginning (1st April, 2019) / end of the year (31st March, 2020) | % of total shares of the company | | | | No. of Shares | % of total Shares of the Company |
| 1 | RATAN LAL NOLKHA | 6120000 | 10.89 | 01.04.2019 | | | 6120000 | 10.89 |
| | | | | 20.03.2020 | 9975 | Transfer | 6129975 | 10.90 |
| | | | | 27.03.2020 | 25 | Transfer | 6130000 | 10.90 |
| | | 6130000 | 10.90 | 31.03.2020 | | | 6130000 | 10.90 |
| 2 | SUSHILA DEVI NOLKHA | 1650000 | 2.94 | 01.04.2019 | 0 | - | 1650000 | 2.94 |
| | | 1650000 | 2.94 | 31.03.2020 | 0 | - | 1650000 | 2.94 |
| 3 | RATAN LAL NOLKHA HUF | 1630000 | 2.90 | 01.04.2019 | 0 | - | 1630000 | 2.90 |
| | | 1630000 | 2.90 | 31.03.2020 | 0 | - | 1630000 | 2.90 |
| 4 | DINESH NOLKHA | 1153000 | 2.05 | 01.04.2019 | 0 | - | 1153000 | 2.05 |
| | | 1153000 | 2.05 | 31.03.2020 | 0 | - | 1153000 | 2.05 |
| 5 | KRISHNA NOLKHA | 265000 | 0.47 | 01.04.2019 | 0 | - | 265000 | 0.47 |
| | | 265000 | 0.47 | 31.03.2020 | 0 | - | 265000 | 0.47 |
| 6 | PRATYUSH NOLKHA | 254000 | 0.45 | 01.04.2019 | 0 | - | 254000 | 0.45 |
| | | 254000 | 0.45 | 31.03.2020 | 0 | - | 254000 | 0.45 |
| 7 | DINESH NOLKHA HUF | 355000 | 0.63 | 01.04.2019 | 0 | - | 355000 | 0.63 |
| | | 355000 | 0.63 | 31.03.2020 | 0 | - | 355000 | 0.63 |
| 8 | NITIN NOLAKHA | 1845000 | 3.28 | 01.04.2019 | 0 | - | 1845000 | 3.28 |
| | | 1845000 | 3.28 | 31.03.2020 | 0 | - | 1845000 | 3.28 |
| 9 | RANJEETA NOLKHA | 180000 | 0.32 | 01.04.2019 | 0 | - | 180000 | 0.32 |
| | | 180000 | 0.32 | 31.03.2020 | 0 | - | 180000 | 0.32 |
| 10 | NITIN NOLAKHA HUF | 200000 | 0.36 | 01.04.2019 | 0 | - | 200000 | 0.36 |
| | | 200000 | 0.36 | 31.03.2020 | 0 | - | 200000 | 0.36 |
| 11 | REDIAL TRADING & INVESTMENT PVT LTD | 17728000 | 31.53 | 01.04.2019 | | | 17728000 | 31.53 |
| | | | | 27.03.2020 | 30000 | Transfer | 17758000 | 31.59 |
| | | 17758000 | 31.59 | 31.03.2020 | | | 17758000 | 31.59 |

Annexure - IV Form No. MGT-9 (Contd.)

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holder of GDRs and ADRs):

| SI No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase / (Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (1st April, 2019 to 31st March, 2020) | |
|--------|---|---|----------------------------------|------------|---------------------------------------|----------|---|----------------------------------|
| | | No. of Shares at the beginning (1st April, 2019) / end of the year (31st March, 2020) | % of total shares of the company | | | | No. of Shares | % of total Shares of the Company |
| 1 | ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE SMALL AND MIDCAP FUND | 3499100 | 6.22 | 01.04.2019 | | | 3499100 | 6.22 |
| | | | | 05.04.2019 | 50900 | Transfer | 3550000 | 6.31 |
| | | | | 07.06.2019 | 40000 | Transfer | 3590000 | 6.39 |
| | | | | 19.07.2019 | 10000 | Transfer | 3600000 | 6.40 |
| | | | | 30.08.2019 | 89000 | Transfer | 3689000 | 6.56 |
| | | 3689000 | 6.56 | 31.03.2020 | | | 3689000 | 6.56 |
| 2 | L&T MUTUAL FUND TRUSTEE LIMITED - L&T EMERGING BUSINESSES FUND | 2792456 | 4.97 | 01.04.2019 | | | 2792456 | 4.97 |
| | | 2792456 | 4.97 | 31.03.2020 | | | 2792456 | 4.97 |
| 3 | IDFC STERLING VALUE FUND | 2424500 | 4.31 | 01.04.2019 | | | 2424500 | 4.31 |
| | | | | 03.05.2019 | 15160 | Transfer | 2439660 | 4.34 |
| | | | | 14.06.2019 | 9532 | Transfer | 2449192 | 4.36 |
| | | | | 28.06.2019 | 9644 | Transfer | 2458836 | 4.37 |
| | | | | 12.07.2019 | 11703 | Transfer | 2470539 | 4.39 |
| | | | | 19.07.2019 | 6999 | Transfer | 2477538 | 4.41 |
| | | | | 26.07.2019 | 22462 | Transfer | 2500000 | 4.45 |
| | | | | 02.08.2019 | 25000 | Transfer | 2525000 | 4.49 |
| | | | | 16.08.2019 | 1792 | Transfer | 2526792 | 4.49 |
| | | | | 06.09.2019 | 3208 | Transfer | 2530000 | 4.50 |
| | | | | 25.10.2019 | 7767 | Transfer | 2537767 | 4.51 |
| | | | | 01.11.2019 | 8434 | Transfer | 2546201 | 4.53 |
| | | | | 08.11.2019 | 1875 | Transfer | 2548076 | 4.53 |
| | | | | 22.11.2019 | 5729 | Transfer | 2553805 | 4.54 |
| | | | | 27.12.2019 | 11529 | Transfer | 2565334 | 4.56 |
| | | 10.01.2020 | 4666 | Transfer | 2570000 | 4.57 | | |
| | | 31.01.2020 | 30000 | Transfer | 2600000 | 4.62 | | |
| | | 2600000 | 4.62 | 31.03.2020 | | | 2600000 | 4.62 |
| 4 | EAST INDIA SECURITIES LTD | 10000 | 0.02 | 01.04.2019 | | | 10000 | 0.02 |
| | | | | 12.07.2019 | 9000 | Transfer | 19000 | 0.03 |
| | | | | 19.07.2019 | 10000 | Transfer | 29000 | 0.05 |
| | | | | 02.08.2019 | -19500 | Transfer | 9500 | 0.02 |
| | | | | 09.08.2019 | -2482 | Transfer | 7018 | 0.01 |
| | | | | 16.08.2019 | 11103 | Transfer | 18121 | 0.03 |
| | | | | 23.08.2019 | 377 | Transfer | 18498 | 0.03 |
| | | | | 30.08.2019 | -2194 | Transfer | 16304 | 0.03 |
| | | | | 13.09.2019 | -9304 | Transfer | 7000 | 0.01 |
| | | | | 27.09.2019 | 8852 | Transfer | 15852 | 0.03 |
| | | | | 30.09.2019 | 1148 | Transfer | 17000 | 0.03 |
| | | | | 04.10.2019 | 10984 | Transfer | 27984 | 0.05 |
| | | | | 11.10.2019 | 9816 | Transfer | 37800 | 0.07 |

Annexure - IV

Form No. MGT-9 (Contd.)

| SI No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase / (Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (1st April, 2019 to 31st March, 2020) | |
|--------|--------------------|---|----------------------------------|------------|---------------------------------------|----------|---|----------------------------------|
| | | No. of Shares at the beginning (1st April, 2019) / end of the year (31st March, 2020) | % of total shares of the company | | | | No. of Shares | % of total Shares of the Company |
| | | | | 22.11.2019 | 20000 | Transfer | 57800 | 0.10 |
| | | | | 20.12.2019 | -7000 | Transfer | 50800 | 0.09 |
| | | | | 24.01.2020 | 39000 | Transfer | 89800 | 0.16 |
| | | | | 31.01.2020 | 196150 | Transfer | 285950 | 0.51 |
| | | | | 07.02.2020 | 939 | Transfer | 286889 | 0.51 |
| | | | | 14.02.2020 | -939 | Transfer | 285950 | 0.51 |
| | | | | 28.02.2020 | 18009 | Transfer | 303959 | 0.54 |
| | | | | 06.03.2020 | 15396 | Transfer | 319355 | 0.57 |
| | | | | 13.03.2020 | 755 | Transfer | 320110 | 0.57 |
| | | 320110 | 0.57 | 31.03.2020 | | | 320110 | 0.57 |
| 5 | ASHOK DEWAN | 180600 | 0.32 | 01.04.2019 | | | 180600 | 0.32 |
| | | | | 19.04.2019 | 1180 | Transfer | 181780 | 0.32 |
| | | | | 26.04.2019 | 1035 | Transfer | 182815 | 0.33 |
| | | | | 03.05.2019 | 1129 | Transfer | 183944 | 0.33 |
| | | | | 10.05.2019 | 2141 | Transfer | 186085 | 0.33 |
| | | | | 17.05.2019 | 445 | Transfer | 186530 | 0.33 |
| | | | | 24.05.2019 | 764 | Transfer | 187294 | 0.33 |
| | | | | 31.05.2019 | 546 | Transfer | 187840 | 0.33 |
| | | | | 07.06.2019 | 365 | Transfer | 188205 | 0.33 |
| | | | | 14.06.2019 | 760 | Transfer | 188965 | 0.34 |
| | | | | 21.06.2019 | 3519 | Transfer | 192484 | 0.34 |
| | | | | 28.06.2019 | 772 | Transfer | 193256 | 0.34 |
| | | | | 12.07.2019 | 835 | Transfer | 194091 | 0.35 |
| | | | | 19.07.2019 | 1685 | Transfer | 195776 | 0.35 |
| | | | | 26.07.2019 | 3153 | Transfer | 198929 | 0.35 |
| | | | | 02.08.2019 | 8895 | Transfer | 207824 | 0.37 |
| | | | | 09.08.2019 | 1230 | Transfer | 209054 | 0.37 |
| | | | | 16.08.2019 | 3155 | Transfer | 212209 | 0.38 |
| | | | | 04.10.2019 | 575 | Transfer | 212784 | 0.38 |
| | | | | 11.10.2019 | 575 | Transfer | 213359 | 0.38 |
| | | | | 22.11.2019 | 600 | Transfer | 213959 | 0.38 |
| | | | | 29.11.2019 | 6875 | Transfer | 220834 | 0.39 |
| | | | | 06.12.2019 | 3783 | Transfer | 224617 | 0.40 |
| | | | | 13.12.2019 | 4311 | Transfer | 228928 | 0.41 |
| | | | | 20.12.2019 | 580 | Transfer | 229508 | 0.41 |
| | | | | 24.01.2020 | -500 | Transfer | 229008 | 0.41 |
| | | | | 07.02.2020 | 2510 | Transfer | 231518 | 0.41 |
| | | | | 06.03.2020 | 1222 | Transfer | 232740 | 0.41 |
| | | | | 13.03.2020 | 1840 | Transfer | 234580 | 0.42 |
| | | | | 20.03.2020 | 2300 | Transfer | 236880 | 0.42 |
| | | | | 27.03.2020 | 588 | Transfer | 237468 | 0.42 |
| | | 237468 | 0.42 | 31.03.2020 | | | 237468 | 0.42 |

Annexure - IV Form No. MGT-9 (Contd.)

| SI No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase / (Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (1st April, 2019 to 31st March, 2020) | |
|------------|--------------------|---|----------------------------------|------------|---------------------------------------|----------|---|----------------------------------|
| | | No. of Shares at the beginning (1st April, 2019) / end of the year (31st March, 2020) | % of total shares of the company | | | | No. of Shares | % of total Shares of the Company |
| 6 | AJAY MANGLUNIA | 200000 | 0.36 | 01.04.2019 | | | 200000 | 0.36 |
| | | | | 06.03.2020 | -200000 | Transfer | 0 | 0.00 |
| | | 200000 | 0.36 | 13.03.2020 | 200000 | Transfer | 200000 | 0.36 |
| | | | | 31.03.2020 | | | 200000 | 0.36 |
| 7 | P SHOBHA | 175670 | 0.31 | 01.04.2019 | | | 175670 | 0.31 |
| | | | | 03.01.2020 | 1030 | Transfer | 176700 | 0.31 |
| | | 176700 | 0.31 | 31.03.2020 | | | 176700 | 0.31 |
| 8 | RAVI SHANKAR MARDA | 118652 | 0.21 | 01.04.2019 | | | 118652 | 0.21 |
| | | 118652 | 0.21 | 03.01.2020 | | | 118652 | 0.21 |
| 9 | SINGH SHASHANK | 86062 | 0.15 | 01.04.2019 | | | 86062 | 0.15 |
| | | | | 02.08.2019 | 3474 | Transfer | 89536 | 0.16 |
| | | | | 13.09.2019 | 5460 | Transfer | 94996 | 0.17 |
| | | | | 01.11.2019 | 5961 | Transfer | 100957 | 0.18 |
| | | 22.11.2019 | 6626 | Transfer | 107583 | 0.19 | | |
| 107583 | 0.19 | 31.03.2020 | | | 107583 | 0.19 | | |
| 10 | SUMAN MANGLUNIA | 75035 | 0.13 | 01.04.2019 | | | 75035 | 0.13 |
| | | | | 26.04.2019 | 1610 | Transfer | 76645 | 0.14 |
| | | | | 03.05.2019 | 12000 | Transfer | 88645 | 0.16 |
| | | | | 24.05.2019 | 1355 | Transfer | 90000 | 0.16 |
| | | | | 07.06.2019 | 38717 | Transfer | 128717 | 0.23 |
| | | | | 21.06.2019 | 10000 | Transfer | 138717 | 0.25 |
| | | | | 20.09.2019 | 11283 | Transfer | 150000 | 0.27 |
| | | 22.11.2019 | 8203 | Transfer | 158203 | 0.28 | | |
| 29.11.2019 | 2000 | Transfer | 160203 | 0.28 | | | | |
| 160203 | 0.28 | 31.03.2020 | | | 160203 | 0.28 | | |

v) Shareholding of Directors and Key Managerial Personnel :

| SI No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase / (Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (1st April, 2019 to 31st March, 2020) | |
|--------|--------------------|--|----------------------------------|------------|---------------------------------------|--------|---|----------------------------------|
| | | No. of Share at the beginning (1st April, 2019) / end of the year (31st March, 2020) | % of total shares of the company | | | | No. of Shares | % of total Shares of the Company |
| 1 | P. MAHESHWARI | 1500 | 0.00 | 01.04.2019 | 0 | - | 1500 | 0.00 |
| | | 1500 | 0.00 | 31.03.2020 | 0 | - | | |
| 2 | SUDHIR GARG | 100 | 0.00 | 01.04.2019 | 0 | - | 100 | 0.00 |
| | | 100 | 0.00 | 31.03.2020 | 0 | - | | |

Independent Directors do not hold any Share in the Company and Promoter Directors' Shareholding i.e. Shri Ratan Lal Nolkha, Shri Dinesh Nolkha and Shri Nitin Nolakha are given at the Point No. (iii) above

Annexure - IV Form No. MGT-9 (Contd.)

V INDEBTNESS

Indebtness of the Company including interest outstanding / accrued but not due for payment

(₹ in Lacs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtness |
|--|-------------------------------------|--------------------|-------------|---------------------|
| Indebtness at the beginning of the financial year 1st April, 2019 | | | | |
| i) Principal Amount | 86047.47 | 0.00 | 0.00 | 86047.47 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (i+ii+iii) | 86047.47 | 0.00 | 0.00 | 86047.47 |
| Change in Indebtness during the financial year | | | | |
| 1. Addition | 22247.36 | 285.00 | 0.00 | 22532.36 |
| 2. Reduction | 4329.35 | 210.00 | 0.00 | 4539.35 |
| Net Change | 17918.01 | 75.00 | 0.00 | 17993.01 |
| Indebtness at the end of the financial year 31st March, 2020 | | | | |
| i) Principal Amount | 103965.48 | 75.00 | 0.00 | 104040.48 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 73.05 | 0.00 | 0.00 | 73.05 |
| Total (i+ii+iii) | 104038.53 | 75.00 | 0.00 | 104113.53 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Directors, Whole-time Directors and/or Manager:

(₹ in Lacs)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | Total Amount |
|---------|--|--|--|---|---------------|
| | | Shri Ratan lal Nolkha, Executive Chairman | Shri Dinesh Nolkha, Managing Director | Shri Nitin Nolakha, Executive Director | |
| 1 | Gross Salary | | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 51.60 | 43.20 | 36.00 | 130.80 |
| | b) Value of perquisites u/s 17(2) of Income-Tax Act, 1961 | 1.06 | 1.06 | 0.87 | 2.99 |
| | c) Profit in lieu of salary under section 17(3) of Income-tax Act, 1961 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2 | Stock Option | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | Sweat Equity | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | Commision | | | | |
| | - as 0.75% of Profit | 28.30 | 28.30 | 28.30 | 84.90 |
| | - Others (please specify) | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 | - Others - contribution to PF | 6.19 | 5.19 | 4.32 | 15.70 |
| | Total (A) | 87.15 | 77.75 | 69.49 | 234.39 |
| | Ceiling as per Act | | | | 377.38 |

Annexure - IV Form No. MGT-9 (Contd.)

