Placement Document
Not for Circulation
Serial Number: _____
Strictly Confidential

*Nitin Spinners Limited ("**NSL**", the "**Issuer**" or our "**Company**") was originally incorporated as "Nitin Spinners Private Limited" on October 15, 1992 under the Companies Act, 1956. Our Company was converted into a public limited company and our name was changed to Nitin Spinners Limited pursuant to a fresh certificate of incorporation dated November 15, 1994 issued by the Registrar of Companies, Rajasthan, at Jaipur*

Registered office: 16-17, KM Stone, Chittor Road, Hamirgarh, Bhilwara - 311025, Rajasthan, India
CIN: L17111RJ1992PLC006987, **Telephone No.**: +91 14 8228 6110 / +91 14 8228 6113; **Facsimile No.**: +91 14 8228 6117;
Email: investorrelations@nitinspinners.com; **Website**: www.nitinspinners.com

Our Company is issuing up to 93,85,765 equity shares of face value of ₹10 each (the "**Equity Shares**") at a price of ₹115 per Equity Share (the "**Issue Price**"), including a premium of ₹105 per Equity Share, aggregating upto ₹10,793.63 lakhs (the "**Issue**").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014.

THE ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER THE SEBI REGULATIONS ("QIBs") IN RELIANCE UPON CHAPTER VIII OF THE SEBI REGULATIONS AND SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QIBs. THIS PLACEMENT DOCUMENT (WHICH INCLUDES DISCLOSURES PRESCRIBED UNDER FORM PAS-4) WILL BE CIRCULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THIS ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND/OR OTHER JURISDICTIONS.

INVESTMENTS IN THE EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" ON PAGE 39 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE EQUITY SHARES IN THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT.

The Equity Shares are listed on BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**", and together with the BSE, referred to as the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the BSE and the NSE on October 31, 2017 was ₹114.30 and ₹114.05 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the Listing Regulations (as hereinafter defined) for listing of the Equity Shares have been received from the BSE and the NSE on November 1, 2017. Applications to the Stock Exchanges will be made for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed and/or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

A copy of the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as hereinafter defined)) has been delivered to the Stock Exchanges, and a copy of this Placement Document (which includes disclosures prescribed under Form PAS-4) shall also be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Rajasthan at Jaipur (the "**RoC**"), and the Securities and Exchange Board of India ("**SEBI**"), each within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, and the SEBI Regulations. This Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by qualified institutional buyers ("**QIBs**" as defined hereinafter). This Placement Document has not been and will not be registered as a prospectus with the registrar of companies in India and will not be circulated or distributed to the public in India or any other jurisdiction. The Issue is meant only for QIBs by way of a private placement and will not constitute a public offer in India or any other jurisdiction.

Invitations for subscription, offer and sale of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to the Preliminary Placement Document together with the Application Form, this Placement Doucment and the Confirmation of Allocation Note (as hereinafter defined). For further details, see the section "Issue Procedure" on page 136. The distribution of the Preliminary Placement Document or this Placement Document or the disclosure of its contents without prior consent of our Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document and/or any of the documents referred to in this Placement Document.

The information on the website of our Company, any website directly or indirectly linked to our Company's website, or the website of the Book Running Lead Manager or their affiliates does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites.

The Equity Shares offered in this Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions (as defined in Regulation S under the Securities Act ("Regulation S")) in accordance with Regulations S. For a description of the selling restrictions in certain other jurisdictions, see "Selling Restrictions" on page 149. The Equity Shares are transferrable only in accordance with the restrictions described in "Transfer Restrictions" on page 154.

Our Company has prepared this Placement Document solely for providing information in connection with the proposed issue.

This Placement Document is dated November 4, 2017

BOOK RUNNING LEAD MANAGER
Edelweiss Ideas create, values protect
Edelweiss Financial Services Limited

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to our best knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company and the Equity Shares which is material in the context of this Issue. The statements contained in this Placement Document relating to our Company and the Equity Shares are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of this Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The information contained in this Placement Document has been provided by our Company and other sources identified herein. Distribution of this Placement Document to any person other than the investor specified by the Book Running Lead Manager or its representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The Book Running Lead Manager has not separately verified all the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Manager nor any of its shareholders, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Manager or its shareholders, employees, counsels, officers, directors, representatives, agents or affiliates, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with our Company and the issue of the Equity Shares or distribution of the Preliminary Placement Document. Each person receiving this Placement Document acknowledges that such person has not relied on either the Book Running Lead Manager or on any of its shareholders, employees, counsel, officers, directors, representatives, agents and/or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares, issued pursuant to this Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the Book Running Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs whose names are recorded by our Company prior to the invitation to subscribe to this Issue (in consultation with the Book Running Lead Manager or its representatives) and those retained by QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited.

Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Manager which would permit an issue of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue-related materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For further information, see the section "Selling Restrictions" on page 149.

The Equity Shares in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only to QIBs outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described in "Selling Restrictions" and "Transfer Restrictions" on pages 149 and 154, respectively.

Subscribers of the Equity Shares will be deemed to make the representations, warranties, acknowledgements and agreements set forth in "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions" on pages 5, 149 and 154, respectively.

In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, business, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the Book Running Lead Manager are making any representation to any investor, or subscriber or purchaser of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares in this Issue, by such investor, or subscriber under applicable legal, investment or similar laws or regulations. Each subscriber of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian laws, including Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Chapter VIII of the SEBI Regulations and is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares, or otherwise accessing the capital markets in India. Each investor, subscriber or purchaser of the Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents. All references herein to "you" or "your" is to the prospective investors of the Issue.

The information on our Company's website, www.nitinspinners.com, any website directly and indirectly linked to the website of our Company or on the website of the Book Running Lead Manager, or their affiliates, neither constitute nor form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information in relation to transfer or selling restrictions of the Equity Shares in certain other jurisdictions, see "Selling Restrictions" on page 149.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" are to the prospective investors in this Issue. By bidding for and/or subscribing to any Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreed with our Company and the Book Running Lead Manager as follows:

- You are a QIB as defined in Regulation 2(1) (zd) of SEBI Regulations and not excluded as an eligible investor pursuant to Regulation 86(1)(b) of the SEBI Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the SEBI Regulations and undertake to comply with the SEBI Regulations, the Companies Act and all other applicable laws, including any reporting obligations;

- If you are not a resident of India, but are a QIB, you are an Eligible FPI having a valid and existing certificate of registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution or an FVCI, and are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended ("**FEMA 20**"), and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities;

- If you are an Eligible FPI, you are investing in the Issue under the Foreign Portfolio Investment Scheme.

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;

- You have made, or are deemed to have made, as applicable, the representations set forth under "Selling Restrictions" and "Transfer Restrictions" on pages 149 and 154, respectively;

- You are aware that the Equity Shares issued pursuant to the Issue have not been and will not be registered through a prospectus under the Companies Act (as defined hereinafter), the SEBI Regulations or under any other law in force in India. This Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs. The Preliminary Placement Document and this Placement Document have been filed with the Stock Exchanges for record purposes only and will be displayed on the websites of our Company and the Stock Exchanges. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014;

- You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- You agree that neither our Company nor the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions they may enter into in connection with this Issue and your participation in this Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Book Running Lead Manager. Neither the Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or this Issue; or (ii) if you have participated in or attended any of our Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Manager has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information relating to our Company and this Issue that was not publicly available;

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information related to our Company which is not set forth in this Placement Document;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicanle law including but not limited to the SEBI Insider Trading Regulations, the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 and the Companies Act, 2013, and the rules made thereunder;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company's future financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. Neither our Company nor the Book Running Lead Manager or any of their shareholders, directors, officers, employees, counsel representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public, and the Allotment of the same shall be on a discretionary basis at the discretion of our Company and the Book Running Lead Manager;

- You are aware that if you are Allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and SEBI, and you consent to such disclosures;

- You are aware that if you are Allotted more than five percent of the Equity Shares in this Issue, our Company is required to disclose your name and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their website, and you consent to such disclosures. Further, if you are one of the top 10 Equity Shareholders, our Company will be required to make a filing with the RoC within 15 days of the change in shareholding as per Section 93 of the Companies Act, 2013;

- You have been provided a serially numbered copy of the Preliminary Placement Document and have read it in its entirety, including in particular, the section "Risk Factors" on page 39;

- In making your investment decision, you have (i) relied on your own examination of our Company and the terms of this Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, the Equity Shares and the terms of this Issue based solely on the information contained in the Preliminary Placement Document and no other disclosure or representation by our Company, its Directors, Promoters, and affiliates or any other party, (iii) consulted your own independent counsel and advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) relied solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company, its Directors, Promoters and affiliates, or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in this Issue;

- Neither the Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Manager or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or the Book Running Lead Manager or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Manager or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with this Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) are seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and you have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;

- When you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “you” to include such accounts;

- You are not a ‘promoter’ (as defined under Section 2(69) of the Companies Act, 2013 and the the SEBI Regulations) of our Company or any of its affiliates and are not a person related to the promoter, either directly or indirectly and your Bid does not directly or indirectly represent the ‘promoter’, or ‘promoter group’, (as defined under the SEBI Regulations) or person related to promoters of our Company;

- You agree that in terms of Section 42(7) of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, we shall file PAS-5 containing the list of QIBs (to whom the Preliminary Placement Document is circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;

- You have no rights under a shareholders’ agreement or voting agreement with the promoter or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares;

- You will have no right to withdraw your Bid after the Bid/Issue Closing Date;

- You are eligible to apply and hold the Equity Shares Allotted to you pursuant to this Issue together with any Equity Shares held by you prior to this Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law or regulation;

- The Bid made by you would not result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the “**Takeover Regulations**”);

- To the best of your knowledge and belief, your aggregate holding, together with other QIBs in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under this Issue shall not exceed 50 % of this Issue. For the purposes of this representation:

  (a) the expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares is issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the Listing Regulations, for listing and admission of the Equity Shares on the Stock Exchanges were made and approval has been received from the Stock Exchanges, and (ii) the applications for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. Neither our Company, nor the Book Running Lead Manager, nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final approval or any loss arising from such delay or non-receipt;

- You are aware and understand that the Book Running Lead Manager has entered into a placement agreement with our Company, whereby the Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, agreed to manage this Issue and use its reasonable efforts to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

- The contents of this Placement Document are exclusively the responsibility of our Company, and neither the Book Running Lead Manager nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Manager or our Company or any of its affiliates or any other person, and neither the Book Running Lead Manager nor our Company nor any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that the Book Running Lead Manager does not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

- You are eligible to invest in India under applicable laws, including the FEMA 20, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You agree that any dispute arising in connection with this Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- You agree to indemnify and hold our Company and the Book Running Lead Manager and their respective employees, officers, directors, affiliates, associates and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this

Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You acknowledge that our Company, the Book Running Lead Manager, their affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Manager and our Company, are irrevocable;

- You agree that each of the representations, warranties, acknowledgments and agreements set out above shall continue to be true and accurate at all times upto and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue; and

- You understand that the Equity Shares will when issued pursuant to the Issue, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of this Issue.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended (**"SEBI FPI Regulations"**), FPIs (which include FIIs) other than Category III Foreign Portfolio Investors (as defined hereinafter) and unregulated broad based funds, which are classified as Category II Foreign Portfolio Investor (as defined under the SEBI FPI Regulations) by virtue of their investment manager, including the affiliates of the lead manager, being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) (all such offshore derivative instruments are referred to herein as **"P-Notes"**), for which they may receive compensation from the purchasers of such instruments. Further, in accordance with SEBI Circular No. CIR/IMD/FIIC/20/2014 dated November 24, 2014, FPIs are permitted to issue P-Notes to only those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations and which do not have any opaque structure(s), as defined under the SEBI FPI Regulations. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authority in the countries of their incorporation/establishment, subject to compliance with 'know your client' requirements. An FPI shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been, and are not being offered, or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P- Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of or claims on the Book Running Lead Managers. Affiliates of the Book Running Lead Managers, which are FPIs, may purchase the Equity Shares in the Issue, and may issue P-Notes in respect thereof, in each case to the extent permitted by applicable law.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority, nor our Company has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Also see "Selling Restrictions" and "Transfer Restrictions" on page 149 and 154, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;

(2) warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in this Issue, references to our 'Company, 'NSL', 'Issuer', 'we', 'us', or 'our' are to Nitin Spinners Limited.

In this Placement Document, references to 'US$', 'USD' and 'U.S. Dollar' are to the legal currency of the United States of America and references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "lakh" or "lac" mean "100 thousand" and the word "million" means "10 lakhs" and the word "crore" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crores".

We record and publish our financial statements in Rupees. The current financial year of our Company commences on April 1 of each year and ends on March 31 of the following year, and unless otherwise specified or if the context requires otherwise, all references to a particular 'Fiscal Year' or 'FY' or 'financial year' or 'fiscal' are to the 12 months period ended on March 31 of that year. Our audited financial statements as at and for the financial years ended March 31, 2015, March 31, 2016 and March 31, 2017 ("**Audited Financial Statements**") included herein, have been prepared in line with the accounting principles generally accepted in India (the "**Indian GAAP**"), the Companies Act 1956, as amended, and the Companies Act, 2013, as applicable, and the requirements under the Listing Regulations, and have been audited by the Erstwhile Statutory Auditors, in accordance with the applicable generally accepted auditing standards in India prescribed by the ICAI; and our unaudited financial statements for the quarter ended June 30, 2017 ("**Reviewed Financial Statements**"), included herein, have been prepared in line with the Companies (Indian Accounting Standards) Rules, 2015, as amended, the Companies Act, 2013, and the requirements under the Listing Regulations, and have been reviewed by the Erstwhile Statutory Auditors in accordance with other accounting principles generally accepted in India.

Our Company publishes its financial statements in Indian Rupees. Unless the context otherwise requires and unless so specified, all financial data in this Placement Document are derived from our Company's financial statements and not derived from the comparative data for such respective financial year. Unless otherwise indicated or the context requires otherwise, all financial data in this Placement Document is derived from our Audited Financial Statements and Reviewed Financial Statements.

Indian GAAP differs in certain respects significantly from Ind AS. Our Company was required to mandatorily adopt Ind-AS for the accounting period beginning from April 1, 2017. However, we have not determined with any degree of certainty the impact such adoption will have on its financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind-AS than under Indian GAAP. See the section "Risk Factors - Internal Risks and Risks Associated with our Business - Our Company has transitioned in accounting standards and has started preparing its financial statements, from the period beginning April 1, 2017, under Ind-AS. The transition to Ind-AS in India may adversely affect us." and "Summary of key differences between Indian GAAP and Ind-AS" on page 49 and 81.

Further, Indian GAAP differs in certain significant respects from United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), International Financial Reporting Standards (the "**IFRS**") and generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**"). We have not attempted to quantify the impact of United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) or U.S. GAAP or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) or U.S. GAAP or IFRS. Each of United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), U.S. GAAP and IFRS differ in significant respects from Indian GAAP. See the section "Risk Factors – Risks Relating to India and Other External Risks – Significant differences exist between Indian GAAP used throughout our financial information and other accounting principles, such as U.S. GAAP or IFRS, with which investors may be more familiar." on page 52. Accordingly, the degree to which the Audited Financial Statements prepared in accordance with Indian GAAP and Reviewed Financial Statements prepared in accordance with IndAS included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

In this Placement Document, any discrepencies in the tables included herein between the amounts listed and the totals thereof are due to rounding-off of the figures. Accordingly, figures shown as totals in certain tables, may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information included in this Placement Document regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise, statistical information included in this Placement Document pertaining to the business in which we operate has been reproduced from trade, industry, and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as they are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, and so we have relied on internally developed estimates.

Neither we nor the Book Running Lead Manager have independently verified this data, nor do we or the Book Running Lead Manager make any representation regarding the accuracy of such data. Similarly, internal estimates and surveys, industry forecasts and market research, while believed to be reliable and reasonable, have not been independently verified and neither we or the Book Running Lead Manager make any representation as to the accuracy and completeness of information based on trade, industry and government publications and websites, data reports complied by government bodies, professional organisations and analysts, or from other external sources.

Information has been included in this Placement Document from the report titled "CRISIL Report – Cotton Yarn" (the "**CRISIL Report**") prepared by CRISIL Research, a division of CRISIL Limited, for the purpose of confirming our understanding of the industry in connection with the Issue. In this regard CRISIL has issued the following disclaimer in relation to the information contained in the CRISIL Report, which is also included in this Placement Document:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Nitin Spinners Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "Risk Factors – Statistical and financial data in this Placement Document may be incomplete or unreliable.*"* on page 51. Accordingly, investment decisions should not be based solely on such information.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. These statements express views of the management of our Company and expectations based upon certain assumptions regarding trends in the Indian and international financial markets and regional economies, the political climate in which our Company operates and other factors. Prospective investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, planned revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements including, amongst others:

- supply and pricing of our primary raw material, anmely, cotton;
- fluctuations in foreign exchange and any currency movements;
- demand for our cotton yarn and knitted fabric products;
- central and state government policy in the sectors in which we operate;
- changes in technology;
- adverse effect of competition on margins, market share and profits of the Company;
- the textile industry in India; and
- general, political, social and economic conditions in India and elsewhere.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under "Risk Factors", "Industry Overview", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 39, 87, 104 and 67, respectively. Our Company and the BRLM expressly disclaim any obligation or undertaking to release publically any updates or revision to any forward looking statements contained herein to effect any changes in our Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statements are based.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither our Company, nor the Book Running Lead Manager undertakes any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. The forward-looking statements appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public company incorporated under the laws of India. All the Directors and the senior management named herein are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code (as defined below), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

Under Section 14 of the Civil Procedure Code, a court in India shall upon the production of any document purporting to be a certified copy of a foreign judgement, presume that the judgement was pronounced by a court of competent jurisdiction, unless the contrary appears on record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or repatriate outside India any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that Indian courts and/or authorities would not take a longer amount of time to adjudicate and conclude similar proceedings in their respective jurisdictions.

EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. Dollar (in Rupees per U.S. Dollar). The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. Dollar at any particular rate, the rates stated below, or at all.

On October 31, 2017 the exchange rate (RBI reference rate) was ₹64.77 to US$ 1.00 (Source: www.rbi.org.in)

	Period end	Average(1)	High(2)	Low(3)
Financial Year:				(₹ Per USD)
2015	62.59	61.15	63.75	58.42
2016	66.33	65.46	68.78	62.17
2017	64.84	67.09	68.72	64.84
Quarter ended:				
December 31, 2016	67.95	67.46	68.72	66.43
March 31, 2017	64.84	67.01	68.23	64.84
June 30, 2017	64.74	64.44	64.74	64.26
September 30, 2017	65.35	64.29	65.76	63.63
Month ended:				
May 31, 2017	64.55	64.42	64.99	64.02
June 30, 2017	64.74	64.44	64.74	64.26
July 31, 2017	64.08	64.46	64.82	64.08
August 31, 2017	64.02	63.97	64.24	63.63
September 30, 2017	65.35	64.44	65.76	63.86
October 31, 2017	64.77	65.08	65.55	64.76

Notes:

(1) Average of the closing official rate for each working day of the relevant period.

(2) Maximum of the closing official rate for each working day of the relevant period.

(3) Minimum of the closing official rate for each working day of the relevant period.

(Source: www.rbi.org.in)

Our Company's sales are recognised when goods are supplied and effective control of goods associated with ownership is transferred to the buyer. Foreign exchange differences relating to sales are included in revenue from operations. For further details, see the section titled "Financial Statements" on page 187.

DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Placement Document using certain definitions and abbreviations which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments made thereto, from time to time.

Company Related Terms

Term	Description
"Company" or "our Company" or "Issuer" or "NSL"	Nitin Spinners Limited, a public limited company, incorporated under the Indian Companies Act, 1956 and having its registered office at 16-17, KM Stone, Chittor Road, Hamirgarh, Bhilwara – 311025, Rajasthan, India. It is clarified that references to "us", "we" or "our" are to our Company
Articles/Articles of Association	Articles of association of our Company as amended from time to time
Auditor/Statutory Auditor	The statutory auditor of our Company, M/s Kalani & Company, Chartered Accountants, Firm Registration No. 000722C
Board/Board of Directors	The board of directors of our Company or duly constituted committee thereof
Directors	The directors of our Company
Equity Shares	Equity shares of our Company having face value of ₹10 each
Erstwhile Statutory Auditor	The erstwhile statutory auditor of our Company, RS Dani & Company, Chartered Accountants, Firm Registration No. 000243C
Memorandum/Memorandum of Association	Memorandum of association of our Company, as amended from time to time
Net Proceeds	Proceeds of the Issue that will be available to our Company, which shall be the gross proceeds of the Issue less the Issue-related expenses
Promoters	Promoters of our Company as per the definition provided in Regulation 2(1)(za) of the SEBI Regulations and as reported to the Stock Exchanges being Mr. R.L Nolkha, Mr. Dinesh Nolkha, Mr. Nitin Nolakha and Redial Trading and Investment Private Limited
Promoter Group	Promoter group of our Company as defined in Regulation 2(1)(zb) of the SEBI Regulations
Registered Office	16-17, KM Stone, Chittor Road, Hamirgarh, Bhilwara – 311025, Rajasthan, India

Issue Related Terms

Term	Description
Allocated/Allocation	The allocation of Equity Shares, following the determination of the Issue Price to the QIBs on the basis of the Application Form submitted by them, by our Company, in consultation with the Book Running Lead Manager and in compliance with Chapter VIII of the SEBI Regulations
Allot/Allotment/Allotted	Issue and allotment of Equity Shares to be issued pursuant to this Issue
Allottees	QIBs to whom Equity Shares are issued and Allotted pursuant to this Issue
Application Form	The form (including any revisions thereof) pursuant to which QIB shall submit a Bid for the Equity Shares in this Issue
Audited Financial Statements	Audited financial statements of our Company for the last three Fiscal Years i.e. Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015
Bid(s)	Indication of interest of a QIB, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares pursuant to this Issue
Bid/Issue Closing Date	November 4, 2017, which is the last date up to which the Application Forms shall be accepted by our Company (or the Book Running Lead Manager on behalf of

Term	Description
	our Company)
Bid/Issue Opening Date	November 1, 2017, which is the date on which our Company (or the Book Running Lead Manager on behalf of our Company) shall commence the acceptance of duly completed Application Forms for this Issue
Bid/Issue Period/ Bidding Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revision thereof
Bidder	Any prospective investor, a QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
Book Running Lead Manager/ BRLM	Edelweiss Financial Services Limited
CAN/Confirmation of Allocation Note	Note or advice or intimation sent only to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such successful Bidders
Closing Date	The date on which Allotment of Equity Shares pursuant to this Issue shall be made, i.e. on or about Tuesday, November 7, 2017
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to this Issue which shall be finalised by our Company in consultation with the Book Running Lead Manager
Designated Date	The date of credit of the Equity Shares to the successful Bidders demat account, as applicable to the respective successful Bidders
Escrow Account	The non-interest bearing, no-lien, current bank account entitled “Nitin Spinners Ltd QIP ESCROW A/C”with regard to any money received towards the subscription of the Equity Shares, opened with the Escrow Bank, subject to the terms of the Escrow Agreement
Escrow Agreement	Agreement dated October 31, 2017, entered into amongst our Company, the Escrow Bank and the Book Running Lead Manager for collection of the bid amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	HDFC Bank Limited
Floor Price	The floor price of ₹113.92 which has been calculated in accordance with Chapter VIII of the SEBI Regulations. In terms of the SEBI Regulations, the Issue Price cannot be lower than the Floor Price.
Issue	The offer, issue and Allotment of 93,85,765 Equity Shares of face value of ₹10 each at a price of ₹115, including a premium of ₹105 per Equity Share aggregating ₹10,793.63 lakhs, to the QIBs, pursuant to Chapter VIII of the SEBI Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Issue Price	₹115 per Equity Share
Issue Size	The Issue of 93,85,765 Equity Shares aggregating up to ₹10,793.63 lakhs
Lock-up Period	180 days from the date of Allotment of Equity Shares
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in this Issue, which is available for Allocation to Mutual Funds
Net Proceeds	The proceeds of this Issue after deduction of Issue expenses including fees, commission and other expenses
Pay-in Date	The last date specified in the CAN sent to the succesful Bidders for payment of Bid monies by the successful Bidders
Placement Agreement	Agreement dated November 1, 2017 entered into amongst our Company and the Book Running Lead Manager
Placement Document	This placement document, dated November 4, 2017, issued in accordance with the provisions of Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
Preliminary Placement Document	The preliminary placement document, dated November 1, 2017, issued by our Company in accordance with Chapter VIII of the SEBI Regulations and Section

Term	Description
	42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Pricing Date	November 4, 2017, which is the date of the meeting of the Board, or any committee duly authorised by the Board, deciding to determine the Issue Price and to ascertain the number of Equity Shares to be issued and Alloted pursuant to the Issue
QIBs or Qualified Institutional Buyers	Qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI Regulations and not excluded pursuant to Regulation 86 of the SEBI Regulations
QIP	Qualified institutions placement to QIBs under Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Relevant Date	November 1, 2017, which is the date of the meeting of the Board, or any committee duly authorised by the Board, deciding to open this Issue
Reviewed Financial Statements	Reviewed financial statements of our Company for the quarter ended June 30, 2017

Conventional and General Terms/ Abbreviations

Term/Abbreviation	Description
AGM	Annual General Meeting
AIF(s)	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	BSE Limited
Category II FPI	An FPI registered as a category II foreign portfolio investor under the SEBI FPI Regulations
Category III FPI	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act	The Companies Act, 2013 or the Companies Act, 1956, as applicable
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder, as amended, to the extent in force pursuant to notification of the Notified Sections
Competition Act	The Competition Act, 2002, as amended
Cr.	Crore; a numerical unit equal to 100 lakhs
CSR	Corporate Social Responsibilty
Depositories Act	The Depositories Act, 1996, as amended
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended
DIN	Director Identification Number
DIPP	The Indian Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant’s Identity Number
DP/Depository Participant	A depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible FPIs	FPIs that are eligible to participate in the Issue and does not include Category III FPIs who are not eligible to participate in the Issue
EGM	Extraordinary General Meeting
EPS	Earnings Per Share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares during that fiscal year
FCNR(B)	Foreign currency non-resident (bank)

Term/Abbreviation	Description
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999, as amended, together with rules and regulations thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
FIIs	Foreign institutional investors and foreign portfolio investors as defined under the SEBI FPI Regulations other than category 3 foreign portfolio investors that are corporates or individuals.
Fiscal Year/Financial Year/ Fiscal/FY	Period of 12 months ended 31 March of that particular year
Foreign Portfolio Investment Scheme	The foreign portfolio investment scheme of the RBI specified in schedule 2A of FEMA 20
Form PAS-4	Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations or is deemed to be an FPI in terms of SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GDP	Gross Domestic Product
GIR Number	General Index Register Number
GoI/Government	Government of India
GST	Goods and services tax
HNIs	High net worth individuals
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Ind-AS	Indian accounting standards as notified by the MCA by way of the Companies (Indian Accounting Standards) Rules, 2015, as amended
India	The Republic of India
Indian GAAP	Generally Accepted Accounting Principles followed in India, including the accounting standards specified under the Companies (Accounts) Rules, 2014, as amended
ISO	International Organisation for Standardization
IT	Information Technology
IT Act	The Income Tax Act, 1961, as amended
Lakh or Lac	A numerical unit; equal to 100 thousand
Listing Regulations	The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
MCA	The Ministry of Corporate Affairs, Government of India
MoU	Memorandum of understanding
NEAT	National Exchange for Automated Trading
NEFT	National Electronic Fund Transfer
Notified Sections	Sections of the Companies Act, 2013 that have been notified by the Government of India
NRE	Non-Resident (external)
NRI	Non-Resident Indian
NRO	Non-Resident Ordinary
NSDL	National Securities Depositary Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PMLA	Prevention of Money Laundering Act, 2002, as amended
Portfolio Investment Scheme	The portfolio investment scheme of RBI specified in Schedule II of FEMA 20

Term/Abbreviation	Description
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies, Rajasthan at Jaipur
Indian Rupees/Rs./Rupees/INR/₹	The official currency of India
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, notified by the SEBI
SCRA	Securities Contracts (Regulation) Act 1956, as amended
SCRR	Securities Contracts (Regulation) Rules 1957, as amended
SEBI	The Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEC	United States Securities and Exchange Commission
SENSEX	Index of 30 stocks traded on BSE representing a sample of large and liquid listed companies
Securities Act	U.S. Securities Act of 1933, as amended
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
US$/USD/U.S. Dollar	United States Dollar, the legal currency of the United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
USA/U.S./United States	The United States of America
VCF	A Venture Capital Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 or the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as the case may be

Technical and Industry Terms

Term/Abbreviation	Full Form/Description
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended
APE	Apparel Parks for Export Scheme
ATM	Automated Teller Machine
ATUFS	Amended Technology Upgradation Fund Scheme
BCI	Better Cotton Initiative
Bhilwara Facility	Our manufacturing facility located in Hamirgarh, Bhilwara, Rajasthan, India
Bonus Act	the Payment of Bonus Act, 1965, as amended
CAGR	Compounded Annual Growth Rate
CENVAT	Central Value Added Tax
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970, as amended
Cotton Order	The Cotton Order, 1986
CPCB	Central Pollution Control Board
Environment Act	The Environment Protection Act, 1986, as amended
EPCG	The Export Promotion Capital Goods
ESI Act	The Employees State Insurance Act, 1948, as amended
Factories Act	The Factories Act, 1948, as amended
GOTS	Global Organic Textile Standard

Term/Abbreviation	Full Form/Description
ISO	International Organisation for Standardisation
MEIS	The Merchandise Exports from India Scheme
MW	Mega Watts
OHSAS	Occupational Health and Safety Assessment Series
Order	The Textile (Development and Regulation) Order, 2001
Public Liability Act	The Public Liability Insurance Act, 1991, as amended
RIPS	Rajasthan Investment Promotion Scheme, 2014
RR-TUFS	Revised Restructured Technology Upgradation Fund Scheme
SITP	Scheme for Integrated Textiles Parks
SPCBs	State Pollution Control Boards
Supima	A non-profit organization in the United States whose main objective is to promote the use of U.S. grown American Pima cotton around the world and is involved in quality assurance and research programs
T.F.O.	Two for one
TCIDS	The Textile Centre Infrastructure Development Scheme
TEXPROCIL	The Cotton Textiles Export Promotion Council
Textile Policy	National Textile Policy, 2000
TUFS	Technology Upgradation Fund Scheme
TWRFS	Textile Workers Rehabilitation Fund Scheme
UCCI	Udaipur Chamber of Commerce and Industry
Water Act	The Water (Prevention and Control of Pollution) Act 1974, as amended

Not withstanding the foregoing, terms in “Financial Statements”, “Risk Factors”, “Statement of Tax Benefits”and “Legal Proceedings” on pages 187, 39, 162 and 181, respectively, shall have the meanings ascribed to such terms in those respective sections.

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided:

Sr. No.	Disclosure Requirements	Relevant page of this Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office.	Cover Page, 185 and 190
b.	Date of incorporation of the company.	Cover Page and 185
c.	Business carried on by the company and its subsidiaries with the details of branches or units, if any.	104
d.	Brief particulars of the management of the company.	125
e.	Names, addresses, DIN and occupations of the directors.	125 - 126
f.	Management's perception of risk factors.	39
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
(i)	Statutory dues;	183
(ii)	Debentures and interest thereon;	183
(iii)	Deposits and interest thereon; and	183
(iv)	Loan from any bank or financial institution and interest thereon.	183
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.	185 and 190
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	34
b.	Date of passing of resolution in the general meeting, authorising the offer of securities.	34
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	34
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	Cover Page and 34
e.	Name and address of the valuer who performed valuation of the security offered.	Not applicable
f.	Amount which the company intends to raise by way of securities.	Cover Page and 34
g.	Terms of raising of securities:	
(i)	Duration, if applicable;	Not applicable
(ii)	Rate of dividend;	Not applicable
(iii)	Rate of interest;	Not applicable
(iv)	Mode of payment; and	Not applicable
(v)	Repayment.	Not applicable
h.	Proposed time schedule for which the offer letter is valid.	19 and 20
i.	Purposes and objects of the offer.	61
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	Not applicable
k.	Principle terms of assets charged as security, if applicable.	Not applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**	
a.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	127 and 131
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately	181

Sr. No.	Disclosure Requirements	Relevant page of this Placement Document
	preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	
c.	Remuneration of directors (during the current year and last three financial years).	130
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	79, 133 and 187
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.	79
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries.	181
g.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.	182
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	The capital structure of the company in the following manner in a tabular form:	
(i)(a)	The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	64
(b)	Size of the present offer; and	64
(c)	Paid up capital:	64
(A)	After the offer; and	64
(B)	After conversion of convertible instruments (if applicable);	Not applicable
(d)	Share premium account (before and after the offer).	64
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	64
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	Not applicable
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	F-6, F-33, F-60
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	66 and 79
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	F-5, F-32 and F-59
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	F-7, F-34 and F-61
f.	Any change in accounting policies during the last three years and their	79

Sr. No.	Disclosure Requirements	Relevant page of this Placement Document
	effect on the profits and the reserves of the company.	
5.	**A DECLARATION BY THE DIRECTORS THAT**	
a.	The company has complied with the provisions of the Companies Act and the rules made thereunder.	189
b.	The compliance with the Companies Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the offer letter.	

SUMMARY OF BUSINESS

Overview

We are one of India's leading manufacturers of cotton yarn, with vertical integration into knitted fabrics manufacturing that utilizes our in-house cotton yarn. Our products offering can be largely classified into cotton yarn (including value added yarns) and knitted fabric. We focus primarily on manufacturing of yarn and produce a wide range of cotton yarns including value added yarns such as slub, compact yarn and core spun yarns, which we forayed into recently and knitted fabrics.

Established in 1992, with over two decades of experience in the textile industry, we cater to a large customer base of international and domestic clients, with an established brand presence in the segments in which we operate. Our manufacturing facility is located in Hamirgarh, Bhilwara, Rajasthan, India (the "**Bhilwara Facility**"), on approximately 60 acres of land. Over the last three Fiscal Years, we have increased our spindle count from approximately 77,000 spindles in Fiscal Year 2015 to 2,23,056 spindles in Fiscal Year 2017, to increase production in line with the growth in demand for our products. As on the date of this Placement Document, we operate 2,936 rotors and 2,23,056 spindles in our Bhilwara Facility. This increase in spindle count resulted in an increase in our cotton yarn production capacity from 38,000 tonnes per annum in Fiscal Year 2015 to 50,000 tonnes per annum in Fiscal Year 2017. A majority of this spindle addition has been for fine count premium yarn used in the manufacturing of high value apparel and furnishing fabrics. In line with our focus on value added yarn, our recent capacity expansion has enabled us to manufacture superfine premium compact yarn up to 80 counts.

During Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015, we manufactured 42,342 tonnes, 37,650 tonnes and 29,060 tonnes of cotton yarn, respectively. Our cotton yarn products include ring spun combed yarns from Ne 12/1 to Ne 80/1, compact yarns, multifold ring spun yarns, fancy slub yarns, core spun yarns, open end yarns from Ne 5/1 to Ne 24/1, multifold open end yarns, dye able cheese cones, 100% organic cotton yarns, BCI/ TBC certified yarns, and Supima and Giza certified yarns. In Fiscal Year 2017, we exported our cotton yarn to over 50 countries in North America, Europe, South America, Africa and Asia. The end-use industry for the yarn manufactured by us includes the apparel, inner wear and terry towels, denim, home furnishing, carpet, industrial fabric, medical textile, mattress sticking, socks and tea-bag industries.

Along with the expansion of our spinning capacity in Fiscal Year 2017, we also procured 14 additional knitting machines, taking the total number of machines to 63 and our knitted fabric production capacity to 9,000 tonnes per annum. During Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015 our Company manufactured 6,825 tonnes, 6,538 tonnes and 5,385 tonnes of knitted fabric, respectively. The products manufactured by our knitted fabrics segment include lycra blended fabrics, single jersey, pique structures, interlock structures, and rib structures. In Fiscal Year 2017, we exported our knitted fabrics products to USA, Mauritius, Sri Lanka and UK. The knitted fabrics manufactured are used in the inner-wear, sports-wear, winter-wear and leisure-wear industries.

During Fiscal Year 2017 and Fiscal Year 2016, our total revenue was ₹93,416.51 lakhs and ₹76,758.90 lakhs, respectively, and our profit after tax was ₹5,715.05 lakhs and ₹4,416.28 lakhs, respectively. Our revenue from operations and profit after tax grew by 22% and 29%, respectively, over Fiscal Year 2017 and Fiscal Year 2016, respectively.

Our largest products offering, cotton yarn, including value added yarns, accounted for 77% of our total revenue for Fiscal Year 2017 and Fiscal Year 2016. Our knitted fabric products accounted for 17% and 18% of our total revenue for Fiscal Year 2017 and Fiscal Year 2016, respectively. A certain portion of our revenues are also derived from the sale of cotton waste accumulated during our manufacturing processes. Such cotton waste is usually sold to open end yarn manufacturers and mattress manufacturers, who, amongst others, utilise low quality cotton for their products.

Our key accreditations include an ISO 9001:2015 quality system certification; an ISO 14001:2015 environmental management system certification, an ISO 50001:2011 energy management system certification; and an OHSAS certification. We have also been certified by OEKOTEX, Global Organic Textile Standard (GOTS) which prescribes standards for the processing of fibers from certified organic agriculture. Further, we have also been authorized to use the SUPIMA trademark, which also certifies that our Company is purchasing, consuming or using yarn or fabric made from America Pima cotton that is grown in the United State of America.

Certain awards and recognitions that we received include the "UCCI Excellence Award 2017", by Udaipur Chamber of Commerce & Industry under the "Large Manufacturing Enterprise" category in the Fiscal Year 2017; the "Texprocil Bronze Trophy" for the third highest export of cotton yarn (counts 50 and below) in category II, for the Fiscal Year 2016;

the "Texprocil Bronze Plaque " for the third highest exports of cotton fabrics in category II, in the Fiscal Year 2016; the "Texprocil Bronze Trophy" for third highest exports of cotton fabrics in category I, in the Fiscal Year 2015 and 2011; "Texprocil Silver Trophy" for the second highest exports in the category of grey fabrics in the Fiscal Years 2007 and 2008, respectively; the "Rajasthan Energy Conservation Award" for efforts towards energy conservation in Fiscal Years 2015 and 2016 under the 'Large Spinning' category; and the "Rajasthan State Award for Excellence in Exports" in the 'Textile' category for Fiscal Years 2008, 2011 and 2014 by the Government of Rajasthan.

Our Competitive Strengths

We believe that the following are our competitive strengths:

Longstanding presence in the textile industry with large spinning capacities

With over two decades of experience in the textile industry, we have steadily grown to become one of India's leading manufacturers of cotton yarn. We also manufacture knitted fabrics using yarn produced in-house thereby enabling us to climb the value chain for textile products. Our longstanding presence in the textile industry has enabled us to understand the changing needs and demands of the industry and our customers, both in India and internationally.

We commenced our operations in the year 1993, with 384 rotors for open end spinning. In the year 2001, we entered into ring spinning by installing 14,112 spindles, and forward integrated our Company by installing seven knitting machines. As on the date of this Placement Document, we have an installed capacity of 2,936 rotors, 2,23,056 spindles and 63 knitting machines which enables us to manufacture up to 50,000 tonnes of cotton yarn per annum and 9,000 tonnes of knitted fabric per annum. We have been able to significantly add to our sales, which in turn resulted in an increase of our total revenues from ₹76,758.90 lakhs in Fiscal 2016 to ₹93,416.51 lakhs in Fiscal 2017, on account of the expansions to our existing facilities in Fiscal 2017. For more details, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations", on page 67.

In Fiscal Year 2017, we exported our cotton yarn to over 50 countries in North America, Europe, South America, Africa and Asia and our knitted fabrics products to USA, Mauritius, Sri Lanka and UK.

Our Company has received awards and recognition such as the "UCCI Excellence Award 2017", by Udaipur Chamber of Commerce & Industry under the "Large Manufacturing Enterprise" category in the Fiscal Year 2017; the "Texprocil Bronze Trophy" for the third highest export of cotton yarn (counts 50 and below) in category II, for the Fiscal Year 2016; the "Texprocil Bronze Plaque " for the third highest exports of cotton fabrics in category II, in the Fiscal Year 2016; the "Texprocil Bronze Trophy" for third highest exports of cotton fabrics in category I, in the Fiscal Year 2015 and 2011; "Texprocil Silver Trophy" for the second highest exports in the category of grey fabrics in the Fiscal Years 2007 and 2008, respectively; the "Rajasthan Energy Conservation Award" for efforts towards energy conservation in Fiscal Years 2015 and 2016 under the 'Large Spinning' category; and the "Rajasthan State Award for Excellence in Exports" in the 'Textile' category for Fiscal Years 2008, 2011 and 2014 by the Government of Rajasthan.

Extensive range of products across our cotton yarn and knitted fabrics businesses.

We believe that we have developed a diverse product offering in line with the requirements of our customers. Our largest business is the manufacture of cotton yarn, which accounted for 77% of our total revenue for Fiscal Year 2017. We source cotton, the raw material required for the manufacture of cotton yarn, primarily from the domestic markets. However, we do import some amount of cotton from countries such as the United States, Greece and Australia, for production of value added yarn, based on demand and pricing benefits. We use the cotton sourced by us to manufacture yarn at our Bhilwara Facility.

The different kinds of yarns manufactured by us are detailed as follows:

- open end yarns from Ne 5/1 to Ne 24/1;
- multifold open end yarns;
- ring spun combed yarns from Ne 10/1 to Ne 80/1;
- multifold ring spun yarns;
- dyeable cheese cones - soft package;
- 100% organic cotton yarns and blends;
- BCI/ TBC certified yarns; and
- yarn made from Giza/ Supima cottons.

More recently, we have also forayed into the manufacture of higher margin value added yarns such as slub, compact yarn and core spun yarns, which helps us increase our profitability, and enhances our overall scalability.

- compact yarns;
- fancy slub yarns; and
- core spun yarns.

The yarn made by us cater to end-use industries such as apparels and garments; under garments; woven fabrics; home furnishings; carpets; denim; terry towels; industrial textiles; medical textiles; and mattress sticking.

Forward integration and economies of scale.

In 2001, we forward integrated into knitted fabrics production. Over the years, we have steadily grown our knitted fabric portfolio by adapting to changing market trends and our customers' requirements. Currently, the range of products manufactured by our knitted fabrics segment includes lycra blended fabrics, single jersey, pique structures, interlock structures, and rib structures. The knitted fabric products manufactured by us are used for wide range of knit wear such as inner wear, sports-wear, winter wear, leisure wear and others.

Our integrated production facilities results in a number of advantages, including efficient inventory management, reliable quality control over the raw materials used in the manufacture of our knitted fabrics and value added products/yarn, reduced operational costs, economies of scale and the ability to respond to customer requirements at each stage of production. Further, bring an integrated player in the textile industry has helped our Company de-risk valuations in raw material cost, thereby increasing our margins over periods.

Additionally, due to the increased trends by global buyers to consolidate their sourcing strategy, we believe that our large spinning capacities at our Bhilwara Facility results in our Company being a preferred vendor for customers both within India and internationally.

Modern facility and state-of-the-art machinery to deliver quality products.

We believe that our spinning plants are flexible enough to switch to manufacturing different types of yarns as per customer requirements. While we began our operations with open end spinning in the year 1993, we have progressed into ring spinning and subsequently forward integrated into knitted fabrics. Today, we believe that we possess the scale, product offerings, presence, quality and technology to cater to our end-use industries such as apparel, inner wear, sports-wear, winter wear, and terry towels, denim, home furnishing, carpet, industrial fabric, medical textile, mattress sticking, socks and tea-bag industries.

Our Bhilwara Facility is currently equipped with modern machinery, using the latest technology from manufacturers, such as Toyota and Rieter for the spinning; Reiter and Suessen for compact spinning; Pinter for core spun and slub attachments; Rieter and Trutzschler for preparatory process; Loptex clearer for removal of foreign fibers; Saurer Zinser for roving along with roving transport system; Murata and Savio India Limited for auto winders; and Mayer & Cie and Terrot knitting machines for high quality knitting fabrics.

We believe in efficient quality control; and accordingly, developed quality monitoring systems at our Bhilwara Facility to ensure consistent output and near zero percent rejection rates. Our laboratory is equipped with modern testing instruments from manufacturers such as USTER and Zweigle.

Our quality assurance and test labs centres are ISO certified. Our key accreditations include an ISO 9001:2015 quality system certification; an ISO 14001:2015 environmental management system certification, an ISO 50001:2011 energy management system certification; and an OHSAS certification. We have also been certified by OEKOTEX, Global Organic Textile Standard (GOTS) which prescribes standards for the processing of fibers from certified organic agriculture. Further, we have also been authorized to use the SUPIMA trademark, which also certifies that our Company is purchasing, consuming or using yarn or fabric made from America Pima cotton that is grown in the United State of America.

We ensure that sufficient research and development trials are undertaken to meet our customers' specific quality demands. As a part of the total quality assurance, we undertake the following to ensure the quality products: (i) specialist cotton selectors are appointed to buy raw cotton; (ii) each lot of raw material is tested for its required parameters before using it in the manufacturing; (iii) contamination checks are performed to remove impurities; (iv) advanced computerized equipment is deployed to assure the best quality and standard production operations; and (v) systematic on-line quality checking is performed by professional technicians during the production.

Competitive cost structure and locational advantage

We believe that our integrated manufacturing facility, cost efficient manufacturing and supply chain management result in a significant reduction in our operational costs. With our experience in the sector, we are able to time our procurement of raw materials and pass on raw material costs efficiently to our customers. Due to our scale, we are also able to source these materials at a competitive price. The location of our current manufacturing facilities gives us a significant competitive cost advantage in terms of raw material sourcing, manufacturing and labour costs.

As a textile manufacturer, our Company has significantly benefited from the Government of India's Technology Upgradation Fund Scheme ("**TUFS**"), pursuant to which we have been able to raise low cost funds for our past expansion and modernization initiatives, which has in-turn augmented our scale of operations thereby further lowering our cost of production. Further, the Government of Rajasthan introduced the Rajasthan Investment Promotion Scheme, 2014 (the "**RIPS**"), under which our Company has received an interest rate subsidy of six percent as well as certain electricity duty exemptions for its expansion projects in Fiscal Year 2015 and Fiscal Year 2017. Additionally, our future expansion projects, if any, will also be eligible for RIPS benefits, if such projects are to commence operations in advance of March 31, 2019. Our ability to avail of such subsidies and lower cost of capital has enabled our Company to maintain competitive pricing for our products both in India and internationally.

Further, our Bhilwara Facility, is in close proximity to both the Mundra and Pipavav ports, state and national highways and major consumption textile centers enabling us to save on logistics costs and to achieve lesser delivery time. Additionally, we also have a 10.5 MW captive power plant and 2.3 MW roof top solar plant at our Bhilwara Facility which reduces our power costs, which is one of our largest expenses after raw material.

Our Company's procurement network has developed over the past two decades and includes a large team of well trained personnel. We source majority of our raw materials; primarily cotton, from Rajasthan (where our Bhilwara Facility is located) and other neighboring states like Madhya Pradesh, Gujarat, Maharashtra and Punjab which in-turn enables us to reduce logistics cost and minimise transportation time. Our relationships with cotton suppliers provides us with a continuous supply of cotton during procurement season. Further, our ability to maintain appropriate levels of cotton stock almost throughout the year has significantly assisted us in mitigating the effects of volatility in cotton prices and has enabled us to focus on continued production at optimal levels.

Given that we have been long-standing purchasers in the domestic cotton markets and given that we have been steadily increasing our purchase quantity, we have been able to procure quality cotton at competitive prices and avail of cash discount benefits.

Additionally, we have established a strong distribution network with a particular focus on the northern and western textile hubs in India. For our yarn sales, we have worked to establish direct selling relationships with industrial customers both in India and overseas. We rely on dealers and commissioned sales agents for making sales to smaller consumers. Over the years, we have focused on developing key relationships with large international companies who are our customers.

Experienced management team with strong industry expertise.

Mr. R. L. Nolkha, the Chairman of our Board, has over four decades of experience in the textile industry. He is presently the chairman of the Rajasthan Textile Mills Association and a committee member of Confederation of Textile Industries. Mr. Dinesh Nolkha, our Managing Director, has over two decades of industrial experience and was instrumental in setting up our Company. Mr. Nitin Nolakha is a management graduate with over 19 years of industrial experience. For further information, please see "Board of Directors and Senior Management", on page 125. Our management team has requisite mix of experience in textiles, business management and commerce, amongst others.

In addition, our senior management team has extensive experience in operating manufacturing capacities, finance, sales, business development and strategic planning in the textile industry. We believe that the demonstrated ability and expertise of our management team has resulted in rising production levels with better cost management and enhanced process efficiency. For more details of our growth in profits, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations", on page 67.

Our Strategy

The key elements of our strategy are as follows:

Expansion of our existing manufacturing capabilities/ capacity.

We believe that our expansion strategy is devised to meet the end-application and dynamic needs of the market and our customers. Historically, we have relied on timely completion of our expansions which allows us to commence increased commercial production as scheduled. For instance, in Fiscal Year 2017, we completed the expansion of our Bhilwara Facility which increased our spinning capacity from 1,50,096 spindles to 2,23,056 spindles by adding 72,960 spindles for making fine count compact yarns. During this expansion, we also acquired 14 knitting machines, in line with our strategy on increased emphasis on value added products, increasing the number of knitting machines to 63. Post completion of our expansion in Fiscal Year 2017, our cotton yarn manufacturing capacity and our knitted fabric production capacity stood increased to 50,000 tonnes per annum and 9,000 tonnes per annum, respectively.

We focus on a value addition strategy coupled with a volume driven approach, which enables margin enhancement along with revenue growth. We seek to achieve this through periodical installations of spindles and knitting machines. As a part of this strategy, we are also in the process of exploring further expansion opportunities, to enhance our manufacturing capabilities for product diversification and manufacturing of value added products; and in this regard have acquired freehold land in Chittorgarh, Rajasthan, India at a proximity of approximately 70 km from our Bhilwara Facility.

Increase emphasis on value added products.

We intend to continue our focus on delivering quality and value added products to our customers. While we initially focused on commodity yarn, in recent years we have enhanced focus on value added yarn, including slub, compact yarn, core spun, organic and BCI/ TCB certified yarns, that yield higher profit margins than commodity yarn. In order to increase our manufacturing capacity for value added offerings, we have incurred significant capital expenditure. For instance, our Company has installed 1,02,000 spindles for making compact yarns over the last five Fiscal Years. Further, our Company has installed slub attachments on 9,504 spindles and core spun attachments on 10,320 spindles. Our knitted fabric capacity has also gradually increased from seven machines in 2001 to 63 machines in 2017.

We strive to obtain repeat orders from our customers by continuing to satisfy them with consistently providing value added and quality products. It is our endeavor to constantly develop new value added products and finishes to fulfil our customers' requirements. Accordingly, we intend to focus on continuing to develop value added products in each of our as well as augment our fabrics product range. Accordingly in yarn, we intend to focus on enhancing our products range with yarn products such as dyed and blended yarns amongst others. In fabrics, we intend to focus on products such as dyed, knitted and woven fabrics. We believe that our value added offerings shall enable us to further leverage our existing customer base and to explore and capture new avenues of business.

Develop and maintain relationships with key and new international customers, expand our existing distribution network and increase our export sales.

The challenge in our business lies in reaching out to a geographically dispersed end-user with the right product. Furthermore, our growth also depends on our ability to attract additional fabric and garment manufacturers, and distributors to our distribution network. Preferences and perception of the consumers in India and globally in connection with apparel products and the introduction of new products in any of our segments impact our operations. Accordingly, we intend to continue to focus on developing and strengthening our sales and distribution networks, and introducing integrated solutions for the benefit of our customers. As a part of our sales and distribution strategy, we propose to penetrate the domestic market further by appointing new distributors for high value fabrics and strengthening our knitted fabric sales. At the same time we propose to continue our endeavor to establish a global presence for our products through the export market in the near future by further developing strategic relationships with key exporters.

Reduce costs and increase efficiency.

We believe that as we grow and expand our operations, controlling costs becomes a critical factor for us in order to stay competitive. Our strategy to control our costs includes the following:

- Continuous improvement in productivity in machines and manpower;
- Upgrading to the latest technology coupled with continual research and development;

- Continuous improvement in capacity utilisations through line balancing, to increase efficiency;
- Reducing cycle time and reducing lead time in our manufacturing processes;
- Benchmarking our costs with the international industry standards;
- Reducing our power costs by taking measures towards energy conservation, such as setting up a solar rooftop plant and a centralized compressed air monitoring system and installing LED lights; and
- Continuing to leverage on our sourcing networks to control raw material costs through bulk purchases and negotiations with suppliers.

