



# NITIN SPINNERS LTD.



REF: NSL/SG/2018-19/  
September 24, 2018

**BSE Ltd.**  
Department of Corporate Services  
Phiroze Jeejeebhoy Towers  
Dalal Street  
**Mumbai – 400 001**

**National Stock Exchange of India  
Limited**  
Exchange Plaza,  
Bandra Kurla Complex  
Bandra (E),  
**Mumbai – 400 051.**

**Company Code – 532698**

**Company ID - NITINSPIN**

**Subject: Annual Report 2017-2018**

Dear Sir

In pursuant to Regulation 34 of the SEBI (LODR) Regulations, 2015 please find attached Annual Report 2017-2018 as approved at the 26<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> September, 2018.

Kindly take the same on records.

For : Nitin Spinners Ltd.



(Sudhir Garg)  
**Company Secretary & GM (Legal)**  
Encl. a/a

CIN. : L17111RJ1992PLC006987

Regd. Office & Plant : 16-17 Km. Stone, Chittor Road, Hamirgarh, Bhilwara (Raj.) 311 025

Tel. : 286110 to 113 Fax : 91-1482-286114 & 117

E-mail : [ns@nitinspinners.com](mailto:ns@nitinspinners.com), Website : [www.nitinspinners.com](http://www.nitinspinners.com)

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ISO  
9001:2015  
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Management

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18001:2007  
Occupational  
Health and Safety  
Management

EnMS  
50001:2011  
Energy  
Management

SA 8000:2014  
SOCIAL  
ACCOUNTABILITY



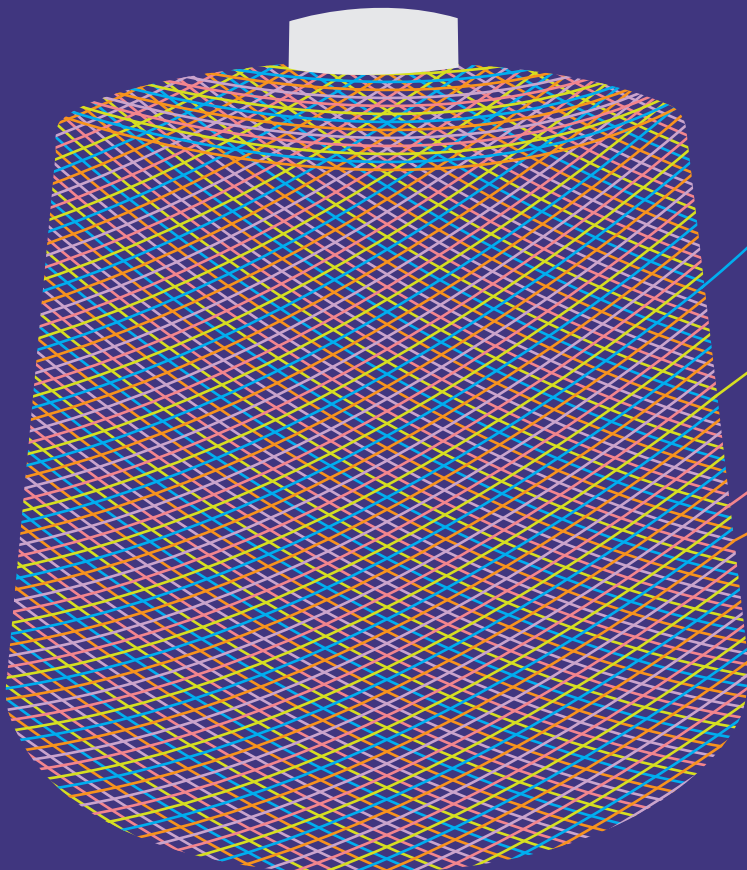
**USTERIZED®**



*NITIN*

Nitin Spinners Limited

# EXPLORING NEW GROWTH FRONTIERS



# READING BETWEEN THE PAGES

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### 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 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 a number of 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's Discussion and Analysis Report of the Nitin Spinners Annual Report for FY 2017-18.

**As we move towards a more dynamic and fast-paced world each day, businesses are evolving at a remarkable pace. There is evolution every moment which creates new value and brings about change. With this change, come opportunities which, when explored, have the potential to scale greater heights for the business.**



**A clarity of vision and focused strategies help embrace newer opportunities while driving home consistency in delivery and excellence in performance.**



# At Nitin Spinners Limited,

**Our well-thought strategies have helped explore new growth frontiers. This in turn has led the Company to evolve continuously in its domain.**

Today, we are established as one of the best quality producers of 100% cotton yarn and knitted fabric in the textile industry. Our strong belief in our vision, a diverse mix of value-added products, cutting-edge technology, focus on quality and large manufacturing capacities form the core of this growth.

Our firm foundation guides in keenly focusing on driving innovation and growth by meeting consumers' needs better while adding value.

We know how and when to use the wide array of research tools to generate insights, leading to growth and competitive advantage. Leveraging on the present opportunities in the apparel sector, the Company is all set to expand its business further into finished fabric segment.

Our mission is to accelerate growth and serve our customers better. In the process, we are committed to create long-term value for our shareholders, employees and empower the communities around us at every step.



₹ **545**  
Crores

Market Capitalisation  
as on 31st March, 2018

**23.75 %**

Revenue CAGR between  
2013-14 to 2017-18

**13.63 %**

EBIDTA CAGR between  
2013-14 to 2017-18

₹ **1,145.25**  
Crores

Total Turnover as on  
31st March, 2018

**2,967**

Total Number of  
Employees as on  
31st March, 2018

**10.80 %**

PAT CAGR between  
2013-14 to 2017-18

**50+**  
Countries

Export Presence

**532698**

Bombay Stock  
Exchange Code

**NITINSPIN**

National Stock Exchange Symbol



# A QUICK LOOK AT **Nitin Spinners**

**Nitin Spinners Limited enjoys a position amongst India's leading textile companies manufacturing 100% cotton yarns and knitted fabrics. Established in 1993, the Company has its manufacturing unit located in Bhilwara (Rajasthan), equipped with latest ultra-modern machines.**

The Company enjoys an extensive footprint in the domestic and global textile space with its international quality products. These textile products find wide application in manufacturing apparel, garments, under garments, terry towels, woven fabrics, home furnishings, carpets, denim, industrial textiles, medical textiles, mattresses stickings and socks, among others.





# Vision

- Become integrated textiles manufacturer by forward and vertical integration
- Remain at the forefront of 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
  - The Right Attitude

# Mission

- To be the most reliable supplier across the 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
- Provide a safe, fulfilling and rewarding work environment for employees
- Promote partnerships with the government agencies and institutions of international recognition
- Provide training to our employees for their future development



# EXTENSIVE Product Range

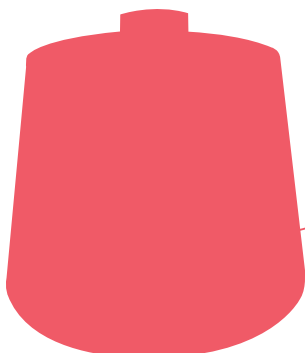
**The Company produces a varied range of cotton yarns and knitted fabrics.**

## Yarn

- Ring spun combed and compact yarns Ne 10 to Ne 80
- Open end yarns from Ne 5 to Ne 24
- Multi-fold yarns
- Fancy slub yarns
- Core spun yarns
- S and Z twist yarns
- Dyeable cheese cones
- Organic cotton yarns and blends

## Knitted Fabrics

- Single jersey
- Lycra blended fabrics
- Pique structures
- Interlock structures
- Rib structures
- Three thread fleeces
- Open width fabrics





# End-user Industry

The Company's products are used for multiple applications such as:



High-value apparels



Terry towels



All types of knitted garments



Denims



Furnishing fabric



Sheetings



Medical and industrial fabric



Mattress stickings



Tea Bags

# QUALITY Certifications

**The Company's philosophy has always been to employ world class technology and procedures ensuring quality products and work practices of international standards.**

- The Company enjoys various quality certifications as per the International Standards
- It has a comprehensive quality certification ISO 9001:2015, Environment and Energy Management System Certifications ISO 14000 & ISO 50001 and Occupational Health and Safety Assessment Specifications OHSAS 18001
- It is also certified by OEKO-TEX Class I, GOTS, OCS for Organic Cotton, BCI certification for Better Cotton Initiative, SUPIMA Certified, Cotton USA etc.
- The Company also got Social accountability Certification SA 8000, which is an international certification standard that encourages organisations to develop, maintain and apply socially acceptable practices in the workplace





# Awards & Accreditation

Awarded **TEXPROCIL Silver Trophy** for Second Highest Exports under the Grey Fabrics category for the years 2006-07 and 2007-08 and Bronze Trophy for the years 2010-11 and 2014-15

Awarded **TEXPROCIL Bronze trophy** for the 3rd highest exports of Cotton Yarn counts 50s and below under Category II and Bronze Trophy under the Grey Fabrics Category for the year 2015-16

Conferred '**Rajasthan Energy Conservation Award** and won first prize in large scale spinning for the years 2014-15 and 2015-16

Also conferred **State Award for 'Excellence in Exports'** for the years 2007-08, 2010-11, 2013-14 and 2016-17 by the Government of Rajasthan

Conferred **UCCI Excellence Award 2017 & 2018** by Udaipur Chamber of Commerce & Industry under 'Large Enterprise' category





# ROBUST & EFFICIENT Business Model



## Diversified Product Portfolio

- ❶ The Company provides variety of cotton yarns and knitted fabric value-added products to various customers
- ❷ Cotton yarn mainly includes Compact Yarns, Multi-fold Ring Spun Yarns, Fancy Slub Yarns, Core Spun Yarns and single and multifold open end Yarns
- ❸ Knitted Fabrics include Lycra Blended Fabrics, Single Jersey, Pique Structures, Interlock Structures and Rib Structures

## Strategic Location

- ❶ The plant is strategically situated at the cotton crop-growing belt, enabling the Company to enjoy logistics and cost advantages
- ❷ Our plant has good connectivity and is close to Mundra and Pipavav ports and other major textile centres of Northern and Western India; this enables fast delivery of finished products along with reduced freight charges

## Effective Sourcing of Raw Material

Best quality cotton is sourced for the production process at our manufacturing facility. The following steps enable minimising the contamination levels.

- ❶ Employed selectors are sent to various cotton stations for buying raw cotton
- ❷ Raw cotton is stored on cemented floor
- ❸ Minimal manpower intervention for handling raw cotton
- ❹ Each lot of raw material is tested thoroughly before production





## Advanced technology for Production

- ❁ The Company manufactures products using state-of-the-art machineries at its plant
- ❁ The manufacturing facility is equipped with latest cutting-edge technology, giving the Company a competitive edge

## Research & Development (R&D)

- ❁ Quality departments closely interacts with customers and markets to know the latest trends and accordingly introduce new products

## Quality Control


There are continuous online tests performed at each stage of production, ensuring international quality standards.

- ❁ Operation and quality analysis staff is regularly trained
- ❁ Advanced computerised equipment is constantly upgraded
- ❁ Systematic online quality checking is carried by professional technicians
- ❁ The Company's Quality Assurance & Lab Test Centre is certified with ISO 9001:2015

## Skilled Workforce

- ❁ The Company has a talented, hard-working and experienced pool of employees with strong technical know-how
- ❁ Further, the Company provides regular training to the workforce for their professional and personal development

# Thinking forward and **big**: CAPITALISING OPPORTUNITIES



AS A FUTURE MOVE, WE ARE SET TO MAKE AN INVESTMENT OF ₹ 675 CRORES IN A GREENFIELD INTEGRATED TEXTILE COMPLEX, COMPRISING OF COTTON/BLENDED SPINNING FACILITIES. THIS COMPLEX WILL ALSO HAVE FACILITIES FOR WEAVING, DYEING, FINISHING AND PRINTING OF WOVEN AND KNITTED FABRICS.





**Enduring hard work and persistence help achieve goals. But sustaining the same becomes even more challenging. A strong will power and ability to capture right opportunities coupled with excellent execution effort is the key to sustenance.**

Today, we are established as one of the leading producers of cotton yarns and knitted fabric. Our widespread presence across the domestic and international textile market transcribes into exports worth 60% of the production to 50+ countries around the world.








The Indian apparel sector is expected to exhibit a 10% CAGR. This will be backed by rising per capita income, increasing youth population, aspirational buying, urbanisation, better standard of living in rural areas and enhanced penetration of online retailers.

Looking at the abundant opportunities, we are geared to expand and foray into the finished fabrics segment. Hence fulfilling the growing apparel sector demand while leveraging long-term growth prospects. The Company has acquired 50 acres of land situated approximately 70 Kms away from existing manufacturing unit. Civil construction work has already started at new site.



# Innovation and TECHNOLOGY: OUR ROAD TO FUTURE

**The Company has installed machineries equipped with latest technology from leading manufacturers. These include:**

-  Toyoda, Rieter & LMW for the spinning equipped with Auto Doffing
-  Rieter and Sussen Compact Spinning
-  Rieter & Trützschler for preparatory process
-  Zinser for roving along with roving transport system
-  Murata & Savio for Autowinders (linked to ring frame)
-  Uster for laboratory equipments
-  Mayer & Cie & Terrot knitting machines for high quality knitted fabric



**More than ideas, business is about making ideas happen. Today, innovation is the calling card of the future. But its right execution coupled with breakthrough technology is essential for taking things to a new level from where they currently are.**

Technology and innovation play crucial role in business growth. Innovation gives us competitive advantage of an experimental mindset aided by latest technology. This, in turn, leads to the overall improvement of the Company's profitability.

Our latest and state-of-the-art technology is installed from world-famous machinery manufacturers. This technological intervention enables in providing large and diversified range of cotton yarns, value-added yarns and knitted fabrics – suiting the changing and growing customer needs. The Company also has thermal power plant of 10.5 MW and roof top Solar plant of 3.6 MW.

# Growing Steady:

WELL-BALANCED  
CAPACITIES WITH  
ENHANCED QUALITY

**2,23,056**

Installed capacity  
of Spindles

**2,936**

Installed capacity of  
Rotors

**50,000**  
tonnes

Yarn Production per  
annum

**63**

Knitting Machines



**Excellence is an ongoing process. It is a skill and a will to win. The desire to succeed is the urge that constantly strives for improvement while trying to reach full potential.**

Over the years, we have successfully implemented large expansion projects that have further strengthened our industry position.

At NSL, quality and development of new products is closely monitored by well-equipped laboratory and machines. The quality control laboratory's clearly-defined procedures continuously supervise quality at all stages of production, right from raw material to final yarns and fabrics.

**9,000  
tonnes**

Production capacity  
of Fabric



# FROM THE Chairman's desk

“

We are well-established in grey cotton yarns and knitted fabrics. The

Company is now sharply focused to explore new frontiers in the finished fabric segment with a long term prospective.

”



## Dear Shareholders,

I take immense pleasure in presenting the 26th annual report to you. I once again extend my sincerest gratitude for investing your time and precious resources in our Company's journey. With this letter, I take the opportunity to share my thoughts and beliefs for the future.

*Hard work and consistency in performance have led to stronger roots in the yarn and fabric market over the years. Now is the perfect time when we set out to explore newer frontiers in the finished fabric segment to grow beyond and become a prominent and reliable supplier to apparel manufacturers.*

### Our Performance in 2017-18

I am pleased to report impressive financial results for the year 2017-18. Despite a challenging period for the textile industry, the Company achieved the highest-ever revenue of ₹ 1,145.25

Crores, growing by 22.70% over the previous year. We recorded an EBDITA and PAT of ₹ 157.18 Crores and ₹ 52.39 Crores, respectively. Exports accounted for over 64.36% of the total revenue. The Board recommended a dividend of ₹ 1.20 per equity share.

### GST implementation

During the year, the Government implemented Goods and service tax (GST) to bring different tax regimes under one umbrella. It eliminated multiple taxes at various manufacturing stages. However, in the transitional period, it has affected the textile trade adversely as there was resistance to the new regime across the textile value chain. Your company's profitability was impacted due to disturbance in textile trade, reduction of duty drawbacks and time taken to pass on the GST impact in the market. Now with the stabilisation of markets, the negative impact has faded away completely, and the economy is moving progressively towards a sustainable and steady growth.

### Industrial Opportunities

Today, India has become an attractive destination for several industries across the world. Amongst those several industries, textile and apparel industry are growing at a fast pace. The industry is expected to reach US\$ 250 Billion by 2018-19 owing to favourable demographics, rising demand, increasing disposable income and a switch in preference for branded products. The exports are also expected to witness a steady progress, largely led by favourable trade policies and superior quality products.

Our core business has acquired a satisfactory mass and we have achieved competitive advantages like upgraded infrastructure, raw material-sourcing proximity, efficiency in production, skilled labour, sufficient energy, better logistics and ease in port connectivity. Our flexible plants help fulfil the needs of our customers by providing customised products. Our consistent quality gives an added advantage across several geographies along with diversifying our presence.

### Expanding into new Frontiers

We are well-established in grey cotton yarns and knitted fabrics. The Company is now sharply focused to explore new frontiers in the apparel sector with a long term prospective. The Indian

apparel market is expected to witness at a CAGR of 10%, backed by rise in per capita income, increase in population, rapid urbanisation, rise in standard of living in rural areas and high penetration of online retailers. We plan to set up an integrated textiles unit by investing ₹ 675 Crores. The unit will produce a variety of processed fabric to fulfil all the requirement of apparel producers. Due to large scale, our project enjoys cost competitiveness, enabling us for the entitlement of interest subsidy under Rajasthan Industrial Promotion Scheme. We enjoy well-connected project location. For ensuring good quality, state-of-the-art processing, dyeing and finishing machineries will be installed for the new project.

### The Path Forward

Our strategic planning and decision-making orbits around the Company's profitability. We boast of a diverse product portfolio, expansive presence and exceptional operational efficiencies – the key elements that we believe will drive future growth. We continue to capitalise on present opportunities for enhancing shareholders' value along with long term sustainability. I am excited and optimistic for the times ahead as we are on a sustainable growth path despite challenging times during the year. We deeply believe in empowering communities around us and transforming their lives for a happy and radiant future. During the year 2017-18, we worked in the areas of women empowerment, education, healthcare and rural development as a part of our CSR activities.

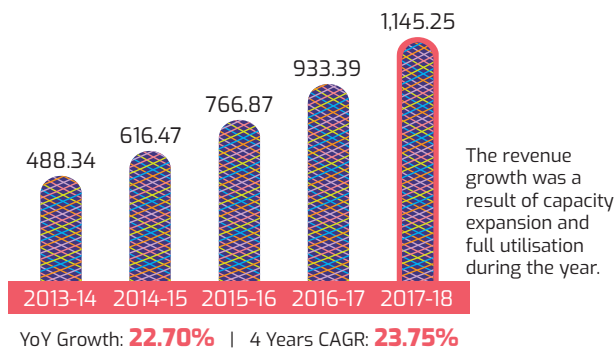
On behalf of the Board of Directors and the senior leadership team, I hereby assure you that we have effective growth strategies in place. Our business is aligned to fulfilling consumers' demand and well-positioned for a bright future. We will stay committed to building the value of your investments and trust in Nitin Spinners.

Best Wishes,  
**R. L. Nolkha**  
Chairman

# FINANCIAL Snapshot

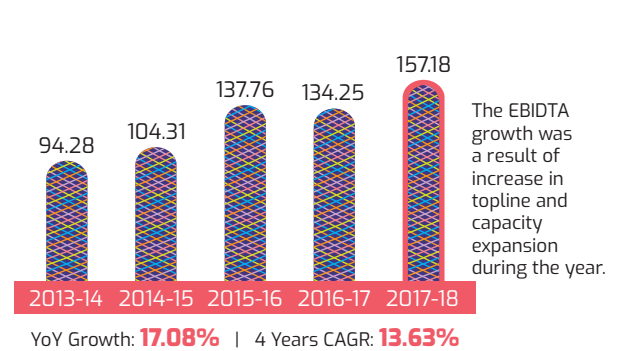
## Revenue

₹ Crores



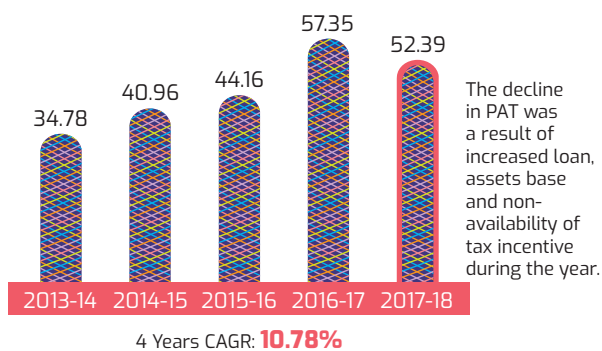
## EBIDTA

₹ Crores



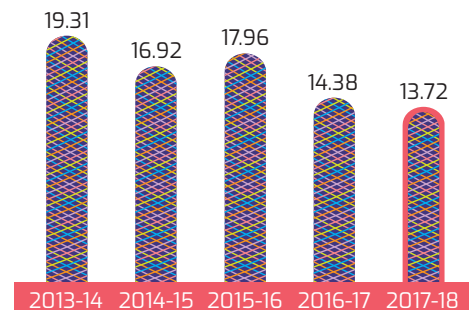
## PAT

₹ Crores



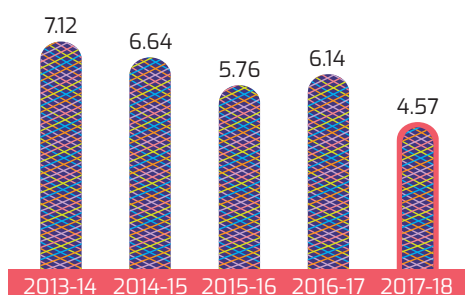
## EBIDTA Margin

%



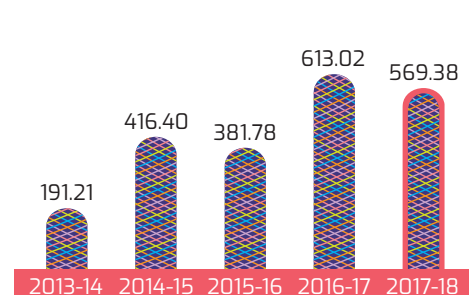
## PAT Margin

%



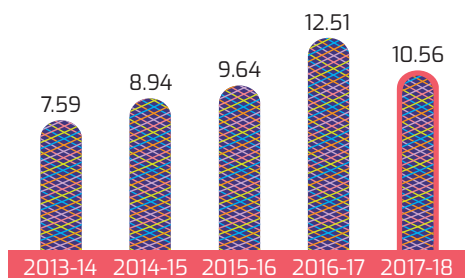
## Net Block

₹ Crores



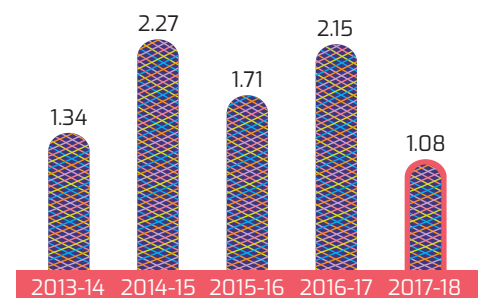
## Earnings Per Share

₹ per share



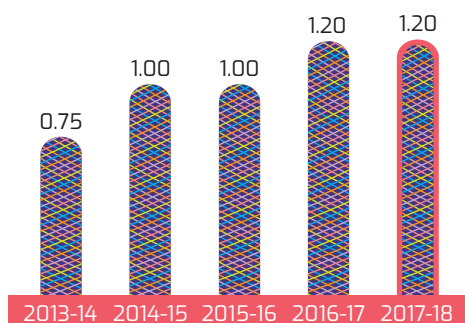
## Total Debt to Equity

X



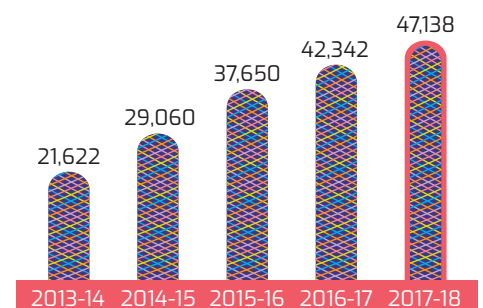
## Dividend declared

₹ per share



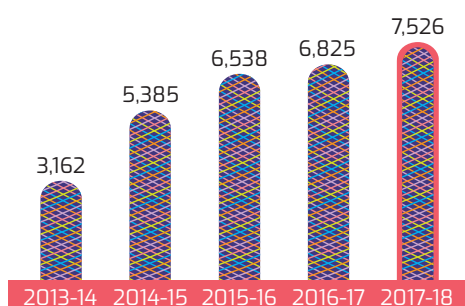
## Yarn Production

₹ Tons



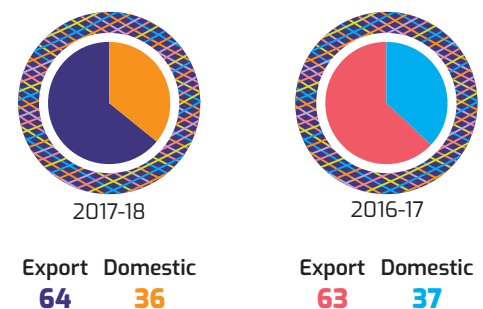
## Knitted Fabric Production

₹ Tons



## Geographical distribution of Revenue

(%)





# MANAGEMENT Team



**Shri R.L. Nolkha**  
Chairman

**Shri Dinesh Nolkha**  
Managing Director

**Shri Nitin Nolkha**  
Executive Director

# 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 Nolkha**  
Executive Director



**Dr. R. Chattopadhyay**  
Independent Director

### Bankers

Punjab National Bank  
Oriental Bank of Commerce  
State Bank of India  
Bank of Baroda  
ICICI Bank Ltd.