B. Remuneration to other Directors:

(₹ in Lacs)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | Total |
|----------|---|--|------------------|---------------------|-------------|
| | | Shri Y. R. Shah | Smt. Aditi Mehta | Dr. R Chattopadhyay | |
| 1 | Independent Directors | | | | |
| | 1. Fee for attending Board Committee Meetings | 3.20 | 2.20 | 3.00 | 8.40 |
| | 2. Commission | 0.00 | 0.00 | 0.00 | 0.00 |
| | 3. Others, please specify | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total (1) | 3.20 | 2.20 | 3.00 | 8.40 |
| 2 | Other Non-executive Directors | - | - | - | - |
| | 1. Fee for attending Board Committee Meetings | - | - | - | - |
| | 2. Commission | - | - | - | - |
| | 3. Others, please specify | - | - | - | - |
| | Total (2) | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total B = (1+2) | 3.20 | 2.20 | 3.00 | 8.40 |
| | Total Managerial Remuneration | 3.20 | 2.20 | 3.00 | 8.40 |
| | Ceiling as per the Act | ₹ 1 Lakh Per Meeting of Board or Committee thereof | | | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(₹ in Lacs)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---------|--|--------------------------|-------------------|--------------|--------------|
| | | CEO | Company Secretary | CFO | |
| 1 | Gross Salary | | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | 12.86 | 20.21 | 33.07 |
| | b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 | | 5.74 | 8.80 | 14.54 |
| | c) Profit in lieu of salary under section 17(3) of Income-tax Act, 1961 | | 0.00 | 0.00 | 0.00 |
| 2 | Stock Option | | 0.00 | 0.00 | 0.00 |
| 3 | Sweat Equity | | 0.00 | 0.00 | 0.00 |
| 4 | Commision | | 0.00 | 0.00 | 0.00 |
| | - as % of Profit | | 0.00 | 0.00 | 0.00 |
| | - Others, specify | | 0.00 | 0.00 | 0.00 |
| 5 | Others- Contribution to PF | | 1.54 | 2.43 | 3.97 |
| | Total (A) | | 20.14 | 31.44 | 51.58 |
| | Ceiling as per Act | | | | N.A. |

Annexure - IV Form No. MGT-9 (Contd.)

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penlty / Punishment / Compounding Fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|-------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | N.A. | N.A. | Nil | N.A. | N.A. |
| Punishment | N.A. | N.A. | Nil | N.A. | N.A. |
| Compounding | N.A. | N.A. | Nil | N.A. | N.A. |
| B. DIRECTORS | | | | | |
| Penalty | N.A. | N.A. | Nil | N.A. | N.A. |
| Punishment | N.A. | N.A. | Nil | N.A. | N.A. |
| Compounding | N.A. | N.A. | Nil | N.A. | N.A. |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | N.A. | N.A. | Nil | N.A. | N.A. |
| Punishment | N.A. | N.A. | Nil | N.A. | N.A. |
| Compounding | N.A. | N.A. | Nil | N.A. | N.A. |

For and on Behalf of the Board of Directors

Place : Hamirgarh, Bhilwara
Date : 19th June, 2020

R. L. NOLKHA
Chairman
(DIN – 00060746)

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March, 2020

[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 – 311 001 (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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 (‘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, 2020 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; **(Not applicable to the Company during the Audit Period)**
- (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; **(Not applicable to the Company during the Audit Period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
 - (i) 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.

FORM NO. MR-3
SECRETARIAL AUDIT REPORT (Contd.)

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.

Place: Jaipur

Date: 19th June, 2020

UDIN: F003355B000355355

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.

For V. M. & Associates

Company Secretaries

(ICSI Unique Code P1984RJ039200)

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. Wherever 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: 19th June, 2020
UDIN: F003355B000355355

For V. M. & Associates
Company Secretaries
(ICSI Unique Code P1984RJ039200)

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-311001 (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 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) 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 ending on 31st March, 2020 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.

| Sr. No. | Name of the Director | DIN |
|---------|-------------------------------|----------|
| 1 | Shri Yeshwantlal Ratilal Shah | 00019557 |
| 2 | Shri Dinesh Nolkha | 00054658 |
| 3 | Shri Nitin Nolakha | 00054707 |
| 4 | Shri Ratan Lal Nolkha | 00060746 |
| 5 | Smt. Aditi Mehta | 06917890 |
| 6 | Shri Rabisankar Chattopadhyay | 06928729 |

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: 19th June, 2020

UDIN: F003355B000355399

For V. M. & Associates

Company Secretaries

(ICSI Unique Code P1984RJ039200)

CS Manoj Maheshwari

Partner

Membership No.: FCS 3355

C P No.: 1971

Management Discussion and Analysis

GLOBAL ECONOMY

The global economic momentum softened to 2.9% in 2019. This slowdown was by the virtue of rising trade barriers, weakening business sentiments, tighter financial conditions, and geopolitical tensions. The overall economy seemed weak for most part of the year. However, some green shoots of stabilisation were visible at the end of the year. These signs of recovery were largely owing to the US-China Phase-1 trade talk, easing Brexit concern, and improvement in manufacturing and service sector. These developments were upshots of various reforms and monetary policies announced by the Governments and Central banks around the world for strengthening economies. But the outbreak of Covid-19 grievously disrupted the supply chain and manufacturing activities across economies. The world economy is now bound to plunge into a severe recession – the first since 1870 to be precipitated by a pandemic. The global growth for 2020 has been anticipated to drag down to (3)%. Disruptions in supply chain, dip in commodity prices and fall in capital expenditures are likely to be the key causes behind the slowdown.

Outlook

The COVID-19 impact on the economy will last for a longer period. However, the containment efforts and measures are expected to decrease gradually. The recovery speed and the probability of the vaccine will play a crucial role in the overall recovery. Additionally, economy-supporting sectors have been encouraged to resume their functioning by the Government for stabilising the economy. According to the IMF estimates, the global economy is projected to grow by 5.8% in 2021, supported by policy and fiscal reforms which will strengthen the economy's growth. (Source: IMF)

INDIAN ECONOMY

The Indian economy has showcased a promising journey of growth over the past few years. However, it was faced by several headwinds in the financial year 2019-20. The GDP growth rate touched an 11-year low of 4.2% in the 2019-20 as compared to 6.1% in 2018-19. This slowdown can be attributed to subdued private consumption, weak investments, sluggish growth in the manufacturing sector and declining credit growth.

However, for reviving the growth, the Government announced a slew of measures that included corporate tax rate cut, income tax rate cut, hike in import duties and increase in Minimum Support Prices (MSP) for farmers. The RBI also stepped in at various intervals by reducing repo rate and reverse repo rate. A strong hope of recovery in the last quarter of 2019-20 was seen prevailing. However, the economy was hit by the sudden and massive outbreak of COVID-19. The resultant lockdown disrupted all the economic activities and increased unemployment.

To counteract this, the Government along with the RBI, promptly announced fiscal and monetary stimulus and fundamental reforms. This included wage support, in-kind and cash transfers to lower-income households and deferral of tax payments. Further, these measures are said to boost private investments, increase liquidity, support, and revive back some of the crucial sectors. Further, the Government also announced financial package worth of ₹ 20 Lacs Crores to support the five pillars of the country – economy, infrastructure, technology-driven system, demography, and demand.

Outlook

In the short term, the measures taken by the Government are expected to reduce the impact of Covid-19 and help spur economic activities. With a growth rate of 3.7%, the agriculture and allied sector remained resilient during the year. The Indian GDP is expected to be impacted substantially in 2021 due to COVID-19. Besides, favourable international oil prices are likely to keep India's inflation rates manageable and lower its current account and fiscal deficit.

GLOBAL TEXTILE AND APPAREL INDUSTRY

The Global textile and apparel industry is going through structural changes, with market share steering towards China, India, Bangladesh and Vietnam from western countries. The industry is dependent on the agricultural sector for raw material and the Asian countries are rich with it. In CY 2019, the global textile market valuation stood at US\$ 961.5 billion. Segment wise, the textile market is categorised into natural fibres, polyesters, nylon, and others. The natural fibres comprise cotton, linen, flax, silk, hemp, and wool. In terms of raw materials volume, cotton accounted for majority of the market share with 39.5% in CY 2019 (Source: *Inkworld Magazine, Feb 2020*). The higher acceptance of cotton can be attributed to its superior quality like high absorbency, strength, and colour retention. Besides, cotton is considered biodegradable in nature and is hence eco-friendly as well. This augurs well for the growth prospects of cotton.

Outlook

Given the integrated nature of the business, in the near term, the global apparel and textile sector growth is bound to be impacted by Covid-19. However, in long term, it is expected to clock in a CAGR of 4.3% from 2020 to 2027, owing to the rising demand and lower input cost in the developing countries (Source: *Inkworld Magazine, Feb 2020*).

INDIAN TEXTILE AND APPAREL INDUSTRY

The domestic textiles and apparel industry contributes 13% to the country's industrial production. It caters the domestic as well as the global market, accounting for 12% of the country's export earnings (Source: *Invest India*). Development in country's infrastructure, corporate tax rate cut, favourable policies for MSMEs and easing labour laws make the entire value chain

Management Discussion and Analysis (Contd.)

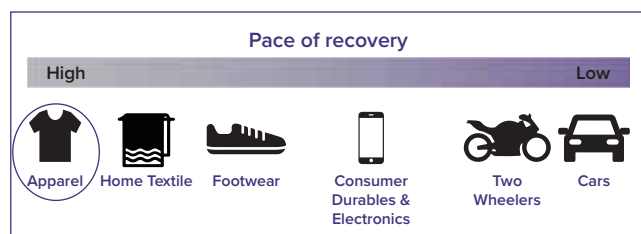
of textile and apparel space exciting. The vast availability of the raw material and skilled labour enables producers to rationalise the cost. Even, the end-user industries ride high on the favourable demographics, increasing retail outlets and rise in the buying spree through e-commerce websites. Since the industry provides employment to about 105 Million people, the Government's attention to push this sector, always remains high on priority.

Outlook

The COVID-19 Pandemic event has severely affected the Indian textile & apparel industry, in terms of both exports and domestic consumption. With the steep reduction in demand due to sudden halt of global trade and domestic sales due to the closure of retail stores, the industry is likely to face unprecedented and severe losses.

On the positive side, buyers are expected to increasingly look to replace China. This can help India gain market share. Besides, the Government's focus towards self-reliance can surge the internal demand for raw materials, thereby uplifting the industry eco system.

COVID-19 recovery to benefit textile and apparel Industry (Estimated)



(Source: Wazir Report 'Impact of Covid-19 on Apparel Industry, 2020)

Cotton Industry

According to the Cotton Association of India (CAI), the cotton production between October 2019 to April 2020 was estimated at 329.59 lacs bales of 170 kgs (Source: *Economic Times*, 25th May, 2020). Backed by this estimation, the country retained its tag of the largest cotton producer in the world. There is still an immense scope of growth, considering the low productivity per hectare in India. Improving farming techniques will also help turn around the industry's prevailing scenario in the country.

Cotton yarn industry suffered severely during the year due to volatility and mismatch in cotton prices. While the international cotton price plunged about 25% during the year, the domestic cotton price, during the same period, was almost 20% higher than the former. The high prices can be accredited to the 28% increase in Minimum Support Price (MSP) of seed cotton

(Kapas) and the damage caused to crops in some parts of the country. As a result, exports became uncompetitive, leading to unhealthy competition. This affected domestic cotton yarn spinners as they witnessed erosion of margins, owing to narrowed spread between cotton and yarn prices, as compared to the last fiscal year.

OPPORTUNITIES

Decline in raw material prices

Cotton prices declined post COVID-19 induced lockdown due to the fear of downswing in consumption. This created a greater opportunity for yarn makers to either stock cotton in bulk and increase their margins or pass down the cost benefits to end-user industries to increase their volumes.

Automation

The COVID-19 induced lockdown caused millions of workers to migrate back home, leaving behind a shortage of labour. Therefore, deploying automation in manufacturing plants can help players sustain better to tackle the production shortfall during such times.

Diversification

Companies could also explore emerging product categories such as medical textiles (surgical gloves, personal protective masks, gowns, wipes, etc.) and other textile items required for healthcare facilities like hospital bedsheets, mattresses etc. With countries' increased focus on healthcare, medical textiles is likely to see a surge in demand.

Rise in the E-Commerce

E-commerce is playing a major role in the present scenario of textile and apparel industry. Continuous development and adoption of e-commerce is supported by the increasing penetration of the smartphones and cheaper internet. About half the population in India now has access to internet, helping companies in both B2B and B2C space to build a stronger customer base.

THREAT

China's gradual comeback in the market

China has almost eliminated its COVID-19 cases. This has enabled their textile players to operate their facilities flexibly. So, any demand from the overseas market can easily be met by China. However, the downside risk still persists owing to the sentiments of 'boycott Chinese products' all around the globe.

High tariff

The Indian textile companies face higher trade restrictions as compared to its peers like Bangladesh, Vietnam, and Pakistan. The average tariff on textile products faced by India in the EU and the US is 5.9% and 6.2%, respectively (Source: *Economic Times*, 22nd January, 2019).

Management Discussion and Analysis (Contd.)

COMPANY OVERVIEW

Established in the year 1992 and headquartered in Bhilwara (Rajasthan), Nitin Spinners is a leading manufacturer of cotton yarn, knitted, finished and printed fabrics. The Company manufactures wide range of Cotton and blended yarns, knitted fabrics, woven greige and finished and printed woven Fabrics. Over the years, the Company has explored new opportunities and widened product range as well as geographical spread with its presence in more than 50 countries.

Latest technologies, continuous investments, and international quality standard products have made Nitin one of the leaders in cotton yarn and fabric manufacturing. With its focussed endeavours and strong research and development, the Company has been successful in developing value-added products. These products combined with systematic processes and robust distribution network has enabled the Company to create value for both its global and domestic client base. The Company's plants are in close proximity to raw material sources as well as accessibility to modern shipping ports. As a part of value addition and widening its product range the Company has set up an Integrated Textiles Complex at Tehsil Begun, District Chittorgarh equipped with most modern Spinning, Weaving, Dyeing, Finishing and Printing Facilities, with Zero Pollution emissions. With this the Company is now equipped to supply high value fabrics to Fashion Brands and also cater to other Apparel segments.

PERFORMANCE REVIEW

| Products | Contribution to the revenue (%) | | Reason for the change |
|-----------------|---------------------------------|---------|--|
| | 2019-20 | 2018-19 | |
| Yarn | 73.33 | 79.20 | Slowly and steadily, the share of revenue is shifting towards fabrics segment. |
| Knitted fabrics | 10.52 | 14.34 | |
| Woven fabrics | 8.80 | - | |
| Other | 7.35 | 6.46 | |

FINANCIAL PERFORMANCE

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) | |
|---|---------------|---------|
| | 2019-20 | 2018-19 |
| Revenue from operations | 1438.06 | 1242.51 |
| Other income | 2.13 | 2.77 |
| Total income | 1440.19 | 1245.28 |
| Earnings before interest, tax and depreciation & amortization | 171.90 | 180.84 |
| Profit for the year | 23.82 | 64.11 |
| EPS (Basic) (In ₹) | 4.24 | 11.43 |
| EPS (Diluted) (In ₹) | 4.24 | 11.43 |

For financial and product wise performance with respect to operational performance, please refer to "Financial Results" and "Operational Performance" section of Board's Report

The Company operates in Single Segment of Textiles.

Management Discussion and Analysis (Contd.)