Focus on core business of cotton yarn manufacturing.

We intend to focus on our core business of manufacturing of cotton yarn and knitted cotton fabrics. Sale of cotton yarn in Fiscal Year 2017 and Fiscal Year 2016 accounted for 77% of our total revenue during the each period. Further, during Fiscal Year 2017 and Fiscal Year 2016, we derived 63% and 69% of our total revenue from export of cotton yarn. According to the CRISIL Report, global cotton production is expected to rise approximately five percent on-year in cotton season 2017-2018; and overall global consumption is also expected to increase fueled by higher mill usage in India, Pakistan, Bangladesh and Vietnam. In line with these global trends, and coupled with our increased production capacities post completion of our most recent expansion in Fiscal Year 2017, we intend to concentrate our efforts on our core business of manufacturing cotton yarn and knitted cotton fabrics.

Additionally, we intend to continue to enhance scale in existing products and introduce new products across our value added offerings. We believe that we have a significant presence across global markets and that our value added offerings will help us remain competent in existing business territories as well as capture new geographies. For instance, with the recent expansion in Fiscal Year 2017, our Company has forayed into fine count compact yarns, which we intend to sell to premium shirting and furnishing fabrics manufacturers across India.

Recent Developments

Our Company has, in compliance with Regulation 29 of the Listing Regulations, made the required intimations to each of the Stock Exchanges, on November 1, 2017, regarding a Board meeting to be held by our Company on November 14, 2017, to consider, amongst other matters, a preferential allotment of Equity Shares to our Promoters and members of the Promoter Group. For further details, see "Risk Factors - Any future issuance of Equity Shares by our Company or sales of Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Company's Equity Shares." and "Risk Factors - The Proposed Promoter Preferential Allotment may not be approved by our Board." on pages 55 and 51, respectively.

Except as disclosed in this Placement Document, in the opinion of our Board of Directors, no circumstances have arisen since June 30, 2017, that materially and adversely affect or are likely to affect, our revenues and profitability, or the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

SUMMARY OF THE ISSUE

The following is a general summary of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this Placement Document, including under "Risk Factors", "Use of Proceeds", "Placement and Lock-Up", "Issue Procedure" and "Description of the Equity Shares" on pages 39, 61, 147, 136 and 159, respectively.

Issuer	Nitin Spinners Limited
Issue Size	Up to 93,85,765 Equity Shares aggregating up to ₹10,793.63 lakhs. A minimum of 10% of the Issue Size, or at least 9,38,577 Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance 84,47,188 Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allocated to other QIBs.
Issue Price	₹115 per Equity Share
Date of Board Resolution*	August 5, 2017
Date of Shareholders' Resolution*	September 4, 2017
Floor Price	The floor price of ₹113.92 which has been calculated in accordance with Chapter VIII of the SEBI Regulations. In terms of the SEBI Regulations, the Issue Price cannot be lower than the Floor Price, subject to permissible discounts.
Eligible Investors	QIBs as defined in regulation 2(1)(zd) of the SEBI Regulations and are not excluded pursuant to Regulation 86(1)(b) of the SEBI Regulations, who are outside of the United States acquiring Equity Shares in an offshore transaction in reliance on Regulation S. See "Issue Procedure – Qualified Institutional Buyers" on page 140.
Equity Shares issued and outstanding immediately prior to this Issue	4,58,33,945 Equity Shares
Equity Shares issued and outstanding immediately after this Issue**	5,52,19,710 Equity Shares
Lock-up	Please see "Placement and Lock-Up" on page 147.
Transferability Restrictions	The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. See "Transfer Restrictions" on page 154.
Use of Proceeds	The gross proceeds from this Issue will be approximately ₹10,793.63 lakhs. The net proceeds from this Issue, after deducting fees, commissions and expenses of this Issue, will be approximately ₹10,500.42 lakhs. See "Use of Proceeds" on page 61 for information regarding the use of net proceeds from this Issue.
Risk Factors	See "Risk Factors" on page 39 for a discussion of risks that prospective investors should consider before investing in the Equity Shares.
Pay-in Date	Last date specified in the CAN sent to the Bidders for payment of application money for Equity Shares being issued pursuant to the Issue.
Listing	Our Company has made applications to the BSE and NSE and has obtained in-principle approvals each dated November 1, 2017 in terms of Regulation 28(1) of the Listing Regulations, respectively for listing of the Equity Shares being issued pursuant to this Issue from each of such Stock Exchanges. Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.
Closing	The Allotment of the Equity Shares, expected to be made on or about Tuesday, November 7, 2017.

Ranking	The Equity Shares to be issued pursuant to this Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company, including rights in respect of dividends. The shareholders of our Company (who hold Equity Shares as on the book closure date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, the Listing Regulations and other applicable laws and regulations. Shareholders of our Company may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act and Listing Regulations. See "Dividend Policy" and "Description of the Equity Shares" on pages 66 and 159, respectively.	
Security Codes for the Equity Shares	**ISIN**	INE229H01012
	BSE Scrip Code	532698
	NSE Scrip Code	NITINSPIN

*The Board of Directors has approved the Issue at its meeting on August 5, 2017 and the relevant intimation in compliance with Regulation 29(1) of the Listing Regulations to the Stock Exchanges was made on August 2, 2017. Our Company's shareholders have approved the Issue, pursuant to a special resolution passed on September 4, 2017 and the relevant intimation in compliance with Section 101(1) of the Companies Act, 2013 and the Listing Regulations to the Stock Exchanges was made on August 11, 2017.

**Our Company has, in compliance with Regulation 29 of the Listing Regulations, made the required intimations to each of the Stock Exchanges, on November 1, 2017, regarding a Board meeting to be held by our Company on November 14, 2017, to consider, amongst other matters, a preferential allotment of Equity Shares to our Promoters and members of the Promoter Group. For further details, see "Risk Factors - Any future issuance of Equity Shares by our Company or sales of Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Company's Equity Shares." and "Risk Factors - The Proposed Promoter Preferential Allotment may not be approved by our Board." on pages 55 and 51, respectively.

SUMMARY FINANCIAL INFORMATION

The following selected financial information is extracted from and should be read in conjunction with, the Audited Financial Statements of our Company included in "Financial Statements" on page 187. You should refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations", on page 67, for further discussion and analysis of the Audited Financial Statements of our Company.

The financial information included in this Placement Document does not reflect our Company's results of operations, financial position and cash flows for the future and its past operating results are no guarantee of its future operating performance.

Summary of our balance sheet as at March 31, 2017, March 31, 2016 and March 31, 2015:

(*₹ in lakhs*)

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
I. Equity and Liabilities			
(1) Shareholder's Funds			
(a) Share Capital	4,583.39	4,583.39	4,583.39
(b) Reserve and Surplus	21,034.19	15,981.12	12,116.49
	25,617.58	**20,564.51**	**16,699.88**
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	38,940.65	24,090.58	29,424.55
(b) Deferred Tax Liability (Net)	5,394.14	4,329.00	3,393.41
(c) Long-Term Provisions	759.47	534.14	425.17
	45,094.26	**28,953.72**	**33,243.13**
(3) Current Liabilities			
(a) Short-Term Borrowings	10,746.47	5,772.36	5,333.70
(b) Trade Payables	1,819.62	1,308.90	936.73
(c) Other Current Liabilities	8,331.68	6,290.29	4,171.31
(d) Short-Term Provisions	735.79	613.96	604.79
	21,633.56	**13,985.51**	**11,046.53**
Total	**92,345.40**	**63,503.74**	**60,989.54**
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	61,381.84	38,178.03	41,640.22
(ii) Intangible Assets	47.34	29.43	33.54
(iii) Capital Work In Progress	-	1,706.21	-
	61,429.18	**39,913.67**	**41,673.76**
(b) Long-Term Loans and Advances	4,366.99	3,070.10	2,726.61
	65,796.17	**42,983.77**	**44,400.37**
(2) Current Assets			
(a) Inventories	17,003.62	11,476.03	9,418.92
(b) Trade Receivables	4,832.71	3,924.75	4,041.94
(c) Cash and Cash Equivalents	126.83	56.93	67.89
(d) Short Term Loans and Advances	889.94	1,895.25	385.23
(e) Other Current Assets	3,696.13	3,167.01	2,675.19
	26,549.23	**20,519.97**	**16,589.17**

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Total	**92,345.40**	**63,503.74**	**60,989.54**

Summary of our statement of profit and loss for the financial years ended March 31, 2017, March 31, 2016 and March 31, 2015:

(₹ in lakhs)

Particulars	Financial year ended March 31, 2017	Financial year ended March 31, 2016	Financial year ended March 31, 2015
I. Revenue from Operations	93,337.96	76,686.68	61,647.23
II. Other Income	78.55	72.22	512.73
III. Total Revenue (I+II)	**93,416.51**	**76,758.90**	**62,159.96**
IV. Expenses			
Cost of Materials Consumed	61,451.52	46,151.78	38,534.55
Purchase of Stock in trade	262.23	-	173.96
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(2,811.76)	170.56	(340.50)
Employee Benefits Expense	5,216.15	4,314.39	3,428.30
Finance Cost	2,224.18	3,300.98	2,261.98
Depreciation & Amortisation Expense	4,165.12	3,955.73	2,794.00
Other Expenses	15,907.14	12,345.98	9,933.00
Total Expenses	**86,414.58**	**70,239.42**	**56,785.29**
V. Profit before Exceptional Items & Tax	**7,001.93**	**6,519.48**	**5,374.67**
VI. Tax Expenses			
1. Current Tax (Net of MAT Credit)	**221.74**	**1,167.61**	-
2. Deferred Tax	**1,065.14**	**935.59**	**1,278.73**
VII. Profit /(Loss) After Tax (V-VI)	**5,715.05**	**4,416.28**	**4,095.94**
VIII. Basic & Diluted Earnings Per Share	**12.47**	**9.64**	**8.94**

Summary of our cash flow statement for the financial years ended March 31, 2017, March 31, 2016 and March 31, 2015:

(₹ in lakhs)

Particulars	Financial year ended March 31, 2017	Financial year ended March 31, 2016	Financial year ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit Before Tax & Exceptional Items	**7,001.93**	6,519.48	5,374.67
Adjustments for :-			
Depreciation	**4,165.12**	3,955.73	2,794.00
Interest Expenditure	**2,224.18**	3,300.98	2,261.98
Loss/ (Profit) on sale of Fixed Assets	**(1.71)**	(4.11)	84.92
Operating Profit Before Working Capital Changes	**13,389.52**	**13,772.08**	**10,515.57**
Adjustments for :-			
Decrease/(Increase)Inventories	**(5,527.59)**	(2,057.11)	(2,349.08)

Particulars	Financial year ended March 31, 2017	Financial year ended March 31, 2016	Financial year ended March 31, 2015
Decrease/ (Increase)Sundry Debtors	**(907.96)**	117.19	(1,552.63)
Decrease/ (Increase) Loans and Advances (Current & Non-Current)	**(956.91)**	(806.60)	(1,447.82)
Increase/(Decrease) Current & Non-Current Liabilities	**1,471.56**	**333.93**	**398.63**
Total Adjustments	**(5,920.90)**	(2,412.59)	(4,950.90)
Cash Generated from Operations	**7,468.62**	11,359.49	5,564.67
Less : Taxes Paid	**1,552.64**	1,319.75	1,113.95
Net Cash Generated from Operating Activities (A)	**5,915.98**	**10,039.74**	**4,450.72**
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets	**(27,394.41)**	(503.65)	(26,097.37)
Capital WIP including Capital Advances	**3,173.32**	(3,092.80)	3,486.26
Sale of Fixed Assets	**9.28**	18.33	666.12
Net Cash Generated/(used) in Investing Activities (B)	**(24,211.81)**	**(3,578.12)**	**(21,944.99)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from /(Repayment) of short term borrowing (Net)	**4,974.11**	438.66	3,991.35
Proceeds from long term borrowings	**21,515.00**	17.00	19,700.00
Repayment of long term borrowings	**(5,347.55)**	(3,075.61)	(3,471.41)
Interest Paid	**(2,224.18)**	(3,300.98)	(2,261.98)
Dividend Paid	**(4,58.34)**	(4,58.34)	(343.75)
Tax on Dividend Paid	**(93.31)**	(93.31)	(58.42)
Net Cash Generated/(used) From Financing Activities (C)	**18,365.73**	**(6,472.58)**	**17,555.79**
Net Increase / (Decrease) in Cash & Cash Equivalent (A+B+C)	**69.90**	**(10.96)**	**61.52**
Closing Balance of Cash & Cash Equivalent	126.83	56.93	67.89
Opening Balance of Cash & Cash Equivalent	56.93	67.89	6.37

This Issue and an investment in Equity Shares involve a high degree of risk. You should carefully consider the risks described below as well other information in this Placement Document before making an investment decision. Unless specified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below. We have described the risks and uncertainties that our management believes are material but the risks set out in this Placement Document may not be exhaustive or complete, and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material, as the case may be, in the future. If any one or a combination of the risks described below actually occurs or any additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, arises or becomes material, our business, prospects, financial condition, results of operations and cash flows could be affected, the trading price of our shares could decline and you may lose all or part of your investment. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and that our Company is subject to a legal and regulatory environment which may differ in certain respects from other countries. This section should be read together with "Industry Overview", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 87, 104 and 67, respectively, as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Placement Document.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Placement Document. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and the risks involved.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

There are outstanding litigation proceedings against our Company, Promoters and Directors, and an adverse outcome in any of these proceedings, could have a material adverse impact on our reputation, business, financial condition, results of operations and cash flows.

Our Company, Promoters and Directors are involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. A summary of the litigations and disputes against the Company, Promoters and Directors involving potential financial implication on the net worth of the Company, is in the following tables:

Litigation against our Company

(₹ *in lakhs*)

Nature of Litigation	Number of Outstanding Litigation	Amount Involved
Criminal Proceedings	1	N.A.
Tax Proceedings		
i. Central Excise	30	2,708.66
ii. VAT	3	367.33
iii. Income Tax	2	937.60
Total	**36**	**4,013.59**

Litigation against our Promoters and Directors

(₹ *in lakhs*)

Nature of Litigation	Number of Outstanding Litigation	Amount Involved
Criminal Proceedings		
i. Labour case	1	N.A.
Total	**1**	**N.A.**

Litigation by our Company

(₹ *in lakhs*)

Nature of Litigation	Number of Outstanding Litigation	Amount Involved
Criminal Proceedings		
i. Negotiable Instruments	3	27.88

Nature of Litigation	Number of Outstanding Litigation	Amount Involved
Act, 1881		
ii. Property	1	N.A.
Total	**4**	**27.88**

Please see "Legal Proceedings" on page 181 for further details of such legal proceedings.

The amounts claimed in these proceedings have been disclosed to the extent ascertainable. We cannot assure you that any of these matters will be decided in favour of our Company or Directors or Promoters, as the case may be, or that no additional liability or penalties will arise out of these proceedings. Such proceedings could divert management time and attention, and consume financial resources in their defence or prosecution. Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and liabilities. An adverse outcome in any such proceedings may affect our business, results of operations and financial condition.

As a manufacturing company, any shortfall in the supply of our raw materials or an increase in our raw material costs, or other input costs, may adversely affect the pricing and supply of our products and have an adverse effect on our business, results of operations and financial condition.

The primary raw material used in our textile manufacturing operations is cotton. Currently, we purchase a significant portion of our cotton from the domestic market. However, from time to time we also import cotton from countries such as the United States of America, Australia and Greece, depending on the quality, price, availability and other prevailing market conditions. During Fiscal Year 2017 and Fiscal Year 2016, our Company consumed 54,943.04 tonnes and 48,431.53 tonnes of cotton in its manufacturing operations. Being an agricultural commodity, there can be fluctuations in price of cotton due to the vagaries of weather among other factors. Any increase in cotton prices may have an adverse effect on our business and a consequent negative impact on our business, financial condition and results of operations. For example, if the price of cotton increases and we are not able to increase the price of our cotton yarn and knitted fabrics manufactured by us, then the margins for our cotton yarn and knitted fabric business will be reduced. Further, an increase in cotton prices could result in a market shift towards alternate products such as synthetic and man-made fabrics. Any material shortage or interruption in the domestic supply or deterioration in quality of cotton due to natural causes or other factors could result in increased costs that we may not be able to pass on to customers.

Further, the failure of our suppliers to deliver cotton in the necessary quantities or as per the required schedule, of a specified quality/ standard/ specification, may adversely affect our production processes thereby giving rise to contractual penalties or liabilities, loss of customers and/ or an adverse effect on our reputation, which may in turn result in a material adverse effect on our business, financial condition and results of operations. Additionally, a material shortage in supply of cotton could result in the failure to meet our sales obligations, which may in turn result in a loss of revenue, customers and cash flows. Although we have not encountered any significant disruptions in the sourcing and/or supply of our raw materials, we cannot assure you that such disruptions will not occur and/or we shall continue to be able to source raw materials in a cost effective manner.

We may be exposed to the fluctuations in foreign exchange and any adverse currency movements will adversely impact our business and financial condition.

Our earnings in foreign currency in Fiscal Year 2017 and Fiscal Year 2016, accounted for approximately 60.44% and 65.73% of our total revenue for the respective periods. Hence, we have material exposure to foreign exchange related risks since a significant portion of our revenue earnings is in foreign currency. The exchange rate between the Indian Rupee and foreign currencies, has fluctuated in the past and this has impacted our results of operations in the past and may also impact our business in the future. Any appreciation of the Indian Rupee against these currencies can impact the profitability of our business. Translation differences arising out of conversion of these transactions into Indian Rupees can also impact the profitability for that period. We may from time to time be required to make provisions for foreign exchange differences in accordance with accounting standards.

Our Company has entered into agreements with banks in connection with hedging its foreign currency fluctuation exposure from exports. However, any amounts that we spend or invest in order to hedge the risks to our business due to fluctuations in currencies may not adequately hedge against any losses that we may incur due to such fluctuations. In view of the significant uncertainty associated with the above derivative contracts, the ultimate outcome of which depends on future events which are not under the direct control of our Company, the loss, if any, on such derivative contracts due to movement between spot and forward rates cannot be determined at this stage. Although we believe that we conduct adequate due diligence before venturing into such markets, there can be no assurance that adverse country conditions will not materially adversely affect our business and results of operations.

We do not have long term contracts with our customers.

We have not executed long term contracts with our domestic or international customers. Our sales are based on purchase orders that are placed by our customers depending on their requirements, with typical delivery periods ranging from two to three months. In the absence of long term contracts, there can be no assurance that a particular customer/ client would continue to source their supplies from us in the future. A reduction in the purchase orders placed by the customers may adversely affect or business and revenues; and may require us to shift to different markets and/or look for alternative buyers. Further, any loss of our major customers arising out of competition or from cheaper sources can lead to reduced margins and our results and operations may be affected.

Any decrease in demand for our products may adversely affect our business and financial condition.

The sales of our textile products rely heavily on the demand and preferences of end-user consumers of garments and other cloth based products. Our largest business is the manufacture of cotton yarn which accounted for 77% of our total revenue for Fiscal Year 2017. According to the CRISIL Report, domestic demand for yarn is expected to increase in Fiscal Year 2018, due to improvement in end-user spending as liquidity gets restored in the economy. Further, growth in demand for cotton yarn is expected to slow down over the next five years. If the preferences and tastes of end-users for textile products change or if our markets experience lower or negative growth, demand for our products may decrease and our revenue from sales of our products may decrease, which may in turn materially adversely affect our business, financial condition and results of operations.

In addition, we make significant decisions, including setting up of facilities, determining the levels of business that we will seek and accept, production schedules, raw material procurement, personnel requirements and other resource requirements, based on our estimates of future sales projections. This may require us to increase staffing, increase capacity and incur other expenses to meet the anticipated demand. However, any decrease in the demand for our product may result in such expenses causing reductions in our margins and significantly impact our results and operations. We cannot assure you that we will be able to realise the value of investments made by us on the basis of our estimates and any such loss may have an adverse impact on our results of operations.

Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and/or surplus of raw material, which could have a material adverse impact on our profitability.

We monitor our inventory levels based on our projections of future demand. Because of the length of time necessary to produce commercial quantities of our products, we make raw material procurement decisions well in advance of sales for some of our products. An inaccurate forecast of demand for any product can result in the unavailability/surplus of raw material. This unavailability of raw material in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of raw material, which may increase costs, negatively impact cash flow, erode margins substantially and ultimately create write-offs of inventory.

Since we have an integrated textile manufacturing business, the impact of production slowdowns/ breakdown in a single product may adversely affect our operations and profitability in connection with the other products in the textile value chain. Further, increased costs in any one segment of our business may affect profitability of the other segments.

We have an integrated textile manufacturing business and manufacture select products across our cotton yarn and knitted fabric range. For further details, please see "Business" on page 104. Accordingly, any slowdown in production or sales of such products may adversely affect the production and the results of our operations from other products. Further, because most of our products are used in a manufacturing chain in which raw cotton, through a series of intermediate processes, results in fabric; adverse effects on any link in the chain can have indirect effects on all of our other production processes. For example, if the production of yarn is affected due to any reason such as machinery breakdown, the production of fabric may be similarly affected. Moreover, increased costs in any one segment of our business may affect the profitably of the other segments. For example, although an increased price of yarn would typically benefit the results of our operations in connection with manufacture of yarn, but our profitability in connection with fabric could be adversely affected, since yarn is the principal raw material for the manufacture of fabrics.

Any disruption in production at, or shutdown of, our manufacturing facility could adversely affect our business, results

of operations and financial condition.

We manufacture our products from our manufacturing facility in Bhilwara, Rajasthan ("**Bhilwara Facility**"), which caters to our domestic and export demand. Since this is our only manufacturing facility, any disruptions due to natural or man-made disasters, workforce disruptions, delay in receipt of or non-receipt of regulatory approvals, fire, failure of machinery, or any significant social, political or economic disturbances, would significantly impact our ability to manufacture certain products. Disruptions in our manufacturing activities could delay production or require us to shut down our manufacturing facility. We may be subject to manufacturing disruptions due to contraventions by us of any of the conditions of our regulatory approvals, which may require our Bhilwara Facility to cease, or limit, production until the disputes concerning such approvals are resolved.

Further, while we have not experienced any strikes or labour unrest at our Bhilwara Facility in the past, we cannot assure you that we will not experience work disruptions in the future due to disputes or other problems with our work force. Any disruption in production or labour unrest at our Bhilwara Facility may hinder our normal operating activities and lead to disruptions in our operations, which could adversely affect our business, results of operations, financial condition and cash flows.

Any inability on our part to comply with prescribed specifications and standards of quality in connection with our products and/or manufacturing facility could adversely impact our operations and profitability.

Our business requires obtaining and maintaining quality certifications and accreditations from independent certification entities as well as some of our customers that enable us to be eligible to participate in orders. Further, we are required to adhere to stringent regulatory/statutory/contractual specifications and standards, and our customers often require our manufacturing facility and products to be pre-approved and/or accredited by various agencies before placing orders for our products. If we fail to adhere to the aforesaid requirements or changes thereto in a timely manner, or at all, our cash flows, operations and/or profitability could be adversely affected.

We are subject to risks associated with recall and any product liability due to defects in our products may adversely affect our business and results of operations and could also lead to adverse publicity.

Defects, if any, in our products could lead to rejection of supplied products and consequential financial claims and/or could require us to undertake service actions. These actions could require us to expend considerable resources in rectifying and/or addressing these problems, to absorb costs incurred by our customers in addressing such problems, and could adversely affect demand for our products. We are not covered by insurance for product liability claims. Repeated successful claims would adversely affect our results of operations. Management resources could also be diverted away from our business towards defending such claims. Additionally, such defects may also result in our customers blacklisting us. As a result, our reputation, business, revenues, results of operations and financial condition could suffer. We cannot assure you that the limitations of liability set forth in our contracts will be enforceable in all instances or will otherwise protect us from liability for damages.

As a manufacturing business, our success depends on the timely delivery of our products from our Bhilwara Facility to our customers. We rely on third parties for such transportation services and these services are subject to various uncertainties and risks, and delays in delivery or delivery of non-conforming shipments may result in rejected or discounted deliveries.

We depend on sea-borne freight, rail and trucking to deliver our products from our Bhilwara Facility to our customers. We rely on third parties to provide such services. We do not have long term contracts with such this parties which may affect our ability to deliver our products from our Bhilwara Facility to our customers in a timely manner. Disruptions of transportation services because of weather-related problems, strikes, lock-outs, loss of products, inadequacies in road infrastructure and port facilities and other forms of damage or events could impair our ability to supply our products to our customers. There is no assurance that such disruptions will not again occur in the future. Any such disruptions could materially adversely affect our business, financial condition and results of operations. In addition, in the case of a delayed shipment of our products to our customers, the customer would have the right to reject the shipment or demand significant pricing discounts. Non-conforming shipments could also give rise to order rejections, discounts or other claims.

Any polarisation in labour relations may subject us to industrial unrest, slowdowns, and increased wage costs.

As on June 30, 2017, we had 2,810 permanent employees. We do not engage contract labour. Our employees are recruited basis the prevailing requirements of our manufacturing operations. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal, and legislation that imposes certain financial obligations on employers upon retrenchment. Although, we currently have harmonious relations with all our employees who at present are not affiliated to any unions, there can be no assurance that we will continue to have such relations or that the employees will not form unions in the future. If our relations with the employees are strained or if we face any major work disruptions involving our employees, our business may be adversely affected by a variety of factors, including loss of sales, increased costs and reduced profitability.

Our electricity supply may not be reliable; we may be adversely affected by increasing power costs.

Our manufacturing facility is located in Bhilwara, Rajasathan ("**Bhilwara Facility**"). There may be power cuts in the supply provided from time to time and so we have a captive power generation plant at our Bhiwara Facility that caters to approximately 40% of our operational requirement and we have arrangements to procure power from open access to ensure there is no stoppage in our fluctuation. Power costs constitute our second highest manufacturing expense after raw material cost, amounting to ₹9,210.50 lakhs in Fiscal Year 2017 and ₹6,505.20 lakhs in Fiscal Year 2016.

While we currently rely on our captive power plant for a significant portion of the electricity we consume, we may, in the future, have to place additional reliance on third party providers for procurement of electricity. If the per unit cost of electricity is increased by the state electricity boards our power costs will increase. Also, if fuel costs or the costs of operating our power generation plants go up, our cost of internal generation of electricity will rise. It may not be possible to pass on any increase in our power costs to our customers, which may adversely affect our profit margins. If our supply of electricity were interrupted or limited, we would be required to suspend production, which, if lasting longer than a very short period, result in reduction of our capacity utilization and thereby, would materially and adversely affecting our business, financial condition or results of operations.

In addition to the production losses that we would incur during production shutdowns, we may not be able to immediately return to full production volumes following power interruptions, however brief. Accordingly, any increase in power costs or interrupted supply of power could adversely affect our operations, and financial condition.

Export destination countries may impose varying duties on yarn, thread or fabrics or enter into free trade agreements with countries other than India. Any increase in such duties or the entry into free trade agreements with countries other than India may materially adversely affect our business, financial condition and results of operations.

We generated ₹56,462.80 lakhs and ₹50,454.95 lakhs as revenues from exports in Fiscal Year 2017, Fiscal Year 2016, respectively, which represented 60.44% and 65.73% of our total revenue for the respective periods. During such periods, we exported our cotton yarn products to over 50 countries across North America, Europe, South America, Africa and Asia. These export destination countries impose varying duties on our products. There can be no assurance that the duties imposed by such countries will not increase. Any change or increase in such duties may adversely affect our business, financial condition and results of operations.

Additionally, export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of any existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries and could adversely affect our business, financial condition and results of operations. Further, changes in import policies in countries to which we export our products may have a significant adverse impact on our business, financial condition and results of operations. India is also a party to, and is currently negotiating, free trade agreements with several countries to whom we regularly export our products. Any revocation or alteration of these bi-lateral agreements may also adversely affect our ability to export, and consequently, our business, financial condition and results of operation.

We are subject to environmental regulations and may be exposed to liability as a result of our handling of hazardous materials and potential costs for environmental compliance.

We are subject to Indian laws and regulations concerning, amongst others things, the discharge of effluent water and solid particulate matter during our manufacturing processes. We are required to obtain certain clearances and authorizations from government authorities for the collection, treatment, storage and disposal of hazardous waste. For details of applicable regulations, please see "Supervision and Regulations" on page 119. The Government may take steps towards the adoption of more stringent environmental regulations and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. These regulations can often require us to purchase and install expensive pollution control equipment or make operational changes to limit any adverse impact or potential adverse impact on the environment and any violation of these regulations may result in fines, criminal sanctions, revocations of operating permits and/or shutdown of our manufacturing operations or facility. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future expenditures in relation to compliance with environmental regulations may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental regulations, we may need to incur substantial capital expenditures to comply with such new regulations. We cannot assure you that our costs of complying with current and future environmental laws and our liabilities arising from the collection, treatment, storage and disposal of hazardous substances will not adversely affect our business, results of operations or financial condition.

We are subject to government policies and regulations affecting the agricultural sector, particularly related to cotton and related industries; which could adversely affect our operations and profitability.

Production of cotton, our primary raw material for our operations and trade flows are significantly affected by government policies and regulations. Governmental policies affecting the agricultural industry (such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products) can influence industry profitability, the planting of certain crops versus other uses of agricultural resources, the location and size of crop production, whether unprocessed or processed commodity products are traded and the volume and types of imports and exports. For instance, our Company would avail reimbursement on interest charged on project funding and subsidies on purchase of machinery under the Government sponsored Technology Upgradation Fund Scheme. However, with effect from January 1, 2016 the Amended Technology Upgradation Fund Scheme was implemented by the Ministry of Textiles, excluding segments which have achieved a desired level of modernization, such as spinning. Accordingly, future expansion projects contemplated by our Company will not be eligible for any of the benefits provided under this scheme. Future government policies may adversely affect the supply, demand for and prices of our products; restrict our ability to do business in our existing and target markets; which could adversely affect our financial results and cash flows.

We require certain approvals and licenses in the ordinary course of business and the failure to obtain or retain them in a timely manner may adversely affect our operations.

We require certain approvals, licenses, registrations and permissions for operating our business. Any delay, or our inability to procure such approvals and licenses may affect our operations and in turn have an adverse effect on our business and prospects. Further, the approvals, licenses, registrations and permissions that our Company has obtained, contain certain compliance requirements; and any failure by our Company to fulfil such requirements may result in termination of such approvals, licenses, registrations or approvals, which may in turn, could adversely affect our operations. Additionally, we are in the process of exploring further expansion opportunities. For further details please see "Business – Our Strategy – Expansion of our existing manufacturing capabilities/ capacity" on page 108. Accordingly, our Company will be required to procure additional licences, permits, approvals, clearance from statutory and regulatory authorities in order to commission such expanded capacity. We cannot assure you that our Company will receive, in time or at all, the required licences, permits, approvals, clearance from statutory and regulatory authorities.

If we are unable to implement our growth strategies in a timely manner, our business, financial condition and results of operations could be adversely affected.

We have experienced growth in the past few years and if we are unable to sustain or manage our growth, our business, results of operations and financial condition may be adversely affected. During Fiscal Year 2017 and Fiscal Year 2016, our total revenue was ₹93,416.51 lakhs and ₹76,758.90 lakhs, respectively, and our profit after tax was ₹5,715.05 lakhs and ₹4,416.28 lakhs, respectively. Our revenue from operations and profit after tax grew by 22% and 29% respectively in Fiscal Year 2017 over Fiscal Year 2016. For a more detailed analysis of our growth, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 67. As part of our growth strategy, we have made and will continue to make substantial investment in new production capacities. Our success will depend, among other things, on our ability to source the required financing, assessment of potential markets, timing of our capital investments, the quantum of input costs, ability to attract new customers in India and abroad, the ability to maintain and enhance our position in India and overseas and the ability to maintain adequate operational and financial controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Further, we have in the past, and may in the future, foray into ancillary lines of business in which we may limited or no experience such as the inclusion of value added products to our cotton yarn product portfolio. Our growth strategy may expose us to risks and uncertainties which may be beyond our control and accordingly, there can be no assurance that we will be able to complete our plans on schedule or without incurring additional expenditure or at all. If the market conditions deteriorate and/or if operations do not generate sufficient funds or for any other reasons we are compelled to delay, modify or forego some or all aspects of our growth strategies our future results of operations may be affected.

Our operations and growth strategy requires significant working capital and capital expenditure and we may not be able to raise the required amount of capital in a timely manner and on favourable terms or at all.

Our business and operations requires significant working capital for our manufacturing operations, procurement of raw materials, and maintenance of our plant, building, and factory and expansion of our production facilities at our Bhilwara Facility which will require our Company to commit significant amounts of capital for the relevant periods, which in turn requires funding through equity investment or borrowing. Operational and execution delays can decrease our Company's return on capital employed and increase the amount of, and length of time for which, funding is required. We cannot assure you that the cash generated from our operations will be sufficient to cover our capital expenditure or that our Company will be able to source external funding in a timely manner and on commercially acceptable terms or at all.

If our Company is unable to generate or obtain sufficient funds from its operations to meet its working capital requirements or make capital expenditures, investments or acquisitions, as may be necessary, or if restrictions in its financing agreements and other arrangements do not permit it to use available funds for such purposes, it may need to suspend or delay its growth strategy or reduce the scale of its operations, either of which may adversely affect our Company's business, results of operations and financial condition.

If our Company raises additional funds through equity or equity-linked financing, your equity interest in our Company may be diluted. Alternatively, if we raise additional funds by incurring debt obligations, we may be subject to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with any of the covenants thereunder, we could be in default under such debt obligations and our liquidity and financial condition could be materially and adversely affected.

Our indebtedness, including various conditions and restrictions imposed on us by our financing agreements, could adversely affect our ability to react to changes in our business, and we may be limited in our ability to use debt to fund future capital needs.

As of September 30, 2017, our borrowings amounted to ₹52,497.35 lakhs. Our substantial indebtedness could:

- require us to dedicate a substantial portion of our cash flow from operations to payments in respect of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate expenditures;
- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for, or reacting to, competition and/or changes in our business or our industry;
- limit our ability to borrow additional funds;
- restrict us from making strategic acquisitions, introducing new products or services or exploiting business opportunities; and
- place us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

We cannot guarantee that we will be able to generate enough cash flow from operations or that we will be able to obtain enough capital to service our debt or fund our planned capital expenditures. In addition, adverse changes in the business conditions affecting us could cause the amount of refinancing proceeds to be insufficient to meet our interest payments or fully repay any existing debt upon maturity and we may be unable to fund the payment of such shortfalls. If we cannot obtain alternative sources of financing or our costs of borrowings become significantly more expensive, then our financial condition and results of operations will be adversely affected.

Moreover, the agreements governing certain of our debt obligations include terms that, in addition to certain financial covenants, which, amongst others, restrict our ability to make capital expenditures and investments, declare dividends, effect a scheme of amalgamation or reconstitution, alter our constitutional documents, undertake new projects, change our management and board of directors, modify our promoter/ promoter group shareholding and modify our capital structure. Any failure on our part to comply with these terms in our loan agreements would generally result in events of default under these loan agreements. In such a case, the lenders under each of these respective loan agreements may, at their discretion, accelerate payment and declare the entire outstanding amounts under these loans due and payable, and in certain instances, enforce their security which has been constituted over our various assets and take possession of those assets, which could adversely affect our liquidity and materially and adversely affect our business and operations. In addition, to the extent that we cannot make payments on accelerated amounts, such non-payment could result in the cross-default and/or cross-acceleration of some or all of our other outstanding indebtedness, and payment of penalty interest, which could likewise adversely affect our liquidity and materially and adversely affect our business and operations. Fluctuations in market interest rates may also affect the cost of our borrowings. Since the interest rates on certain of our borrowings may be subject to changes based on the prime lending rate of the respective bank lenders, such borrowings may be subject to renegotiation and/or escalation on a periodic basis and may not be covered by interest rate hedge agreements.

In the year 2009, our long term debt serviceability and net working capital was adversely effected. To address this concern, we approached our lenders at the time to contemplate a comprehensive debt restructuring under the guidelines specified by the RBI in this regard. While our Company went on to voluntarily exit from CDR, we cannot assure you that our Company will be able to successfully service its debt obligations in the future and we could be required to restructure our debt/ assets under CDR or other similar schemes that have been proposed by the RBI and other regulatory authorities.

Any default under financing arrangements could result in enforcement of security provided which in turn could adversely affect our business, results of operations and financial conditions.

The land on which our Bhilwara Facility is situated and other fixed assets at our manufacturing facility have been provided security interest under various financing arrangements executed by us.

Any failure to service our indebtedness, maintain the required security interests, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities and cause lenders to force a sale of our assets, which secure our outstanding loans, which in turn, would materially and adversely affect our business, financial condition and results of operations. Further, where our property is secured through a mortgage, in the event of default, our property may be subject to foreclosure proceedings.

Any downgrade of our credit ratings may increase our borrowing costs and constrain our access to capital and loan markets and, as a result, may adversely affect our business, financial condition and our results of operations.

The cost and availability of capital is dependent, among other factors, on our short-term and long-term credit ratings. Ratings reflect a rating agency’s opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our long term debt has been rated BWR A (Outlook Stable), and our short term debt has been rated BWR A1 by way of letter dated August 3, 2017, by Brickwork Rating. Any future performance issues for our Company or the industry may result in a downgrade of our credit ratings, which may in turn lead to an increase in our borrowing costs and constrain our access to funds and debt markets and, as a result, may adversely affect our business growth. In addition, any downgrade of our credit ratings could result in default under our financing arrangements or lenders imposing additional terms and conditions in any future financing or refinancing arrangements in the future. Any such adverse development may adversely affect our business operations, future financial performance and the price of our Equity Shares.

We are dependent on third party transportation providers for the supply of raw materials and delivery of our products.

As a manufacturing business, our success depends on the smooth supply and transportation of the various raw materials required for our Bhilwara Facility which is subject to various uncertainties and risks. We use third party transportation providers for the supply of most of our raw materials. Transportation strikes in the future could have an adverse effect on supplies from our suppliers. In addition, raw materials and products maybe lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and products which may also affect our business and results of operation negatively. A failure to maintain a continuous supply of raw materials could have a material and adverse effect on our business, financial condition and results of operations.

We may be unable to negotiate favourable credit terms from our suppliers.

While we have maintained a long term relationship with many of our suppliers and we have been able to negotiate favourable credit terms from them due to increased order sizes and timely payments, we cannot assure you that we shall be able to maintain such favourable credit terms in future. Further, any change in credit terms or any favourable credit terms offered only to one or more of our competitors could adversely impact our business and result of operations.

We may be unable to seek compensation from our suppliers for defective components or raw materials.

We are required to source raw materials from suppliers for which advances and even prompt payments may have to be made. We cannot assure you with a reasonable certainty that the raw materials that we would procure in the future will not be defective. Further should we receive any defective raw materials, we may not be in a position to recover advance payments or claim compensation from our suppliers consequently increasing the manufacturing costs or reducing the realisation of our finished products.

We depend on certain key customers, and our business and financial conditions may be adversely affected if we are unable to retain these customers.

Our business depends on our relationships with a number of key customers. The revenue concentration from our top five customers during Fiscal Year 2017 was 18% of our total revenue during the period. There can be no assurance that we will be able to retain these customers. If one or more of these key customers are unable or unwilling to continue their business relationships with us, our business may be affected and our financial condition and results of operations may be adversely affected. Additionally, any deterioration in our relationship with any of them could also have a significant adverse impact on our business, financial condition and results of operations. Some of our products are in the nature of commodity products facing highly competitive conditions and are extremely price sensitive. Therefore any major fluctuations in prices of our products can adversely affect our competitiveness and lead to loss of customers to competitors.

We face substantial competition in the textile business, both from Indian and international companies, which may adversely affect our revenues.

We face significant competition from existing players and potential entrants in the Indian textile industry. The Indian textile industry is highly competitive in yarn as well as the knitted fabrics segment. We face competition mainly from large vertically integrated and diversified companies as well as new companies, particularly in Pakistan, Turkey and Vietnam. Some of our international competitors are larger than us and have greater financial resources. Additionally, we work closely with both our suppliers and our customers in the textile industry. If such a supplier or customer considers backward or forward integrating and diversifying their operations, this may not only result in the loss of such supplier and/or customer, but will also result in increased competition. Increased competition could result in price reductions, decreased sales, lower profit margins or losses in market share, any of which could have an adverse effect on our business, results of operations and financial condition.

We have limited ability to influence prices in the markets for our products and generally are not able to protect our market position for these products by product differentiation and may not be able to pass on cost increases to our customers.

Increase in raw material and other costs may not necessarily correlate with changes in prices for our products, either in the direction of the price change or in magnitude. Specifically, timing differences in pricing changes between raw material prices, which may change daily, and contract product prices, which in many cases are negotiated only monthly, quarterly or less often, sometimes with an additional lag in effective dates for increases, have had in the past and may continue to have a negative effect on our profitability. Significant volatility in raw material costs tends to put pressure on product margins, as sales price increases generally tend to lag behind raw material cost increases. Conversely, when raw material costs decrease, customers start seeking relief in the form of lower sales prices immediately. There can be no assurance that decreases in the average selling prices of our products will not have a material adverse effect on our business, financial condition and results of operations. While we strive to maintain or increase our profitability by reducing costs, these efforts may not be sufficient to offset the effect of declining prices on operating results.

We sell our products in highly competitive markets, and competition in these markets is based primarily on demand and price. As a result, to remain competitive, we must continuously strive to reduce our production, transportation and distribution costs and improve our operating efficiencies. In our businesses, we actively compete with companies producing the same or similar products. Due to the commodity nature of certain saleable yarn and fabric products, competition in these markets is based primarily on price and to a lesser extent on performance, quality and availability.

Competition from existing and new textile and garment manufacturers could drive prices for our products lower. Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including new products pricing strategies by competitors, changes in consumer preferences and general economic, political and social conditions in the countries in which we do business. Our competitors may have greater resources than us and/or they may benefit from government-sponsored programs that subsidize their production costs or provide them with marketing or other advantages. If we are unable to respond effectively to these competitive pressures, our competitors may be able to sell their products at prices lower than our prices, which would have an adverse effect on our market share and results of operations.

Our operating expenses include fixed costs that are not dependent upon our volume of business. As a result, any decline in our operating performance may be magnified because we may be unable to reduce expenses proportionately, or at all in response to a potential shortfall in volume of business.

Our operating expenses include various fixed costs, which are as such, not dependent on our volume of business. Any significant reduction in capacity utilization rates could adversely affect margins for these products and have a material adverse effect on our business, prospects, results of operations and financial condition. Further, any shortfall in order bookings may cause significant variation in operating results in any particular quarter, as we would not be able to reduce our fixed operating expenses in the short term. The effect of any decline in order bookings may thereby be magnified because a portion of our earnings are committed to paying these fixed costs.

Our success depends largely on our senior management and skilled manpower and our ability to attract and retain our key personnel.

Our success depends on the continued services and performance of the members of the management team and other key employees many of whom have many years of experience with us and in the industry in which we operate and who would be difficult to replace. Our management team and other key employees have extensive knowledge of our business, industry and operations. Any loss or interruption of the services of our senior management or other key personnel, or our inability to recruit sufficient qualified personnel, could adversely affect our business, financial condition and results of operations. If one or more members of our senior management team were unable or unwilling to continue in their present positions, those persons could be difficult to replace and our business could be adversely affected. Attracting and retaining scarce top quality managerial talent has become a serious challenge companies are facing in India. A shortage in skilled manpower might affect our business by hampering the production process and narrowing down the profitability. As such, any loss of the senior management personnel or key employees could adversely affect our business, results of operations and financial condition.

We will continue to be controlled by our Promoters and certain Promoter Group entities after the completion of the Issue and our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders.

The pre-Issue shareholding of our Promoters and Promoter Group, as on September 30, 2017, was 64.21%. Consequently, our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine matters requiring shareholder approval or approval of our Board of Directors. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

We have entered into, and will enter into, related party transactions.

We have entered into a number of related party transactions, within the meaning of AS-18. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Furthermore, it is likely that we may enter into related party transactions in the future. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour. For further details, please refer to the statement of related party transactions in "Financial Statements" on page 187.

Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures requirements and the terms of its financing arrangements.

Our ability to pay dividends in future will depend on the earnings, financial condition and capital requirements of our

Company. Our business is capital intensive as we are required to innovate from time to time to increase margins, which may require us to invest all or part of the profits generated by our business operations. Further, we may not be able to distribute dividends in certain circumstances such as default in payment of interest and/or principal, amongst others, based on certain of our high cost financing arrangements. While we have distributed dividend during Fiscal Year 2017 and Fiscal Year 2016, we may be unable to pay dividends in the near or medium-term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our projects, financial condition and results of operations. For further details, please see “Dividend Policy” on page 66.

We have contingent liabilities as at March 31, 2017 and our financial condition may be adversely affected if these contingent liabilities materialize.

We have contingent liabilities, which, if materialize, could adversely affect our business and results of operations. Our contingent liabilities aggregated to ₹7,680.37 lakhs as at March 31, 2017. The contingent liabilities consist primarily of liabilities on account of disputed tax demand including interest thereon and bills discounted with banks. For further information, please see "Management's Discussion and Analysis of Condition and Results of Operations — Contingent Liabilities and Commitments" and “Financial Statements” on pages 79 and 187.

Any negative cash flows in the future would adversely affect our results of operations and financial condition.

While we have not incurred negative cash flows from operating activities in Fiscal Year 2017 and Fiscal Year 2016, we have incurred negative cash flows from investing activities during both these periods, primarily due to purchase of fixed assets. We also incurred negative cash flows from financing activities in Fiscal Year 2016. For a more detailed understanding of our cash flows, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 67. We may, in the future, experience negative cash flows. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our construction and growth plans. Our inability to generate sufficient amount of cash from operations may adversely affect our liquidity, our ability to service our indebtedness and fund our operations. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We may be penalized in connection with failure to comply with certain export obligations.

Our total outstanding export obligation is ₹53,349.87 lakhs as on March 31, 2017 which our Company is required to fulfil within a stipulated period. We may be penalized for our failure to comply with such export obligations in a timely manner or at all. We cannot assure you that we will at all times be able to comply with our export obligations in the future and any such failure could expose us to penal liabilities.

Our Company has transitioned in accounting standards and has started preparing its financial statements, from the period beginning April 1, 2017, under Ind-AS. The transition to Ind-AS in India may adversely affect us.

The Ministry of Corporate Affairs ("**MCA**") notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015 (the "**IAS Rules**"). The IAS Rules provide that the financial statements of the companies to which they apply (as more specifically described below) shall be prepared and audited in accordance with Indian Accounting Standards ("**Ind-AS**"). Our Company has adopted Ind-AS for the accounting period beginning from April 1, 2017. However, we have not determined with any degree of certainty the impact such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind-AS than under Indian GAAP. Further, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of Ind-AS experienced accounting personnel available as more Indian companies begin to prepare Ind-AS financial statements. Additionally, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that adoption of Ind-AS may lead to regulatory action and other legal consequences and/or will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt Ind-AS could adversely affect our business, financial condition and results of operations.

We have not attempted to quantify the impact of Ind AS on the financial information included in this Placement Document, nor have we provided a reconciliation of our financial statements to those under Ind AS. Therefore, the impact of the adoption of Ind AS cannot be ascertained at this stage. For further details, see section “Summary of key differences between Indian GAAP and Ind-AS” at page 81.

We may not have adequate insurance coverage.

As at September 30, 2017, our manufacturing facility and plant and machinery were insured under (a) boiler and pressure plant insurance policies; and (b) standard fire and special perils policy. We also insure our cotton, yarn and knitted fabric with marine cargo - open insurance policies. There can be no assurance that our insurance coverage will cover actual losses incurred by us. To the extent that actual losses incurred by us exceed the amount insured, we could have to bear substantial losses, which may have a material adverse effect on our financial position and results of operations. We operate with certain business risks uninsured, including business interruptions risks and loss of profit or revenue related risks. To the extent that uninsured risks materialise, our cash flows and results of operations may be materially and adversely affected. For further details on insurance arrangements, please see "Business– Insurance" on page 117.

We rely on our IT systems in managing our sales, supply chain, manufacturing process, logistics, research and development and other integral parts of our business. Any failure of our IT systems or loss of data could have a material adverse effect on our business, financial condition and results of operations.

We are reliant on our information systems technology in connection with order booking, dealer management, material procurement, research and development, accounting and production. Any failure of our information technology systems, including our ERP systems, or loss of data could result in business interruptions, including disruption in our distribution management, the loss of buyers, damaged reputation and weakening of our competitive position, and could have a material adverse effect on our business, financial condition and results of operations.

Changes in technology may render existing technologies obsolete and our inability to identify evolving industry trends and customer preferences and make capital investments in new technology may adversely affect our business, financial condition, results of operations or prospects.

Changes in technology may render some of our techniques of manufacturing and manufacturing equipment obsolete or less attractive. Our ability to anticipate changes in technology and regulatory standards and to successfully introduce new and enhanced products in a timely manner is a significant factor in our ability to remain competitive.

We cannot assure you that we will be able to secure the necessary technological knowledge or capability, which will allow us to develop our products in a manner that meets the demands of our customers, or that we will be able to expand capacity and install and commission new equipment required to manufacture our existing or new products. If we are unable to obtain access to technology in a timely manner or at all, we may be unable to effectively implement our strategies, and our business, results of operations and prospects may be adversely affected.

We have in the past been in non-compliance of the SEBI Listing Regulations, Companies Act and any other guidelines prescribed by the stock exchanges. Any non-compliance of laws and regulatory requirements may result in penalties being imposed on us.

We have in the past been in non-compliance of the SEBI Listing Regulations, Companies Act and any other guidelines prescribed by the stock exchanges. Any non-compliance of laws and regulatory requirements may result in penalties being imposed on us.

We may also from time to time be unable to comply with filing requirements, or make erroneous filings, under applicable laws and regulations. For instance, the pin code of our registered office address, as reflected in publically available records of the RoC is at variance with the pin code of our registered office address set out in our annual report and in this Placement Document.

The SEBI Listing Regulations also require a listed entity to ensure that financial statements submitted by such entity to the stock exchanges are audited by an auditor who has subjected himself to the peer review process of Institute of Chartered Accountants of India ("**ICAI**") and holds a valid certificate issued by the peer review board of the ICAI ("**Peer Review Board**"). Our Erstwhile Statutory Auditors have subjected themselves to the peer review process of the ICAI and had received a certificate dated February 6, 2014. While the peer review process of the ICAI is conducted on audit firms every three years, there has been no peer review process that was conducted by the ICAI on our Erstwhile Statutory Auditors post February 6, 2014. However, the Erstwhile Statutory Auditors have audited our financial statements as at and for the Fiscal Year ended March 31, 2017 and review our Reviewed Financial Statements, both, after the completion of a three year period from the last date on which the peer review process was conducted on them by the ICAI. As a result, we may be penalised for our non-compliance of the SEBI Listing Regulations and if any adverse order is passed against our Company in relation thereto, we may be subject to fines and penalties under the SEBI Act and rules and regulations promulgated therein. Any such regulatory observations, notices or orders may divert management attention and have a material adverse effect on our reputation, business and prospects.

The Proposed Promoter Preferential Allotment may not be approved by our Board.

Our Company is contemplating the Proposed Promoter Preferential Allotment. For further details, see "—Any future issuance of Equity Shares by our Company or sales of Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Company's Equity Shares." on page 55. In this regard, the intimations required under Regulation 29 of the Listing Regulations have been made to each of the Stock Exchanges ("Intimations"). The Intimations state that the Board will convene a meeting on November 14, 2017 to consider, amongst other matters, the approval of a preferential issue of Equity Shares to the Promoters and the members of the Promoter Group for an amount of ₹1,200 lakhs, at a price that is determined in accordance with SEBI Regulations and is in no case lower than any issue and allotment of Equity Shares made to prospective investors through various fund raising options authorised by the Board on August 5, 2017 and the shareholders of the Company on September 4, 2017 (until listing of Equity Shares allotted on a preferential basis), subject to the approval of the Board and shareholders' of the Company. We cannot assure you that the Proposed Promoter Preferential Allotment will be approved by our Board, at all or on the terms set out in the Intimations.

Statistical and financial data in this Placement Document may be incomplete or unreliable.