### Company Secretary & GM (Legal)

Shri Sudhir Garg

### Auditors

**M/s. Kalani & co.**  
Chartered Accountants

### Secretarial Auditors

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

### Cost Auditors

**M/s V.K. Goyal & Company**  
Cost Accountants

### 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 (Mktg.)

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

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

**Shri D.K. Dasgupta**  
Vice President (Weaving)

**Shri Mukesh Matta**  
Vice President (Knit Processing)

### Registered Office & Works

16-17 Km. Stone, Chittor Road,  
Hamirgarh, Bhilwara - 311 025  
(Rajasthan)  
CIN - L17111RJ1992PLC006987

Telephone - 01482 - 286110 - 113  
Fax - 01482-286117




E-Mail - [ns@nitinspinners.com](mailto:ns@nitinspinners.com)  
Website - [www.nitinspinners.com](http://www.nitinspinners.com)

# ENVIRONMENT AND COMMUNITIES:

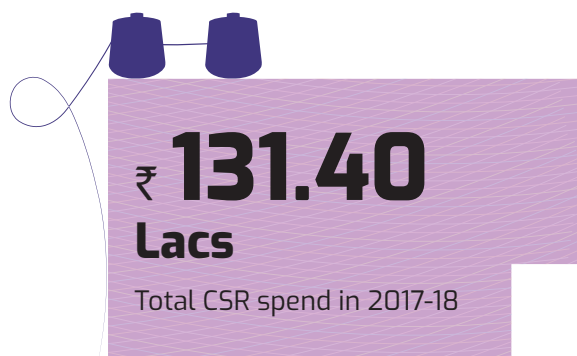
## Our Responsibilities

**As a dedicated team, we regularly undertake programs supporting the society's sustainable development. To improve the quality of life for the people, we shoulder initiatives that provide basic education and healthcare. During the year the company had spent ₹ 131.40 lacs towards CSR expenditure. The construction of Women's Hostel is at advanced stage and cumulative expenditure towards the project is ₹ 258.24 lacs.**

**Besides, we continuously focus on environment conservance by using renewable energy, effective re-utilisation of waste water resources and installation of energy-efficient equipment.**

-  For promoting renewable energy and reduction in carbon emission, we have installed 3.60 MW Roof Top Solar Power.
-  For water conservation, we have set up Sewage Treatment Plant
-  To recharge underground water resources, we have set up Rain Water Harvesting Systems

We have an upcoming manufacturing facility which will be fully equipped with pollution control norms, thereby installing sophisticated effluent treatment plant to maintain zero liquid discharge. It will also be in line with International Standards for social accountability.



**₹ 126.90**  
**Lacs**

Construction of Women's Hostel (Cumulative expenditure towards the project ₹ 258.24 Lacs)



## Board's Report

To

The Members

Your Directors have pleasure to present the 26th Annual Report on the business and operations of your Company along with the Financial Statements for the year ended 31st March, 2018.

### FINANCIAL RESULTS

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

(₹ in Crores)		
Particulars	Current Year	Previous Year
<b>REVENUE FROM OPERATIONS</b>	<b>1,145.25</b>	<b>933.39</b>
Gross Profit Before Finance Cost, Depreciation & Exceptional item.	157.18	134.25
Finance Cost	29.55	22.27
Profit before Depreciation, Exceptional items and Tax	127.63	111.98
Depreciation	56.19	41.66
Exceptional items	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>71.44</b>	<b>70.32</b>
Provision for Taxation- Current (Net of MAT Credit)	15.98	2.33
- Earlier Year	(5.14)	-
- Deferred Tax	8.21	10.64
<b>PROFIT AFTER TAX</b>	<b>52.39</b>	<b>57.35</b>
<b>OTHER COMPREHENSIVE INCOME NET OF INCOME TAX</b>	<b>(1.28)</b>	<b>1.30</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>51.11</b>	<b>58.65</b>

**Note:** The Company has adopted Indian Accounting Standards (Ind AS) in place of IGAAP as required vide Notification dtd. 16.02.2015 of the Ministry of Corporate Affairs (MCA) and prepared the financial statements for the year ended 31st March, 2018 in accordance Ind AS for the first time. The financial statements for the year ended 31st March, 2017 have been restated in accordance with Ind AS for comparative information. The reconciliation and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in Note No. 39 of the notes to accounts of the financial statements.

### OPERATIONAL REVIEW

#### Production

During the previous year your Company has implemented substantial capacity expansion and the same has been fully utilized as the Company has produced 47,138 MT Cotton Yarn and 7,526 MT Knitted Fabrics in the current year against 42,343 MT Cotton Yarn and 6,825 MT Knitted Fabrics in the previous year.

#### REVENUE FROM OPERATIONS

Your Directors are pleased to inform that the Company has recorded highest ever revenue of ₹ 1,145.25 Crores from operations in current year against ₹ 933.39 Crores in the previous year, an increase of 22.70%. The revenue of Cotton Yarn increased by 22.62% from ₹ 706.01 Crores to ₹ 865.74 Crores, whereas the revenue of Knitted Fabric increased by 12.50% from ₹ 156.52 Crores in the previous year to ₹ 176.09 Crores during the current year. Knitted Fabric revenue constitutes 15.38% of the total revenue from operations.

#### Exports

Exports of the Company increased significantly by 24.63% from ₹ 591.47 Crores in the previous year to ₹ 737.12 Crores in the current year. Exports constitute 64.36% of the total revenue.

#### Profitability

The year under review was a turbulent year for Textile Industry as the Industry was reeling with the effect of demonetisation and implementation of GST during the year under review caused major disruption whereby tax was levied across the entire value chain of the Industry as against earlier regime of only Fiber stage duties and taxes. Moreover, the duty drawbacks on exports were reduced leading to margin contraction, Power cost also increased substantially during the year as a result of levies of open access surcharge at the end of last year. In spite of all these adverse circumstances the operating profit (EBIDTA) of the Company has increased from ₹ 134.25 Crores in the previous year to ₹ 157.18 Crores in the current year. However, in percentage terms of revenue from operations it is slightly lower to 13.72% in current year from 14.38% in previous year.

The Cash Profit (PBDT) for the current year was ₹ 127.63 Crores against ₹ 111.98 Crores in the previous year. Due to implementation of expansion project in the last year the Interest Cost, Depreciation and Tax increased substantially because of increased loan, assets base and non availability of tax incentive which has adversely affected Profit after Tax as it has decreased to ₹ 52.39 Crores in the current year from ₹ 57.35 Crores in

## Board's Report (Contd.)

previous year. Finally, the Company has reported total comprehensive income after tax of ₹ 51.11 Crores for the current year as against ₹ 58.65 Crores during last year.

### TRANSFER TO GENERAL RESERVE

A sum of ₹ 10 Crores has been appropriated to General Reserves out of total comprehensive income of ₹ 51.11 Crores for the year under review.

### DIVIDEND

Your Directors are pleased to recommend Dividend of 12% i.e. ₹ 1.20 per Equity Shares on the fully paid-up Equity Shares of ₹ 10/- each for the financial year 2017-18 subject to approval of shareholders at the ensuing Annual General Meeting.

### INSTALLATION OF INTEGRATED TEXTILE UNIT

The Company has undertaken to install Integrated Textile Unit at Bhanwaria Kalan, Tehsil Begun in the District of Chittorgarh, Rajasthan at an estimated project cost of ₹ 675 Crores. The unit will be having facilities to manufacture processed fabric right from fibre mainly using Cotton and Polyester as raw material. This will cater the complete need of apparel Manufacturer. The land for the project has been purchased and building construction activity already started. The project is eligible for customized package benefits under the Rajasthan Investment Promotion Scheme, 2014 of the Government of Rajasthan.

### RAISING OF FUNDS THROUGH PREFERENTIAL ISSUE

During the year under consideration the Company has raised funds through issue of 93,85,765 Equity Shares of ₹ 10/- each at a premium of ₹ 105/- each aggregating to ₹ 107.94 Crores to the Qualified Institutional Buyers on preferential basis and 3,32,000 Equity Shares of ₹ 10/- each at a premium of ₹ 110.50 each aggregating to ₹ 4.00 Crores to Promoters of the Company on preferential basis inter-alia for repayment of debts, general corporate purposes etc. This has strengthened long term resources of the Company and will help the Company in its growth plans.

### 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 a quality and better society through its CSR related initiatives.

During the current year, the Company has incurred expenditure of ₹ 131.40 Lacs on CSR activities against liability of ₹ 126.50 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, 2014 read with Rule 9 of Companies (Corporate Social Responsibility) Rules, 2014 is annexed hereto and form part of this report as **Annexure – I**.

### 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 4th September, 2017.

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. Details of the Director seeking re-appointment are provided in the Corporate Governance Report forming part of this report. The Board recommends his 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 are complying with the requirement of Section 149(6) of the Companies Act, 2013 and applicable provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### AUDITORS:-

#### Statutory Auditors

**M/s Kalani & Co.**, Chartered Accountants (FRN 000722C) were appointed Statutory Auditors for five years at the 25th Annual General Meeting held on 4th September, 2017. Accordingly, they shall continue to be Statutory Auditors for the 2018-19.

The audit report on the financial statements for the financial year ended on 31st March, 2018, issued by M/s Kalani & Co., Chartered Accountants, do not contain any qualifications, reservations or adverse remarks. The Audit report is enclosed with the financial statements in this annual report and hence do not require any further clarification.

#### SECRETARIAL AUDITORS

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 2018-19 under the provisions of Section 204 of the Companies Act, 2013.

The Board of Directors has appointed M/s. V. M & Associates, Company Secretaries (Firm Registration No. P1984RJ039200), to conduct Secretarial Audit for the 2017-18 under the provisions of Section 204 of the Companies Act, 2013. The Report of Secretarial Auditors is enclosed herewith. The report does not contain any qualification, reservation or adverse remark.

## Board's Report (Contd.)

### COST AUDITOR

Pursuant to Section 148 of the Companies Act, 2013, your Directors have appointed M/s. Vivek Laddha & Associates, Cost Accountants (FRN 103465), being eligible, to conduct Cost Audit of the Company for the Financial Year 2018-19.

### 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. In 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 forms an integral part of the Board Report.

### AWARDS, RECOGNITION & CERTIFICATIONS

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

1. **Rajasthan Export Award:** During the year under review, the Government of Rajasthan has selected your Company for Rajasthan Export Award for the year 2016-17.
2. **UCCI Excellence Award 2018** by Udaipur Chamber of Commerce & Industry under Large Enterprise Category.
3. **Certifications :**

Your Company got following certifications from British Standards Institution (BSI) during the year under review:-

- (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

With these certifications your company has all Internationally recognized certifications.

### 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 have been given;

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

### 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

A Statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with Section 134(3)(m) read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014 is enclosed as **Annexure – II** and forms integral part of this Report.

### OTHER DISCLOSURES UNDER COMPANIES ACT, 2013

#### i) Number of Board Meetings :

The Board of Directors met five times in the year 2017-18. The details of number of Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report.



## Board's Report (Contd.)

### ii) Composition of Audit Committee:

The Board constituted the Audit Committee which comprises of Sh. Y. R. Shah, Chairman, Smt. Aditi Mehta and Dr. R. Chattopadhyay as members. All the recommendations of Audit Committee have been accepted by the Board. More details on the committee are given in the Corporate Governance Report.

### iii) 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 Act 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 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.

### iv) Loans, Guarantees or Investments:

The Company has not given any Loan, Guarantee and also not made any Investments under the Section 186 of the Companies Act, 2013.

### v) Fixed Deposits

The Company has not accepted or renewed any fixed deposits during the year under review and no fixed deposit is outstanding for payment at the year ended 31st March, 2018.

### vii) 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, the Company has in place a Vigil Mechanism/Whistle Blower Policy for Directors and employees to report genuine concern. More details pertaining to the same are given in the Corporate Governance Report.

### viii) Nomination, Remuneration & Evaluation Policy:

In 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 for appointment, remuneration & evaluation of the Directors, Key Management Personnel & Senior Management Personnel. The details of the Nomination and Remuneration committee, Nomination, Remuneration & Evaluation Policy and Annual Evaluation carried out by the Directors are given in the Corporate Governance Report.

### ix) Particulars of Employees & Analysis of Remuneration:

Particulars of employees and analysis of remuneration as required under Section 197 (12) 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**

### x) 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**

### xi) Miscellaneous Disclosures:-

Details about risk management have been given in the Management Discussions & Analysis.

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

There is 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.

The Company is having adequate Internal Financial Control with reference to the Financial Statements.

During the year, the Company has not received any complaint under the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint was pending at the beginning of the year.

### ACKNOWLEDGEMENTS

Directors wish to express their grateful appreciation for assistance and co-operation received from various Departments of Central & State Governments and Banks during the year under review. Your Directors also wish to place on record their appreciation for the committed services of all the associates and vendors of the Company.

For and on Behalf of the Board of Directors

**R. L. NOLKHA**

Chairman

(DIN – 00060746)

Place : Bhilwara

Dated : 10th May, 2018

## Annexure - I

### 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.	The CSR activities of the Company are carried out directly and also through contribution/donation made to other organisation/institution for the activities specified under Schedule VII of the Companies Act, 2013. The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same has been placed at the website of the Company i.e. <a href="http://www.nitinspinners.com">www.nitinspinners.com</a> under the link "Investor Relations". As per CSR policy the Company endeavors to make CSR a key business process for sustainable development and continuously enhance shareholders wealth; it is also committed to its other stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society. Our company is committed towards aligning with nature; and has adopted eco-friendly practices.
2.	The Composition of the CSR Committee.	1. Shri R. L. Nolkha, Chairman 2. Shri Dinesh Nolkha, Managing Director 3. Shri Y. R. Shah, Independent Director 4. Smt. Aditi Mehta, Independent Director
3.	Average net profit of the Company for last three financial years (Amount in Lacs)	₹ 6,325.06 Lacs
4.	Prescribed CSR Expenditure (two % of the amount as in item 3 above) (Amount in Lacs)	₹ 126.50 Lacs
5.	Details of CSR spent during the financial year. (1) Total amount to be spent for the F.Y. (2) Amount unspent, if any; (3) Manner in which the amount spent during the financial year:	₹ 126.50 Lacs (Spent during the F.Y. ₹ 131.40 Lacs) Nil 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 For Shivir for Health Check up	Health Care	Local Area Bhilwara (Rajasthan)	51,000	51,000	51,000	Implementing Agency –Shri Ganesh Utsav Prabandh and Seva Samiti

## Annexure-I

## CSR Activities

(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
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
4.	Construction of Woman Hostel	Empowering Women	Local Area Bhilwara (Rajasthan)	3,00,00,000	1,26,90,204	2,58,24,335	Direct
5.	Imparting Education to Deaf and Dumb children.	Promoting Education of Differently abled children	Local Area Bhilwara (Rajasthan)	51,000	51,000	51,000	Implementing Agency – Badhir Bal Kalyan Vikas Samiti
6.	Contribution to Bhilwara Mahotsav-2017	Promotion and development of traditional arts and handicrafts	Local Area Bhilwara (Rajasthan)	1,02,000	1,02,000	1,02,000	Direct
7.	Furniture in Govt. School, Phulia Kalan	Promoting Education	Local Area Bhilwara (Rajasthan)	65,000	64,833	64,833	Direct
<b>Total</b>				<b>3,04,50,000</b>	<b>1,31,40,037</b>	<b>2,62,74,168</b>	

The Company has spent ₹ 131.40 Lacs against obligation of ₹ 126.50 Lacs during the year 2017-18. Hence, there is No shortfall in spending of CSR expenditure;

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

**DINESH NOLKHA**

Managing Director

(DIN – 00054658)

Place : Bhilwara

Dated : 10th May, 2018

For and on Behalf of the Board of Directors

**R. L. NOLKHA**

Chairman

(DIN – 00060746)



## Annexure-II

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, 2018.

### 1. CONSERVATION OF ENERGY

- (i) The steps taken or impact on conservation of energy - The Company gives high priority for conservation of energy in all fields. The Company has taken following measures for energy saving :
- In order to save power, the Company continued to install LED Lights in place of normal lights
  - Installation of Solar heating plant for Yarn Conditioning Plant in place of electric geysers
  - Reduced the leakage of air and also reduced machines cleaning pressure bar, resulted into power saving

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

As renewable/green energy initiatives, the Company has installed additional 1.30 MW Roof Top Solar Power Plant for captive consumption of Solar Power in addition to existing plant of 2.300 MW, thus taking the aggregate capacity to 3.600 MW.

- (iii) Capital Investments on energy conservation equipments

Estimated expenditure on energy conservation equipments is ₹ 8.40 Lacs. The Solar power plant was installed on power purchase model and therefore the Company has not made any Capital Investment on the same.

### 2. TOTAL ENERGY CONSUMPTION AND CONSUMPTION PER UNIT OF PRODUCTION

#### Power & Fuel Consumption

S. No.			
No.	Particulars	Current Year	Previous Year
1.	ELECTRICITY		
(a)	Purchased		
(i)	AVVNL/Open Access :-		
	Unit (in Lacs)	1,292.10	1,216.06
	Total Amount (₹ In Lacs)	9,326.71	7,276.52
	Cost/Unit (₹)	7.22	5.98
(ii)	Solar Roof Top Plant:-		
	Unit (in Lacs)	31.27	4.06
	Total Amount (₹ In Lacs)	157.65	24.26
	Cost/Unit (₹)	5.04	5.98
(b)	Own Generation		
(i)	Through Coal based TPP		
	Units (in Lacs)	513.03	376.90
	Unit/Per Kg. of Coal	0.86	0.76
	Cost/Unit (₹)	5.98	6.29
	Coal		
	Quantity (Kg. in Lacs)	594.45	494.12
	Total Cost (₹ in Lacs)	3,067.03	2,371.87
	Average Rate/Kg. (in ₹)	5.16	4.80

#### Consumption per Kg. of Production

Yarn Production (MT)	47,138.17	42,342.74
Electricity Unit/Kgs.	3.83	3.71
Fabric Production (MT)	7,526.42	6,825.38
Electricity Unit/Kgs.	0.38	0.35

## Annexure-II (Contd.)

### 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.

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

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

(₹ in Lacs)

Particulars	Current Year	Previous Year
(a) Capital	0.00	323.36
(b) Recurring	178.02	146.10
<b>Total (a+b)</b>	<b>178.02</b>	<b>469.46</b>
<b>% to total turnover</b>	<b>0.16%</b>	<b>0.43%</b>

### Foreign Exchange Earnings and Outgo

(₹ in Lacs)

Particulars	Current Year	Previous Year
(a) Earnings	71,408.34	56,462.80
(b) Outgo		
- Capital Goods	-	5,471.92
<b>- Recurring :-</b>		
- Components, Spares Parts including Packing Material	910.58	845.53
- Raw Materials	7,178.75	11,534.72
- Sales Commission & Others	528.45	467.37
- Travelling	5.33	2.71

For and on Behalf of the Board of Directors

**R. L. NOLKHA**

Chairman

(DIN – 00060746)

Place : Bhilwara

Dated : 10th May, 2018

## 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 (₹ in Lacs)	Qualifications	Experience Years	Commencement of employment	Whether Permanent/ Contractual	Age Years	Last Employment
Sh. R.L. Nolkha	Chairman	107.95	FCA, FCS, FCMA	48	06.09.1997	Contractual	72	Managing Director BSL Ltd.
Sh. Dinesh Nolkha	Managing Director	99.51	FCA, FCMA	24	01.01.1996	Contractual	47	-
Sh. Nitin Nolakha	Executive Director	92.28	B.Com., MBA	19	01.10.1998	Contractual	42	-
Sh. Sandeep Garg	President (Operations)	29.31	B. Tech	27	01.04.2007	Permanent	47	ST Cotex
Sh. P. Maheshwari	Chief Financial Officer	24.42	B.Com, FCA	34	01.08.2006	Permanent	56	BSL Ltd.
Sh. Umesh Toshniwal	Vice President (Mktg.)	22.50	B.Com	25	01.04.1993	Permanent	46	-
Sh. Ratnesh Kumar	General Manager (Rotor Spinning)	18.90	B. Tech. (Tex.)	27	29.04.2008	Permanent	47	CLC Group
Sh. Vivek Tripathi	General Manager (SQC)	17.08	M. Tech. (Tex.)	19	09.01.2010	Permanent	43	Nahar Fibres
Sh. Sudhir Garg	Company Secretary & GM(Legal)	15.72	B.Com. ACS	24	08.04.2006	Permanent	52	Poddar Pigments Ltd.
Sh. S. S. Ranka	General Manager (TPP)	15.17	BE (Mech.)	26	06.05.2011	Permanent	51	Koria Plant Services

Sh. R.L. Nolkha, Sh. Dinesh Nolkha and Sh. Nitin Nolakha are related to each other.