DETAILS OF SIGNIFICANT CHANGES

Key Financial Ratios and Performance:

| | 2019-20 | 2018-19 | %Change Increase (decrease) | Explanation in case change is 25% or more, as compared to the previous year |
|-------------------------|---------|---------|--------------------------------|---|
| Inventory turnover | 5.43 | 5.70 | (4.74) | N.A. |
| Interest coverage ratio | 3.09 | 6.26 | (50.64) | Interest cost increased due to additional loans for new project |
| Current ratio | 1.15 | 1.43 | (19.58) | N.A. |
| Debt equity ratio | 1.53 | 1.40 | 9 | N.A. |
| Debtors turnover | 9.41 | 10.76 | 12.55 | N.A. |
| Operating profit margin | 11.95% | 14.55% | (17.87) | N.A. |
| Net profit margin | 1.66% | 5.16% | (67.83) | 1. Interest & Depreciation cost increased due to new project |
| Return on net worth | 4.82% | 13.29% | (63.73) | 2. Operating margins decreased due to: |
| EPS | 4.24 | 11.43 | (62.90) | (i) Very high cotton prices in India, as compared to the international market, in the first half of the year (ii) Global lockdown due to COVID-19 pandemic in the last quarter |

RISK MANAGEMENT

There are certain key risks associated with our Company. Such risks are stated in the table below along with our mitigation strategies for curbing the same.

| Risk | Impact | Mitigation strategies |
|-----------------------------------|--|--|
| Economic downturn | A downturn in the economy can adversely affect products' demand. | Our products are exported globally. We have been actively engaged in widening our geographical presence while continuously expanding our product portfolio. Not being bound to a specific region and a basket of products to offer from gives us the ability to face such downturns. |
| Increase in raw material prices | An increase in cotton prices can adversely impact our Company. | Our purchasing policy allows us to enjoy control over the purchase price. We constantly track cotton prices and store the raw material as and when price decreases. This practice helps us mitigate the risk of price. |
| Quality risk | Any kind of divergence in the quality standards of our products may lead to customer and client erosion. | We closely monitor the quality of our products with the help of our dedicated quality assurance team. This team is responsible for supervising quality control while assuring that the standards, as set by the Company, are diligently met with. |
| Availability of skilled personnel | Our success depends upon our ability to attract and retain skilled personnel. Any kind of failure in this area can adversely affect our business and operations. | We conduct induction programmes to nurture our talent in a structured manner. We also offer various incentives and growth opportunities to our people. This helps retain the talented and skilled workforce. |
| Competition risk | An increase in the competition from textile industry can severely hamper our Company's market share. | The Company is a prominent player in this segment. The Company has always focused on quality products with strong brand equity. Its ability to understand the market demand and fulfil it accordingly helps them retain clients and market position. |

Management Discussion and Analysis (Contd.)

| Risk | Impact | Mitigation strategies |
|--------------------------|---|--|
| Risk of foreign exchange | We generate majority of our revenue from the global operations. Given the nature of business, a large proportion of the costs are denominated in Indian rupees (INR), leading to currency exposure. | The Company mitigates its foreign exchange risk through application of hedging policy. |
| Technology risk | A technology-intensive business like ours can fall prey to technological obsolescence. | We continuously upgrade technical support used in our manufacturing, research & development facilities. We actively invest in R&D to keep ourselves updated with the technological change and replace the obsolete technology. |

ENVIRONMENT AND SAFETY

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

HUMAN RESOURCE

A team, when it works together, can always achieve more than what an individual can. Our people are at the heart of all that we do in business. Their talent and competencies drive our Company to the next level of growth. We focus on creating a work environment fostering thought leadership, innovation and a culture of involvement, participation, and transparency. Nitin continuously strives to provide ample opportunities to collaborate, learn and grow within the organisation. As a Company, we believe that engaged employees contribute more effectively and optimally towards organisational growth. Thus, we constantly endeavour to provide opportunities that engage our employees, creating a positive workplace environment. For this, we organised various engagement initiatives like trainings and developments during the year. We have also been accredited with SA 8000:2014 (Social Accountability System) certification from the BSI. As on 31st March, 2020, the Company's strength stood at 4173 employees in the work force.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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 maximise 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. 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(1) 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 2019-20, four meetings of the Board of Directors were held on 25.05.2019, 10.08.2019, 13.11.2019 and 07.02.2020 and the maximum time gap between any two meetings was not more than one hundred twenty days. The frequency of the meetings is enough for the Board to undertake its duties effectively.

The 27th Annual General Meeting of the Company was held on 20.09.2019.

The Composition of the Board of Directors, attendance at Board & last 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 4 Meetings | Attendance at last AGM held on 20.09.2019 | Directorship in other Companies | No. of other Committees in which Member or Chairperson | |
|-------------------------------|---------------------------|---|---|---------------------------------|--|--------|
| | | | | | Chairman | Member |
| Shri Ratan Lal Nolkha | Promoter Executive | 4 | Yes | 4 | Nil | Nil |
| Shri Dinesh Nolkha | Promoter Executive | 4 | Yes | 3 | Nil | Nil |
| Shri Nitin Nolakha | Promoter Executive | 4 | Yes | 2 | Nil | Nil |
| Shri Yeshwantlal Ratilal Shah | Independent Non-Executive | 4 | Yes | Nil | Nil | Nil |
| Dr. Rabisankar Chattopadhyay | Independent Non-Executive | 4 | No | Nil | Nil | Nil |
| Smt. Aditi Mehta | Independent Non-Executive | 3 | No | Nil | Nil | Nil |

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. Independent & Non Executive Directors are not

Corporate Governance Report (Contd.)

holding any share in the Company and no convertible instrument has been issued by the Company. None of the Directors are related to each other except three Executive Promoter Directors as Shri R. L. Nolkha is father of Shri Dinesh Nolkha & Nitin Nolakha and Shri Dinesh Nolkha & Nitin Nolakha are brothers.

Independent Director means Director as mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. All the Independent Directors have given the declaration of their independence at the beginning of the financial year and 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.

Matrix setting out the skill/expertise/competence of the Board of Directors

| S. No. | Name of Directors | Skills / Expertise / Competence | | | | | |
|--------|--|---------------------------------|-------|------------|----------------------|-------------------|----------------|
| | | Finance | Legal | Management | Technical Operations | Marketing / Sales | Administration |
| 1. | Shri Ratan Lal Nolkha, Chairman | ✓ | ✓ | ✓ | | | ✓ |
| 2. | Shri Dinesh Nolkha, Managing Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3. | Shri Nitin Nolakha, Executive Director | ✓ | | ✓ | ✓ | ✓ | ✓ |
| 4. | Shri Yeshwant Lal Ratilal Shah, Director | ✓ | | ✓ | ✓ | ✓ | ✓ |
| 5. | Dr. Rabisankar Chattopadhyay, Director | ✓ | | ✓ | ✓ | | ✓ |
| 6. | Smt. Aditi Mehta, Director | ✓ | ✓ | ✓ | | | ✓ |

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 members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. The Board papers, comprising the 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(8) of the Listing Regulations are regularly made available to the Board, wherever applicable. The Board also reviews periodically the compliances of laws mainly 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.

Broad 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, 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 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. It comprises Shri Y.R. Shah, Smt. Aditi Mehta and Dr. R. Chattopadhyay. All the members of the committee are non-executive and independent Directors. Shri Y.R. Shah, Chairman of the Committee possesses high degree of accounting and financial management expertise and all other members of the committee have experience and sound accounting and financial knowledge. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 20th September, 2019.

Meetings and Attendance

The committee met four times during the financial year 2019-20. The dates on which Audit Committee Meetings were held are 25.05.2019, 10.08.2019, 13.11.2019 and 07.02.2020. The number of meetings attended by each committee member during the year was as under: -

Corporate Governance Report (Contd.)

| Name of Member | No. of Meetings attended |
|----------------------|--------------------------|
| Shri Y.R. Shah | 4 |
| Smt. Aditi Mehta | 3 |
| Dr. R. Chattopadhyay | 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. In terms of regulation 22 of the Listing Regulations no personnel have been denied access to the audit committee.

4. NOMINATION AND REMUNERATION COMMITTEE:

Brief Description of terms of reference

The terms of reference of Nomination and Remuneration Committee are in line with the provisions as contained in Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which broadly included the following:-

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of the Independent Directors and the Board of Directors and devising a policy on Board diversity;
3. To Devise a policy on diversity of board of directors;
4. 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.
5. Decision about extension or continuation of term of Independent Directors on the basis of report of performance evaluation.
6. Recommend to the Board, all remuneration in whatever form, payable to senior management.

Composition

The Committee constitutes Shri Y. R. Shah, Smt. Aditi Mehta, Dr. R. Chattopadhyay, Non-Executive & Independent Directors and Shri R. L. Nolkha, Executive Chairman of the Company. Shri R.L. Nolkha, Executive Chairman of the Company was inducted in the committee

from 01.06.2019. Shri Y. R. Shah 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. During the financial year 2019-20 three meetings of the Committee were held on 25.05.2019, 10.08.2019 and 13.11.2019. The number of meetings attended by each committee member during the year was as under: -

| Name of Member | No. of Meetings attended |
|----------------------|--------------------------|
| Shri Y.R. Shah | 3 |
| Smt. Aditi Mehta | 2 |
| Dr. R. Chattopadhyay | 3 |
| Shri R. L. Nolkha | 2 |

Performance Evaluations: -

The 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 independent directors. During the year, the Board carried out the performance evaluation of itself, Committees and each of the executive directors/non-executive directors/independent directors excluding the director being evaluated. The evaluation of performance of Independent Director is based on the criteria laid down in the Nomination and Remuneration policy and Guidance Note issued by the SEBI.

The detailed Policy inter-alia including criteria for performance evaluation is available under web link <http://nitinspinners.com/wp-content/uploads/2018/06/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 in accordance with industry norms and subject to the overall ceilings imposed by the Companies Act, 2013 and other applicable statutes.

The appointment and remuneration of Chairman, Managing Director and Executive 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.)

Details of Remuneration paid to Executive Directors

| | | | | | | | (₹ in Lacs) |
|--------|--------------------|-------------------------------|--------------|----------------------|------------|--------|-------------|
| S. No. | Name of Directors | Category of Directors | Basic Salary | Contribution to P.F. | Commission | Others | Total |
| 1 | Shri R.L. Nolkha | Promoter & Executive Director | 51.60 | 6.19 | 28.30 | 1.06 | 87.15 |
| 2 | Shri Dinesh Nolkha | Promoter & Executive Director | 43.20 | 5.19 | 28.30 | 1.06 | 77.75 |
| 3 | Shri Nitin Nolakha | Promoter & Executive Director | 36.00 | 4.32 | 28.30 | 0.87 | 69.49 |

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 appointment letter issued at the time of appointment.

Stock option to Executive Directors - Nil

Non-Executive Directors do not draw any remuneration except sitting fee of ₹ 40,000/- for attending every Board Meeting and ₹ 20,000/- for attending every Committee Meeting except for that the CSR Committee Meetings. Total sitting fee of ₹ 8,40,000/- was paid during the financial year 2019-20. The details of remuneration paid to Non-Executive Directors during the financial year 2019-20 are as under: -

Details of Sitting Fee paid to Non-Executive Directors

| S. No. | Name of Director | Category of Directors | Sitting Fee (Amt. In Lacs) |
|--------|----------------------|------------------------------------|----------------------------|
| 1. | Shri Y. R. Shah | Independent Non-Executive Director | 3.20 |
| 2. | Smt. Aditi Mehta | Independent Non-Executive Director | 2.20 |
| 3. | Dr. R. Chattopadhyay | Independent Non-Executive Director | 3.00 |

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. None of the Non-Executive Directors of the Company is holding any share, stock option and convertible instrument in the Company. The Company has not advanced any loan to any Director during the Financial Year 2019-20

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The terms of reference of Stakeholders Relationship Committee are in line with the provisions as contained in Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which broadly included 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, Dematerialisation/Rematerialisation 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 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 Committee meets as and when required and during the financial year 2019-20, one meetings of the Committee was held on 12.11.2019.

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.

Corporate Governance Report (Contd.)

No Stakeholders' Grievance remained un-attended/pending for more than 15 days. There were no complaint pending disposal as on the 31st March, 2020. No request for dematerialisation of Equity Shares of the Company was pending for approval as at the 31st March, 2020.

Composition

The composition of "Stakeholders Relationship Committee" is as under:

| S. No. | Name of the Director | Designation | Nature of Directorship |
|--------|----------------------|-------------|-----------------------------|
| 1 | Shri Y.R. Shah | Chairman | Independent & Non-Executive |
| 2. | Shri Dinesh Nolkha | Member | Promoter & Executive |
| 3. | Shri Nitin Nolakha | Member | Promoter & Executive |

Compliance Officer: - Shri 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 2019-20 and no complaint was pending at the end of the year.

6. 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 |
|----------|----------|---------|--|--|
| 25th AGM | 04.09.17 | 3.30 PM | Nitin Spinners Limited 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara -311025 | <ol style="list-style-type: none"> Increase in Borrowing Power to ₹ 1,250 Crores u/s 180(1)(c) of the Companies Act, 2013. Creation of Security on increased Borrowing Power u/s 180(1)(a) of the Companies Act, 2013. Raising of funds through Securities. |
| 26th AGM | 22.09.18 | 3.30 PM | Nitin Spinners Limited 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara -311025 | <ol style="list-style-type: none"> Increase in Borrowing Power to ₹ 1,500 Crores u/s 180(1)(c) of the Companies Act, 2013. Creation of Security on increased Borrowing Power u/s 180(1)(a) of the Companies Act, 2013. Re-appointment of Shri R. L. Nolkha, Executive Chairman. Re-appointment of Shri Nitin Nolakha, Executive Director. Adoption of New set of Articles of Association Ratification of "Relevant Date" (Preferential Issue of Equity Shares) |
| 27th AGM | 20.09.19 | 3.30 PM | Nitin Spinners Limited 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara -311025 | <ol style="list-style-type: none"> Re-appointment of Shri Dinesh Nolkha, Managing Director Re-appointment of Shri Yashwantlal Ratilal Shah, Independent Director Re-appointment of Smt. Aditi Mehta, Independent Director Re-appointment of Shri Rabishankar Chattopadhyay, Independent Director |

During the financial year 2019-20, no resolution has been passed through Postal Ballot. Also, no business is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

Corporate Governance Report (Contd.)

7. INDEPENDENT DIRECTORS' MEETING

Pursuant to the Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the meeting of the Independent Directors was held on February 07, 2020 without the attendance of Non-Independent Directors and members of management to inter-alia:

- 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.

8. OTHER DISCLOSURES:

Details of Compliances:-

The Company has complied with all the 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 transactions entered into with Related Parties as defined under the Companies Act, 2013 and regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on arms length pricing basis and do not have any potential conflict the interests of the Company at large. 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. The Board has approved a policy for related party transactions which has been uploaded on the Company's website under the link <http://nitinspinners.com/wp-content/uploads/2018/06/RELATED-PARTY-TRANSACTION-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 <http://nitinspinners.com/wp-content/uploads/2019/04/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.

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

In compliance with the SEBI regulation on Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders, the Company has instituted a comprehensive code of conduct for its management staff. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with 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.

Compliance with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

In accordance with the provisions of Regulation 34(3) read with Schedule V Para C Sub clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained a certificate from Practising 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 issued is annexed herewith in this 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 can report any suspected or confirmed incident of fraud/ misconduct. This policy is applicable to all the directors, employees, other stakeholders of the Company and it is

Corporate Governance Report (Contd.)

posted on the website of the Company under the link <http://nitinspinners.com/wp-content/uploads/2018/06/VIGIL-MECHANISM.pdf>. It provides for direct access to the Chairperson of audit committee in appropriate or exceptional cases and no employee was denied access to the Audit Committee.

During the year under review, there was no instance of fraud reported and all the recommendation of the Audit Committee were accepted by the Board. No employee was denied access to the Audit Committee.

Sexual Harassment of Women

The Company has constituted Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and committee meet from time to time. The committee has 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 2019-20.

Familiarisation 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 etc. Besides this 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 familiarisation programme for Independent Directors is available at the website of the Company under the link <https://nitinspinners.com/wp-content/uploads/2020/04/FAMILIARIZATION-PROGRAM-2019-20.pdf>

Risk Management

The Company has a well-defined risk management framework in place. Under this framework, the Management has categorised the risks as High risk, Moderate risk and Low risk which were monitored on a continuous basis and appropriate risk mitigation steps were initiated as and when deemed necessary. The detail of commodity price risk, foreign exchange risk and hedging activities has been given in Management & Discussions Analysis Report.

Discretionary Requirements

The Company is partly compliant with the Discretionary requirements as provided in the Part –E of Schedule – II under regulation 27(1) of the Listing Regulations. It complies with the following discretionary requirements: -

- (i) Separate post of Chairperson and Chief Executive Officer
- (ii) Modified opinion(s) in Audit Report –To move towards regime of financial statement with unmodified audit opinion.

During the year the Company has paid total fee of ₹ 11.03 Lacs 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

9. MEANS OF COMMUNICATION

The main channel of communication to shareholders is through Annual Report which inter-alia includes the Board 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 and one/two vernacular language newspaper such as the Business Standard and the Rajasthan Patrika/ the Dainik Bhaskar and Nafa Nuksan.

The website of the Company www.nitinspinners.com acts as the primary source of information about the Company which inter-alia displayed 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, 2015 are complied with.

No presentation was made to institutional investors and analysts during the financial year 2019-20.

During the Financial year 2019-20, the Company did not raise any funds through preferential allotment or qualified institutional placement.

Compliance Confirmation

It is confirmed that the Company has complied with the requirements prescribed under Regulation 17 to 27 of the Listing Regulations, 2015.

Corporate Governance Report (Contd.)