We have not independently verified data obtained from industry publications and other sources referred to in this Placement Document and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. This Placement Document includes information derived from CRISIL Report. Such data may also be produced on different bases from those used in other industry publications. Therefore, discussions of matters relating to India, its economy and the sectors in which we currently operate in this Placement Document are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Neither we, nor the BRLM, nor any other person connected with the Issue has verified the information in the CRISIL Report and other industry sources, and we cannot guarantee the accuracy, adequacy or completeness of any such information. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such facts or statistics. In addition, internal company reports may be based on a number of variables and have not been verified by independent sources and may be incomplete or unreliable. Also, please see "Industry Overview" on page 87.

RISKS RELATING TO INDIA AND OTHER EXTERNAL RISKS

There could be political, economic or other factors that are beyond our control but may have a material adverse impact on our business and results of operations should they materialise.

The following external risks may have a material adverse impact on our business and results of operations should any of them materialise:

- Political instability, a change in the Government or a change in the economic and deregulation policies could adversely affect economic conditions in India in general and our business in particular;

- A slowdown in economic growth in India could adversely affect our business and results of operations. The growth of our business and our performance is linked to the performance of the overall Indian economy. We are also impacted by consumer spending levels and businesses such as ours would be particularly affected should Indian consumers in our target segment have reduced access to disposable income;

- Civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war involving India or other countries could materially and adversely affect the financial markets which could impact our business. Such incidents could impact economic growth or create a perception that investment in Indian companies involves a higher degree in risk which could reduce the value of our Equity Shares;

- Natural disasters in India may disrupt or adversely affect the Indian economy, the health of which our business depends on;

- Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and could have an adverse effect on our business, profitability and results of operations; and

- The Indian economy has had sustained periods of high inflation in the past. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India could increase our employee costs, decrease the disposable income available to our customers and decrease our operating margins, which could have an adverse effect on our profitability and results of operations.

We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business, financial condition and results of operations..

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the Competition Commission of India ("**CCI**"). Pursuant to the provisions of the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly determines purchase or sale prices; directly or indirectly results in bid rigging or collusive bidding, limits or controls the production, supply or distribution of goods and services; or shares the market or source of production or providing of services by way of allocation of geographical area or type of goods or services or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual. If we, or any of our employees, are penalised under the Competition Act, our business may be adversely affected.

It is difficult to predict the impact of the Competition Act on our growth and expansion strategies in the future. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, financial condition and results of operations.

The recent currency demonetisation measures imposed by the Government of India may adversely affect our business and the Indian economy.

Through notifications dated November 8, 2016 issued by the Ministry of Finance, Government of India and the RBI, ₹500 and ₹1,000 denominations of bank notes of the then existing series issued by the RBI ceased to be legal tender. Pursuant to this currency demonetisation, these high denomination notes have no value and cannot be used for transactions or exchange purposes with effect from November 9, 2016. The Government and the RBI issued new series of ₹500 and ₹2,000 banknotes in exchange for the discontinued banknotes. In an effort to monitor replacement of demonetised notes, the Government had specified restrictive limits for exchange and withdrawal of currency from ATMs and bank accounts across India. While these restrictions in relation to the withdrawals from ATMs and bank accounts have been lifted in the Q4 of Fiscal 2017 (January 30, 2017 for current accounts and March 13, 2017 for savings accounts), the impact of this move on the Indian economy and the manufacturing sector are uncertain.

The demonetisation may result in reduction of purchasing power, alteration in consumption patterns, overall cooling effect of the Indian economy, which may adversely affect our business. While the comprehensive and long-term impact of this currency demonetisation measure cannot be ascertained at the moment, it is possible that there may be a slowdown in the economic activities in India, at least in the short term, given the demonetisation impacts a majority quantity of the cash currency in circulation. Such a slowdown can adversely affect the Indian economy, impacting the financial performance of our borrowers, which in turn could affect our results of operations and financial position.

Significant differences exist between Indian GAAP used throughout our financial information and other accounting principles, such as U.S. GAAP or IFRS, with which investors may be more familiar.

Our audited financial statements provided in this Placement Document are prepared and presented in conformity with Indian GAAP and Ind-AS (as applicable). No attempt has been made to reconcile any of the information given in this Placement Document to any other principles or to base it on any other standards. Indian GAAP and Ind-AS (as applicable) differ in certain significant respects from IFRS, U.S. GAAP and other accounting framework with which prospective investors may be familiar. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Accordingly, the degree to which the financial information included in this Placement Document will provide meaningful information is dependent on your familiarity with Indian GAAP and Ind-AS (as applicable).

Because differences exist between Indian GAAP and IFRS or US GAAP, the financial information in respect of our Company contained in this Placement Document may not be an effective means to compare us with other companies that prepare their financial information in accordance with IFRS or US GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of this Issue and the financial information relating to our Company. Potential investors should consult their own professional advisers for an understanding of these differences between Indian GAAP and IFRS or US GAAP, and how such differences might affect the financial information contained herein.

Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, financial condition and prospects.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. In recent times, the Government has introduced major reforms in Indian tax laws, namely the goods and service tax ("**GST**"), and the provisions relating to the General Anti Avoidance Rules ("**GAAR**").

The GST is has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state value added tax ("**VAT**") and surcharge which was previously being collected by the central and state governments. While the complete impact of GST is yet to be ascertained it is expected to increase tax incidence and administrative compliance for companies. We may be required to make changes in our IT infrastructure and other internal process to adapt to the requirements of GST, once implemented. To ensure compliance with the requirements of the GST laws, we may also need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

As regards GAAR, the provisions have been introduced in the Finance Act, 2012 and has come into effect from April 1, 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights or obligations which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. As the taxation system is intended to undergo significant overhaul, its consequent effects on the manufacturing sector cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Equity Shares.

We have not determined the impact that these recently introduced legislations and any other recent amendments in laws, rules and regulations, including corporate and tax laws, may have on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on our business. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.

Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. There can be no assurance that India's foreign exchange reserves will not decrease again in the future. Further decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our business, financial condition and results of operations. While this may be beneficial to for our exports, a general decline in the liquidity may have an adverse effect on our results of operations and financial conditions.

Our Company is also subject to risks relating to macroeconomic conditions in India. According to the RBI's financial stability report, December 2016, global recovery remains fragile amidst slowdown in trade, rising tendency towards protectionism and slower growth in productivity. Global financial markets continue to face elevated levels of uncertainty, notwithstanding the resilience exhibited in overcoming the outcomes of Brexit referendum and the US presidential election. In India, macroeconomic conditions remain stable with significant moderation in inflation.

Moreover, reduced policy uncertainty and legislative and tax reforms such as implementation of goods and services tax and enactment of bankruptcy laws are expected to reinforce the benefits from the strong macro fundamentals and the withdrawal of legal tender status of specified bank notes could potentially transform the Indian economy. While the overall risks to the corporate sector moderated in 2016-17, concerns remain over its recovery. Domestic debt and equity markets witnessed foreign portfolio investment outflows since October 2016 reflecting expectations of increase in the interest rates by the U.S. Federal Reserve.

On the domestic front, risks arising from erratic climatic conditions, limited policy space, corporate performance, asset quality of financial institutions and low investment growth, could pose challenges. The risks to domestic growth are accentuated by fiscal and external sector imbalances. It was also observed that funding strains coupled with sovereign risks have led to fears of a precipitous deleveraging process that could hurt global financial market and the economy in general, through asset sales and contractions in credit. While the direct impact of such deleveraging is not expected to be significant on domestic credit availability in India, specialised types of financing like structured long-term finance, project finance and trade finance could be impacted. We have little or no control over any of these risks or trends and may be unable to anticipate changes in economic conditions. Adverse effects on the Indian economy could impact our funding and adversely affect our business, financial condition and results of operations.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect our business and the Indian financial markets.

India has from time to time experienced instances of civil unrest and terrorist attacks. These events could lead to political or economic instability in India and may adversely affect the Indian economy, our business, and results of operations, financial condition and the trading price of our Equity Shares. India has also experienced social unrest and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and the trading price of our Equity Shares.

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business and may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Our insurance policies for assets cover, among other things, fire and earthquakes. However, our insurance policies may not be adequate to cover the loss arising from these events, which could adversely affect our results of operations and financial condition.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us. Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of the Equity Shares.

Natural disasters and other disruptions could adversely affect the Indian economy and could cause our business and operations to suffer and the trading price of our Equity Shares to decrease.

Our operations, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations which may affect our manufacturing processes. Damage or destruction that interrupts our production could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our infrastructure. We may also be liable to our customers for disruption in supply resulting from such damage or destruction. Our insurance coverage for such liability may not be sufficient. Any of the above factors may adversely affect our business, our financial results and the price of our Equity Shares.

RISKS RELATING TO THE EQUITY SHARES

We cannot guarantee that the Equity Shares issued pursuant to the issue will be listed on the Stock Exchanges in a timely manner or will be listed at all.

In accordance with Indian law and practice, after the Board passes the resolution to allot the Equity Shares but prior to crediting such equity shares into the Depository Participant accounts of the QIBs, we are required to apply to the Stock Exchanges for final listing and trading approval. Approval for listing and trading will require all relevant documents authorising the issue of Equity Shares to be submitted to the Stock Exchanges. After receiving the final listing approval from the Stock Exchanges, we will credit the equity shares into the Depository Participant accounts of the respective QIBs and apply for the final trading approval from the Stock Exchanges. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing or commencement of trading of the Equity Shares on the Stock Exchanges. Any delay in our own ability to obtain these approvals would restrict your ability to dispose of the Equity Shares.

An investor will not be able to sell any of the Equity Shares, allotted pursuant to the Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of this Issue.

The Equity Shares in the Issue are subject to restrictions on transfers. Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of the Equity Shares, QIBs subscribing to such Equity Shares may only sell their Equity Shares on a recognized Indian stock exchange and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price and liquidity of these Equity Shares.

Anti-takeover provisions under Indian law could prevent or deter an entity from acquiring us.

The Takeover Regulations contains certain provisions that may delay, deter or prevent a future takeover or change in control. These provisions may discourage a third party from attempting to take control over our business, even if change in control would result in the purchase of our Equity Shares at a premium to the market price or would otherwise be beneficial to the investor. For more information, see "The Securities Market of India" on page 155.

Any future issuance of Equity Shares by our Company or sales of Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Company's Equity Shares.

Any future issuance of Equity Shares by us, including pursuant to a new employee stock option scheme, or pursuant to any acquisition that we may undertake, could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. Specifically, it is prudent to note that our Company has, in compliance with Regulation 29 of the Listing Regulations, made the required intimations to each of the Stock Exchanges, on November 1, 2017 regarding a Board meeting to be held by our Company on November 14, 2017, to consider a preferential allotment of Equity Shares to our Promoters and/or Promoter Group for an amount of ₹1,200 lakhs ("Proposed Promoter Preferential Allotment"). We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge, or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

Since our Equity Shares are quoted in Indian rupees in India, foreign investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.

Foreign investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian rupees on the Indian Stock Exchanges on which they are listed. Dividends on our Equity Shares will also be paid in Indian rupees. Investors that seek to convert the Indian rupee proceeds of a sale of equity shares into foreign currency and export the foreign currency, will need to obtain approval of the RBI for each such transaction. Holders of Indian rupees in India may also generally not purchase foreign currency without general or special approval from RBI.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect your ability to sell, or the price at which you can sell, Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by all Stock Exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limit on our circuit breakers is set by the Stock Exchanges based on the historical volatility in the price and trading volume of our Equity Shares.

The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time. For further details, see "The Securities Market of India" on page 155.

You may be subject to Indian taxes arising out of capital gains. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange, or which are acquired post October 1, 2004, on which no Securities Transaction Tax (STT) has been paid, shall be subject to capital gains tax in India.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months is not typically subjected to capital gains tax in India if the STT has been paid on the transaction. The STT is levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to capital gains tax in India. Additionally, with effect from April 1, 2017, the Finance Act, 2017 has amended the provisions of the Income Tax Act, 1961 in relation to transactions involving the acquisition of equity shares post October 1, 2004, which were not subject to STT. Such transactions have now been kept outside the purview of the capital gains tax exemption and shall be subject to applicable taxation.

Capital gains arising from the sale of the Equity Shares will be exempt from tax in India in cases where such exemption is provided under the tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of certain countries may be liable for tax in India, as well as in their own jurisdictions on gain upon a sale of the Equity Shares. For more information, see "Statement of Tax Benefits" on page 162.

Investors may have difficulty enforcing foreign judgments against us or our management.

We are a limited liability company incorporated under the laws of India. All of our Directors and key management personnel are residents of India and a large part of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties outside India.

Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. For further details, see "Enforcement of Civil Liabilities" on page 17. A party seeking to enforce a foreign judgment in India is required to obtain approval from RBI to execute such a judgment or to repatriate outside India any amount recovered. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

Applicants to the Issue are not allowed to withdraw their bids after the Bid/Issue Closing Date.

In terms of the SEBI Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our Company's business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. The occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence without the prior approval of SEBI. Our Company may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

Certain approvals required for the listing of the Equity Shares to be issued pursuant to the Issue may not be obtained in a timely manner or at all, in which event you may not be able to obtain ownership over any Equity Shares allotted to you.

In accordance with applicable Indian laws and regulations and the requirements of the Stock Exchanges, final approvals for the listing and trading of the Equity Shares to be issued pursuant to the Issue will not be applied for by us or granted by the Stock Exchanges until after such Equity Shares have been issued and allotted by us on the Closing Date. If there is a failure or a delay in obtaining such approvals, we may not be able to credit Equity Shares allotted to you to your Depository Participant account or assure ownership of such Equity Shares by you in any manner promptly after the Closing Date or at all. In any such event, your ownership over Equity Shares allotted to you and your ability to dispose of any such Equity Shares may be restricted. For further information on issue procedure, see "Issue Procedure" on page 136.

MARKET PRICE INFORMATION

As at the date of this Placement Document, 4,58,33,945 Equity Shares have been issued and are fully paid-up and outstanding. The Equity Shares have been listed and traded on the BSE and the NSE.

On October 31, 2017, the closing price of the Equity Shares on the BSE and the NSE was ₹114.30 and ₹114.05 per Equity Share, respectively. Since the Equity Shares are actively traded on the Stock Exchanges, the market price and other information for each of the BSE and the NSE has been given separately.

(1) The following tables set forth the reported high, low, average market prices and trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015:

NSE											
Fiscal Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ lakhs)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ lakhs)**	**Average price for the year (In ₹)***	**Total volume of Equity Shares traded in the month**	
										In number	**(In ₹ lakhs)**
2017	121.80	March 28, 2017	4,55,374	551.25	57.90	April 5, 2016	29,575	17.15	75.03	4,38,31,605	35,672.14
2016	107.65	August 6, 2015	11,57,314	1,193.80	30.10	April 1, 2015	15,248	4.57	62.63	7,08,22,772	46,852.93
2015	31.75	December 3, 2014	3,32,865	105.37	14.45	April 1, 2014	31,506	4.54	25.10	3,62,29,812	9,175.13

Source: www.nseindia.com

BSE											
Fiscal Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ lakhs)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ lakhs)**	**Average price for the year (In ₹)***	**Total volume of Equity Shares traded in the month**	
										In number	**(In ₹ lakhs)**
2017	120.75	March 28, 2017	1,63,417	198.00	58.15	April 5, 2016	11,511	6.67	75.03	1,16,92,369	9,521.46
2016	105.70	August 6, 2015	2,97,838	304.57	30.10	April 1, 2015	7,282	2.19	62.61	2,31,81,089	15,113.33
2015	31.70	December 3, 2014	1,71,430	54.38	14.36	April 1, 2014	4,026	0.58	25.10	18,769,758	4,705.85

Source: www.bseindia.com

Notes:

1. High, low and average prices are based on the daily closing prices.
2. In case of two days with the same closing price, the date with the higher volume has been chosen.

* In the case of a year, average represents the average of the closing prices of all trading days of each year presented.

(2) The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total volume of Equity Shares traded during each of the last six months:

NSE											
Month Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ lakhs)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ lakhs)**	**Average price for the month (In ₹)***	**Total volume of Equity Shares traded in the Fiscal Year**	
										In number	**(In ₹ lakhs)**
October 2017	116.55	October 24, 2017	1,50,776	46.65	104.20	October 9, 2017	1,38,796	146.89	110.43	29,52,473	3,301.70
September 2017	121.55	September 1, 2017	57,797	70.40	104.55	September, 27, 2017	60,457	64.06	113.94	18,36,451	2,095.85
August, 2017	132.40	August 2, 2017	2,84,317	376.78	108.85	August 10, 2017	1,34,090	149.36	118.86	22,01,264	2,645.23
July, 2017	138.60	July 10, 2017	1,70,125	234.68	124.35	July 3, 2017	41,557	51.61	131.72	22,53,169	3,010.9
June, 2017	132.95	June 6, 2017	2,51,554	328.69	118.55	June 23, 2017	79,020	94.18	125.41	16,52,717	2,086.01
May, 2017	139.05	May 8, 2017	8,11,375	1,144.26	116.25	May 24, 2017	96,641	114.69	128.50	31,59,048	4,212.10

Source: www.nseindia.com

BSE											
Month Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ lakhs)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ lakhs)**	**Average price for the month (In ₹)***	**Total volume of Equity Shares traded in the Fiscal Year**	
										In number	**(In ₹ lakhs)**
October 2017	116.80	October 24, 2017	22,626	26.26	104.25	October 4, 2017	9,554	10.12	110.54	4,91,118	546.48
September 2017	121.75	September 1, 2017	7,854	9.54	104.5	September, 27, 2017	1,03,297	118.71	113.99	4,55,993	524.59
August, 2017	133.20	August 2, 2017	64,118	84.95	108.45	August 10, 2017	36,358	40.22	118.89	5,58,719	668.63
July, 2017	138.50	July 10, 2017	80,114	109.56	123.10	July 3, 2017	14,319	17.72	131.63	5,03,397	672.53
June, 2017	132.85	June 6, 2017	40,952	53.58	119.10	June 23, 2017	24,053	28.63	125.50	3,19,827	402.59
May, 2017	138.80	May 8, 2017	1,82,933	258.29	116.55	May 24, 2017	24,792	29.50	128.45	6,81,983	909.03

Source: www.bseindia.com

Notes:

1. High, low and average prices are based on the daily closing prices.
2. In case of two days with the same closing price, the date with the higher volume has been chosen.

* In the case of a month, average represents the average of the closing prices of all trading days of each month presented.

(3) The following table sets forth the market price on the Stock Exchanges on August 7, 2017 the first working day following the approval of the Board of Directors for the Issue:

BSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ lakhs)**
129.10	129.10	117.50	122.40	55,655	68.14

NSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ lakhs)**
122	126	117.15	122.05	2,79,769	341.93

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from this Issue will be approximately ₹10,793.63 lakhs.

The net proceeds from this Issue, after deducting fees, commissions and expenses of this Issue, will be approximately ₹10,500.42 lakhs (the "**Net Proceeds**").

Purpose of the Issue

The objects of the Issue are:

(1) Repayment/ prepayment of certain loans availed by our Company; and
(2) General corporate purposes.

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake the objects contemplated by us in this Issue.

Break-up of the cost of project for which the money is raised through Issue

Since the Net Proceeds of the Issue will be used towards repayment/ prepayment of certain loans availed by our Company and for funding expenditure for general corporate purposes and not towards any specific project, the requirement to provide a break-up of the cost of project is not applicable.

Means of financing such project

Since the Net Proceeds of the Issue will be used towards repayment/ prepayment of certain loans availed by our Company and for funding expenditure for general corporate purposes and not towards any specific project, the requirement to provide the means of financing of project is not applicable.

Proposed deployment status of the proceeds at each stage of the project

Since the Net Proceeds of the Issue will be used towards repayment/ prepayment of certain loans availed by our Company and for funding expenditure for general corporate purposes and not towards any specific project, the requirement to provide the deployment status of the Net Proceeds at each stage of the project is not applicable.

Details in relation to use of proceeds of the Issue

The details in relation to the proposed use of Net Proceeds are set forth herein below.

(1) Scheduled repayment/ prepayment of certain loans availed by our Company.

Our Company has entered into financing arrangements with various banks to avail long term and short term secured loan facilities. As at September 30, 2017, the outstanding long term and short term secured loan facilities amounted to ₹51,628.35 lakhs, out of which ₹34,465.35 lakhs was long term secured facilities and ₹17,162.98 lakhs was short terms secured facilities (including current maturities of long term debt). We believe that such repayment or pre-payment of the loan facilities will reduce our debt to equity ratio and our finance costs. For further details, please see "Financial Statements" on page 187.

(2) General corporate purposes:

Our Board, will have the flexibility in deploying the balance amount, if any, towards general corporate purposes, including, strengthening market capabilities, meeting our working capital requirements, routine capital expenditure, funding our growth opportunities, and meeting exigencies which our Company may face in the course of business or any other purpose as may be approved by our Board.

The quantum of utilization of funds towards each of the above purposes with be determined by our Board based on the amount actually available under the head 'General corporate purposes" and the business requirement of our Company, from time to time.

Interim use of funds

In accordance with the policies instituted by our Board and as may be permissible under applicable laws and government policies, our management will have the flexibility in deploying the Issue proceeds. Pending utilisation for the purposes mentioned above, we intend to temporarily invest funds in creditworthy instruments, including money market mutual funds and deposits with banks. Such investments would be approved by the Board from time to time and will also be in accordance with all applicable laws and regulations.

Other confirmations

Neither our Promoters nor our Directors are making any contribution either as part of this Issue or separately in furtherance of the objects of this Issue.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as of March 31, 2017 based on our Company's Audited Financial Statements, and our Company's capitalization as adjusted to reflect the receipt of the gross proceeds of this Issue and the application thereof.

This capitalisation table should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 67 and 187, respectively and the related notes included elsewhere in this Placement Document.

(₹in lakhs)

	As of March 31, 2017	
	(Audited) Unadjusted	**As adjusted for this Issue***
Indebtedness		
Short Term		
- Secured Borrowings	10,746.47	10,746.47
- Unsecured Borrowing	475.00	475.00
Long Term		
- Secured Borrowings	38,940.65	38,940.65
- Unsecured Borrowing	-	-
Current maturity of long term borrowings		
- Secured Borrowings	6,661.88	6,661.88
- Unsecured Borrowing	-	-
Total Indebtedness (A)	**56,824.00**	**56,824.00**
Shareholders' Funds		
- Share capital	4,583.39	5,521.97
- Reserves and surplus	21,034.19	30,889.24
Total Shareholders' Funds (B)**	**25,617.58**	**36,411.21**
Total Capitalization (A) + (B)	**82,441.58**	**93,235.21**

*Share capital and Reserves and surplus (adjusted) and post-issue capitalization can be determined only on conclusion of this Placement.

** This Issue has been authorised by the Board of Directors on August 5, 2017 (the relevant intimation in compliance with Regulation 29(1) of the Listing Regulations to the Stock Exchanges was made on August 2, 2017) and by the shareholders of our Company pursuant to a resolution passed at the annual general meeting held on September 4, 2017 (the relevant intimation in compliance with Section 101(1) of the Companies Act, 2013 and the Listing Regulations to the Stock Exchanges was made on August 11, 2017).

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Placement Document is set forth below:

(In ₹ in lakhs except share data)

	Aggregate value at face value
A. AUTHORISED SHARE CAPITAL	
6,00,00,000 Equity Shares of ₹10 each	6,000.00
Total	**6,000.00**
B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE	
Issued, subscribed and paid up share capital:	
4,58,33,945 Equity Shares of ₹10 each	4,583.39
Total	**4,583.39**
C. PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT(1)	
Up to 93,85,765 Equity Shares aggregating to ₹10,793.63 lakhs	938.58
D. PAID-UP CAPITAL AFTER THIS ISSUE	
5,52,19,710 Equity Shares of ₹10 each	5,521.97
E. SECURITIES PREMIUM ACCOUNT	
Before this Issue(2)	2,766.73
After this Issue	12,621.78

Note:

(1) This Issue has been authorised by the Board of Directors on August 5, 2017 (the relevant intimation in compliance with Regulation 29(1) of the Listing Regulations to the Stock Exchanges was made on August 2, 2017) and by the shareholders of our Company pursuant to a resolution passed at the annual general meeting held on September 4, 2017 (the relevant intimation in compliance with Section 101(1) of the Companies Act, 2013 and the Listing Regulations to the Stock Exchanges was made on August 11, 2017).

(2) As of June 30, 2017.

Equity Share Capital History of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of Allotment	Number of Equity Shares allotted	Face Value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of Consideration (cash, bonus, other than cash)	Nature of Allotment	Cumulative number of Equity Shares
November 30, 1992	14,000	10	10	Cash	Initial subscription to the Memorandum of Association	14,000
January 30, 1993	2,23,850	10	10	Cash	Further allotment	2,37,850
March 31, 1993	2,78,450	10	10	Cash	Further allotment	5,16,300
April 26, 1993	2,83,700	10	10	Cash	Further allotment	8,00,000
May 31, 1993	60,000	10	10	Cash	Further allotment	8,60,000
October 1, 1994	6,40,000	10	10	Cash	Further allotment	15,00,000
January 24, 1995	3,00,000	10	10	Cash	Further allotment	18,00,000
March 13, 1995	2,00,000	10	10	Cash	Further allotment	20,00,000

Date of Allotment	Number of Equity Shares allotted	Face Value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of Consideration (cash, bonus, other than cash)	Nature of Allotment	Cumulative number of Equity Shares
May 21, 1997	14,50,000	10	10	Cash	Further allotment	34,50,000
September 6, 1997	5,50,000	10	10	Cash	Further allotment	40,00,000
May 11, 2000	20,00,000	10	10	Cash	Further allotment	60,00,000
June 26, 2000	24,00,000	10	10	Cash	Further allotment	8,400,000
October 10, 2000	13,50,000	10	10	Cash	Further allotment	9,750,000
December 18, 2000	12,00,000	10	10	Cash	Further allotment	10,950,000
February 3, 2001	15,50,000	10	10	Cash	Further allotment	12,500,000
December 18, 2003	11,40,000	10	14	Cash	Further allotment	13,640,000
January 14, 2004	8,61,000	10	14	Cash	Further allotment	14,501,000
March 29, 2004	18,02,500	10	14	Cash	Further allotment	16,303,500
May 31, 2004	11,96,500	10	14	Cash	Further allotment	17,500,000
January 25, 2006	2,33,33,945	10	21	Cash	Initial public offer	40,833,945
February 19, 2010	50,00,000	10	10	Cash	Further allotment	45,833,945

Our Company has not issued any Equity Shares in the last one year preceding the date of filing of the Preliminary Placement Document.

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by the Board of Directors and approved by the shareholders at their discretion and will depend on our Company's revenues, cash flows, financial condition (including capital position) and other factors. The Board may also from time to time pay interim dividends. The declaration and payment of equity dividend would be governed by the applicable provisions of the Companies Act, 2013 and Articles of Association of our Company.

The following table details the dividend declared by our Company on the Equity Shares for the Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015:

(In ₹ in lakhs other than dividend rate)

Particulars	Financial Year 2017	Financial Year 2016	Financial Year 2015
Face Value of Equity Shares (₹ per share)	10	10	10
Interim Dividend	-	-	-
Final Dividend	550.01	458.34	458.34
Total dividend declared (₹ in lakhs)	550.01	458.34	458.34
Rate of dividend (%)	12%	10%	10%
Dividend per Equity Share (₹)	1.20	1.00	1.00
Tax on total dividend paid (₹ in lakhs)	111.97	93.31	93.31

**Rate as a percentage of the face value of the equity shares. Face value of each equity share being ₹10 and the dividend declared being ₹1 per Equity Share in Fiscal Year 2015 and Fiscal Year 2016 and face value of each Equity Share being ₹10 and the dividend declared being ₹1.20 per Equity Share in Fiscal Year 2017.*

For a summary of certain Indian tax consequences of dividend distributions to shareholders, see "Statement of Tax Benefits" on page 162.

Further, the amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. The form, frequency and amount of future dividends will depend on our Company's cash flows, financial condition, working capital and other financing requirements, lender apporvals and other factors and shall be at the discretion of the Board and subject to the approval of our Company's shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Audited Financial Statements as of and for the financial years ended March 31, 2017, 2016 and 2015 including the schedules and notes thereto and report thereon and our Limited Review Financial Statements as at and for the quarter ended June 30, 2017 including the schedules and notes thereto and report thereon, included elsewhere in this Placement Document.

Our Audited Financial Statements are prepared in accordance with Indian GAAP and our Limited Review Standalone Financial Statements are prepared in accordance with Indian Accounting Standards., which differ in certain material respects with IFRS and U.S. GAAP. This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements. You should also read the section "Risk Factors" on page 39, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

While we have historically prepared our Audited Financial Statements in accordance with Indian GAAP, we are transitioning to preparing our financial statements in accordance with Ind AS as required by the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Accordingly, our Reviewed Financial Statements have been prepared in accordance with Ind AS. For further details, see "Summary of Key Differences Between Indian GAAP and Ind-AS" on page 81.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 month period ended March 31 of that year.

This discussion contains certain forward-looking statements and reflects our current assessment of potential events in the future, and our future financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Risk Factors", "Forward Looking Statements", "Business" on page 39, 15 and 104 and elsewhere in this Placement Document. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward looking statements.

OVERVIEW

We are one of India's leading manufacturers of cotton yarn, with vertical integration into knitted fabrics manufacturing that utilizes our in-house cotton yarn. Our products offering can be largely classified into cotton yarn (including value added yarns) and knitted fabric. We focus primarily on manufacturing of yarn and produce a wide range of cotton yarns including value added yarns such as slub, compact yarn and core spun yarns, which we forayed into recently and knitted fabrics.

Established in 1992, with over two decades of experience in the textile industry, we cater to a large customer base of international and domestic clients, with an established brand presence in the segments in which we operate. Our manufacturing facility is located in Hamirgarh, Bhilwara, Rajasthan, India (the "**Bhilwara Facility**"), on approximately 60 acres of land. Over the last three Fiscal Years, we have increased our spindle count from approximately 77,000 spindles in Fiscal Year 2015 to 2,23,056 spindles in Fiscal Year 2017, to increase production in line with the growth in demand for our products. As on the date of this Placement Document, we operate 2,936 rotors and 2,23,056 spindles in our Bhilwara Facility. This increase in spindle count resulted in an increase in our cotton yarn production capacity from 38,000 tonnes per annum in Fiscal Year 2015 to 50,000 tonnes per annum in Fiscal Year 2017. A majority of this spindle addition has been for fine count premium yarn used in the manufacturing of high value apparel and furnishing fabrics. In line with our focus on value added yarn, our recent capacity expansion has enabled us to manufacture superfine premium compact yarn up to 80 counts.

During Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015, we manufactured 42,342 tonnes, 37,650 tonnes and 29,060 tonnes of cotton yarn, respectively. Our cotton yarn products include ring spun combed yarns from Ne 12/1 to Ne 80/1, compact yarns, multifold ring spun yarns, fancy slub yarns, core spun yarns, open end yarns from Ne 5/1 to Ne 24/1, multifold open end yarns, dye able cheese cones, 100% organic cotton yarns, BCI/ TBC certified yarns, and Supima and Giza certified yarns. In Fiscal Year 2017, we exported our cotton yarn to over 50 countries in North America, Europe, South America, Africa and Asia. The end-use industry for the yarn manufactured by us includes the apparel, inner wear and terry towels, denim, home furnishing, carpet, industrial fabric, medical textile, mattress sticking, socks and tea-bag industries.

Along with the expansion of our spinning capacity in Fiscal Year 2017, we also procured 14 additional knitting machines, taking the total number of machines to 63 and our knitted fabric production capacity to 9,000 tonnes per annum. During Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015 our Company manufactured 6,825 tonnes, 6,538 tonnes and 5,385 tonnes of knitted fabric, respectively. The products manufactured by our knitted fabrics segment include lycra blended fabrics, single jersey, pique structures, interlock structures, and rib structures. In Fiscal Year 2017, we exported our knitted fabrics products to USA, Mauritius, Sri Lanka and UK. The knitted fabrics manufactured are used in the inner-wear, sports-wear, winter-wear and leisure-wear industries.

During Fiscal Year 2017 and Fiscal Year 2016, our total revenue was ₹93,416.51 lakhs and ₹76,758.90 lakhs, respectively, and our profit after tax was ₹5,715.05 lakhs and ₹4,416.28 lakhs, respectively. Our revenue from operations and profit after tax grew by 22% and 29%, respectively, over Fiscal Year 2017 and Fiscal Year 2016, respectively.

Our largest products offering, cotton yarn, including value added yarns, accounted for 77% of our total revenue for Fiscal Year 2017 and Fiscal Year 2016. Our knitted fabric products accounted for 17% and 18% of our total revenue for Fiscal Year 2017 and Fiscal Year 2016, respectively. A certain portion of our revenues are also derived from the sale of cotton waste accumulated during our manufacturing processes. Such cotton waste is usually sold to open end yarn manufacturers and mattress manufacturers, who, amongst others, utilise low quality cotton for their products.

Our key accreditations include an ISO 9001:2015 quality system certification; an ISO 14001:2015 environmental management system certification, an ISO 50001:2011 energy management system certification; and an OHSAS certification. We have also been certified by OEKOTEX, Global Organic Textile Standard (GOTS) which prescribes standards for the processing of fibers from certified organic agriculture. Further, we have also been authorized to use the SUPIMA trademark, which also certifies that our Company is purchasing, consuming or using yarn or fabric made from America Pima cotton that is grown in the United State of America.

Certain awards and recognitions that we received include the "UCCI Excellence Award 2017", by Udaipur Chamber of Commerce & Industry under the "Large Manufacturing Enterprise" category in the Fiscal Year 2017; the "Texprocil Bronze Trophy" for the third highest export of cotton yarn (counts 50 and below) in category II, for the Fiscal Year 2016; the "Texprocil Bronze Plaque " for the third highest exports of cotton fabrics in category II, in the Fiscal Year 2016; the "Texprocil Bronze Trophy" for third highest exports of cotton fabrics in category I, in the Fiscal Year 2015 and 2011; "Texprocil Silver Trophy" for the second highest exports in the category of grey fabrics in the Fiscal Years 2007 and 2008, respectively; the "Rajasthan Energy Conservation Award" for efforts towards energy conservation in Fiscal Years 2015 and 2016 under the 'Large Spinning' category; and the "Rajasthan State Award for Excellence in Exports" in the 'Textile' category for Fiscal Years 2008, 2011 and 2014 by the Government of Rajasthan.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Company's results of operations have been, and will be, affected by many factors, some of which are beyond our control. This section sets out certain key factors that the senior management believe have affected our results of operations during the period under review, or could affect our results of operations in the future.

Performance of the textile industry and demand for our products

Our business is significantly dependent on the growth of the textile and apparel industries in both Indian and international markets. According to the CRISIL Report, the cotton season of 2017-18 is expected to witness production improvement to bring stability in the prices of cotton in the local and global market. The demand for overall cotton yarn, and in particular, export of cotton yarn, is expected to slow down over the next five Fiscal Years. However, domestic demand for yarn is expected to increase in Fiscal Year 2018, due to improvement in end-user spending as liquidity gets restored in the economy. Further, the sales of our cotton yarn and knitted fabric products rely heavily on the demand and preferences of end-user consumers of garments and other cloth based products.

Additionally, certain of the products manufactured by us such as cotton yarn (including value added yarn) and knitted fabrics cater to end-use industries such as apparel, inner wear, sports-wear, winter wear, and terry towels, denim, home furnishing, carpet, industrial fabric, medical textile, mattress sticking, socks and tea-bag industries. Accordingly, our results of operations are also affected by the performance of such industries in which our products are used. As a result, an adverse trend in the textile industry may significantly affect our results.

Cost and availability of our primary raw material, namely, cotton.

Our cost of materials consumed constitutes the largest component of our cost structure. In Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015, our cost of materials consumed was ₹61,451.52 lakhs, ₹46,151.78 lakhs and ₹38,534.55 lakhs, respectively, or 65.78%, 60.13% and 61.99% of our total income, respectively.

As we continue to grow our operations, we would require to procure significant volumes of raw materials to produce such quantities of finished goods so as to optimise our capacity and scale. The primary raw material used in our manufacturing operations is cotton. During Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015, we consumed 54,943.04 tonnes, 48,431.53 tonnes and 37,053.51 tonnes of cotton in its manufacturing operations. Currently, we purchase a significant portion of our cotton from the domestic market. However, from time to time we also import cotton from countries such as the United States of America, Greece and Australia, depending on the quality, price, availability and other prevailing market conditions. Being an agricultural commodity, there can be fluctuations in price of cotton due to the vagaries of weather, among other factors. Any increase in cotton prices may have an adverse effect on our business and a consequent negative impact on our results.

We usually do not enter into long-term supply contracts with any of our raw material suppliers and typically source raw materials from third-party suppliers or the open market. We are thus exposed to fluctuations in availability and prices of our raw materials and we may not be able to effectively pass on all increases in cost of raw materials to our customers, which may affect our margins.

Regulatory Developments

Production of cotton, our primary raw material for our textile operations, is subject to various government policies and regulations. Governmental policies such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products can influence industry profitability. Further, government regulations may also influence certain other factors such as the planting of certain crops versus other uses of agricultural resources, the location and size of crop production, whether unprocessed or processed commodity products are traded, and the volume and types of imports and exports. All of these factors may affect the price and demand for the raw materials, primarily cotton, required for our business operations.

Our Company has received interest rate reimbursements of five percent (for a composite spinning and knitting unit) and two percent (for a spinning unit), respectively, under the Revised Restructured Technology Upgradation Fund Scheme, for loans availed by it. With effect from January 1, 2016, the Amended Technology Upgradation Fund Scheme was implemented by the Ministry of Textiles, which excluded certain segments, such as spinning, from the ambit of the Technology Upgradation Fund Scheme. Further, our operations are subject to Indian laws and regulations concerning the discharge of effluent water and solid particulate matter during our manufacturing processes. We are required to obtain certain clearances and authorisations from government authorities for the collection, treatment, storage and disposal of hazardous waste.

Any onerous changes in the regulatory regime applicable to the textile sector or companies in general in India, or an adverse interpretation of law by the regulatory authorities, may have a material adverse impact on our business prospects and financial performance.

Foreign Exchange Rate Fluctuations

Our earnings in foreign currency in Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015 accounted for approximately 60.44%, 65.73% and 60.18% of our total revenue for the respective periods. Due to a significant portion of our earnings denominated in foreign currency, we are materially exposure to foreign exchange related risks.

Further, while we primarily source our cotton from domestic markets, from time to time we import cotton from countries such as the United States of America, Greece and Australia.

Accordingly, any appreciation or depreciation of the Indian Rupee against these currencies can impact the profitability of our business. Translation differences arising out of conversion of these transactions into Indian Rupees can also impact the profitability for that period. We may from time to time be required to make provisions for foreign exchange differences in accordance with accounting standards.

While our Company has entered into agreements with banks in connection with hedging our foreign currency fluctuation exposure from exports, there is significant uncertainty associated with such derivative contracts, the ultimate outcome of which depends on future events which are not under the direct control of our Company.

Global economic and geo-political scenario

We generated ₹56,462.80 lakhs, ₹50,454.95 lakhs and ₹37,405.97 lakhs as revenues from exports (at FOB value) in Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015, respectively. We export our yarn production to over 50 countries across North America, Europe, South America, Africa and Asia. Such countries impose varying duties on our products. Fluctuation in rates of duty, or the imposing of new duties or taxes, will significantly affect our ability to continue exporting our products to such destinations.

Further, export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries and may adversely affect our results of operations. Further, adverse changes in import policies in countries to which we export our products may have an adverse impact on our ability to export our products to such destinations, which may in turn affect our results of operations.

SIGNIFICANT ACCOUNTING POLICIES

A. Basis for preparation of Financial Statement

(a) The financial statements have been prepared under the historical cost convention and on the principles of going concern in accordance with Indian GAAP, applicable Ind-AS and provisions of the Companies Act, 2013.

(b) Accounting policies, not specifically referred to, are consistent with Generally Accepted Accounting Principles.

B. Revenue Recognition

(a) Sales are recognized when goods are supplied and effective control of goods associated with ownership is transferred to the buyer. Sales are recorded net of Sales Tax, return, discounts and rebates but including excise duties.

(b) Foreign exchange differences relating to sales are included in revenue from operation.

(c) Other income and incentives/benefits are accounted for on accrual basis.

(d) Claims lodged with insurance companies are accounted and credited to the relevant head when recognized by the insurance company.

(e) Inter-divisional sales comprising of sale of power for captive use is reduced from gross turnover in arriving net turnover.

C. Expenditure

(a) Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

(b) Rebate, claims and settlement on goods sold are accounted for as and when these are ascertained with reasonable accuracy.

D. Inventory

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of various items of inventory is computed as under:

(a) Cost of raw materials and stores include duties, taxes, freight and other expenses and are net of duty drawback, VAT and CST refund, and CENVAT credit, wherever made applicable.

(b) Costs in relation to finished goods comprises cost of materials, excise duty, production overheads and depreciation.

(c) Work in process is valued at raw material cost plus conversion cost depending upon the stage of completion.

(d) The material or finished goods dispatched from the factory but lying at port pending shipment are taken as a part of finished goods stock.

E. Investments

(a) Investments are stated at cost.

(b) Dividend income is accounted when the right to receive is established.

F. Fixed Assets

i. **Tangible Assets**

Fixed assets are stated at cost net of CENVAT/VAT credit availed and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing cost till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations directly attributable to the fixed assets are capitalized.

ii. **Intangible Assets**

Intangible Assets are stated at cost less accumulated amortisation and impairment loss, if any.

G. Depreciation and Amortisation

i. **Tangible Assets**

(a) Depreciation on plant and machinery (other than laboratory equipment, fire-fighting equipments and tools and equipments) is provided on straight line method, considering estimated useful life of 13 years (triple shift). Depreciation on other fixed assets has been provided based on useful lives prescribed in Schedule II of the Companies Act, 2013.

(b) Depreciation on fixed assets for trial run period is not charged.

ii. **Intangible Assets**

Intangible Assets consist of Computer Software and the same are amortized over a period of five years.

H. Prior Period Items

Prior period items including adjustment or claims arisen or settled or noted during the year are debited or credited to the respective heads of account, if not material in the nature.

I. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of fixed assets are capitalized as part of the cost of such assets for the period prior to commencement of commercial production or installation. All other costs are charged to revenue.

J. Government Grants

Government grants are recognized in accordance with Ind-AS 12 and reduced from the relevant expenses or shown as income. The benefits attributable to the acquisition or installation of fixed assets till the commencement of commercial production are netted against the cost of fixed assets.

K. Foreign Exchange Transactions/Translations

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Foreign currency assets and liabilities covered by forward contracts are stated at the forward contract rates while those not covered by forward contracts are restated at rates ruling at the year end. Exchange rate differences are dealt with in the profit and loss statement except those relating to the acquisition of fixed assets, which are adjusted to the cost of the assets.

L. Financial Derivatives

Foreign currency derivative contracts are accounted for on the date of their settlement and realized gain or loss in respect of settled contracts are recognized in the profit and loss statement, except where they relate to borrowings attributable to the acquisition of fixed assets, in that case they are adjusted to the carrying cost of the assets.

M. CENVAT

(a) The purchase cost of raw materials and other expenses has been considered net of CENVAT available on inputs.

(b) The CENVAT benefits attributable to acquisition or installation of fixed assets are netted off against the cost of fixed assets.

(c) CENVAT is accounted for on the basis of payments made in respect of goods cleared and provision is made for goods lying in stock, if applicable and the same is treated as part of the cost of the respective stock.

N. Research and Development

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research and development is shown as addition to fixed assets.

O. Retirement Benefits

The Company's contribution to provident and other funds are charged to the profit and loss statement. The liability for gratuity and leave encashment is provided on the basis of actuarial valuation.

P. Provision for Current and Deferred Tax

(a) Provision for current income tax is made after considering MAT credit entitlement, exemptions and deductions available under the IT Act.

(b) Deferred tax liability resulting from timing differences between book and tax profit is accounted for by using the tax rates and laws that are enacted or substantially enacted as on balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

Q. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss statement in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

R. Deferred Revenue Expenditure

The Company does not recognise any deferred revenue expenditure.

S. Provisions and Contingencies

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Provisions except gratuity and leave encashment benefits are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed unless the possibility of an out flow of resources embodying economic benefit is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

T. CSR Expenditure

Amount spent on CSR activities during the year is charged to statement of profit and 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.

RESULTS OF OPERATION

The following table sets forth, for the Fiscal Years indicated, certain items from our Audited Financial Statements, in each case also stated as a percentage of total income.

Particulars	Fiscal Year 2017		Fiscal Year 2016		Fiscal Year 2015	
	(₹ in lakhs)	% of total Income	(₹ in lakhs)	% of total income	(₹ in lakhs)	% of total income
Revenue from operations	93,337.96	99.92%	76,686.68	99.91%	61,647.23	99.18%
Other income	78.55	0.08%	72.22	0.09%	512.73	0.82%
Total Revenue	93,416.51	100.00%	76,758.90	100.00%	62,159.96	100.00%
Expenses						
Cost of materials consumed	61,451.52	65.78%	46,151.78	60.13%	38,534.55	61.99%
Purchase of stock in trade	262.23	0.28%	-	-	173.96	0.28%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,811.76)	-3.01%	170.56	0.22%	(340.50)	-0.55%
Employee benefit expenses	5,216.15	5.58%	4,314.39	5.62%	3,428.30	5.52%
Finance cost	2,224.18	2.38%	3,300.98	4.30%	2,261.98	3.64%
Depreciation and amortisation expenses	4,165.12	4.46%	3,955.73	5.15%	2,794.00	4.49%
Other expenses	15,907.14	17.03%	12,345.98	16.08%	9,933.00	15.98%
Total expense	86,414.58	92.50%	70,239.42	91.51%	56,785.29	91.35%
Profit before exceptional items and tax	7,001.93	7.50%	6,519.48	8.49%	5,374.67	8.65%
Tax Expense						
1. Current tax (Net of MAT credit)	221.74	0.24%	1,167.61	1.52%	-	-
2. Deferred tax	1,065.14	1.14%	935.59	1.22%	1,278.73	2.06%
Profit/(Loss) after tax	5,715.05	6.12%	4,416.28	5.75%	4,095.94	6.59%
Basic and diluted earnings per share	12.47	-	9.64	-	8.94	-

Principal Components of our Statement of Profit and Loss Account:

Revenues

Revenue from operations

We derive substantial portion of our total revenues from our revenue from operations, which consists of (a) sale of cotton yarn, knitted fabrics and other saleable waste and scrap (b) foreign exchange fluctuations in relation to sales, and (c) job-work receipts for knitting services.

Other Income

In addition to our revenue from operations, we derive other income in the form of (a) interest received, (b) profit on sale of fixed assets, and (c) profit on sale of short term investments (d) miscellaneous income.

Expenses

Our expenses consists of the following:

(a) Cost of materials consumed: includes cost for purchase of cotton, spandex and yarn and is inclusive of duties, taxes, freight and other expenses which are directly attributable to the purchase of such material and is net of duty drawback, VAT and CST refund and CENVAT credit, as applicable.

(b) Purchase of stock in trade: includes purchase of finished goods like yarn and fabric.

(c) Changes in inventories of finished goods, work in progress and stock in trade which is the difference between closing inventories and opening inventories of finished goods, saleable waste and work-in-progress.

(d) Employees benefit expense: includes salary and wages, contribution of provident fund and other benefits, gratuity and leave encashment expenses and staff welfare expenses, amongst others.

(e) Finance costs: includes interest on term loans (net of subsidies under TUFS/ RIPS), interest on working capital loans, interest on unsecured loans and bank charges.

(f) Depreciations and amortisation expenses: comprises of depreciation on fixed assets i.e. building, plant and machinery, electrical installation, office equipment, furniture and fixtures, vehicles and other tangible assets and amortisation of intangible assets.

(g) Other expenses which primarily include manufacturing related expenses incurred on power and fuel; stores and spares; packing material consumed; repairs and maintenance; job charges; Selling and Distribution expenses which include sales commission, freight and forwarding and administrative expenses, amongst other.

Tax Expenses

Tax expenses comprise current tax (net of minimum alternate tax credit) and deferred taxes. Provision for Current Income Tax is made after considering MAT Credit entitlement, exemptions and deductions available under the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Fiscal Year 2017 compared to Fiscal Year 2016

Total revenue

Our total revenue increased by 21.70% from ₹76,758.90 lakhs for the Fiscal Year 2016 to ₹93,416.51 lakhs for the Fiscal Year 2017, primarily due to the increase in our revenue from operations, and partly due to an increase in our other income.

Revenue from operations

Revenue from operations increased by 21.71% from ₹76,686.68 lakhs in Fiscal Year 2016 to ₹93,337.96 lakhs in Fiscal Year 2017. This increase is primarily attributed to higher sales volumes during Fiscal Year 2017. The higher volumes during the period was due to the expansion of spinning and knitting capacities at our Bhilwara Facility. Increase in revenue from operations during Fiscal Year 2017 as compared to Fiscal Year 2016 was also attributable in part to an increase in the average selling prices of certain of our products during Fiscal Year 2017.

Other income

Other income increased by 8.76% from ₹72.22 lakhs in Fiscal Year 2016 to ₹78.55 lakhs in Fiscal Year 2017. This increase is primarily due to higher interest received amounting to ₹70.28 lakhs during Fiscal Year 2017 as compared to

₹55.53 lakhs in Fiscal Year 2016.

Expenditure

Our expenditure increased by 23.03% from ₹70,239.42 lakhs for the Fiscal Year 2016 to ₹86,414.58 lakhs for the Fiscal Year 2017.

Cost of materials consumed

Cost of materials consumed increased by 33.15% from ₹46,151.78 lakhs in Fiscal Year 2016 to ₹61,451.52 lakhs in Fiscal Year 2017 primarily due to increase in production in Fiscal Year 2017 and in part due to the increase in average cotton prices in Fiscal Year 2017.

Purchases of stock-in-trade

Purchases of stock-in-trade increased from nil in Fiscal Year 2016 to ₹262.23 lakhs in Fiscal Year 2017. The increase can be primarily attributed to third party purchases of finished goods in Fiscal Year 2017 made by our Company to fulfil our obligations to supply goods in relation to orders accepted by our Company.

Change in inventories of finished goods, work in progress and saleable scrap and excise duty thereon

The change in inventories of finished goods, stock-in-process and saleable waste, amounted to a decrease of ₹170.56 lakhs in Fiscal Year 2016 as compared to an increase of ₹2,811.76 lakhs in Fiscal Year 2017 primarily due to a higher closing stock maintained by our Company as on March 31, 2017, due to higher production as a result of the capacity expansion completed during the last quarter of Fiscal Year 2017.

Employee benefit expenses

The employee benefit expenses increased by 20.90% from ₹4,314.39 lakhs in Fiscal Year 2016 to ₹5,216.15 lakhs in Fiscal Year 2017, primarily due to primarily due to an increase in salaries and wages, which was the result of an increase in the number of employees in our Company post completion of our capacity expansion.

Finance Costs

Finance costs decreased by 32.62% from ₹3,300.98 lakhs in Fiscal Year 2016 to ₹2,224.18 lakhs in Fiscal Year 2017 primarily due to repayment of loans in Fiscal year 2017 and receipt of interest subsidy under RIPS. However, please note than our long term borrowings have increased by ₹21,515.00 lakhs during Fiscal Year 2017, primarily due to availing a term loan amounting to ₹21,500.00 lakhs, that was drawn down during Fiscal Year 2017 in connection with our capacity expansion in our Bhilwara Facility.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by 5.29% from ₹3,955.73 lakhs in Fiscal Year 2016 to ₹4,165.12 lakhs in Fiscal Year 2017 primarily due to an addition of fixed assets during our capacity expansion.

Other expenses

Other expenses increased by 28.84% from ₹12,345.98 lakhs in Fiscal Year 2016 to ₹15,907.14 lakhs in Fiscal Year 2017 primarily due to an increase in our production capacity, which resulted in a consequent increase in our power, fuel and water costs.

Profit before exceptional items and tax

For the reasons mentioned above, our profit before exceptional items and tax increased by 7.40% from ₹6,519.48 lakhs in Fiscal Year 2016 to ₹7,001.93 lakhs in Fiscal Year 2017.

Tax Expenses

Tax expenses decreased by 38.81% from ₹2,103.20 lakhs in Fiscal Year 2016 to ₹1,286.88 lakhs in Fiscal Year 2017. While our deferred tax liabilities increased from ₹935.59 lakhs in Fiscal Year 2016 to ₹1,065.14 lakhs in Fiscal Year 2017, our current tax adjustment expenses (net of minimum alternate tax credit entitlement) decreased from ₹1,167.61 lakhs in Fiscal Year 2016 to ₹221.74 lakhs in Fiscal Year 2017, which resulted in an overall decrease in our tax expenses.