#### Notes:

- None of the employee is in receipt of remuneration in excess of remuneration drawn by Managing Director & Whole Time Director 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.

## Annexure-III

(Contd.)

### 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:-

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18 :-

Name of Directors	Ratio
Sh. R.L. Nolkha, Chairman	68:1
Sh. Dinesh Nolkha, Managing Director	62:1
Sh. Nitin Nolakha, Executive Director	58:1

2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18;

Name of Directors & KMP	% increase/ (Decrease) in remuneration
Sh. R.L. Nolkha, Chairman	5.56
Sh. Dinesh Nolkha, Managing Director	7.71
Sh. Nitin Nolakha, Executive Director	5.84
Sh. P. Maheshwari, Chief Financial Officer	14.22
Sh. Sudhir Garg, Company Secretary & GM (Legal)	19.77

3. The percentage increase in the median remuneration of employees in the financial year 2017-18 :- 6.33
4. The number of permanent employees on the rolls of company:- 2,967
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: - 11.56%  
Average % increase/(decrease) in the Salary of the Managerial Personnel :- 6.39%
6. We hereby confirm 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 : Bhilwara

Dated : 10th May, 2018



## Annexure-IV

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

[ 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 (RAJ.) 311025 PHONE NO. 01482-286110 TO 113
vi)	Whether listed company	YES
vii)	Name, Address and Contract detail of Registrar and Transfer Agent, if any	Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai - 400059 Phone No. 022-62638200 Fax 022-62638299

#### 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	COTTON YARN	2601	84.62
2	COTTON KNITTED FABRIC	2351	15.38

#### 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				No. of Share held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual/HUF	1,27,08,500	-	1,27,08,500	27.72	1,30,40,510	-	1,30,40,510	23.48	(4.24)
b) Central Govt.									
c) State Govt(s)									
d) Bodies Corp.	1,67,55,000	-	1,67,55,000	36.56	1,67,55,000	-	1,67,55,000	30.16	(6.40)
e) Banks / FI									
f) Any Other									
<b>Sub-total (A)(1) :-</b>	<b>2,94,63,500</b>	<b>-</b>	<b>2,94,63,500</b>	<b>64.28</b>	<b>2,97,95,510</b>	<b>-</b>	<b>2,97,95,510</b>	<b>53.64</b>	<b>(10.64)</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals									
b) Other - Individual									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
<b>Sub-total (A)(2) :-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>2,94,63,500</b>	<b>-</b>	<b>2,94,63,500</b>	<b>64.28</b>	<b>2,97,95,510</b>	<b>-</b>	<b>2,97,95,510</b>	<b>53.64</b>	<b>(10.64)</b>

## Annexure-IV

Form No. MGT-9 (Contd.)

Category of the Shareholders	No. of Share held at the beginning of the year				No. of Share held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds					73,73,669	0	73,73,669	13.27	13.27
b) Banks / FI	24,995	0	24,995	0.05	1,11,396	0	1,11,396	0.20	0.15
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs	2,07,994	0	2,07,994	0.46	2,07,994	0	2,07,994	0.37	-0.09
h) Foreign Venture Capital Funds									
i) Other - Foreign Portfolio Investor	1,66,067	0	1,66,067	0.36	94,498	0	94,498	0.17	-0.19
<b>Sub-total (B)(1) :-</b>	<b>3,99,056</b>	<b>0</b>	<b>3,99,056</b>	<b>0.87</b>	<b>77,87,557</b>	<b>0</b>	<b>77,87,557</b>	<b>14.01</b>	<b>13.14</b>
<b>(2) Non-Institution</b>									
a) Bodies Corp.									
i) Indian	17,67,622	0	17,67,622	3.86	20,03,165	0	20,03,165	3.61	(0.25)
ii) Overseas	-	0	-	0.00	-	0	-	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal capital upto ₹ 1 Lakh	79,24,078	674	79,24,752	17.29	1,04,26,473	630	1,14,21,200	18.77	1.48
ii) Individual shareholders holding nominal capital in excess of ₹ 1 Lakh	50,52,402	0	50,52,402	11.02	41,90,868	0	31,96,771	7.54	(3.48)
c) Others (specify)									
i) Clearing Members	1,12,675	0	1,12,675	0.25	2,24,582	0	2,24,582	0.40	0.15
ii) NRI	11,07,988	2450	11,10,438	2.42	11,13,225	2,450	11,15,675	2.01	(0.41)
iii) Trust	1,500	0	1,500	0.00	4,500	0	4,500	0.01	0.01
iv) NBFC registered with RBI	2,000	0	2,000	0.01	2,750	0	2,750	0.01	0.00
<b>Sub-total (B)(2) :-</b>	<b>1,59,68,265</b>	<b>3124</b>	<b>1,59,71,389</b>	<b>34.85</b>	<b>1,79,65,563</b>	<b>3,080</b>	<b>1,79,68,643</b>	<b>32.35</b>	<b>(2.50)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1,63,67,321</b>	<b>3124</b>	<b>1,63,70,445</b>	<b>35.72</b>	<b>2,57,53,120</b>	<b>3,080</b>	<b>2,57,56,200</b>	<b>46.36</b>	<b>10.64</b>
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>									
<b>Grand Total (A+B+C)</b>	<b>4,58,30,821</b>	<b>3124</b>	<b>4,58,33,945</b>	<b>100.00</b>	<b>5,55,48,630</b>	<b>3,080</b>	<b>5,55,51,710</b>	<b>100.00</b>	

## Annexure-IV

Form No. MGT-9 (Contd.)

### ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	55,50,000	12.11	Nil	57,16,000	10.29	Nil	(1.82)
2	SUSHILA DEVI NOLKHA	16,50,000	3.60	Nil	16,50,000	2.97	Nil	(0.63)
3	RATAN LAL NOLKHA HUF	14,75,000	3.22	Nil	14,75,000	2.65	Nil	(0.57)
4	DINESH NOLKHA	10,70,000	2.33	Nil	11,53,000	2.08	Nil	(0.25)
5	KRISHNA NOLKHA	2,65,000	0.58	Nil	2,65,000	0.48	Nil	(0.10)
6	PRATYUSH NOLKHA	2,53,500	0.55	Nil	2,53,510	0.46	Nil	(0.09)
7	DINESH NOLKHA HUF	3,55,000	0.77	Nil	3,55,000	0.64	Nil	(0.13)
8	NITIN NOLAKHA	17,10,000	3.73	Nil	17,93,000	3.23	Nil	(0.50)
9	RANJEETA NOLKHA	1,80,000	0.39	Nil	1,80,000	0.32	Nil	(0.07)
10	NITIN NOLAKHA HUF	2,00,000	0.44	Nil	2,00,000	0.36	Nil	(0.08)
11	REDIAL TRADING & INVESTMENT PRIVATE LIMITED	1,67,55,000	36.56	Nil	1,67,55,000	30.16	Nil	(6.40)
<b>Total</b>		<b>2,94,63,500</b>	<b>64.28</b>	<b>Nil</b>	<b>2,97,95,510</b>	<b>53.64</b>	<b>Nil</b>	<b>(10.64)</b>

### iii) Change in Promoter's Shareholding :

Sl No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at the beginning (01.04.2017) / end of the year (31.03.2018)	% of total shares of the Company				No. of Shares	% of total Shares of the Company
1	RATAN LAL NOLKHA	55,50,000	12.11	01.04.2017	0		55,50,000	12.11
				20.02.2018	1,66,000	Allotment	57,16,000	10.29
		57,16,000	10.29	31.03.2018				
2	SUSHILA DEVI NOLKHA	16,50,000	3.60	01.04.2017	0		16,50,000	3.60
		16,50,000	2.97	31.03.2018				
3	RATAN LAL NOLKHA HUF	14,75,000	3.22	01.04.2017	0		14,75,000	3.22
		14,75,000	2.65	31.03.2018				
4	DINESH NOLKHA	10,70,000	2.33	01.04.2017	0		10,70,000	2.33
				20.02.2018	83,000	Allotment	11,53,000	2.08
		11,53,000	2.08	31.03.2018				
5	KRISHNA NOLKHA	2,65,000	0.58	01.04.2017	0		2,65,000	0.58
		2,65,000	0.48	31.03.2018				
6	PRATYUSH NOLKHA	2,53,500	0.55	01.04.2017	0		2,53,500	0.55
				26.05.2017	10	Transfer	2,53,510	0.55
		2,53,510	0.46	31.03.2018				
7	DINESH NOLKHA HUF	3,55,000	0.77	01.04.2017	0		3,55,000	0.77
		3,55,000	0.64	31.03.2018				
8	NITIN NOLAKHA	17,10,000	3.73	01.04.2017	0		17,10,000	3.73
				20.02.2018	83,000	Allotment	17,93,000	3.23
		17,93,000	3.23	31.03.2018				
9	RANJEETA NOLKHA	1,80,000	0.39	01.04.2017	0		1,80,000	0.39
		1,80,000	0.32	31.03.2018				
10	NITIN NOLAKHA HUF	2,00,000	0.44	01.04.2017	0		2,00,000	0.44
		2,00,000	0.36	31.03.2018				
11	REDIAL TRADING & INVESTMENT PVT LTD	1,67,55,000	36.56	01.04.2017	0		1,67,55,000	36.56
		1,67,55,000	30.16	31.03.2018				

## 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		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at the beginning (01.04.2017) / end of the year (31.03.2018)	% of total shares of the Company				No. of Shares	% of total Shares of the Company
1	L&T MUTUAL FUND TRUSTEE LIMITED - L&T EMERGING BUSINESSES FUND	0	00	01.04.2017				0.00
				10.11.2017	21,73,913	Allotment	21,73,913	3.94
				17.11.2017	2,00,000	Transfer	23,73,913	4.30
				24.11.2017	47,394	Transfer	24,21,307	4.38
				07.12.2017	12,929	Transfer	24,34,236	4.41
				08.12.2017	44,569	Transfer	24,78,805	4.49
				15.12.2017	4,668	Transfer	24,83,473	4.50
				22.12.2017	45,763	Transfer	25,29,236	4.58
				05.01.2018	220	Transfer	25,29,456	4.58
				23.02.2018	10,000	Transfer	25,39,456	4.57
				09.03.2018	2,28,000	Transfer	27,67,456	4.98
		27,67,456	4.98	31.03.2018				
2	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE SMALL AND MIDCAP FUND	0	00	01.04.2017				0.00
				10.11.2017	21,73,913	Allotment	21,73,913	3.94
				16.03.2018	1,43,000	Transfer	23,16,913	4.17
				19.03.2018	26,200	Transfer	23,43,113	4.22
				23.03.2018	62,100	Transfer	24,05,213	4.33
		24,05,213	4.33	31.03.2018				
3	IDFC STERLING EQUITY FUND	0	00	01.04.2017				0.00
				10.11.2017	16,08,696	Allotment	16,08,696	2.91
				17.11.2017	21,304	Transfer	16,30,000	2.95
				16.03.2018	2,61,000	Transfer	18,91,000	3.40
		18,91,000	3.40	31.03.2018				
4	EDELWEISS TOKIO LIFE INSURANCE COMPANY LIMITED-SHAREHOLDERS FUND-BEYOND SOLVENCY MARGIN	0	00	01.04.2017	-	-	-	0.00
				10.11.2017	8,69,000	Allotment	8,69,000	1.56
		8,69,000	1.56	31.03.2018		-		
5	Dolly Khanna	6,20,545	1.35	01.04.2017	-	-	6,20,545	1.35
				07.04.2017	5,620	Transfer	6,26,165	1.37
				14.04.2017	6,774	Transfer	6,32,939	1.38
				12.05.2017	2,890	Transfer	6,35,829	1.39
				19.05.2017	23,800	Transfer	6,59,629	1.44
				30.06.2017	3,275	Transfer	6,62,904	1.45
				22.09.2017	(12,452)	Transfer	6,50,452	1.42
				29.09.2017	(7,385)	Transfer	6,43,067	1.40
				20.10.2017	(8,350)	Transfer	6,34,717	1.38
				27.10.2017	(2,000)	Transfer	6,32,717	1.38
				31.10.2017	(1,795)	Transfer	6,30,922	1.38
				17.11.2017	(8,300)	Transfer	6,22,622	1.13
				22.12.2017	5,000	Transfer	6,27,622	1.14
				29.12.2017	(5,000)	Transfer	6,22,622	1.13



## Annexure-IV

Form No. MGT-9 (Contd.)

SI No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at the beginning (01.04.2017) / end of the year (31.03.2018)	% of total shares of the Company				No. of Shares	% of total Shares of the Company
6	ASHOK DEWAN			05.01.2018	(2,650)	Transfer	6,19,972	1.12
				12.01.2018	(4,264)	Transfer	6,15,708	1.12
				19.01.2018	(19,300)	Transfer	5,96,408	1.08
				26.01.2018	(8,000)	Transfer	5,88,408	1.07
				19.03.2018	(1,000)	Transfer	5,87,408	1.06
		5,87,408	1.06	31.03.2018				
		2,15,218	0.47	01.04.2017	0	0	2,15,218	0.47
				26.05.2017	1,701	Transfer	2,16,919	0.47
				30.06.2017	1,715	Transfer	2,18,634	0.48
				11.08.2017	(4,234)	Transfer	2,14,400	0.47
				18.08.2017	(12,764)	Transfer	2,01,636	0.44
				15.09.2017	300	Transfer	2,01,936	0.44
				22.09.2017	6,197	Transfer	2,08,133	0.45
				29.09.2017	2,736	Transfer	2,10,869	0.46
				13.10.2017	1,066	Transfer	2,11,935	0.46
				20.10.2017	530	Transfer	2,12,465	0.46
				27.10.2017	265	Transfer	2,12,730	0.46
				31.10.2017	4,555	Transfer	2,17,285	0.47
				17.11.2017	3,924	Transfer	2,21,209	0.40
				24.11.2017	540	Transfer	2,21,749	0.40
				07.12.2017	3,455	Transfer	2,25,204	0.41
				15.12.2017	250	Transfer	2,25,454	0.41
				02.02.2018	(19,041)	Transfer	2,06,413	0.37
				09.02.2018	(3,210)	Transfer	2,03,203	0.37
				02.03.2018	915	Transfer	2,04,118	0.37
7	PASSAGE TO INDIA MASTER FUND LIMITED	1,84,994	0.33	01.04.2017	0	0	1,84,994	0.40
				31.03.2018				
8	P SHOBHA	1,97,220	0.43	01.04.2017	0	0	1,97,220	0.43
				09.06.2017	(6,000)	Transfer	1,91,220	0.42
				21.07.2017	(7,500)	Transfer	1,83,720	0.40
				28.07.2017	(5,050)	Transfer	1,78,670	0.39
				04.08.2017	(3,000)	Transfer	1,75,670	0.38
9	ASHISH BHARATKUMAR SHAH	1,75,670	0.32	31.03.2018				
		0	0.00	01.04.2017	0	0	0	0.00
				15.12.2017	2,66,358	Transfer	2,66,358	0.48
				22.12.2007	4,07,300	Transfer	6,73,658	1.21
				05.01.2018	(19,320)	Transfer	6,54,338	1.18
				12.01.2018	(98,522)	Transfer	555,816	1.00
				02.02.2018	(4,18,339)	Transfer	137,477	0.25
		1,37,477	0.25	31.03.2018				

## Annexure-IV

Form No. MGT-9 (Contd.)

SI No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at the beginning (01.04.2017) / end of the year (31.03.2018)	% of total shares of the Company				No. of Shares	% of total Shares of the Company
10	RAVI SHANKAR MARDIA	1,15,712	0.25	01.04.2017	-	-	1,15,712	0.25
				07.04.2017	4,940	Transfer	1,20,652	0.26
				28.04.2017	(1,000)	Transfer	1,19,652	0.26
				05.05.2017	(2,500)	Transfer	1,17,152	0.26
				12.05.2017	(2,500)	Transfer	1,14,652	0.25
		1,14,652	0.21	31.03.2018				

## v) Shareholding of Directors and Key Managerial Personnel :

S I. No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Share holding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Share at the beginning (01.04.2017) / end of the year (31.03.2018)	% of total shares of the Company				No. of Shares	% of total Shares of the Company
1	P. MAHESHWARI	1,000	0.00	01.04.2017	0	N.A.	1,000	0
		1,000	0.00	31.03.2018				
2	SUDHIR GARG	100	0.00	01.04.2017	0	N.A.	100	0
		100	0.00	31.03.2018				

Independent Directors do not hold any Share in the Company and Promoter Directors' Shareholding given at the Point No. (iii) above

## V INDEBTNESS

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

(Amt. in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5,63,48,99,901	4,75,00,000	0	5,68,23,99,901
ii) Interest due but not paid	0	0	0	-
iii) Interest accrued but not due	5,49,610	0	0	5,49,610
<b>Total (i+ii+iii)</b>	<b>5,63,54,49,511</b>	<b>4,75,00,000</b>	<b>0</b>	<b>5,68,29,49,511</b>
<b>Change in Indebtedness at the end of the financial year</b>				
1. Addition	0	0	0	0
2. Reduction	1,14,31,86,422	4,75,00,000	0	1,19,06,86,422
<b>Net Change</b>	<b>(1,14,31,86,422)</b>	<b>(4,75,00,000)</b>	<b>0</b>	<b>(1,19,06,86,422)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4,49,17,13,480	0	0	4,49,17,13,480
ii) Interest due but not paid	-	0	0	-
iii) Interest accrued but not due	1,16,285	0	0	1,16,285
<b>Total (i+ii+iii)</b>	<b>4,49,18,29,765</b>	<b>0.00</b>	<b>0.00</b>	<b>4,49,18,29,765</b>

## Annexure-IV

Form No. MGT-9 (Contd.)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amt. in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Sh. Ratan Lal Nolkha, Chairman	Sh. Dinesh Nolkha, MD	Sh. Nitin Nolakha, ED	
<b>1</b>	<b>Gross Salary</b>				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45,30,000	37,80,000	31,50,000	<b>1,14,60,000</b>
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	93,234	88,963	71,651	<b>2,53,848</b>
	c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
<b>2</b>	<b>Stock Option</b>	0	0	0	0
<b>3</b>	<b>Sweat Equity</b>	0	0	0	0
<b>4</b>	<b>Commision</b>				
	- as 0.75% of Profit	56,28,000	56,28,000	56,28,000	<b>1,68,84,000</b>
	- Others, specify	0	0	0	0
<b>5</b>	<b>Contribution to PF</b>	5,43,600	4,53,600	3,78,000	<b>13,75,200</b>
	<b>Total (A)</b>	<b>1,07,94,834</b>	<b>99,50,563</b>	<b>92,27,651</b>	<b>2,99,73,048</b>
	Ceiling as per Act				<b>75,03,00,000</b>

#### B. Remuneration to other Directors:

(Amt. in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total
		Shri Y. R. Shah	Smt. Aditi Mehta	Dr. R Chattopadhyay	
<b>1</b>	<b>Independent Directors</b>				
	1. Fee for attending Board Committee Meetings	1,12,500	1,12,500	1,32,500	<b>3,57,500</b>
	2. Commission	0	0	0	0
	3. Others, please specify	0	0	0	0
	<b>Total (1)</b>	<b>1,12,500</b>	<b>1,12,500</b>	<b>1,32,500</b>	<b>3,57,500</b>
<b>2</b>	<b>Other Non-executive Directors</b>	0	0	0	0
	1. Fee for attending Board Committee Meetings	0	0	0	0
	2. Commission	0	0	0	0
	3. Others, please specify	0	0	0	0
	<b>Total (2)</b>	0	0	0	0
	<b>Total B = (1+2)</b>	<b>1,12,500</b>	<b>1,12,500</b>	<b>1,32,500</b>	<b>3,57,500</b>
	<b>Total Managerial Remuneration</b>	<b>1,12,500</b>	<b>1,12,500</b>	<b>1,32,500</b>	<b>3,57,500</b>
	Ceiling as per the Act	₹ 1 Lakh Per Meeting of Board or Committee thereof			

## Annexure-IV

Form No. MGT-9 (Contd.)

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

(Amt. in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
<b>1</b>	<b>Gross Salary</b>				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		10,55,160	16,54,224	27,09,384
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961		3,89,920	5,89,608	9,79,528
	c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961		0	0	0
<b>2</b>	<b>Stock Option</b>		0	0	0
<b>3</b>	<b>Sweat Equity</b>		0	0	0
<b>4</b>	<b>Commision</b>		0	0	0
	- as % of Profit		0	0	0
	- Others, specify		0	0	0
<b>5</b>	<b>Others- Contribution to PF</b>		1,26,619	1,98,507	3,25,126
	<b>Total (A)</b>		<b>15,71,699</b>	<b>24,42,339</b>	<b>40,14,038</b>
	Ceiling as per Act				N.A.

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

R. L. NOLKHA

Chairman

(DIN – 00060746)

Place : Bhilwara

Dated : 10th May, 2018



# Annexure-V

Form No. MR-3

## SECRETARIAL AUDIT REPORT

for the financial year ended 31st March, 2018

**[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, 2018 ('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, 2018 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, 2009;
- (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, 1998; **(Not applicable to the Company during the Audit Period)** and
- (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;

## Annexure-V

Form No. MR-3 (Contd.)

- ii. The Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Limited.

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

### We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

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. Further, independent director(s) were present at Board Meetings which were called at shorter notice to transact business which were considered urgent by the management in compliance of Section 173(3) of the Act.

A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**We further report that** during the audit period the Company has:

- (a) Duly passed the resolutions under section 180(1)(a) and 180(1)(c) of the Act, read with its applicable rules, as amended for borrowing limits to the extent of ₹ 1,250 Crores (Rupees One Thousand Two Hundred and Fifty Crores Only);
- (b) Reclassified the unissued Preference Share Capital into Equity Share Capital and thereafter increased the Authorized Share Capital from ₹ 50,00,00,000/- (Rupees Fifty Crores Only) to ₹ 60,00,00,000/- (Rupees Sixty Crores Only);
- (c) Issued and allotted 93,85,765 Equity Shares of ₹ 10/- each at an issue price of ₹ 115/- per share to Qualified Institutional Buyers under Chapter VIII (Qualified Institutional Placement) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) Issued and allotted 3,32,000 Equity Shares of ₹ 10/- each at an issue price of ₹ 120.50 per share to persons belonging to Promoter and promoter group on preferential basis under Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009,

For **V. M. & Associates**

*Company Secretaries*

(ICSI Unique Code

P1984RJ039200)

**CS Manoj Maheshwari**

Place : Jaipur

*Partner*

Dated : 10th May, 2018

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

Form No. MR-3

To,

**The Members**

**Nitin Spinners Limited**

16-17 K. M. Stone, Chittor Road, Hamirgarh

Bhilwara – 311 001 (Rajasthan).