10. GENERAL SHAREHOLDER INFORMATION

Shareholder Information:-

| | | |
|-----------|---|---|
| A. | Date of AGM & Time & Venue | 16th September, 2020 at 3.00 PM IST through video conference (VC)/Other Audio Visual Means (OAVM) |
| B. | Date of Book Closure | 10.09.2020 to 16.09.2020 (Both the days Inclusive) |
| C. | Dividend Payment date | Within 30 days from the date of AGM. |
| D. | Financial Year | 1st April, 2020 to 31st March, 2021 |
| E. | Tentative Financial Calendar for next Year for 2020-21: | |
| | Period | Date of Board Meeting |
| | 1st Quarter ending June, 2020 | Last week of July, 2020 or first week of August, 2020 |
| | 2nd Quarter ending September, 2020 | Last week of October, 2020 or First week of November, 2020 |
| | 3rd Quarter ending December, 2020 | Last week of January, 2021 or First week of February, 2021 |
| | Year ending 31st March, 2021 | April/May 2021 |
| | AGM for year ending 31st March, 21 | August/September 2021 |

F. Listing on Stock Exchange & Stock Code:

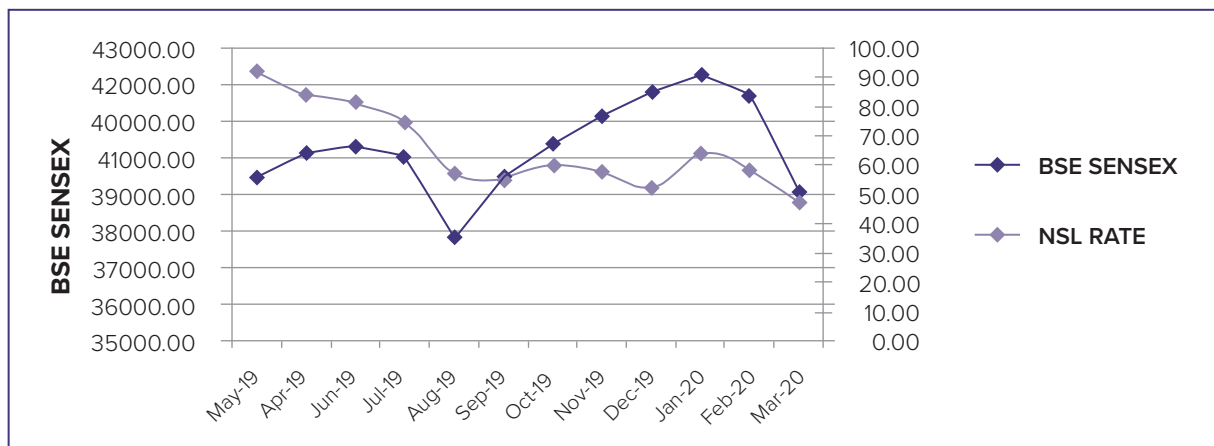
| Name of Stock Exchange | Address | Stock Code |
|--|--|------------|
| BSE Limited | Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 | 532698 |
| National Stock Exchange of India Limited | Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 | NITINSPIN |

The applicable listing fee for the Financial Year 2020-21 has already been paid to both the Stock Exchanges

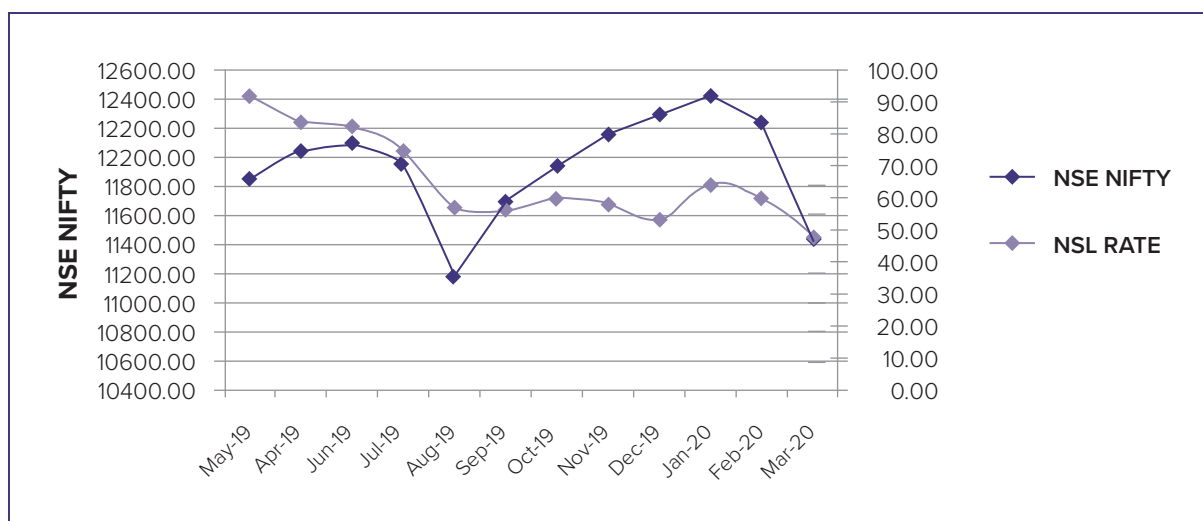
G. Stock Price Data:

| Month | BSE | | NSE | |
|-----------------|-------|-------|-------|-------|
| | High | Low | High | Low |
| April, 2019 | 92.10 | 77.60 | 92.00 | 76.65 |
| May, 2019 | 84.00 | 72.00 | 83.80 | 72.30 |
| June, 2019 | 81.40 | 68.05 | 82.50 | 68.20 |
| July, 2019 | 74.70 | 51.35 | 74.90 | 51.20 |
| August, 2019 | 57.10 | 46.20 | 57.00 | 46.00 |
| September, 2019 | 55.20 | 47.00 | 56.50 | 46.80 |
| October, 2019 | 60.00 | 47.00 | 60.05 | 47.05 |
| November, 2019 | 57.80 | 45.25 | 58.35 | 44.20 |
| December, 2019 | 52.10 | 46.00 | 52.95 | 45.80 |
| January, 2020 | 63.95 | 50.60 | 63.95 | 48.90 |
| February, 2020 | 59.00 | 45.50 | 60.00 | 45.35 |
| March, 2020 | 47.30 | 24.70 | 47.95 | 24.00 |

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, 2020 | | 31st March, 2019 | |
|-------------------------------------|--------------------|---------------|--------------------|---------------|
| | No. of Shares | % | No. of Shares | % |
| No. of Shares Dematerialised | | | | |
| - NSDL | 5,08,50,651 | 90.45 | 5,08,00,760 | 90.36 |
| - CDSL | 53,68,719 | 9.55 | 54,16,160 | 09.63 |
| No. of Shares in Physical Mode | 630 | 0.00 | 3,080 | 0.01 |
| 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 | : | 1st floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road Marol, Andheri East, Mumbai 40059, 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.

Corporate Governance Report (Contd.)

L. Distribution of Shareholding as on 31st March, 2020:

| No. of Equity Shares held | No. of Shareholders | % to Shareholders | No. of Shares | % to Shares |
|---------------------------|---------------------|-------------------|-----------------|-----------------|
| Up to 500 | 15277 | 78.9917 | 2673396 | 4.7552 |
| 501 to 1,000 | 1915 | 9.9018 | 1596200 | 2.8392 |
| 1,001 to 2,000 | 960 | 4.9638 | 1477650 | 2.6283 |
| 2,001 to 3,000 | 378 | 1.9545 | 983614 | 1.7496 |
| 3,001 to 4,000 | 177 | 0.9152 | 632696 | 1.1254 |
| 4,001 to 5,000 | 159 | 0.8221 | 753019 | 1.3394 |
| 5,001 to 10,000 | 270 | 1.3961 | 1986798 | 3.5340 |
| 10,001 & above | 204 | 1.0548 | 46116627 | 82.0289 |
| Total | 19340 | 100.0000 | 56220000 | 100.0000 |

M. Credit Ratings of the Company

During the year 2019-20, Brickwork Ratings India Pvt. Ltd. has reviewed the ratings of Bank Loan facilities of the Company and following are credit ratings given by them: -

| Facilities | Reviewed Credit Rating | Existing Rating |
|---|--------------------------------|----------------------------------|
| Long term Rating - Term Loan & Working Capital (Fund Based) | BWR A (BWR A) Outlook – Stable | BWR A (BWR A) Outlook – Positive |
| Short Term Ratings (Non-Fund based) | BWR A1 (BWR A One) | BWR A1 (BWR A One) |

N. Directors Seeking Re-appointment

This year Shri R.L. Nolkha is liable to retire by rotation and being eligible offer himself for re-appointment in the ensuing Annual General Meeting. His brief resume is given as under

Shri R.L. Nolkha aged 74 years is one of the key Promoters of the Company. He has vast experience of more than four decades in the Textile Industry at various positions. He was associated with Surya Roshini Ltd., RSWM Ltd. and BSL Ltd. at senior positions. He was Managing Director of BSL Ltd. for 8 years before joining Nitin Spinners Limited as Whole-Time Director in the year 1997. He is member of all three pioneer Institutes i.e. Institute of Chartered Accountant of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost Accountants of India (ICAI). He is a member of several industry associations and chambers. He was Chairman of Rajasthan Textile Mills Association (RTMA) and North India Textile Research Association (NITRA). He is related to Shri Dinesh Nolkha, Managing Director and Shri Nitin Nolkha, Executive Director of the Company. He is not a Director in any other Listed Company.

O. Plant Location & Address for Correspondence

| | | |
|-----|--|---|
| (a) | Plant Locations | (i) 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara (Rajasthan) PIN - 311025 |
| | | (ii) (Unit – Begun) 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 – www.nitinspinners.com |

For and on Behalf of the Board of Directors

R. L. NOLKHA

Chairman

(DIN – 00060746)

Place : Hamirgarh, Bhilwara

Date : 19th June, 2020

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, 2020 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 to 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 : 19th June, 2020

Declaration as required under regulation 34(3) of the SEBI (Listing Obligations & 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, 2020.

Place : Hamirgarh, Bhilwara

Date : 19th June, 2020

(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, 2020 as stipulated in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations & 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: 19-06-2020

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 31st March, 2020, 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 31st March, 2020, 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 there under, 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.

Emphasis of Matter

We draw attention to Note No 43 to the Financial Statement, which describes the economic consequences/disruption the Company is facing as a result of COVID-19 pandemic, which is impacting consumer demand, financial market etc.

Our opinion is not modified in respect of this matter.

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.

Independent Auditors' Report (Contd.)

| Key Audit Matter | How the matter was addressed in our audit |
|--|--|
| <p>1. Valuation of Inventories</p> <ul style="list-style-type: none"> The net carrying value of inventory as on 31st March, 2020 is 16.09% of Total Assets of the company. 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. <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"> 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: <ul style="list-style-type: none"> (i) Selected a sample of inventory items and compared the quantities we counted to the quantities recorded. (ii) Observed a sample of management's inventory count procedures to assess compliance with Company's policy, and (iii) Made inquiries regarding obsolete inventory items and inspected the condition of items counted. We have also evaluated a selection of controls over inventory existence across the company. 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. 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. Analyzing the inventory aging report and net realizable value of inventories. 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 Assessing whether the disclosures of provision for inventory valuation are appropriate. |
| <p>2. Trade Receivables</p> <ul style="list-style-type: none"> 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. At 31st March, 2020 the trade receivables balances (net of provisions) consist of 9.29% of the total amount of assets. Accordingly, we determined audit of trade receivables as the key audit matter. <p><u>Related Disclosures:</u></p> <p>Please refer to Note-19 of the accounting policies for details of the accounting policies of trade receivable.</p> | <p><u>Our Audit Procedure:</u></p> <ul style="list-style-type: none"> Assessed the design and implementation of key controls around the monitoring of recoverability. 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. In addition, we have considered the company's previous experience of bad debt exposure and the individual counter-party credit risk. Tested these balances on a sample basis through agreement to post period end invoicing and cash receipt. The accuracy and completeness was verified through, analytical reviews and balance confirmation. Analyzing the aging schedule of trade receivable, past collection records, industry boom and concentration of customers' credit risk. |

Independent Auditors' Report (Contd.)

| Key Audit Matter | How the matter was addressed in our audit |
|--|--|
| <p>3. Revenue Recognition</p> <ul style="list-style-type: none"> 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. <p><u>Related Disclosures:</u></p> <p>Please refer to Note-11 of the accounting policies for details of the accounting policies of revenue recognition and Note-39 of Notes to Financial Statements.</p> | <p><u>Our audit procedure:</u></p> <ul style="list-style-type: none"> 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. Inspecting underlying documentation for any book entries which were considered to be material on a sample basis. 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. The accuracy and completeness of revenue was verified through, cut-off test, analytical reviews and balance confirmation. |
| <p>4. Capital Expenditure</p> <p>We focused on capital expenditure incurred during the year as this represents significant transaction for the year and involves certain judgmental areas, such as capitalization of eligible components of cost as per applicable financial reporting standards; therefore, we have identified this area as key audit matter.</p> <p><u>Related Disclosures:</u></p> <p>Please refer to Note-2 of the accounting policies for details of the accounting policies of capital expenditure.</p> <p>As disclosed in Note -3 to the financial statements, the Company has incurred significant amount for the installation of new integrated textile unit during the year for the enhancement of its production capacity.</p> | <p>Our audit procedures to assess Capital Expenditure include the following:</p> <ul style="list-style-type: none"> We obtained an understanding of Company's process with respect to capital expenditure and tested controls relevant to such process. We performed substantive audit procedures through inspection of related documents and supporting in relation to the capitalized cost. We further assessed that the related disclosures provided in financial statements are adequate in accordance with applicable accounting standards and Companies Act, 2013. |

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.

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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, 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

Independent Auditors' Report (Contd.)

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.

The Company's 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, 2016("the order) issued by the Central Government in terms of Section 143(11) of the act, we give in "Annexure I" a statement on the matters specified in paragraph 3 and 4 of the Order
- 2) As required by section 143(3) of the Act, based on our audit we report that:

Independent Auditors' Report (Contd.)

- (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 31st March, 2020 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2020, 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:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note No.31)
 - The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses.
 - There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

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

S.P. Jhanwar
Partner
Membership No.- 074414

Place: Bhilwara
Date: 19th June, 2020

Annexure 'I' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Nitin Spinners Limited of even date)

- i. In respect of the Company's fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant & Equipment).
 - The fixed assets (Property, Plant & Equipment) have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - The title deeds of immovable properties are held in the name of company.
- ii. Physical verification of inventory has been conducted during the year at reasonable intervals by management. As informed to us no material discrepancies have been noticed on such verification.
- iii. The Company has not granted any loans, 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.
- iv. No loans have been given to parties covered under section 185 of the Companies Act, 2013. The company has not given any guarantee or provided any security to any party covered under section 185 or 186 of the Companies Act, 2013. In case of investments provisions of section 185 and 186 of the Companies Act 2013 has been complied.
- 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. The maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, and as informed to us such accounts and records have been so made and maintained. However, we have not conducted a detailed examination of the same.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- Undisputed statutory dues including provident fund, employee state insurance, income tax, GST, custom duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as on 31st March 2020.
- (b) Details of dues of Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at 31st March, 2020 on account of dispute are given below:

| S. N. | Name of Statute | Nature of Dues | Period | Forum where the dispute is pending | Gross Amount due (₹ in Lacs.) | Amount deposited under protest/adjusted by tax authorities (₹ in Lacs.) | Amount not deposited (₹ in Lacs.) |
|--------------|-----------------|-------------------------|---------|------------------------------------|-------------------------------|---|-----------------------------------|
| 1. | Central Excise | Excise duty and Penalty | 2006-07 | High Court, Jodhpur | 9.25 | 9.25 | Nil |
| 2. | Customs | Redemption Fine | 2009-10 | CESTAT, Ahmedabad | 0.50 | Nil | 0.50 |
| Total | | | | | 9.75 | 9.25 | 0.50 |

- viii. Based on our verification, and according to the information and explanations given by the management, and also considering the relief/moratorium allowed by Reserve Bank of India pursuant to Covid-19 pandemic, the Company has not defaulted in the repayment of loans or borrowings to any banks and financial institutions. The Company did not have any loans or borrowing in respect of Government or dues to debenture holders during the year

Annexure 'I' to the Independent Auditor's Report (Contd.)

- ix. The Company has not raised any money by way of initial public offer or further public offer. According to the information and explanation given to us, the money raised by the company by way of term loans have been applied for the purpose for which they were obtained.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. The Company has complied with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, accordingly this clause is not applicable.
- xv. The Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

S.P. Jhanwar
Partner
Membership No.- 074414

Place: Bhilwara
Date: 19th June, 2020

Annexure 'II' to the Independent Auditor's Report

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

We have audited the internal financial controls with reference to financial statements of Nitin Spinners Limited ("the Company") as of 31st March, 2020 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.

Annexure 'II' to the Independent Auditor's Report (Contd.)