Profit after tax

For the reasons mentioned above, our profit after tax increased by 29.41% from ₹4,416.28 lakhs in Fiscal Year 2016 to ₹5,715.05 lakhs in the Fiscal Year 2017.

Fiscal Year 2016 compared to Fiscal Year 2015

Total revenue

Our total revenue increased by 23.49% from ₹62,159.96 lakhs for the Fiscal Year 2015 to ₹76,758.90 lakhs for the Fiscal Year 2016, primarily due to an increase in our revenue from operations, and partly off-set by a decrease in other income.

Revenue from operations

Revenue from operations increased by 24.40% from ₹61,647.23 lakhs in Fiscal Year 2015 to ₹76,686.68 lakhs in Fiscal Year 2016.This increase is primarily as a result of increased production and sales volumes, which was in-turn due to an expansion of our spinning and knitting capacities in February 2015.

Other income

Other income decreased by 85.91% from ₹512.73 lakhs in Fiscal Year 2015 to ₹72.22 lakhs in Fiscal Year 2016. This decrease is primarily due to a gain of ₹461.01 lakhs in Fiscal Year 2015 on account of gains from the purchase of Status Holder Incentive Scrips from other exporters at a discount, which was off-set against our tax/duty obligations on procurement of capital goods. The difference in our actual tax/duty obligations on procurement of capital goods and that paid under the discounted Status Holder Incentive Scrips was recorded as other income in Fiscal 2015.

Expenditure

Our expenditure increased by 23.69% from ₹56,785.29 lakhs for the Fiscal Year 2015 to ₹70,239.42 lakhs for the Fiscal Year 2016.

Cost of materials consumed

Cost of materials consumed increased by 19.77% from ₹38,534.55 lakhs in Fiscal Year 2015 to ₹46,151.78 lakhs in Fiscal Year 2016 primarily due to higher volumes of raw materials consumed by us in Fiscal Year 2016 as compared to Fiscal Year 2015.

Purchases of stock-in-trade

Purchases of stock-in-trade decreased from ₹173.96 lakhs in Fiscal Year 2015 to nil in Fiscal Year 2016 primarily due to our Company not purchasing finished goods during the Fiscal Year 2016.

Change in inventories of finished goods, work in progress and saleable scrap and excise duty thereon

The change in inventories of finished goods, stock-in-process and saleable waste, amounted to an increase of ₹340.50 lakhs in Fiscal Year 2015 as compared to a decrease of ₹170.56 lakhs in Fiscal Year 2016 primarily due to lower closing stock as compared to opening stock in Fiscal Year 2016, which in turn is attributable to higher production and sales in Fiscal Year 2016.

Employee benefit expenses

The employee benefit expenses increased by 25.85% from ₹3,428.30 lakhs in Fiscal Year 2015 to ₹4,314.39 lakhs in Fiscal Year 2016 primarily due to primarily due to an increase in salaries and wages on account of increased employees post completion of our capacity expansion in February 2015.

Finance Costs

Finance costs increase by 45.93% from ₹2,261.98 lakhs in Fiscal Year 2015 to ₹3,300.98 lakhs in Fiscal Year 2016 primarily due to an increase in interest expenses as a result of the increased indebtedness incurred by our Company for the capacity expansion completed in February 2015.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by 41.58% from ₹2,794.00 lakhs in Fiscal Year 2015 to ₹3,955.73 lakhs in Fiscal Year 2016 primarily due to depreciation charged on additional fixed assets as a result of capacity expansion undertaken during Fiscal Year 2015.

Other expenses

Other expenses increased by 24.30% from ₹9,933.00 lakhs in Fiscal Year 2015 to ₹12,345.98 lakhs in Fiscal Year 2016 primarily due to an increase in our production capacity, which resulted in higher operational expenses in Fiscal Year 2016, specifically in relation to power, fuel and water charges, as well as an increase in sales commission and promotion expenses.

Profit before exceptional items and tax

For the reasons mentioned above, our profit before exceptional items and tax increased by 21.30% from ₹5,374.67 lakhs in Fiscal Year 2015 to ₹6,519.48 lakhs in Fiscal Year 2016.

Tax Expenses

Tax expenses increased by 64.47% from ₹1,278.73 lakhs in Fiscal Year 2015 to ₹2,103.20 lakhs in Fiscal Year 2016. While our deferred tax liabilities decreased from ₹1,278.73 lakhs in Fiscal Year 2015 to ₹935.59 lakhs in Fiscal Year 2016, our current tax adjustment expenses (net of minimum alternate tax credit entitlement) increased from nil in Fiscal Year 2015 to ₹1,167.61 lakhs in Fiscal Year 2016 resulting in the increase in overall tax expenses in Fiscal Year 2016.

Profit after tax

For the reasons mentioned above, our profit after tax increased by 7.82% from ₹4,095.94 lakhs in Fiscal Year 2015 to ₹4,416.28 lakhs in the Fiscal Year 2017.

Liquidity and capital resources

As on March 31, 2017, we had cash and cash equivalents of ₹126.83 lakhs. Cash and cash equivalents primarily consist of (i) cash in hand amounting to ₹6.73 lakhs; and (ii) balance with banks in current account, amounting to ₹105.71 lakhs and in the unclaimed dividend account, amounting to ₹14.39 lakhs.

Net Cash Flows

The following table sets forth certain data from our cash flow statement:

(₹in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Net cash generated from operating activities	5,915.98	10,039.74	4,450.72
Net cash generated from/ (used in) investing activities	(24,211.81)	(3,578.12)	(21,944.99)
Net cash generated from/ (used in) financing activities	18,365.73	(6,472.58)	17,555.79
Net increase/(decrease) in cash and cash equivalents	69.90	(10.96)	61.52
Cash and cash equivalents at beginning of the year	56.93	67.89	6.37
Cash and cash equivalents at the end of the year	126.83	56.93	67.89

Cash Flows Generated From/ (Used in) Operating Activities

Net cash generated from operations amounted to ₹5,915.98 lakhs in Fiscal Year 2017. This amount consisted of net profit before tax and exceptional items amounting to ₹7,001.93 lakhs, as adjusted for cash flows generated primarily from (i) depreciation expenses; and (ii) interest expenditure. The total cash generated from operations after adjustments made for (i) increase in inventories; (ii) increase in sundry debtors; (iii) increase in loans and advances (current and non-current); and an increase in current and non-current liabilities, generating cash from operations amounting to ₹7,468.62 lakhs and the amount paid as tax was ₹1,552.64 lakhs.

Net cash generated from operations amounted to ₹10,039.74 lakhs in Fiscal Year 2016. This amount consisted of net profit before tax and exceptional items amounting to ₹6,519.48 lakhs, as adjusted for cash flows generated primarily from (i) depreciation expenses; and (ii) interest expenditure. The total cash generated from operations after adjustments made for (i) increase in inventories; (ii) increase in loans and advances; (iii) increase in current and non-current liabilities; and (iv) a decrease in sundry debtors, generating cash from operations amounting to ₹11,359.49 lakhs and the amount of tax paid was ₹1,319.75 lakhs.

Net cash generated from operations amounted to ₹4,450.72 lakhs in Fiscal Year 2015. This amount consisted of net profit before tax and exceptional items amounting to ₹5,374.67 lakhs, as adjusted for cash flows generated primarily from (i) depreciation expenses; (ii) interest expenditure; and (iii) loss on sale of fixed assets. The total cash generated from operations after adjustments made for (i) increase in inventories; (ii) increase in sundry debtors; (iii) increase in loans and advances (current and non-current); and (iv) increase in current and non-current liabilities, generating cash from operations amounting to ₹5,564.67 lakhs and the amount of tax paid (including MAT) was ₹1,113.95 lakhs.

Cash Generated from/ (Used in) Investing Activities

Net cash used in investing activities amounted to ₹24,211.81 lakhs in Fiscal Year 2017. This amount consisted of cash used primarily for the purchase of fixed assets amounting to ₹27,394.41 lakhs as set off partially by capital WIP including capital advance amounting to ₹3,173.32 lakhs and sale of fixed assets amounting to ₹9.28 lakhs.

Net cash used in investing activities amounted to ₹3,578.12 lakhs in Fiscal Year 2016. This amount consisted of cash used primarily for capital WIP including capital advances amounting to ₹3,092.80 lakhs and purchase of fixed assets amounting to ₹503.65 lakhs as set off partially by sale of fixed assets amounting to ₹18.33 lakhs.

Net cash used in investing activities amounted to ₹21,944.99 lakhs in Fiscal Year 2015. This amount consisted of cash used primarily for the purchase of fixed assets amounting to ₹26,097.37 lakhs as set off partially by capital WIP including capital advance amounting to ₹3,468.26 lakhs and sale of fixed assets amounting to ₹666.12 lakhs.

Net Cash (Used in)/ Generated from Financing Activities

Net cash flow generated from financing activities amounted to ₹18,365.73 lakhs in Fiscal Year 2017. This amount consisted of cash primarily generated from proceeds of long term borrowings amounting to ₹21,515.00 lakhs and proceeds from short term borrowings (net) amounting to ₹4,974.11 lakhs as offset by repayment of long term borrowings amounting to ₹5,347.55 lakhs, interest paid amounting to ₹2,224.18 lakhs, dividend paid amounting to ₹458.34 lakhs and tax on dividend paid amounting to ₹93.31 lakhs.

Net cash flow used in financing activities amounted to ₹6,472.58 lakhs in Fiscal Year 2016. This amount consisted of cash primarily used in repayment of long term borrowings amounting to ₹3,075.61 lakhs, payment of interest amounting to ₹3,300.98 lakhs, payment of dividend amounting to ₹458.34 lakhs and tax on dividend paid amounting to ₹93.31 lakhs as partially offset by proceeds from short term borrowings (net) amounting to ₹438.66 lakhs and proceeds from long term borrowings amounting to ₹17.00 lakhs.

Net cash flow generated from financing activities amounted to ₹17,555.79 lakhs in Fiscal Year 2015. This amount consisted of cash primarily generated from proceeds of long term borrowings amounting to ₹19,700.00 lakhs and proceeds from short term borrowings (net) amounting to ₹3,991.35 lakhs as offset by repayment of long term borrowings amounting to ₹3,471.41 lakhs, interest paid amounting to ₹2,261.98 lakhs, dividend paid amounting to ₹343.75 lakhs and tax on dividend paid amounting to ₹58.42 lakhs.

Credit Rating

Our long term debt has been rated BWR A (Outlook Stable), and our short term debt has been rated BWR A1 by way of letter dated August 3, 2017, by Brickwork Rating.

Indebtedness

As of March 31, 2017, we had long term borrowings of ₹38,940.65 lakhs, current maturities of long term loans of ₹6,661.88 lakhs, short term borrowings of ₹11,221.47 lakhs and other current liabilities of ₹4,225.21 lakhs.

The table below provides for details of our long term borrowings as of March 31, 2017:

(₹ in lakhs)

Particulars	As at March 31, 2017
a. Term loans from banks (secured)	45,581.60
Less : Taken to other current liabilities being current maturities	6,649.24
Total (a)	**38,932.36**
b. Vehicle loans from banks (secured)	20.93
Less : Taken to other current liabilities being current maturities	12.64
Total (b)	**8.29**
Total (a+b)	**38,940.65**

Interest Coverage Ratio

(₹in lakhs except ratio)

Year	Fiscal 2017	Fiscal 2016	Fiscal 2015
Profit after tax	5,715.05	4,416.28	4,095.94
Depreciation	4,165.12	3,955.73	2,794.00
Provisions and Contingencies	Nil	Nil	Nil
Finance Cost	2,224.18	3,300.98	2,261.98
Cash profit after tax plus finance cost (Total) (A)	**12,104.35**	**11,672.99**	**9,151.92**
Finance Cost (B)	2,224.18	3,300.98	2,261.98
Interest Coverage Ratio (%) (A/B)	**5.44**	**3.54**	**4.05**

Contingent Liabilities and Commitments

For details in relation to our contingent liabilities and commitments in Fiscal Year 2017, please see "Financial Statements" on page 187.

Related Party Transactions

We have entered into, and from time to time, will enter into, transactions with our related parties. For details in relation to the related party transactions entered by our Company during the Fiscal Years 2017, 2016 and 2015, as per the requirements under Accounting Standard 18 issued by the Institute of Chartered Accountants in India, see the section "Financial Statements" on page 187.

Reservations, Qualifications and Adverse Remarks Included In Financial Statements

There have been no reservations or qualifications or adverse remarks of our Statutory Auditors in the last five years.

Changes in accounting policies

There has been no change in accounting policies for the Fiscal Years 2017, 2016 and 2015. Our Company has adopted Ind-AS from Fiscal Year commenced on April 1, 2017. For details in relation to changes in accounting policies, please see "Financial Statements" on page 187.

Segment Reporting

For details in relation to segment reporting, please see "Financial Statements" on page 187.

Quantitative and Qualitative Disclosure about Market Risk

Interest Rate Risk

As at March 31, 2017, we had ₹38,940.65 lakhs of long term debt outstanding (excluding current maturities of ₹6,661.88 lakhs) and ₹11,221.47 lakhs of short term debt outstanding, which are at floating rate of interest, which exposed us to market risk as a result of changes in interest rates. We undertake debt obligations primarily to support our working capital needs and capital expenditure. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of debt and interest cost of outstanding variable rate borrowings. We do not currently use any derivative instruments to hedge the nature of our debt so as to manage our interest rate risk.

Foreign Exchange Risk

We are exposed to exchange rate risk. We have considerable exposure in foreign currency. We generated ₹56,462.80 lakhs, ₹50,454.95 lakhs and ₹37,405.97 lakhs as revenues from exports in Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015, respectively. Accordingly, the market determined exchange rate regime and volatility in the forex market affects our realisations. Further, any appreciation in the value of the Rupee against U.S. dollar or other foreign currencies would decrease the realisation of Rupee value of our products.

Commodity Price Risk

We are exposed to market risk with respect to the prices of the raw material primarily used in our manufacturing operations, being cotton. The cost of cotton, being a commodity, is subject to volatility. For further details, see "Industry Overview" on page 87. We are also exposed to the risk of price fluctuation on coal as well as finished goods. Input costs, being based on agriculture, are influenced not only by vagaries of nature but also government policies and the movement of the international market.

Inflation Risk

India has experienced high inflation in the recent past, which has contributed to an increase in interest rates leading to a rise in our cost of borrowing. See "Risk Factors - Risks Relating to India and Other External Risks - There could be political, economic or other factors that are beyond our control but may have a material adverse impact on our business and results of operations should they materialise." on page 51.

Credit Risk

We are exposed to credit risk on monies owed to us by our customers. If our customers do not pay us promptly or at all, we may have to make provisions for or write-off such amounts.

Recent Developments

Our Company has, in compliance with Regulation 29 of the Listing Regulations, made the required intimations to each of the Stock Exchanges, on November 1, 2017, regarding a Board meeting to be held by our Company on November 14, 2017, to consider, amongst other matters, a preferential allotment of Equity Shares to our Promoters and members of the Promoter Group. For further details, see "Risk Factors - Any future issuance of Equity Shares by our Company or sales of Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Company's Equity Shares." and "Risk Factors - The Proposed Promoter Preferential Allotment may not be approved by our Board." on pages 55 and 51, respectively.

Except as disclosed in this Placement Document, in the opinion of our Board of Directors, no circumstances have arisen since June 30, 2017, that materially and adversely affect or are likely to affect, our revenues and profitability, or the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

SUMMARY OF KEY DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

Our Audited Financial Statements as of and for the years ended March 31, 2017, 2016 and 2015 have been prepared in accordance with Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 ("**Indian GAAP**");

Our Reviewed Financial Statement for the quarter ended June 30, 2017, have been prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised practices and policies ("**Ind AS**") in the manner and format required by the SEBI LODR Regulations.

The following table summarises some of the areas in which differences in accounting between Indian GAAP and Ind AS could be significant to our financial position and results of operations. This summary should not be taken as an exhaustive list of all the differences between Indian GAAP and Ind AS. No attempt has been made to identify all recognition and measurement, presentation or classification differences that would affect the manner in which transactions or events are presented in our consolidated financial results (or notes thereto). We have not quantified the effects of the differences discussed below. Accordingly, no assurance can be provided to investors that our financial statements which are prepared in accordance with Indian GAAP would not be materially different if prepared in accordance with Ind AS. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind AS, and how those differences might affect the financial information disclosed in this Placement Document.

Sr. No.	IND AS	Particulars	Indian GAAP	IND AS
1	Ind AS 1	Presentation	**Other Comprehensive Income and statement of changes in Equity:** There is no concept of "Other Comprehensive Income" and "Income" and "Statement of changes in equity: under Indian GAAP.	**Other Comprehensive Income:** Ind AS 1 introduces the concept of Other Comprehensive Income ("OCI"). Items of income and expenses that are not recognized in profit and loss as required or permitted by other Ind ASs are presented Under OCI **Statement of Changes in Equity:** On the face of the Statement or Changes in Equity, it should be disclosed. (a) Total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non- controlling interest. (b) For each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from: (i) Profit or Loss, (ii) Each item of Other comprehensive Income, (iii) Transaction with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control, (iv) Any item recognized directly in equity Such as bargain purchase gain recognized directly in capital reserve

Sr. No.	IND AS	Particulars	Indian GAAP	IND AS
				in accordance with Ind AS 103 Business Combinations.
			Extraordinary items: Under Indian GAAP, Company discloses extraordinary items separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an Entity.	**Extraordinary items:** Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited
			Other Disclosures: There are no specific disclosure requirements under Indian GAAP for: (a) Critical judgments Made by the management in applying accounting policies. (b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and (c) Information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.	**Other Disclosures: Ind AS-1 requires disclosure of:** (a) Critical judgments made by the management in applying accounting policies; (b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and (c) Information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.
2.	Ind AS 8	Accounting Policy, Change in Accounting Estimate and Errors	**Change in Accounting Policies:** Under Indian GAAP, Company discloses changes in accounting policies by presenting in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same is appropriately disclosed. **Restatement and Reclassification of item:** The restatement/reclassification of items, in the financial statements are permitted with additional disclosures of nature, reason and amount reclassified/ restated.	**Change in Accounting Policies:** Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise. **Restatement and Reclassification of item:** The restatement/ reclassification of items, and retrospective application of accounting policy in the financial statements are permitted with additional disclosures of nature, reason and amount reclassified/ restated. Further a third balance sheet as at the beginning of the preceding period needs to be presented **Prior Period Items**

Sr. No.	IND AS	Particulars	Indian GAAP	IND AS
			Further a third balance sheet as at the beginning of the preceding period needs to be presented. **Prior Period Items** It defines prior period items as incomes or expenses which arise in the current period as a result of errors or omissions in the preparation of financial statements of one or more prior periods. It requires rectification of prior period items with prospective effect.	It uses the term 'errors' and relates it to errors or omissions arising from failure to use or misuse of reliable information that was available when the financial statements of the prior periods were approved for issuance and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. It requires rectification of material prior period errors with retrospective effect subject to limited exceptions
3.	Ind AS 10	Events after the reporting date	**Disclosure of Non —Adjusting Events:** AS 4 requires non-adjusting events to be disclosed in the report of the approving authority, for example, the board report. **Dividends:** Under Indian GAAP, proposed dividend is shown as an appropriation of profit in the Statement of Profit and Loss.	**Disclosure of Non — Adjusting Events:** Ind AS 10 requires material Non —Adjusting events to be in the financial statements. **Dividends:** As per Ind AS-10 proposed dividend is not to be recognized. The accounting of such appropriation is not permitted until approved by the shareholders at an annual general meeting. However Ind AS 1 requires separate disclosure of the amount of proposed dividend.
4.	Ind AS 16	Property, plant and equipment — reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides Depreciation on straight line method basis over the estimated useful life of the assets. Change in method of depreciation from Straight Line Method (SLM) to Written down Value (WDV) or vice a versa requires retrospective re-computation of depreciation and any excess or deficit on such re-computation is required to be adjusted in the period in which such change is affected Such a change is treated as a change in accounting policy and its effect is quantified and disclosed.	Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be Carried forward as the cost under Ind AS. Change in method of depreciation is required to be accounted as change in an accounting estimate and applied prospectively. Further components of cost include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
5.	Ind AS 12	Deferred Taxes	Under Indian GAAP, the Company account for Deferred Tax resulting from "timing differences" between taxable and accounting income using the tax rates and laws that have been substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is	As per IND AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base.

Sr. No.	IND AS	Particulars	Indian GAAP	IND AS
			reasonable certainty that these would be realized in future	Using the balance sheet approach, there could be additional deferred tax charge/income on account of: (a) All Ind AS opening balance sheet adjustments (b) Actuarial gain and losses accounted in Other Comprehensive Income (c) Fair valuation adjustments (employee loans, security deposits etc.) Current Tax and Deferred Tax are recognized outside Profit or Less if the tax relates to items that are recognized in the same or different period,
6.	Ind AS 19	Accounting for Employee Benefits.	**Currently under Indian for Employee GAAP, the Company recognizes its liability for Employee Benefits as given below:** (a) Liability towards Gratuity is considered as the defined benefit scheme and is recognized on the basis of actuarial valuation on projected unit credit method at balance sheet date. (b) Earned Leave which is en-cashable is considered as long term benefit and is provided on the basis of actuarial valuation on projected unit credit method at balance sheet date. (c) The benefits in the form of Provident Fund and Employee State Insurance are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employees. Therefore, the Company recognizes all short term and long term employee benefits in the Statement of Profit and loss.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re- measurements and the change in asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re- measurements are to be recognized directly in Other Comprehensive Income
7.	Ind AS 113	Fair Value Measurement	Under India GAAP, there is no framework for measuring fair value for financial reporting	Under IND AS , Company should requires the following to be considered in fair value for measurement : (a) The particular asset or liability that is subject of the measurement, (b) The principal market for the asset or liability, (c) The market participant; and (d) The price. In addition, there are specific consideration for the fair value measurement of: (a) Non- financial assets, (b) Liabilities,

Sr. No.	IND AS	Particulars	Indian GAAP	IND AS
				(c) Equity, and (d) Financial instruments.
8.	Ind AS 20	Government Grant	It gives an option to present the grants related to assets, including non monetary grants at fair value in the balance sheet either by setting up the grant as deferred income or by deducting the grant from the gross value of asset concerned in arriving at its book Value.	It requires presentation of such grants in Balance Sheet only by setting up the grant as deferred income. Thus, the option to present such grants by deduction of the grant in arriving at its book value is not available under Ind AS.
9.	Ind AS 37	Provisions, Contingent Liabilities	It prohibits discounting the amounts of provisions.	It requires discounting the amounts of provisions, if the effect of the time value of money is material. Moreover, it requires creation of provisions in respect of constructive obligations also.
10.	Ind AS 17	Leases	**Operating lease rentals:** Under Indian GAAP, lease payments under an operating lease are recognized as an Expenses in the statement of profit and loss on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern of the users benefit.	Under Ind AS 17, lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term unless: (a) another systematic basis is more representative of the time pattern of the user's benefit; or (b) The payments to the lesser are structured to increase in line with expected general inflation for cost increase.
			Fair valuations of rent deposits: There is no specific accounting treatment specified under Indian book values of net assets as on the acquisition date.	Under IND AS, in case of an operating lease, the difference between the nominal value and the fair value of the deposits under the lease is considered as prepaid. This is expensed on straight line basis over the term of lease as on the acquisition date.
			Under Indian GAAP, Minority interest is measured at proportionate share in the book values of the net assets of the subsidiary company. In case of losses attributable to minority interest in the a subsidiary exceed the minority interest in the equity of subsidiary, such excess and future losses are adjusted against the parent's share, except where the minority has a binding obligation to make good such losses.	The term 'Minority Interest' under current principal has been replaced with non-controlling interest'. The same to be measured on the acquisition date at either its fair value or proportionate of the fair value of the acquired company's net assets_ Losses relating to the subsidiary attributed to the non-controlling interest are not adjusted against parent's share even if it results in a negative balance of the non-controlling Interest,
			Under Indian GAAP, acquisition transaction result into step up acquisition accounting results into recognition of additional goodwill or capital reserve and sale transaction result into recognition of profit and loss.	Under Ind AS, any transaction between shareholders i.e. at the time of acquiring /selling non-controlling interest any excess paid /received over book value or vice versa of acquired/sold non-controlling interest on the date of such acquisition/sale is recorded as an adjustment to equity,
11.	IND AS 108	Segment reporting	Under Indian GAAP, Segmental information are disclosed based on business and geographical reporting one as primary format, the other as secondary. The segments are indentified based on the risks and rewards model.	Under Ind AS, Segment has to be determined on the basis of how the chief operating decision-maker evaluates financial information for the purpose of allocating resources and assessing performance of the business.

Sr. No.	IND AS	Particulars	Indian GAAP	IND AS
12.	IND AS 18	Revenue	Under Indian GAAP, The healthcare service providers have a predetermined rate cards for the various medical services offered and the customers are charged with these management approved rates. Further, the company also enter into memorandum of Undertaking (MOU) with various corporate for rendering certain medical services at agreed rates with the respective corporate. In Certain cases medical facilities are offered at empanelled hospitals based on insurance contracts entered, wherein patients are provided with cashless medical services and the healthcare provider charges revenue to the government agencies/insurance managers.	Under Ind AS, No Significant/material impact is expected on currently applied practice of recognising revenue as and when services are performed unless an impact arising from any other areas such as multiple element arrangement, longer credit terms, etc
			Under Indian GAAP, interest to be recognised on time proportion basis	Under IND AS, interest to be recognized using effective interest rate method.
			Under Indian GAAP, permit the use completed service contract Method for recognition of revenue.	Ind AS requires recognition of revenue using percentage of completion Method Only.
			Under Indian GAAP, Revenue is measured at the amount recoverable from the customers for goods supplied, services rendered or the use of resources used by them. Discounting of deferred revenue is normally not required.	Revenue should be measured at the fair value of the consideration received or receivables. Where the inflow of cash or cash equivalents is deferred, revenue is measured at the present value of future cash flows.

INDUSTRY OVERVIEW

The information in this section has not been independently verified by us, the Book Running Lead Manager or any of our or its affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Placement Document.

WORLD SCENARIO – COTTON

The production-consumption gap is expected to narrow with a significant rise in output, but production is still likely to trail consumption. Also, China's policy of continuing with import quotas on cotton, along with steady off-loading of inventory, will act as a dampener on prices. Global cotton production is expected to rise ~5% on-year to 24 million tonnes in CS 2017-18.

- Production in India is expected to increase, as initial estimates indicate 7-10% rise in sowing area (~114 lakh hectares). Also, with the forecast of the normal monsoons supporting higher yields, the overall production is expected to grow ~7-10% to ~6.2 million tonnes.
- Farmers in the United States are expected to expand cotton area to 4.6 million hectares, and production is projected to rise by 12% to 4.2 million tonnes.
- Also, high prices in CS 2016-17 is expected to lead to rise in production in other cotton-producing countries/regions such as Pakistan (by 13% to 1.9 million tonnes), China (by 3% to 5 million tonnes) and Brazil (by ~1% to 1.5 million tonnes).

Overall, global consumption is also expected to increase 1-2% to 24-25 million tonnes, owing to much stronger growth in the global economy in 2017 and 2018. Higher mill use is anticipated in India, Pakistan, Bangladesh, and Vietnam, which will fuel the consumption.

However, CRISIL Research expects international cotton prices to decline in Cotton Season ("**CS**") 2017-18, after rising in CS 2016-17.

Total global cotton production: Country-wise break up and trends

mn kg	2012/13	2013/14	2014/15	2015/16	2016/17 P	2017/18 P
India	6290	6766	6562	5746	5800	6290
China	7300	6950	6550	4988	4870	5020
USA	3770	2811	3553	2806	3740	4180
Pakistan	2002	2076	2305	1537	1660	1880
Brazil	1310	1734	1563	1289	1490	1500
Uzbekistan	1000	910	885	832	790	770
Others	5102	4923	4817	4101	4540	4370
WORLD TOTAL	**26774**	**26170**	**26235**	**21300**	**22890**	**24010**

Source: International Cotton Advisory Committee, CRISIL Research
P: Projected

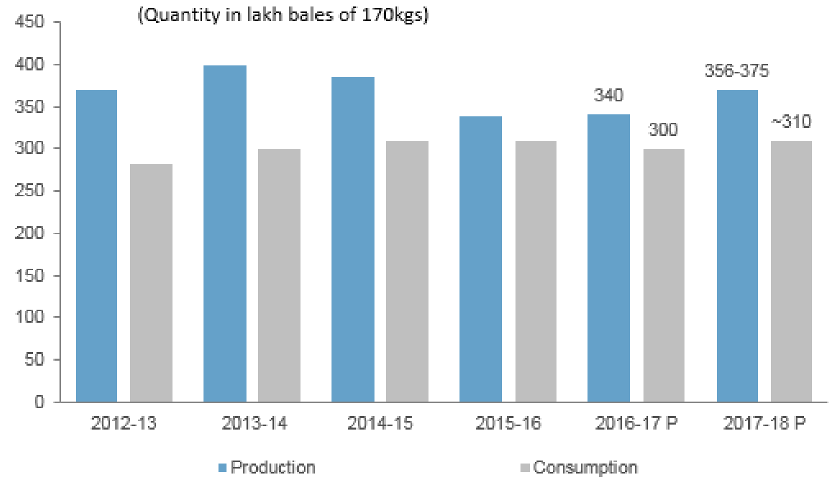
DOMESTIC SCENARIO

CRISIL Research expects domestic cotton prices to decline from ~Rs 116 per kg in cotton season (CS) 2016-17 to Rs 105-110 per kg in CS 2017-18 due to increase in cotton production. Increase in production is due to farmers switching back to cotton after price surge in CS 2016-17. Also, demand is expected to increase slightly due to improvement in domestic consumption.

- Production is expected to increase by 7-10% on-year to ~370 lakh bales of 170 kg each in CS 2017-18. This is largely on account of growth in acreage across the country as farmers have switched back to cotton in the current kharif season. Cotton prices rose ~12% in CS 2016-17, and farmers who cultivated the crop despite government warnings, have reaped huge profits.

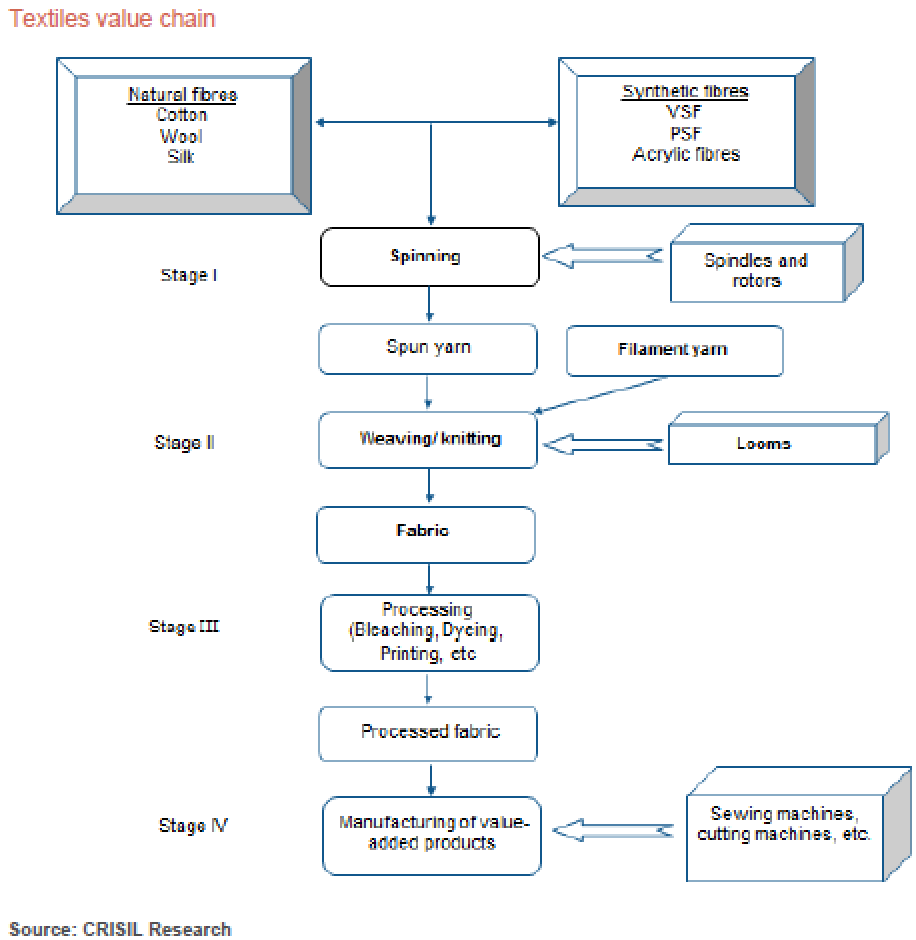
- Domestic consumption is expected to increase to ~310 lakh bales with recovery in CS 2017-18 after decline (estimated ~3%) in CS 2016-17. Cotton consumption was impacted heavily in the fourth quarter of 2016-17 due to slowdown in cotton yarn demand.
- Owing to high production and relatively slower domestic consumption, cotton imports this year are expected to be lower at ~15 lakh bales.
- The stock-to-use ratio is expected to increase to 2.9 months in CS 2017-18 from 2.4 months in the previous season.

Trend in domestic cotton demand supply



Note: P: Projected
The years represent the domestic CS (October-September).
Source: Cotton Corporation of India, CRISIL Research

MANUFACTURING PROCESS



The Indian spinning industry has been operating for several decades, and hence mills are at different stages of modernisation. Technology is a crucial part of spinning mills. The more technologically advanced a mill is, the higher the productivity. These factors in turn determine the profitability of a spinning company. Spinning mills produce yarn, which is the primary component for any woven or knitted fabric. Yarn is usually measured in English Count, which is the number of hanks of yarn: 840 yards are required to make one pound. Higher the count, finer is the yarn, and vice-versa. For e.g., 80s cotton yarn is finer than 40s cotton yarn.

Cotton goes through several processes before being converted into yarn. Total material losses in this process ranges between 18-22%. Raw cotton is converted to lap which is then converted to roving and finally into yarn. The quality of yarn depends upon the staple length of the fibre. The process of manufacturing cotton yarn consists of the following stages:

- Ginning;
- Blowing and blending;
- Carding;
- Combing;
- Roving;
- Ring spinning;
- Rotor spinning;
- Open-ended spinning vis-a-vis ring spinning; and
- Compact spinning.

COTTON YARN INDUSTRY SCENARIO

Yarn demand is expected to pick up in fiscal 2018, bolstered by domestic and derived demand. Domestic demand is expected to pick up in fiscal 2018 due to improvement in end-consumer spending as liquidity gets restored in the economy.

The continued low tax incidence of cotton value chain (5%) as compared to man-made fibres (18%) under GST will also support demand recovery. Derived demand is also expected to revive as demand from non-traditional markets recovers and the US, EU markets show improvement in clothing consumption.

Cotton yarn demand declined in 2016-17

Cotton yarn demand declined ~1% in 2016-17, on account of a twelve percent decrease in direct yarn exports during the year and a marginal 0.8% increase in derived demand. Domestic demand, on the other hand, grew by approximately five percent, thus preventing total demand from falling further. The reason for the decrease in cotton yarn exports was the sluggish demand from China as market oriented Chinese cotton auctions rendered Chinese mill production more viable amid a sharp rise in Indian cotton prices. Increased sourcing by China from Vietnam also affected exports.

Overall demand for cotton yarn is driven by readymade garments and home textile products. It can be segregated into three major categories:

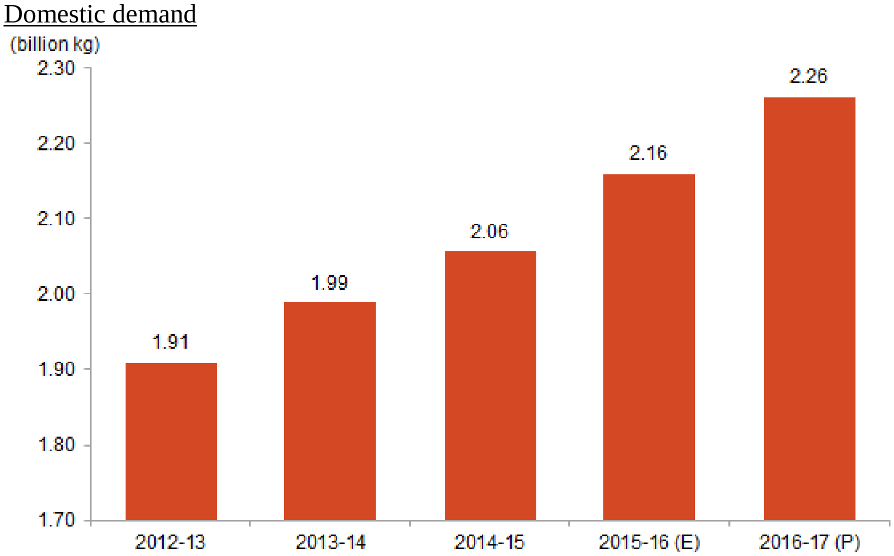
1. Domestic demand: Domestic demand refers to the demand for the cotton yarn that goes into fabrics, which are further used for manufacturing garments and home textiles consumed within the country
2. Derived demand: Demand arising from yarn used in fabrics for manufacturing garments and home textiles that are meant for export. This demand also includes the yarn used in direct export of fabrics
3. Direct yarn exports: This component refers to the yarn that is directly exported to fabric and/or garment manufacturing countries

Domestic demand is the largest segment of cotton yarn demand. It comprised about 53% of total yarn demand in 2016-17; while derived demand and direct yarn exports cotton yarn comprised 19% and 27% respectively.

Domestic demand grew at moderate pace in 2016-17

In 2016-17, domestic cotton yarn demand grew at ~4.5% (vis-à-vis 5% growth observed in 2015-16) as demand was impacted in the fourth quarter on account of demonetisation. However, strong offtake prior to November 2016 ensured that overall demand did not fall below long term average growth 4-5%.

Domestic demand



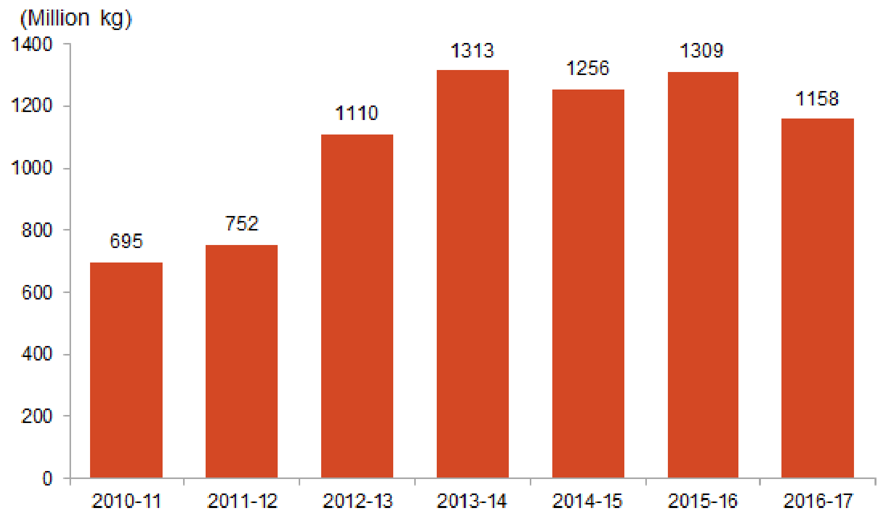
Note: (E): Estimated
Note: (P): Projected

Source: Commerce Ministry, Office of Textile Commissioner, CRISIL Research

Cotton yarn exports declined in 2016-17

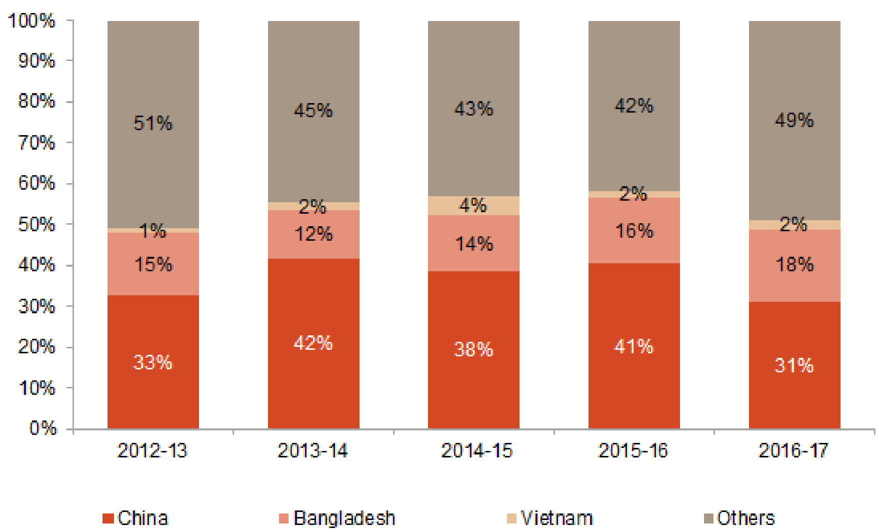
Yarn exports declined twelve percent in 2016-17, as market-oriented cotton auctions (conducted from May-September 2016) rendered Chinese mill production more viable amid the sharp rise in Indian cotton prices witnessed at the end of the cotton season.

Cotton yarn exports



Country-wise share of India's cotton yarn exports
Source: Department of Commerce - Government of India, CRISIL Research

Cotton yarn is exported primarily to China, Bangladesh, Vietnam, South Korea, Egypt, Turkey and Japan, which use it for manufacturing fabric. This fabric is then used in apparel and home textiles that are either exported or consumed domestically in these countries.



Source: Department of Commerce - Government of India, CRISIL Research

Derived demand slowed down in 2016-17

Growth in exports of garments and home textiles has traditionally pushed up derived demand for cotton yarn. India has been a key exporter of cotton products to major importers such as the US and the EU.

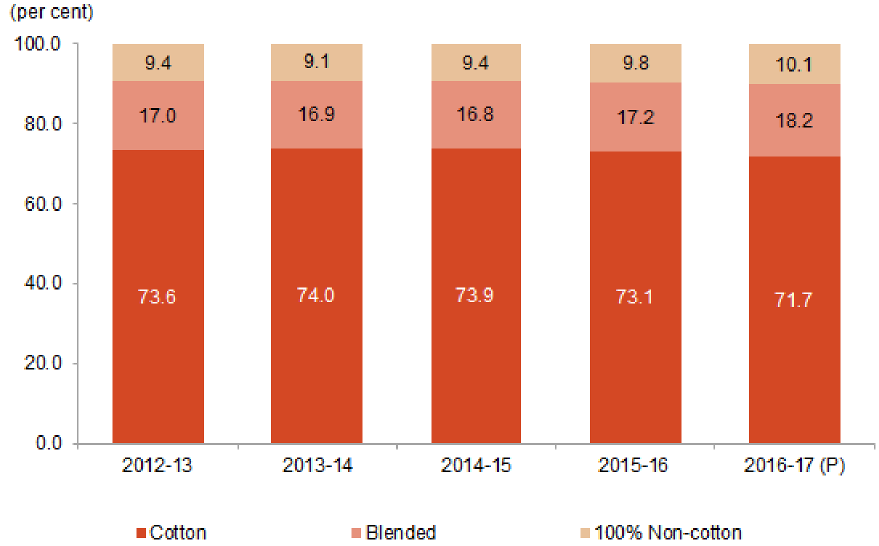
Derived demand for cotton yarn was almost flat, barely growing at 0.7 per cent in 2016-17, due to slower growth in RMG exports to the EU, the US and a decline in non-traditional markets.

Share of cotton yarn in overall production declined in 2016-17

Since 1990-91, share of cotton yarn in total spun yarn production remained steady. However, after the mandatory excise duty on cotton yarn was abolished in 2004-05, its share in yarn production started to increase. Since 2004-05, the share of cotton yarn has averaged 70-74 per cent, led by high domestic demand.

In 2016-17, share of cotton yarn in total yarn production declined significantly while share of 100 % non-cotton yarn grew. PSF prices were almost flat while cotton prices rose significantly, thus increasing substitution during this period.

Share of yarn production over the years



Domestic yarn production
Note: (P) : Provisional
Source: Office of Textile Commissioner, CRISIL Research

Year	Cotton	Blended	100% Non-cotton	Total
2000-01	2,267	646	247	3,160
2001-02	2,212	609	280	3,101
2002-03	2,177	585	319	3,081
2003-04	2,121	589	342	3,052
2004-05	2,272	585	366	3,223
2005-06	2,521	588	349	3,458
2006-07	2,824	635	354	3,813
2007-08	2,948	677	378	4,003
2008-09	2,896	655	361	3,912
2009-10	3,079	707	407	4,193
2010-11	3,490	797	426	4,713
2011-12	3,126	789	457	4,372
2012-13	3,583	828	457	4,868
2013-14	3,928	896	485	5,309
2014-15	4,054	920	513	5,487
2015-16	4,138	972	554	5,664
2016-17 (P)	4,061	1,033	572	5,666

Note: (P) : Provisional
Note: All figures are in million kg
Source: Office of Textile Commissioner, CRISIL Research

21s-40s count constitute major component of yarn production

The yarn count number indicates the length of the yarn in relation to the weight. The higher the number, the finer the yarn. 21s-40s count yarn is the most used yarn due to its wider applicability. It's share, however, decreased to 52.9% in 2015-16, from 53.7% 2014-15.

Count-wise production data

(million kg)	1-10`s	11-20`s	21-30`s	31-40`s	41-60`s	61-80`s	Above 80	Total
2000-01	23.0	20.8	21.1	24.8	6.4	2.3	1.6	100.0
2001-02	23.7	19.8	20.6	24.8	6.6	2.8	1.7	100.0
2002-03	21.1	20.4	21.9	24.5	7.4	2.8	1.9	100.0
2003-04	20.5	19.0	23.3	24.6	7.6	3.0	2.0	100.0
2004-05	21.2	19.1	22.4	24.1	7.7	3.5	2.0	100.0
2005-06	21.1	19.4	23.2	22.1	8.1	3.8	2.3	100.0
2006-07	20.9	19.6	24.0	20.3	8.4	4.1	2.7	100.0
2007-08	20.4	19.3	24.3	20.1	8.6	4.2	3.1	100.0
2008-09	18.8	18.1	26.0	24.1	7.8	3.4	1.8	100.0
2009-10	17.7	17.7	26.0	25.4	8.0	3.5	1.7	100.0
2010-11	17.3	17.0	25.7	26.3	8.4	3.6	1.7	100.0
2011-12	20.2	17.8	22.1	26.3	8.3	3.6	1.6	100.0
2012-13	18.0	17.6	23.8	27.5	8.2	3.4	1.5	100.0
2013-14	16.3	17.7	25.0	28.7	7.8	3.1	1.3	100.0
2014-15	15.9	17.5	24.4	29.3	8.5	3.0	1.4	100.0
2015-16	15.3	18.2	23.7	29.2	9.2	3.1	1.3	100.0

Source: Textile Commissioner's Office, CRISIL Research

A comparison of PFY and cotton yarn prices
Note: (P) : Provisional
Note: The textile ministry has stopped giving the above data
Source: Office of Textile Commissioner, CRISIL Research

SPINNING CAPACITY

Cotton yarn industry relatively organised due to high capital intensity

The Indian cotton yarn industry is relatively organised unlike the fabric industry. This is because setting up a typical grey yarn spinning mill needs huge investments Rs 30,000-35,000/spindle with majority of cost (~47-52%) spent on plant and machinery. The above cost excludes cost of land. Typically the land requirement for a plant of 25,000 spindles is 5-7 acres. This limits the entry of players in the industry.

In 2016-17, the domestic yarn industry comprised of 3,374 spinning mills (including small scale industry (SSI) units and 212 composite mills), with a total installed capacity of 56.83 million spindles.

Small mill size and high level of fragmentation

The industry is fraught with small sized spinning mills leading to high level of fragmentation. The average size of a spinning mill has ranged between 15,000-16,000 spindles per mill in the past 5 years (2012-13 to 2016-17), lower than the average size of ~20,000 spindles per mill in the decade prior to 2009-10.

~1 million spindles added in 2016-17

In 2016-17, ~1 million spindles were added. Some key players which have undertaken capex plans include SVP Global Ventures Ltd, GRG Cotspin Pvt Ltd, and Nitin Spinners Ltd. However overall, operational capacities have grown at a slower CAGR of 1.7 percent from 2011-12 to 2016-17 as compared to 4.5 percent CAGR from 2006-07 to 2011-12. Lower government benefits coupled with excess supply continues to slow down capacity additions in spinning sector.

Spinning capacities in India

Year	Installed spindles (million)	Rotors (million)	Total Spindle Equivalent (million spindles)	Closed spindles (million)	Closed rotors (million)	Non-operational capacities (million spindles)	Operational capacities (million spindles)
2001-02	40.0	0.578	42.9	9.5	0.060	9.8	33.1
2002-03	40.3	0.548	43.1	10.7	0.067	11.0	32.0
2003-04	38.3	0.552	41.0	9.4	0.083	9.8	31.2
2004-05	38.5	0.169	39.3	9.6	0.088	10.1	29.2
2005-06	38.4	0.564	41.2	9.7	0.093	10.1	31.1
2006-07	39.8	0.617	42.9	9.2	0.092	9.6	33.3
2007-08	39.2	0.630	42.4	7.3	0.081	7.7	34.7
2008-09	41.3	0.643	44.5	7.4	0.095	7.9	36.6
2009-10	41.9	0.664	45.2	7.9	0.106	8.4	36.8
2010-11	47.5	0.735	51.2	9.8	0.131	10.5	40.7
2011-12	48.3	0.771	52.1	10.0	0.138	10.7	41.4
2012-13	49.1	0.797	53.1	10.2	0.135	10.9	42.2
2013-14	49.3	0.811	53.3	9.7	0.124	10.3	44.1
2014-15	50.1	0.8	54.3	10.2	0.1	10.9	44.4
2015-16	51.2	0.9	55.7	10.7	0.1	11.2	44.1
2016-17	52.5	0.8	56.6	11	0.1	11.5	45.1

Note: One rotor is equal to 5 spindles.

Source: Textile Commissioner's Office, CRISIL Research

Spinning industry consolidated in a few states

Production of cotton and cotton yarn varies across states. Although Gujarat accounts for almost 27 per cent of total domestic cotton production, only 6 per cent of all spinning mills operate in the state. On the other hand, Tamil Nadu contributes 45 per cent of total spinning capacities in India, but contributes only about 2 per cent to total output of cotton. Spinning mills are mainly concentrated in Tamil Nadu, Maharashtra, Andhra Pradesh, Punjab and Gujarat. These states together account for almost 75 per cent of the total spinning capacity in India. Proximity to fabric clusters such as Erode and Salem has also helped the spinning industry in Tamil Nadu to prosper.