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

For **V. M. & Associates**

*Company Secretaries*

(ICSI Unique Code

P1984RJ039200)

**CS Manoj Maheshwari**

*Partner*

Place : Jaipur

Dated : 10th May, 2018

FCS 3355

C P No. : 1971

## Management Discussion & Analysis

### GLOBAL ECONOMY

As per the International Monetary Fund, world economic activity continues to firm up with brighter prospects and optimistic markets ahead. World growth strengthened in the year 2017 to 3.8% with a notable rebound in global trade. It has been driven by investment recovery in advanced economies, continued strong growth in emerging Asia, upswing in emerging Europe and signs of recovery in several commodity exporters.

While US implemented various tax reforms, UK indicated strong recovery in demands after the Brexit episode. The emerging and developing economies (EMDE) performed

satisfactorily, with China and India amongst the key drivers. Growth in China and India last year was supported by resurgent net exports and strong private consumption respectively, while investment growth slowed down.

Growth is expected to be 2.5% in the advanced economies and 4.9% in the EMDE in the year 2018. Global growth is expected to be supported by accommodative financial conditions and the repercussions of expansionary fiscal policy in the US. According to the IMF, global growth is projected to tick up to 3.9% in the year 2018 backed by favourable market sentiments.

### OVERVIEW OF THE WORLD ECONOMIC OUTLOOK PROJECTIONS, APRIL, 2018

	Actual	Projection
	2017	2018
World Output	3.8	3.9
Advanced Economies	2.3	2.5
United States	2.3	2.9
Euro Area	2.3	2.4
Japan	1.7	1.2
United Kingdom	1.8	1.6
Canada	3.0	2.1
Emerging Market and Developing Economies	4.8	4.9
Russia	1.5	1.7
China	6.9	6.6
India	6.7	7.4

(Source: The International Monetary Fund)

### INDIAN ECONOMY

India continues to remain the fastest growing economy globally. The country's GDP growth rate was 6.7% for the year 2017-18. The country implemented several structural reforms towards formalisation of the economy and fostering digital financial inclusion. The better than expected growth numbers clearly indicate that the country has overcome the temporary disruption caused by demonetisation and GST implementation. Factory output recorded a growth of 7.1% in February, 2018, aided by strong show in manufacturing and capital goods sectors. Consumer Price Index (CPI) inflation moderated to 4.4% in February, 2018 which stood positive for the markets. Retail inflation averaged at 3.4% for the April-January 2017-18 period.

Stable macro-economic indicators such as structural reforms, business ecosystem improvement, focus on infrastructure development and liberal Foreign Direct Investment (FDI) regime have resulted in massive foreign capital inflows, making India a favoured investment destination.

India's GDP is expected to rise to 7.4% in 2018-19 and 7.8% in 2019-20. Renewed investor confidence and expectations of continued progress on economic and institutional reforms will further unleash India's high growth potential. Besides, digitisation, globalisation, suitable demographics and structural reforms, will further continue to drive India's growth story.

(Source: The Economic Times, Business Line, The Business Today, The Business Standard, KPMG research report, Livemint)

### TEXTILE INDUSTRY

industry has two broad segments. First, the unorganized sector consisting of handloom, handicrafts and sericulture and the second is the organized sector consisting of the spinning, weaving, knitting, apparel and garments segment.

Textile industry plays a very crucial role in the Indian economy. It continues to be the second largest employer in the economy, employing over 45 Million people. It



## Management Discussion & Analysis (Contd.)

contributes 4% to the country's GDP and 21% to the industrial production. Textiles exports touched US\$ 27.59 billion during 2017-18, which accounting for 15% of total country's exports.

The industry is gaining momentum backed by rising government focus and favourable policies. The ambitious launch of 'Make in India' initiative, is a part of government's renewed focus on the country's economy.

### KEY INDUSTRIAL DEVELOPMENTS

#### Cotton prices

Cotton is the basic raw material for the textile industries. Its prices are influenced by both domestic and international factors. Rising cotton prices following the pink bollworm infestation in the cotton crops, higher Minimum Support Price (MSP) and unfavourable exchange rate fluctuation are the key concern to the industry.

During FY 2017-18, cotton prices witnessed volatility of around 19% (annualized). With physical market size of cotton estimated at around ₹ 68,000 Crores, the cotton industry faced annualized price risk of over ₹ 13,000 Crores. According to the Cotton Association of India, the area under cotton cultivation in India may shrink by 10-15% from 123 lacs acres to 110 lacs acres in the year 2018. However, there may not be much decline in the total production as the area under cotton in other states may compensate for any decline in area in pink bollworm affected states.

Furthermore, a 19% increase in cotton acreage and a resultant 11% surge in crop output in previous two fiscals are expected to moderate cotton prices in 2018-19, notwithstanding the rising prices in the last few months due to the pink bollworm issue.

#### Government Initiatives

The textile industry faced headwinds in the form of demonetisation and Goods and Services Tax (GST) implementation leading to sluggish demand and production challenges. However, the initial shockwaves subdued in the second half of the year and with recovery of demand and stabilisation of the sector post new reforms.

Government has made huge investments in initiatives like Schemes for Integrated Textile Parks (SITP) and Technology Upgradation Fund Scheme (TUFs) to encourage more private equity and to train workforce. Under Union Budget 2018-19, government has invested around ₹ 7,148 Crores (US\$ 1.1 Billion) for the textile industry and ₹ 30 Crores (US\$ 4.63 Million) for the Scheme for Integrated Textile Parks.

Besides, the Union Budget 2018-19 also announced to increase MSP prices of Kharif crops to 1.5 times the cost of production. However, any significant impact of the rise in cotton MSP on the textile industry is not expected as current cotton prices are at the same level.

(Source: IIFL Research report, The Economic Times, Ind-Ra research report)

#### Key Strength of the Industry

- Strong and flexible production base of wide range of fibre/yarns
- Low cost and skilled manpower results in competitive advantage
- Availability of number of varieties of cotton fibre and fast growing synthetic fibre
- Vertical and horizontal integrated textile value chain from raw material to finished goods
- Globally competitive spinning industry with diverse design base
- Cost effective manufacturing facilities with lowest cotton yarn spinning cost
- Unique strength in traditional handlooms and handicrafts
- Growing economy with high potential domestic and international market

#### Opportunities and Threats

The textile industry as well as Company will be driven by increasing urbanisation and higher awareness of fashion trends. The future of the industry looks promising backed by consumerism, increasing population, affordability and rising disposable income.

The threats for the industry and the Company comprises of competition from emerging countries, especially China. Pricing pressures on finished goods, inflation, foreign exchange fluctuation, volatility in input cost, cotton crop, interest rates and power cost among others, comprise the key threats.

#### Outlook

On the global front, China is reporting positive activity and demand is picking up in the US and the European Union. The global textile mills market is forecast to reach US\$ 842.6 Billion in value in 2020, an increase of 26.20% since 2015. The compound annual growth rate of the market in the period 2015-20 is predicted to be 4.80%.

## Management Discussion & Analysis (Contd.)

The Indian textile industry is set for immense growth, buoyed by both huge domestic consumption as well as export demand. The industry is expected to reach US\$ 226 Billion by 2022-23.

The Company has overcome from the temporary disruption caused by demonetisation & GST implementation and it has undertaken massive expansion project for manufacturing of finished fabric. The expanded capacity shall be partially operational in this financial year and therefore Company expects better results in the coming years.

### Company Review

Nitin Spinners Limited (NSL), located in Bhilwara, Rajasthan, is one of the leading players in the textile industry. The Company manufactures 100% cotton yarn and knitted fabrics by using latest ultra-modern technology. The manufacturing unit is situated in Hamirgarh, Bhilwara. As a part of strategic initiatives, the Company plans to foray into finished fabric segment to fulfil the rising demand in the apparel industry.

Nitin Spinners has an installed capacity of 2,23,056 Spindles and 2,936 Rotors, producing 50,000 tons of yarn per annum. To move up the value chain, the Company has also established a Knit Fabric Division with 63 knitting machines, having installed production capacity of 9,000 tons of fabric per annum. The Company exports around 64% of its production to over 50 countries globally.

The products are widely used in manufacturing apparel and garments, inner wear, terry towels, woven fabrics, home furnishings, carpets, denim, industrial textiles, medical textiles, mattresses stickings and socks, among others.

### Operation Review

The Company has recorded revenue from operations of ₹ 1,145.25 Crores in the current year against ₹ 933.39 Crores in the previous year, an increase of 22.70%. During 2017-18, the EBITDA (Earnings before interest, tax, depreciation and amortisation) increased from ₹ 134.25 Crores in 2016-17 to ₹ 157.17 Crores in 2017-18, with an increase of 17.07% on YoY basis. However, the PAT (Profit after Tax) decreased from ₹ 57.35 Crores in 2016-17 to ₹ 52.39 Crores in 2017-18 due to implementation of expansion project in the last year the Interest Cost, Depreciation and Tax increased substantially because of increased loan, assets base and non availability of tax incentive. The Company is operating in single segment i.e. Textiles.

### Environment and Safety

The need for environmentally clean and safe operations is company's key priority. The Company policy requires the conduct of all operations in such a manner so as to ensure the safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

### Human Resources and Industrial Relation

Employees are the most valuable resource of any organisation. The Company considers employees as their biggest competitive advantages. The Company takes initiative like training and development for its people to increase the performance. The Company has taken various steps to improve and enhance skill of its people. The industrial relations remained cordial in our plant. The total strength as at the end of the financial year 2017-18 was 2967 employees.

### Internal Control System and their Adequacy

The Company has appropriate systems for Internal Control. The systems are improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements. The Company has strong Management Information System, which is an integral part of control mechanism. The Audit Committee of Board of Directors reviews the efficiency and effectiveness of internal control systems and suggests the solution to improve and strengthen. The Internal control system were tested during the year and no material weakness in design or operation were observed.

### Risk Management

The Company believes that an effective, consistent and sustainable risk management framework is essential part of the work culture. Risk management must be fully integrated into the organisation's governance policies. It is vital to identify, assess and act to minimise various risks. Some of the key risks identified include:

## Management Discussion & Analysis (Contd.)

Risk	Description	Mitigation Measure
<b>Global Economic Risk</b>	The Company's business areas are spread globally. It is always subjected to risks arising out of unfavourable economic situations, in any of the global regions.	The Company maintains a balance between its domestic and international revenues. Moreover, the wide spread presence across several geographies, distributes risks and reduces overall dependency.
<b>Foreign Exchange Risk</b>	The Company exports 64.36% of total turnover which means it has considerable exposure in foreign currency. Any fluctuation in forex market has a significant impact on the margins of the Company.	The Company has well documented foreign exchange risk policy and currency risks are hedged accordingly through forward contracts.
<b>Finance Risk</b>	A large portion of the Company's expansion plans have been financed through debt. The debt agreements are subject to financial covenants.	The forecast cash requirements of the Company are closely monitored along with actual and projected to ensure adherence to covenants.
<b>Commodity Price Risk</b>	The Company faces the risk of price fluctuation of cotton, coal as well as finished goods. This risk is not only dependent on agriculture sector fluctuations, but also influenced by government policies and the movements in international market.	The Company understands the importance of the price value equation and the need to be sensitive to price changes to counter the volatility of input costs. This risk is managed through judicious purchase and stocking.
<b>Individual Business Risk</b>	Apart from the risks on account of interest rate, foreign exchange and regulatory change, various business of the Company is exposed to certain operating business risks.	The potential risks are proactively managed by regular monitoring and corrective actions.
<b>Competition Risk</b>	The Company is continuously exposed to competition from emerging and established players in the industry.	The Company continues to produce quality products and diversify its portfolio to prevent competition risk.

### Cautionary Statements

Statement 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 including the conduct of its business, its relationship with its stakeholders, employees, customers, Government and lenders.

### 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 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 SEBI (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.

The Company has held at least four meetings of Board of Directors in every year and the maximum time gap between any two meetings was not more than one hundred twenty days. During the financial year 2017-18, five meetings of the Board of Directors were held on 06.05.2017, 05.08.2017, 14.11.2017, 30.01.2018 and 24.02.2018.

The 25th Annual General Meeting of the Company was held on 04.09.2017.

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 5 Meetings	Attendance at last AGM held on 04.09.2017	Directorship in other Companies	No. of Board Committees in which Chairman Member	
					Chairman	Member
Sh. R. L. Nolkha	Promoter Executive Director	5	Yes	2	1	Nil
Sh. Dinesh Nolkha	Promoter Executive Director	5	Yes	3	Nil	2
Sh. Nitin Nolakha	Promoter Executive Director	5	Yes	2	Nil	1
Sh. Y.R. Shah	Independent Non-Executive Director	4	Yes	Nil	3	1
Dr. R. Chattopadhyay	Independent Non-Executive Director	5	No	Nil	Nil	2
Smt. Aditi Mehta	Independent Non-Executive Director	4	No	Nil	Nil	3

## Corporate Governance Report (Contd.)

None of the Directors of the Board serve as Members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per requirements of the Regulation 26(1) of the Listing Regulations. Further, 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. Independent & Non Executive Directors are not holding any share in the Company and no convertible instrument has been issued by the Company. All the three Executive Promoter Directors are related to each other, Sh. R. L. Nolkha is father of Sh. Dinesh Nolkha & Nitin Nolkha and Sh. Dinesh Nolkha & Nitin Nolkha are brothers.

### 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 all applicable laws.

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 at the Board level which acts as a link between the management, auditors and the Board of Directors 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 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, functioning of whistle blower mechanism and governance processes, discussions and approval of quarterly, half yearly and annual financial statements, interaction with statutory, secretarial, internal and cost auditors, 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 Audit Committee was constituted on 15th May, 2001. Presently, 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. Sh. Y.R. Shah, Chairman of the Committee is having requisite financial and accounting expertise and all other members of the committee are finance literate. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 04th September, 2017. The composition of the Audit committee meets the requirements of section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

#### Meetings and Attendance

The committee met four times during the financial year 2017-18. The dates on which Audit Committee Meetings were held are 06.05.2017, 05.08.2017, 14.11.2017 and 30.01.2018. The number of meetings attended by each committee member during the year was as under:-

Name of Member	No. of Meetings attended
Sh. Y.R. Shah	4
Smt. Aditi Mehta	4
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.



## Corporate Governance Report (Contd.)

### 4. NOMINATION AND REMUNERATION COMMITTEE:

#### Brief Description of terms of reference

The Remuneration Committee was constituted on 03.06.2005 and in order to comply with the provisions of Section 178 of the Companies Act, 2013 & Listing Regulations the name of the committee has been changed to "Nomination and Remuneration Committee" w.e.f. 06.05.2014. The terms of reference of the Committee broadly includes 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. 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.
4. Decision about extension or continuation of term of Independent Directors on the basis of report of performance evaluation.

The Board has formulated "Nomination, Remuneration and Evaluation Policy" and the criteria for performance evaluation broadly includes Leadership & stewardship abilities, contributing to clearly define corporate objectives & plans, Communication of expectations & concerns clearly with subordinates, obtain adequate, relevant & timely information from external sources, review & approval achievement of strategic and operational plans, objectives, budgets, regular monitoring of corporate results against projections, identify, monitor & mitigate significant corporate risks, review management's succession plan etc. The Directors

have carried out evaluation of Committee, Board and Directors on the basis of above referred criteria. The detailed Policy inter-alia including criteria for performance evaluation is available at the website of the Company i.e. [www.nitinspinners.com](http://www.nitinspinners.com) under the link of "Investor Relations."

#### Composition

The Committee constitutes Sh. Y. R. Shah, Smt. Aditi Mehta and Dr. R. Chattopadhyay, all the members of the Committee are Non-Executive & Independent Directors. Sh. Y. R. Shah is Chairman of the Committee. During the financial year 2017-18, no meeting of the "Nomination and Remuneration Committee" was held.

#### Remuneration of Directors

Payment of Sitting Fees to the Non Executive Directors and Payment of Salary, Commission and Perquisites to the Executive Directors is made in accordance with industry norms and subject to the overall ceilings imposed by the Companies Act, 2013 and other applicable statutes.

The appointment of Chairman, Managing Director and Executive Director is governed by resolution passed by the Board of Directors and shareholders of the Company at the respective meetings. They are paid remuneration as per terms and conditions approved by the Board of Directors and Shareholders on the recommendation of Nomination and Remuneration Committee.

Non-Executive Directors do not draw any remuneration except sitting fee which was increased from ₹ 15,000/- to ₹ 20,000/- for Board Meetings and from ₹ 7,500/- to ₹ 10,000/- for Committee Meetings w.e.f. 01.06.2017 and total sitting fee of ₹ 3,57,500/- was paid during the financial year 2017-18.

## 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	Sh. R.L. Nolkha	Promoter & Executive Director	45.30	5.44	56.28	0.93	<b>107.95</b>
2	Sh. Dinesh Nolkha	Promoter & Executive Director	37.80	4.54	56.28	0.89	<b>99.51</b>
3	Sh. Nitin Nolakha	Promoter & Executive Director	31.50	3.78	56.28	0.72	<b>92.28</b>

Performance linked incentive – Commission.

Service contract, notice period, severance fee and stock option to Executive Directors - Nil

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

S. No.	Name of Director	Category of Directors	Sitting Fee (Amt. In ₹)
1.	Sh. Y. R. Shah	Independent Non-Executive Director	1,12,500
2.	Smt. Aditi Mehta	Independent Non-Executive Director	1,12,500
3.	Dr. R. Chattopadhyay	Independent Non-Executive Director	1,32,500

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.

### Performance Evaluations:-

The Board of Directors carried out annual performance evaluation of the Board, Committee thereof and Directors as per the criteria laid down in the "Nomination, Remuneration and Evaluation Policy" and found their performance satisfactory.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The "Share Transfer & Investors' Grievance Committee" was constituted on 3rd June, 2005 and in compliance with the provisions of Section 178 of the Companies Act, 2013 & Listing Regulations the Board has named the committee as "Stake Holders Relationship Committee" w.e.f. 6th May, 2014. The committee considers and approves various requests for transfer, 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 meets as and when required and shares are transferred within 15 days from the date of receipt of valid transfer request. During the financial year 2017-18, no meeting of the Committee was held.

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.

### Composition

The composition of "Stake Holders Relationship Committee" is as under:

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

## Corporate Governance Report (Contd.)

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

**Designated E-mail for Investors' Grievances** - [investorrelations@nitinspinners.com](mailto:investorrelations@nitinspinners.com)

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

Two complaints received from Investors during the financial year 2017-18, were resolved to the satisfaction of shareholders and there was no complaint 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
23rd AGM	25.09.2015	3.30 PM	Nitin Spinners Limited 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara -311025	1. Re-appointment of Sh. R. L. Nolkha, Executive Chairman. 2. Re-appointment of Sh. Nitin Nolkha, Executive Director. 3. Borrowing Power increased to ₹ 1,000 Crores. u/s 180(1)(c) of the Companies Act, 2013. 4. Creation of Charge on the assets of the Company u/s 180(1)(a) of the Companies Act, 2013.
24th AGM	24.09.16	3.30 PM	-Do-	Special Resolution for Re-appointment of Sh. Dinesh Nolkha, Managing Director.
25th AGM	04.09.17	3.30 PM	-Do-	1. Increase in Borrowing Power. 2. Creation of Security on increased Borrowing Power. 3. Raising of funds through Securities.

No Resolution was subject to Postal Ballot at last AGM. The resolution subject to postal ballot, if any, at the ensuing Annual General Meeting shall be decided at the time of approval of notice for AGM.

## 7. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on January 30, 2018, inter-alia, to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non Executive Directors;
- Evaluation of 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. 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 since the listing of the Company's shares.

## Corporate Governance Report (Contd.)

### 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 attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Ind AS 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 at [www.nitinspinners.com](http://www.nitinspinners.com) under the link of "Investor Relations"

### Code of Conduct :-

The code of conduct for Directors and Senior Management as approved and amended by the Board of Directors from time to time has been placed on the website of the Company. 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.

### Insider Trading Code :-

The Company has adopted the code of Internal Procedures and Conduct framed under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, inter alia, to prevent insider trading in the shares of the Company.

### 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 employee, vendors and customers to report any suspected or confirmed incident of fraud/misconduct. This policy is applicable to all the directors, employees, vendors and customers of the Company and it is posted on the website of the Company [www.nitinspinners.com](http://www.nitinspinners.com) under the link of "Investor Relations". 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.

### 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. The Independent Directors visit to the manufacturing units. During the year the Company has undertaken expansion project by way of new unit at Chittor – Kota NH-27, Village - Bhanwariya Kalan, Tehsil – Begun (Raj.), Dist. – Chittorgarh (Raj) 312023 at an estimated project cost of ₹ 675 Crores. The Independent Directors were explained about the new unit, its Financials i.e. project cost & Means of Finance and new facilities to be created. The Directors visited the Site of the project and explained about the facilities to be installed at new site through Drawings & Presentation. The details of familiarisation programme for Independent Directors is available at the website of the Company i.e. [www.nitinspinners.com](http://www.nitinspinners.com) under the link of "Investor Relations"

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 i.e. Separate post of Chairperson and Chief Executive Officer.

### 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 Results.

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](http://www.nitinspinners.com) acts as the primary source of information about the Company which inter-alia displayed the annual/quarterly financial results, official press release and Shareholding pattern, of the Company. The same are also displayed on the website of the Stock Exchanges.

Presentations made to institutional investors and analysts on various dates during the financial year 2017-18.