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 31st March, 2020, 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

S.P. Jhanwar
Partner
Membership No.- 074414

Place: Bhilwara
Date: 19th June, 2020

Balance Sheet

As at 31st March, 2020

(₹ in Lacs)

| Particulars | Note No. | As at 31st March, 2020 | As at 31st March, 2019 |
|---|----------|---------------------------|---------------------------|
| ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 2 | 113807.89 | 52324.52 |
| (b) Capital Work-in-Progress | 3 | - | 46819.64 |
| (c) Other Intangible Assets | 4 | 153.29 | 31.13 |
| (d) Other Non-Current Assets | 5 | 1647.30 | 2338.80 |
| Total Non-Current Assets (A) | | 115608.48 | 101514.09 |
| (2) Current Assets | | | |
| (a) Inventories | 6 | 26470.28 | 22782.54 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 7 | 15278.27 | 12072.54 |
| (ii) Cash and Cash Equivalents | 8 | 12.45 | 275.01 |
| (iii) Other Bank Balances | 8A | 30.99 | 28.02 |
| (v) Other Financial Assets | 9 | 32.38 | 258.04 |
| (c) Current Tax Assets (Net) | 10 | 96.06 | - |
| (d) Other Current Assets | 11 | 6997.09 | 6698.05 |
| Total Current Assets (B) | | 48917.52 | 42114.20 |
| Total Assets (A+B) | | 164526.00 | 143628.29 |
| EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share Capital | 12 | 5622.00 | 5622.00 |
| (b) Other Equity | 13 | 43781.32 | 42631.47 |
| Total Equity (A) | | 49403.32 | 48253.47 |
| (2) LIABILITIES | | | |
| Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowing | 14 | 67632.88 | 61873.51 |
| (ii) Other Financial Liabilities | 15 | 3.69 | - |
| (b) Provisions | 16 | 1667.32 | 1161.69 |
| (c) Deferred Tax Liabilities (Net) | 17 | 3327.38 | 2991.17 |
| Total Non-Current Liabilities (B) | | 72631.27 | 66026.37 |
| (3) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowing | 18 | 28661.35 | 18543.36 |
| (ii) Trade Payables | 19 | | |
| - Due to Micro & Small Enterprises | | 48.54 | 101.37 |
| - Due to Others | | 4101.25 | 3442.15 |
| (iii) Other Financial Liabilities | 20 | 9111.85 | 6600.04 |
| (b) Other Current Liabilities | 21 | 405.35 | 269.78 |
| (c) Provisions | 22 | 163.07 | 114.86 |
| (d) Current Tax Liabilities (Net) | 23 | - | 276.89 |
| Total Current Liabilities (C) | | 42491.41 | 29348.45 |
| Total Liabilities (B+C) | | 115122.68 | 95374.82 |
| Total Equity and Liabilities (A+B+C) | | 164526.00 | 143628.29 |
| Significant Accounting Policies | 1 | | |
| Disclosures and Additional Informations | 31-43 | | |

In terms of our report of even date

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

S. P. JHANWAR
Partner
M. No. 074414

For and on behalf of the Board

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: 19.06.2020

Statement of Profit and Loss

for the year ended 31st March, 2020

(₹ in Lacs)

| Particulars | Note No. | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|----------|-------------------------------------|-------------------------------------|
| I Revenue from Operations | 24 | 143806.11 | 124251.05 |
| II Other Income | 25 | 212.79 | 277.08 |
| III Total Income (I+II) | | 144018.90 | 124528.13 |
| IV Expenses | | | |
| Cost of Materials Consumed | 26 | 91615.80 | 78879.25 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 27 | (218.16) | (730.50) |
| Employee Benefit Expenses | 28 | 9432.90 | 6797.40 |
| Finance Cost | 29 | 5555.72 | 2890.37 |
| Depreciation & Amortisation Expense | 2,4 | 8069.57 | 5463.88 |
| Other Expenses | 30 | 25998.60 | 21497.65 |
| Total Expenses (IV) | | 140454.43 | 114798.05 |
| V Profit before Exceptional Items & Tax | | 3564.47 | 9730.08 |
| VI Exceptional Items | | - | - |
| VII Profit/(Loss) Before Tax (V-VI) | | 3564.47 | 9730.08 |
| VIII Tax Expenses | | | |
| 1. Current Tax (Net of Mat Credit) | | - | 3641.33 |
| 2. Earlier Year | | (44.24) | (149.77) |
| 3. Deferred Tax | | 1226.99 | (172.17) |
| IX Profit/(Loss) for the year from Continuing Operations After Tax (VII-VIII) | | 2381.72 | 6410.69 |
| X Other Comprehensive Income | | | |
| 1 Items that will not be reclassified to Profit or Loss (Net of Tax) | | | |
| Remeasurements of Defined Benefit Plans | | 38.71 | 9.06 |
| Income Tax related to Defined Benefit Plans | | (13.53) | (3.17) |
| | | 25.18 | 5.89 |
| 2 Items that will be reclassified to Profit or Loss (Net of Tax) | | | |
| Change in Fair Value of Effective portion of Cash Flow Hedge | | (629.99) | 248.64 |
| Tax on Cash Flow Hedge Recognised during the year | | 220.14 | (86.88) |
| | | (409.85) | 161.76 |
| Total Other Comprehensive Income for the year, net of Income Tax | | (384.67) | 167.65 |
| XI Total Comprehensive Income for the year (IX+X) | | 1997.05 | 6578.34 |
| XII Earning Per Equity Share (Rupees per Share) | | | |
| (1) Basic | | 4.24 | 11.43 |
| (2) Diluted | | 4.24 | 11.43 |
| Significant Accounting Policies | 1 | | |
| Disclosures and Additional Informations | 31-43 | | |

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: 19.06.2020

Cash Flow Statement

for the year ended 31st March, 2020

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| (A) CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit Before Tax & Exceptional Items | 3564.47 | 9730.08 |
| Adjustments for :- | | |
| Depreciation & Amortisation | 8069.57 | 5463.88 |
| Interest Expenditure | 5555.72 | 2890.37 |
| Loss/ (Profit) on Sale of Property, Plant & Equipment | (25.08) | 23.93 |
| Actuarial (Loss)/Gains on Defined Benefit Obligations | 38.71 | 9.06 |
| Operating Profit Before Working Capital Changes (1) | 17203.39 | 18117.32 |
| Adjustments for :- | | |
| Decrease/(Increase) Inventories | (3687.74) | (2233.67) |
| Decrease/ (Increase) Trade Receivables | (3205.73) | (3262.49) |
| Decrease/ (Increase) Other Current & Non Current Assets | (767.03) | (1932.24) |
| Increase/(Decrease) Current & Non Current Liabilities | 1288.99 | 1573.87 |
| Total Adjustments (2) | (6371.51) | (5854.53) |
| Cash Generated from Operations (1-2) | 10831.88 | 12262.79 |
| Less : Taxes Paid | 1012.87 | 1889.66 |
| Net Cash Generated from Operating Activities (A) | 9819.01 | 10373.13 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Property, Plant & Equipment | (69694.20) | (892.31) |
| Capital WIP including Capital Advances | 47978.36 | (47476.89) |
| Sale of Property, Plant & Equipment | 44.18 | 29.12 |
| Net Cash Generated/(Used) in Investing Activities (B) | (21671.66) | (48340.08) |
| (C) CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from /(Repayment) of Short Term Borrowings (Net) | 10117.99 | 9791.81 |
| Proceeds from Long Term Borrowings | 12204.37 | 36453.51 |
| Repayment of Long Term Borrowings | (4329.35) | (5114.99) |
| Interest Paid | (5555.72) | (2890.37) |
| Proceeds from issue of Shares | - | 805.30 |
| Dividend Paid | (702.75) | (674.64) |
| Tax on Dividend Paid | (144.45) | (138.67) |
| Net Cash Generated/(Used) From Financing Activities (C) | 11590.09 | 38231.95 |
| Net Increase / (Decrease) in Cash & Cash Equivalent (A+B+C) | (262.56) | 265.00 |
| Opening Balance of Cash & Cash Equivalent | 275.01 | 10.01 |
| Closing Balance of Cash & Cash Equivalent | 12.45 | 275.01 |

In terms of our report of even date

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

S. P. JHANWAR
Partner
M. No. 074414

Place : Hamirgarh, Bhilwara
Date: 19.06.2020

For and on behalf of the Board

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)

Statement of Changes in Equity

for the year ended 31st March, 2020

A. Equity Share Capital

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|------------------------|----------------|------------------------|----------------|
| | Number | (₹ in Lacs) | Number | (₹ in Lacs) |
| Equity Share Capital | | | | |
| Balance at the beginning of reporting period | 56220000 | 5622.00 | 55551710 | 5555.17 |
| Add: Shares issued during the year | - | - | 668290 | 66.83 |
| Balance at the closing of reporting period | 56220000 | 5622.00 | 56220000 | 5622.00 |

B. Other Equity

(₹ in Lacs)

| Particulars | Reserves & Surplus | | | | Other Reserves | Total |
|--|----------------------------|--------------------|-----------------|------------------|--|-----------------|
| | Capital Redemption Reserve | Securities Premium | General Reserve | Retained Earning | Effective Portion of Cash Flow Hedge Reserve | |
| Balance as at 1st April, 2018 | 150.00 | 12988.65 | 4000.00 | 19005.80 | (16.47) | 36127.98 |
| Profit for the Year ended 31st March, 2019 | | | | 6410.69 | | 6410.69 |
| Other Comprehensive Income/ (Expenses) (OCI) | | | | | | |
| (a) Remeasurement of Defined Benefit Obligations (Net of Tax) | | | | 5.89 | | 5.89 |
| (b) Adjustment for Effective portion of Cash Flow Hedge (Net of Tax) | | | | | 161.75 | 161.75 |
| Dividends (Including Dividend Tax) | | | | (813.31) | | (813.31) |
| Securities Premium | | 738.47 | | | | 738.47 |
| Transfer to General Reserve | | | 1000.00 | (1000.00) | | - |
| Balance as at 31st March, 2019 | 150.00 | 13727.12 | 5000.00 | 23609.07 | 145.28 | 42631.47 |
| Profit for the Year ended 31st March, 2020 | | | | 2381.72 | | 2381.72 |
| Other Comprehensive Income/ (Expenses) (OCI) | | | | | | |
| (a) Remeasurement of Defined Benefit Obligations (Net of Tax) | | | | 25.18 | | 25.18 |
| (b) Adjustment for Effective portion of Cash Flow Hedge (Net of Tax) | | | | | (409.85) | (409.85) |
| Dividends (Including Dividend Tax) | | | | (847.20) | | (847.20) |
| Securities Premium | | | | | | |
| Transfer to General Reserve | | | | | | - |
| Balance as at 31st March, 2020 | 150.00 | 13727.12 | 5000.00 | 25168.77 | (264.57) | 43781.32 |

In terms of our report of even date

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

S. P. JHANWAR
Partner
M. No. 074414

For and on behalf of the Board

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: 19.06.2020

Notes to Financial Statements

for the year ended 31st March, 2020

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 31025). 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 recognised in the period in which the results are known/ materialised.

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 realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised 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 recognised 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.

Items of Property, Plant and Equipment are measured at Cost less Accumulated Depreciation/Amortisation and Accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset, inclusive of non-refundable taxes &

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

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 recognised separately.

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

1.2. Subsequent Costs

Subsequent expenditure is recognised 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 recognised 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 derecognised. The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in Statement of Profit or Loss as and when incurred.

1.3. Derecognition

Property, Plant and Equipment are derecognised 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 recognised 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 unamortised depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

In circumstance, where a property is abandoned, the cumulative capitalised 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 recognised 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 recognised at cost. Subsequent measurement is done at cost less accumulated amortisation 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 capitalised 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.

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

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

3.2. Subsequent Costs

Subsequent expenditure is recognised 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 derecognised 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 recognised in the Statement of Profit and Loss.

3.4. Amortisation

Intangible Assets having definite life is amortised 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 capitalised 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. Capitalisation 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 recognised 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 capitalisation.

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 capitalised 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 that compensate the Company for the cost of asset are recognised initially as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and are recognised in Statement of Profit & Loss on a systematic basis over the useful life of the related asset. Grants that compensate the Company for expenses incurred are recognised over the period in which the related costs are incurred and are deducted from the related expenses.

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.

Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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 recognised 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 1st April, 2018.

Revenue is recognised 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.
5. Recognise 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

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

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 realisable 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 amortised 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 recognised 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 recognised 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 recognised 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.

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

Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

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 recognised 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 recognised 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 recognised under 'Income Tax payable' net of payments on account, or under 'Tax receivables' where there is a debit balance.

Deferred Tax is recognised 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 recognised in Statement of Profit and Loss except to the extent that it relates to items recognised directly in OCI or Equity, in which case it is recognised in OCI or Equity.

A Deferred Tax Asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. 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 benefit will be realised. Minimum Alternate Tax credit is recognised 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 recognised at the same time that the liability to pay the related dividend is recognised.

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:

Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

- (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 recognised 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 amortised 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 recognised 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 recognised 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 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 recognised if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised 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 amortisation, if no impairment loss had been recognised.

16. Dividends

Dividends and Interim dividends payable to a Company's shareholders are recognised as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively.

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

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 recognised 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.

b. Financial Liabilities

Initial recognition and measurement

All Financial Liabilities are recognised at fair value and in case of loans, net of directly attributable transaction cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

Subsequent Measurement

Financial Liabilities are carried at amortised cost using the effective interest method. Amortised 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 recognised 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 recognised 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.

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

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 recognised 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 recognised 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 recognised 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 amortised 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 recognised 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.

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 amortised 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 Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 2 : PROPERTY, PLANT AND EQUIPMENT

| Particulars | Gross Carrying Amount | | | Depreciation/Amortisation | | | Net Carrying Amount | |
|------------------------|------------------------|-----------------|--------------|---------------------------|----------------|--------------|------------------------|------------------------|
| | As at 1st April, 2019 | Addition | Deduction | As at 1st April, 2019 | For the Year | Deduction | As at 31st March, 2020 | As at 31st March, 2019 |
| | As at 31st March, 2020 | | | | | | | |
| Tangible Assets | | | | | | | | |
| Free Hold Land | 877.93 | - | - | - | - | - | - | 877.93 |
| Lease Hold Land | 135.06 | - | - | 3.36 | 1.31 | - | 4.67 | 130.39 |
| Buildings | 14090.17 | 17492.41 | - | 1602.33 | 896.47 | - | 2498.80 | 29083.78 |
| Plant & Machinery | 50346.91 | 48532.94 | 70.35 | 12732.61 | 6711.19 | 55.08 | 19388.72 | 79420.78 |
| Electric installation | 1018.90 | 2493.99 | - | 489.07 | 243.49 | - | 732.56 | 2780.33 |
| Furniture & Fixtures | 410.00 | 736.71 | - | 59.47 | 73.67 | - | 133.14 | 1013.57 |
| Office Equipments | 188.26 | 216.92 | - | 72.14 | 62.26 | - | 134.40 | 270.78 |
| Vehicles | 323.63 | 57.84 | 8.35 | 107.36 | 46.71 | 4.52 | 149.55 | 223.57 |
| Right of Use- Building | - | 10.14 | - | - | 3.38 | - | 3.38 | 6.76 |
| Total | 67390.86 | 69540.95 | 78.70 | 15066.34 | 8038.48 | 59.60 | 23045.22 | 113807.89 |
| Previous Year | 66586.49 | 889.16 | 84.79 | 9648.87 | 5449.22 | 31.75 | 15066.34 | 52324.52 |

2.1 All Property, Plant and Equipments mentioned above (except PPE under CSR and Right of Use - Building) having net block of ₹ 113330.62 Lacs (Previous Year - ₹ 51979.92 Lacs) are held as security towards Borrowings as specified in Note 14

2.2 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, 2019 | Addition | Deduction | As at 1st April, 2019 | For the Year | Deduction | As at 31st March, 2020 | As at 31st March, 2019 |
| | As at 31st March, 2020 | | | | | | | |
| Lease Hold Land | 135.06 | - | - | 3.36 | 1.31 | - | 4.67 | 130.39 |
| Building | 162.18 | 136.08 | - | 1.28 | 4.63 | - | 5.91 | 160.90 |
| Electric Installation | 25.47 | 0.95 | - | 1.18 | 2.42 | - | 3.60 | 22.82 |
| Furniture & Fixtures | 29.45 | - | - | 1.74 | 2.76 | - | 4.50 | 24.95 |
| Total | 352.16 | 137.03 | - | 7.56 | 11.12 | - | 18.68 | 344.60 |
| Previous Year | 135.06 | 217.10 | - | 2.05 | 5.51 | - | 7.56 | 133.01 |

2.3 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 | Right of Use Building | | | | | | | Total |
|---|-----------------------|-----------------|-----------------|-------------------|-----------------------|----------------------|-------------------|------------------|
| | Free Hold Land | Lease Hold Land | Buildings | Plant & Machinery | Electric Installation | Furniture & Fixtures | Office Equipments | |
| Gross Block as on 1st April, 2019 | 877.93 | 135.06 | 16292.89 | 70897.98 | 2263.16 | 455.45 | 282.59 | 91594.35 |
| Addition during the year 2019-20 | - | - | 17492.41 | 48532.94 | 2493.99 | 736.71 | 216.92 | 69540.95 |
| Deduction during the year 2019-20 | - | - | - | (254.63) | - | - | - | (265.70) |
| Total Historical Cost as on 31st March, 2020 | 877.93 | 135.06 | 33785.30 | 119176.29 | 47571.5 | 1192.16 | 499.51 | 160869.60 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 3 : CAPITAL WORK IN PROGRESS