State-wise spinning capacities

	2016-17	
	Spindles ('000)	Share (per cent)
Tamil Nadu	25,593	45
Maharashtra	5,058	9
Punjab	4,239	7
Andhra Pradesh	3,827	7
Gujarat	3,182	6
Madhya Pradesh	2,661	5
Rajasthan	2,392	4
Uttar Pradesh	1,864	3
Haryana	1,291	2
Telangana	1,045	2
West Bengal	930	2
Karnataka	910	2
Kerala	888	2
Others	2,966	5
Total	**56,847**	**100**

Note : (P) : Provisional
Note: Spindles includes rotors. One rotor is equal to five spindles.
Source: CRISIL Research, Office of Textile Commissioner

PEER COMPARISON

Largest Cotton Yarn Capacities in India as of Fiscal Year 2017 among listed players

Operational Indicators			
Company	**Capacity**	**Yarn Production**	**Highest capacity @ single Facility**
Unit	**(spindle equivalent)**	**(tons)**	**(spindles)**
Vardhman Textiles Limited	1,000,000	202,770	NA
Nahar Spinning Mills Limited	505,400	NA	NA
Sutlej Textiles and Industries Limited	416,616	92,660	206,376, Kathua, Jammu Kashmir
Sintex Industries Limited	306,000	NA	306,000-Pipavav, Gujarat
Nahar Industrial Enterprises Limited	306,000	68,236	196,704- Lalru, Punjab
Nitin Spinners Limited	237,736	42,342	237,736 - Bhilwara, Rajasthan
Rajapalayam Mills Limited	160,632	15,739	NA
Ambika Cotton Mills Limited	108,228	18,098	108,228- Kanniyapuram, Tamil Nadu

Financial Matrix of the Large listed Cotton Yarn Manufacturer

Financial Indicators						
Company	**Operating Income**	**Revenue CAGR -3 years**	**Operating Margins**	**RoCE**	**ROE**	**Net Margins**
Unit	**(Rs million)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Vardhman Textiles Limited	60,323	-1%	20.8	21.1	23.5	16.5
Nahar Spinning Mills Limited	21,426	-1%	9.3	6.5	5.5	2.1
Sutlej Textiles and Industries Limited	22,568	6%	13.2	14.4	21	7
Sintex Industries Limited	14,305	NC	16.9	3.5	2.9	6.8
Nahar Industrial Enterprises Limited	17,316	-2%	12.4	8.9	10.3	4.0
Nitin Spinners Limited	9,204	24%	14.5	11.5	24.8	6.2
Rajapalayam Mills Limited	4,092	-2%	20.3	11.8	15.7	8.8
Ambika Cotton Mills Limited	5,348	2%	19.6	17.4	15.7	10.4

Note: Data for financial year 2016-17, NA : Not Available, NC : Not Comparable
Spindle equivalent includes rotors. One rotor is equal to five spindles.
Source: Company Reports, CRISIL Research

COTTON YARN PRICES AND PROFITABILITY

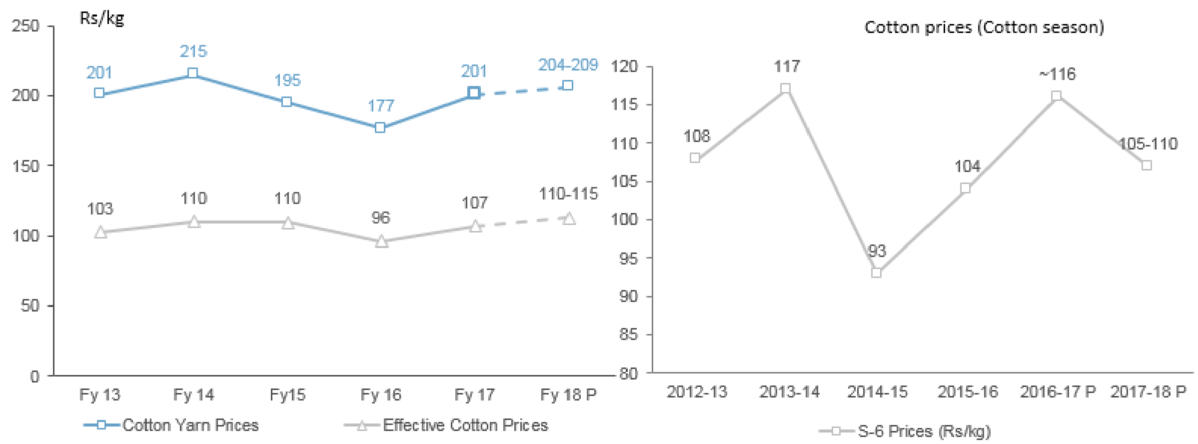
Yarn price to grow at a slower pace in 2017-18

CRISIL Research expects cotton yarn price to climb about 2-3% in 2017-18 to Rs 204-209 per kg. Frontloading of capex is expected until the end of 2017-18, likely leading to pricing pressure for yarn manufacturers. Even the effective cotton prices are expected to increase in 2017-18 (5-6%), despite a decline in prices expected in CS 2017-18, as prices have increased significantly in CS 2016-17, due to slower arrivals as regular supply was impacted due to demonetisation as farmers mostly prefer to deal in cash.

Volatility in International as well as domestic prices increased in the past few years. Saddled with an inventory mountain and looking to boost consumption of domestic cotton, China, the world's largest cotton importer, announced a policy change in September 2014. It slashed its import quota to the World Trade Organization limit of 894,000 tonne, charging a 40% duty on the excess. International cotton prices fell 22% in CS 2014-15, because of China's policy changes. In CS 2016-17, China continued with the import quota and target price-based subsidies.

In CS 2016-17, domestic market prices rose shortly after the start of the cotton season, due to slower arrivals, as farmers/cotton traders prefer to deal in cash. Inflationary pressure, which started at the start of January, remained until the end of April, due to higher demand from mills. Some southern mills even resorted to imports during the period. On the whole, cotton prices increased ~12% in CS 2016-17, due to the price distortion caused by demonetisation and steady demand from the mills.

<u>Prices increased sharply in 2016-17</u>



P: Projected
Notes:
1) Effective cotton price is calculated by taking the weighted average of prices of two consecutive cotton seasons (70% and 30%). This is because the mills procure cotton in two seasons and consequently, their cost of raw material is affected by cotton prices in both these seasons.
2) Cotton yarn price is for 40's count carded yarn.
Source: Cotton Association of India, Industry, CRISIL Research

Higher working capital limits aid operating margins

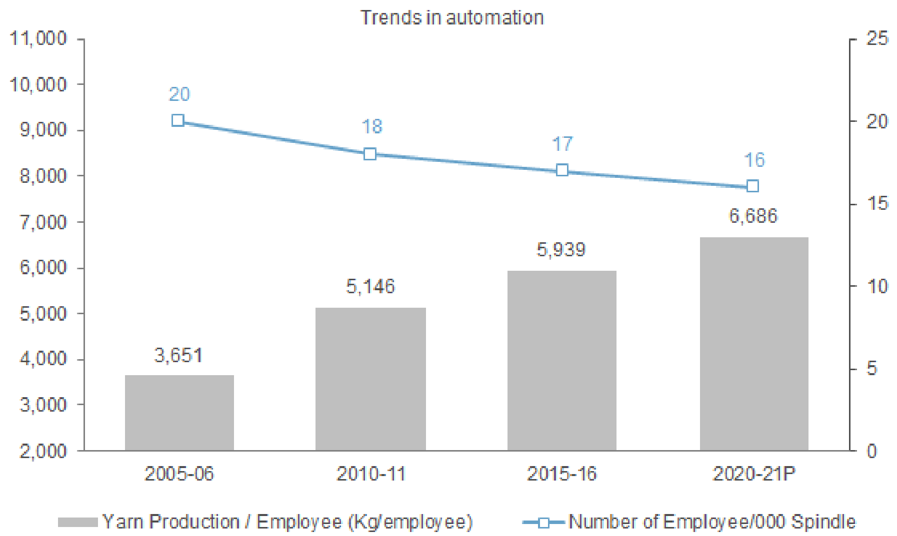
The major determinant of the profitability for a spinning mill is management of raw material price fluctuations. Larger mills perform significantly better on this front, as higher working capital limits allow them to time their purchases optimally. However, smaller and medium-sized mills are impacted more due to the short-term price fluctuations. While larger mills have the option to stock the cotton during cotton arrivals (November- February), when prices are low, smaller mills do not have the same flexibility. This disadvantage is reflected in the variation in proportion of raw material cost as a percentage of the total cost across mill sizes. While the raw material cost of larger mills was 60% in 2015-16, the proportion increases significantly in the case of smaller and mid-sized players.

	Small			Medium			Large		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Debtors: as Days Sales (Days)	29	26	23	39	39	34	39	35	42
Days Payables: as Days Cost of Sales/ Consumption (Days)	19	21	19	22	19	23	15	14	31
Days Inventory: as Cost Of Sales (Days)	80	77	86	81	69	78	102	97	129
Cash Conversion Cycle	**90**	**82**	**90**	**98**	**89**	**89**	**126**	**118**	**140**
Raw Material cost as a proportion of total cost	71%	73%	73%	66%	70%	70%	59%	64%	68%

Source: CRISIL Research

Minimal impact of declining labour intensity on operating margins

A continuous rise in the employee cost has led to high automation in the industry. As per primary research, the labour cost has increased 7-8% in past five years and is currently at Rs 300/shift. Due to the faster rise in costs and primarily due to higher government incentives through TUFS towards modernisation, the industry's labour intensity has gradually declined. Compared with 20 employees required per 1000 spindles in 2005-06, the intensity has come down to 17 employees. Even though the current automation is at high levels, some areas such as inter-process material transfer and packaging departments are still highly labour intensive. Hence, with incremental improvements in productivity and a slower rise in spun yarn production, a 25% fall in incremental employee addition over the next five years is expected. However, with relatively lower labour intensity (compared with readymade garments) and an increase in higher-paid skilled labour requirement, the impact on the overall operating profitability would be marginal in near term. Major gains on this front can be expected only when the overall demand picks up and the industry's utilisation improves significantly.

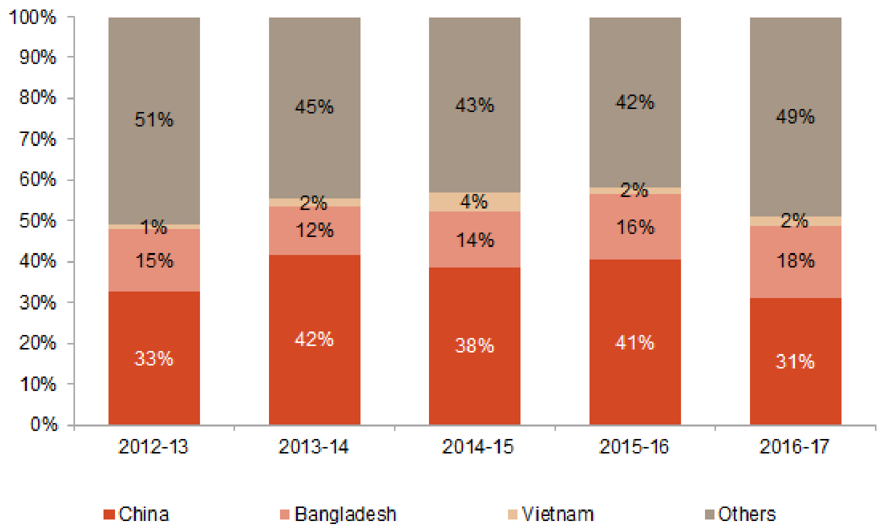


Source: CRISIL Research

<u>Cotton yarn exports</u>

Cotton yarn is exported primarily to China, Bangladesh, Vietnam, South Korea, Egypt, Turkey and Japan, which use it for manufacturing fabric. This fabric is then used in apparel and home textiles that are either exported or consumed domestically in these countries.

<u>Country wise share of India's cotton yarn exports</u>



Source: Department of Commerce - Government of India, CRISIL Research

CURRENT GROWTH SCENARIO AND FUTURE OUTLOOK

Chart 1: The short run (2016-17 and 2017-18)

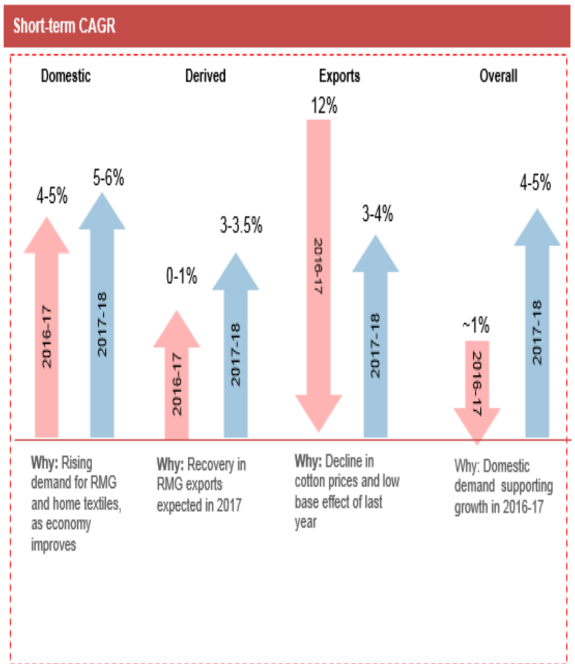
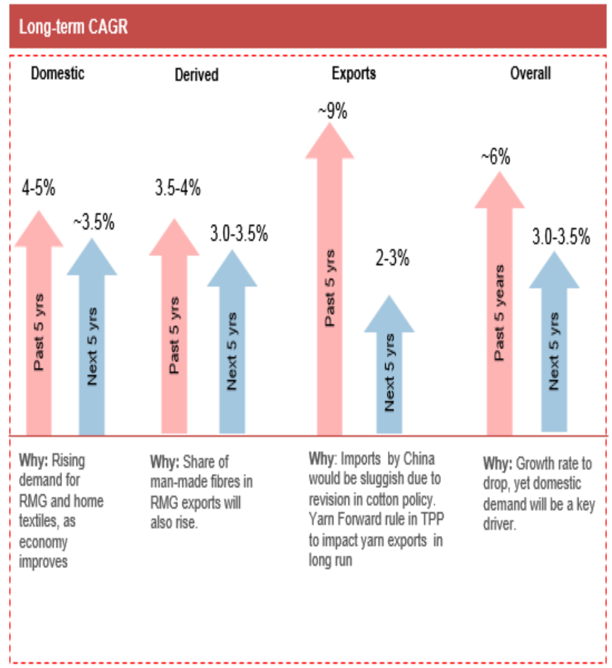


Chart 2: The long run (2016-17 to 2021-22)



Notes:
1: Derived demand, i.e., cotton yarn used in apparel, home-textiles and fabrics that are exported
2: Years represent financial years (April-March)
Source: CRISIL Research

WEAVING, KNITTING AND PROCESSING ("WKP") INDUSTRY

Fabrics are manufactured through two processes: weaving and knitting. In weaving, two distinct sets of yarns or threads are interlaced at right angles to produce the fabric. The cloth so formed is called woven fabric. In knitting, rows of loops are interlaced to form cloth, which is termed as knitted fabric. Woven/knitted fabric in its raw form is called grey fabric, which undergoes various processes such as scouring, bleaching, mercerising, dyeing/ printing, washing and finishing before turning into the final product - processed fabric. Woven fabric is generally produced on looms, while knitted fabric is produced using knitting machines.

The fabric manufacturing and processing industry is highly fragmented, with small units comprising majority of volume share. There are ~2.57 million power looms and ~2.4 million handlooms in India as on 2016-17, with Bhiwandi, Bhilwara, Erode, Ichalkarnaji, Madurai, Malegaon, Salem and Solapur being the dominant clusters. Cotton fabrics account for ~60% share of India's fabric production in 2016-17 in volume terms.

Industry structure

- The WKP industry is acutely unorganised, with MSME units comprising 60-70% share (volume terms).
- The industry is labour intensive, employing ~15 million workers, as of 2016-17 - 6.0-6.5 million in power loom, ~8 million in handloom, and ~1 million in knitting and processing.
- Most weaving and knitting units supply to fabric processors, which undertake dyeing and further processing.
- The power loom and handloom segments are the most important segments of the textiles industry, in terms of volume of fabric produced, vis-à-vis integrated mills, and employment generation.
- The power loom segment accounts for ~55% of the total fabric produced in the country, of which manmade fabric comprises 60% share. More than 60% of the fabric meant for exports is also sourced from the power loom segment as on 2016-17.
- In the power loom segment, less than 10% are shuttle less looms (Shuttle less looms are technologically advanced looms with higher efficiency and productivity). Also, as per estimates, more than 70% of power looms are over 15 years old.

- Handloom weaving is one of the largest economic activities after agriculture, providing direct and indirect employment to more than 4.3 million weavers and allied workers.
- The handloom segment contributes nearly 15% of cloth production in the country as on 2016-17; ~95% of the world's hand-woven fabric is from India.

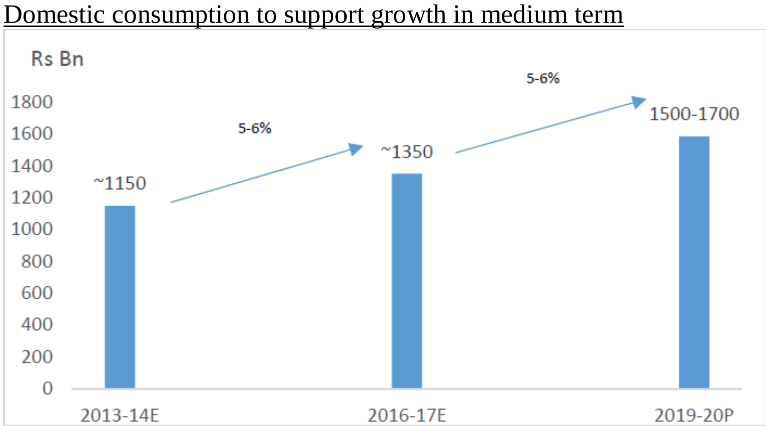
Demand for readymade garments and home-textile products drives industry growth

WKP (weaving, knitting and printing) is the most differentiating part of the textile value chain (comprising of spinning, garmenting etc.) which gives its output as a variety of fabrics in different designs and colours. Such fabrics are the inputs for RMG and home-textile industries. These end-use sectors drive growth in the weaving and processing units.

Marginal share in direct exports; domestic merchants are main customers

Domestic merchants are the main customers of this segment. From their end, the product may sell overseas directly or after processing. SMEs driving the sector have a negligible exposure to the export market and rely on merchants and local brand houses for their demand. In addition, the sector is at a nascent stage of upgrading to automatic weaving machines. The quality produced from traditional techniques has low demand in the global market.

<u>Domestic consumption to support growth in medium term</u>



Source: Crisil Research

The WKP industry has grown at a slower pace of 4-5% in 2016-17, because of demonetisation-led slowdown as well as sluggish growth in garment and home-textile exports.

In 2017-18, the sector witnessed demand slowdown, due to disruptions caused by protests by end users following the GST rollout as well as destocking witnessed prior to the rollout. However, demand is expected to revive in the second half because of some relief given to the sector in terms of a reduction in the rate of manmade yarn (from 18% to 12%), which will reduce the impact of inverted duty structure as well as reduced compliance burden (quarterly filings instead of monthly) for units up to Rs 1.5 crore. However, the reduction in the duty-drawback rate and a strong rupee are still negative for RMG and home-textile exporters, which will impact the industry demand. Owing to these episodic issues, we expect the sector to grow at 3-4% in 2017-18.

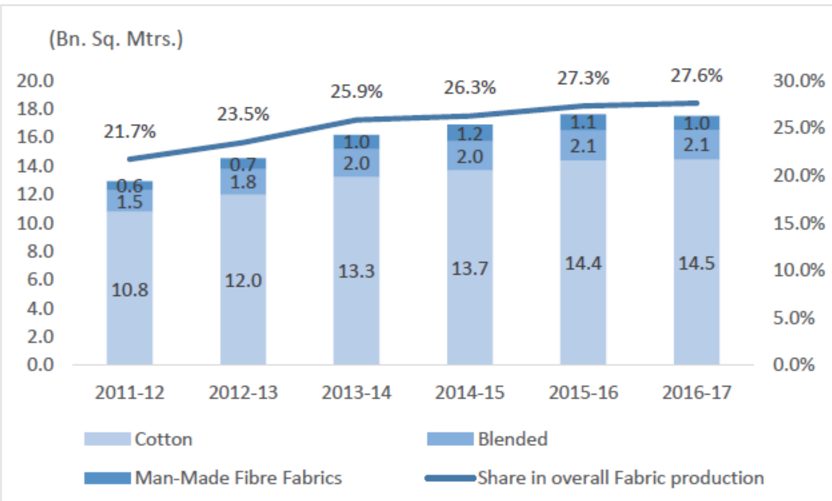
In the medium term, growth is expected to slightly pick up 5-6%, driven by strong domestic demand. Exports of both garments and home textiles are expected to grow at a moderate pace in the medium term, which is likely to limit offtake.

Additionally, an increasing number of SMEs are upgrading automatic looms and minimizing other manual processes by technological replacement. As a result, the share of direct exports is expected to grow from the current 5% to 8-10% by 2018-19.

Knitted Fabric

Knitted Fabric production trend

Share of knitted fabric has steadily grown in overall fabric production (currently ~28%). Knitted variety is dominated by cotton variant which accounts for ~83% of the knitted fabric produced .Over the past 5 years , the production has increased ~ 6.5% CAGR vis-à-vis industry growth of ~1.5% in line with increasing demand for knitted garments like undergarments, socks, stockings, jackets etc. Most of the fabric is used for domestic consumption along with derived demand (fabric being used in apparels/ home textiles being exported). Less than 5% of knitted fabric produced is directly exported to countries like Sri Lanka, Bangladesh, USA, amongst others. China is a leading exporter of knitted fabrics accounting for ~45% of the world export market.



Source: Office of the Textile Commissioner, CRISIL Research

GOVERNMENT POLICIES

Government policies have a significant impact on the Textile industry. The National Textiles Policy aims to ensure that the industry is internationally competitive in terms of manufacturing practices and exports.

Foreign trade policy for the period 2015 to 2020

The government announced the new Foreign trade policy ("**FTP**") on April 1, 2015 for the period 2015 to 2020. This policy provides a framework for increasing exports of goods and services to $900 billion by 2020. The policy introduced two new schemes vis-a-vis Services Exports from India Scheme ("**SEIS**") and Merchandise Exports from India Scheme ("**MEIS**"):

- SEIS in order to boost exports of notified services. The rates of rewards under SEIS will range from three percent – five percent as compared to five percent – 10% range earlier.
- MEIS targeting export of specified goods to specified markets. The rates of rewards under MEIS will range from two percent – five percent as compared to earlier two percent –seven percent range.

TUFS

The textiles industry is capital-intensive and requires huge investments. The investments were hindered as interest rates in India were very high during the 1990s. So the Union Ministry of Textiles launched TUFS in 1999 to upgrade technology at textile units. The Union Government set up a ₹250 billion fund under the TUFS for providing aid to textile projects. The scheme commenced on April 1, 1999. It initially provided a five percent interest subsidy on loans borrowed from specified institutions to all segments within the textiles value chain. Spinning has benefited the most through TUFS. As of June 2010, spinning mills received 34% of the total funds disbursed under TUFS.

In 2011-12, TUFS was renamed as Restructured Technology Upgradation Fund Scheme ("**R-TUFS**") with a few changes. The refurbished scheme provided a reimbursement of five percent on interest charged by the lender, for loans taken to upgrade technology at a textile unit. However, for spinning machinery the scheme provided a four percent interest reimbursement for new standalone spinning machinery or for replacement/modernisation of the same. However, spinning units, which also have equivalent weaving/ knitting/ processing/ garmenting capacities, will be granted a five percent reimbursement. This measure was aimed to channelize higher investments into weaving and processing, which are important for growth of the garment sector.

However, R-TUFS was updated and was named as Revised Restructured Technology Upgradation Fund Scheme ("**RR-TUFS**") with effect from April 1, 2012. Under the updated scheme, the interest benefit to the standalone spinning units was further reduced to two percent in October 2013.

On January 13, 2016, a new scheme, called Amended Technology Upgradation Fund Scheme ("**A-TUFS**"), was approved by the GoI to provide one-time capital subsidy for investments in the employment and technology-intensive segments of textile value chain. Under the A-TUFS, the GoI will provide capital investment subsidy of 10% on designated machines for the weaving, knitting and processing industry up to a cap of Rs 0.2 billon. However, the benefits extended towards the WKP segment have been reduced as compared to RR-TUFS. Under RR-TUFS 6% interest subsidy and 15% capital subsidy was provided for weaving while for processing units; 5% interest subsidy and 10% capital subsidy was extended.

Also, the GoI has launched PowerTex India, a comprehensive scheme for the power loom sector development, which includes assistance for upgradation of plain powerlooms, yarn bank schemes and group workshed scheme, which will enable smaller units to upgrade the technology.

A-TUFS scheme

Sr. No.	Segment	Rate of Capital Investment Subsidy	Capital Investment Subsidy per individual entry
1.	Garmenting, Technical Textiles	15% on eligible machines	Rs. 0.3 Billion*
2.	Weaving for brand new shuttle-less looms(including weaving preparatory and knitting), Processing, Jute, Silk and Handloom	10% on eligible machines	Rs. 0.2 Billion*
3(a).	Composite Unit/Multiple segments - if the eligible capital investment in respect of Garmenting and Technical textiles category is more than 50% of eligible project cost	15% on eligible machines	Rs. 0.3 Billion*
3(b).	Composite Unit/Multiple segments- if the eligible capital investment in respect of Garmenting and Technical textiles category is less than 50% of eligible project cots	10% on eligible machines	Rs. 0.2 Billion*

** In case the applicant had availed subsidy earlier under RR-TUFS, he will be eligible for only the balance amount within the overall ceiling fixed for an individual entity*

State policies

In order to further give a boost to investments and increase employment, some of the states such as Gujarat, Maharashtra and Madhya Pradesh have come up with their own textile policies. These policies aim to bring new investments into the sector, thereby making the industry more competitive. The state governments benefit over and above the TUFS benefit provided by the central government.

State	Policies	Benefits
Gujarat	Interest subsidy	Maximum of 7% for garment/made-ups/spinning units for 5 years apart from central TUFS. Apart from above units is maximum of 5%.
	Power subsidy	Either Rs. 1/unit for 5 years; or an assured supply of lignite for 5 years only to mills having captive plants.
Maharashtra	Interest subsidy	Effective interest rate is 7% for spinning mill, garmenting, ginning, pressing and processing unit.
Madhya Pradesh	Interest subsidy	2% for a period of 5 years to a maximum of Rs 50 million
	Capital Subsidy	Upto 10% of the eligible capital to a maximum of Rs 10 million
	Tax Exemption	7 year tax holiday for new units with fixed capital investment of more than Rs 1 billion

Source: Industries Commissionerate - Government of Gujarat; Textile Department - Government of Maharashtra; Invest MP; CITI

Government regulations affecting entire cotton value chain

Cotton Technology Mission

The Cotton Technology Mission ("**CTM**") was introduced in February 2000 to increase the yield and quality of cotton available for domestic spinning mills. The mission aimed to upgrade ginning and pressing mills to minimize contamination of cotton. The CTM is jointly implemented by the Ministry of Agriculture and Ministry of Textiles. The Union Ministry of Textiles is responsible for the implementation of Mini Mission III and IV, involving the improvement of marketing infrastructure and modernisation of ginning and pressing factories, respectively.

Cotton Corporation of India

In July 1970, the government set up the Cotton Corporation of India ("**CCI**") for purchasing, selling and distributing cotton. It was also meant to be an agency to channelise imports and exports to ensure stable cotton prices and adequate supply to spinning mills. In 1986, the government redefined the role and functions of the CCI to include price support operations without placing any quantitative limits. This move was introduced to check any rapid fall in cotton prices, below the support price levels fixed by the government. Besides, the CCI also commercially purchases cotton.

IMPACT OF GST ON COTTON SPINNING AND WKP INDUSTRY

Tax structure pre-GST	Tax structure post-GST
Cotton • Excise: NIL • VAT: 2-5%	**Cotton** GST: 5%
Cotton yarn • Excise: 6.2%* • VAT: 2-5%	**Cotton yarn** GST: 5%
Man-made yarn • Excise: 12.5% • VAT: 4-6%	**Man-made yarn** GST: 12%
Fabric • Excise: 6.2*% • VAT: 0%	**Fabric** GST: 5%

Note: * Optional excise duty without availing input tax credit. Most of the players in the industry operate through optional route leading to lower tax incidence.

Structural changes:

- With state VAT on cotton as well as yarn (~5%; highest in industry); mills in Coimbatore earlier had a disadvantage in terms of pricing (as compared to mills in Maharashtra with VAT ~2% on raw material and yarn). Single GST now provides level playing field.
- Under GST, players currently operating under composition scheme (Small players who is liable to pay state VAT and whose turnover does not exceed ₹50 lacs in last financial year with only intra state sales was generally entitled to avail the scheme) will need to be registered to pass on input tax credit benefits to downstream players; this is likely to impact the operating profitability of small players due to increase in compliance cost.

BUSINESS

The following information is qualified in its entirety, and should be read together with the more detailed financial and other information included in this Placement Document, including the information contained in "Financial Statements" and "Risk Factors" on pages 187 and 39, respectively.

Our fiscal year ends on March 31 of each year, so all references to a particular "Fiscal Year" and "Fiscal" are to the 12-month period ended March 31 of that year.

Overview

We are one of India's leading manufacturers of cotton yarn, with vertical integration into knitted fabrics manufacturing that utilizes our in-house cotton yarn. Our products offering can be largely classified into cotton yarn (including value added yarns) and knitted fabric. We focus primarily on manufacturing of yarn and produce a wide range of cotton yarns including value added yarns such as slub, compact yarn and core spun yarns, which we forayed into recently and knitted fabrics.

Established in 1992, with over two decades of experience in the textile industry, we cater to a large customer base of international and domestic clients, with an established brand presence in the segments in which we operate. Our manufacturing facility is located in Hamirgarh, Bhilwara, Rajasthan, India (the "**Bhilwara Facility**"), on approximately 60 acres of land. Over the last three Fiscal Years, we have increased our spindle count from approximately 77,000 spindles in Fiscal Year 2015 to 2,23,056 spindles in Fiscal Year 2017, to increase production in line with the growth in demand for our products. As on the date of this Placement Document, we operate 2,936 rotors and 2,23,056 spindles in our Bhilwara Facility. This increase in spindle count resulted in an increase in our cotton yarn production capacity from 38,000 tonnes per annum in Fiscal Year 2015 to 50,000 tonnes per annum in Fiscal Year 2017. A majority of this spindle addition has been for fine count premium yarn used in the manufacturing of high value apparel and furnishing fabrics. In line with our focus on value added yarn, our recent capacity expansion has enabled us to manufacture superfine premium compact yarn up to 80 counts.

During Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015, we manufactured 42,342 tonnes, 37,650 tonnes and 29,060 tonnes of cotton yarn, respectively. Our cotton yarn products include ring spun combed yarns from Ne 12/1 to Ne 80/1, compact yarns, multifold ring spun yarns, fancy slub yarns, core spun yarns, open end yarns from Ne 5/1 to Ne 24/1, multifold open end yarns, dye able cheese cones, 100% organic cotton yarns, BCI/ TBC certified yarns, and Supima and Giza certified yarns. In Fiscal Year 2017, we exported our cotton yarn to over 50 countries in North America, Europe, South America, Africa and Asia. The end-use industry for the yarn manufactured by us includes the apparel, inner wear and terry towels, denim, home furnishing, carpet, industrial fabric, medical textile, mattress sticking, socks and tea-bag industries.

Along with the expansion of our spinning capacity in Fiscal Year 2017, we also procured 14 additional knitting machines, taking the total number of machines to 63 and our knitted fabric production capacity to 9,000 tonnes per annum. During Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015 our Company manufactured 6,825 tonnes, 6,538 tonnes and 5,385 tonnes of knitted fabric, respectively. The products manufactured by our knitted fabrics segment include lycra blended fabrics, single jersey, pique structures, interlock structures, and rib structures. In Fiscal Year 2017, we exported our knitted fabrics products to USA, Mauritius, Sri Lanka and UK. The knitted fabrics manufactured are used in the inner-wear, sports-wear, winter-wear and leisure-wear industries.

During Fiscal Year 2017 and Fiscal Year 2016, our total revenue was ₹93,416.51 lakhs and ₹76,758.90 lakhs, respectively, and our profit after tax was ₹5,715.05 lakhs and ₹4,416.28 lakhs, respectively. Our revenue from operations and profit after tax grew by 22% and 29%, respectively, over Fiscal Year 2017 and Fiscal Year 2016, respectively.

Our largest products offering, cotton yarn, including value added yarns, accounted for 77% of our total revenue for Fiscal Year 2017 and Fiscal Year 2016. Our knitted fabric products accounted for 17% and 18% of our total revenue for Fiscal Year 2017 and Fiscal Year 2016, respectively. A certain portion of our revenues are also derived from the sale of cotton waste accumulated during our manufacturing processes. Such cotton waste is usually sold to open end yarn manufacturers and mattress manufacturers, who, amongst others, utilise low quality cotton for their products.

Our key accreditations include an ISO 9001:2015 quality system certification; an ISO 14001:2015 environmental management system certification, an ISO 50001:2011 energy management system certification; and an OHSAS certification. We have also been certified by OEKOTEX, Global Organic Textile Standard (GOTS) which prescribes standards for the processing of fibers from certified organic agriculture. Further, we have also been authorized to use the SUPIMA trademark, which also certifies that our Company is purchasing, consuming or using yarn or fabric made from America Pima cotton that is grown in the United State of America.

Certain awards and recognitions that we received include the "UCCI Excellence Award 2017", by Udaipur Chamber of Commerce & Industry under the "Large Manufacturing Enterprise" category in the Fiscal Year 2017; the "Texprocil Bronze Trophy" for the third highest export of cotton yarn (counts 50 and below) in category II, for the Fiscal Year 2016; the "Texprocil Bronze Plaque " for the third highest exports of cotton fabrics in category II, in the Fiscal Year 2016; the "Texprocil Bronze Trophy" for third highest exports of cotton fabrics in category I, in the Fiscal Year 2015 and 2011; "Texprocil Silver Trophy" for the second highest exports in the category of grey fabrics in the Fiscal Years 2007 and 2008, respectively; the "Rajasthan Energy Conservation Award" for efforts towards energy conservation in Fiscal Years 2015 and 2016 under the 'Large Spinning' category; and the "Rajasthan State Award for Excellence in Exports" in the 'Textile' category for Fiscal Years 2008, 2011 and 2014 by the Government of Rajasthan.

Our Competitive Strengths

We believe that the following are our competitive strengths:

Longstanding presence in the textile industry with large spinning capacities

With over two decades of experience in the textile industry, we have steadily grown to become one of India's leading manufacturers of cotton yarn. We also manufacture knitted fabrics using yarn produced in-house thereby enabling us to climb the value chain for textile products. Our longstanding presence in the textile industry has enabled us to understand the changing needs and demands of the industry and our customers, both in India and internationally.

We commenced our operations in the year 1993, with 384 rotors for open end spinning. In the year 2001, we entered into ring spinning by installing 14,112 spindles, and forward integrated our Company by installing seven knitting machines. As on the date of this Placement Document, we have an installed capacity of 2,936 rotors, 2,23,056 spindles and 63 knitting machines which enables us to manufacture up to 50,000 tonnes of cotton yarn per annum and 9,000 tonnes of knitted fabric per annum. We have been able to significantly add to our sales, which in turn resulted in an increase of our total revenues from ₹76,758.90 lakhs in Fiscal 2016 to ₹93,416.51 lakhs in Fiscal 2017, on account of the expansions to our existing facilities in Fiscal 2017. For more details, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations", on page 67.

In Fiscal Year 2017, we exported our cotton yarn to over 50 countries in North America, Europe, South America, Africa and Asia and our knitted fabrics products to USA, Mauritius, Sri Lanka and UK.

Our Company has received awards and recognition such as the "UCCI Excellence Award 2017", by Udaipur Chamber of Commerce & Industry under the "Large Manufacturing Enterprise" category in the Fiscal Year 2017; the "Texprocil Bronze Trophy" for the third highest export of cotton yarn (counts 50 and below) in category II, for the Fiscal Year 2016; the "Texprocil Bronze Plaque " for the third highest exports of cotton fabrics in category II, in the Fiscal Year 2016; the "Texprocil Bronze Trophy" for third highest exports of cotton fabrics in category I, in the Fiscal Year 2015 and 2011; "Texprocil Silver Trophy" for the second highest exports in the category of grey fabrics in the Fiscal Years 2007 and 2008, respectively; the "Rajasthan Energy Conservation Award" for efforts towards energy conservation in Fiscal Years 2015 and 2016 under the 'Large Spinning' category; and the "Rajasthan State Award for Excellence in Exports" in the 'Textile' category for Fiscal Years 2008, 2011 and 2014 by the Government of Rajasthan.

Extensive range of products across our cotton yarn and knitted fabrics businesses.

We believe that we have developed a diverse product offering in line with the requirements of our customers. Our largest business is the manufacture of cotton yarn, which accounted for 77% of our total revenue for Fiscal Year 2017. We source cotton, the raw material required for the manufacture of cotton yarn, primarily from the domestic markets. However, we do import some amount of cotton from countries such as the United States, Greece and Australia, for production of value added yarn, based on demand and pricing benefits. We use the cotton sourced by us to manufacture yarn at our Bhilwara Facility.

The different kinds of yarns manufactured by us are detailed as follows:

- open end yarns from Ne 5/1 to Ne 24/1;

- multifold open end yarns;
- ring spun combed yarns from Ne 10/1 to Ne 80/1;
- multifold ring spun yarns;
- dyeable cheese cones - soft package;
- 100% organic cotton yarns and blends;
- BCI/ TBC certified yarns; and
- yarn made from Giza/ Supima cottons.

More recently, we have also forayed into the manufacture of higher margin value added yarns such as slub, compact yarn and core spun yarns, which helps us increase our profitability, and enhances our overall scalability.

- compact yarns;
- fancy slub yarns; and
- core spun yarns.

The yarn made by us cater to end-use industries such as apparels and garments; under garments; woven fabrics; home furnishings; carpets; denim; terry towels; industrial textiles; medical textiles; and mattress sticking.

Forward integration and economies of scale.

In 2001, we forward integrated into knitted fabrics production. Over the years, we have steadily grown our knitted fabric portfolio by adapting to changing market trends and our customers' requirements. Currently, the range of products manufactured by our knitted fabrics segment includes lycra blended fabrics, single jersey, pique structures, interlock structures, and rib structures. The knitted fabric products manufactured by us are used for wide range of knit wear such as inner wear, sports-wear, winter wear, leisure wear and others.

Our integrated production facilities results in a number of advantages, including efficient inventory management, reliable quality control over the raw materials used in the manufacture of our knitted fabrics and value added products/yarn, reduced operational costs, economies of scale and the ability to respond to customer requirements at each stage of production. Further, bring an integrated player in the textile industry has helped our Company de-risk valuations in raw material cost, thereby increasing our margins over periods.

Additionally, due to the increased trends by global buyers to consolidate their sourcing strategy, we believe that our large spinning capacities at our Bhilwara Facility results in our Company being a preferred vendor for customers both within India and internationally.

Modern facility and state-of-the-art machinery to deliver quality products.

We believe that our spinning plants are flexible enough to switch to manufacturing different types of yarns as per customer requirements. While we began our operations with open end spinning in the year 1993, we have progressed into ring spinning and subsequently forward integrated into knitted fabrics. Today, we believe that we possess the scale, product offerings, presence, quality and technology to cater to our end-use industries such as apparel, inner wear, sports-wear, winter wear, and terry towels, denim, home furnishing, carpet, industrial fabric, medical textile, mattress sticking, socks and tea-bag industries.

Our Bhilwara Facility is currently equipped with modern machinery, using the latest technology from manufacturers, such as Toyota and Rieter for the spinning; Reiter and Suessen for compact spinning; Pinter for core spun and slub attachments; Rieter and Trutzschler for preparatory process; Loptex clearer for removal of foreign fibers; Saurer Zinser for roving along with roving transport system; Murata and Savio India Limited for auto winders; and Mayer & Cie and Terrot knitting machines for high quality knitting fabrics.

We believe in efficient quality control; and accordingly, developed quality monitoring systems at our Bhilwara Facility to ensure consistent output and near zero percent rejection rates. Our laboratory is equipped with modern testing instruments from manufacturers such as USTER and Zweigle.

Our quality assurance and test labs centres are ISO certified. Our key accreditations include an ISO 9001:2015 quality system certification; an ISO 14001:2015 environmental management system certification, an ISO 50001:2011 energy management system certification; and an OHSAS certification. We have also been certified by OEKOTEX, Global Organic Textile Standard (GOTS) which prescribes standards for the processing of fibers from certified organic agriculture. Further, we have also been authorized to use the SUPIMA trademark, which also certifies that our Company is purchasing, consuming or using yarn or fabric made from America Pima cotton that is grown in the United State of America.

We ensure that sufficient research and development trials are undertaken to meet our customers' specific quality demands. As a part of the total quality assurance, we undertake the following to ensure the quality products: (i) specialist cotton selectors are appointed to buy raw cotton; (ii) each lot of raw material is tested for its required parameters before using it in the manufacturing; (iii) contamination checks are performed to remove impurities; (iv) advanced computerized equipment is deployed to assure the best quality and standard production operations; and (v) systematic on-line quality checking is performed by professional technicians during the production.

Competitive cost structure and locational advantage

We believe that our integrated manufacturing facility, cost efficient manufacturing and supply chain management result in a significant reduction in our operational costs. With our experience in the sector, we are able to time our procurement of raw materials and pass on raw material costs efficiently to our customers. Due to our scale, we are also able to source these materials at a competitive price. The location of our current manufacturing facilities gives us a significant competitive cost advantage in terms of raw material sourcing, manufacturing and labour costs.

As a textile manufacturer, our Company has significantly benefited from the Government of India's Technology Upgradation Fund Scheme ("**TUFS**"), pursuant to which we have been able to raise low cost funds for our past expansion and modernization initiatives, which has in-turn augmented our scale of operations thereby further lowering our cost of production. Further, the Government of Rajasthan introduced the Rajasthan Investment Promotion Scheme, 2014 (the "**RIPS**"), under which our Company has received an interest rate subsidy of six percent as well as certain electricity duty exemptions for its expansion projects in Fiscal Year 2015 and Fiscal Year 2017. Additionally, our future expansion projects, if any, will also be eligible for RIPS benefits, if such projects are to commence operations in advance of March 31, 2019. Our ability to avail of such subsidies and lower cost of capital has enabled our Company to maintain competitive pricing for our products both in India and internationally.

Further, our Bhilwara Facility, is in close proximity to both the Mundra and Pipavav ports, state and national highways and major consumption textile centers enabling us to save on logistics costs and to achieve lesser delivery time. Additionally, we also have a 10.5 MW captive power plant and 2.3 MW roof top solar plant at our Bhilwara Facility which reduces our power costs, which is one of our largest expenses after raw material.

Our Company's procurement network has developed over the past two decades and includes a large team of well trained personnel. We source majority of our raw materials; primarily cotton, from Rajasthan (where our Bhilwara Facility is located) and other neighboring states like Madhya Pradesh, Gujarat, Maharashtra and Punjab which in-turn enables us to reduce logistics cost and minimise transportation time. Our relationships with cotton suppliers provides us with a continuous supply of cotton during procurement season. Further, our ability to maintain appropriate levels of cotton stock almost throughout the year has significantly assisted us in mitigating the effects of volatility in cotton prices and has enabled us to focus on continued production at optimal levels.

Given that we have been long-standing purchasers in the domestic cotton markets and given that we have been steadily increasing our purchase quantity, we have been able to procure quality cotton at competitive prices and avail of cash discount benefits.

Additionally, we have established a strong distribution network with a particular focus on the northern and western textile hubs in India. For our yarn sales, we have worked to establish direct selling relationships with industrial customers both in India and overseas. We rely on dealers and commissioned sales agents for making sales to smaller consumers. Over the years, we have focused on developing key relationships with large international companies who are our customers.

Experienced management team with strong industry expertise.

Mr. R. L. Nolkha, the Chairman of our Board, has over four decades of experience in the textile industry. He is presently the chairman of the Rajasthan Textile Mills Association and a committee member of Confederation of Textile Industries. Mr. Dinesh Nolkha, our Managing Director, has over two decades of industrial experience and was instrumental in setting up our Company. Mr. Nitin Nolakha is a management graduate with over 19 years of industrial experience. For further information, please see "Board of Directors and Senior Management", on page 125. Our management team has requisite mix of experience in textiles, business management and commerce, amongst others.

In addition, our senior management team has extensive experience in operating manufacturing capacities, finance, sales, business development and strategic planning in the textile industry. We believe that the demonstrated ability and expertise of our management team has resulted in rising production levels with better cost management and enhanced process efficiency. For more details of our growth in profits, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations", on page 67.

Our Strategy

The key elements of our strategy are as follows:

Expansion of our existing manufacturing capabilities/ capacity.

We believe that our expansion strategy is devised to meet the end-application and dynamic needs of the market and our customers. Historically, we have relied on timely completion of our expansions which allows us to commence increased commercial production as scheduled. For instance, in Fiscal Year 2017, we completed the expansion of our Bhilwara Facility which increased our spinning capacity from 1,50,096 spindles to 2,23,056 spindles by adding 72,960 spindles for making fine count compact yarns. During this expansion, we also acquired 14 knitting machines, in line with our strategy on increased emphasis on value added products, increasing the number of knitting machines to 63. Post completion of our expansion in Fiscal Year 2017, our cotton yarn manufacturing capacity and our knitted fabric production capacity stood increased to 50,000 tonnes per annum and 9,000 tonnes per annum, respectively.

We focus on a value addition strategy coupled with a volume driven approach, which enables margin enhancement along with revenue growth. We seek to achieve this through periodical installations of spindles and knitting machines. As a part of this strategy, we are also in the process of exploring further expansion opportunities, to enhance our manufacturing capabilities for product diversification and manufacturing of value added products; and in this regard have acquired freehold land in Chittorgarh, Rajasthan, India at a proximity of approximately 70 km from our Bhilwara Facility.

Increase emphasis on value added products.

We intend to continue our focus on delivering quality and value added products to our customers. While we initially focused on commodity yarn, in recent years we have enhanced focus on value added yarn, including slub, compact yarn, core spun, organic and BCI/ TCB certified yarns, that yield higher profit margins than commodity yarn. In order to increase our manufacturing capacity for value added offerings, we have incurred significant capital expenditure. For instance, our Company has installed 1,02,000 spindles for making compact yarns over the last five Fiscal Years. Further, our Company has installed slub attachments on 9,504 spindles and core spun attachments on 10,320 spindles. Our knitted fabric capacity has also gradually increased from seven machines in 2001 to 63 machines in 2017.

We strive to obtain repeat orders from our customers by continuing to satisfy them with consistently providing value added and quality products. It is our endeavor to constantly develop new value added products and finishes to fulfil our customers' requirements. Accordingly, we intend to focus on continuing to develop value added products in each of our as well as augment our fabrics product range. Accordingly in yarn, we intend to focus on enhancing our products range with yarn products such as dyed and blended yarns amongst others. In fabrics, we intend to focus on products such as dyed, knitted and woven fabrics. We believe that our value added offerings shall enable us to further leverage our existing customer base and to explore and capture new avenues of business.

Develop and maintain relationships with key and new international customers, expand our existing distribution network and increase our export sales.

The challenge in our business lies in reaching out to a geographically dispersed end-user with the right product. Furthermore, our growth also depends on our ability to attract additional fabric and garment manufacturers, and distributors to our distribution network. Preferences and perception of the consumers in India and globally in connection with apparel products and the introduction of new products in any of our segments impact our operations. Accordingly, we intend to continue to focus on developing and strengthening our sales and distribution networks, and introducing integrated solutions for the benefit of our customers. As a part of our sales and distribution strategy, we propose to penetrate the domestic market further by appointing new distributors for high value fabrics and strengthening our knitted fabric sales. At the same time we propose to continue our endeavor to establish a global presence for our products through the export market in the near future by further developing strategic relationships with key exporters.

Reduce costs and increase efficiency.

We believe that as we grow and expand our operations, controlling costs becomes a critical factor for us in order to stay competitive. Our strategy to control our costs includes the following:

- Continuous improvement in productivity in machines and manpower;
- Upgrading to the latest technology coupled with continual research and development;
- Continuous improvement in capacity utilisations through line balancing, to increase efficiency;
- Reducing cycle time and reducing lead time in our manufacturing processes;
- Benchmarking our costs with the international industry standards;
- Reducing our power costs by taking measures towards energy conservation, such as setting up a solar rooftop plant and a centralized compressed air monitoring system and installing LED lights; and
- Continuing to leverage on our sourcing networks to control raw material costs through bulk purchases and negotiations with suppliers.

Focus on core business of cotton yarn manufacturing.

We intend to focus on our core business of manufacturing of cotton yarn and knitted cotton fabrics. Sale of cotton yarn in Fiscal Year 2017 and Fiscal Year 2016 accounted for 77% of our total revenue during the each period. Further, during Fiscal Year 2017 and Fiscal Year 2016, we derived 63% and 69% of our total revenue from export of cotton yarn. According to the CRISIL Report, global cotton production is expected to rise approximately five percent on-year in cotton season 2017-2018; and overall global consumption is also expected to increase fueled by higher mill usage in India, Pakistan, Bangladesh and Vietnam. In line with these global trends, and coupled with our increased production capacities post completion of our most recent expansion in Fiscal Year 2017, we intend to concentrate our efforts on our core business of manufacturing cotton yarn and knitted cotton fabrics.

Additionally, we intend to continue to enhance scale in existing products and introduce new products across our value added offerings. We believe that we have a significant presence across global markets and that our value added offerings will help us remain competent in existing business territories as well as capture new geographies. For instance, with the recent expansion in Fiscal Year 2017, our Company has forayed into fine count compact yarns, which we intend to sell to premium shirting and furnishing fabrics manufacturers across India.

Recent Developments

Our Company has, in compliance with Regulation 29 of the Listing Regulations, made the required intimations to each of the Stock Exchanges, on November 1, 2017, regarding a Board meeting to be held by our Company on November 14, 2017, to consider, amongst other matters, a preferential allotment of Equity Shares to our Promoters and members of the Promoter Group. For further details, see "Risk Factors - Any future issuance of Equity Shares by our Company or sales of Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Company's Equity Shares." and "Risk Factors - The Proposed Promoter Preferential Allotment may not be approved by our Board." on pages 55 and 51, respectively.

Except as disclosed in this Placement Document, in the opinion of our Board of Directors, no circumstances have arisen since June 30, 2017, that materially and adversely affect or are likely to affect, our revenues and profitability, or the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

Our Business

History and Development

Set out below are some of the key events in our Company's history:

Sr. No.	Calendar Year	Key Events
1.	1993	Commenced our operations with open end spinning by installing 384 rotors.
2.	1997	Increased installed rotors capacity to 1,464 rotors.
3.	2001	Ventured into ring spinning by installing 14,112 spindles.
4.	2001	Forward integrated into knitted fabric by installing seven knitting machines.
5.	2005	Doubled ring spinning capacity to 27,216 spindles and knitted fabric capacity to 15

Sr. No.	Calendar Year	Key Events
		knitting machines.
6.	2008	Expanded open-end spinning by installing 2,000 rotors and setting up a 10.5 MW captive thermal power plant.
7.	2015	Expanded spinning and knitting capacity by installing 72,480 spindles and 18 knitting machines.
8.	2017	Completed expansion of spinning and knitting capacity by adding 72,960 spindles for making fine count compact yarns and 14 knitting machines.

Our Business Operations

Cotton Yarn

We manufacture a diversified mix of yarns including ring spun yarns and open end yarns. We first entered the yarn manufacturing business in 1993 by installing 384 rotors at our Bhilwara Facility. We now have a significantly large spinning capacity with 2,23,056 spindles for manufacturing ring spun yarns and 2,936 rotors for manufacturing open end yarns. We use technology developed by global manufacturers of textile machinery like Rieter, Toyota, Savio and Murata, amongst others. Our yarns are used in a variety of commercial and consumer applications. Due to the wide range of our yarn offerings, production capacity, technical know-how and ability to develop yarns for customer applications, we can offer a one-stop solution for our customers in India. In Fiscal Year 2017 and fiscal Year 2016 we exported approximately 68% and 78% of our yarn production to over 50 countries across North America, Europe, South America, Africa and Asia. We have long been focusing on increasing our sales of the more sophisticated value added yarns whose sales have been steadily increasing over the past few years. The different kinds of yarns manufactured by us are detailed as follows:

- open end yarns from Ne 5/1 to Ne 24/1;
- multifold open end yarns;
- ring spun combed yarns from Ne 10/1 to Ne 80/1;
- multifold ring spun yarns;
- dyeable cheese cones - soft package;
- 100% organic cotton yarns and blends;
- BCI/ TBC certified yarns; and
- yarn made from Giza/ Supima cottons.

Further, we also manufacture a variety of value added yarns, which include:

- compact yarns;
- fancy slub yarns; and
- core spun yarns.

The yarn made by us cater to end-use industries such as apparels and garments; under garments; woven fabrics; home furnishings; carpets; denim; terry towels; industrial textiles; medical textiles; and mattress sticking.

Knitted Fabric

In the year 2001, we forward integrated into manufacturing of knitted fabric by installing seven knitting machines. Presently, our Bhilwara Facility is equipped with 63 circular knitting machines from Mayer & Cie & Terrot, which facilitates the production of high quality knitted fabrics. The range of knitted fabric products that are manufactured by us include:

- single jersey;
- pique structures;
- interlock structures;
- rib structures; and
- three thread fleece.

The knitted fabric products manufactured by us are used for wide range of knit wear such as inner wear, sports-wear, winter wear, leisure wear and others.