## Corporate Governance Report (Contd.)

### 10. GENERAL SHAREHOLDER INFORMATION

#### Shareholder Information:-

<b>A.</b>	Date of AGM & Time & Venue	22nd September, 2018 at 3.30 PM at the registered office of the Company
<b>B.</b>	Date of Book Closure	15.09.2018 to 22.09.2018 (Both the days Inclusive)
<b>C.</b>	Dividend Payment date	Within 30 days from the date of AGM.
<b>D.</b>	Financial Year	April 1, 2018 to March 31, 2019
<b>E.</b>	Tentative Financial Calendar for next Year for 2018-19:	
	Period	Date of Board Meeting
	1st Quarter ending June, 18	Last week of July, 18
	2nd Quarter ending September, 18	Last week of October, 18
	3rd Quarter ending December, 18	Last week of January, 19
	Year ending 31st March, 19	April/May 2019
	AGM for year ending 31st March, 19	August/September 2019

#### F. Listing on Stock Exchange & Stock Code :

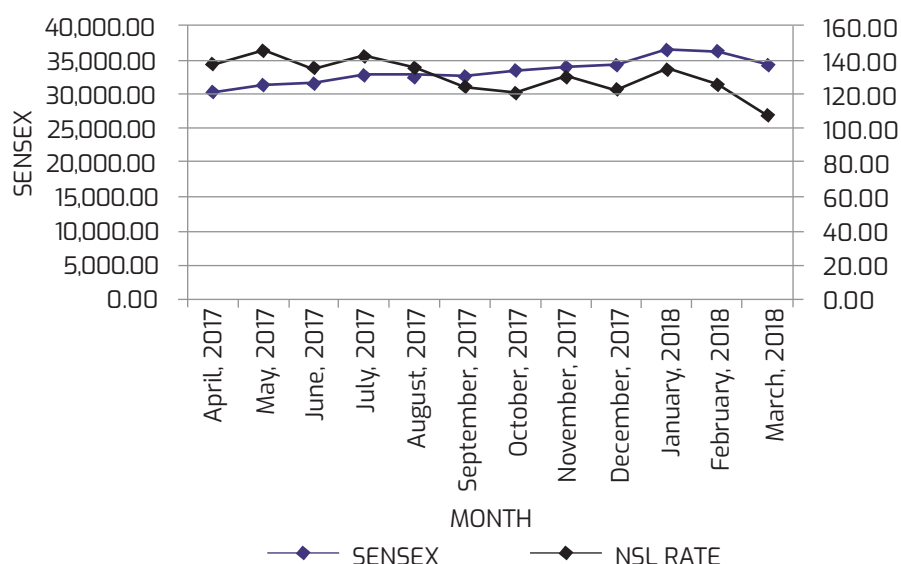
Name of Stock Exchange	Address	Stock Code
BSE Ltd.	Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001	532698
National Stock Exchange of India Ltd.	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	NITINSPIN

The applicable listing fee for the Financial Year 2018-19 has already been paid to both the Stock Exchanges

#### G. Stock Price Data :

Month	BSE		NSE	
	High	Low	High	Low
April, 2017	137.55	121.50	137.50	120.85
May, 2017	145.00	115.00	144.90	114.50
June, 2017	134.90	118.10	135.00	118.00
July, 2017	141.75	122.80	142.00	122.15
August, 2017	135.00	103.10	135.00	102.55
September, 2017	124.50	102.20	125.05	101.85
October, 2017	119.90	101.45	120.00	103.60
November, 2017	129.65	101.25	129.25	103.00
December, 2017	122.65	104.55	120.50	104.10
January, 2018	133.90	108.80	129.00	108.30
February, 2018	124.80	100.60	122.45	103.80
March, 2018	107.20	92.55	107.80	94.00

#### 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, 2018		31st March, 2017	
	No. of Shares	%	No. of Shares	%
No. of Shares Dematerialised				
-NSDL	4,99,09,656	89.84	4,14,18,543	90.36
-CDSL	56,38,974	10.15	44,12,278	9.63
No. of Shares in Physical Mode	3,080	0.01	3,124	0.01
<b>Total</b>	<b>5,55,51,710</b>	<b>100.00</b>	<b>4,58,33,945</b>	<b>100.00</b>

### 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
<b>Unit</b>	: Nitin Spinners Limited
<b>Address</b>	: 1st floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road Marol, Andheri East, Mumbai 40059, Maharashtra
<b>Phone No.</b>	: 022-62638200
<b>Fax No.</b>	: 022-62638299
<b>Email</b>	: <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a>
<b>Web Site</b>	: <a href="http://www.bigshareonline.com">http://www.bigshareonline.com</a>

### Share Transfer System

The transfer of shares in physical form is processed and completed by Bigshare Services Private Ltd., Mumbai within a period of 15 days from the date of receipt thereof provided all the documents are in order and after taking necessary approvals from the Company. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing regulations, a practicing Company Secretary audits the System of Transfer and a Certificate to that effect is issued.

### L. Distribution of Shareholding as on 31st March, 2018:

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% to Shares
Up to 500	17,718	79.2291	30,87,038	5.5570
501 to 1,000	2,227	9.9584	18,63,791	3.3550
1,001 to 2,000	1,101	4.9233	17,15,487	3.0881
2,001 to 3,000	442	1.9765	11,41,187	2.0543
3,001 to 4,000	202	0.9033	7,31,539	1.3169
4,001 to 5,000	191	0.8541	8,97,494	1.6156
5,001 to 10,000	283	1.2655	21,56,465	3.8819
10,001 & above	199	0.8898	4,39,58,709	79.1312
<b>Total</b>	<b>22,363</b>	<b>100</b>	<b>5,55,51,710</b>	<b>100.00</b>

## Corporate Governance Report (Contd.)

### M. Directors Seeking Re-appointment

#### Sh. Ratan Lal Nolkha

Sh. R.L. Nolkha aged 72 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 Ltd. 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 Sh. Dinesh Nolkha, Managing Director and Sh. Nitin Nolakha, Executive Director of the Company. He is not a Director in any other Listed Company.

### N. Plant Location & 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 : [nsi@nitinspinners.com](mailto:nsi@nitinspinners.com)  
Website – [www.nitinspinners.com](http://www.nitinspinners.com)

For and on Behalf of the Board of Directors

**R. L. NOLKHA**

*Chairman*

(DIN – 00060746)

Place : Bhilwara

Dated : 10th May, 2018

## Compliance Certificate

### (Under Regulation 17(8) of the SEBI (Listing Obligations and Development) Regulations, 2015)

- A) We have reviewed financial statements and cash flow statement for the year ended 31st March, 2018 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

Place : Bhilwara

Dated : 10th May, 2018

**(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, 2018 as stipulated in Regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of management. Our examination was limited to 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 in all material respects with the condition of corporate governance as stipulated in the above-mentioned SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Stakeholders Relationship Committee.

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 Reg. No. 000722C)

**(Bhupendra Mantri)**

Partner

M. No. 108170

Place : Bhilwara

Dated : 10th May, 2018

### 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, 2018.

**DINESH NOLKHA**

Managing Director

(DIN – 00054658)

Place : Bhilwara

Dated : 10th May, 2018

## Independent Auditors' Report

To  
The Members of  
**NITIN SPINNERS LIMITED**

### **REPORT ON THE IND AS FINANCIAL STATEMENTS**

We have audited the accompanying Ind AS financial statements of NITIN SPINNERS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE IND AS 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Profit and loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of

the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Ind AS of the state of affairs (financial position) of the Company as at 31st March, 2018 and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **OTHER MATTERS**

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 and audited by the predecessor auditor, whose audit report for the year ended 31st March, 2017 and 31st March, 2016 dated 06th May, 2017 and 3rd May, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of above matter.

## Independent Auditor's Report (Contd.)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure 1** a statement on the matters specified in the paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 our separate report in **Annexure 2**.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - a. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer Note 29 to the financial statements;
    - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - c. 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  
FRN- 000722C

**[Bhupender Mantri]**  
Partner  
M. No. 108170

Place of Signature : Bhilwara  
Dated : 10th May, 2018



## Annexure 1

To the Independent Auditors' Report

**Referred to in our report of even date to the members of NITIN SPINNERS LIMITED on the accounts for the year ended 31st March, 2018**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant & Equipment);.
- (b) The fixed assets (Property, Plant & Equipment) have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company
- (ii) Physical verification of inventory has been conducted 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) (a) Undisputed statutory dues including provident fund, employee state insurance, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, value added tax, 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, 2018 for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us, the gross disputed statutory dues of income tax, sales tax or service tax or duty of customs or duty of excise or value added tax amounts to ₹ 1,194.10 Lacs in aggregate as on 31st March, 2018, out of which ₹ 376.58 Lacs has been deposited under protest/adjusted by tax authorities and the balance of ₹ 817.52 Lacs of dues have not been deposited on account of matters pending before appropriate authorities as detailed below:

Sl. No	Name of Statute	Nature of the disputed statutory dues	Period to which the amount relates (FY)	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	Interest on Excise Duty	2008	Supreme Court, New Delhi	787.02	Nil	787.02
2.	Central Excise	Excise duty and penalty	2006-07	High Court, Jodhpur	9.25	9.25	Nil
3.	Customs	Redemption Fine	2009-10	CESTAT Ahmadabad	0.50	Nil	0.50
4	Central excise	Excise Duty and Penalty	01.04.2000 to 30.06.2000	Commissioner (A) Jaipur	20.37	Nil	20.37

## Annexure 1

To the Independent Auditors' Report (Contd.)

Sl. No	Name of Statute	Nature of the disputed statutory dues	Period to which the amount relates (FY)	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.)
5	Central Excise	Refund- Rebate Claim	2017	Commissioner (A) Jaipur	9.63	Nil	9.63
6.	Rajasthan Vat Act	Input Credit	2012-13	Dy. Commissioner (A) Ajmer	5.78	5.78	Nil
7	Rajasthan Vat Act	Input Credit	2013-14	Dy. Commissioner (A) Ajmer	250.25	250.25	Nil
8	Rajasthan Vat Act	Input Credit	2014-15	Dy. Commissioner (A) Ajmer	111.30	111.30	Nil
<b>Total</b>					<b>1194.10</b>	<b>376.58</b>	<b>817.52</b>

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, banks government or dues to debenture holders.

(ix) The Company has not raised any money by way of initial public offer or further public offer. According to the information and explanations 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) According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, we have been informed that no case of frauds has been committed on or by the Company or by its officers or employees has been noticed or reported during the year.

(xi) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

(xii) The provisions of clause 3 (xii) of the Order, for Nidhi Company, are not applicable to the Company.

(xiii) The Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013 w.r.t. transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year Company has made preferential allotment/ private placement of shares in compliance with the requirement of Section 42 of Companies Act, 2013 and the amount raised has been used for the purpose for which the funds were raised.

(xv) The Company has not entered into any non-cash transactions with the directors or persons connected with him as covered under Section 192 of the Companies Act, 2013.

(xvi) According to information and explanation given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the Company.

For **Kalani & Company**

Chartered Accountants

FRN- 000722C

**[Bhupender Mantri]**

Partner

M. No. 108170

Place of Signature : Bhilwara

Dated : 10th May, 2018

## Annexure 2

To the Auditors' Report

**Referred to in paragraph 2(f) under 'Report on other Legal and Regulatory Requirements' section of our report of even date to the members of NITIN SPINNERS LIMITED on the Ind AS financial statements for the year ended 31st March, 2018**

### **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 Ind AS financial statements of NITIN SPINNERS LIMITED ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS 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 w.r.t. Ind AS 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 ('ICAI'). 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 w.r.t. Ind AS 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 ICAI.

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 w.r.t. Ind AS 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 w.r.t. Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls w.r.t. Ind AS financial statements included obtaining an understanding of internal financial controls w.r.t. Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system w.r.t. Ind AS financial statements.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS W.R.T. IND AS FINANCIAL STATEMENTS**

A Company's internal financial control w.r.t. Ind AS 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 control w.r.t. 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;

## Annexure 2

To the Auditors' Report (Contd.)

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS W.R.T. IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls w.r.t. Ind AS financial statements, 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 w.r.t. Ind AS financial statements to future periods are subject to the risk that the internal financial controls w.r.t. Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls w.r.t. Ind AS financial statements were operating effectively as at 31st March, 2018, based on the internal controls w.r.t. Ind AS financial statements criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For **Kalani & Company**

Chartered Accountants

FRN- 000722C

**[Bhupender Mantri]**

Partner

M. No. 108170

Place of Signature : Bhilwara

Dated : 10th May, 2018

## Balance Sheet

As at 31st March, 2018

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
a) Property, Plant and Equipment	2	56,937.62	61,301.92	38,181.81
b) Capital Work-in-Progress	3	424.62	-	1,706.21
c) Intangible Assets	4	42.65	47.34	29.43
d) Other Non-Current Assets	5	810.03	394.48	1,813.20
<b>Total Non-Current Assets [A]</b>		<b>58,214.92</b>	<b>61,743.74</b>	<b>41,730.65</b>
<b>(2) Current Assets</b>				
a) Inventories	6	20,548.87	17,001.82	11,472.25
b) Financial Assets				
(i) Trade Receivables	7	8,810.05	4,832.71	3,924.75
(ii) Cash and Cash Equivalents	8	10.01	112.44	47.80
(iii) Other Bank Balances	8A	19.73	14.39	9.13
(iv) Other Financial Asset	9	38.54	255.23	26.28
c) Other Current Assets	10	5,217.04	4,561.61	3,568.88
<b>Total Current Assets [B]</b>		<b>34,644.24</b>	<b>26,778.20</b>	<b>19,049.09</b>
<b>Total Assets {A+B}</b>		<b>92,859.16</b>	<b>88,521.94</b>	<b>60,779.74</b>
<b>EQUITY AND LIABILITIES</b>				
<b>A) Equity</b>				
a) Equity Share Capital	11	5,555.17	4,583.39	4,583.39
b) Other Equity	12	36,127.98	21,845.16	16,531.46
<b>Total Equity [A]</b>		<b>41,683.15</b>	<b>26,428.55</b>	<b>21,114.85</b>
<b>B) LIABILITIES</b>				
<b>(1) Non-Current Liabilities</b>				
a) Financial Liabilities				
(i) Borrowing	13	31,050.14	38,940.65	24,090.58
b) Provisions	14	898.28	759.47	534.14
c) Deferred Tax Liabilities (Net)	15	1,677.31	1,383.62	1,512.16
<b>Total Non-Current Liabilities [B]</b>		<b>33,625.73</b>	<b>41,083.74</b>	<b>26,136.88</b>
<b>(2) Current Liabilities</b>				
a) Financial Liabilities				
(i) Borrowing	16	8,751.55	11,221.47	5,772.36
(ii) Trade Payables	17	2,556.60	1,819.62	1,308.90
(iii) Other Financial Liabilities	18	5,830.15	7,466.91	6,059.09
b) Other Current Liabilities	19	244.56	389.77	231.20
c) Provisions	20	96.46	73.81	62.31
d) Current Tax Liabilities (Net)	21	70.96	38.07	94.15
<b>Total Current Liabilities [C]</b>		<b>17,550.28</b>	<b>21,009.65</b>	<b>13,528.01</b>
<b>Total Liabilities {B+C}</b>		<b>51,176.01</b>	<b>62,093.39</b>	<b>39,664.89</b>
<b>Total Equity and Liabilities {A+B+C}</b>		<b>92,859.16</b>	<b>88,521.94</b>	<b>60,779.74</b>

In terms of our report of even date

For **KALANI & CO.**Chartered Accountants  
(Firm Reg. no. 000722C)**BHUPENDER MANTRI**Partner  
M.No. 108170

Place : Bhilwara

Date : 10th May, 2018

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 Profit & Loss

For the year ended 31st March, 2018

(₹ in Lacs)

Particulars	Note	For the year ended 31st March, 2018	For the year ended 31st March, 2017
I Revenue from Operations	22	1,14,524.89	93,339.19
II Other Income	23	225.76	78.55
<b>III Total Income (I+II)</b>		<b>1,14,750.65</b>	<b>93,417.74</b>
<b>IV Expenses</b>			
Cost of Materials Consumed	24	71,411.78	61,451.52
Purchase of Stock in Trade		-	262.23
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	1,344.78	(2,811.76)
Employee Benefits Expense	26	6,065.30	5,184.79
Finance Cost	27	2,954.87	2,226.93
Depreciation & Amortisation Expense	2,4	5,619.01	4,165.91
Other Expenses	28	20,211.40	15,906.39
<b>Total Expenses (IV)</b>		<b>1,07,607.14</b>	<b>86,386.01</b>
V Profit Before Exceptional Items & Tax		7,143.51	7,031.73
VI Exceptional Items		-	-
<b>VII Profit/(Loss) Before Tax (V-VI)</b>		<b>7,143.51</b>	<b>7,031.73</b>
<b>VIII Tax Expenses:</b>			
1. Current Tax		1,597.64	232.59
2. Earlier Year		(514.25)	-
3. Deferred Tax		821.53	1,064.18
<b>IX Profit /(Loss) for the period from Continued Operations After Tax (VII-VIII)</b>		<b>5,238.59</b>	<b>5,734.96</b>
<b>X Other Comprehensive Income</b>			
<b>1 Items that will not be reclassified to profit or loss (Net of Tax)</b>			
- Remeasurements of Defined Benefit Plans		60.96	(31.36)
Income tax related to Defined Benefit Plans		(21.10)	10.85
<b>2 Items that will be reclassified to profit or loss (Net of Tax)</b>			
- Change in Fair Value of Effective portion of Cash Flow Hedge		(255.95)	230.77
Tax on Cash Flow Hedge Recognised during the year		88.58	(79.87)
<b>Total Other Comprehensive Income for the year, net of Income Tax</b>		<b>(127.51)</b>	<b>130.39</b>
<b>XI Total Comprehensive Income for the period (IX+X)</b>		<b>5,111.08</b>	<b>5,865.35</b>
<b>XII Earning Per Equity Share</b>			
(1) Basic		10.56	12.51
(2) Diluted		10.56	12.51
<b>Significant Accounting Policies</b>	1		
<b>Disclosures and Additional information</b>	29-39		

In terms of our report of even date

For **KALANI & CO.**

Chartered Accountants  
(Firm Reg. no. 000722C)

**BHUPENDER MANTRI**

Partner  
M.No. 108170

Place : Bhilwara  
Date : 10th May, 2018

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 Cash Flow

For the year ended 31st March, 2018

(₹ in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax & Exceptional Items	7,143.51	7,031.73
Adjustments for :-		
Depreciation	5,619.01	4,165.91
Interest Expenditure	2,954.87	2,226.93
Loss/ (Profit) on sale of Fixed Assets	0.41	(1.71)
Actuarial (loss)/gains on Defined benefit obligations	60.96	(31.36)
<b>Operating Profit Before Working Capital Changes (1)</b>	<b>15,778.76</b>	<b>13,391.50</b>
Adjustments for :-		
Decrease/( Increase)Inventories	(3,547.05)	(5,529.57)
Decrease/ (Increase)Sundry Debtors	(3,977.34)	(907.96)
Decrease/ (Increase) Loans and Advances (Current & Non Current)	(751.91)	(1,044.57)
Increase/(Decrease) Current & Non Current Liabilities	637.72	996.55
<b>Total Adjustments (2)</b>	<b>(7,638.58)</b>	<b>(6,485.55)</b>
<b>Cash Generated from Operations (1-2)</b>	<b>8,140.18</b>	<b>6,905.95</b>
Less : Taxes Paid	1,510.86	1,550.40
<b>Net Cash Generated from Operating Activities (A)</b>	<b>6,629.32</b>	<b>5,355.55</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1,252.10)	(27,311.50)
Capital WIP including Capital Advances	(763.11)	3,173.32
Sale of Fixed Assets	1.67	9.28
<b>Net Cash Generated/(used) in Investing Activities (B)</b>	<b>(2,013.54)</b>	<b>(24,128.90)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from /(Repayment) of short term borrowing (Net)	(2,469.92)	5,449.11
Proceeds from long term borrowings	-	21,515.00
Repayment of long term borrowings	(9,436.94)	(5,347.55)
Interest Paid	(2,954.87)	(2,226.93)
Proceeds from issue of Shares	11,193.70	-
Equity Issue Expenses	(388.20)	-
Dividend Paid	(550.01)	(458.34)
Tax on Dividend Paid	(111.97)	(93.31)
<b>Net Cash Generated/(used) From Financing Activities (C)</b>	<b>(4,718.21)</b>	<b>18,837.98</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>(102.43)</b>	<b>64.63</b>
Opening Balance of Cash & Cash Equivalent	112.44	47.81
<b>Closing Balance of Cash &amp; Cash Equivalent</b>	<b>10.01</b>	<b>112.44</b>

In terms of our report of even date

For **KALANI & CO.**Chartered Accountants  
(Firm Reg. no. 000722C )**BHUPENDER MANTRI**Partner  
M.No. 108170

Place : Bhilwara

Date : 10th May, 2018

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, 2018

## A. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number	(₹ In Lacs)	Number	(₹ In Lacs)
<b>Equity Share Capital:</b>				
Balance at the beginning of reporting period	4,58,33,945	4,583.39	4,58,33,945	4,583.39
Add: Shares Issued during the year	97,17,765	971.78	-	-
<b>Balance at the closing of reporting period</b>	<b>5,55,51,710</b>	<b>5,555.17</b>	<b>4,58,33,945</b>	<b>4,583.39</b>

## B. OTHER EQUITY

Particulars	Reserves & Surplus				Other Reserves	Total
	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Effective Portion of Cash Flow Hedge Reserve	
<b>Balance as at 1st April, 2016</b>	<b>150.00</b>	<b>2,766.73</b>	<b>2,250.00</b>	<b>11,364.73</b>	-	<b>16,531.46</b>
Profit for the year	-	-	-	5,734.96	-	5,734.96
<b>Other Comprehensive Income / (Expenses) (OCI)</b>						
a) Remeasurement of Defined Benefit Obligation (net of Tax)				(20.51)		(20.51)
b) Adjustment for Effective portion of Cash Flow Hedge (net of Tax)					150.90	150.90
Dividends (Including Corporate Dividend Tax)	-	-	-	(551.65)	-	(551.65)
Transfer to General Reserve	-	-	750.00	(750.00)	-	-
<b>Balance as at 31st March, 2017</b>	<b>150.00</b>	<b>2,766.73</b>	<b>3,000.00</b>	<b>15,777.53</b>	<b>150.90</b>	<b>21,845.16</b>
Profit for the year				5,238.59		5,238.59
<b>Other Comprehensive Income / (Expenses) (OCI)</b>						
a) Remeasurement of Defined Benefit Obligation (net of Tax)				39.86		39.86
b) Adjustment for Effective portion of Cash Flow Hedge (net of Tax)					(167.37)	(167.37)
Dividends (Including Dividend Tax)	-	-	-	(661.98)	-	(661.98)
Share Premium	-	10,221.92	-	-	-	10,221.92
Equity Issue Expenses	-	-	-	(388.20)	-	(388.20)
Transfer to General Reserve	-	-	1,000.00	(1,000.00)	-	-
<b>Balance as at 31st March, 2018</b>	<b>150.00</b>	<b>12,988.65</b>	<b>4,000.00</b>	<b>19,005.80</b>	<b>(16.47)</b>	<b>36,127.98</b>

In terms of our report of even date

For **KALANI & CO.**

Chartered Accountants  
(Firm Reg. no. 000722C )

**BHUPENDER MANTRI**

Partner  
M.No. 108170

Place : Bhilwara  
Date : 10th May, 2018

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)

## Notes

To the Financial Statement (Contd.)

### 1 COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICY

#### 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, and Bhilwara-(Raj 311025). The Company is engaged in manufacturing of Cotton Yarn and Knitted Fabrics. The Company is listed at National Stock Exchange of India Limited and at BSE Limited.

#### B. Basis of Preparation

##### 1. Statement of Compliance

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. These are Company's first Ind AS compliant financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards' has been applied.

For all periods up to and including 31st March, 2017, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, accounting standards specified under Section 133 of the Companies Act, 2013, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956. The Company followed the provisions of Ind AS 101 in preparing its Opening Ind AS Balance Sheet as on the date of transition, viz. 1st April, 2016. Some of the Company's Ind AS accounting policies used in the opening Balance Sheet are different from its previous GAAP policies applied as at 31st March, 2016, accordingly the adjustments were made to restate the opening balance as per Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognised directly through retained earnings as at 1st April, 2016. This is the effect of the general rule of the Ind AS 101 which is to apply Ind AS retrospectively.

An Explanation of how the transition to Ind AS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in Note No. 39.

##### 2. 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.

##### 3. 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.

##### 4. 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 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:

## Notes

To the Financial Statement (Contd.)

- 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.

The Company has elected to utilise the option under Ind AS 101 by not applying the provisions of Ind AS 16 and Ind AS 38 retrospectively and continue to use the previous GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS. Therefore, the carrying amount of property, plant and equipment and intangible assets as at 1st April, 2016, the Company's date of transition to Ind AS, according to the previous GAAP were maintained in transition to Ind AS.