(₹ in Lacs)

| Particulars | As at 1st April, 2019 | Addition | Deduction/ Adjustments | Capitalised | As at 31st March, 2020 |
|---|-----------------------|-----------------|---------------------------|-----------------|------------------------|
| Hamirgarh Project | | | | | |
| Plant & Machinery | 122.52 | 1280.07 | - | 1402.59 | - |
| Pre Operative Exp | - | - | | | |
| - Finance Charges | - | 8.90 | - | 8.90 | - |
| - Interest Cost | - | 15.97 | - | 15.97 | - |
| Begun Project | | | | | |
| Building | 11908.53 | 4322.46 | - | 16230.99 | - |
| Plant & Machinery | 30400.58 | 13307.18 | - | 43707.76 | - |
| Electric Installations | 1556.25 | 765.95 | - | 2322.20 | - |
| Office Equipments | 57.97 | 121.85 | - | 179.82 | - |
| Furniture & Fixtures | 319.18 | 345.22 | - | 664.40 | - |
| Intangible Assets | 78.81 | 58.93 | - | 137.74 | - |
| Pre Operative Expenses | | | | | |
| - Finance Charges | 274.02 | 54.43 | 148.50 | 179.95 | - |
| - Interest Cost | 862.85 | 1552.38 | - | 2415.23 | - |
| - Electricity & Water Expenses | 92.35 | 8.61 | - | 100.96 | - |
| - Legal & Professional Expenses | 304.85 | 14.09 | 5.00 | 313.94 | - |
| - Employee Benefit Expenses | 356.11 | 157.38 | - | 513.49 | - |
| - Other Administrative Expenses | 139.77 | 276.50 | - | 416.27 | - |
| Excess of Expenditure over Income during Trial Period as per Note 3.1 | 345.85 | 240.47 | - | 586.32 | - |
| Total | 46819.64 | 22530.39 | 153.50 | 69196.53 | - |

Note 3.1 Trial Period Income & Expenditure

(₹ in Lacs)

| Particulars | For the Year ended 31st March, 2020 |
|---|-------------------------------------|
| Expenditure | |
| Cost of Materials Consumed | 8475.57 |
| Cost of Materials Consumed - Inter Division | 1642.13 |
| Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade | (3217.47) |
| Employee Benefit Expenses | 977.11 |
| Finance Cost | 43.23 |
| Other Expenses | |
| - Manufacturing Expenses | 2312.20 |
| - Administrative Expenses | 41.58 |
| - Selling Expenses | 192.08 |
| Total Expenditure Incurred | 10466.43 |
| Less: Income | |
| Revenue from Trial Period Operations | 10225.96 |
| Excess of Expenditure over Income | 240.47 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 4 : OTHER INTANGIBLE ASSETS

| Particulars | Gross Carrying Amount | | Depreciation/Amortisation | | Net Carrying Amount | |
|----------------------|-----------------------|----------------------|---------------------------|--------------|------------------------|------------------------|
| | As at 1st April, 2019 | As at 31 March, 2020 | As at 1st April, 2019 | For the Year | As at 31st March, 2020 | As at 31st March, 2019 |
| Computer Software | 66.62 | 219.87 | 35.49 | 31.09 | 153.29 | 31.13 |
| Total | 66.62 | 219.87 | 35.49 | 31.09 | 153.29 | 31.13 |
| Previous Year | 63.48 | 66.62 | 20.83 | 14.66 | 31.13 | 42.65 |

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 |
|---|-------------------|
| Gross Block as on 1st April, 2019 | 74.59 |
| Addition during the year 2019-20 | 153.25 |
| Deduction during the year 2019-20 | - |
| Total Historical Cost as on 31st March, 2019 | 227.84 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

FINANCIAL ASSETS

NOTE 5 : OTHER NON CURRENT ASSETS

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---------------------------|---------------------------|---------------------------|
| Security Deposits | 1222.31 | 868.03 |
| Deferred Transaction Cost | 163.35 | 50.41 |
| Capital Advances | 261.64 | 1420.36 |
| Total | 1647.30 | 2338.80 |

CURRENT ASSETS

NOTE 6 : INVENTORIES

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------|---------------------------|---------------------------|
| Raw Material | 16728.98 | 16534.39 |
| Work-In-Process | 2962.61 | 1869.98 |
| Finished Goods | 5364.74 | 3021.74 |
| Stores and Spares | 772.94 | 750.75 |
| Dyes & Chemicals | 294.51 | 10.88 |
| Fuel | 346.50 | 594.80 |
| Total | 26470.28 | 22782.54 |

6.1 Inventory has been valued as per the Accounting Policy

6.2 Raw Material consist of:

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--------------|---------------------------|---------------------------|
| Cotton | 16513.06 | 16227.84 |
| Yarn | 68.01 | 239.69 |
| Polyster | 147.91 | 66.86 |
| Total | 16728.98 | 16534.39 |

6.3 Finished Goods consist of:

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|----------------|---------------------------|---------------------------|
| Yarn | 2556.64 | 2178.34 |
| Fabric | 2579.26 | 650.13 |
| Saleable Waste | 228.84 | 193.27 |
| Total | 5364.74 | 3021.74 |

NOTE 7 : CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------------|---------------------------|---------------------------|
| Secured | | |
| Considered Good | - | - |
| Unsecured | | |
| Considered Good | 15278.27 | 12072.54 |
| Credit Impaired | - | - |
| Less : - Impairment Allowance | - | - |
| Net | - | - |
| Total | 15278.27 | 12072.54 |

Note 7.1 Ageing and other information has been depicted in Note no. 38

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 8 : CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------|---------------------------|---------------------------|
| Cash in Hand | 9.64 | 1.96 |
| Balance with Banks in : | | |
| Current Accounts | 2.81 | 273.05 |
| Total | 12.45 | 275.01 |

Note 8A : Current Financial Assets - Bank Balances other than Cash and Cash Equivalents

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-----------------------------|---------------------------|---------------------------|
| Unclaimed Dividend Accounts | 30.99 | 28.02 |
| Total | 30.99 | 28.02 |

NOTE 9 : OTHER CURRENT FINANCIAL ASSETS

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------|---------------------------|---------------------------|
| Derivative Assets (Net) | - | 223.46 |
| Advances to Employees | 32.38 | 34.58 |
| Total | 32.38 | 258.04 |

NOTE 10 : CURRENT TAX ASSETS

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--------------------------|---------------------------|---------------------------|
| Advance Income Tax (Net) | 96.06 | - |
| Total | 96.06 | - |

NOTE 11 : OTHER CURRENT ASSETS

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|------------------------------------|---------------------------|---------------------------|
| Advances to Suppliers | 925.38 | 464.71 |
| Other Advances | 115.27 | 109.92 |
| Amount Receivable under TUFS /RIPS | 2992.15 | 1185.63 |
| Income Tax Refundable | 2.22 | 2.22 |
| VAT Credit Receivables | 402.94 | 411.78 |
| GST Credit Receivables | 1840.63 | 2989.24 |
| GST Refundable | 435.89 | 1133.88 |
| Other Receivables* | 282.61 | 400.67 |
| Total | 6997.09 | 6698.05 |

* Other receivables includes amount of Export Incentive and Duty drawback etc.

EQUITY & LIABILITIES

EQUITY

NOTE 12 : SHARE CAPITAL

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| Authorised : | | |
| 6,00,00,000 (Previous Year : 6,00,00,000) Equity Shares of ₹ 10/- Each | 6000.00 | 6000.00 |
| Total | 6000.00 | 6000.00 |
| Issued, Subscribed & Fully Paid up: | | |
| 5,62,20,000 (Previous Year : 5,62,20,000) Equity Shares of ₹ 10/- each Fully Paid Up ranking pari passu | 5622.00 | 5622.00 |
| Total | 5622.00 | 5622.00 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

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. | 17758000 (31.59%) | 17728000 (31.53%) |
| Ratan Lal Nolkha | 6130000 (10.90%) | 6120000 (10.89%) |
| Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Small Cap Fund | 3689000 (6.56%) | 3499100 (6.22%) |

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 | 55551710 |
| Add : Shares issued during the Year | - | 668290 |
| 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.

NOTE 13 : OTHER EQUITY

| Particulars | (₹ in Lacs) | |
|------------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Capital Redemption Reserve | 150.00 | 150.00 |
| Securities Premium | 13727.12 | 13727.12 |
| General Reserve | 5000.00 | 5000.00 |
| Other Reserve - Cash Hedge Reserve | (264.57) | 145.28 |
| Retained Earning | 25168.77 | 23609.07 |
| Total | 43781.32 | 42631.47 |

Note 13.1 : Particular of Other Equity

| Particulars | (₹ in Lacs) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| a. Capital Redemption Reserve | | |
| Opening Balance | 150.00 | 150.00 |
| Additions during the year | - | - |
| Deductions during the year | - | - |
| Net Balance | 150.00 | 150.00 |
| b. Securities Premium | | |
| Opening Balance | 13727.12 | 12988.65 |
| Additions during the year | - | 738.47 |
| Deductions during the year | - | - |
| Net Balance | 13727.12 | 13727.12 |
| c. General Reserve | | |
| Opening Balance | 5000.00 | 4000.00 |
| Additions during the year | - | 1000.00 |
| Deductions during the year | - | - |
| Net Balance | 5000.00 | 5000.00 |
| d. Other Reserve - Cash Hedge Reserve | | |
| Opening Balance | 145.28 | (16.47) |
| Additions during the year | (409.85) | 161.75 |
| Net Balance | (264.57) | 145.28 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-----------------------------------|---------------------------|---------------------------|
| e. Retained Earnings | | |
| Opening Balance | 23609.07 | 19005.80 |
| Add: Profit for the Year | 2381.72 | 6410.69 |
| Less : Allocation / Appropriation | | |
| Dividend Paid | 702.75 | 674.64 |
| Tax on Dividend Paid | 144.45 | 138.67 |
| Transfer to General Reserve | - | 1000.00 |
| Actuarial Loss/(Gain) | (25.18) | (5.89) |
| Sub Total | 822.02 | 1807.42 |
| Net Balance | 25168.77 | 23609.07 |
| Total (a to e) | 43781.32 | 42631.47 |

NOTE 14 : NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| (A) Term Loans from Banks | | |
| Term Loans from Banks | 75379.13 | 67501.76 |
| Less: Taken to other Current Liabilities being Current Maturities | 7746.25 | 5628.25 |
| Total (A) | 67632.88 | 61873.51 |
| (B) Vehicle Loans From Banks | | |
| Vehicle Loans From Banks | - | 2.35 |
| Less: Taken to other Current Liabilities being Current Maturities | - | 2.35 |
| Total (B) | - | - |
| Total (A+B) | 67632.88 | 61873.51 |

14.1 Security

Term Loans of ₹ 75379.13 Lacs (PY ₹ 67501.76 Lacs) are secured by way of First Charge on all immovable and movable Property, Plant & Equipment except PPE under CSR and 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 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. The term loans are also secured by personal guarantee of three Executive Directors.

14.2 Terms of Repayment

Term loans of ₹ 9400.00 Lacs in 13 variable Quarterly instalments upto Sept. 2023, ₹ 17415.00 Lacs in 20 variable Quarterly instalments upto June 2025, ₹ 47500.00 Lacs in 28 variable Quarterly instalments upto June 2027 and ₹ 1064.13 lacs in 15 Equal Quarterly instalments upto March 2024.

NOTE 15 : OTHER NON CURRENT FINANCIAL LIABILITIES

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|----------------------------|---------------------------|---------------------------|
| Lease Liability - Building | 3.69 | - |
| Total | 3.69 | - |

NOTE 16 : NON CURRENT LIABILITIES - PROVISIONS

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---------------------------------|---------------------------|---------------------------|
| Provision for Employee Benefits | 1667.32 | 1161.69 |
| Total | 1667.32 | 1161.69 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 17 : DEFERRED TAX LIABILITY

| Particulars | (₹ in Lacs) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| A. Deferred Tax Liability | | |
| - Depreciation | 10802.52 | 6525.43 |
| - Deferred Transaction Cost | 57.08 | 17.61 |
| | 10859.60 | 6543.04 |
| B. Deferred Tax Assets | | |
| - Employee Benefits Expenses | 679.88 | 499.21 |
| - Unabsorbed Depreciation | 2908.90 | - |
| | 3588.78 | 499.21 |
| Total (A-B) | 7270.82 | 6043.83 |
| Less : MAT Credit Entitlement | 3801.46 | 3130.83 |
| Add : Deferred Tax related to OCI | (141.98) | 78.17 |
| C. Deferred Tax Liability (Net) | 3327.38 | 2991.17 |

Note 17.1 Further information has been disclosed in Note No. 32

NOTE 18 : CURRENT FINANCIAL LIABILITIES - BORROWINGS

| Particulars | (₹ in Lacs) | |
|---|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Working Capital Loan from Banks (Secured) | 28586.35 | 18543.36 |
| Loan from Corporates (Unsecured) | 75.00 | - |
| Total | 28661.35 | 18543.36 |

18.1 Security

Working capital loans of ₹ 28586.35 Lacs (PY ₹ 18543.36 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 and Second Charge on all immovable and movable Property, Plant & Equipment except PPE under CSR and 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. The working capital loans are also secured by personal guarantee of three executive directors.

18.2 Terms of Repayment

Working Capital Loans are repayable on Demand.

NOTE 19 : CURRENT FINANCIAL LIABILITIES - TRADE PAYABLE

| Particulars | (₹ in Lacs) | |
|----------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| For Goods Purchased | | |
| Due to Micro & Small Enterprises | 48.54 | 101.37 |
| Due to Others | 2215.45 | 932.13 |
| For Services & Others | | |
| Due to Micro & Small Enterprises | - | - |
| Due to Others | 1885.80 | 2510.02 |
| Total | 4149.79 | 3543.52 |

Note 19.1 : Disclosure related to Micro, Small & Medium Enterprises

A. Trade Payables include Principal amount ₹ 48.54 Lacs (Previous Year ₹ 101.37 Lacs) and Interest amount ₹ Nil (Previous Year ₹ Nil) due to Micro, Small & Medium Enterprises as at 31st March, 2020. 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.

Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

- B.** 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.
- C.** 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
- D.** No Interest accrued and remaining unpaid at the end of each accounting year
- E.** 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, 2016

NOTE 20 : OTHER CURRENT FINANCIAL LIABILITY

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Derivative Liability (Net) | 406.54 | - |
| Current Maturities of Long Term Debt | 7746.25 | 5630.60 |
| Interest accrued but not due on Borrowings | 73.05 | - |
| Unclaimed Dividend | 30.99 | 28.02 |
| For Capital Goods | | |
| Due to Micro & Small Enterprises | - | 16.97 |
| Due to Others | 203.71 | 406.75 |
| Current Lease Liability | 3.34 | - |
| Security Deposit | 9.29 | 24.68 |
| Other Payable | 638.68 | 493.02 |
| Total | 9111.85 | 6600.04 |

NOTE 21 : OTHER CURRENT LIABILITIES

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------|---------------------------|---------------------------|
| Advances From Customers | 154.26 | 53.19 |
| Statutory Dues | 197.80 | 160.21 |
| Security Deposit | 53.29 | 56.38 |
| Total | 405.35 | 269.78 |

NOTE 22 : CURRENT LIABILITIES - PROVISIONS

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---------------------------------|---------------------------|---------------------------|
| Provision for Employee Benefits | 163.07 | 114.86 |
| Total | 163.07 | 114.86 |

NOTE 23 : CURRENT TAX LIABILITIES

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------|---------------------------|---------------------------|
| Provision for Tax (Net) | - | 276.89 |
| Total | - | 276.89 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 24 : REVENUE FROM OPERATIONS

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|--|--|
| Revenue from Contract with Customers | | |
| Sale of Products | | |
| Yarn | 104058.87 | 97269.70 |
| Fabrics | 27709.38 | 17565.28 |
| Others | 10557.58 | 7992.44 |
| Sale of Services | 2.51 | 5.60 |
| Other | | |
| Foreign Exchange Fluctuation (Net) | 1477.77 | 1418.03 |
| Total | 143806.11 | 124251.05 |

NOTE 25 : OTHER INCOME

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|----------------------------|--|--|
| Interest Received | 172.21 | 271.31 |
| Profit on Sale of PPE | 25.08 | - |
| Insurance Charge Collected | 14.96 | - |
| Miscellaneous Income | 0.54 | 5.77 |
| Total | 212.79 | 277.08 |

NOTE 26: COST OF MATERIAL CONSUMED

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| Stock at Opening | | |
| Cotton | 16227.84 | 16700.51 |
| Yarn | 239.69 | 55.56 |
| Polyster | 66.86 | |
| Add: Purchases & Expenses | | |
| Cotton | 96360.79 | 83187.51 |
| Yarn | 950.06 | 897.31 |
| Polyster | 2937.84 | 66.86 |
| Grey Fabric | 37.27 | - |
| Total | 116820.35 | 100907.75 |
| Less : Stock at Closing | | |
| Cotton | 16513.06 | 16227.84 |
| Yarn | 68.01 | 239.69 |
| Polyster | 147.91 | 66.86 |
| Total Consumption | 100091.37 | 84373.36 |
| Less: Consumption Transferred to Trial Period Income & Expenditure | 8475.57 | 5494.11 |
| Net Consumption | 91615.80 | 78879.25 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| Stock at Closing | | |
| Finished Goods | 5364.74 | 3021.74 |
| Work-In-Progress | 2962.61 | 1869.98 |
| Total (A) | 8327.35 | 4891.72 |
| Stock at Opening | | |
| Finished Goods | 3021.74 | 1963.73 |
| Work-In-Progress | 1869.98 | 1062.58 |
| Total (B) | 4891.72 | 3026.31 |
| (Increase)/Decrease in Stocks | (3435.63) | (1865.41) |
| Less: Transferred to Trial Period Income & Expenditure | 3217.47 | 1134.91 |
| Net (Increase)/Decrease in Stocks | (218.16) | (730.50) |