Manufacturing Facility

Our Bhilwara Facility is set up on freehold land situated at village Hamirgarh and Kanyakhedi. Our Bhilwara Facility has an installed capacity of 2,23,056 spindles for ring spinning which comprises five distinct units having 27,216 spindles, 18,720 spindles, 50,400 spindles, 53,760 spindles and 72,960 spindles. Further, for our open end spinning operations we have two distinct units with 936 rotors and 2,000 rotors. For our knitted fabrics operations we have 63 knitting machines in a single unit at our Bhilwara Facility. Additionally, we also have a 10.5 MW captive power plant and 2.3 MW roof top solar plant at our Bhilwara Facility. We use modern technology and machines along with automated processes like auto doffing, automatic roving transport system, link corner, auto splicing, automatic packing systems, amongst others, to ensure maximum efficiency and minimized labour requirements.

Manufacturing Process

Cotton Yarn

The process of manufacturing ring spun yarn as well as open ended yarn, being the types of yarn manufactured by our Company, has been set out below:

A. Ring Spun Yarn

The manufacturing process of ring spun cotton yarn comprises cotton testing, cleaning of cotton (blow room stage), elimination of short fibers & impurities (carding and combing), parallelization of fibers (draw frames and roving), spinning (ring frames) and post spinning operations (winding, doubling, etc.).

Cotton Testing

Cotton, which is the raw material for manufacturing cotton yarn, undergoes strict quality tests in quality control laboratory for fiber length, fineness, strength, maturity, rigidity, fiber friction and structural features. Once it passes the tests it becomes ready for further processing.

Cleaning of Cotton

Blow Room – Cotton enters the first stage of yarn formation where it is blended to form a uniform mass and goes through a cleaning procedure.

Contamination Control System – After the blow room and before sending the cotton for carding, contamination in the cotton is removed by ultra-sensitive contamination control system.

Elimination of Short Fibers & Impurities

Carding – Blow room provides uniform feeding to carding machines. The picker lap undergoes carding to remove short fiber and eliminates impurities and dust to provide additional orientation and alignment of individual fibers. The carded lap is removed by doffer cylinder in the form of sliver, which undergoes additional blending to improve uniformity and density, which is carried out by carding machines.

Breaker Draw Frame – Carded slivers are drafted and doubled by drafting rollers for better fiber parallelization and sliver uniformity.

Lap Former – Under the lap forming process, slivers are converted into laps by pressing the doubling of slivers uniformly; and as a result, material is rolled on a lap. This is an intermediate process which produce feed material for the comber.

Comber – Uniform laps prepared by Unilap reaches the comber for the combing process. In this process, short fibers are removed for better yarn strength and evenness. Combers further straighten the cotton fibers and enhance qualities of evenness, strength, smoothness and visual appearance.

Parallelization of Fibers

Finisher draw frame and auto leveling – After combing of the cotton sliver, it becomes ready for the drawing process, which improves the quality, evenness and homogenization of fibers. The cotton sliver is made ready for being processed into yarn. The sliver goes through drafting rollers and is systematically drawn for better evenness.

Speed Frame – Here the sliver is drawn into strands called roving. In this process both drafting and twisting takes place.

Spinning

Ring Frame – Subsequent drawing and high speed twisting of roving bobbins is carried out on ring frames until the required fineness is achieved. Now, cotton yarn becomes ready for winding. In this stage, attachment for some specialty yarns are also used to make compact yarn, slub yarns or core lycra yarns.

Post Spinning Operations

Auto Winder – Auto winders wind the yarn in a form suitable for storage, transportation and further processing. Further, extraction of all disturbing yarn faults is carried out by the auto winder.

Cheese Winding – In the cheese winding process, two yarns are winded in parallel to form a cheese.

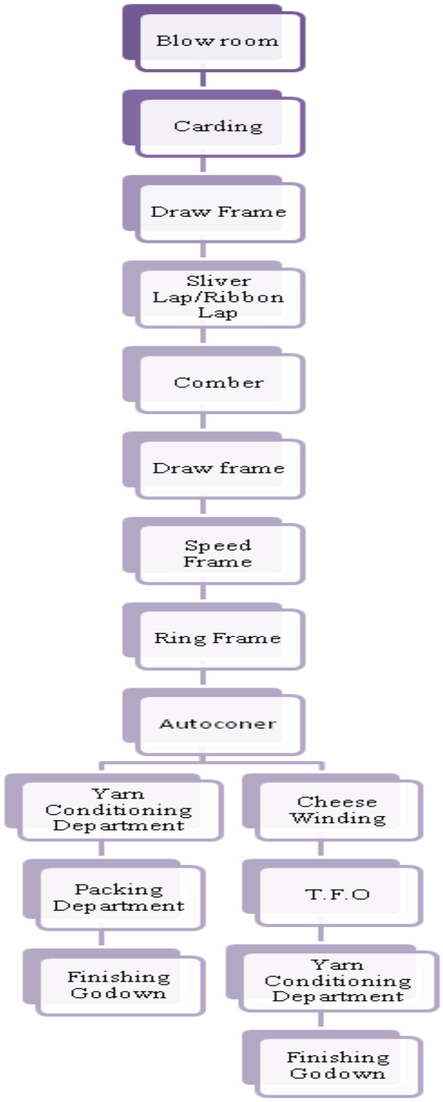
T.F.O. – These cheeses are fed to two for one ("**T.F.O.**") machines, which produces double yarn by twisting two yarns together as per customers' specifications.

Yarn Conditioning Department – The aim of conditioning is to provide lasting improvement in yarn quality by supplying the requisite moisture through high pressure heat steaming. Conditioning enhances twist stability and consistency in yarn properties.

Packing – Each individual cone of yarn undergoes ultra violet ray checks. Yarn is then packaged in cartons/poly bags or packaged as pallet as per the request of the customer.

Finished goods go down – The packing of the materials are done as per the specifications and requirements of the customers.

Process chart for manufacturing of ring spun yarn:



B. <u>Open End Spinning</u>

The manufacturing process of open end cotton yarn comprises cotton testing, cleaning of cotton (blow room stage) elimination of short fibers & impurities (carding), parallelization of fibers (draw frames, spinning (open end).

<u>Cotton Testing</u>

Cotton, which is the raw material for manufacturing cotton yarn, undergoes strict quality tests in quality control laboratories for fiber length, fineness, strength, maturity, rigidity, fiber friction and structural features. Once it passes the tests, it becomes ready for further processing.

<u>Cleaning of Cotton</u>

<u>Blow Room</u> – Cotton enters the first stage of yarn formation where it is blended to form a uniform mass.

<u>Contamination Control System</u> – After the blow room and before sending the cotton for carding, contamination in the cotton is removed by ultra-sensitive contamination control systems.

<u>Elimination of Short Fibers & Impurities</u>

<u>Carding</u> – Blow room provides uniform feeding to carding machines. The picker lap undergoes carding to remove short fiber and eliminates impurities and dust to provide additional orientation and alignment of individual fibers. The carded lap is removed by doffer cylinders in the form of sliver, which undergoes additional blending to improve uniformity and

density that is carried out by carding machines.

Draw frame – After carding, the cotton sliver becomes ready for the drawing process, which improves the quality, evenness and homogenization of fibers. The cotton sliver is made ready for being processed into yarn. The sliver goes through drafting rollers and is systematically drawn for better evenness.

Open End Machine – Open end machines convert sliver into yarn by importing drafting and twisting together. Its production rate is five to seven times higher compared to ring frame. Open end yarns are very bully and uniform.

Post Spinning Operations

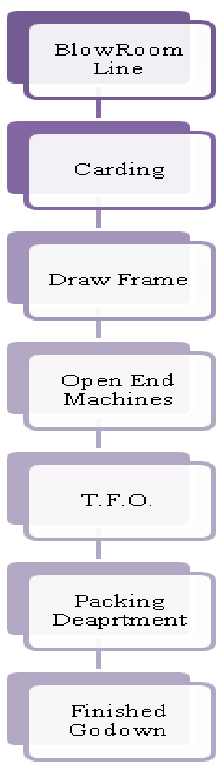
Cheese Winding – In cheese winding process, two yarns are parallel winded in cheese. These cheese are fed to the TFO, which produces double yarn by twisting two yarn together.

T.F.O. – After parallel winding of yarns, yarn is doubled through twisting machines as per customers' specifications.

Yarn Conditioning Department – The aim of conditioning is to provide lasting improvement in yarn quality by supplying the requisite moisture through high pressure heat steaming. Conditioning enhances twist stability and consistency in yarn properties.

Packing – Each individual cone of yarn undergoes ultra violet ray checks. Yarn is then packaged in poly-bags and put into cartons or packaged as pallet as per the request of the customer.

Process chart for open end spinning:



Knitted Fabric

The manufacturing process of knitted fabric is as under:

Yarn Creeling

Count wise package as per requirement are creeled on knitting machines, as per number of feeder or fabric structures, with the help of compressed air suction devices.

Knitting

Circular knitting machines are having specified needles and feeders for different structures of fabric. As per requirements of loop length and grams per square meter of fabric, loop formation is prepared with the help of needles and the circulation of the dial gauge machine is initiated.

Removal of Fabric Rolls

This machine has a counter system based on revolution for required roll weight. After completion of the given counter, fabric rolls are removed from the machine. Normally, weight of a fabric roll is around 20 to 25 Kg.

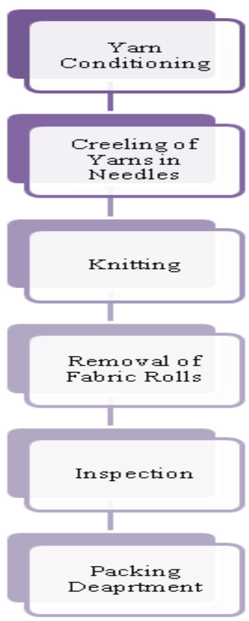
Inspection

After removing the fabric rolls from the machine, the fabric is passed through a surrounding lights inspection table to check for faults.

Packing

After proper inspection, fabric rolls are packed into polythene bags to avoid any damage and pasted with a tag with proper weight indication and total information about fabric constructions.

Process chart for manufacturing of knitted fabric:



Capacity and capacity utilisation

Particulars/ Division	**Installed capacity Fiscal Year 2017**		**Actual Production (In MT)**	**Installed capacity Fiscal Year 2016**		**Actual Production (In MT)**	**Installed capacity Fiscal Year 2015**		**Actual Production (In MT)**
	Unit	**Quantity**		**Unit**	**Quantity**		**Unit**	**Quantity**	
Ring Spinning	Spindles	2,23,056*	34,860	Spindles	1,50,096	30,051	Spindles	1,50,096**	21,124
Rotors Spinning	Rotors	2,936	7,483	Rotors	2,936	7,599	Rotors	2,936	7,850
Knitting	Knitting Machines	63	6,825	Knitting Machines	49	6,538	Knitting Machines	49	5,385

*72,960 spindles and 14 knitting machines installed during last quarter of Fiscal Year 2017, hence full production was

not obtained.
**72,480 spindles and 18 knitting machines installed during last quarter of Fiscal Year 2015.

Raw Materials

Cotton Yarn

Cotton is the most significant raw material we use. We obtain nearly all of our cotton requirements in the spot markets or pursuant to short-term contracts. We closely monitor the price of cotton in various markets to take advantage of beneficial buying opportunities. The availability and price of cotton fluctuates in response to natural events, government policies, prices in global markets and other factors which typically affect demand and supply. Actual prices for raw cotton have been volatile in recent years. Although we may obtain cotton in the international markets, such as Greece, Australia and the United States of America; in recent years, we have sourced most of our cotton requirements domestically from Rajasthan, Madhya Pradesh, Maharashtra, Gujarat and Punjab. We also source some quantity of long term staple cotton from Andhra Pradesh and Telangana. Our cotton buying season typically begins in September/October and continues until April in each Fiscal, and we maintain reserves of raw cotton at least sufficient to sustain our current production. To reduce our cotton costs, we have developed production techniques that allow us to produce quality products with less expensive grades of raw cotton.

Our total raw material costs in Fiscal Year 2017 and Fiscal Year 2016 was ₹61,451.52 lakhs and ₹46,151.78 lakhs, respectively. This accounted for 66% and 60% of our total expenditure in Fiscal Year 2017 and Fiscal Year 2016, respectively.

Knitted Fabric

The primary raw material required for the manufacture of knitted fabric is yarn. We operate our knitted fabric line of business through forward integration, and accordingly we rely on our in-house yarn to meet our knitted fabric raw material supply. Additionally, we use small quantities of spandex yarn, for making lycra blended fabrics, which is imported from Korea/ Taiwan or locally procured from Indorama/ stockists.

Distribution and Marketing

Our marketing strategy is based on product type and end user segment. Through regular interaction with end use customers, we understand their specific needs and prepare our production plans accordingly.

Our client base includes reputed corporate houses in the India textile industry and in the global markets we exported our cotton yarn to over 50 countries and our knitted fabric to over 5 countries in North America, Europe, South America, Africa and Asia.

Competition

The textiles industry is highly competitive both in India and in the international markets in which we operate. No single company has established a dominant position in the industry as a whole, either domestically or internationally, or even in any significant industry segment. In India, our competitors ranges from a few other Spinning/ integrated fabric producers to small producers of a single product. Domestically, we face completion from companies such as Vardhman Textiles Limited; Ambika Cotton Mills Limited; Nahar Spinning Limited; Bannari Aman Spinning Limited; Sintex Industries Limited; Ginni Filaments Limited; Winsome Textiles Limited; and Maral Overseas Limited. Globally, we face significant competition from countries such as Pakistan, Vietnam and China.

Even though we believe that we have strong positions in the segments of cotton yarn and knitted fabrics, we believe that we have room to grow within each of these segments. To compete in the various segments of the textiles industry in which we participate, we seeks to and improve our cost effectiveness, delivery times and customer service.

Quality Standards and Assurance

We use contemporary technology for the manufacture of our products and deploy of trained personnel along with adequate resources for the manufacture of our products.

We have ISO 9001:2015 quality system certification; an ISO 14001:2015 environmental management system certification, an ISO 50001:2011 energy management system certification; and an OHSAS certification. We have also been certified by OEKOTEX, Global Organic Textile Standard (GOTS) which prescribes standards for the processing of fibers from certified organic agriculture. Further, we have also been authorized to use the SUPIMA trademark, which also certifies that our Company is purchasing, consuming or using yarn or fabric made from America Pima cotton that is grown in the United State of America.

Human Resources

We have an experienced senior management team, comprising experienced individuals with a diversity of skills in manufacturing, engineering, international business and finance, on whom we rely in order to anticipate industry trends and capitalize on new business opportunities that may emerge. We believe that a combination of our reputation in the market, our working environment and competitive compensation programs allow us to attract and retain our management team.

We believe that our employees are the key to the success of our business. Our work force consists mainly permanent employees and some trainee workers.

Employees

The number of permanent employees on roll as on June 30, 2017 was 2,810.

Recruitment

We conduct structured orientation programmes for our new employees, specific to their responsibilities. We recruit the technical personnel and operatives based on their past experience and a track record of performance.

Training and Development

We place special emphasis on the training of our employees to enable them to develop their skills and to meet changing requirements in the textile industry. We focus on an initial learning programmes for our trainees as well as continuous learning programmes for all our employees. As a part of our strategy to improve operational efficiency, we regularly organize in-house training facilities to the existing as well as to new joinees. We also endeavour to train our employees through the national skill development programme of Government of India.

Unions

As of the date of this Placement Document we are not associated with any trade unions / labour unions at any of our facilities.

Environment, Health and Safety

We believe that we are in compliance, in all material respects, with applicable health safety and environmental regulations and other requirements in our operations, and also maintain adequate workman's' compensation, Employee State Insurance Scheme and personal accident insurance policies, conduct regular health check-ups, and make available round the clock first aid and ambulance facilities. We believe that accidents and occupational hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to management and employees.

Insurance

Our Company maintains a range of insurance policies to cover its assets, including standard fire and special perils policies, boiler and pressure plant policy, marine cargo open policy and money insurance policy. The Company also maintains a group personal accident insurance policy for its employees.

We believe that the amount of insurance cover presently maintained by it represents the appropriate level of coverage required to insure its businesses.

Intellectual Property

We use the “ ” trademark in our business which has been registered in our Company’s name.

Awards and Recognition

Certain awards and recognitions that we received include the “UCCI Excellence Award 2017”, by Udaipur Chamber of Commerce & Industry under the “Large Manufacturing Enterprise” category in the Fiscal Year 2017; the “Texprocil Bronze Trophy” for the third highest export of cotton yarn (counts 50 and below) in category II, for the Fiscal Year 2016; the “Texprocil Bronze Plaque ” for the third highest exports of cotton fabrics in category II, in the Fiscal Year 2016; the “Texprocil Bronze Trophy” for third highest exports of cotton fabrics in category I, in the Fiscal Year 2015 and 2011; “Texprocil Silver Trophy” for the second highest exports in the category of grey fabrics in the Fiscal Years 2007 and 2008, respectively; the “Rajasthan Energy Conservation Award” for efforts towards energy conservation in Fiscal Years 2015 and 2016 under the ‘Large Spinning’ category; and the “Rajasthan State Award for Excellence in Exports” in the ‘Textile’ category for Fiscal Years 2008, 2011 and 2014 by the Government of Rajasthan.

Corporate Social Responsibility

The Board of Directors of the Company has constituted a corporate social responsibility committee consisting of three Directors, one of whom is an Independent Director. The Board of Directors will ensure that at least 2% of the average net profit of the preceding three years is spent on the corporate activities every year. The CSR Committee will review, approve and validate the spending on CSR activities. The approach of the Company is to bring about sustainable development through balancing commercial and economic progress with social and environmental development. Schedule VII of the Companies Act 2013, outlined the categories of activities which a company is required to undertake for fulfilment of its obligation towards CSR.

SUPERVISION AND REGULATIONS

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The regulations set below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. The Company sets forth below are certain significant legislations and regulations which generally govern the textile industry in India: The statements below are based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Taxation statutes such as the Income Tax Act, 1961 and the Goods and Services Tax, 2016, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

REGULATIONS AND POLICIES IN CONNECTION WITH TEXTILE BUSINESS

National Textile Policy

The GoI in November 2000 announced the National Textile Policy (the "**Textile Policy**"), thereby replacing the erstwhile Textile Policy of 1985. The main objective of the Textile Policy was to enable the industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The Textile Policy also targets the development of a strong multi-fibre base to facilitate product upgradation and diversification. The Textile Policy provides for government financing and venture capital funding for setting up textile plants. The Textile Policy also contains sector specific agendas. For the cotton sector, it designates the Technology Mission of Cotton as the nodal body to bring about increase in productivity and stability in prices. For the spinning and weaving sectors, decentralised modernisation is the thrust of the government policy and for the garments sector, the government proposes a number of measures in light of the World Trade Organisation rules and regulations, including strategic alliances with leading global manufacturers and the establishment of textile/apparel parks.

The objectives of the Textile Policy are, amongst others, to:

- Facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing;
- Equip the textile industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
- Liberalise controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment;
- Enable the textile industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and for this purpose to encourage both FDI, as well as research and development in the sector;
- Develop a strong multi-fibre base with thrust on product upgradation and diversification; and
- Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople.

Technology Upgradation Fund Scheme ("TUFS") and Amended Technology Upgradation Fund Scheme ("ATUFS")

The TUFS was introduced by the Government of India in 1999 to facilitate new and appropriate technology for making the textile industry globally competitive and to reduce the capital cost for the textile industry.

TUFS envisages five percent interest reimbursement (four percent for the spinning industry) of the normal interest charged by the bank on the loans availed by the units from the bank for undertaking technology up-gradation/modernization. New units set up with technology as per guidelines of the scheme would also be eligible for the above benefit, or, 15% credit linked capital subsidy for the small scale sector and 20% for the power-loom sector, or, five percent interest reimbursement plus 10% capital subsidy for specified processing machinery, technical textiles machinery and garmenting machinery, amongst others. The scheme also provides 25% capital subsidy on purchase of new machinery and equipment for the pre-loom and post-loom operations, handlooms/up-gradations of handlooms and testing and quality control equipment for handloom production units.

The Cabinet Committee on Economic Affairs approved the introduction of ATUFS in place of the Revised Restructured Technology Upgradation Fund Scheme ("**RR-TUFS**"), for technology upgradation of the textiles industry, with effect from the date of notification of the scheme.

The new scheme specifically targets:

- Employment generation and export by encouraging apparel and garment industry, which will provide employment to women in particular and increase India's share in global exports;
- Promotion of technical textiles, a sunrise sector, for export and employment;
- Promoting conversion of existing looms to better technology looms for improvement in quality and productivity; and
- Encouraging better quality in processing industry and checking need for import of fabrics by the garment sector.

Based on a Press Information Bureau notification from the Ministry of Textiles, GoI, under ATUFS, there is a provision of one-time capital subsidy for eligible benchmarked machinery at the rate of 15% for garmenting and technical textiles segments with a cap of ₹30 crore and at the rate of 10% for weaving, processing, jute, silk and handloom segments with a cap of ₹20 crore. An outlay of ₹17,822 crore has been approved for seven years to meet the committed liabilities of ₹12,671 crore and ₹5,151 crore for new cases under ATUFS. While ATUFS covers capital investment subsidy, earlier schemes of TUFS had provisions both for interest reimbursement as well as capital subsidy. Further ATUFS is targeted towards focused segments like garmenting and made-ups with additional 10% subsidy. The segments which have achieved desired level of modernization, such as spinning, amongst others, have been excluded under ATUFS.

Rajasthan Investment Promotion Scheme, 2014

The Government of Rajasthan has introduced the Rajasthan Investment Promotion Scheme, 2014 (the "**RIPS**") which has particularly come into force for promoting investment in the state and benefiting new or sick medium and small scale enterprise in the state. Under the RIPS, an eligible manufacturing enterprise shall, amongst other benefits, be granted benefits and incentives as given below:

- Investment subsidy of 30% of VAT and CST which have become due and have been deposited by the enterprise for seven years;
- Employment generation subsidy up to 20% of VAT and CST which have become due and have been deposited by the enterprise, for seven years; and
- Exemption from payment of 50% of electricity duty for seven years.

Further, in the textile sector, enterprises making a minimum investment of ₹25 lakhs shall be granted 5% interest subsidy and enterprises making investment of more than ₹25 crore shall be granted additional 1% interest subsidy.

In the past, our Company has received an interest rate subsidy of six percent on certain loans availed under the RIPS; and an exemption of up to 50% on payment of electricity duty and *Mandi fee*. Further, our Company has also applied for an exemption under the RIPS for an upcoming project this year.

Cotton Control Order 1986

The Cotton Order, 1986 (the "**Cotton Order**") prescribes the maximum quantity of cotton that may be possessed by a manufacturer, a cotton ginning factory, a cotton pressing factory, a cotton ginning and pressing factory and a person (other than a member of a Hindu Undivided Family growing cotton). The Cotton Order further specifies the quality standards that have to be met while picking cotton for the purposes of export and domestic consumption as well as the markings that have to be made on the cotton bale before marketing of the same.

Textiles Committee Act, 1963

The Textiles Committee Act, 1963 calls for the constitution of a Textiles Committee by the Central Government. The said Textiles Committee shall ensure a standard quality of textiles both for internal marketing and export purposes and the manufacture and use of standard types of textile machinery, assisting and encouraging scientific, technological and economic research in the textile industry and textile machinery. The Textiles Committee Act, 1963 also imposes a duty of excise on textiles and textile machinery manufactured in India at such rate, not exceeding one percent (of the value) as the Central Government may fix, by notification in the Official Gazette. Provided that, no such cess shall be levied on textiles manufactured out of the handloom or power loom industry. However, the Central Government may exempt any variety of textiles or textiles machinery if it is required to do so in the public interest.

The Textiles Committee recognizes standard specifications for textiles and packing materials used in the packing of textiles or textile machinery, for the purposes of export and for internal consumption and affix suitable marks on such standardised varieties of textiles and packing materials.

By its notification dated January 17, 2007, the Central Government has exempted ready-made garments, being a variety of textiles from the levy of whole of the cess, so as to rationalise the tax and cess burden on the readymade garments in the changed scenario of global competitiveness and thus improve the competitiveness of the Indian readymade garment sector in global markets.

Further, by its press release dated May 24, 2007, the Union Cabinet gave its approval for exemption of all textiles and all textile machinery manufactured in India from Textiles Committee cess under the Textiles Committee Act, 1963.

Textile (Development and Regulation) Order, 2001

The Textile (Development and Regulation) Order, 2001 (the "**Order**") was brought into force by the Central Government under section 3 of the Essential Commodities Act, 1955 and repealed the Textile (Development and Regulation) Order, 1993. Under the Order every manufacturer of textiles and textile machinery, and every person dealing with textiles shall keep books of accounts, data and other records relating to his business in the matter of production, processing, import, export, supply, distribution, sale, and consumption, amongst others,. and shall furnish such returns or information in respect of their business as and when directed by the textile commissioner. The Order further prescribes filing of an information memorandum as per the requisite form with the textile commissioner, Mumbai, in the event of:

- installation of textile machinery for the manufacture of textiles within 30 days of the installation of such machinery;
- relocation, selling, transferring or otherwise disposing of any textile machinery referred to above within 30 days from the date of such re-location, sale, transfer or disposal; and/or
- modernization of a textile unit.

The Order further provides that no person shall make any markings on any textiles resembling the brand name or trade name of any other person who has applied for or obtained a registration to that effect under the Trade and Merchandise Marks Act, 1958 except under and limited to the extent of specific authorisation by the holder of or applicant for such brand or trade name.

Textile Workers Rehabilitation Fund Scheme

The Government of India introduced the Textile Workers Rehabilitation Fund Scheme (the "**TWRFS**") with effect from September 15, 1986 to provide relief to the workers rendered jobless due to permanent closure of non-small scale industries textile mills in private sector. Under the TWRS, relief is given to workers rendered jobless, for a period of three years on a tapering basis, that is, wages equivalent to 75% in the first year, 50% in the second year and 25% in the third year. So far, ₹32,297.49 lakhs have been disbursed to 1,19,704 eligible workers of 96 eligible closed mills.

Scheme for Integrated Textiles Parks

The Scheme for Integrated Textiles Parks ("**SITP**") was launched in August, 2005, by merging the Apparel Parks for Export Scheme ("**APE**") and the Textile Centre Infrastructure Development Scheme ("**TCIDS**"). The primary objective of the SITP is to provide the industry with world-class infrastructure facilities for setting up of textile units in clusters.

The SITP is being implemented through special purpose vehicles. Industry associations/groups would be the main promoters of the integrated textile parks. Infrastructure Leasing & Financial Services has been appointed as the project management consultant for implementing the SITP. The project management consultant will be responsible for the speedy implementation of the project in a transparent and professional manner so as to achieve a high degree of quality at a low cost acceptable to the members of the special purpose vehicles for which a fee will be paid to the project management consultant.

Export Initiatives under the Foreign Trade Policy 2015-2020

The following export incentives of the GoI are applicable to our Company:

(1) Export Promotion Capital Goods Scheme

The Export Promotion Capital Goods ("**EPCG**") scheme allows import of capital goods for pre-production, production and post production at five percent customs duty subject to an export obligation equivalent to eight times of duty saved on capital goods imported under EPCG scheme to be fulfilled over a period of eight years reckoned from the date of issuance of license. However, in respect of EPCG licenses with a duty saved of ₹100 crore or more, the same export obligation shall be required to be fulfilled over a period of 12 years.

(2) . Merchandise Exports from India Scheme

The Merchandise Exports from India Scheme ("**MEIS**") seeks to promote export of notified goods manufactured and/or produced in India. MEIS is a major export promotion scheme of the GoI implemented by the Ministry of Commerce and Industry. Earlier there were five different schemes for rewarding merchandise exports with different kinds of duty scrips with varying conditions attached to their use. Now all these schemes have been merged into the MEIS. Rewards under MEIS are payable as a percentage (two, three or five percent) of realized free on board value of covered exports, by way of the MEIS duty credit scrip. The scrip can be transferred or used for payment of a number of duties/taxes including the customs/excise duty/service tax. Scrips and inputs imported under the scrips are fully transferable. This has provided much flexibility to exporters. Earlier schemes had many conditions attached with the scrips about their usage and importability of items.

FOREIGN INVESTMENT REGIME

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act ("**FEMA**"), and the rules, regulations and notifications thereunder, as issued by the RBI from time to time The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA 20**") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the respective ministries governing the sector and/or the RBI. At present, FDI in the Indian manufacturing sector is permitted up to 100% through the automatic route, which does not require prior approval of the GoI or the RBI.

OTHER REGULATIONS

Certain other laws and regulations that are relevant to the operation of our Company's business include the following:

Labour Legislation:

As part of our business, we are required to comply from time to time with certain laws in relation to the employment of labour. A brief description of certain labour legislations which are applicable to our operations is set forth below:

Factories Act, 1948

The Factories Act, 1948, as amended (the "**Factories Act**") defines a 'factory' to be any premises on which on any day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the 'occupier' of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine.

Minimum Wages Act, 1948

The Minimum Wages Act, 1948, as amended, provides a framework for state governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to ₹500 or both.

Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965, as amended (the "**Bonus Act**"), an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Bonus Act by a company is punishable with imprisonment or a fine, against persons in charge of, and responsible to the company for the conduct of the business of the company at the time of contravention.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948, as amended (the "**ESI Act**"), provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the "**CLRA**"), requires establishments that employ, or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour. The CLRA requires the principal employer of an establishment to which it applies to make an application to the registering officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be imposed for contravention of the provisions of the CLRA.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952, as amended, provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. Liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, as amended, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. The entitlement to gratuity in the event of death or disablement is not contingent upon an employee having completed five years of continuous service.

Environmental Legislation:

We are required under applicable law to ensure that our operations are compliant with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974, as amended (the "**Water Act**"), the Air (Prevention and Control of Pollution) Act, 1981, as amended (the "**Air Act**") and the Environment Protection Act, 1986, as amended (the "**Environment Act**"). The Water Act aims to prevent and control water pollution. It provides for the constitution of a Central Pollution Control Board ("**CPCB**") and State Pollution Control Boards ("**SPCBs**"). The functions of the CPCB include coordination of activities of the SPCBs, collecting data relating to water pollution and the stipulation of measures for the prevention and control of water pollution and prescription of standards for streams or wells. The SPCBs are responsible for the planning for programs for, among other things, the prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; and laying down standards for treatment of trade effluents to be discharged. This legislation prohibits any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluents into a stream, well or sewer without the prior consent of the relevant SPCB. The CPCB and the SPCBs constituted under the Water Act are to perform functions under the Air Act for the prevention and control of air pollution. The Air Act aims to prevent and control air pollution. It is mandated under the Air Act that no person may, without the prior consent of the relevant SPCB, establish or operate any industrial plant in an air pollution control area. The Environment Act has been enacted for the protection and improvement of the environment. It empowers the Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants. The Government may make rules for regulating environmental pollution.

Hazardous Waste (Management and Handling) Rules, 1989

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

Public Liability Insurance Act, 1991

The Public Liability Insurance Act, 1991, as amended (the "**Public Liability Act**") imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of 'hazardous substances' covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, which is a fund constituted under the Public Liability Act, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Board presently consists of six Directors and as per our Articles of Association, we shall not have less than three Directors and more than 12 Directors. As on the date of this Placement Document, we have three executive Directors and three independent Directors, one of whom is a woman Director, on our Board. The quorum for the Board meetings of our Company is two members, present in person.

Regulation 17 of the Listing Regulations requires that at least half of the Board of Directors should comprise non-executive directors. In addition, it also requires that if our chairman is a non-executive director, at least one-third of the Board of Directors should comprise independent directors and in case he is an executive director, at least half of the Board of Directors should comprise independent directors. Further to section 149 of the Companies Act, 2013, the revised corporate governance guidelines issued by SEBI, effective from October 1, 2014, and in accordance with the provisions of regulation 17 (a) of the Listing Regulations, there should be at least one woman director on our Board of Directors at all times.

Pursuant to the provisions of the Companies Act, at least two-thirds of the total number of Directors excluding the Independent Directors are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring Director is eligible for re-election. Further, the Independent Directors may be appointed for a maximum of two terms of up to five consecutive years each. Any re-appointment of Independent Directors shall, amongst others, be on the basis of the performance evaluation report and approved by the shareholders by way of special resolution.

The following table sets forth details regarding the Board of Directors as of the date of this Placement Document:

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
(1)	**Mr. R. L. Nolkha** **Address:** B-86, Shastri Nagar, Bhilwara – 311 001 **Occupation**: Service **DIN**: 00060746 **Term**: For a period of three years, commencing from September 1, 2015 **Nationality**: Indian	71	Executive Chairman
(2)	**Mr. Dinesh Nolkha** **Address:** B-86, Shastri Nagar, Bhilwara – 311 001 **Occupation**: Business **DIN**: 00054658 **Term:** For a period of three years, commencing from October 1, 2016 **Nationality**: Indian	47	Managing Director
(3)	**Mr. Nitin Nolakha** **Address:** B-86, Shastri Nagar, Bhilwara – 311 001 **Occupation**: Service **DIN**: 00054707	41	Executive Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
	Term: For a period of three years, commencing October 1, 2015 **Nationality**: Indian		
(4)	**Mr. Y. R. Shah** **Address:** 11 1-A, Dhanratna appartment, J P road, Andheri (West), Mumbai - 400 058 **Occupation**: Consultant **DIN**: 00019557 **Term:** For a period of five years, commencing September 11, 2014. **Nationality**: Indian	75	Independent Director
(5)	**Ms. Aditi Mehta** **Address:** G-31, Shanti Niketan, New Delhi – 110 096 **Occupation**: Retired IAS **DIN**: 06917890 **Term:** For a period of five years, commencing from September 11, 2014 **Nationality**: Indian	64	Independent Director
(6)	**Mr. R. Chattopadhyay** **Address:** 48, New campus IIT Delhi, Hauz Khas, New Delhi – 110 016 **Occupation**: Professor **DIN**: 06928729 **Term:** For a period of five years, commencing from September 11, 2014 **Nationality**: Indian	60	Independent Director

Biographies of the Directors

Mr. R. L. Nolkha, aged 71**,** is the Executive Chairman of our Company. He is also a certified chartered accountant, cost and works accountant and company secretary. He has over 40 years of experience in the textile industry. He was the managing director of Bhilwara Synthetics Limited and was associated with, Rajasthan Spinning and Weaving Mills Limited. He has also served as the president of the Mewar Chamber of Commerce & Industry and as the chairman of the Northern India Textile Research Association. Currently he is the chairman of the Rajasthan Textiles Mills Association and is a member of the Confederation of Indian Textile Industries and a director of Textiles Sector Skill Council.

Mr. Dinesh Nolkha, aged 47, is the Managing Director of our Company. He is also a certified chartered accountant and cost and works accountant. He has 25 years of experience in the textile industry. He is currently the President of Mewar Chamber of Commerce & Industry. He is responsible for the production facilities, monitoring of day to day operations and marketing activities, exports and expansion projects of our Company.

Mr. Nitin Nolakha, aged 41, is an Executive Director of our Company. He holds a bachelors' degree in commerce from Maharishi Dayanand Saraswati University, Ajmer and a masters' degree in business administration from Indore University. He has 19 years of experience in the textile industry. He is responsible for the procurements and execution of projects of our Company.

Mr. Y. R. Shah, aged 75, is an Independent Director of our Company. He holds a bachelors' degree in textiles from the University of Mumbai. He has been associated with Forbes Gokak Limited as the joint managing director.

Ms. Aditi Mehta, aged 64 is an Independent Director of our Company. She has been appointed for a period of five years, commencing from September 11, 2014

Dr. R. Chattopadhyay, aged 60 is an Independent Director of our Company. He holds a bachelors' degree in technology from the University of Calcutta, a masters' degree in technology and a doctorate of philosophy from the Indian Institute of Technology, Delhi.

Relationship with other Directors

Except for Mr. Dinesh Nolkha and Mr. Nitin Nolakha, who are the sons of Mr. R. L. Nolkha, none of our Directors are related to each other.

Borrowing Powers of the Board

The Board is authorised to borrow money upon such terms and conditions as the Board may think fit and may exceed the aggregate of our paid up capital and free reserves, provided that the aggregate amount of its borrowings shall not exceed ₹1,25,000 lakhs over and above the aggregate paid-up capital and free reserves of our Company at any time.

Interest of our Directors and Promoters

All of our Directors and Promoters may be deemed to be interested to the extent of fees payable to them for attending Board or Board committee meetings as well as to the extent of reimbursement of expenses payable to them. The managing director and whole time director also may be deemed interested to the extent of remuneration paid to them for services rendered.

All of our Directors and Promoters may also be regarded as interested in any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. All Directors and Promoters may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Our Directors and Promoters may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by our Company with any partnership firm in which they are partners or a body corporate in which a director along with any other director holds more than two percent shareholding or is a promoter, manager or chief executive officer. For further details, see "Financial Statements" on page 187.

Certain of our Directors and Promoters, namely, Mr. R.L Nolkha, Mr. Dinesh Nolkha and Mr. Nitin Nolakha, are further interested in the operations of our Company to the extent of the personal guarantees issued by them as a security against the borrowings availed by our Company from time to time.

Except as otherwise stated in this Placement Document, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Placement Document in which any of our Directors or Promoters are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

As on the date of this Placement Document, none of the Directors or the Promoters has availed of any loan from our Company.

Shareholding of the Directors

The following table sets forth the shareholding of the Directors as of September 30, 2017:

Name of Director	Designation	No. of Equity Shares held as on September 30, 2017	Percentage of Equity Shares to total paid up capital
Mr. R. L. Nolkha	Executive Chairman	55,50,000	12.11
Mr. Dinesh Nolkha	Managing Director	10,70,000	2.33
Mr. Nitin Nolakha	Executive Director	17,10,000	3.73

Terms of employment of the Managing Director

The terms of employment of Mr. Dinesh Nolkha are as follows:

Remuneration payable when our Company has profits:

Remuneration by way of salary, perquisites, commission, allowances and other benefits subject to the condition that the total remuneration payable to Mr. Dinesh Nolkha our, Managing Director, shall not exceed five percent of the net profits of the Company for the financial year and 10% of the net profits of the Company payable to all the whole time Directors taken together.

Remuneration payable when our Company has no profits or inadequate profits:

Remuneration	
Basic Salary	₹3,00,000 per month ("**Basic Salary**") with an annual increase of ₹30,000.
Commission	In addition to Basic Salary and any other benefits, the Managing Director shall be allowed commission not exceeding one percent of the net profit of the Company in a Financial Year.
Housing	(1) The Managing Director shall be provided with a furnished residential accommodation with free gas, electricity and water. The expenditure incurred by the Company on hiring of accommodation for him shall be subject to a ceiling of 60% of the salary over and above 10% payable by him. (2) In case the Company owns the accommodation, the Company shall deduct 10% of the salary. (3) In case the Company provides no accommodation; house rent allowance as per rules of the Company shall be paid.
Medical Reimbursement	The Company shall provide medical reimbursement to the Managing Director and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
Provident Fund	Company's contribution to provident fund shall be as per the scheme of the Company.
Superannuation	Company's contribution to superannuation/annuity fund shall be in accordance with the scheme of the Company.
Gratuity	Gratuity payable to the extent permitted under the Payment of Gratuity Act, 1972.
Conveyance	The Company shall provide him with a car shall be provided for business use of the Company.
Communication	Free telephone facility at residence. The Company shall bill personal long distance calls separately.

Terms of employment of the Executive Chairman

The terms of employment of Mr. R.L Nolkha are as follows:

Remuneration payable when our Company has profits:

Remuneration by way of salary, perquisites, commission, allowances and other benefits subject to the condition that the total remuneration payable to Mr. R.L Nolkha our, Executive Chairman, shall not exceed one percent of the net profits of our Company for the financial year.

Remuneration payable when our Company has no profits or inadequate profits:

Remuneration	
Basic Salary	₹3,30,000 per month ("**Basic Salary**") with an annual increase of ₹30,000.
Commission	In addition to Basic Salary and any other benefits, the Executive Chairman shall be allowed commission not exceeding one percent of the net profit of our Company in a Financial Year.
Housing	(1) The Executive Chairman shall be provided with free furnished residential accommodation with free gas, electricity and water. The expenditure incurred by our Company on hiring of accommodation for him shall be subject to a ceiling of 60% of the salary over and above 10% payable by him. (2) In case our Company owns the accommodation, our Company shall deduct 10% of the salary. (3) In case our Company provides no accommodation; house rent allowance as per rules of our Company shall be paid.
Medical Reimbursement	Our Company shall provide medical reimbursement to the Executive Chairman and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
Provident Fund	Company's contribution to provident fund shall be as per the scheme of our Company.
Superannuation	Company's contribution to superannuation/annuity fund shall be in accordance with the scheme of our Company.
Gratuity	Gratuity payable in accordance with the approved fund at the rate of half a month's salary for each computed year of service.
Conveyance	Our Company shall provide him with a car shall be provided for business use of our Company.
Communication	Free telephone facility at residence. Our Company shall bill personal long distance calls separately.

Terms of employment of the Executive Director

The terms of employment of Mr. Nitin Nolakha are as follows:

Remuneration payable when our Company has profits:

Remuneration by way of salary, perquisites, commission, allowances and other benefits subject to the condition that the total remuneration payable to Mr. Nitin Nolakha our, Executive Director, shall not exceed one percent of the net profits of our Company for the financial year.

Remuneration payable when our Company has no profits or inadequate profits:

Remuneration	
Basic Salary	₹2,25,000 per month ("**Basic Salary**") with an annual increase of ₹25,000.
Commission	In addition to Basic Salary and any other benefits, the Executive Director shall be allowed commission not exceeding one percent of the net profit of our Company in a Financial Year.
Housing	(1) The Executive Director shall be provided with free furnished residential accommodation with free gas, electricity and water. The expenditure incurred by our Company on hiring of accommodation for him shall be subject to a ceiling of 60% of the salary over and above 10% payable by him. (2) In case our Company owns the accommodation, our Company shall deduct 10% of the salary. (3) In case our Company provides no accommodation; house rent allowance as per rules of our Company shall be paid.
Medical Reimbursement	Our Company shall provide medical reimbursement to the Executive Director and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
Provident Fund	Company's contribution to provident fund shall be as per the scheme of our Company.
Superannuation	Company's contribution to superannuation/annuity fund shall be in accordance with the scheme of our Company.
Gratuity	Gratuity payable in accordance with the approved fund at the rate of half a month's salary

	for each computed year of service.
Conveyance	Our Company shall provide him with a car shall be provided for business use of our Company.
Communication	Free telephone facility at residence. Our Company shall bill personal long distance calls separately.

Compensation of the Directors

Executive Directors

The following table sets forth the total remuneration (including commission) paid by our Company to Mr. R. L. Nolkha, Mr. Dinesh Nolkha and Mr. Nitin Nolakha for the Fiscal Year 2018, to the extent applicable, Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015:

(₹ in lakhs)

Fiscal Year	Mr. R. L. Nolkha	Mr. Dinesh Nolkha	Mr. Nitin Nolakha
2018 (up to September 30, 2017 excluding commission)	25.05	20.60	17.27
2017	102.16	92.38	87.18
2016	89.88	83.64	80.32
2015	97.04	86.59	83.05

Non-Executive Directors

The following table sets forth the remuneration (sitting fees, salaries perquisites and commission) paid by us to the current non-executive Directors of our Company for Fiscal Year 2018, to the extent applicable, Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015:

(₹ in lakhs)

Fiscal Year	Mr. Y. R. Shah	Ms. Aditi Mehta	Mr. R. Chattopadhyay
2018 (up to September 30, 2017)	0.53	0.53	0.53
2017	0.98	0.98	0.98
2016	0.98	0.98	0.98
2015	0.50	0.20	0.30

Senior Management

Mr. Dinesh Nolkha, aged 47, is the Managing Director of our Company. For further details, please see "—Biographies of the Directors on page 126"

Mr. P. Maheshwari, aged 56, is the 'Senior Vice President – Finance' of our Company. He has been associated with our Company since August 1, 2006.

Mr. Sandeep Garg, aged 46, is the 'President – Operations' of our Company. He has been associated with our Company since April 1, 2007.

Mr. K. L. Pareek, aged 67, is the 'Vice President – HR' of our Company. He has been associated with our Company since July 23, 2005.

Mr. Sudhir Garg, aged 51, is the 'Company Secretary', 'General Manager (Legal)' and the compliance officer of our Company. He has been associated with our Company since April 8, 2006.

Mr. Umesh Toshniwal, aged 46, is the 'Vice President – Marketing' of our Company. He has been associated with our Company since April 1, 1993.

Mr. Ratnesh Kumar, aged 46, is the 'General Manager - Rotor Spinning' of our Company. He has been associated with our Company since April 29, 2008.

Mr. G. S. Heda, aged 47, is the 'General Manager – Engineering' of our Company. He has been associated with our Company since July 5, 2006.

Mr. S. S. Ranka, aged 50, is the 'General Manager - Thermal Power Plant' of our Company. He has been associated with our Company since May 6, 2011.

Mr. Vijay Katiyar, aged 42, is the 'General Manager – Knitting' of our Company. He has been associated with our Company since October 19, 2002.

Mr. Vivek Tripathi, aged 43, is the 'General Manager - Quality Control' of our Company. He has been associated with our Company since January 9, 2010.

Mr. Dinesh Shukla, aged 45, is the 'General Manager – Spinning' of our Company. He has been associated with our Company since 1995.

Mr. Rajesh Mathur, aged 46, is the 'General Manager – Projects' of our Company. He has been associated with our Company since 2004.

Shareholding details of the Senior Management

Name of person forming part of the Key Managerial Personnel / Senior Management	Designation	No. of Equity Shares held as on September 30, 2017	Percentage of Equity Shares to total paid up capital
Mr. P. Maheshwari	Senior Vice President - Finance	1,000	Negligible
Mr. Sudhir Garg	Company Secretary and General Manager (Legal)	100	Negligible
Mr. Sandeep Garg	President (Operations)	8,174	0.02
Mr. K.L. Pareek	Vice President (HR)	100	Negligible
Mr. Umesh Toshniwal	Vice President (Marketing)	Nil	N.A.
Mr. Ratnesh Kumar	General Manager (Rotor Spinning)	Nil	N.A.
Mr. G. S. Heda	General Manager (Engineering)	Nil	N.A.
Mr. S.S. Ranka	General Manager (Thermal Power Plant)	Nil	N.A.
Mr. Vijay Kumar Katiyar	General Manager (Knitting)	Nil	N.A.
Mr. Vivek Tripathi	General Manager (Quality Control)	Nil	N.A.
Mr. Dinesh Kumar Sharma	General Manager (Spinning)	500	Negligible
Mr. Dinesh Dhar Shukla	General Manager (Spinning)	Nil	N.A.
Mr. Rajesh Mathur	General Manager (Projects)	2,017	Negligible

For the shareholding of Mr. Dinesh Nolkha, who is also the Managing Director of our Company, please see "—Shareholding of the Directors" on page 127.

Interest of Senior Management

The Senior Management of our Company do not have any other interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them and/or their dependants in our Company, if any. For details of the interest of Mr. Dinesh Nolkha, who is also the Managing Director of our Company, please see "–Interest of our Directors and Promoters" on page 127.

Corporate governance

The Board of Directors presently consists of six Directors. In compliance with the requirements of the Listing Regulations, the Board of Directors consists of three Independent Directors. Our Company is in compliance with other corporate governance requirements under the Companies Act, 2013 in respect of notified guidelines /sections /rules as are applicable to our Company. Our Company is required to comply with corporate governance requirements under the Listing Regulations. We are in compliance with the corporate governance provision of the Listing Regulations including in relation to constitution of our Board.

Committees of the Board of Directors

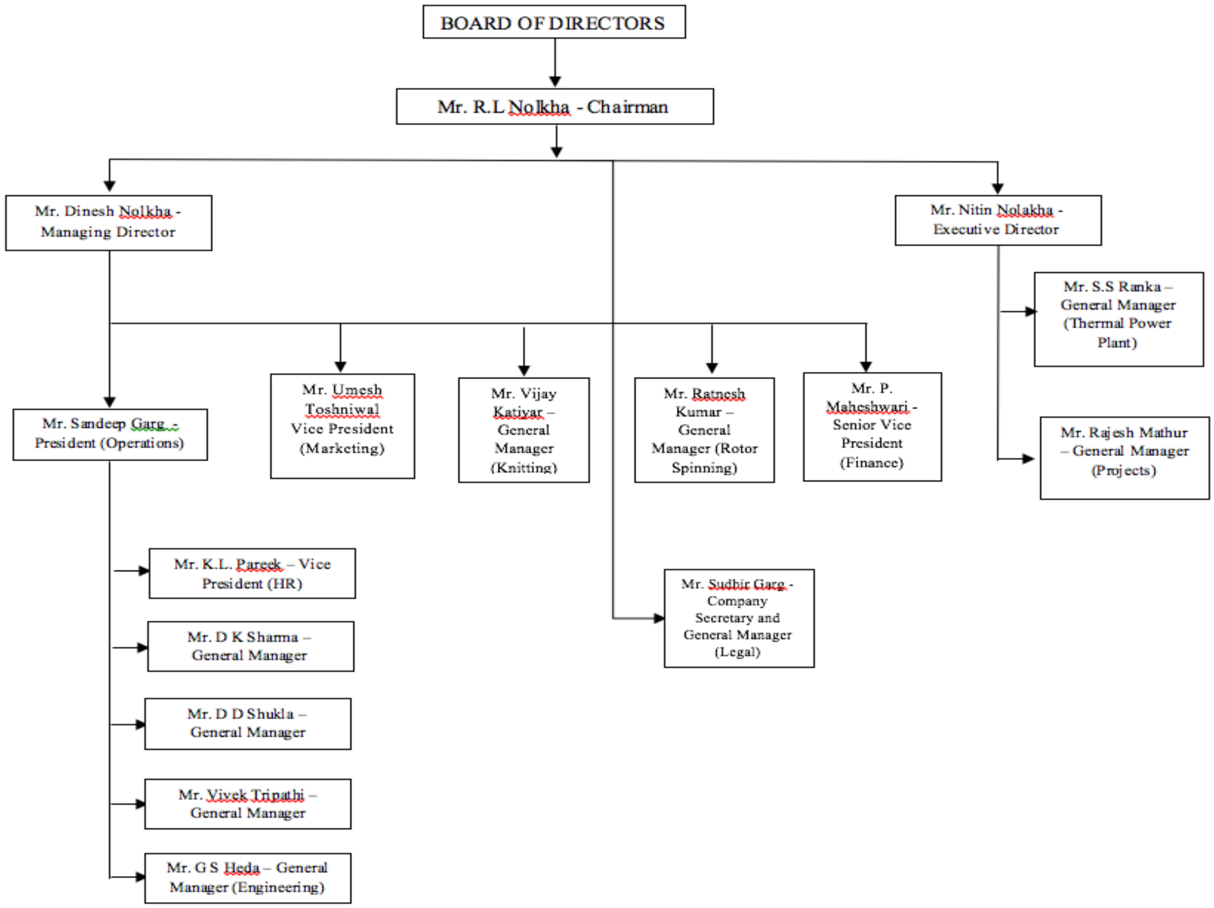
As on the date of this Placement Document, we have three executive Directors and three independent Directors, one of whom is a woman Director, on our Board. In line with the requirements of the provisions of the Companies Act and the provisions of Chapter IV of the Listing Regulations, our Board has constituted various committees as detailed below. Their constitution is for a more specific and focused approach towards some of the important functional areas of the Companies' operations, for providing proper direction, effective monitoring and controlling the affairs of our Company. The committees meet at regular intervals for deciding various matters and providing directions and authorizations to the management for its implementation. The Board also takes note of minutes of the meetings of the committees duly approved by their respective chairman and the material recommendations/decisions of the committees are placed before the Board for approval/information. The committees are as follows:

(1) Audit Committee;
(2) Nomination and Remuneration Committee;
(3) Stakeholders Relationship Committee;
(4) Borrowing Power Committee;
(5) CSR Committee; and
(6) Securities Issue Committee.

The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

Sr. No	Name of Committee	Members
(1)	Audit Committee	Mr. Y. R. Shah, Dr. R. Chattopadhyay and Ms. Aditi Mehta
(2)	Nomination and Remuneration Committee	Mr. Y. R. Shah, Dr. R. Chattopadhyay and Ms. Aditi Mehta
(3)	Stakeholders Relationship Committee	Mr. Dinesh Nolkha, Mr. Nitin Nolakha and Mr. Y. R. Shah
(4)	Borrowing Power Committee	Mr. R. L. Nolkha, Mr. Dinesh Nolkha and Mr. Nitin Nolakha
(5)	CSR Committee	Mr. R. L. Nolkha, Mr. Dinesh Nolkha, Mr. Y. R. Shah and Ms. Aditi Mehta
(6)	Securities Issue Committee	Mr. R. L. Nolkha, Mr. Dinesh Nolkha, Mr. Nitin Nolakha

Organisation Structure of our Company



Policy on disclosures and internal procedure for prevention of insider trading

Chapter IV of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement codes of fair disclosure and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations.