#### 1. Property Plant & Equipment

##### 1.1. Initial recognition and measurement

An item of property, plant and equipment 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 & 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 A/c as 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 Equipment, Fire Fighting Equipment and Tools & Equipment) 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 fixed assets 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



## Notes

To the Financial Statement (Contd.)

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 capitalisation under intangible assets are carried as intangible assets under development till they are ready for their intended use.

#### 3.2. Subsequent costs

Subsequent expenditure is 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 17 – '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.

## Notes

To the Financial Statement (Contd.)

### 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 A/c 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.

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

## Notes

### To the Financial Statement (Contd.)

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 A/c 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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable and taking into account contractually defined terms of payment.

##### 11.1 Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership 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 the fair value of the consideration received or receivable including excise duty, net of returns and allowances, trade discounts, volume rebates and value added tax/goods and service tax. 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 Interest Income

For all financial instruments classified and measured at amortised cost, 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.

#### 11.5 Dividend

Dividend Income is recognised when the Company's right to receive is established which generally occurs when the shareholders approve the dividend.

#### 11.6 Other Income

Other income is recognised in the Statement of Profit and Loss A/c 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.

## Notes

To the Financial Statement (Contd.)

### 12.2.2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Company pays Gratuity as per provisions of the Gratuity Act, 1972. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a liability to the Company, the present value of liability is 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 A/c 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.

## Notes

To the Financial Statement (Contd.)

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:

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the customer the right to control the use of the underlying asset. Arrangements that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset in return for a payment or a series of payments are identified as either finance leases or operating leases.

#### 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.

### 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.



## Notes

To the Financial Statement (Contd.)

### 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 11 and Ind AS 18, Company follows 'simplified approach' for recognition of impairment loss allowance within the scope of Ind AS 11 and Ind AS 18, 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 A/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.

**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,

## Notes

To the Financial Statement (Contd.)

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 Fixed Assets.

### 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.

## Notes

To the Financial Statement (Contd.)

### 2. Property, Plant and Equipment

As at 31st March, 2018

Particulars	Gross Carrying Amount			Depreciation/Amortisation			Net Carrying Amount	
	As at 1st April, 2017	Addition	Deduction	As at 31 March, 2018	As at 1st April, 2017	For the year	As at 31 March, 2018	As at 31 March, 2017
<b>Tangible Assets</b>								
Free Hold Land	599.54	174.86	-	774.40	-	-	774.40	599.54
Lease Hold Land (Under CSR)	131.34	3.72	-	135.06	0.74	1.31	133.01	130.60
Buildings	13,362.70	551.04	-	13,913.74	440.25	577.43	12,896.06	12,922.45
Plant & Machinery	49,912.48	86.56	38.53	49,960.51	3,370.85	4,786.87	41,839.24	46,541.63
Electric Installation	949.15	42.10	-	991.25	221.98	162.83	384.81	727.17
Furniture & Fixtures	93.55	276.12	-	369.67	9.94	12.04	21.98	83.61
Office Equipments	102.29	74.82	-	177.11	8.27	26.55	34.82	94.02
Vehicles	230.40	34.35	-	264.75	27.50	38.76	66.26	202.90
<b>Total</b>	<b>65,381.45</b>	<b>1,243.57</b>	<b>38.53</b>	<b>66,586.49</b>	<b>4,079.53</b>	<b>5,605.79</b>	<b>9,648.87</b>	<b>61,301.92</b>

As at 31st March, 2017

Particulars	Gross Carrying Amount			Depreciation/Amortisation			Net Carrying Amount	
	As at 1st April, 2016	Addition	Deduction	As at 31 March, 2017	As at 1st April, 2016	For the year	As at 31 March, 2017	As at 31 March, 2016
<b>Tangible Assets</b>								
Free Hold Land	489.21	110.33	-	599.54	-	-	599.54	489.21
Lease Hold Land (Under CSR)	-	131.34	-	131.34	-	0.74	130.60	-
Buildings	8,431.33	4,946.20	14.83	13,362.70	-	440.25	12,922.45	8,431.33
Plant & Machinery	28,156.71	21,894.34	138.57	49,912.48	-	3,437.34	46,541.63	28,156.71
Electric Installation	836.88	113.51	1.24	949.15	-	222.84	727.17	836.88
Furniture & Fixtures	55.63	39.31	1.39	93.55	-	11.26	83.61	55.63
Office Equipments	44.44	64.71	6.86	102.29	-	14.79	94.02	44.44
Vehicles	167.61	69.15	6.36	230.40	-	31.08	202.90	167.61
<b>Grand Total</b>	<b>38,181.81</b>	<b>27,368.89</b>	<b>169.25</b>	<b>65,381.45</b>	<b>-</b>	<b>4,158.30</b>	<b>4,079.53</b>	<b>38,181.81</b>

2.1 (a) All Property, Plant and Equipments mentioned above (except Leasehold Land Under CSR) having net block of ₹56,804.61 Lacs (PY ₹61,171.32 Lacs) are held as security towards Borrowings as specified in Note. 13

To the Financial Statement (Contd.)

## 2.2 Information regarding Gross Block of Property, Plant and Equipment and Accumulated Depreciation under Previous GAAP is as follows:

Particulars	Free Hold Land	Lease Hold Land	Buildings	Plant & Machinery	Electric Installation	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross Block as on 01st April, 2016	489.21	-	10,634.05	48,813.52	2,081.14	101.08	138.96	237.02	62,494.98
Accumulated Depreciation as on 1st April, 2016	-	-	2,202.72	20,656.81	1,244.26	45.45	94.52	69.41	24,313.17
<b>Net Block as on 01st April, 2016</b>	<b>489.21</b>	<b>-</b>	<b>8,431.33</b>	<b>28,156.71</b>	<b>836.88</b>	<b>55.63</b>	<b>44.44</b>	<b>167.61</b>	<b>38,181.81</b>

### 2.3 Information regarding historical cost of Property, Plant & Equipment based on the previous GAAP prior to date of transition to Ind AS is as follow:

Particulars	Free Hold Land	Lease Hold Land	Buildings	Plant & Machinery	Electric Installation	Furniture & Fixtures	Office Equipments	Vehicles	Total
<b>Gross Block as on 01st April, 2016</b>	489.21	-	10,634.05	48,813.52	2,081.14	101.08	138.96	237.02	<b>62,494.98</b>
Addition/Adjustment during the year 2016-17	110.33	131.34	4,931.37	21,755.77	112.27	37.92	57.85	62.79	<b>27,199.64</b>
<b>Total Historical Cost as on 31st March, 2017</b>	599.54	131.34	15,565.42	70,569.29	2,193.41	139.00	196.81	299.81	<b>89,694.62</b>
Addition/Adjustment during the year 2017-18	174.86	3.72	551.04	48.03	42.10	276.12	74.82	34.35	<b>1,205.04</b>
<b>Total Historical Cost as on 31st March 2018</b>	774.40	135.06	16,116.46	70,617.32	2,235.51	415.12	271.63	334.16	<b>90,899.66</b>

## Notes

To the Financial Statement (Contd.)

### 3 CAPITAL WORK IN PROGRESS

As at 31st March, 2018

(₹ In Lacs)

Particulars	As at 1st April, 2017	Addition	Deductions/ Adjustments	Capitalised	As at 1st March, 2018
A. Building CSR	-	123.18	-	-	123.18
B. Plant & Machinery	-	24.74	-	-	24.74
C. Building	-	187.42	-	-	187.42
D. Furniture and fixture	-	0.20	-	-	0.20
E. Electric Installation	-	29.79	-	-	29.79
F. Expenses pending to be allocated					
- Legal and Profession	-	5.23	-	-	5.23
- Employee Benefit Expenses	-	19.56	-	-	19.56
- Travelling Expenses	-	4.12	-	-	4.12
- Administartion Expenses	-	30.38	-	-	30.38
<b>Total</b>	<b>-</b>	<b>424.62</b>	<b>-</b>	<b>-</b>	<b>424.62</b>

As at 31st March 2017

(₹ In Lacs)

Particulars	As at 1st April, 2016	Addition	Deductions/ Adjustments	Capitalised	As at 1st March, 2017
A. Building	1,575.05	3,011.53	359.62	4,946.20	-
B. Plant & Machinery	20.47	20,154.86	1,642.22	21,817.55	-
C. Office Equipment	2.85	59.13	-	61.98	-
D. Electric Installation	6.93	98.46	8.11	113.50	-
E. Furniture and Fixtures	10.17	28.59	-	38.76	-
F. Computer Software	-	4.52	-	4.52	-
G. Vehicles	-	42.09	-	42.09	-
H. Expenses					
- Legal and Profession	44.01	15.18	(59.19)	-	-
- Employee Benefit Expenses	1.30	278.76	(280.06)	-	-
- Interest Cost	-	1,027.89	(1,027.89)	-	-
- Electricity Charges	-	462.15	(462.15)	-	-
- Finance Charges	24.93	99.76	(124.69)	-	-
- Insurance Premium	1.46	12.93	(14.39)	-	-
- Travelling & Other Expenses	15.87	10.23	(26.10)	-	-
- Other Expenses	3.17	12.31	(15.48)	-	-
<b>Total</b>	<b>1,706.21</b>	<b>25,318.39</b>	<b>(0.00)</b>	<b>27,024.60</b>	<b>-</b>



## Notes

To the Financial Statement (Contd.)

## 4 INTANGIBLE ASSETS

As at 31st March, 2018

Particulars	Gross Carrying Amount		Depreciation/Amortisation		Net Carrying Amount	
	As at 1st April, 2017	Addition	Deduction	As at 31 March, 2018	As at 31 March, 2018	As at 31 March, 2017
Computer Software	54.95	8.53	-	63.48	20.83	42.65
<b>Total</b>	<b>54.95</b>	<b>8.53</b>	<b>-</b>	<b>63.48</b>	<b>20.83</b>	<b>42.65</b>

As at 31st March, 2017

Particulars	Gross Carrying Amount		Depreciation/Amortisation		Net Carrying Amount	
	As at 1st April, 2016	Addition	Deduction	As at 31 March, 2017	As at 31 March, 2017	As at 31 March, 2016
Computer Software	29.43	25.52	-	54.95	7.61	47.34
<b>Total</b>	<b>29.43</b>	<b>25.52</b>	<b>-</b>	<b>54.95</b>	<b>7.61</b>	<b>29.43</b>

4.1 Information regarding Gross Block of Intangible Asset and accumulated amortisation under Previous GAAP is as follows:

(₹ In Lacs)

Particulars	Computer Software
Gross Block as on 01st April, 2016	37.40
Accumulated Depreciation as on 1st April, 2016	7.97
<b>Net Block as on 01st April, 2016</b>	<b>29.43</b>

4.2 Information regarding historical cost of Intangible Asset based on the previous GAAP prior to date of transition to Ind AS is as follow:

(₹ In Lacs)

Particulars	Computer Software
Gross Block as on 01st April, 2016	37.40
Additions (Net) during the Year 2016-17	25.52
Total Historical Cost as on 31st March 2017	62.92
Additions (Net) during the Year 2017-18	8.53
<b>Total Historical Cost as on 31st March 2018</b>	<b>71.45</b>

## Notes

To the Financial Statement (Contd.)

### 5 OTHER NON CURRENT ASSETS

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Security Deposits	403.33	312.09	247.58
Income Tax Refundable	2.22	2.22	-
Deferred Transaction Cost	65.99	80.17	-
Advance against CSR Assets	-	-	98.51
Capital Advances	338.49	-	1,467.11
<b>Total</b>	<b>810.03</b>	<b>394.48</b>	<b>1,813.20</b>

### 6 INVENTORIES

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw Materials	16,756.07	11,737.22	8,690.96
Work-In-Process	1,062.58	1,134.80	651.42
Finished Goods	1,963.72	3,236.28	907.90
Stores and Spares	576.39	548.72	420.13
Fuel	190.11	344.80	801.84
<b>Total</b>	<b>20,548.87</b>	<b>17,001.82</b>	<b>11,472.25</b>

#### 6.1 INVENTORY HAS BEEN VALUED AS PER THE ACCOUNTING POLICY

#### 6.2 RAW MATERIAL CONSIST OF:

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Cotton	16,700.51	11,643.21	8,672.67
Yarn	55.56	94.01	18.29
<b>Total</b>	<b>16,756.07</b>	<b>11,737.22</b>	<b>8,690.96</b>

#### 6.3 FINISHED GOODS CONSIST OF:

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
- Yarn	1,610.88	2,736.87	670.36
- Grey Knitted Fabric	215.41	257.58	176.57
- Saleable Waste	137.43	241.83	60.97
<b>Total</b>	<b>1,963.72</b>	<b>3,236.28</b>	<b>907.90</b>

## Notes

To the Financial Statement (Contd.)

### 7 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLE

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade Receivables			
- Unsecured, Considered Good	8,781.01	4,832.71	3,924.75
- Considered Doubtful	58.08	-	-
Less : - Impairment Allowance for Doubtful debts	(29.04)	-	-
	29.04	-	-
<b>Total</b>	<b>8,810.05</b>	<b>4,832.71</b>	<b>3,924.75</b>

**Note 7.1** Ageing and other information has been depicted in note no. 36

### 8 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Cash on Hand	2.67	6.73	10.47
Balance with Banks in : - Current Accounts	7.34	105.71	37.33
<b>Total</b>	<b>10.01</b>	<b>112.44</b>	<b>47.80</b>

#### 8A: Current Financial Assets - Bank Balance other than Cash & Cash Equivalents

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unclaimed Dividend Accounts	19.73	14.39	9.13
<b>Total</b>	<b>19.73</b>	<b>14.39</b>	<b>9.13</b>

### 9 CURRENT FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Derivative Assets (Net)	-	230.77	-
Advances to Employees	38.54	24.46	26.28
<b>Total</b>	<b>38.54</b>	<b>255.23</b>	<b>26.28</b>

### 10 OTHER CURRENT ASSETS

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advances to Suppliers	1,545.60	638.67	169.66
Prepaid Expenses	82.62	-	-
Amount Receivable under TUFs /RIPS	612.72	239.96	803.12
Vat/GST credit receivable	2,544.70	781.41	1,331.30
Other Receivables*	431.40	2,901.57	1,264.80
<b>Total</b>	<b>5,217.04</b>	<b>4,561.61</b>	<b>3,568.88</b>

\* Other receivable includes amount of rebates, export incentive and duty drawback etc.

## Notes

To the Financial Statement (Contd.)

### EQUITY & LIABILITIES

#### EQUITY

#### 11 SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Authorised :</b>			
6,00,00,000 (Previous Year : 4,60,00,000) Equity Shares of ₹ 10/- Each	6,000.00	4,600.00	4,600.00
Nil (Previous Year : 4,00,000) Preference Shares of ₹ 100/- Each	-	400.00	400.00
<b>Total</b>	<b>6,000.00</b>	<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued, Subscribed &amp; Fully Paid up :</b>			
5,55,51,710 (Previous Year : 4,58,33,945 ) Equity Shares of ₹ 10/- Each fully paid up ranking pari passu	5,555.17	4,583.39	4,583.39
<b>Total</b>	<b>5,555.17</b>	<b>4,583.39</b>	<b>4,583.39</b>

#### a. Details of Shareholders holding more than 5% Shares are as under :

Name of Shareholders	No. of Shares (% of Holding)	No. of Shares (% of Holding)	No. of Shares (% of Holding)
Redial Trading & Investment Private Limited	1,67,55,000 (30.16%)	1,67,55,000 (36.56%)	1,67,55,000 (36.56%)
Ratan Lal Nolkha	57,16,000 (10.29%)	55,50,000 (12.11%)	55,50,000 (12.11%)

#### b. Reconciliation of the number of Shares outstanding is set out below :

(₹ in Lacs)

Particulars	No. of Shares	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	4,58,33,945	4,58,33,945	4,58,33,945
Add : Shares issued during the year	97,17,765	-	-
Equity Shares at the end of the year	5,55,51,710	4,58,33,945	4,58,33,945

#### 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.

#### 12 OTHER EQUITY

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
a. Capital Redemption Reserve	150.00	150.00	150.00
b. Securities Premium Reserve	12,988.65	2,766.73	2,766.73
c. General Reserve	4,000.00	3,000.00	2,250.00
d. Other Reserve - Cash Hedge Reserve	(16.47)	150.90	-
e. Retained Earnings	19,005.80	15,777.53	11,364.73
<b>Total</b>	<b>36,127.98</b>	<b>21,845.16</b>	<b>16,531.46</b>

## Notes

To the Financial Statement (Contd.)

### 12.1 Particulars of Other Equity

(₹ in Lacs)		
Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>a. Capital Redemption Reserve</b>		
Opening Balance	150.00	150.00
Additions during the year	-	-
Deductions during the year	-	-
<b>Net Balance</b>	<b>150.00</b>	<b>150.00</b>
<b>b. Securities Premium Reserve</b>		
Opening Balance	2,766.73	2,766.73
Additions during the year	10,221.92	-
Deductions during the year	-	-
<b>Net Balance</b>	<b>12,988.65</b>	<b>2,766.73</b>
<b>c. General Reserve</b>		
Opening Balance	3,000.00	2,250.00
Additions during the year	1,000.00	750.00
Deductions during the year	-	-
<b>Net Balance</b>	<b>4,000.00</b>	<b>3,000.00</b>
<b>d. Other Reserve - Cash Hedge Reserve</b>		
Opening Balance	150.90	-
Additions during the period	(167.37)	150.90
<b>Net Balance</b>	<b>(16.47)</b>	<b>150.90</b>
<b>e. Retained Earnings</b>		
<b>Opening Balance</b>	<b>15,777.53</b>	<b>11,364.73</b>
Add: Profits for the year	5,238.59	5,734.96
<b>Less : Allocation / Appropriation</b>	<b>-</b>	<b>-</b>
Proposed Dividend	550.01	458.34
Tax on Proposed Dividend	111.97	93.31
Transfer to General Reserve	1,000.00	750.00
Equity Issue Expenses	388.20	-
Actuarial losses/(gain) on defined benefit plan	(39.86)	20.51
<b>Sub Total</b>	<b>2,010.32</b>	<b>1,322.16</b>
<b>Net Balance</b>	<b>19,005.80</b>	<b>15,777.53</b>
<b>Total (a to e)</b>	<b>36,127.98</b>	<b>21,845.16</b>



## Notes

To the Financial Statement (Contd.)

### 13 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>(A) Term Loans from Banks</b>	36,157.30	45,581.60	29,397.88
Less: Taken to other Current Liabilities being Current Maturities	5,109.05	6,649.24	5,316.20
<b>Total</b>	<b>31,048.25</b>	<b>38,932.36</b>	<b>24,081.68</b>
<b>(B) Vehicle Loans From Banks</b>	8.29	20.93	37.20
Less: Taken to other Current Liabilities being Current Maturities	6.40	12.64	28.30
<b>Total (B)</b>	<b>1.89</b>	<b>8.29</b>	<b>8.90</b>
<b>Total (A+B)</b>	<b>31,050.14</b>	<b>38,940.65</b>	<b>24,090.58</b>

#### 13.1. Security

- (a) Term Loans of ₹ 35,909.30 Lacs (PY- ₹ 44,400.35 Lacs and 01.04.2016- ₹ 27,616.63 Lacs) are secured by way of first charge on all immovable and movable Property, Plant and Equipment (both present and future) and second charge on current assets. The term loan of ₹ 248.00 Lacs (PY- ₹ 1,181.25 Lacs and 01.04.2016- ₹ 1,781.25 Lacs) are secured by way of IIIrd charge on all immovable and movable Property, Plant and Equipment and current assets of the company. The term loans are also secured by personal guarantee of three directors.
- (b) Vehicle Loans are secured by hypothecation of the specific vehicles.

#### 13.2. Terms of Repayment

- (a) Term loans of ₹ 324.77 Lacs in 3 variable quarterly instalments upto December, 2018, ₹ 112.53 Lacs in 7 equal quarterly instalments upto December, 2019, ₹ 14,650.00 Lacs in 20 variable quarterly instalments upto March, 2023 and ₹ 21,070.00 Lacs in 27 variable quarterly instalments upto December, 2024.
- (b) Vehicle loan of ₹ 1.09 Lacs is repayable in 2 variable monthly instalments upto June, 2018 and ₹ 7.20 Lacs is repayable in 16 variable monthly instalments upto August, 2019.

### 14 NON CURRENT LIABILITIES - PROVISIONS

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Provision for Employee Benefits</b>	898.28	759.47	534.14
<b>Total</b>	<b>898.28</b>	<b>759.47</b>	<b>534.14</b>

### 15 DEFERRED TAX LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>A. Deferred Tax Liability</b>			
- Depreciation	6,599.83	5,682.87	4,536.73
- Deferred Transaction Cost	22.84	-	-
	<b>6,622.67</b>	<b>5,682.87</b>	<b>4,536.73</b>

## Notes

To the Financial Statement (Contd.)

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>B. Deferred Tax Assets</b>			
- Employee Benefits & Other Expenses	406.65	288.38	206.42
	<b>406.65</b>	<b>288.38</b>	<b>206.42</b>
<b>Net Liability</b>	<b>6,216.02</b>	<b>5,394.49</b>	<b>4,330.31</b>
Less : MAT Credit Entitlement	4,530.00	4,090.74	2,818.15
Deferred Tax Liabilities/(Assets) related to OCI	(8.71)	79.87	-
<b>C. Deferred Tax Liability (Net)</b>	<b>1,677.31</b>	<b>1,383.62</b>	<b>1,512.16</b>

15.1 Further information has been disclosed in Note No. 30

### 16 CURRENT FINANCIAL LIABILITIES- BORROWINGS

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Working Capital Loan from Banks (Secured)	8,751.55	10,746.47	5,772.36
Loan from related parties (Unsecured)	-	475.00	-
<b>Total</b>	<b>8,751.55</b>	<b>11,221.47</b>	<b>5,772.36</b>

### 17 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Dues to MSME	-	-	-
Dues to Others:			
- For Goods	509.91	301.48	338.70
- For Services & Others	2,046.69	1,518.14	970.20
<b>Total</b>	<b>2,556.60</b>	<b>1,819.62</b>	<b>1,308.90</b>

17.1 Trade Payables include ₹ Nil (Previous Year ₹ Nil) amount due to Micro & Small Enterprises as at 31st March, 2018. The figures have been disclosed on the basis of informations received from suppliers who have registered themselves under 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.

### 18 CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Derivative Liability (Net)	25.18	-	-
Current Maturities of Long Term Debt	5,115.45	6,661.88	5,344.50
Interest Accrued but not due	1.16	5.50	8.25
Unclaimed Dividend	19.73	14.40	9.14
For Capital Goods	88.67	36.76	8.10
Other Payables	579.96	748.37	689.10
<b>Total</b>	<b>5,830.15</b>	<b>7,466.91</b>	<b>6,059.09</b>

## Notes

To the Financial Statement (Contd.)