NOTE 28 : EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|--|--|
| Salary & Wages | 7731.17 | 5662.95 |
| Contribution to Provident and Other Funds | 711.23 | 520.44 |
| Gratuity and Leave Encashment Expenses | 578.03 | 324.11 |
| Staff Welfare Expenses | 412.47 | 289.90 |
| Total | 9432.90 | 6797.40 |

NOTE 29 : FINANCE COST

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|-----------------------|--|--|
| Interest Expenses | | |
| On Term Loans | 2777.38 | 1128.80 |
| On Others | 2345.74 | 1378.64 |
| | 5123.12 | 2507.44 |
| Other Borrowing Costs | 432.60 | 382.93 |
| Total | 5555.72 | 2890.37 |

NOTE 30 : OTHER EXPENSE

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|-----------------------------------|--|--|
| (a) Manufacturing Expenses | | |
| Power & Fuel | 16272.20 | 13314.87 |
| Stores & Spares Consumed | 2961.19 | 2487.82 |
| Dyes & Chemical Consumed | 577.27 | - |
| Packing Expenses | 1837.05 | 1522.23 |
| Job Charges Paid | 1.90 | 7.43 |
| Repair to :- | | |
| Machinery | 118.80 | 84.73 |
| Building | 42.66 | 34.76 |
| Others | 23.14 | 18.29 |
| Total (a) | 21834.21 | 17470.13 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| (b) Administrative and Other Expenses | | |
| Printing & Stationary | 33.24 | 24.93 |
| Postage & Communication | 27.42 | 18.06 |
| Subscription & Membership Fees | 8.40 | 1.90 |
| Director's Sitting Fee | 8.40 | 4.50 |
| Rent | - | 3.90 |
| Rates & Taxes | 37.22 | 19.15 |
| Travelling Exp - Directors | 10.29 | 19.44 |
| - Others | 33.21 | 17.83 |
| Vehicle & Conveyance | 141.33 | 102.11 |
| Charity & Donation | 1.64 | 0.83 |
| CSR Expenditure | 24.33 | 48.54 |
| Legal & Professional | 41.27 | 23.21 |
| Insurance Charges | 137.36 | 48.45 |
| Loss on Sale of PPE | - | 23.93 |
| Payment to Auditors | 11.03 | 16.76 |
| Cost Audit Fees | 0.50 | 0.50 |
| Advertisement | 12.50 | 15.47 |
| Software Expenses | 25.23 | 6.96 |
| Bad Debts Written Off | - | 19.04 |
| Miscellaneous Expenses | 11.07 | 15.62 |
| Total (b) | 564.44 | 431.13 |
| (c) Selling and Distribution Expenses | | |
| Sales Promotion Expenses | 50.73 | 40.34 |
| Sales Commission | 1385.72 | 1358.91 |
| Rebate, Claims & Discount | 184.55 | 177.13 |
| Freight & Forwarding | 1969.21 | 1936.90 |
| Hank Yarn Obligation Expenses | 9.74 | 83.11 |
| Total (c) | 3599.95 | 3596.39 |
| Total (a to c) | 25998.60 | 21497.65 |

Note 30.1 : Payment to Auditors

(₹ in Lacs)

| Particulars | Current Year | Previous Year |
|------------------------|--------------|---------------|
| Audit Fees | 10.00 | 7.00 |
| Tax Audit Fees | 1.00 | 1.00 |
| Legal Services | - | 8.00 |
| Certification & Others | 0.03 | 0.76 |
| Total | 11.03 | 16.76 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 31 – 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 |
| a. | Disputed Liabilities not acknowledged as Debts | | |
| | - Cenvat, Vat, Service Tax and Custom Duty | 9.75 | 2089.65 |
| b. | Guarantees | | |
| | - Outstanding Bank Guarantees | 219.89 | 55.59 |
| c. | Other money for which the Company is Contingently liable | | |
| | - Bills Negotiated with Banks (against goods sold) | 5500.38 | 7050.25 |

2 Commitments

- a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances) ₹ 195.09 Lacs (Previous Year – ₹ 10891.84 Lacs).
- b) The Company has an outstanding Export Obligation of approx. ₹ 98220.51 lacs (Previous Year – ₹ 91204.22 lacs), in respect of capital goods procured at the concessional rate of duty under Export Promotion Capital Goods Scheme, which is required to be met at different dates on or before 31.03.2026.

NOTE 32 - 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, 2020 | For the Year ended 31st March, 2019 | |
| Accounting Profit Before Tax | 3564.47 | 9730.08 | |
| Tax using Company's Domestic Tax Rate for Respective Year | 1245.57 | 3400.09 | |
| Effect of Non-Deductible Expense | (19.28) | 13.66 | |
| Effect of Depreciation | 0.70 | (4.94) | |
| Effect of Changes in Tax Rate | - | 60.35 | |
| Tax in respect of Earlier Years | (44.24) | (149.77) | |
| Tax as per Statement of Profit & Loss | 1182.75 | 3319.39 | |

(b) Income Tax Expense

i. Income Tax recognised in Statement of Profit and Loss

| | | (₹ in Lacs) | |
|---|--|--|--|
| Particulars | For the Year ended 31st March, 2020 | For the Year ended 31st March, 2019 | |
| [A] Current Tax expense: | | | |
| Current Year (Net of Mat Credit) | - | 3641.33 | |
| Adjustment for Earlier Years | (44.24) | (149.77) | |
| Total [A] | (44.24) | 3491.56 | |
| [B] Deferred Tax Expense | | | |
| Origination and Reversal of Temporary Differences | 1226.99 | (172.17) | |
| Total [B] | 1226.99 | (172.17) | |
| Total Income Tax [A+B] | 1182.75 | 3319.39 | |

ii. Income Tax recognised in Other Comprehensive Income

| | | (₹ in Lacs) | | | | |
|---|--|-----------------|---------------|--|-----------------|------------|
| Particulars | For the Year ended 31st March, 2020 | | | For the Year ended 31st March, 2019 | | |
| | Before Tax | Tax Expenses | Net of Tax | Before Tax | Tax Expenses | Net of Tax |
| Net Actuarial Gain/ (Losses) on Defined Benefit plans | 38.71 | 13.53 | 25.18 | 9.06 | 3.17 | 5.89 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

(c) Movement in Deferred tax Asset/ Liability

(₹ in Lacs)

| Particulars | As at 1st April, 2019 | Recognised in P&L A/c | As at 31st March, 2020 |
|---|--------------------------|--------------------------|---------------------------|
| (A) Deferred tax Assets | | | |
| -Provision for Employee Benefit and others | 499.21 | 180.67 | 679.88 |
| -Unabsorbed Depreciation | - | 2908.90 | 2908.90 |
| Total (A) | 499.21 | 3089.57 | 3588.78 |
| (B) Deferred Tax Liability | | | |
| -Impact of Temporary difference in Depreciation | 6525.43 | 4277.09 | 10802.52 |
| -Amortised Value of Financial Assets | 17.61 | 39.47 | 57.08 |
| Total (B) | 6543.04 | 4316.56 | 10859.60 |
| Net Deferred Tax Liability (B-A) | 6043.83 | 1226.99 | 7270.82 |
| Add: Deferred Tax Related to OCI | 78.17 | (220.14) | (141.97) |
| | 6122.00 | 1006.85 | 7128.85 |
| Less: Liability net off through MAT Credit Entitlement | 3130.83 | 670.64 | 3801.47 |
| Net Deferred Tax Liability | 2991.17 | 336.21 | 3327.38 |

(d) MAT Credit Available to the Company in future:

(₹ in Lacs)

| Particulars | As at 31st March, 2020 | Available Till |
|--------------|---------------------------|----------------|
| 2013-14 | 190.29 | 2023-24 |
| 2014-15 | 1126.56 | 2024-25 |
| 2015-16 | 582.47 | 2025-26 |
| 2016-17 | 1272.59 | 2026-27 |
| 2019-20 | 629.56 | 2034-35 |
| Total | 3801.47 | |

(e) Reconciliation of Deferred Tax Liabilities (Net)

(₹ in Lacs)

| Particulars | 2019-20 | 2018-19 |
|--|----------------|----------------|
| Deferred Tax Liability at the Beginning of the Year | 2991.17 | 1677.31 |
| Deferred Tax (Income)/ Expenses during the Year recognised in the Statement of Profit and Loss | 1226.99 | (172.17) |
| Deferred Tax (Income)/ Expenses during the Year recognised in Other Comprehensive Income | (220.14) | 86.88 |
| Liability net off through MAT Credit Entitlement | 670.64 | (1399.15) |
| Deferred tax liability at the end of the year | 3327.38 | 2991.17 |

NOTE 33 - DISCLOSURE AS PER IND AS 23 "BORROWING COST"

(₹ in Lacs)

| Particulars | 2019-20 | 2018-19 |
|--------------------------------------|---------|---------|
| Amount of Borrowing Cost Capitalised | 1568.35 | 862.85 |
| Capitalisation Rate | 9.15% | 9.21% |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE NO.34 - 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 | Executive 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 |

(c) Related Companies:-

| Name of Company | Relationship |
|---------------------------------------|--------------------------------------|
| Redial Trading & Investment Pvt. Ltd. | Holding 31.59% shares of the Company |

(d) Independent Directors

| Name of Person | Relationship |
|-----------------------|----------------------|
| Shri Y.R. Shah | Independent Director |
| Shri R. Chattopadhyay | Independent Director |
| Smt. Aditi Mehta | Independent Director |

2. Details of Transactions with related parties:-

| Nature of Transactions | (₹ in Lacs) | |
|--|--|--|
| | For the Year ended 31st March, 2020 | For the Year ended 31st March, 2019 |
| 1 Rent Payment | | |
| Smt. Sushila Devi Nolkha | 3.00 | 3.00 |
| Redial Trading & Investment Pvt. Ltd. | 0.90 | 0.90 |
| 2 Remuneration to Key Managerial Person | | |
| Shri R.L. Nolkha | 87.15 | 132.62 |
| Shri Dinesh Nolkha | 77.75 | 123.23 |
| Shri Nitin Nolkha | 69.49 | 115.22 |
| Shri P. Maheshwari | 31.44 | 29.04 |
| Shri Sudhir Garg | 20.14 | 19.29 |
| 3 Interest Payment on unsecured loans | | |
| Shri R.L. Nolkha | 3.73 | - |
| Shri Nitin Nolkha | 1.31 | - |
| Redial Trading & Investment Pvt. Ltd. | 3.55 | 12.48 |
| 4 Sitting Fees Paid to Independent Director | | |
| Shri Y.R. Shah | 3.20 | 1.50 |
| Shri R. Chattopadhyay | 3.00 | 1.60 |
| Smt. Aditi Mehta | 2.20 | 1.40 |

3. Balance due to related parties and maximum balance outstanding during the year are as under:

| S. No. | Name of related party | Outstanding Balance | | Maximum Balance outstanding during the year | |
|--------|---------------------------------------|--|--|---|--|
| | | For the Year ended 31st March, 2020 | For the Year ended 31st March, 2019 | For the Year ended 31st March, 2020 | For the Year ended 31st March, 2019 |
| | | (₹ in Lacs) | | | |
| 1 | Shri R.L. Nolkha | - | - | 150.00 | - |
| 2 | Shri Nitin Nolkha | - | - | 50.00 | - |
| 3 | Redial Trading & Investment Pvt. Ltd. | 75.00 | - | 85.00 | 800.00 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 35- DISCLOSURE AS PER IND AS 33 “EARNING PER SHARE (EPS)”

i) Basic and Diluted Earnings Per Share (in ₹)

| Particulars | (₹ in Lacs) | |
|--|--|--|
| | For the Year ended 31st March, 2020 | For the Year ended 31st March, 2019 |
| a) Net Profit available to Equity Shareholders | 2381.72 | 6410.69 |
| b) Weighted Average Number of Equity Shares of ₹ 10 each outstanding during the year (in lacs) | 562.20 | 560.83 |
| c) Basic/Diluted Earning per share (₹) | 4.24 | 11.43 |
| d) Face Value of each Equity Share (₹) | 10 | 10 |

ii) Weighted Average Number of Equity Shares

| Particulars | (₹ in Lacs) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Opening Balance of issued Equity Shares | 56220000 | 55551710 |
| Effect of Shares issued during the year: | | |
| 6,68,290 Equity Shares issued on 15th June, 2018 | - | 530970 |
| Weighted Average No. of Equity Shares ₹ 10 each | 56220000 | 56082680 |

NOTE NO.36 - DIVIDEND ON EQUITY SHARES

| Particulars | (₹ in Lacs) | |
|---|---------------|---------------|
| | Year 2019-20 | Year 2018-19 |
| (i) Dividend Declared and paid during the year | | |
| Final dividend for the year ended 31st March, 2019 of ₹ 1.25 (31st March, 2018- ₹ 1.20) per fully paid Equity Share | 702.75 | 674.64 |
| Dividend Distribution Tax on Final Dividend | 144.45 | 138.67 |
| Total | 847.20 | 813.31 |

(ii) Dividend not recognised at the end of reporting period

In addition to the above dividends, at the year end the Company's Board of Directors have proposed the payment of final dividend of ₹ 0.60 (31st March, 2019 - ₹ 1.25) per fully paid Equity Share. This proposed dividend is subject to the approval of the shareholders in Annual General Meeting. The total outgo towards the same will be ₹ 337.32 Lacs.

NOTE 37 - DISCLOSURE AS PER IND AS 19 “EMPLOYEE BENEFITS”

a) Defined Contribution Plan

The Company makes contribution 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 recognised as expense for defined contribution plans.

Total contribution made by the employer to the Fund during the year is ₹ 592.31 Lacs (Previous Year ₹ 358.22 Lacs).

b) Defined Benefit Plan & Other Long Term Benefits

(i) Gratuity

The Company makes payment to vested employees 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, however the same is not funded to any trust or scheme.

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.

Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

(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, 2020 | | For the Year ended 31st March, 2019 | |
|---|--|---------------------|--|---------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Defined Benefit Obligation at the beginning of the year | 1001.97 | 274.58 | 779.80 | 214.94 |
| Interest cost | 76.75 | 21.03 | 61.29 | 16.89 |
| Current service cost | 356.03 | 185.43 | 190.53 | 77.65 |
| Benefits paid | (24.39) | (10.11) | (20.59) | (12.64) |
| Actuarial (Gain)/Loss on Obligation | (38.71) | (38.83) | (9.06) | (22.26) |
| Present value of obligation at the end of year | 1371.65 | 432.10 | 1001.97 | 274.58 |

(b) Net Defined Benefit Cost/(Income) included in the:-

1. Statement of Profit and Loss

(₹ in Lacs)

| Particulars | For the Year ended 31st March, 2020 | | For the Year ended 31st March, 2019 | |
|--|--|---------------------|--|---------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Current service Cost | 356.03 | 185.43 | 190.53 | 77.65 |
| Interest Cost | 76.75 | 21.03 | 61.29 | 16.89 |
| Net Actuarial (Gain)/Loss recognised in the year | - | (38.83) | - | (22.26) |
| Expenses recognised in the Profit & Loss statement* | 432.78 | 167.63 | 251.82 | 72.28 |

* Amount of ₹ 13.30 Lacs of Gratuity (Previous Year ₹ Nil) and ₹ 9.08 Lacs of Leave Encashment (Previous Year ₹ Nil) debited to Trail Run Income & Expenditure A/c.