Other confirmations

Except as otherwise stated in this Placement Document, none of the Directors, or the Promoters, or any Senior Management of our Company have any financial or other material interest in this Issue.

Neither our Company, nor any of our Promoters or Directors have been identified as willful defaulters, as defined in the SEBI Regulations.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscal Years, as per the requirements under Accounting Standard 18 issued by the Institute of Chartered Accountants in India, see the section "Financial Statements" on page 187.

PRINCIPAL SHAREHOLDERS

The summary statement showing the holding of specified securities of our Company as of September 30, 2017, is herein below:

Category of the shareholder	Nos. of shareholders	No. of fully paid-up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	No. of equity shares held in dematerialized form
(A) Promoters & Promoter Group	11	2,94,63,510	2,94,63,510	64.28	2,94,63,510
(B) Public	18,268	1,63,70,435	1,63,70,435	35.72	1,63,67,355
(C1) Shares underlying DRs	-	-	-	0.00	-
(C2) Shares held by Employee Trust	-	-	-	0.00	-
(C)=(C1)+(C2) Non Promoter-Non Public	-	-	-	0.00	-
Grand Total = (A) + (B) + (C)	18,279	4,58,33,945	4,58,33,945	100.00	4,58,30,865

The summary statement showing holding of specified securities of the Promoters and Promoter Group in our Company as of September 30, 2017, is herein below:

Category of the shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	No. of equity shares held in dematerialized form
A1) Indian					
Individuals/Hindu Undivided Family	10	1,27,08,510	1,27,08,510	27.73	1,27,08,510
Ratan Lal Nolkha	1	55,50,000	55,50,000	12.11	55,50,000
Sushila Devi Nolkha	1	16,50,000	16,50,000	3.60	16,50,000
Ratan Lal Nolkha HUF	1	14,75,000	14,75,000	3.22	14,75,000
Dinesh Nolkha	1	10,70,000	10,70,000	2.33	10,70,000
Krishna Nolkha	1	2,65,000	2,65,000	0.58	2,65,000
Pratyush Nolkha	1	2,53,510	2,53,510	0.55	2,53,510
Dinesh Nolkha HUF	1	3,55,000	3,55,000	0.77	3,55,000
Nitin Nolakha	1	17,10,000	17,10,000	3.73	17,10,000
Ranjeeta Nolakha	1	1,80,000	1,80,000	0.39	1,80,000
Nitin Nolakha HUF	1	2,00,000	2,00,000	0.44	2,00,000
Any Other (specify)	1	1,67,55,000	1,67,55,000	36.56	1,67,55,000
Redial Trading and Investment Private Limited	1	1,67,55,000	1,67,55,000	36.56	1,67,55,000
Sub Total A1	11	2,94,63,510	2,94,63,510	64.28	2,94,63,510
A2) Foreign				0.00	
A=A1+A2	11	2,94,63,510	2,94,63,510	64.28	2,94,63,510

The summary statement showing holding of specified securities of public shareholders in our Company as of September 30, 2017, is herein below:

Category & Name of the shareholders	No. of shareholders	No. of fully paid-up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of voting rights	Total as a % of total voting right	No. of equity shares held in dematerialized form (Not Applicable)
B1) Institutions							
Foreign Portfolio Investors	4	32,589	32,589	0.07	32,589	0.07	32,589
Foreign	1	1,66,067	1,66,067	0.36	1,66,067	0.36	1,66,067

Category & Name of the shareholders	No. of shareholders	No. of fully paid-up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of voting rights	Total as a % of total voting right	No. of equity shares held in dematerialized form (Not Applicable)
Venture Capital Investors							
Any Other	2	2,07,994	2,07,994	0.45	2,07,994	0.45	2,07,994
Sub Total B1	7	4,06,650	4,06,650	0.89	4,06,650	0.89	4,06,650
B2) Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-
B3) Non-Institutions	-	-	-	-	-	-	-
Individual share capital upto ₹ 2 Lacs	17,258	92,28,510	92,28,510	20.13	92,28,510	20.13	92,27,880
Individual share capital in excess of ₹ 2 Lacs	68	40,66,529	40,66,529	8.87	40,66,529	8.87	40,66,529
Dolly Khanna	1	6,43,067	6,43,067	1.40	6,43,067	1.40	6,43,067
NBFCs registered with RBI	1	1,000	1,000	0.00	1,000	0.00	1,000
Any other (specify)	934	26,67,746	26,67,746	5.82	26,67,746	5.82	26,65,296
Bodies Corporate	370	14,51,344	14,51,344	3.16	14,51,344	3.17	14,51,344
Clearing Members	113	1,76,862	1,76,862	0.39	1,76,862	0.39	1,76,862
NRI – Non-Repat	94	1,77,468	1,77,468	0.39	1,77,468	0.39	1,77,468
NRI	339	8,34,485	8,34,485	1.82	8,34,485	1.82	8,32,035
NRI – Repat	16	26,087	26,087	0.06	26,087	0.06	26,087
Trusts	2	1,500	1,500	0.00	1,500	0.00	1,500
Sub Total B3	18,261	1,59,63,785	1,59,63,785	34.83	1,59,63,785	34.83	1,59,60,705
B=B1+B2+B3	18,268	1,63,70,435	1,63,70,435	35.72	1,63,70,435	35.72	1,63,67,355

The summary statement showing holding of specified securities of non-Promoter non-public shareholders in our Company as of September 30, 2017, is herein below:

Category and name of the shareholders(I)	No. of shareholder(III)	No. of fully paid up equity shares held(IV)	Total no. shares held(VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of equity shares held in dematerialized form(XIV)(Not Applicable)
C1) Custodian/DR Holder	Nil	Nil	Nil	Nil	NA
C2) Employee Benefit Trust	Nil	Nil	Nil	Nil	NA

Details of disclosures made by the trading members holding 1% or more of the total no. of Equity Shares of the Company: **Nil**

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have appraised themselves of any such changes from our Company or the Book Running Lead Manager. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and the Book Running Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. *See the sections* "*Selling Restrictions*" *and* "*Transfer Restrictions*" *on pages 149 and 154 respectively.*

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI Regulations and Section 42 and Section 62 of the Companies Act, 2013, through the mechanism of a QIP. Under Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a listed company may issue equity shares to QIBs provided that certain conditions are met by such company. Certain of these conditions are set out below:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must specify (a) that the allotment of securities is proposed to be made pursuant to the QIP; and (b) the Relevant Date;
- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;
- the aggregate of the proposed issue and all previous QIPs made by the issuer in the same financial year does not exceed five times the net worth (as defined in the SEBI Regulations) of the issuer as per the audited balance sheet of the previous financial year;
- the issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;
- the issuer shall have completed allotments with respect to any offer or invitation made by the issuer or shall have withdrawn or abandoned any invitation or offer previously made by the issuer;
- the issuer shall offer to each allottee such number of the securities in the issue which would aggregate to at least ₹20,000 calculated at the face value of the securities;
- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
- the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the QIB to whom the offer is made and is sent within 30 days of recording the names of such QIBs;
- prior to circulating the private placement offer letter, the issuer must prepare and record a list of QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the issuer prior to the invitation to subscribe;
- the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the issue is prohibited.

At least 10% of the Equity Shares issued to QIBs must be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other QIBs.

Bidders are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Additionally, there is a minimum pricing requirement for pricing the equity shares offered in a QIP under the SEBI Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, a discount of up to five percent of the Floor Price is permitted in accordance with the provisions of the SEBI Regulations.

The "Relevant Date" referred to above, for Allotment, will be the date of the meeting in which the Board or committee of Directors duly authorised by the Board decides to open the Issue and "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the Relevant Date.

Our Company has applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1) of the Listing Regulations for the listing of the Equity Shares on the Stock Exchanges on November 1, 2017. Our Company has also delivered a copy of this Placement Document to the Stock Exchanges and application for listing and trading for the Equity Shares shall be made after the Allotment of Equity Shares.

Our Company shall also make the requisite filings with the RoC, Stock Exchanges and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Issue has been authorised by (i) the Board pursuant to a resolution passed on August 5, 2017 (the relevant intimation in compliance with Regulation 29(1) of the Listing Regulations to the Stock Exchanges was made on August 2, 2017) and (ii) the shareholders resolution passed on September 4, 2017 (the relevant intimation in compliance with Section 101(1) of the Companies Act, 2013 and the Listing Regulations to the Stock Exchanges was made on August 11, 2017).

The Equity Shares will be Allotted within 12 months from the date of the shareholders' resolution approving the QIP and within 60 days from the date of receipt of subscription money from the successful Bidders. For details of refund of application money, "—Pricing and Allocation – Designated Date and Allotment of Equity Shares" on page 144.

The Equity Shares issued pursuant to the QIP must be issued on the basis of the Preliminary Placement Document and this Placement Document shall contain all material information including the information specified in Schedule XVIII and Part G of Schedule VIII of the SEBI Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹250 crore; and

- five, where the issue size is greater than ₹250 crore.

No single allottee shall be allotted more than 50% of the issue size or less than ₹20,000 of face value of Equity Shares. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control" see "- Application Process – Submission of Application Form" on page 143.

In terms of Regulation 89 of the SEBI Regulations, the aggregate of the proposed QIP and all previous QIPs made in the same financial year shall not exceed five times the net worth of the Issuer as per its audited balance sheet of the previous financial year. The Issuer shall furnish a copy of this Placement Document to each stock exchange on which its equity shares are listed.

Securities allotted to a QIB pursuant to a QIP shall not be sold for a period of one year from the date of allotment except on the floor of a recognised stock exchange in India. Allotments made to Eligible QIBs in this Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

THE EQUITY SHARES OFFERED IN THIS ISSUE HAVE NOT BEEN AND WILL NOT BE REGISTERED, LISTED OR OTHERWISE QUALIFIED IN ANY JURISDICTION EXCEPT INDIA AND MAY NOT BE

OFFERED OR SOLD, AND BIDS MAY NOT BE MADE BY PERSONS IN ANY JURISDICTION OUTSIDE INDIA, EXCEPT IN COMPLIANCE WITH THE APPLICABLE LAWS OF SUCH JURISDICTION. IN PARTICULAR, THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. FOR A DESCRIPTION OF THE SELLING RESTRICTIONS IN CERTAIN OTHER JURISDICTIONS, SEE "SELLING RESTRICTIONS" ON PAGE 149.

Issue Procedure

1. Our Company and the BRLM shall circulate serially numbered copies of the Preliminary Placement Document and this Placement Document and the serially numbered Application Form, either in electronic or physical form, to the QIBs and the Application Form will be specifically addressed to such QIBs. In terms of Section 42(7) of the Companies Act, 2013, our Company shall maintain complete records of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and SEBI within the time period as stipulated under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

2. The list of QIBs to whom the Preliminary Placement Document and the Application Form is delivered shall be determined by our Company in consultation with the BRLM.

3. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

4. QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the BRLM. Any review of the Bid submitted after the Issue Period will not be considered valid and the original Bid will stand.

5. Our Company shall intimate the Bid/Issue Opening Date to the Stock Exchanges.

6. Bidders shall submit Bids for, and our Company shall issue and Allot to each Allottee, at least such number of Equity Shares in this Issue which would aggregate to ₹20,000 calculated at the face value of the Equity Shares.

7. Bidders will be required to indicate the following in the Application Form:

    - full name of the QIB to whom Equity Shares are to be Allotted;

    - number of Equity Shares Bid for;

    - price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price"; which shall be any price as may be determined by our Company in consultation with the BRLM at a price with not more than five percent discount on the Floor Price in terms of Regulation 85 of the SEBI Regulations;

    - details of the depository participant account to which the Equity Shares should be credited; and

    - a representation that it is outside the United States at the time it places its buy order for the Equity Shares, it is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S and it has agreed to the representations, warranties, acknowledgements and agreements set forth in "Representation by Investors" and "Transfer Restrictions" on pages 5 and 154, respectively, and other representations made in the Application Form;

    It has agreed to all of the other representations set forth in the Application Form.

Note: FPIs are required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

8. Once a duly completed Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

9. Upon receipt of the Application Form, after the Bid/Issue Closing Date, our Company shall determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and the number of Equity Shares to be allocated and the applicants to whom the same would be allocated in consultation with the BRLM. Upon determination of the final terms of the Equity Shares, our Company will notify the Stock Exchanges and the BRLM will send the serially numbered CAN along with this Placement Document to the QIBs who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the QIB to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the BRLM and may not be proportionate to the number of Equity Shares applied for.

10. Pursuant to receiving a CAN, each QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Company's Escrow Account by the Pay-In Date as specified in the CAN sent to the respective QIBs. No payment shall be made by QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares and our Company shall keep a record of the bank account from where such payment for subscriptions have been received. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013, i.e., the Escrow Account. See "Issue Procedure - Bank Account for Payment of Application Money" on page 144.

11. Upon receipt of the application monies from the QIBs, our Company shall Allot Equity Shares as per the details in the CANs sent to the QIBs. Our Company shall intimate to the Stock Exchanges the details of the Allotment.

12. After passing the Board or committee resolution (as the case maybe) for Allotment and prior to crediting the Equity Shares into the Depository Participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. Our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the QIBs.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, our Company shall inform the Allottees of the receipt of such approval. Our Company and the Book Running Lead Manager shall not be

responsible for any delay or non-receipt of the communication of the final trading and listing approvals from the Stock Exchanges or any loss arising from such delay or non- receipt of the final listing and trading approvals granted by the Stock Exchanges which are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

The issue is being made only to QIBs who have not been prohibited by SEBI from buying, selling or dealing in securities can participate in this Issue. Only the following categories of QIBs are eligible to invest in this Issue:

- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- Mutual Funds;
- alternate investment funds registered with SEBI;
- Eligible FPIs;
- multilateral and bilateral development financial institutions
- insurance companies registered with Insurance Regulatory and Development Authority;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- pension funds with minimum corpus of ₹25 crores;
- provident funds with minimum corpus of ₹25 crores;
- state industrial development corporations;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI;
- foreign venture capital investors registered with SEBI; and
- systemically important non-banking financial companies.

Eligible FPIs investing through the Portfolio Investment Scheme shall participate in this Issue under Schedule 2A of FEMA 20. Eligible FPIs investing through the Portfolio Investment Scheme are permitted to participate in this Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs does not exceed specified limits as prescribed under applicable laws in this regard. Other eligible non-resident QIBs shall participate in this Issue under Schedule 1 of the FEMA 20 and shall make the payment of application money through the foreign currency non-resident (FCNR) account and not through the special non-resident rupee (SNRR) account.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of our post-Issue Equity Share capital. Further, in terms of the FEMA 20, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the shareholders of our Company. The existing investment limit for FPIs in our Company is 24% of the paid up capital of our Company.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Under Regulation 86(1)(b) of the SEBI Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being Promoter or any person related to, the Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or persons related to the Promoters;

- veto rights; or

- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company and the Book Running Lead Manager are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations and the QIB shall be solely responsible for compliance with the provisions of the Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

A minimum of 10% of the Equity Shares offered in this Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Note: Affiliates or associates of the Book Running Lead Manager who are QIBs may participate in the Issue in compliance with applicable laws.

Bid/Issue Programme

Bidding Period / Issue Period:	
BID/ISSUE OPENS ON	November 1, 2017
BID/ISSUE CLOSES ON	November 4, 2017

Application Process

Application Form

Bidders shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Placement Document, the Bidder will be deemed to have made the following representations and warranties and the representations, warranties and agreements under "Notice to Investors", "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions" on pages 3, 5, 149 and 154, respectively:

1. The Bidder confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI Regulations and is not excluded under Regulation 86 of the SEBI Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Bidder confirms that it is not a promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;

3. The Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters as per SEBI Regulations;

4. The Bidder acknowledges that it has no right to withdraw its Bid after the Bid/Issue Closing Date;

5. The Bidder confirms that if Equity Shares are Allotted through the Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The Bidder confirms that it is eligible to Bid and hold Equity Shares so Allotted. The Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

7. The Bidder confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Regulations;

8. The QIB acknowledges, represents and agrees that in the event its total interest in the paid-up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, your "Holding"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5.00% or more of the total paid-up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the Takeover Regulations. In case such QIB is an existing shareholder who, together with persons acting in concert, holds 5.00% or more of the underlying paid up share capital of, or voting rights in our Company a disclosure will have to be made under the Takeover Regulations in the event of a change of 2% or more in the existing Holding of the QIB and persons acting in concert.

9. The Bidder confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

   (i) The expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act; and

   (ii) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

10. The Bidders shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

11. Each Eligible QIP confirms that it has read and understood, and by making a Bid for the Equity Shares through the Application Forms, and pursuant to the terms of this Placement Document will be deemed to have made the representatives, warranties and agreements made under the sections 'Notice to Investors', 'Representations by Investors', 'Selling Restrictions', and 'Transfer Restrictions' on page 3, 5, 149 and 154.

EACH BIDDER MUST PROVIDE ITS DEPOSITORY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANTS' NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, EMAIL ID AND BENEFICIARY BANK ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

If so required by the BRLM, the Bidder submitting a Bid along with the application form, will also have to submit requisite documents to the BRLM to evidence their status as a QIB. If so required by the BRLM, Escrow agent or any statutory or regulatory authority in this regard, includes after Issue closure, the Bidder submitting a Bid and/or being Allotted Equity Shares in the Issue, will also have to submit requisite documents to fulfill the KYC norms.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by a Bidder shall be deemed to be a valid, binding and irrevocable offer for the Bidder to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the Bidder upon issuance of the CAN by our Company in favour of such successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Bidder, the price and number of Equity Shares applied for. All Application Forms duly completed along with a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Manager as per the details provided in the respective CAN. The Application Forms may also be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at the following address:

Name of Book Running Lead Manager	Address	Contact person	Email	Phone (telephone and fax)
Edelweiss Financial Services Limited	14th floor, Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098	Viral H. Shah / Siddharth Shah	nsl.qip@edelweissfin.com	Tel: +91 (22) 4009 4400; Fax: +91 22 4086 3610

The Book Running Lead Manager shall not be required to provide any written acknowledgement of the receipt of the Application Form.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build-up of the Book

The Bidder shall submit their Bids (including the revision of bids) within the Bidding Period to the Book Running Lead Manager. Such Bids cannot be withdrawn after the Bid/Issue Closing Date. The book shall be maintained by the Book Running Lead Manager.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price.

After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and filed the same with the Stock Exchanges, SEBI and RoC as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation, in consultation with the Book Running Lead Manager, on a discretionary basis and in compliance with Chapter VIII of the SEBI Regulations.

Bids received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. THE BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND BIDDERS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on the Application Forms received, our Company, in consultation with the Book Running Lead Manager, in their sole and absolute discretion, shall decide the Bidders to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Bidders. Additionally, a CAN will include details of the relevant Escrow Bank Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective Bidder's account.

The successful Bidders would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to the successful Bidders shall be deemed a valid, binding and irrevocable contract for the successful Bidders to furnish all details that may be required by the Book Running Lead Manager and to pay the entire Issue Price for all the Equity Shares Allocated to such successful Bidder.

QIBS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM PURSUANT TO THE ISSUE.

Bank Account for Payment of Application Money

Our Company has opened the Escrow Account with HDFC Bank Limited in terms of the arrangement among our Company, the Book Running Lead Manager and HDFC Bank Limited as escrow agent. The successful Bidder to whom CAN is sent will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in, and in accordance with, the respective CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

If the payment is not made favouring the Escrow Account within the time stipulated in the CAN, the Application Form and the CAN of the successful Bidder are liable to be cancelled.

Our Company undertakes to utilise the amount deposited in the Escrow Account only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

In case of cancellations or default by the Bidders, our Company and the Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless the successful Bidders pay the Issue Price to the Escrow Account as stated above.

The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Subject to the satisfaction of the terms and conditions in the Placement Agreement, our Company will ensure that the Allotment of Equity Shares is completed by the designated date specified in the CAN for QIBs who have paid the aggregate subscription amounts as stipulated in the CAN.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Post receipt of the listing approval of the Stock Exchanges, the Issuer shall credit the Equity Shares into the Depository Participant account of the eligible QIBs. Following the Allotment and credit of the Equity Shares into the eligible QIBs Depository Participant accounts, our Company will apply for final listing and trading approvals from the Stock Exchanges,

In the case of successful Bidders who have been Allotted more than five percent of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such successful Bidder to the Stock Exchanges and the Stock Exchanges will make the same available on their website. Our Company shall make requisite filings with the RoC and SEBI within stipulated period as required under the Companies Act, and Companies (Prospectus and Allotment of Securities Rules), 2014. If you are allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and the SEBI.

The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Company after Allotment of Equity Shares to the successful Bidders and receipt of listing and trading approvals from the Stock Exchanges.

Following the Allotment and credit of Equity Shares into the successful Bidders' Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges.

In the event that our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the sixtieth day, in accordance with Section 42 of the Companies Act, 2013. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the successful Bidders.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the Book Running Lead Manager in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in the Issue shall be only in dematerialised form (that is, not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

A Bidder applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of such successful Bidder.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Manager will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the Bidders.

Release of funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the "Nitin Spinners Ltd QIP ESCROW A/C" till such time, that it receives an instruction in pursuance to the Escrow Agreement, along with the listing and trading approval of the Stock Exchanges for the Equity Shares offered in the Issue.

PLACEMENT AND LOCK-UP

Placement Agreement

The Book Running Lead Manager has entered into a placement agreement with our Company dated November 1, 2017 (the "**Placement Agreement**"), pursuant to which the Book Running Lead Manager has agreed manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscriptions for the Equity Shares on a reasonable efforts basis, pursuant to Section 42 of Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Chapter VIII of the SEBI Regulations.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Book Running Lead Manager, and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to this Issue will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

Relationship with the Book Running Lead Manager

In connection with the Issue, the Book Running Lead Manager, (or its affiliates) may, for its own accounts, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase Equity Shares and be Allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes.

From time to time, the Book Running Lead Manager, and certain of its affiliates and associates of have may be engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services, particularly acting as an underwriter or lead manager, for our Company and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Manager and its affiliates and associates.

Lock-up

The Promoters and the Promoter Group of our Company, jointly and severally, agree that, without the prior written consent of the BRLM, he or it will not, and (a) will not announce any intention to enter into any transaction whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, during the period commencing on the date hereof and ending 180 days after the date of Allotment of the Equity Shares pursuant to the QIP (the "**Lock-up Period**"); (b) directly or indirectly, issue, offer, lend, sell, contract to sell, pledge, encumber, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale, lend or otherwise transfer or dispose of directly or indirectly, any interest in any Equity Shares held by such Promoter or member of the Promoter Group other than, as of the date of the Placement Agreement (the "**Lock-up Shares**" which definition shall include, amongst others, options or warrants to purchase any Equity Shares, or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, Equity Shares or enter into any swap or other agreement or any transaction that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or deposit any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or which carry the rights to subscribe for or purchase Equity Shares, in any depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depositary receipt facility). However, the foregoing restrictions shall not be applicable if any of the actions mentioned above are required to be undertaken pursuant to the Proposed Promoter Preferential Allotment, any employee stock option scheme or inter-se transfers between promoter group or any change in applicable law, or a direction of a court of law or the Reserve Bank of India post the date of execution of the

Placement Agreement.

Further, any Equity Shares acquired by the Promoters and Promoter Group of our Company shall also be subject to the same restrictions that the Lock-Up are subject to.

In addition, each of the Promoters and Promoter Group of our Company, jointly and severally, agrees that, without the prior written consent of the BRLM, he or it will not, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration or sale or deposition of any Equity Shares or any other securities of our Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities, whether now owned or hereinafter acquired. Our Company has undertaken that it will not for a period commencing the date hereof and ending 180 days from the date of Allotment, without the prior written consent of the BRLM, directly or indirectly:

a. offer, sell, issue, contract to issue, sell, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the Securities Act , with respect to any of the foregoing, or

b. enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or

c. deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or

d. publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above.

SELLING RESTRICTIONS

General

Except in India, no action has been or will be taken in any jurisdiction by our Company or the Book Running Lead Manager that would permit an offering of the Equity Shares or the possession, circulation or distribution of this Placement Document or any other material relating to offer of the Equity Shares in the Issue in any jurisdiction where action for such purpose is required. Accordingly, except in India, the Equity Shares offered in the Issue may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other material or advertisements in connection with offer of the Equity Shares offered in the Issue may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on our Company or the Book Running Lead Manager. The Issue will be made in compliance with the SEBI Regulations. Each subscriber of the Equity Shares offered in the Issue will be required to make, or will be deemed to have made, as applicable, the representations, warranties, acknowledgments and agreements as described under the sections "Notice to Investors", "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions" on pages 3, 5, 149 and 154, respectively.

India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs only and is not an offer to the public. This Placement Document is neither a public issue nor a prospectus under the Companies Act or an advertisement and should not be circulated to any person other than those to whom the offer is made.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC. The offering of Equity Shares pursuant to this Placement Document by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public at large about this Issue is prohibited.

Bahrain

The Equity Shares have not been offered or sold, and will not be offered or sold to any person in the Kingdom of Bahrain except on a private placement basis to less than a 100 persons who are "accredited investors". For this purpose, an "accredited investor" means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of USD 1,000,000 or more;

(ii) a group, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than USD 1,000,000; or

(iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Cayman Islands

This Placement Document does not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Equity Shares in the Issue.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the Equity Shares may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive (defined below) and the 2010 Amending Directive (defined below), except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that

Relevant Member State at any time:

(a) to persons or entities that are "qualified investors" as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive;

(b) to (i) fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive); or (ii) if that Relevant Member State has implemented the 2010 Amending Directive, fewer than 150 natural or legal persons (other than "qualified investors" as defined in the 2010 Amending Directive), in each case subject to obtaining the prior consent of the BRLMs; and

(c) in any circumstances falling within Article 3(2) of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive, provided that no such offering of Equity Shares shall result in a requirement for the publication by our Company or the Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression "2010 Amending Directive" means Directive 2010/73/EU and includes any relevant implementing measure in each Member State.

Neither our Company nor the Book Running Lead Manager has authorised, nor do they authorise, the making of any offer of Equity Shares through any financial intermediary on their behalf, other than offers made by our Company or the Book Running Lead Manager and affiliates of the Book Running Lead Manager.

Hong Kong

This Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Placement Document, they should obtain independent professional advice.

This Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. This Placement Document must not be issued, circulated or distributed in Hong Kong other than:

- to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or

- in other circumstances which do not result in this Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Placement Document may issue, circulate or distribute this Placement Document in Hong Kong or make or give a copy of this Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Placement Document does not constitute a public offering. This Placement Document is for the exclusive use of the person to whom it has been given by the Book Running Lead Manager and is a private concern between the sender and the recipient.

Qatar (excluding the Qatar Finance Centre)

This Placement Document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar.

By receiving this Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar; (b) neither our Company nor the Book Running Lead Manager is authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither our Company nor the Book Running Lead Manager is, by distributing this Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing the Equity Shares. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Singapore

This Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates ("**U.A.E.**") other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Placement Document does not constitute a public offer of securities in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. Our Company and the Equity Shares have not been approved or licensed by or registered with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the U.A.E. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority. This Placement Document is being issued to a limited number of selected institutional and sophisticated investors, is not for general circulation in the U.A.E. and may not be provided to any person other than the original recipient or reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. This Placement Document is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

Dubai International Financial Centre

This Placement Document relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. For the avoidance of doubt, the Equity Shares are not interests in a ''fund'' or a ''collective investment scheme'' within the meaning of either the Collective Investment Law (DIFC Law No. 2 of 2010) or the Collective Investment Rules Module of the Dubai Financial Services Authority Rulebook.

United Kingdom (in addition to the European Economic Area selling restrictions above)

The Equity Shares offered in the Issue cannot be promoted in the United Kingdom to the general public. The contents of this Placement Document have not been approved by an authorised person within the meaning of Financial Services and Markets Act 2000, as amended (the "**FSMA**"). The Book Running Lead Manager (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which section 21(1) of the FSMA does not apply to our Company; and (b) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States of America

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are not being offered or sold in the United States in the Issue. The Equity Shares are being offered and sold in the Issue only outside the United States in "offshore transactions" (as defined in Regulation S) in reliance on Regulation S. To help ensure that the offer and sale of the Equity Shares in the Issue was made in compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in "Transfer Restrictions" on page 154.

TRANSFER RESTRICTIONS

Pursuant to Chapter VIII of the SEBI Regulations, any resale of Equity Shares, except on the floor of the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. In addition to the above, allotments made to QIBs, including FVCIs, VCFs and AIFs, in this Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. Investors are advised to consult their legal counsel prior to making any resale, pledge or transfer of the Equity Shares.

United States of America

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Each purchaser of the Equity Shares, by accepting delivery of this Placement Document, will be deemed to:

- Represent and warrant to our Company, the Book Running Lead Manager and its affiliates that the offer and sale of the Equity Shares to it is in compliance with all applicable laws and regulations.

- Represent and warrant to our Company, the Book Running Lead Manager and its affiliates that it was outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares was made to it and it was outside the United States (within the meaning of Regulation S) when its buy order for the Equity Shares was originated.

- Represent and warrant to our Company, the Book Running Lead Manager and its affiliates that it has not purchased the Equity Shares as a result of any “directed selling efforts” (as defined in Regulation S).

- Acknowledge that the Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and warrant to our Company, the Book Running Lead Manager and its affiliates that it will not offer, sell, pledge or otherwise transfer the Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Represent and warrant to our Company, the Book Running Lead Manager and its affiliates that if it acquired any Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

- Represent and warrant to our Company, the Book Running Lead Manager and its affiliates that if it acquired any of the Equity Shares for one or more managed accounts, that it was authorised in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “it” to include such accounts.

- It agrees to indemnify and hold harmless the Company, the Book Running Lead Manager and its affiliates from any damages they may incur as result of any of the above representations, warranties, acknowledgements and agreements not being true or not being complied with.

- Acknowledge that our Company, the Book Running Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and warranties.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI and the Stock Exchanges; and has not been prepared or independently verified by us, the Book Running Lead Manager, or any of their respective affiliates or advisers.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA, the SCRR, the SEBI Act, the Depositories Act, the Companies Act and various rules and regulations framed thereunder.

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time (the "**SEBI Act**"), notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Rules** "), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalization requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to promote, develop and regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, to protect the interests of investors, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants. With effect from April 1, 2003, the stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the stock exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

The following two Stock Exchanges have nation-wide trading terminals:

BSE

Established in 1875, the BSE was the first stock exchange in Asia. In 1957, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. S&P BSE SENSEX, India's first equity index was launched in 1986. BSE provides a market for trading in equity, debt instruments, derivatives, mutual funds. It also has a platform for trading in equities of small-and-medium enterprises which was launched in 2012. BSE also entered into a strategic partnership with S&P Dow Jones Indices in 2013. (Source: www.bseindia.com). The United Stock Exchange of India has been merged with the BSE from May 2015.

NSE

The NSE was established in 1992 by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996. It also established a platform for trading in equities of small and medium enterprises in 2012. The securities in the NSE 50 Index are highly liquid. (Source: www.nseindia.com)

Listing of Securities

The listing of securities on stock exchanges in India is regulated by the applicable Indian laws including the SEBI Regulations, Companies Act, the SCRA, the SCRR, the Listing Regulations, the SEBI Act and various guidelines and regulations issued by the SEBI. Under the SCRA and the SCRR, the governing body of each stock exchange is empowered to suspend or withdraw admission to trading of or dealing in a listed security for breach by a listed company of any of the conditions of admission to dealings or for any other reason, subject to such company receiving prior notice of such intent of the stock exchange and upon granting of a hearing in the matter. The SEBI has the power to vary or veto the decision of the stock exchange in this regard. The SEBI also has the power to amend the byelaws of the stock exchanges to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Disclosures under the Companies Act, 2013 and Listing Regulations

Public listed companies are required under the Companies Act, 2013 and the Listing Regulations to prepare, file with the registrar of companies and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance under the Companies Act, 2013, related party transactions and management's discussion and analysis as required under Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the Listing Regulations.

Delisting of Securities

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

Pursuant to an amendment of the SCRR, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. We are in compliance with the minimum public shareholding requirement. Where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of twelve months from the date of such fall in the manner specified by the SEBI. A listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. With effect from October 1, 2013, the index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement based on previous day closing level of the index, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the CNX NIFTY of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-Based Securities Trading and Services

The SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers' internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and to comply with certain minimum conditions stipulated by the SEBI and other applicable laws. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the 'equities' as well as the 'derivatives' segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The NSE and the BSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Prohibition of Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (the "Insider Trading Regulations") have been notified by SEBI to prohibit and penalise insider trading in India. An "insider" is defined to include any person who has received or has access to unpublished price sensitive information ("UPSI") or a "Connected Person". A "Connected Person" includes, amongst others, any person who is or has directly or indirectly, been associated with the company in any capacity whether contractual, fiduciary or employment or has any professional or business relationship with the company whether permanent or temporary, during the six months prior to the concerned act which would allow or reasonably expect to allow access, directly or indirectly, to UPSI.

An insider is, amongst others, prohibited from trading in securities of a listed or proposed to be listed company when in possession of UPSI and to provide access to any person including other insiders to the above referred UPSI except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations. UPSI shall include any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than five percent of equity shares or voting rights, and the changes therein. Initial disclosures are required from promoters, key managerial personnel, directors as well as continual disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of 10 lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of some of the provisions of the Memorandum and Articles of Association and the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

Our authorised share capital is ₹6,000 lakhs consisting 6,00,00,000 Equity Shares of ₹10 each.

As of the date of this Placement Document, the outstanding paid-up equity share capital of our Company is ₹4,583.39 lakhs consisting of 4,58,33,945 Equity Shares of ₹10 each.

The Equity Shares are listed on the Stock Exchanges. The security identification codes for the Equity Shares are as follows:

ISIN	INE229H01012
BSE Code	532698
NSE Symbol	NITINSPIN

Articles of Association

Our Company is governed by our Articles of Association.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013, and rules made thereunder, no dividend can be declared or paid by a company for any fiscal year except (a) out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or (b) out of the profits of the company for any previous fiscal year(s) arrived at in accordance with the Companies Act 2013 and remaining undistributed or (c) out of both; or (d) out of money provided by the Central Government or a state Government for payment of dividend by our Company in pursuance of a guarantee given by that Government.

According to the Articles of Association, the Board may before recommending dividend set apart out of the profits of our Company such sums as it thinks prudent as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of our Company may be properly applied including provision for meeting contingencies or for equalizing dividends and pending such application, at the discretion of our Company either be employed in the business of our Company or be invested in such investments including securities issued by companies or banks (other than the shares of our Company) as the Board may from time to time, think fit.

The Equity Shares issued pursuant to this Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Reserves

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus equity shares, which are similar to stock dividend. These bonus equity shares must be distributed to shareholders in proportion to the number of equity shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI Regulations.

As per the Articles of Association, our Company in General Meeting may, upon the recommendation of the Board resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of our Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution. Further, the Board shall make all appropriation and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issue of fully paid shares.

Pre-emptive Rights and Alteration of Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it may determine. According to Section 62 of the Companies Act, 2013 such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person subject to the provisions of FEMA 20, if applicable.

The Articles of Association authorises our Company to issue and allot shares at par or at a premium subject to and in accordance with provisions of the Companies Act.

General Meetings of Shareholders

There are two types of general meetings of the shareholders, AGM and EGM.

Our Company must hold its AGM in each fiscal year provided that not more than 15 months shall elapse between each AGM, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. Voting is by a show of hands, unless a poll is ordered by the Chairman of the meeting or voting is carried out electronically. The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting and those voting electronically. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have the right to speak at meetings.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These provisions provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. We have entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services India Limited. SEBI requires that our shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The registrar and transfer agent shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the Listing Regulations, in the event we have not effected the transfer of shares within fifteen days or where we have failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of fifteen days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws. If our Company refuses to register the transfer of any share or transmission of any right therein, notice of such refusal must be sent to the transferee within one month from the date on which the instrument of transfer or intimation of transmission was lodged with our Company.

Liquidation Rights

In the event of our winding up, if the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital, at the commencement of the winding up, paid up or which ought to have been paid up on the shares issued upon special terms and conditions. On winding up, preference shares issued by our Company, if any, shall rank in priority to Equity Shares but shall not be entitled to any further participation in profits or assets.

STATEMENT OF TAX BENEFITS

To,
Board of Directors
Nitin Spinners Ltd.
16-17 KM Stone,
Chittor Road, Hamirgarh,
Bhilwara – 311025
Rajasthan - India

Dear Sirs,

Subject: Statement of Possible Tax Benefits

We hereby certify that the enclosed annexure states the possible tax benefits available to Nitin Spinners Limited (¨the Company") and to the shareholders of the Company under the provisions of the Income-tax Act, 1961 (referred to as the "Act"), presently in force in India for the Financial Year ("F.Y.") 2017-18 - Assessment Year ("A.Y.") 2018-19. Several of these benefits are dependent the Company or its shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the Company or its shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The enclosed statement discusses key tax benefits including potential benefits. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a professional tax advice. A prospective shareholder is advised to consult their own tax consultant with respect to the tax implications arising out of the proposed Qualified Institutional Placement ("QIP") of equity shares of the Company particularly in view of ever changing Tax Law in India.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future ; or
- The conditions prescribed for availing the benefits have been/ would be met.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the Act. The same shall he subject to notes to this annexure.

This report is intended solely for your information and for the inclusion in the Preliminary Placement Document and the Placement Document in connection with the proposed Qualified Institutional Placement of the Company and is not to be used referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,
For M/s Kalani & Company
Firm Registration Number: 000722C
Chartered Accountants

S.P. Jhanwar
Partner
Membership No.: 074414

Place: Bhilwara
Date: November 1, 2017

STATEMENT OF TAX BENEFITS UNDER INCOME TAX ACT 1961

The following is based on the provisions of the Income-tax Act, **1961** ("the Act") as of the date hereof. The Act is amended every fiscal year.

1. Levy of Income Tax

Tax implications under the Act are dependent on the residential status of the tax payer. We summarize herein below the provisions relevant for determination of residential status of a tax payer,

1.1. Residential status of an Individual

As per the provisions of the Act, an individual is considered to be a resident in India during FY if he or she is present in India for:

a) a period or periods aggregating to 182 days or more in that FY; or
b) a period or periods aggregating to 60 days or more in that FY and for period or periods aggregating to 365 days or more within the four preceding years; or

In the case of a citizen of India or a person of Indian origin living outside India who comes on a visit to India in any previous year, the limit of 60 days under point (b) above shall be read **as 182** days.

In the case of a citizen of India who leaves India as member of the crew of an Indian ship or for the purposes of employment outside India in any previous year, the limit of 60 days under point (b) above, shall be read as 182 days.

Further if an individual fulfills the conditions prescribed under Section 6(6) of the Act, he/she shall be regarded as 'Resident but not ordinarily resident'.

1.2. Residential status of a company

A company is resident in India if it is formed and incorporated under the Companies Act, 1956/2013 or the place of effective management is situated in India.

For this purpose, the place of effective management means a place where key management and commercial decisions that are necessary for the conduct of the business of the entity as a whole are in substance made. For this purpose, the Board (for the benefit of the tax payers as well as tax administration) may issue a set of guiding principles to be followed in determination of POEM.

1.3. Residential Status of a Hindu Undivided Family ("HUF") firm or AOP —

A HUF, firm or other association of persons or every other person is resident in India except when the control and management of its affairs is situated wholly outside India.

A person who is not a resident in India would be regarded 'Non-Resident'.

1.4. Residential status of every other person

Every other person is resident in India in a FY in every case except when the control and management of its affairs is situated wholly outside India.

1.5. Scope of taxation

In general, a person who is "resident" in India in a FY is subject to tax in India on its global income, In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to be accrue or arise to such person in India is subject to tax in India.

In the instant case, the income from the equity shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all categories of tax payers irrespective of their residential status unless specifically exempt (e.g. Dividend), However, a relief may be available under applicable Double Taxation Avoidance Agreement ('DTAA') to certain non-residents/ investors.

1.6. Tax Considerations

As per the taxation laws in force, the tax benefit/consequences as applicable, to the Company and its shareholders are stated as under. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act. Hence, the of Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions

2. Benefits available to the Company — Under the Act

2.1. General Tax Benefits

2.1.1. As per Section 10(15)(iv)(h) of the Act, any interest received by the Company from any public sector company in respect of bonds or debentures is exempt for tax. The exemption is subject to such conditions including the conditions that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government specify in this behalf by notification in the Official Gazette.

2.1.2. As per Section 10 (34) of the Act, any income received by the company), by way of- Dividend on which Dividend Distribution tax (-DDT') has been paid shall not form part of the total income of the Company and accordingly would be exempt from tax in its hands.

Under Section 14A of the Act, no deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax including dividends exempt under section 10(34) of the Act. The expenditure relatable to 'exempt income' needs to be determined in accordance with the provisions specified in Section 14A of the Act read With Rule 8D of the Income-tax Rules, 1962 (`the Rules').

However, the Company would be liable to pay DDT at 15% (plus applicable surcharge and education cess and secondary & higher education cess) on the grossed up amount declared, distributed or paid by it as dividend.

Thus, where the amount of dividend paid or distributed by a company is Rs. 85, then DDT under the amended provision would be calculated as follows:

Dividend amount distributed = Rs. 85

Increase by Rs. 15 [i.e.(85*0.15)) Increased amount Rs. 100
DDT @ 15% of Rs. 100 = Rs. 15

Tax, payable u/s 115-O is Rs. 15

Dividend distributed to shareholders = Rs. 85

In calculating the amount of dividend on which DDT is payable, dividends (if any, received by the Company during the tax year and subject to fulfillment of the conditions), shall be reduced by:

- Dividends received by the domestic company from the subsidiary of the company (A company shall be a subsidiary of another company, if such other company. Holds more than half in nominal value the value if equity shares capital of the company); and

- Where such subsidiary is a domestic company, it has paid tax payable under section 115-0 of the Act (DDT) or where -such subsidiary is a foreign company, the tax is payable under section 115BBD of the Act by the domestic company.

As per the proviso to this section, the same amount of dividend would not be taken into account for reduction more than once.

2.1.3. Dividend received by an Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable under concessional rate of 15% on gross basis (excluding surcharge and education cess) as per Section 115BBD of the Act.

2.1.4. As per Section 10(35) of the Act, the following income shall be exempt in the hands of the company

i) income received in respect of the units of a Mutual Fund specified under clause (23D) of Section 10 of the Act; or
ii) Income received in respect of the units form the Administrator of the Specified undertaking; or
iii) Income received in respect of units from the specified company

However, as per the proviso to Section 10(35) of the Act, the above provisions are not applicable to any income arising from transfer of units of the Administrator of the Specified undertaking or of the specified company or of a mutual fund.

2.2. Computation of capital gains

2.2.1. Capital assets may be categorized into short-term capital assets and long-term capital assets based on the period for which they are held by a tax payer.

A security (other than a unit) listed in a recognized stock exchange in India or units of the Unit Trust of India established under the Unit Trust of India Act, 1963 or a unit of an equity oriented fund or a zero coupon bonds are considered as long-term capital assets if they ate held for a period more than 12 months immediately preceding date of their transfer. Shares of a company (not being a share listed in recognized stock exchange in India are considered as long-term capital assets if they are held for a period more than 24 months immediately preceding date of their transfer. Other capital assets are considered as long-term capital assets if they are held for a period more than 36 months immediately preceding date of their transfer. Consequently, capital gains arising on sale of these assets are considered as long-term capital assets.

Capital gains arising on sale of these assets held for a period less than the period stipulated above are considered as 'short-term capital gains'.

2.2.2. As per section 10(38) of the Act, capital gains arising from transfer of a long-term capital asset being an equity share in the company or a unit of an equity oriented fund, where the transaction of sale is chargeable to Securities Transaction Tax (`STT') or where the transaction is undertaken in foreign currency on a recognized stock exchange located in a international Financial Service Centre, shall be exempt from tax in the hands of the Company,

For this purpose 'Equity Oriented Fund' means to fund ---

i) Where the investible funds are invested by way of equity shares in the domestic companies to the extent of more than 65% of the total proceeds of such funds; and
ii) Which has been setup under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

However, the long-term capital gains arising on sale of shares or units referred above shall not be reduced while calculating the book profit under the provisions of Section 115JB of the Act. In other words. such book profit shall include the long-term capital gain as referred to in Section 10(38) of the Act and the company will he required to pay, MAT @ 18.5% (plus applicable surcharge, education cess and secondary & higher education cess) on such book profit.

2.2.3. Section 48 of the Act. (which prescribes the mode of computation of capital gains) provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains.

However, in respect of long-term capital gains (as defined in Para 2.3.1 above), a deduction of indexed cost of acquisition/improvement is available.

Indexed cost of acquisition means an amount which bears to the cost of acquisition of same proportion as Cost Inflation Index (CII) for the year in which the asset is transferred bears to the CII for the first year in which the asset was held by the tax payer or for the year beginning on April 1, 2001, whichever is later. In Other words, indexed cost of acquisition is computed as under:

Cost of acquisition X C11 of the FY in which the asset is transferred/ CII of the FY in which the asset was first held by the tax payer or for the year beginning on April 1, 2001 whichever is earlier.

2.2.4. As per the provisions of Section 112 of the Act, long —term capital gains (as defined in Para 2.3.1 above) to the extent not exempt under Section 10(38) of the Act would be subject to tax in the hands of the company at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess).

However, as per the proviso of Section 112(1) of the Act, if the tax on long-term capital gains resulting from transfer and listed securities (other than a unit) to the extent not exempt under Section 10(38) of the Act, calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such tax are chargeable to tax at the concessional rate of 10% (without indexation benefit) (plus applicable surcharge, education cess and secondary & higher education cess).

2.2.5. As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.3.1 above) on sale of equity shares or units of equity oriented fund where the transaction of sale is chargeable to STT, or where the transaction is undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre, shall be subject to tax at the rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess). Short-term capital gains arising from transfer of capital assets, other than those covered by Section 111A of the Act, would be subject to tax at the rate as applicable to the company i.e. 30% (plus applicable surcharge, education cess and secondary & higher education cess).

2.2.6. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains Arising to the company would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in long-term specified assets, being bonds issued by:

a) National Highway Authority of India constituted under section 3 of The National Highway authority of India Act, 1988: or
h) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956,

The investment made in such bonds during any FY cannot exceed Rs. 50,00,000/-.

However, with effect from AY 2015-16, it is provided that the investment made by an assesses in the long term specified asset, out of capital gains arising from transfer of one or more original asset, during the financial year in which the original asset is transferred and in the subsequent financial year does not exceed Rs. 50,00,000.

If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of capital gain. However, in case the long term specified assets are transferred or converted within money within 3 years from the date of its acquisition, the amount of capital gains so exempt shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under section 10(38) of the Act are exempt from tax, there is no requirements to invest under section 54EC of the Act in such cases.

2.2.7. Set off and carry forward of capital loss

Under section 70(2) of the Act, the company can set off short term capital loss against other short term capital gain or long term capital gain. Under section 70(3) of the Act, the company can set off long term capital loss against other long term capital gain.

Under section 74 of the Act, the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or long term) of subsequent years (up to 8 years) Unabsorbed long term capital loss can be carried forward and set off against tong term capital gains only in of subsequent years (up to 8 years). However, as per section 80 of the Act, the unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under section 139(1) of the Act.

2.3 Computation of business income

Profits from business are computed after allowing all reasonable business expenditure including depreciation under section 28 to 44DB of the Act. Considering the activities and the business of the company, the following benefits may be available.

2.3.1. Depreciation allowances

2.3.1.1. Under section 32(1) of the Act, the company can claim depreciation allowances at the prescribed rates in respect of the following assets:

- Tangible assets being building, machinery. plant or furniture;
- Intangible assets being know-how. patents. Copyrights trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after April 1, 1998.

2.3.1.2. As per the provisions of section 32(1) (ii a) of the Act, the company is entitled to claim additional depreciation at the rate of 20% of the actual cost of any new machinery or plant acquired and installed after 31st March 2005, however, no deduction is allowed in respect of:

a) Ships and Aircrafts:
b) Any machinery or plant which, before its installation by the company. was used either within or outside India by any other person;
c) Any machinery or plant installed in any office premises or any residential accommodation, including accommodation In the nature of guest-house;
d) Any office appliances or road transport vehicles;
e) Any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether as depreciation or otherwise) in computing income under the head 'Profits and gains from business and profession' of any one FY,

Further in case the assets are put to use for less than 180 days in the year of acquisition, then additional depreciation would be 10% of the cost of acquisition in the first year and the balance 10% would be available in the immediately succeeding previous year.

2.4. Carry forward of unabsorbed depreciation, unabsorbed business losses

2.4.1. Under section 32(2) of the Act, the company can carry forward and set off unabsorbed depreciation of one FY and adjusted against income of subsequent years.

2.4.2. Under section 72 of the Act, unabsorbed business loss, if any can be carried forward and set off against business profits o subsequent years (up to 8 years) subject to prescribed conditions. However. as per section 80 of the Act, the unabsorbed business loss can be carried forward only when the return of income has been filed within the time prescribed under section 139(1) of the Act,

2.5 Deduction of expenditure on scientific research

2.5.1. Under section 35(1)(i) and section 35(1)(iv) of the Act, the Company is eligible for deduction in respect of any revenue or capital expenditure (other than expenditure on the acquisition of any land) incurred on scientific research related to its business.

2.5.2 Under section 35(1)(ii) of the Act, the Company can claim weighted deduction of 175% of any sum paid to an approved research association, (which has its object, the undertaking of scientific research) or to a university, college or other institution to be used for scientific research during the AY 2017-18. Weighted deduction is restricted to 150% of sum paid as aforesaid for the AY 2018-19 to 2020-21 and 100% of sum paid as aforesaid from AY 2021-22.

2.5.3. Under section 35(1) (iia) of the Act, any sum paid to the Company registered in India (which has as its main object the conduct of scientific research and development) and approved by the prescribed authority can be claimed as deduction to the extent of one and one fourth times (125%) of the amount so paid during the AY 2017-18, From the AY 2018-19 only 100% of the actual contribution as aforesaid is allowed as deduction.

2.5.4. Under section 35(1)(iii) of the Act, the Company is eligible for deduction of one and one fourth times (125%) of the sum paid to a research association, university, college or other institution to be used for research in social science or statistical research. This weighted deduction is available to amounts paid to approved research association, university, college or other institution during the AY 2017-18. From, AY 2018-19 only 100% of the actual contribution as aforesaid is allowed as deduction.

2.5.5. The Company is eligible for weighted deduction of 200% under section 35(2AA) of the Act in respect of payments to a National Laboratory, university or Indian Institute of Technology in respect of approved Programs of scientific research. The weighted deduction is available provided the sum is paid with specific direction that it is used for approved programs of scientific research during the AY 2018-19 to 2020-21 and 100% of the sum paid as aforesaid from AY 2021-22.

2.5.6. The Company is eligible for weighted deduction of 200% under section 35(2AB) of the Act in respect of expenditure on scientific research (not being expenditure in the mature of cost of any land and building) incurred in house research and development facility is approved by the prescribed authority during the AY 2017-18, Weighted deduction is restricted to 150% of the expenditure incurred aforesaid for the AY 2018-19 to 2020-21 and 100% of sum paid as aforesaid from AY 2021-22.

2.6 Deduction of expenditure on eligible projects or scheme

As per the provisions of section 35AC of the Act, the Company is eligible for deduction of any expenditure incurred towards payment of any sum to a public sector company or local authority or an association or institution approved by the National Committee for carrying, out any eligible projects or scheme, subject to prescribed conditions for the AY 2017-18.

2.7. Amortization of certain expenditure

2.7.1. Under section 35D of the Act, a company is eligible for deduction in respect of specified expenditure incurred by it in connection with extension of its undertaking or in connection with setting up now unit for an amount equal to 1/5 of such expenditure over 5 successive AYs subject to conditions and limits specified in that section.

Specified expenditures includes expenditure in connection with the issue, for public subscription, of shares in or debentures of the company, being underwriting commission, brokerage and charges for drafting, typing, printing and advertisement of the prospectus.

2.7.2 Under section 35DDA of the Act, the Company is eligible for deduction in respect to payments made to its employees in connection with his voluntary retirement for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that Section.