### 19 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advances From Customers	65.29	235.01	92.57
Statutory Dues	123.10	124.12	118.47
Security Deposits	56.17	30.64	20.16
Other Payables	-	-	-
<b>Total</b>	<b>244.56</b>	<b>389.77</b>	<b>231.20</b>

19.1 Statutory dues include the dues to the Government Taxes, TDS and the EPF and ESI.

### 20 CURRENT LIABILITIES - PROVISIONS

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Employee Benefits	96.46	73.81	62.31
<b>Total</b>	<b>96.46</b>	<b>73.81</b>	<b>62.31</b>

### 21 CURRENT TAX LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Tax (Net)	70.96	38.07	94.15
<b>Total</b>	<b>70.96</b>	<b>38.07</b>	<b>94.15</b>

Note 21.1 Further information has been disclosed in Note No. 29

### 22 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>A) Sale of Products</b>		
- Yarn	86,573.85	70,601.50
- Fabric	17,609.05	15,652.15
- Others	8,546.38	5,771.67
<b>B) Sale of Services</b>	1.14	8.14
<b>C) Other Operating Revenues</b>		
- Foreign Exchange Fluctuation (Net)	1,794.47	1,305.73
<b>Total</b>	<b>1,14,524.89</b>	<b>93,339.19</b>

## Notes

To the Financial Statement (Contd.)

### 23 OTHER INCOME

(₹ in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Miscellaneous Income	28.49	6.56
Interest Received	190.07	70.28
Profit on Sale of Fixed Assets	0.08	1.71
Profit on Sale of Investment	7.12	-
<b>Total</b>	<b>225.76</b>	<b>78.55</b>

### 24 COST OF MATERIAL CONSUMED

(₹ in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Stock at Opening</b>		
- Cotton	11,643.21	8,672.67
- Yarn	94.01	18.29
<b>Add : Purchases &amp; Direct Expenses</b>		
- Cotton	75,959.94	63,831.23
- Yarn	470.69	666.55
<b>Total</b>	<b>88,167.85</b>	<b>73,188.74</b>
<b>Less : Stock at Closing</b>		
- Cotton	16,700.51	11,643.21
- Yarn	55.56	94.01
<b>Total</b>	<b>71,411.78</b>	<b>61,451.52</b>

### 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Closing Stock:</b>		
- Finished Goods	1,963.72	3,236.28
- Work-In-Progress	1,062.58	1,134.80
<b>Total (A)</b>	<b>3,026.30</b>	<b>4,371.08</b>
<b>Opening Stock:</b>		
- Finished Goods	3,236.28	907.90
- Work-In-Progress	1,134.80	651.42
<b>Total (B)</b>	<b>4,371.08</b>	<b>1,559.32</b>
<b>(Increase)/Decrease in Stocks</b>	<b>1,344.78</b>	<b>(2,811.76)</b>

## Notes

To the Financial Statement (Contd.)

### 26 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Salary & Wages	5,101.77	4,332.10
Contribution to Provident and Other Fund	477.11	417.77
Gratuity and Leave Encashment Expenses	249.54	240.81
Staff Welfare Expenses	236.88	194.11
<b>Total</b>	<b>6,065.30</b>	<b>5,184.79</b>

26.1 Further information has been disclosed in Note No. 29

### 27 FINANCE COST

(₹ in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
a) Interest Expense	2,471.42	1,941.69
b) Other Borrowing Costs	483.45	285.24
<b>Total</b>	<b>2,954.87</b>	<b>2,226.93</b>

### 28 OTHER EXPENSES

(₹ in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>(a) Manufacturing Expenses</b>		
Power, Fuel & Water charges	12,551.39	9,210.50
Stores & Spares Consumed	2,227.50	1,825.48
Packing Expenses	1,555.55	1,474.62
Job Charges Paid	-	11.25
Repair & Maintenance		
- Plant & Machinery	132.41	73.21
- Building	40.29	16.28
- Others	23.59	15.90
Excise Duty	0.68	1.23
<b>Total (a)</b>	<b>16,531.41</b>	<b>12,628.47</b>
<b>(b) Administrative and Other Expenses</b>		
Printing & Stationary	22.34	16.62
Postage & Communication	20.99	21.10
Subscription & Membership Fees	2.24	2.37
Director's Sitting Fee	3.58	3.03
Rent	3.90	3.90
Rates & Taxes	15.19	20.15

## Notes

To the Financial Statement (Contd.)

(₹ in Lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Travelling :		
- Directors	11.98	12.33
- Others	32.77	18.53
Vehicle & Conveyance	101.09	86.88
CSR Expenditure	4.50	34.87
Legal & Professional	32.34	25.32
Insurance Charges	29.08	52.10
Payment to Auditor	10.50	4.00
Cost Audit Fees	0.40	0.40
Advertisement	9.56	13.60
Software Expenses	5.03	3.81
Impairment Allowance for Doubtful Debts	29.04	-
Loss on Sale of Fixed Assets	0.49	-
Miscellaneous Expenses	3.75	6.71
<b>Total (b)</b>	<b>338.77</b>	<b>325.72</b>
<b>(c) Selling and Distribution Expenses</b>		
Sales Promotion	43.53	28.55
Sales Commission	1,233.48	1,153.48
Rebate, Claims & Discount	70.30	84.92
Freight & Forwarding	1,902.78	1,627.36
Hank Yarn Obligation Expenses	91.13	57.89
<b>Total (c)</b>	<b>3,341.22</b>	<b>2,952.20</b>
<b>Total (a to c)</b>	<b>20,211.40</b>	<b>15,906.39</b>

### 28.1 Payment to Auditors:-

(₹ in Lacs)

Particulars	Current Year	Previous Year
Audit Fee	7.00	3.50
Tax Audit Fee	1.00	0.50
Certifications and Others	2.50	-
<b>Total</b>	<b>10.50</b>	<b>4.00</b>



# Disclosures and Additional Informations

## 29. 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.	<b>Disputed Liabilities not acknowledged as debts</b>		
	- Cenvat, Vat, Service Tax and Custom Duty	1,194.10	880.07
b.	<b>Guarantees</b>		
	- Outstanding Bank Guarantees	282.39	157.39
c.	<b>Other money for which the company is contingently liable</b>	5,714.32	6,642.91
	-Bills negotiated with Banks (against goods sold)		

### 2 Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) ₹ 8,824.45 (Previous Year – ₹ Nil).
- The Company has an outstanding export obligation of approx. ₹ 32,153.36 Lacs (Previous Year – ₹ 53,349.87 Lacs), in respect of capital goods imported at the concessional rate of duty under Export Promotion Capital Goods Scheme, which is required to be met at different dates on or before 31.03.2023.

## 30. 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	As at 31st March, 2018	As at 31st March, 2017
Accounting Profit Before Tax	7,143.51	7,031.73
<b>Tax using company's domestic tax rate for respective year</b>	<b>2,472.22</b>	<b>2,423.19</b>
Effect of Non-deductible Expense	(25.62)	6.19
Effect of Depreciation	(27.43)	(3.50)
Effect of Incentive	-	(1,129.11)
Tax in respect of earlier years	(514.25)	-
<b>Tax as per Statement of Profit &amp; Loss</b>	<b>1,904.92</b>	<b>1,296.77</b>

### (b) Income Tax Expense

#### i. Income Tax recognized in Statement of Profit and Loss

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>(A) Current Tax expense:</b>		
Current Year	1,597.64	232.59
Adjustment for earlier years	(514.25)	-
Total (A)	1,083.39	232.59
<b>(B) Deferred Tax Expense</b>		
Origination and reversal of temporary differences	821.53	1,064.18
<b>Total (B)</b>	<b>821.53</b>	<b>1,064.18</b>
<b>Total Income Tax (A+B)</b>	<b>1,904.92</b>	<b>1,296.77</b>

## Disclosures and Additional Informations (Contd.)

## ii. Income Tax recognized in Other Comprehensive Income

(₹ in Lacs)

Particulars	As at 31st March, 2018			As on 31st March, 2017		
	Before Tax	Tax Expenses	Net of Tax	Before Tax	Tax Expenses	Net of Tax
Net Actuarial Gain/ (Losses) on Defined Benefit plans	60.96	21.10	39.86	(31.36)	10.85	(20.51)

## (c) Movement in Deferred tax Asset/ Liability

Particulars	As at April 1, 2016	Recognised in P&L A/c	As at March 31, 2017	Recognised in P&L A/c	As at March 31, 2018
<b>(A) Deferred tax Assets</b>					
-Provision for Employee benefit and others	206.42	81.96	288.38	108.22	396.60
-Impairment allowances	-	-	-	10.05	10.05
<b>Total (A)</b>	<b>206.42</b>	<b>81.96</b>	<b>288.38</b>	<b>118.27</b>	<b>406.65</b>
<b>(B) Deferred Tax Liability</b>					
-Impact of temporary difference in depreciation	4,536.73	1,146.13	5,682.87	916.96	6,599.84
-Amortised value of financial assets	-	79.87	79.87	(65.74)	14.12
<b>Total (B)</b>	<b>4,536.73</b>	<b>1,226.00</b>	<b>5,762.74</b>	<b>851.22</b>	<b>6,613.96</b>
<b>Net Deferred Tax Liability (B-A)</b>	<b>4,330.31</b>	<b>1,144.04</b>	<b>5,474.36</b>	<b>732.95</b>	<b>6,207.31</b>
Less: Liability net off through MAT Credit Entitlement	<b>2,818.15</b>	<b>1,272.59</b>	<b>4,090.74</b>	<b>439.26</b>	<b>4,530.00</b>
<b>Net Deferred Tax Liability</b>	<b>1,512.16</b>	<b>(128.55)</b>	<b>1,383.62</b>	<b>293.69</b>	<b>1,677.31</b>

## (d) MAT Credit Available to the company in future:

(₹ in Lacs)

Financial Years	As at 31st March, 2018	Expiry date
2010-11	133.15	2020-21
2011-12	5.73	2021-22
2012-13	419.68	2022-23
2013-14	1,089.00	2023-24
2014-15	1,126.56	2024-25
2015-16	483.29	2025-26
2016-17	1,272.59	2026-27
<b>Total</b>	<b>4,530.00</b>	

## (e) Reconciliation of Deferred Tax Liabilities (Net)

(₹ in Lacs)

Particulars	2017-18	2016-17
<b>Deferred tax liability at the beginning of the year</b>	<b>1,383.62</b>	<b>1,512.16</b>
Deferred tax (income)/ expenses during the year recognised in the Statement of Profit and Loss	382.27	(208.41)
Deferred tax (income)/ expenses during the year recognised in Other Comprehensive Income	(88.58)	79.87
<b>Deferred tax liability at the end of the year</b>	<b>1,677.31</b>	<b>1,383.62</b>

## Disclosures and Additional Informations (Contd.)

### 31. DISCLOSURE AS PER IND AS 23 "BORROWING COST"

Particulars	As at 31st March, 2018	As at 31st March, 2017
Amount of Borrowing Cost Capitalized	Nil	1,027.89
Capitalization Rate	-	0.10

### 32. DISCLOSURE AS PER IND AS 24 "RELATED PARTY DISCLOSURES"

#### 1. List of Related Parties with whom transactions have taken place:-

##### (a) Key Management Personnel:-

Name of Person	Relationship
Shri R.L. Nolkha	Chairman
Shri Dinesh Nolkha	Managing Director
Shri Nitin Nolakha	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 Nolakha"

##### (c) Related Companies:-

Name of Company	Relationship
Redial Trading & Investment Private Limited	Holding 30.16% shares of the Company

##### (d) Independent Director

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:-

(₹ in Lacs)

S No.	Nature of Transactions	Year ended 2017-2018	Year ended 2016-2017
<b>1</b>	<b>Rent Payment</b>		
	Smt. Sushila Devi Nolkha	3.00	3.00
	Redial Trading & Investment Private Limited	0.90	0.90
<b>2</b>	<b>Managerial Remuneration</b>		
	Shri R.L. Nolkha	107.95	102.16
	Shri Dinesh Nolkha	99.51	92.38
	Shri Nitin Nolakha	92.28	87.18
	Shri P. Maheshwari	24.04	21.93
	Shri Sudhir Garg	16.72	13.96
<b>3</b>	<b>Interest Payment on unsecured loans</b>		
	Shri R.L. Nolkha	1.93	4.98
	Shri Dinesh Nolkha	0.22	2.64
	Shri Nitin Nolakha	0.58	2.94

## Disclosures and Additional Informations (Contd.)

(₹ in Lacs)

S No.	Nature of Transactions	Year ended 2017-2018	Year ended 2016-2017
	Redial Trading & Investment Private Ltd	31.50	38.54
<b>4</b>	<b>Sitting Fees Paid to Independent Director</b>		
	Shri Y.R. Shah	1.13	0.98
	Shri R. Chattopadhyay	1.13	0.98
	Smt. Aditi Mehta	1.33	0.98

**3a. Balance due to related parties (Refer Note no. 8 – Other Current Liabilities) are as under:**

(₹ in Lacs)

S. No.	Name of related party	Outstanding Balance	
		As at 31st March, 2018	As at 31st March, 2017
1	Redial Trading & Investment Private Limited	-	475.00

**3b. The Maximum balance outstanding during the year from Related Party are as under:**

(₹ in Lacs)

S. No.	Name of related party	Maximum balance outstanding during the year	
		Year ended 2017-2018	Year ended 2016-2017
1	Shri R.L. Nolkha	115.00	145.00
2	Shri Dinesh Nolkha	45.00	65.00
3	Shri Nitin Nolkha	45.00	127.50
4	Redial Trading & Investment Private Limited	694.00	475.00

**33. DISCLOSURE AS PER IND AS 33 "EARNING PER SHARE (EPS)"****i) Basic and Diluted Earnings Per Share (in ₹)**

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017
a)	Net Profit available to Equity Shareholders	5,238.59	5734.96
b)	Weighted Average Number of Equity Shares of ₹ 10 each outstanding during the year (in Lacs)	495.99	458.34
c)	Basic/Diluted Earning per share (₹)	10.56	12.51
d)	Face Value of each equity share (₹)	10	10

**ii) Weighted Average Number of Equity Shares**

(₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>Opening balance of issued Equity Shares</b>	45,833,945	45,833,945
Effect of Shares issued during the year:		
93,85,765 Equity Shares issued on 07th November, 2017	3,728,592	-
3,32,000 Equity Shares issued on 20th February, 2018	36,384	-
<b>Weighted Average No. of Equity Shares ₹ 10 each</b>	<b>49,598,920</b>	<b>45,833,945</b>

## Disclosures and Additional Informations (Contd.)

### 34. DIVIDEND ON EQUITY SHARES

(₹ in Lacs)

Particulars	Year 2017-18	Year 2016-17
<b>(i) Dividend Declared and paid during the year</b>		
Final dividend for the year ended 31st March, 2017 of ₹ 1.20 (31st March, 2016- ₹ 1) per fully paid Equity Share	550.01	458.34
Dividend Distribution Tax on Final Dividend	111.97	93.31
<b>Total</b>	<b>661.98</b>	<b>551.65</b>

#### (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 ₹ 1.20 (31st March, 2017- ₹ 1.20) 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 ₹ 802.33 Lacs including Dividend Distribution Tax.

### 35. DISCLOSURE AS PER IND AS 19 "EMPLOYEE BENEFITS"

#### a) Defined Contribution Plan

The Company makes contributions towards Employees Provident Fund and Family Pension Fund for qualifying employees. The Fund is operated by the Regional Provident Fund Commissioner. The amount of contribution is recognized as expense for defined contribution plans.

Total contribution made by the employer to the Fund during the year is ₹ 341.44 lacs (Previous Year ₹ 304.82 Lacs).

#### b) Defined Benefit Plan

##### (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.

(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 2017-18		For the year ended 2016-17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit obligation at the beginning of the period	653.68	179.59	474.52	121.94
Interest cost	51.38	14.11	37.96	9.75
Current service cost	153.55	69.52	135.02	44.42
Benefits paid	(17.85)	(9.26)	(25.18)	(10.17)
Actuarial (gain)/loss on obligation	(60.96)	(39.02)	31.36	13.65
<b>Present value of obligation at the end of period</b>	<b>779.80</b>	<b>214.94</b>	<b>653.68</b>	<b>179.59</b>

## Disclosures and Additional Informations (Contd.)

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

## 1. Statement of Profit and Loss

(₹ in Lacs)

Particulars	For the year ended 2017-18		For the year ended 2016-17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service Cost	153.55	69.52	135.02	44.42
Interest Cost	51.38	14.11	37.96	9.76
Net actuarial (gain)/loss recognized in the period	-	(39.02)	-	13.65
<b>Expenses recognized in the Profit &amp; Loss statement</b>	<b>204.93</b>	<b>44.61</b>	<b>172.98</b>	<b>67.83</b>

## 2. Other Comprehensive Income :-

(₹ in Lacs)

Particulars	Gratuity	
	For the year ended 2017-18	For the year ended 2016-17
Actuarial (Gain)/Loss for the year on Projected Benefit Obligations	(60.96)	31.36
<b>Unrecognized actuarial (Gain)/Loss at the end of the year</b>	<b>(60.96)</b>	<b>31.36</b>

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

(₹ in Lacs)

Particulars	For the year ended 2017-18		For the year ended 2016-17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation as at the end of period	779.80	214.94	653.68	179.59
Fair value of Plan Assets	-	-	-	-
<b>Liability Recognized in Balance Sheet</b>	<b>779.80</b>	<b>214.94</b>	<b>653.68</b>	<b>179.59</b>

## (d) The assumptions used in Actuarial Valuation:-

Financial Assumptions used to determine the Profit & Loss Charge	For the year ended 2017-18	For the year ended 2016-17
a) Discounting Rate	7.86% p.a.	7.35% 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.
<b>Demographic Assumptions Used to determine the Defined Benefit</b>		
a) Retirement Age	60 Years	60 Years
b) Mortality Table	IALM (2006-2008)	
<b>c) Employee Turnover/Attrition Rate</b>		
18 TO 30 Years	3.00%	3.00%
30 to 45 Years	2.00%	2.00%
Above 45 Years	1.00%	1.00%



## Disclosures and Additional Informations (Contd.)

### (f) Sensitivity Analysis as at 31.03.2018:-

(₹ In Lacs)

Particulars	Gratuity	Leave Encashment
Defined benefit Obligation - Discount Rate+100 Basis points	(101.86)	(30.16)
Defined benefit Obligation - Discount Rate-100 Basis points	126.21	38.02
Defined benefit Obligation – Salary Escalation Rate+100 Basis points	124.73	37.57
Defined benefit Obligation – Salary Escalation Rate-100 Basis points	(102.60)	(30.37)

### (g) Expected Cash Flows for the next ten years as at 31.03.2018:-

(₹ In Lacs)

Particulars	Gratuity
Within 1 Year	73.10
1-5 Years	143.36
Beyond 5 Years but upto 10 Years	672.69
<b>Total Expected Payments</b>	<b>889.15</b>

(h) The estimates of future salary increase; considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

(i) The discount rate is based on prevailing market yields of Indian Government Bonds, as at the balance sheet date, consistent with the currency and estimated term of the post employment benefit obligations.

## 36. DISCLOSURE AS PER IND AS 107 "FINANCIAL INSTRUMENT DISCLOSURE"

### i. Capital Management

"For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The management and the Board of Directors monitor the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company monitors capital using a gearing ratio, which is calculated by dividing Net Debt from the Equity. The Company includes within Net Debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance) and under Equity, the Equity Share Capital plus other Equity (excluding Preference Share Capital) is considered."

(₹ In Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Gross Debt	44,917.14	56,824.00	35,207.44
Less: Cash and Cash Equivalents	(10.01)	(112.44)	(47.80)
<b>Net Debt (A)</b>	<b>44,907.13</b>	<b>56,711.56</b>	<b>35,159.64</b>
<b>Total Equity (B)</b>	<b>41,683.15</b>	<b>26,428.55</b>	<b>21,114.85</b>
<b>Gearing Ratio (A/B)</b>	<b>1.08</b>	<b>2.15</b>	<b>1.67</b>

## Disclosures and Additional Informations (Contd.)

### i. Financial Risk Management

The Company's Financial Risk Management is an integral part of how to plan and execute its business strategies. The Company's financial risk management is set by the Managing Board.

Company is exposed to following risk from the use of its financial instrument:

-Credit Risk

-Liquidity Risk

-Market Risk

#### (a) Credit risk

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company 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 recognized in profit or loss.

#### Provision for Expected Credit or Loss

##### (a) Financial assets for which loss allowance is measured using 12 month expected credit losses:

The Company has assets where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is very low. Accordingly, no loss allowance for impairment has been recognized.

##### (b) Financial assets for which loss allowance is measured using life time expected credit losses:

The Company provides loss allowance on trade receivables using life time expected credit loss and as per simplified approach.

#### Ageing of trade receivables

(₹ 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
<b>Gross Carrying amount as on 31.03.2018</b>	7,363.35	1,417.65	58.09	-	-	8,839.09
Impairment loss recognized in 2017-18	-	-	29.04	-	-	29.04
<b>Gross Carrying amount as on 31.03.2017</b>	4,297.21	535.50	-	-	-	4,832.71
Impairment loss recognized in 2016-17	-	-	-	-	-	-
<b>Gross Carrying amount as on 01.04.2016</b>	3,756.22	168.53	-	-	-	3,924.75
Impairment loss recognized on 1st April, 2016	-	-	-	-	-	-

#### Hedge Accounting Disclosures

The Cash Flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognized and accumulated under the heading of cash flow reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss or included as a basic adjustment to the non financial hedged item.

## Disclosures and Additional Informations (Contd.)

### (b) Liquidity Risk

To replace net outflows due to unanticipated outflows. Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

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 table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

#### As on 31.03.2018

Contractual maturities of financial liabilities	Contractual cash flows					Total
	3 Months or less	3-12 Months	1-2 Years	2-5 Years	More than 5 Years	
Term Loans from banks*	2,099.84	6,123.92	8,270.64	23,501.75	7,070.60	47,066.74
Term loans from Bank (vehicle loan)	2.37	4.03	1.89	-	-	8.29
Trade and other Payables	2,556.60	-	-	-	-	2,556.60

(₹ In Lacs)

#### As on 31.03.2017

Contractual maturities of financial liabilities	Contractual cash flows					Total
	3 Months or less	3-12 Months	1-2 Years	2-5 Years	More than 5 Years	
Term Loans from banks*	2,737.52	8,413.09	11,592.39	25,657.30	14,292.02	62,692.33
Term loans from Bank (vehicle loan)	4.30	8.33	6.40	1.90	-	20.93
Trade and other Payables	1,819.62	-	-	-	-	1,819.62

(₹ In Lacs)

#### As on 01.04.2016

Contractual maturities of financial liabilities	Contractual cash flows					Total
	3 Months or less	3-12 Months	1-2 Years	2-5 Years	More than 5 Years	
Secured Bonds						
Term Loans from banks*	2,212.51	6,133.10	8,631.51	15,942.97	6,325.88	39,245.98
Term loans from Bank (vehicle loan)	8.80	19.50	8.90			37.20
Trade and other Payables	1,308.90	-	-	-	-	1,308.90

(₹ In Lacs)

\*Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenure of the borrowing.