2. Other Comprehensive Income :-

(₹ in Lacs)

| Particulars | Gratuity | |
|---|--|--|
| | For the Year ended 31st March, 2020 | For the Year ended 31st March, 2019 |
| Actuarial (Gain)/Loss for the year on Projected Benefit Obligations | (38.71) | (9.06) |
| Unrecognised Actuarial (Gain)/Loss at the end of the year | (38.71) | (9.06) |

(c) Reconciliation of the Present value of Defined Obligation and the fair value of the plan assets:

(₹ in Lacs)

| Particulars | Year 2019-20 | | Year 2018-19 | |
|---|----------------|---------------------|----------------|---------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Present value of obligation as at the end of year | 1371.65 | 432.10 | 1001.97 | 274.58 |
| Fair value of Plan Assets | - | - | - | - |
| Liability recognised in Balance Sheet | 1371.65 | 432.10 | 1001.97 | 274.58 |

(d) The assumptions used in Actuarial Valuation:-

| Financial Assumptions used to determine the Profit & Loss Charge | Year 2019-20 | Year 2018-19 |
|--|------------------|------------------|
| a) Discounting Rate | 6.76% p.a. | 7.66% p.a. |
| b) Salary Escalation Rate | 8.00% p.a. | 8.00% p.a. |
| c) Expected rate of Return on Assets | 0.00%p.a. | 0.00%p.a. |
| Demographic Assumptions Used to determine the Defined Benefit | | |
| a) Retirement Age | 60 Years | 60 Years |
| b) Mortality Table | IALM (2012-2014) | IALM (2006-2008) |
| c) Employee Turnover/Attrition Rate | | |
| 18 To 30 Years | 3.00% | 3.00% |
| 31 to 44 Years | 2.00% | 2.00% |
| Above 44 Years | 1.00% | 1.00% |

Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

(e) Sensitivity Analysis as at 31.03.2020:-

| Particulars | (₹ in Lacs) | |
|---|-------------|------------------|
| | Gratuity | Leave Encashment |
| Defined benefit Obligation - Discount Rate+50 Basis points | (94.97) | (32.79) |
| Defined benefit Obligation - Discount Rate-50 Basis points | 105.87 | 36.83 |
| Defined benefit Obligation – Salary Escalation Rate+50 Basis points | 104.08 | 36.20 |
| Defined benefit Obligation – Salary Escalation Rate-50 Basis points | (94.35) | (32.58) |

(f) Expected Cash Flows for the next Ten years as at 31.03.2020:-

| Particulars | (₹ in Lacs) | |
|----------------------------------|----------------|--|
| | Gratuity | |
| Within 1 Year | 98.25 | |
| 1-5 Years | 140.04 | |
| Beyond 5 Years but upto 10 Years | 1133.36 | |
| Total Expected Payments | 1371.65 | |

(g) 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.

(h) 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.38-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.

| Particulars | (₹ in Lacs) | |
|---------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Gross Debt | 104040.48 | 86047.47 |
| Less: Cash and Cash Equivalents | (12.45) | (275.01) |
| Net Debt (A) | 104028.03 | 85772.46 |
| Total Equity (B) | 49403.32 | 48253.47 |
| Gearing Ratio (A/B) | 2.11 | 1.78 |

The Gearing Ratio as at 31st March, 2020 increases due to Debts taken for expansion project which are eligible for Interest Subsidy from the State Government.

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

ii. 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 categories 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 recognised in profit or loss.

Provision for Expected Credit 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 recognised.

(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

(₹ in Lacs)

| Ageing | Not Due | 0-180 days past due | 181-365 days past due | 1-2 years past due | 2-5 years past due | Total |
|---|----------|---------------------|-----------------------|--------------------|--------------------|----------|
| Gross Carrying amount as on 31.03.2020 | 10331.48 | 4451.74 | 495.05 | - | - | 15278.27 |
| Impairment Loss recognised in 2019-20 | - | - | - | - | - | - |
| Gross Carrying amount as on 31.03.2019 | 10053.54 | 2019.00 | - | - | - | 12072.54 |
| Impairment Loss recognised in 2018-19 | - | - | - | - | - | - |

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 recognised 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, process 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.

Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

The table below summarises the maturity profile of the Company's Financial Liabilities based on Contractual undiscounted payments:

As on 31.03.2020

| Contractual Maturities of Financial Liabilities | Contractual Cash Flows | | | | | (₹ in Lacs) |
|---|------------------------|-------------|-----------|-----------|-------------------|------------------|
| | 3 Months or less | 3-12 Months | 1-2 Years | 2-5 Years | More than 5 Years | Total |
| Term Loans from Banks* | 1717.17 | 12746.53 | 17239.99 | 46327.32 | 23171.85 | 101202.87 |
| Term loans from Bank (Vehicle Loan) | - | - | - | - | - | - |
| Trade and other Payables | 4149.79 | - | - | - | - | 4149.79 |

As on 31.03.2019

| Contractual Maturities of Financial Liabilities | Contractual Cash Flows | | | | | (₹ in Lacs) |
|---|------------------------|-------------|-----------|-----------|-------------------|------------------|
| | 3 Months or less | 3-12 Months | 1-2 Years | 2-5 Years | More than 5 Years | Total |
| Term Loans from Banks* | 2961.03 | 9474.10 | 15722.61 | 46741.55 | 34876.43 | 109775.72 |
| Term loans from Bank (Vehicle Loan) | 1.40 | 0.95 | - | - | - | 2.35 |
| Trade and other Payables | 3543.52 | - | - | - | - | 3543.52 |

*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 access the following Undrawn Facilities at the end of year:

| Particulars | (₹ in Lacs) | |
|---------------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Fixed Rate Borrowings: | - | - |
| Floating-rate Borrowings: | 2123.65 | 1807.38 |
| Total Undrawn Facilities | 2123.65 | 1807.38 |

(c) Market Risk

Considering the Company's existing foothold/experience in the Textilee, 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. 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:

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

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 | |
|---------------------------------------|------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Variable rate instruments | | |
| Long Term Borrowings | 67632.88 | 61873.51 |
| Current maturities of long term debts | 7746.25 | 5630.60 |
| Short Term Borrowings | 28661.35 | 18543.36 |
| Total | 104040.48 | 86047.47 |

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 |
| 31st March, 2020 | | |
| Term Loans | 376.89 | (376.89) |
| Loan repayable on demand | 143.30 | (143.30) |
| Total | 520.19 | (520.19) |
| 31st March, 2019 | | |
| Term Loans | 337.52 | (337.52) |
| Loan repayable on demand | 92.72 | (92.72) |
| Total | 430.24 | (430.24) |

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.

Exposure to Foreign Currency :

[Foreign Currency in Lacs]

| Particulars | As at | |
|---|------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Exposure on account of Financial Assets | | |
| Trade Receivables (net of Bill Discounted) (A) | | |
| : In USD | 88.23 | 100.25 |
| : In Euro | 2.58 | 1.14 |
| : In GBP | 0.53 | 0.48 |
| : In CHF | - | - |
| Amount hedged through Forward Contracts (B) | | |
| : In USD | 88.23 | 100.25 |
| : In Euro | 2.58 | 1.14 |
| : In GBP | 0.50 | 0.48 |
| : In CHF | - | - |
| Net Exposure to Foreign Currency Assets (C = A-B) | | |
| : In USD | - | - |
| : In Euro | - | - |
| : In GBP | 0.03 | - |
| : In CHF | - | - |
| Exposure on account of Financial Liabilities | | |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

[Foreign Currency in Lacs]

| Particulars | As at | As at |
|---|------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Trade Payables (D) | | |
| : In USD | 3.05 | 3.25 |
| : In Euro | 0.31 | 0.08 |
| : In GBP | 0.05 | 0.06 |
| : In CHF | 0.42 | 0.34 |
| 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 | 3.05 | 3.25 |
| : In Euro | 0.31 | 0.08 |
| : In GBP | 0.05 | 0.06 |
| : In CHF | 0.42 | 0.34 |
| Net Exposure to Foreign Currency Assets/Liabilities (C-F) | | |
| : In USD | (3.05) | (3.25) |
| : In Euro | (0.31) | (0.08) |
| : In GBP | (0.02) | (0.06) |
| : In CHF | (0.42) | (0.34) |

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, 2020 is as under :

(₹ in Lacs)

| Particulars | Current Year | | Previous Year | |
|--|------------------|-----------------|------------------|-----------------|
| | Foreign Currency | INR | Foreign Currency | INR |
| Forward Contracts outstanding (for Hedging) | | | | |
| USD (Sale) | 241.44 | 17646.22 | 200.69 | 14397.81 |
| EURO (Sale) | 13.23 | 1072.74 | 1.20 | 97.48 |
| GBP (Sale) | 0.50 | 45.32 | 0.99 | 93.60 |
| Total | 255.17 | 18764.28 | 202.88 | 14588.89 |
| Unhedged forex exposure | | | | |
| Payable – USD | 3.05 | 229.94 | 3.25 | 224.81 |
| Payable – EURO | 0.31 | 25.75 | 0.08 | 6.22 |
| Payable – GBP | 0.05 | 4.65 | 0.06 | 5.43 |
| Payable – CHF | 0.42 | 32.84 | 0.34 | 23.60 |
| Total | 3.83 | 293.18 | 3.73 | 260.06 |

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

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.

| Particulars | (₹ in Lacs) | |
|-------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| 1% Appreciation in INR | | |
| Impact on Equity | 2.93 | 2.60 |
| Impact on P&L | 2.93 | 2.60 |
| 1% Depreciation in INR | | |
| Impact on Equity | (2.93) | (2.60) |
| Impact on P&L | (2.93) | (2.60) |

NOTE 39 - 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 1st April, 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 31st March, 2020 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.

| Particulars | (₹ in Lacs) |
|---|--|
| | For the Year Ended 31st March, 2020 |
| Revenues on the basis of Geographical area | |
| -Domestic Sales | 65489.00 |
| - Export Sales (Including Export Incentives) | 78317.11 |
| Total | 143806.11 |

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.

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, 2020, the Company recognises revenue of ₹ 53.19 Lacs arising from opening contract liabilities as of 1st April, 2019.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise 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, 2020 is ₹ 154.26 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 31st March, 2020 is insignificant.

Notes to Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 40 - DISCLOSURE AS PER IND AS 108 "OPERATING SEGMENTS"

(i) 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:

| (₹ in Lacs) | | |
|---|------------------|------------------|
| Particulars | Current Year | Previous Year |
| Segment Revenue | | |
| - Within India (Domestic Sales) | 65489.00 | 39844.56 |
| - Outside India (Exports - Including Export Incentives) | 78317.11 | 84406.49 |
| Total | 143806.11 | 124251.05 |

NOTE 41 - 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.

- A. Gross amount required to be spent by the Company during the year 2019-20 – ₹ 159.52 Lacs (Year 2018-19 - ₹ 137.93 Lacs)
- B. Amount spent during the year on:

| (₹ in Lacs) | | |
|--|---------------|---------------|
| Particulars | Year 2019-20 | Year 2018-19 |
| i) Construction/ Acquisition of any assets | 137.03 | 93.92 |
| ii) Insurance Expenses of assets | 0.24 | - |
| iii) Purposes other than (i) above | 24.09 | 48.54 |
| Total | 161.36 | 142.46 |

NOTE 42(A) - DISCLOSURE AS PER IND AS 116: LEASES

Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April, 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 31st March, 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 31st March, 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

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- 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 1st April, 2019 is 10% p.a.

Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

Following are the changes in the carrying value of right of use assets for the year ended 31st March, 2020:

(₹ in Lacs)

| Particulars | Right of Use Assets | | |
|---|---------------------|------|--------------|
| | Building | Land | Total |
| Balance as at 1st April, 2019 | 10.14 | - | 10.14 |
| Reclassified on account of adoption of Ind AS 116 | - | - | - |
| Additions* | - | - | - |
| Deletion | - | - | - |
| Depreciation | 3.38 | - | 3.38 |
| Balance as at 31st March, 2020 | 6.76 | - | 6.76 |

* The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at 31 March, 2020

(₹ in Lacs)

| Particulars | Amount |
|---------------------------------------|-------------|
| Lease liability as on 31, March, 2020 | |
| Current Lease Liability | 3.34 |
| Non Current Lease Liability | 3.69 |
| Total | 7.03 |

The following is the movement in lease liabilities during the year ended 31st March, 2020:

(₹ in Lacs)

| Particulars | For the Year Ended 31st March, 2020 |
|--|--|
| Balance at the beginning | 10.14 |
| Additions | - |
| Finance cost accrued during the period | 0.79 |
| Deletions | - |
| Payment of lease liabilities | 3.90 |
| Translation Difference | - |
| Balance at the end | 7.03 |

Maturity Analysis of Lease Liability

(₹ in Lacs)

| Maturity Analysis- Contractual undiscounted cashflows | As at 31st March, 2020 |
|---|---------------------------|
| Less than one year | 3.34 |
| One to Two years | 3.69 |

Amount Recognised in Profit and Loss

(₹ in Lacs)

| Particulars | 2019-20 |
|---|-------------|
| Interest on lease liabilities | 0.79 |
| 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 | - |
| Total | 4.17 |

NOTE 42(B) : RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to existing standards. There is no such notification which would have been applicable from 1st April, 2020.

Notes to Financial Statements for the year ended 31st March, 2020 (Contd.)

NOTE 43 : IMPACT OF COVID-19

The outbreak of COVID-19 globally and resultant lockdown in many countries, including in India, has had impact on the business of the Company. Operations of the Company were completely closed from 22nd March, 2020 to 19th April, 2020 due to lock down and were resumed partially from 20th April, 2020, capacity utilisation is being gradually increased. Due to the lock down there was reduction in sales and profitability for the quarter ended on 31st March, 2020. The lock down is partially continuing in 2020-21 and the Company is continuing its operations with current lower demand. Management is expecting that demand will improve once markets stabilize after effect of COVID-19 and lockdown is over. Management has assessed the potential impact of COVID 19 based on the current circumstances and expects no significant impact on the continuity of operations of the business on long term basis/ on useful life of the assets/ on financial position etc. though there may be lower revenues and lower profitability in the near term in year 2020-21.

In terms of our report of even date

For KALANI & CO.

Chartered Accountants
(Firm Reg. No. 000722C)

S. P. JHANWAR

Partner
M. No. 074414

Place : Hamirgarh, Bhilwara

Date: 19.06.2020

For and on behalf of the Board

R. L. NOLKHA

Chairman
(DIN - 00060746)

P. MAHESHWARI

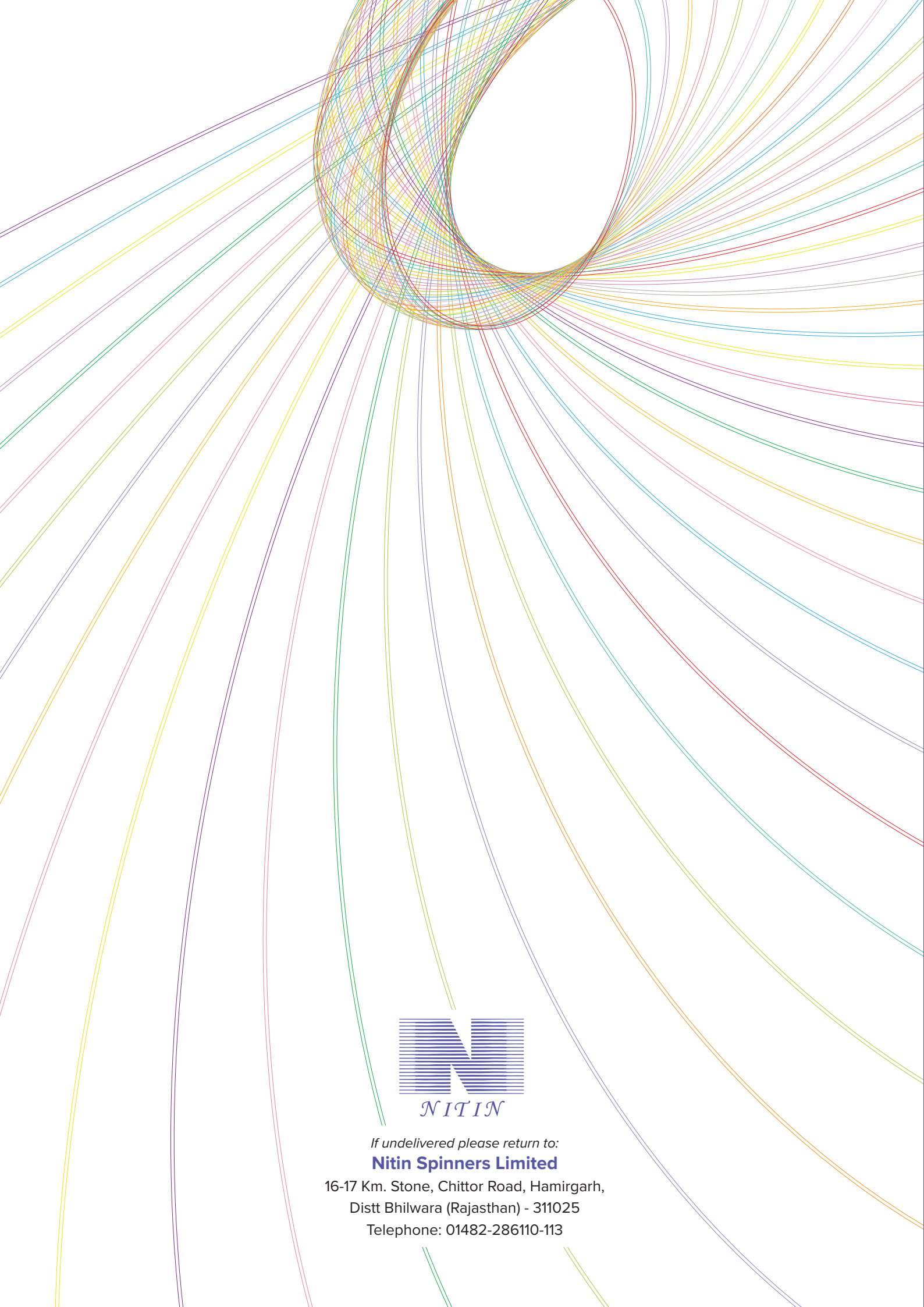
Chief Financial Officer
(PAN - ABAPM8005C)

DINESH NOLKHA

Managing Director
(DIN - 00054658)

SUDHIR GARG

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



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