## Disclosures and Additional Informations (Contd.)

The Company has accessed the following undrawn facilities at the end of reporting period:

(₹ In Lacs)			
Particulars	As At 31st March, 2018	As At 31st March, 2017	As At 01st April, 2016
Fixed Rate Borrowings:	-	-	-
Floating-rate borrowings:	9,248.45	6,353.53	6,127.64
<b>Total- Undrawn Facilities</b>	<b>9,248.45</b>	<b>6,353.53</b>	<b>6,127.64</b>

### (c) Market Risk

Considering the company's existing foothold/experience in the spinning sector, established & diversified client base, association with various international/domestic agents, it's competent sales executives and an established marketing setup, it does not foresee any problem in marketing its additional production.

Since major portion will be sold in the export market company is confident of leveraging on its existing network of overseas buyers.

"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 (NII). 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.

## Disclosures and Additional Informations (Contd.)

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

### Detail of financial instrument bearing interest rate risk

At the reporting date the interest rate profile of the company's interest bearing financial instrument is at its fair value:

(₹ In Lacs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
<b>Variable rate instruments</b>			
Long Term Borrowings	31,050.14	38,940.65	24,090.58
Current maturities of long term debts	5,115.45	6,661.88	5,344.50
Short Term Borrowings	8,751.55	11,221.47	5,772.36
<b>Total</b>	<b>44,917.14</b>	<b>56,824.00</b>	<b>35,207.44</b>

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ In Lacs)		
Particulars	Effect of Profit or Loss	
	50 BP decrease	50 BP increase
<b>31st March, 2018</b>		
Term Loans	180.83	(180.83)
Loan repayable on demand	43.76	(43.76)
<b>Total</b>	<b>224.59</b>	<b>(224.59)</b>
<b>31st March, 2017</b>		
Term Loans	228.01	(228.01)
Loan repayable on demand	56.11	(56.11)
<b>Total</b>	<b>284.12</b>	<b>(284.12)</b>

### ii) Foreign Exchange Risk

It is the risk that the company may suffer losses as a result of adverse exchange rates movements during a period in which it has an open position in an individual foreign currency. In addition, the company may also expose to the following risks on account of foreign exchange exposures as applicable.

Interest Rate Risk - Which arises from the maturity mismatches of foreign currency position

Settlement Risk - On account of risk of default of the counter parties.

### Exposure to Foreign Currency :

(Foreign Currency In Lacs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
<b>Exposure on account of Financial Assets</b>			
Trade Receivables (net of Bill Discounted) (A)			
: In USD	83.16	22.62	32.78
: In Euro	1.80	0.44	2.49
: In GBP	0.19	0.40	0.12
Amount hedged through Forward Contracts (B)			

## Disclosures and Additional Informations (Contd.)

(Foreign Currency In Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
: In USD	83.16	22.62	32.78
: In Euro	1.80	0.44	2.49
: In GBP	0.19	0.40	0.12
Net Exposure to Foreign Currency Assets (C = A-B)			
: In USD	-	-	-
: In Euro	-	-	-
: In GBP	-	-	-
<b>Exposure on account of Financial Liabilities</b>			
Trade Payables (D)			
: In USD	3.99	3.15	3.96
: In Euro	0.15	0.03	0.10
: In GBP	0.09	0.04	0.01
Amount hedged through Forward Contracts (E)			
: In USD	-	-	-
: In Euro	-	-	-
: In GBP	-	-	-
Net Exposure to Foreign Currency Liabilities(F = D-E)			
: In USD	3.99	3.15	3.96
: In Euro	0.15	0.03	0.10
: In GBP	0.09	0.04	0.01
Net Exposure to Foreign Currency Assets/Liabilities (C-F)			
: In USD	(3.99)	(3.15)	(3.96)
: In Euro	(0.15)	(0.03)	(0.10)
: In GBP	(0.09)	(0.04)	(0.01)

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, 2018 is as under :

(₹ in Lacs)

Particulars	Current Year		Previous Year	
	Foreign Currency	INR	Foreign Currency	INR
<b>Forward Contracts outstanding (for Hedging)</b>				
USD (Sale)	199.08	13,019.25	84.44	5,739.43
EURO (Sale)	6.35	513.85	3.42	244.01
GBP (Sale)	1.19	109.84	1.05	87.41
USD (Purchase)	-	-	5.00	330.00
<b>Total</b>	<b>206.62</b>	<b>13,642.94</b>	<b>93.91</b>	<b>6,400.85</b>
<b>Unhedged forex exposure</b>				
Payable – USD	3.99	259.53	3.15	204.24
Payable – EURO	0.15	12.09	0.03	2.08
Payable – GBP	0.09	8.31	0.04	3.24
<b>Total</b>	<b>4.23</b>	<b>279.93</b>	<b>3.22</b>	<b>209.56</b>



## Disclosures and Additional Informations (Contd.)

### Foreign Currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO and GBP rates to the functional currency of respective entity, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(₹ In Lacs)

Particulars	As at 31st March, 2018		
	USD	EURO	GBP
<b>1% Appreciation in INR</b>			
Impact on Equity	2.60	0.12	0.08
Impact on P&L	2.60	0.12	0.08
<b>1% Depreciation in INR</b>			
Impact on Equity	(2.60)	(0.12)	(0.08)
Impact on P&L	(2.60)	(0.12)	(0.08)

(₹ In Lacs)

Particulars	As at 31st March, 2017		
	USD	EURO	GBP
<b>1% Appreciation in INR</b>			
Impact on Equity	2.04	0.02	0.03
Impact on P&L	2.04	0.02	0.03
<b>1% Depreciation in INR</b>			
Impact on Equity	(2.04)	(0.02)	(0.03)
Impact on P&L	(2.04)	(0.02)	(0.03)

(₹ In Lacs)

Particulars	As at 01st April, 2016		
	USD	EURO	GBP
<b>1% Appreciation in INR</b>			
Impact on Equity	2.63	0.08	0.01
Impact on P&L	2.63	0.08	0.01
<b>1% Depreciation in INR</b>			
Impact on Equity	(2.63)	(0.08)	(0.01)
Impact on P&L	(2.63)	(0.08)	(0.01)

### 37. 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
<b>Segment Revenue</b>		
- Within India(Domestic Sales)	42,135.27	36,055.45
- Outside India(Exports)	72,389.62	57,283.74
<b>Total</b>	<b>114,524.89</b>	<b>93,339.19</b>

## Disclosures and Additional Informations (Contd.)

### 38. 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 2017-18 – ₹ 126.50 Lacs (Year 2016-17 – ₹ 114.53 Lacs)
- B. Amount spent during the year on:

Particulars	Year 2017-18	Year 2016-17
i) Construction/ Acquisition of any assets	126.90	32.84
ii) Purposes other than (i) above	4.50	34.87
<b>Total</b>	<b>131.40</b>	<b>67.71</b>

### 39. DISCLOSURE AS PER IND AS 101 "FIRST TIME ADOPTION OF IND AS"

#### Transition to IND AS

These are the company's first standalone financial statements prepared in accordance with Ind AS. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31st March, 2018, the comparative information presented in these financial statements for the year ended 31st March, 2017 and 1st April, 2016. The effective date for Companies Ind AS Opening Balance Sheet is 1st April, 2016. (The date of transition to Ind AS)

#### First Time Adoption of Ind AS

These financial statements, for the year ended 31st March, 2018, are the first annual Ind AS financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March, 2018, together with the comparative period data as at and for the year ended 31st March, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 01st April, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 01st April, 2016 and the previously published Indian GAAP financial statements as at and for the year ended 31st March, 2017.

#### Optional Exemptions and Mandatory Exceptions

In the Ind AS opening balance sheet as at 1st April, 2016, the carrying amounts of assets and liabilities from the Previous GAAP as at 31st March, 2016 are generally recognized and measured according to Ind AS. However, for certain individual cases, Ind AS 101 "First-time Adoption of Indian Accounting Standards" provides for optional exemptions and mandatory exceptions to the general principles of retrospective application of Ind AS. The Company has made use of the following exemptions and exceptions in preparing its opening Ind AS balance sheet:

#### i) Deemed cost

As per Ind AS 101, para D7AA, a first-time adopter to Ind ASs may elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

## Disclosures and Additional Informations (Contd.)

### ii) Borrowings

Ind AS 101 permits that if it is impracticable for an entity to apply retrospectively the effective interest method in Ind AS 109 'Financial Instruments', the fair value of the financial liability at the date of transition to Ind AS shall be the new amortized cost of that financial liability at the date of transition to Ind AS.

### iii) Classification and measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### iv) Derecognition of financial assets and financial liabilities

As per Ind AS 101, a first-time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs.

### v) Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were in error. Ind AS estimates as at 01st April, 2016 and 31st March, 2017 are consistent with the estimates as at the same date made in the conformity with previous GAAP.

### Reconciliation of Equity as at 31st March, 2017 and 1st April, 2016

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2017			As at 01st April, 2016		
		As per Indian GAAP	Ind AS Adjustment	As Per Ind AS	As per Indian GAAP	Ind AS Adjustment	As Per Ind AS
<b>A. ASSETS</b>							
<b>I. Non-Current Assets</b>							
(a) Property, Plant and Equipment	1,2	61,381.84	(79.92)	61,301.92	38,178.03	3.78	38,181.81
(b) Capital Work-in-Progress		-	-	-	1,706.21	-	1,706.21
(c) Other Intangible Assets		47.34	-	47.34	29.43	-	29.43
(d) Financial Assets		-	-	-	-	-	-
(e) Other Non-Current Assets		4,366.99	(3,972.51)	394.48	3,070.10	(1,256.90)	1,813.20
<b>Total Non-Current Assets (I)</b>		<b>65,796.17</b>	<b>(4,052.43)</b>	<b>61,743.74</b>	<b>42,983.77</b>	<b>(1,253.12)</b>	<b>41,730.65</b>
<b>II. Current Assets</b>							
(a) Inventories	2	17,003.62	(1.80)	17,001.82	11,476.03	(3.78)	11,472.25
(b) Financial Assets							
(i) Trade Receivables		4,832.71	-	4,832.71	3,924.75	-	3,924.75
(ii) Cash and Cash Equivalents		126.83	(14.39)	112.44	56.93	(9.13)	47.80
(iii) Bank Balances other than above	8	-	14.39	14.39	-	9.13	9.13
(iv) Other Current Assets	3	-	255.23	255.23	-	26.28	26.28
(c) Other Current Assets		4,586.07	(24.46)	4,561.61	5,062.26	(1,493.38)	3,568.88
<b>Total Current Assets (II)</b>		<b>26,549.23</b>	<b>228.97</b>	<b>26,778.20</b>	<b>20,519.97</b>	<b>(1,470.88)</b>	<b>19,049.09</b>
<b>Total Assets (I+II)</b>		<b>92,345.40</b>	<b>(3,823.46)</b>	<b>88,521.94</b>	<b>63,503.74</b>	<b>(2,724.00)</b>	<b>60,779.74</b>
<b>EQUITY AND LIABILITIES</b>							
<b>A. Equity</b>							
(a) Equity Share Capital		4,583.39	-	4,583.39	4,583.39	-	4,583.39
(b) Other Equity	7	21,034.19	810.97	21,845.16	15,981.12	550.34	16,531.46
<b>Total Equity</b>		<b>25,617.58</b>	<b>810.97</b>	<b>26,428.55</b>	<b>20,564.51</b>	<b>550.34</b>	<b>21,114.85</b>

## Disclosures and Additional Informations (Contd.)

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2017			As at 01st April, 2016		
		As per Indian GAAP	Ind AS Adjustment	As Per Ind AS	As per Indian GAAP	Ind AS Adjustment	As Per Ind AS
<b>B. Liabilities</b>							
<b>I. Non-Current Liabilities</b>							
(a) Financial Liabilities							
(i) Borrowing		38,940.65	-	38,940.65	24,090.58	-	24,090.58
(b) Provisions		759.47	-	759.47	534.14	-	534.14
(c) Deferred Tax Liabilities (Net)	4	5,394.14	(4,010.52)	1,383.62	4,329.00	(2,816.84)	1,512.16
<b>Total Non-Current Liabilities (I)</b>		<b>45,094.26</b>	<b>(4,010.52)</b>	<b>41,083.74</b>	<b>28,953.72</b>	<b>(2,816.84)</b>	<b>26,136.88</b>
<b>II. Current Liabilities</b>							
(a) Financial Liabilities							
(i) Borrowing		10,746.47	475.00	11,221.47	5,772.36	-	5,772.36
(ii) Trade Payables		1,819.62	-	1,819.62	1,308.90	-	1,308.90
(iii) Other Financial Liabilities		-	7,466.91	7,466.91	-	6,059.09	6,059.09
(b) Other Current Liabilities		8,331.68	(7,941.91)	389.77	6,290.29	(6,059.09)	231.20
(c) Provisions	5	735.79	(661.98)	73.81	613.96	(551.65)	62.31
(d) Current Tax Liabilities (Net)		-	38.07	38.07	-	94.15	94.15
<b>Total Current Liabilities (II)</b>		<b>21,633.56</b>	<b>(623.91)</b>	<b>21,009.65</b>	<b>13,985.51</b>	<b>(457.50)</b>	<b>13,528.01</b>
<b>B. Total Liabilities (I+II)</b>		<b>66,727.82</b>	<b>(4,634.43)</b>	<b>62,093.39</b>	<b>42,939.23</b>	<b>(3,274.34)</b>	<b>39,664.89</b>
<b>Total Equity and Liabilities (A+B)</b>		<b>92,345.40</b>	<b>(3,823.46)</b>	<b>88,521.94</b>	<b>63,503.74</b>	<b>(2,724.00)</b>	<b>60,779.74</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

## Reconciliation of Total Comprehensive Income for the Year ended 31-03-2017

(₹ In Lacs)

Particulars	Note No.	Previous GAAP	Adjustments	Ind ASs
I. Revenue from Operations		93,337.96	1.23	93,339.19
II. Other Income		78.55	-	78.55
<b>III. Total Income (I+II)</b>		<b>93,416.51</b>	<b>1.23</b>	<b>93,417.74</b>
<b>IV. Expenses</b>				
a. Cost of Materials Consumed		61,451.52	-	61,451.52
b. Purchase of Stock in Trade		262.23	-	262.23
c. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		(2,811.76)	-	(2,811.76)
d. Employee Benefits Expense	6	5,216.15	(31.36)	5,184.79
e. Finance Cost	1	2,224.18	2.75	2,226.93
f. Depreciation & Amortisation Expense	2	4,165.12	0.79	4,165.91
g. Other Expenses	2	15,907.14	(0.75)	15,906.39
<b>Total Expenses (IV)</b>		<b>86,414.58</b>	<b>(28.57)</b>	<b>86,386.01</b>

## Disclosures and Additional Informations (Contd.)

(₹ In Lacs)

Particulars	Note No.	Previous GAAP	Adjustments	Ind ASs
<b>V. Profit before Exceptional Items &amp; Tax</b>		<b>7,001.93</b>	<b>29.80</b>	<b>7,031.73</b>
VI. Exceptional Items		-	-	-
<b>VII. Profit/(Loss) Before Tax (V-VI)</b>		<b>7,001.93</b>	<b>29.80</b>	<b>7,031.73</b>
<b>VIII. Tax Expenses</b>				
1. Current Tax		221.74	10.85	232.59
2. Deferred Tax		1,065.14	(0.96)	1,064.18
<b>IX. Profit /(Loss) for the period from Continued Operations After Tax (VII-VIII)</b>		<b>5,715.05</b>	<b>19.91</b>	<b>5,734.96</b>
<b>X. Other Comprehensive Income</b>				
<b>A. Items that will not be reclassified to profit or loss (Net of Tax)</b>				
-Remeasurements of Defined Benefit Plans	<b>6</b>	-	(31.36)	(31.36)
Income tax related to Defined Benefit Plans		-	10.85	10.85
<b>Net Items that will not be reclassified to profit or loss (Net of Tax)</b>		<b>-</b>	<b>(20.51)</b>	<b>(20.51)</b>
<b>B. Items that will be reclassified to profit or loss (Net of Tax)</b>				
-Change in Fair Value of Effective portion of Cash Flow Hedge	<b>3</b>	-	230.77	230.77
Tax on Cash Flow Hedge recognised during the year		-	(79.87)	(79.87)
<b>Net Items that will be reclassified to profit or loss (Net of Tax)</b>		<b>-</b>	<b>150.90</b>	<b>150.90</b>
<b>Total Other Comprehensive Income for the year, net of Income Tax</b>		<b>-</b>	<b>130.39</b>	<b>130.39</b>
<b>XI. Total Comprehensive Income for the period (IX+X)</b>		<b>5,715.05</b>	<b>150.30</b>	<b>5,865.35</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

### Impact of Ind AS adoption on the Statements of Cash Flows for the year ended on 31st March, 2017

(₹ In Lacs)

Particulars	Previous GAAP	Adjustment	Ind As
Net Cash flow from Operating Activities	5,915.98	(560.43)	5,355.55
Net Cash flow from Investing Activities	(24,211.81)	82.91	(24,128.90)
Net Cash flow from Financing Activities	18,365.73	472.25	18,837.98
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>69.90</b>	<b>(5.27)</b>	<b>64.63</b>
Cash and Cash Equivalents as at 01st April, 2016	56.93	(9.12)	47.81
<b>Cash and Cash Equivalents as at 31st March, 2017</b>	<b>126.83</b>	<b>(14.39)</b>	<b>112.44</b>

## Disclosures and Additional Informations (Contd.)

**Reconciliation of Equity as reported under previous GAAP to Equity in accordance with Ind AS is Summarised as below:**

(₹ In Lacs)

Particulars	As at 31.03.17 (End of Last period presented under Previous GAAP)	As at Date of Transition 01.04.16
<b>Equity as reported under previous GAAP</b>	<b>25,617.58</b>	<b>20,564.51</b>
<b>Changes Consequent to Ind AS adoption :-</b>		
Reclassification of Spares to Property, Plant and Equipment	1.98	-
Adjustment for Effective portion of Cash Flow Hedge	230.77	-
Tax Related to Effective portion of Cash Flow Hedge	(79.87)	-
Restatement of Proposed Dividend and dividend tax	661.98	551.65
Impact on Depreciation and Amortisation	(0.79)	-
Deferred Tax Adjustment on above	(0.35)	(1.31)
Recognition of Ancillary Cost of borrowing and other Expenses on Borrowing as Interest	(2.75)	-
<b>Equity as reported under Ind AS</b>	<b>26,428.55</b>	<b>21,114.85</b>

**Reconciliation of the Financial Results reported under previous Indian Generally Accepted Accounting Principles (IGAAP) to total comprehensive income in accordance with Ind AS is summarised as below:-**

(₹ In Lacs)

Particulars	Year ended on 31.03.2017
<b>Net Profit as Previous GAAP (Indian GAAP)</b>	<b>5,715.05</b>
Adjustment due to Actuarial Gain/(Loss) recognized in OCI (Net)	20.51
Reclassification of Spares to Property, Plant and Equipment (PPE)	1.98
Recognition of Ancillary Cost of borrowing and other Expenses on Borrowing as Interest	(2.75)
Impact on Depreciation and Amortization	(0.79)
Deferred Tax Adjustment on above Ind As Adjustment	0.96
<b>Net Profit as per IND AS</b>	<b>5,734.96</b>
<b>Other Comprehensive Income</b>	
Adjustment due to Actuarial Gain/(Loss) recognized in OCI	(31.36)
Tax Adjustment In OCI	10.85
Adjustment for Effective portion of Cash Flow Hedge	230.77
Tax Related to Effective portion of Cash Flow Hedge	(79.87)
<b>Total Other Comprehensive Income</b>	<b>130.39</b>
<b>Total Comprehensive Income as reported under IND AS</b>	<b>5,865.35</b>

### Notes to First time adoption:

#### 1. Property, Plant and Equipment:

"Earlier as per the company's policy, the transaction costs relating to the loan borrowed from any bank/ financial institution is capitalized in the value of the assets. But as per Ind AS 109 "Financial Instruments", any transaction cost on the amount of loan is to be amortized over the period of the loan respectively. Hence, the amount of ₹80.16 Lacs has been adjusted from the value of Property, Plant and Equipment and the same has been deferred over the term of loan. And has been booked under the "Other Non-Current Assets".

#### 2. Capitalization of Stores and Spares

As per Indian GAAP, stores and spares have been booked in the Statement of Profit and Loss A/c in the year of consumption. But as per Ind AS, any stores and spares whose economic benefit flows towards the company and which have the economic useful life of more than 1 year will be considered as the part of Property, Plant and Equipment. Hence, the company has identified ₹ 1.80 Lacs on 31st March, 2017 and ₹ 3.78 Lacs on 01st April, 2016 as an item of Property, Plant and Equipment.



## Disclosures and Additional Informations (Contd.)

### 3. Fair Valuation of Forward Contracts:

Under previous GAAP, the forward contracts are shown as a part of disclosure and no further adjustments had been made for the same. Ind AS requires all forward contracts and derivatives to be measured at fair value at the reporting date and all changes in the fair value subsequent to the transition date to be recognized either in the Statement of profit and loss or Other Comprehensive Income (based on the category in which they are classified).

This has resulted in increase in other equity by ₹ Nil Lacs and ₹ 150.91 Lacs with corresponding increase in Derivative assets by ₹ Nil Lacs and ₹ 150.91 Lacs as at 1st April, 2016 and 31st March, 2017, respectively.

### 4. Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12-"Income Taxes" requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying value of asset or liability in the balance sheet and its corresponding tax base. The application of Ind AS 12 has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the Accounting Policies, the Company has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

### 5. Proposed Dividend and Dividend Distribution tax

Under Previous GAAP, proposed dividends are recognized as a liability in the period to which they relate irrespective of the approval by shareholders. But under Ind AS, a proposed dividend is recognized as a liability in the period in which it is declared by the company (on approval of Shareholders in a general meeting) or paid. Therefore, the liability amounting ₹ 661.98 Lacs (PY- ₹ 551.65 Lacs) recorded under previous GAAP has been derecognized. The same is now recognized in Financial year 2017-18 (2015-16), when dividend was approved by shareholders.

### 6. Actuarial Gain or Loss on Defined Benefit Plans (Gratuity)

Both under Indian GAAP and Ind AS, the company recognized costs related to its post employment defined benefits plan on an actuarial basis. Under Indian GAAP the entire cost including actuarial gain/loss are charged to Statement of Profit and Loss A/c. Under Ind AS, the part of actuarial gain/loss are to be recognized in Other Comprehensive Income.

As a result, profit for the year ended 31st March, 2017 has increased by ₹ 20.51 Lacs (net of tax) with corresponding decrease in Other Comprehensive Income during the year.

### 7. Other equity

Retained earnings as at 01st April, 2016 has been adjusted consequent to the above Ind AS transition adjustments. Refer 'Reconciliation of total equity as at 31st March, 2017 and 01st April, 2016' as given above for details.

### 8. Amount lying in unpaid dividend account earlier classified as Cash and cash equivalents has been reclassified to Other Bank Balances in accordance with Ind AS 7-Statement of Cash Flows and Division II of Schedule III of Companies Act, 2013.

In terms of our report of even date

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

**BHUPENDER MANTRI**  
Partner  
M.No. 108170

Place : Bhilwara  
Date : 10th May, 2018

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)

## Notes

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**Nitin Spinners Limited**

16-17 Km. Stone, Chittor Road, Hamirgarh, Distt. Bhilwara (Rajasthan) - 311 025

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