2.8. Expenditure on skill development project

As per section 35 CCD of the Act, the Company would be entitled to a deduction of one and a half time of an amount of expenditure (not being expenditure in the nature of cost of any land and building) incurred on any skill development project notified by the Central Board of Direct Taxes ('CBDT') in accordance with the guidelines as may be prescribed up to AY 2020-21. From A.Y. 2021-22 only actual expenditure incurred will be allowed as deduction.

2.9. Deduction of STT while computing business income

STT paid by the tax payer in respect of the taxable securities transaction entered into in the course of business during the FY will be allowable as deduction under section 36(l)(xv) of the Act., if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and gains from business and profession'.

2.10. MAT credit

Under section 115 JAA of the Act, tax credit is allowed in respect of MAT paid under section 115JB **of the Act** for any AY commencing on April 1,2006 *and any subsequent AY.*

The credit eligible for carry forward is the difference between MAT paid and the amount of tax payable computed as per the normal provisions of the Act.

The credit is available for set off only when tax becomes payable under the normal provisions of the Act. The brought forward tax credit can be utilized to an extent of difference between the tax payable under the normal provisions of the Act and tax payable under MAT for that year. Credit in respect of MAT paid is available for set-off upto 10 AYs immediately succeeding the AY for the MAT credit initially arose,

2.11. Deduction for donations

2.11.1. The Company is entitled to a deduction under section 80G of the act in respect of amounts contributed as donations to various charitable institutions and funds covered under that section, subject to the fulfillment of conditions prescribed therein.

2.11.2. A company in entitled to claim deduction under section 80GGB of the Act for an amount of 100% of any sum contributed to any political party or an electoral trust.

2.12. Deduction in respect of employment of new employees

The Company is entitled to a deduction under section 80JJAA of the Act in respect of 30% of additional employee cost, incurred in respect of additional employees (as defined in the section) for a period of 3 AYs including the AY relevant to the previous year in which such employment is provided. This deduction is subject to the compliance of conditions specified in the section 80JJAA.

2.13. Benefit of double taxation avoidance agreement (DTAA)

Under the provisions of section 90 of the Act, the Company shall be eligible for claiming credit of taxes paid by it on incomes in the foreign countries with which the Government of India has entered into DTAA. The tax credit shall be available as per the provisions of the relevant DTAA.

Section 91 of the Act provides for unilateral relief in respect of taxes paid on income in the foreign countries with which no DTAA exists. Under the provisions of the said section, the company shall be entitled to deduction from the income tax of sum calculated on such doubled taxed income at the Indian rate of tax in the foreign country whichever in lower.

3. Benefits available to resident shareholders under the Act

3.1. Dividend Income

Under section 10(34) of the Act, any income earned by way of dividends from the Company would be exempt from tax in the hands of the shareholders, if such dividends are subject to DDT under section 115-0 of the Act and also such dividend income is not chargeable to tax under section 115 BB DA of the Act,

Under section 115BBDA of the Act, income by way of dividend, as define under section 2(22) of the Act but excluding dividend under section 2(22)(e) received by an individual, HUF or a firm resident in India in excess of ten lakh rupees shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess and Secondary & higher education cess) No deduction in respect of any expenditure or allowance or set off of loses shall be allowed under any provision of the Act in computing the income by way of dividend under this section.

However, as per the provisions of the section 94(7) of the Act, losses arising from transfer/sale of shares, where such shares are purchased within 3 months prior to the record date and sold within 3 months from the record date will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

`Record date' means such date as may be fixed by the company for the purposes of entitlement of the holder of securities to receive dividend,

As per the provisions of section 14A of the Act, no deduction would be allowed in respect of expenditure in relation to earning of dividend income which is exempt from tax.

3.2. Computation of capital gains

3.2.1. As per the provisions of section 2(42A) of the Act, shares held in company or any other security listed on a recognized stack exchange will be considered as short term capital asset if they are held for a period of 12 months or less immediately preceding date of their transfer. If the period of holding of shares is more than 12 months immediately preceding date of transfer, they will be treated as long term capital asset.

The capital gain/loss on sale of short term capital assets is regarded as short term capital loss. The capital gain/loss on sale of long term capital assets is regarded as long term capital loss.

3.2.2. According to section 10(38) of the Act, long term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT or where the transaction is undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre, shall be exempt from tax.

However, in case of a shareholder being a company gains arising from transfer of above referred long term capital asset shall be taken into account for computing the book profit for the purposes of computation of MAT under section 115JB of the Act.

3.2.3. Section 48 of the Act, (which prescribes the mode of computation of capital gains) provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains.

However, in respect of long term capital gains, a deduction of indexed cost of acquisition /improvement is available.

Indexed cost of acquisition means the means an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index (CII) for the year in which the asset is transferred bears to the CII for the first year in which the asset was held by the tax payer. In other words indexed cost of acquisition in computed as under:

Cost of acquisition X CII of the FY in which the asset is transferred/ CII of the FY in which the asset was first held by the tax payer.

3.2.4. As per the provisions of section 112 of the Act; long term capital gains to the extent not exempt under section 10(38) of the Act would be subject to tax in the hands of the shareholders at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess).

As per the proviso of section 112(1) of the Act, if the tax on long term capital gains resulting from transfer of listed securities (other than a unit) to the extent not exempt under section 10(38) of the Act, calculated at the rate of 20% (with indexation benefit) exceeds the tax on long term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at the concessional rate of 10% (without indexation benefit) (plus applicable surcharge, education cess and secondary & higher education cess).

3.2.5. As per the provisions of section 111A of the act, short term capital gains on sale of equity shares where the transaction of sale is chargeable to STT or where the transaction in undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre, shall be subject to tax at the rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess).

Short term capital gains arising from transfer of shares of the company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

3.2.6. Under section 54EC of the Act and subject to the conditions specified therein, long term capital gains arising on the transfer of equity shares of the company (other than those covered by section I 0(33) of the Act) would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

a) National Highway authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;
b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed Rs. 50,00,000/-.

However, with effect from AY 2015-16, it is provided that the investment made by an assessee in the long term specified asset, out of capital gains arising from transfer of one or more original asset, during the financial year in which the original asset is transferred and in the subsequent financial year does not exceed Rs. 50,00,000.

If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of capital gain. However, in case the long term specified assets are transferred or converted into money within 3 years from the date of its acquisition, the amount of capital gains so exempt shall be chargeable to tax during the year of such transfer or conversion.

3.2.7. As per the provisions of section 54F of the Act. long term capital gains which are not covered under section 10(38) of the Act arising from the transfer of any capital asset (not being residential house property) held by an Individual or Hindu Undivided Family ('HUF') will be exempt from tax, if net consideration is utilized, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years, The exemption is available subject to fulfillment of prescribed conditions.

With effect from AY 2015-16, section 54F of the Act provides that the exemption is available if the investment is made in purchase or construction of one residential house situated in India.

3.2.8. Under section 70(2) of the Act, the short term capital loss can be set off against other short term capital gain or long term capital gain. Under section 70(3) of the Act, the long term capital loss can be set off against other long term capital gain.

3.2.9. Under section 74 of the Act, the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or *long* term) of subsequent years (upto 8 years). Unabsorbed long term capital loss can be carried forward and set off against long term capital gain only in of subsequent years (upto 8 years). However, unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under section 139(1) of the Act.

3.3. Deduction of STT while computing business income

As per section 36(1)(xv) of the Act, the STT paid by the tax payer in respect of the taxable securities transactions entered into the course of business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and gains from business and profession',

3.4. Income from other sources

As per the provisions of section 56(2)(vii) of the Act, where any property, other than immovable property (including shares) is received by an individual/HUF:-

i) Without consideration and the aggregate fair market value of such property exceeds Rs. 50,000, or
ii) For a consideration which is less than the aggregate lair market value of such property by at least Rs. 50,000, then the difference between fair market value and consideration paid will be taxable as income from others sources,

This provision is applicable only if shares are held by the shareholders as capital assets.

This provision is not applicable where shares are received in any of the following modes, namely —

1) From any relative;
2) On the occasion of marriage of an Individual:
3) Under a will or by way of inheritance;
4) In contemplation of the death of the payer or donor;
5) From any local authority as defined in Explanation to section 10(20) of the Act;
6) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in section 10(23C) of the Act; or
7) From any trust or institution registered under section 12AA of the Act.

4 Benefits available to Non-resident shareholder (Other than Foreign Institutional Investors) under the Act

4.1. Dividends exempt under section 10(34) of the Act

Under section 10(34) of the Act, any income earned by way of dividends from the company would be exempt from tax in the hands of the shareholders, if such dividends are subject to DDT under section 115-0 of the Act.

However, as per the provisions of section 94(7) of the Act, losses rising form transfer/sale of shares, where **such shares are purchased within** three months prior to the record date and sold within three months from the record date will be disallowed to the extent such loss does not exceed the amount of dividend claimed' exempt.

`Record date' means such date as may be fixed by the company for the purposes of entitlement of the holder of securities to receive dividend.

As per the provisions of section 14A of the Act, no deduction would be llowed in respect of expenditure incurred in relation to earning of dividend income which is exempt from tax.

4.2. Computation of capital gains

4.2.1. As per the provisions of section 2(42A) of the Act, the share held in a company or ally other Security listed on a recognized stock exchange will be considered as short term capital asset if they are held for a period of 12 months or less immediately preceding date of their transfer, if the period of holding of shares is more than 12 months immediately preceding date of transfer, they will be treated as long term capital asset.

The capital gain/loss on sale of short term capital assets is regarded as short term capital loss. The capital gain/ loss on sale of long term capital asset is regarded as long term capital loss

4.2.2. According to section 10(38) of the Act, long term capital gains **on** sale of equity shares, *where* the transaction of sale is chargeable to STT or where the transaction is undertaken in a foreign currency on a recognized stock exchange located in an International Financial Services Centre shall be exempt from tax.

4.2.3. First proviso to section 48 of the Act contains special provisions relating to computation of capital gains in the hands of non-residents arising from transfer a shares of an Indian company which are purchased in Foreign currency

In such a case, the capital gains are computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with transfer and the full value of consideration into the same foreign currency that was initially used to purchase such shares. The capital gain so computed in the original foreign currency is reconverted into Indian Rupees at the prescribed exchange rate. The said manner of computing capital gains is used in respect of capital gains accruing or arising from every reinvestment thereafter in and sale of shares of an Indian company.

The nonresident shareholders are not entitled to indexation benefit as provided under second proviso to section 48 of the Act.

4.2.4. As per the provisions of section 112 of the Act, long term capital gains (to the extent not exempt under section 10(38) of the Act) would be subject to tax in the hands of the shareholders at the rate of 20% (plus surcharge, education cess and secondary & higher education cess).

As per the proviso of section 112(1) of the Act, if the tax on long term capital gains resulting from transfer of listed securities to the extent not exempt under section 10(38) of the Act, calculated at the rate of 20% (with indexation benefit) exceeds the tax on long term capital gains computed at the rate of 10% (without indexation benefit) (plus surcharge, education cess and secondary & higher education cess).

4.2.5. As per the provisions of section 111A of the Act, short term capital gains on sale of equity shares where the transaction of sale is chargeable to STT or where the transaction is undertaken in foreign currency on a recognized stock exchange in an International Financial Services Centre, shall be subject to a tax at a rate of 15% (plus surcharge, education cess and secondary & higher education cress).

Short term capital gains arising from transfer of shares of the company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

4.2.6. Under section 54EC of the Act and subject to the conditions specified therein, long term capital gains arising on the transfer of equity shares of the company (other than those covered by section 10(38) of the

Act) would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by :

a) National Highway authority of India constituted under section 3 of the National Highway Authority of India Act, 1088:
b) Rural electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed Rs. 50,00,000/-.

However, with effect from AY 2015-16, it is provided that the investment made by an assesses in the long term specified asset. out of capital gains arising from transfer of one or more original asset, during the financial year in which the original asset is transferred and in the subsequent financial year does not exceed Rs. 50,00,000/-.

If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of capital gain, However, in case the long term specified assets are transferred or converted into money within 3 years from the date of its acquisition, the amount of capital gains so exempt shall be chargeable to tax during the year of such transfer or conversion.

4.2.7. As per the provisions of section 54F of the Act, long term capital gains which are not covered under section 10(38) of the Act arising from the transfer of any capital asset (not being residential house property) held by an Individual or Hindu Undivided Family ('HUF') will be exempt from tax, if net consideration is utilized, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years. The exemption is available subject to fulfillment of prescribed conditions.

With effect from AY 2015-16, section 54F of the Act provides that the exemption is available if the investment is made in purchase or construction of one residential house situated in India.

4.2.8. Under section 70(2) of the Act, the short term capital loss can be set off against other short term capital gain or long term capital gain. Under section 70(3) of the Act, the long term capital loss can be set off against long term capital gain Under section 74 of the Act, the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or long term) of subsequent years (upto 8 years). Unabsorbed long term capital loss can be carried forward and set off against long term capital gain only in of subsequent years (up to 8 years). However. unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under section 139(1) of the Act.

4.3. Deduction of STT while computing business income

As per section 36(1)(xv) of the Act, the STT paid by the tax payer in respect of the taxable securities transactions entered into the course of business during the **FY** will be allowable as deduction. if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and gains from business and profession".

4.4. Special benefit available to Non-resident Indian shareholders

4.4.1. **In addition** to some of the general benefits available to non-resident shareholders. Where 'specified assets' (as defined in section 115 0(f) of the Act. which includes equity) shares in the company) have been subscribed or acquired or purchased by Non-resident Indians, they have the option of being governed by the provisions of Chapter X11-A of the Act (which *inter aila* entitles them to the benefits mentioned below :-

As per section **1 15C** (e) of the Act, a 'Non-resident Indian' (NRI) has been defined to mean an individual being citizen of India or person of Indian origin who is not a resident.

4.4.2. As per the provisions of section 115E of the Act, investment income (income derived from specified assets other than dividends referred to in section 115O of the Act) or income from long —term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% in the hands of NRI. Income by way of long term capital gains in respect of a specified asset shall be chargeable to income tax at the rate of 10% .The rates would be increased by the applicable rate of surcharge education cess and secondary & higher education cess.

4.4.3. Under provisions of Section 115F of the Act, any long term capital gains arising from the transfer of shares of the Company acquired in convertible foreign exchange shall be exempt from tax if the whole or any part of the net consideration (consideration less expenditure incurred wholly and exclusively on transfer) is reinvested within six months of the date of the transfer in any 'specified assets' or savings certificates referred to in clause (4B) of Section 10 of the Act.

If only a part of the net consideration is reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax as "capital gains" subsequently, if the specified assets or savings certificate are transferred or converted into money within three years from the date of their acquisition. The taxability shall arise in the year in which the transfer or conversion, as the case may be, takes place.

4.4.4. As per the provisions of Section 115D of the Act, no deduction is allowed for any expenditure or allowance under any provisions of the Act in computing the investment income of the NRI. Further no deduction is allowed to NRI under chapter VIA against investment income or income by way of long term capital gains. The benefit of indexation is also not available.

4.4.5. As per the provisions of Section 115G of the Act, NRI's are not required to furnish a return of income under Section 139(1) of the Act, if

- Their income chargeable under the Act consists of only investment income or long term capital gains arising from the transfer of specified asset or both;
- Tax deductible at source has been deducted as per the provisions of Chapter XVII-B of the Act from the income,

4.4.6. As per the provision of Section 115H of the Act, where a person who is NRI in any FY. becomes assessable as resident in India in respect of total income of any subsequent year, the provisions of Chapter Xll-A shall continue to apply to him in relation to the investment income derived from any foreign exchange asset being an asset specified in sub clause (ii),(iii),(iv), or (v) of section 115(C)(f) of the Act for the AY and for that AY and for every subsequent AY until there is transfer or conversion into money of such asset. For this provision to apply. NRI is required to file a declaration along with his return of income for the AY in which the he become assessable in India

4.4.7. In accordance with section 115- 4-1 of the Act ; where a NRI opts not to be governed by the provisions of chapter XII-A for any AY, his total income for that AY (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Act.

4.5. Taxability as per DTAA

4.5.1. The tax rates and consequent taxation mentioned above will he further subject to any benefits available under the DTAA, if any, between India and the country or any specified territory in which the non-resident has fiscal domicile.

As per the provisions of Section 90(2) of the Act, where the Central Government has entered into an agreement with the Government of any country outside India or specified territory outside India, as the case may be, under sub- Section (1) of Section 90 of the Act for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assesses to whom such agreement applies, the provisions of the Act shall apply to the extent they are more beneficial to the assessee.

4.5.2. As per provisions of Section 90(4) of the Act, a non-resident, shall not be entitled to claim any relief under DTAA, unless a certificate of his being a resident in any country outside India or specified territory outside India, as the case may be has been obtained by him from the government of that country or specified territory. In other words, the non-resident tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate from the government of their country of residence.

4.6. No capital gain tax under MAT

In case of shareholders being a foreign company and is liable to MAT in India, any capital gains arising from transactions of shares, on which Income -Tax payable as per the provisions of the Act is at a rate less than the rate specified for MAT (currently at 18.5%), shall be excluded from the computation of "book profit" for the purpose of computation of MAT under Section 115JB of the Act.

5. Benefits available to Foreign Institutional Investors (FI Is') under the Act

5.1. Dividends exempt under Section 10(34) of the Act

Under Section I 0(34) of the Act. any income earned by way of dividends from the Company would be exempt from tax in the hands of the shareholders . if such dividends are subject to DDT under Section 115-0 of the Act.

However, as per the provisions of Section 94(7) of the Act, losses arising from transfer/sale of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

'Record date' means such date as may be fixed by the company for the purpose of entitlement of the holder of securities to receive dividend

As per the provisions of Section 14A of the Act, no deduction would be allowed in respect of expenditure incurred in relation to earning of dividend income which is exempt from tax.

5.2. Taxability of Capital Gain :-

5.2.1. As per the provisions of Section 115D of the Act. FlIs will be taxed on the capital gains that are not exempt under Section 10(38) of the Act at the rates as follows

Nature of income	Rate of tax
Long term capital gain other than the long term capital; gain covered By the provisions of section 10(38) of the Act	10
Short term capital gain on sale of equity shares subjected to STT or Where the transaction is undertaken in foreign currency on a recognized Stock exchange located in an International Financial Services Centre, under Section I I IA of the Act	15
Short term capital gain other than short term capital gain covered under Section 111A of the Act	30

The above tax rate would be increased by the applicable rate of surcharge education cess and secondary & higher education cess

The benefits of indexation and foreign currency fluctuation protection are not available to an F11.

The above mentioned capital gains are not subject to tax deduction at sources as per the provisions of Section 196D.(2) of the Act.

5.3. Capital gains-not subject to income-tax

5.3.1. According to Section 10(38) of the Act, long-term capital gains on sale of equity shares* where the transaction of sale is chargeable to STT or where the transaction is undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre, shall be exempt from tax,

5.3.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company (other than the long -term capital gain covered by the provisions of Section 10(38) of the Act) would be exempt from tax it such capital gains is invested within 6 months after the date of such transfer hi specified assets, being bonds issued by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed Rs.50,00,000/-. However, with effect front AY 2015-16, it is provided that the investment made by an assessee in the long-term specified asset, out of capital gains arising from transfer of one or more original asset, during the financial year in which the original asset is transferred and in subsequent financial year does not exceed Rs, 50,00,000/-.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the specified asset is transferred or converted into money within 3 years from the date of its acquisition. the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

5.3.3. Under Section 70(2) of the Act, the short term capital loss can be set off against other short term capital gain or long term capital gain. Under Section 70(3) of the Act, the long term capital loss can be set off against other long term capital gain.

Under Section 74 of the Act. the unabsorbed short term capital loss can be carried forward and set off against capital gains (whether short term or long term) of subsequent years (up to 8 years),Unabsorbed long term capital loss can be carried forward and set off against long term capital gains only in of subsequent years (up to 8 years). However, the unabsorbed capital loss can be carried forward only when the return of income has been filed within the time prescribed under Section 139(1) of the Act.

5.4. Income from Business Profits

As per Section 36(1) (xv) of the Act, the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and gains of business or profession'.

5.5. Taxability as per DTAA

5.5.1. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any. between india and the country or any specified territory in which the non-resident has fiscal domicile.

As per the provisions of Section 90(2) of the act, where the Central Government has entered into an agreement with the Government of any country outside India or specified territory outside India, as the case may be, under sub-Section (1) of Section 90 of the Act for granting relief of tax, or as the case may be. avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the Act shall apply to the extent they are more beneficial to the assessee.

5.5.2. As per provisions of Section 90(4) of the Act. a non-resident, shall not be entitled to claim any relief under DTAA. unless a certificate of his being a resident in any country\ outside India or specified territory outside India. as the case may be has been obtained by him from the government of that country or specified territory. In other words, the non-resident tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate from the government of their country of residence.

5.6. No capital gain tax under MAT

In case of FII being a foreign company and liable to MAT in India, any capital gains arising from transaction of shares, on which income tax payable as per the provisions of the Act is at a rate less than the rate specified for MAT (currently at 18.5%), shall be excluded from the computation of "book profit" for the purpose of computation of MAT under Section 115JB of the Act.

6 Benefits available to Mutual Funds under the Act

As per the provisions of Section 10(23D) of the Act. any income of:

- A mutual fund registered under the Securities and Exchange Board of India Act. 1992 or regulations made there under;
- Mutual Funds set up by the public sector banks or public financial institutions or Authorized by the Reserve Bank of India.

would be exempt from income-tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of Section 1158 or the Act.

7. Benefits available to. Venture Capital Companies / Funds

7.1. Under Section 10(23FB) of the Act, any income of Venture Capital Companies or Venture Capital Funds registered with the Securities and Exchange Board of India, from investment in a venture capital undertaking would be exempt from income tax, subject to conditions specified therein. 'Venture capital undertaking' means:

- A venture capital undertaking as defined in clause (n)-of the regulation 2 of Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1966 or
- A venture capital undertaking as defined in clause (aa) of sub regulation (1) of regulation 2 of Alternate Investment Fund Regulations.

7.2. According to Section 115U of the Act, any income accruing or arising to or received by a person from his investment in venture capital companies/funds would be taxable in his hands in the same manner as if it were the income accruing/arising/received by such person had the investments been 'nude directly in the venture capital undertaking.

7.3. Further, as per Section 115U(5) of the Act, the income accruing or arising to or received by the Venture Capital Company/ Funds from investment made in a Venture Capital Undertaking if not paid or credited to a person (who has made investments in a Venture Capital Company/Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

8. Benefits available to Investment Funds

8.1. Under Section 10(23F BA) of the Act, any income except for the income under the head " Profits and Gains of Business/Profession" of Investment fund, registered as category-I or CATEGORY -ii Alternative Investment Fund under the Securities and Exchange Board of

India(Alternate Investment Fund) regulations, 2012 would be exempt from income tax, subject to conditions specified therein.

8.2. According to Section 1 I 5B OF THE Act, any income accruing or arising to or received by a person from his investment funds would be taxable in his hands in the same manner as if it were the income accruing/arising/received by such person had the investments been made directly in the company.

8.3. Further, as per section 115UB (6) OF THE Act, the income accruing or arising to or received by the investment fund if' not paid or credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid **in** the previous year.

9. Loss under the head 'Capital Gains'

In general terms. loss arising from the transfer of the capital asset in India can only be set off against Capital gains. Long term Capital Loss rising on sale of equity shares not subjected to STT during a year is allowed to be set -off only against long term capital Gains. A short term capital loss can be set off against capital gains whether short term or long term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of 8 years immediately succeeding the year for which the loss was first determined and may be set off against the capital gains assessable for such subsequent years. In order to set off a capital loss as above, the investor (resident/ non-resident) is required to file appropriate and timely income tax returns in India.

10. Tax Deduction at Source

No income -tax is deductible at source from income by way of capital gains under the present provisions of the IT Act, in case of residents. However, as per the provisions of section 195 of the IT Act, any income by way of capital gains, payable to non residents (except long-term capital gains exempt under section 10(38) of the IT Act), may fall within the ambit of withholding tax provisions, subject to the provisions or the relevant tax treaty. Accordingly income lax may have to be deducted at source in the case of a non-resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.

As per Section 206AA of the Act, with effect from April 1, 2010 every person who is entitled to receive any sum or income or amount on which tax is deductible at source is required to furnish a Permanent Account Number (PAN) to the person responsible for deducting such tax, falling which tax shall be deducted at the rates as per the Act or the rates in force or 20% whichever is higher. The provisions of Section 206AA shall apply on capital gains payable to non-residents.

Notes:

1) The above statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares :
2) The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the company find its shareholders fulfilling the conditions prescribed under the relevant Tax Laws;
3) This Statement is only intended to provide general information to the investors and is 'neither designed nor intended to be a substitute for professional tax advice. In view of the-individual nature of the tax consequences. the changing Tax Laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
4) In respect of Non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Agreement, if any, between India and the country/specified territory (outside India) in which the nonresident has fiscal domicile: and
5) The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

6) The tax rates including rates for tax deduction at source mentioned in this statement are applicable for FY 2017-18(AY 2018-19) and are exclusive of surcharge. education cess and higher education cess.

Surcharge @ 15% of income tax is applicable in case of individuals, HUF, BOI, AOP and artificial juridical persons where total income under the Act exceeds Rs. 1 crore.

Surcharge '@ 7% is applicable in case of resident companies where total income under the Act exceeds Rs. 1 crore and is up to Rs. 10 crore. If the total income of the resident companies exceeds Rs. 10 crore, surcharge would be leviable @12%.

In case of foreign companies, surcharge @ 2% is applicable in case of where total income under the Act exceeds Rs. I crore and is upto Rs10 crore. If the total income exceeds Rs. 10 crore, surcharge would be leviable @ 5%.

For M/s Kalani & Company
Firm Registration Number: 000722C
Chartered Accountants

S.P. Jhanwar
Partner
Membership No.: 074414

Place: Bhilwara
Date: November 1, 2017

LEGAL PROCEEDINGS

Except as described below, our Company is not involved in any legal proceedings and disputes, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, financial condition, cash flows or operations of our Company. Our Company believes that the number of proceedings and disputes in which our Company is involved is not unusual for a company of its size in the context of doing business in India and in international markets. Civil cases involving an amount of ₹50 lakhs or more have been disclosed below. Additionally all material cases pertaining to our Company involving public interest litigations, environmental cases and criminal cases, amongst others, have also been disclosed below.

Litigation involving our Company

Civil proceedings

Supreme Court proceedings

Our Company has filed an appeal dated August, 2017, under section 35L of the Central Excise Act, 1944, before the Supreme Court of India ("**Appeal**") against the final order dated June 6, 2017, bearing no. 53682/2017, passed by the Hon'ble Customs, Excise and Service Tax Appellate Tribunal, New Delhi ("**CESTAT**") ("**Impugned Order**"). The Impugned Order was passed in furtherance of two appeal petitions dated June 7, 2011 and July 15, 2011, bearing nos. 1381/2011 and 1767/2011, filed by our Company and the Commissioner of Central Excise, Jaipur, respectively ("**Appeals**"), against an original order dated March 31, 2011 bearing no. 19/2011/C. Ex/JPR-II passed by the Commissioner of Central Excise, Jaipur ("**Original Order**"). The Original Order directed our Company to deposit, among others, a duty at the rate of 14.42% under the Central Excise Act, 1944, amounting to ₹6,63,54,420 ("**Duty**") in respect of capital goods procured from domestic sources, at the time of de-bonding of the Bhilwara Facility from a 100% Export Oriented Unit under the EPCG Scheme. Further, *vide* the excise stay order no. 343/2012-EX(BR) dated February 23, 2012, passed by the CESTAT, our Company was required to deposit ₹2,00,00,000 by April 23, 2012. The balance Duty, amounting to ₹4,63,54,420 was deposited by our Company on June 29, 2017. Further, by a letter dated September 9, 2017 issued by the Superintendent, Central Excise, Bhilwara, our Company has been requested to deposit an interest amount of ₹7,87,01,847. However, through an order dated October 9, 2017, the Supreme Court of India has stayed the deposit of interest till the next date of hearing. The matter is currently pending before the Supreme Court of India.

Criminal proceedings

Cases filed by our Company

1. A First Information Report dated October 1, 2015, bearing no. 113/15 was filed by Mr. Kanwar Lal Pareek (on behalf of our Company) ("**Complainant**") against Satyanarayan, Sohni Devi and Dhapu ("**Accused**") The Complainant alleged that the Accused cheated and dishonestly induced the Complainant to purchase agricultural land for an amount of ₹8,50,000, through a sale deed dated March 18, 2015. Through a charge sheet dated November 30, 2015, submitted by the police authorities before the Judicial Magistrate First Class, Bhilwara, the allegations against the Accused were held to be true. The matter is currently pending.

2. Our Company filed a complaint dated February 5, 2014, before the Special Judicial Magistrate, Bhilwara, under section 138 of the Negotiable Instruments Act, 1881 against, among others, Metaphor Export Private Limited. The pecuniary liability amounts to ₹12,52,701. The matter is currently pending.

3. Our Company filed two separate complaints dated November 24, 2015, before the Special Judicial Magistrate, Bhilwara, under section 138 of the Negotiable Instruments Act, 1881 against, among others, Orange India Fashion. The pecuniary liability amounts to ₹15,35,694. The matter is currently pending.

Tax proceedings

Indirect tax cases involving our Company

1. Our Company filed an appeal on July 3, 2017, before the Customs, Excise and Service Tax Appellate Tribunal, New Delhi (the "**Appeal**"), against the order number UDZ-EXCUS-000-COM-0007-17-18, dated May 11, 2017, passed by the Commissioner of Central Excise and Service Tax, Udaipur (the "**Impugned Order**"). The Impugned Order states that our Company wrongly availed CENVAT credit amounting to ₹7,58,35,982 in respect of capital goods and parts installed and used for the manufacture of cotton yarn and knitted fabrics for which no duty was payable by our Company (since it had claimed an exemption to pay such duty under the notification number 30/2004 dated July 9, 2004). Accordingly, our Company was held liable to pay ₹7,58,35,982 under Rule 14 of the CENVAT Credit Rules, 2004, as amended ("**CENVAT Rules**") read with section 11 A of the Central Excise Act, 1944 ("**Central Excise Act**"), along with a penalty of ₹50,00,000 under Rule 15(1) of the CENVAT Rules read with section 11(AC) of the Central Excise Act and such interest payable as mentioned in Rule 14 of the CENVAT Rules, in case the CENVAT credit was already utilized by our Company. Through the Appeal, our Company denied the allegations contained in the Impugned Order and has prayed that the Impugned Order be set aside. The matter is currently pending.

2. The Hon'ble Commissioner of Central Excise and Service Tax, Jaipur - II (the "**Commissioner**") issued a show cause notice, bearing number V(55) Adj – II/JP-II/251/09, dated August 11, 2011 ("**Show Cause Notice**"), to our Company by way of which it was alleged that customs duty of ₹4,49,91,000 ("**Duty**") on cotton lying in stock as on May 16, 2008, was payable by our Company under Section 28 of the Customs Act, 1962 ("**Customs Act**") (along with interest and penalty payable under Sections 28AB and 114A and 117 of the Customs Act and penalty to be imposed under Section of the Customs Act) in lieu of its exit as a 100% EOU. Our Company denied the allegations contained in the Show Cause Notice through its reply to the Commissioner dated January 31, 2012. The matter is currently pending.

3. Our Company filed three separate appeals under the Rajasthan Value Added Tax Act, 2003, on July 11, 2017 before the Additional Commissioner (Appellate Authority) Commercial Taxes, Ajmer ("**Commissioner**") (collectively, the "**Appeals**"), against the order dated May 10, 2017 passed by the Commercial Taxation Officer – Ward A, Bhilwara ("**Impugned Order**"). The Impugned Order directed our Company to pay a sum amounting to ₹3,67,32,563 for wrongfully availing VAT credit during Fiscal Years 2015, 2014 and 2013. Our Company has filed the Appeals to set aside the Impugned Order. The matter is currently pending.

Direct tax proceedings involving our Company

Our Company filed an appeal on January 11, 2017, under section 246 A of the Income Tax Act, 1961, before the Commissioner of Income Tax (Appeals) ("**Appeal**"), against the order dated December 31, 2016, passed by the Assistant Commissioner of Income Tax, Bhilwara ("**Commissioner**") ("**Order**"). The Order states that our Company furnished incorrect particulars of income for the assessment year 2014-2015. By way of the Appeal, our Company has sought the allowance of a claim amounting to ₹9,18,35,754 (received as subsidy under the TUFS, Rajasthan Investment Promotion Scheme, 2003, Focus Market Scheme and Focus Product Scheme) as capital receipt for the purpose of computing its taxable income. The matter is currently pending.

Litigation involving our Promoters

Mr. Munna Singh ("**Complainant**") filed a criminal complaint against Mr. Ratan Lal Nolkha and Mr. Poonam Singh (who is an employee of our Company) ("**Respondents**") dated September 12, 2008, under sections 287 and 338 of the Indian Penal Code, 1860, before the Judicial Magistrate I Class, East Bhilwara (the "**Complaint**"). Through the Complaint, it was alleged that the negligence of the Respondents while instructing the Complainant on how to operate machinery resulted in grave physical injury to the Complainant. The matter is currently pending.

Litigation involving our Directors

For details regarding the legal proceedings involving the Executive Chairman of our Company, Mr. R.L. Nolkha, who is also one of the Promoters of our Company, see "—Litigation involving our Promoters" on page 182.

Material fraud committed against our Company

No material frauds have been committed against our Company in the last three years.

Details of default

As on date there are no outstanding undisputed statutory dues i.e. statutory dues which are not disputed by our Company. As on date there are no default in repayment of debentures and interest thereon. As on date there are no default in repayment of deposits and interest thereon in respect of deposits which are matured and lodged for repayment. As on date there are no default in repayment of loan from any bank or financial institution and interest thereon.

Details of inquiries, inspection or investigation under the Companies Act, 2013 or any previous companies law

There has been no inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or any previous companies law in the last three years immediately preceding the date of this Placement Document against our Company. Further, there have been no prosecutions filed, fines imposed or compounding of offences in the last three years immediately preceding the date of this Placement Document involving our Company.

Litigation or legal action against our Promoters taken by any ministry, department of Government or any statutory authority

Except as disclosed above, there are no litigations or legal actions pending or taken by any ministry; or department of the Government; or any statutory authority against the Promoters during the last three years immediately preceding the year of the circulation of this Placement Document and no directions have been issued by such ministry; or department of the Government; or statutory authority upon conclusion of such litigation or legal action.

Other confirmations

Neither our Company, nor any of our Promoters or Directors have been identified as wilful defaulters, as defined in the SEBI Regulations.

STATUTORY AUDITORS

Our Company's Statutory Auditors, M/s Kalani & Company, Chartered Accountants, Firm Registration No. 000722C, are independent auditors with respect to our Company in accordance with the provisions of the Companies Act, 2013.

Further, our Company's Erstwhile Statutory Auditor, RS Dani & Company, Chartered Accountants, Firm Registration No. 000243C, have audited our financial statements as at and for the financial years ended March 31, 2015, March 31, 2016 and March 31, 2017, included herein, which have been prepared in line with Indian GAAP, the Companies Act 1956, as amended, and the Companies Act, 2013, as applicable, and the requirements under the Listing Regulations; and reviewed our unaudited financial statements for the quarter ended June 30, 2017, included herein, which have been prepared in line with the Companies (Indian Accounting Standards) Rules, 2015, as amended, the Companies Act, 2013, and the requirements under the Listing Regulations.

GENERAL INFORMATION

1. Our Company was incorporated on October 15, 1992 under the Companies Act, 1956. The registered office of our Company is located at 16-17, KM Stone, Chittor Road, Hamirgarh, Bhilwara –311025, Rajasthan, India and the CIN of our Company is L17111RJ1992PLC006987.

2. Our authorised share capital is ₹6,000.00 lakhs consisting 6,00,00,000 Equity Shares. As of the date of this Placement Document, the outstanding paid-up Equity Share capital of our Company is ₹4,583.39 lakhs consisting of 4,58,33,945 Equity Shares.

3. The Equity Shares of our Company are listed on BSE and NSE.

4. This Issue was authorised and approved by the Board of Directors on August 5, 2017 and approved by the shareholders of our Company through a special resolution (passed by postal ballot voting) on September 4, 2017.

5. We have received in-principle approvals to list the Equity Shares to be issued pursuant to this Issue, from each of the BSE and the NSE on November 1, 2017.

6. For the main objects of our Company, please refer to Memorandum of Association. Copies of our Memorandum and Articles of Association will be available for inspection between 11:00 am to 4:00 pm on any weekday (except Saturdays, Sundays and public holidays) at our Registered Office.

7. There has been no material change in our financial or trading position since June 30, 2017, the date of the Limited Review Financial Statements of our Company prepared in accordance with Ind-AS and March 31, 2017, the date of the last Audited Financial Statements of our Company prepared in accordance with Indian GAAP included in this Placement Document, except as disclosed herein.

8. M/s Kalani & Company, Chartered Accountants, Firm Registration No. 000722C have been appointed as the statutory auditors of our Company by the shareholders of our Company on September 4, 2017. Further, our Company's Erstwhile Statutory Auditor, RS Dani & Company, Chartered Accountants, Firm Registration No. 000243C, have audited our financial statements as at and for the financial years ended March 31, 2015, March 31, 2016 and March 31, 2017, included herein, which have been prepared in line with Indian GAAP, the Companies Act 1956, as amended, and the Companies Act, 2013, as applicable, and the requirements under the Listing Regulations; and reviewed our unaudited financial statements for the quarter ended June 30, 2017, included herein, which have been prepared in line with the Companies (Indian Accounting Standards) Rules, 2015, as amended, the Companies Act, 2013, and the requirements under the Listing Regulations.

9. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, please see "Legal Proceedings" on page 181.

10. We confirm that we are in compliance with the minimum public shareholding requirements as specified in the SCRR and as required under the Listing Regulations.

11. The Floor Price is ₹113.92 per Equity Share, calculated in accordance with the provisions of Chapter VIII of the SEBI Regulations.

12. The compliance officer for the purpose of the Issue is Mr. Sudhir Garg, Company Secretary & General Manager (Legal) of our Company. The contact details of the compliance officer are as follows:

Name:	Mr. Sudhir Garg
Address:	16-17, KM Stone, Chittor Road, Hamirgarh,

	Bhilwara – 311025, Rajasthan, India.
Telephone No.	+91 14 8228 6110; +91 14 8228 6111; +91 14 8228 6112
Email:	sudhirgarg@nitinspinners.com

13. Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

14. Our Company accepts no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To,

The Members,

Nitin Spinners Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Nitin Spinners Ltd. ("the Company'), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies, Act 2013 ("the act") with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for 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 internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;

b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

(i) As required by the Companies (Auditor's Report) Order, 2015 issued by the Central government of India in the terms of section 143 of the Companies Act 2013,we give in the Annexure a statement on the matters specified in Paragraph 3 & 4 of the order.

(ii) As required by Section 143(3) of the Act, we report that :

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Statement of Profit and Loss and, Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards referred to in section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of written representations received from the Directors as on March 31, 2015, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2015, from being appointed as a Director in terms of Section 164 (2) of the Act.

f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company does not have any pending litigations which would materially impact its financial position.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) During the year the Company was not required to transfer any amount to Investor Education & Protection Fund .

For R. S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

Place : Bhilwara
Date : 4th May, 2015

Ashok Mangal
Partner
M.No. 071714

ANNEXURE TO AUDITOR'S REPORT

The annexure referred to in our paragraph "Report on Other Legal and Regulatory Requirements" report to the members of **Nitin Spinners Ltd.** for the period ended 31 March 2015, we report that-

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets .

(b) The Company has a phased programme of physical verification of its fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this program, certain fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to the books of accounts.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) In our opinion, the Company is maintaining proper records of inventory. As far as we could ascertain and according to the information and explanations given to us, no material discrepancies were noticed between the physical stock and the book records.

(iii) The Company has not granted any unsecured loans to entities covered in the register maintained under section 189 of the Companies Act, 2013. Thus provisions of Clause 3(iii) (a) & (b) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods & services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In our opinion and according to the information and explanations given to us ,the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other provision of the Companies Act and the rules framed there under are not applicable to the company.

(vi) We have broadly reviewed the cost records maintained by the company as prescribed by the Central Government of India under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie the prescribed records have been made and maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Wealth tax, Customs duty, Excise duty, value added tax, Cess and any other material statutory dues to the extent applicable to it and there are no such undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March,2015.

(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, service tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute except as under

Name of the Statute	**Nature of dues**	**Unpaid Amount (Rs. in lacs)**	**Period**	**Forum at which pending /Remarks**
Central Excise	Excise Duty & Penalty	4.88	2001-02	CESTAT, New Delhi
Central Excise	Excise Duty & Penalty	12.02	2007-08	CESTAT, New Delhi
Service Tax	Refund of Service Tax under notifi-cation no. 41/2007	3.42	2008-09 to 2009-10	CESTAT, New Delhi
Central Excise	Excise Duty & Penalty	20.37	2000-01	Commissioner (A), Jaipur
Central Excise	Refund of Cenvat	10.48	2007-08	CESTAT, New Delhi
Central Excise	Cenvat Credit of Input services and penalty	1.86	2008-09	CESTAT, New Delhi
Central Excise	Custom Duty and Penalty	37.72	2008-09	CESTAT, New Delhi
Central Excise	Penalty	15.97	2008-09	CESTAT, New Delhi
Central Excise	Excise Duty	463.54	2008-09	CESTAT, New Delhi
Central Excise	Excise Duty	20.67	2008-09	CESTAT, New Delhi

(c) No amounts were required to be transferred to investor education and protection fund during the year by the Company.

(viii) The Company does not have accumulated losses as at the end of the financial year. There are no cash losses during the financial year under report and in the immediately preceding financial year.

(ix) In our opinion and according to the information & explanations given to us, the company has not defaulted in repayment of dues to financial institution, banks and debenture holders.

(x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 3(x) of the order are not applicable to the Company.

(xi) On the basis of records made available and according to information and explanations given to us, the company has applied its term loans for the purposes for which the loans were obtained.

(xii) Based upon the audit procedure performed for the purpose of reporting the true and fair view and on the basis of the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For R. S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

Place : Bhilwara
Date : 4th May, 2015

Ashok Mangal
Partner
M.No. 071714

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	**As at 31.03.2015 (Rs. in lacs)**	As at 31.03.2014 (Rs. in lacs)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	**1**	**4583.39**	4583.39
(b) Reserve and Surplus	**2**	**12116.49**	8572.20
		16699.88	13155.59
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	**3**	**29424.55**	13070.59
(b) Deferred Tax Liabilities (Net)	**4**	**3393.41**	2114.67
(c) Long-Term Provisions	**5**	**425.17**	235.60
		33243.13	15420.86
(3) Current Liabilities			
(a) Short-Term Borrowings	**6**	**5333.70**	1342.35
(b) Trade Payables	**7**	**936.73**	1069.93
(c) Other Current Liabilities	**8**	**4171.31**	3892.57
(d) Short-Term Provisions	**9**	**604.79**	517.17
		11046.53	6822.02
TOTAL		**60989.54**	35398.47
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	**10**		
(i) Tangible Assets		**41640.22**	19121.43
(ii) Intangible Assets		**33.54**	–
(iii) Capital Work In Progress		**–**	2117.64
		41673.76	21239.07
(b) Long-Term Loans and Advances	**11**	**2726.61**	1548.51
		44400.37	22787.58
(2) Current Assets			
(a) Inventories	**12**	**9418.92**	7069.84
(b) Trade Receivables	**13**	**4041.94**	2489.31
(c) Cash and Cash Equivalents	**14**	**67.89**	6.37
(d) Short Term Loans and Advances	**15**	**385.23**	1918.29
(e) Other Current Assets	**16**	**2675.19**	1127.08
		16589.17	12610.89
TOTAL		**60989.54**	35398.47
Accounting Policies and Additional informations	**24**		

In terms of our report of even date attached

For R.S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 04th May, 2015

For and on behalf of the Board

R.L. NOLKHA
Chairman & Managing Director
(DIN - 00060746)

Y.R. SHAH
Director
(DIN - 00019557)

DINESH NOLKHA
Managing Director
(DIN - 00054658)

BHAGWAN RAM
Director
(DIN - 01441176)

NITIN NOLAKHA
Executive Director
(DIN - 00054707)

ADITI MEHTA
Director
(DIN - 06917890)

R. CHATTOPADHYAY
Director
(DIN - 06928729)

P. MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	**Year ended 31.03.2015 (Rs. in lacs)**	Year ended 31.03.2014 (Rs. in lacs)
I. Revenue from Operations	**17**	**61647.23**	48834.02
II. Other Income	**18**	**512.73**	34.76
III. TOTAL REVENUE (I+II)		**62159.96**	48868.78
IV. Expenses			
Cost of Materials Consumed	**19**	**38534.55**	29354.21
Purchase of Stock in Trade		**173.96**	1023.60
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	**20**	**(340.50)**	(592.13)
Employee Benefits Expenses	**21**	**3428.30**	2460.21
Finance Cost	**22**	**2261.98**	1746.35
Depreciation & Amortisation	**10**	**2794.00**	2486.58
Other Expenses	**23**	**9933.00**	7194.49
TOTAL EXPENSES		**56785.29**	43673.31
V. Profit before Exceptional Items & Tax		**5374.67**	5195.47
VI. Tax Expenses			
1. Current Tax (Net of MAT Credit)			262.36
2. Deferred Tax		**1278.73**	1455.04
VII. Profit /(Loss) After Tax (V-VI)		**4095.94**	3478.07
VIII. Basic & Diluted Earning Per Share		**8.94**	7.59
Accounting Policies and Additional informations	**24**		

In terms of our report of even date attached

For R.S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 04th May, 2015

For and on behalf of the Board

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Chief Financial Officer
(PAN - ABAPM8005C)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2015

		Year Ended 31.3.2015 (Rs. in lacs)	Year Ended 31.3.2014 (Rs. in lacs)
(A)	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net Profit Before Tax & Exceptional Items	**5374.67**	5195.47
	Adjustments for :-		
	Depreciation	**2794.00**	2486.58
	Interest Expenditure	**2261.98**	1746.35
	Loss/ (Profit) on sale of Fixed Assets	**84.92**	9.14
	Operating Profit Before Working Capital Changes	**10515.57**	9437.57
	Adjustments for :-		
	Decrease/ (Increase) Inventories	**(2349.08)**	1119.86
	Decrease/ (Increase) Sundry Debtors	**(1552.63)**	314.66
	Decrease/ (Increase) Loans and Advances (Current & Non Current)	**(1447.82)**	(30.70)
	Increase/(Decrease) Current & Non Current Liabilities	**398.63**	(1055.58)
	Total Adjustments	**(4950.90)**	348.24
	Cash Generated from Operations	**5564.67**	9785.78
	Less : Taxes Paid	**1113.95**	1123.32
	Net Cash Generated from Operating Activities (A)	**4450.72**	8662.46
(B)	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	**(26097.37)**	(353.67)
	Capital WIP including Capital Advances	**3486.26**	(3566.78)
	Sale of Fixed Assets	**666.12**	35.04
	Net Cash Generated/(used) in Investing Activities (B)	**(21944.99)**	(3885.41)
(C)	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from /(Repayment) of short term borrowing (Net)	**3991.35**	(338.76)
	Proceeds from long term borrowing	**19700.00**	42.00
	Repayment of long term borrowing	**(3471.41)**	(2755.16)
	Interest Paid	**(2261.98)**	(1746.35)
	Dividend Paid	**(343.75)**	–
	Tax on Dividend Paid	**(58.42)**	–
	Net Cash Generated/(used) From Financing Activities (C)	**17555.79**	(4798.27)
(D)	**Net Increase / (Decrease) in Cash & Cash Equivalent (A+B+C)**	**61.52**	(21.22)
	Closing Balance of Cash & Cash Equivalent	**67.89**	6.37
	Opening Balance of Cash & Cash Equivalent	**6.37**	27.59

In terms of our report of even date attached

For and on behalf of the Board

For R.S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

R.L. NOLKHA
Chairman & Managing Director
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Managing Director
(DIN - 00054658)

ADITI MEHTA
Director
(DIN - 06917890)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

Place : Bhilwara
Date : 04th May, 2015

Notes to Financial Statements

NOTE 1 : DETAILS OF SHARE CAPITAL

	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
AUTHORISED :		
4,60,00,000 (Previous Year : 4,60,00,000) Equity Shares of Rs. 10/- Each	**4600.00**	4600.00
4,00,000 (Previous Year : 4,00,000) Preference Shares of Rs. 100/- Each	**400.00**	400.00
TOTAL	**5000.00**	5000.00
ISSUED, SUBSCRIBED & FULLY PAID - UP :		
4,58,33,945 (Previous Year : 4,58,33,945) Equity Shares of Rs. 10/- Each fully paid up ranking pari passu	**4583.39**	4583.39
	4583.39	4583.39

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

	No. of Shares (% of Holding)	No. of Shares (% of Holding)
Redial Trading & Investment Pvt. Ltd.	**16720000 (36.48%)**	16682934 (36.40%)
Ratan Lal Nolkha	**5550000 (12.11%)**	5515000 (12.03%)

b. The reconciliation of the number of shares outstanding is set out below :

	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	**45833945**	45833945
Add : Shares issued during the year	–	–
Equity Shares at the end of the year	**45833945**	45833945

c. The company has not issued, any shares pursuant to contract without payment being received in cash, bonus Share and has not bought back any shares

NOTE 2 : RESERVES & SURPLUS

	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
a. Capital Redemption Reserve		
Opening Balance	**150.00**	150.00
Additions during the year	—	—
Deductions during the year	—	—
Net Balance	**150.00**	150.00
b. Securities Premium Reserve		
Opening Balance	**2766.73**	2766.73
Additions during the year	—	—
Deductions during the year	—	—
Net Balance	**2766.73**	2766.73
c. General Reserve		
Opening Balance	**750.00**	393.82
Additions during the year	**750.00**	356.18
Deductions during the year	—	—
Net Balance	**1500.00**	750.00
d. Surplus in Profit & Loss Statement		
Opening Balance	**4905.47**	2185.75
Additions during the year	**4095.94**	3478.07
Less : Allocation / Appropriation		
Proposed Dividend on Equity Shares	**458.34**	343.75
Tax on Dividend	**93.31**	58.42
Transfer to General Reserve	**750.00**	356.18
Sub Total	**1301.65**	758.35
Net Balance	**7699.76**	4905.47
TOTAL (a to d)	**12116.49**	8572.20

NOTE 3 : LONG TERM BORROWINGS

	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
a. Term Loan from Banks (Secured)	**32428.61**	16216.74
Less : Taken to Other Current Liabilities being Current Maturities	**3030.77**	3174.78
Total (a)	**29397.84**	13041.96
b. Vehicle Loan From Bank (Secured)	**65.08**	48.37
Less : Taken to Other Current Liabilities being Current Maturities	**38.37**	19.74
Total (b)	**26.71**	28.63
TOTAL (a+b)	**29424.55**	13070.59

Explanations

1. Security

(a) Term Loans of Rs. 30122.36 Lacs are secured by way of first charge on all immovable and movable fixed assets (both present and future) and second charge on current assets. The term loan of Rs. 2306.25 Lacs are secured by way of IIIrd charge on all immovable and movable fixed assets and current assets of the company. The term loans are also secured by personal guarantee of three directors.

(b) Vehicle Loan is secured by hypothecation of the specific vehicle

2. Terms of Repayment

(a) Term loans of Rs. 300.18 Lacs are repayable in 5 variable quarterly instalments upto 30th June 2016, Rs. 12071.31 Lacs in 15 variable quarterly instalments upto 31st December 2018, Rs. 407.12 Lacs in 19 equal quarterly instalments upto 31st December 2019 and Rs. 19650.00 lacs in 28 variable quarterly instalments upto 31st March 2023

(b) Vehicle loan of Rs. 7.86 Lacs is repayable in 13 variable monthly instalments upto 7th May 2016, Rs. 12.52 Lacs in 14 variable monthly instalments upto 12th June 2016, Rs. 8.09 Lacs in 23 variable monthly instalments upto 7th March 2017 and Rs. 36.61 Lacs is repayable in 25 variable monthly instalments upto 7th May 2017.

NOTE 4 : DEFERRED TAX LIABILITY (NET)

A.	**Deferred Tax Liability**		
	- Depreciation	**3605.68**	2248.51
B.	**Deferred Tax Assets**		
	- Employee Benefits & Other Expenses	**212.27**	133.84
C.	**Deferred Tax Liability (Net)**	**3393.41**	2114.67

NOTE 5 : LONG TERM PROVISIONS

Provision for Employee Benefits	**425.17**	235.60
TOTAL	**425.17**	235.60

NOTE 6 : SHORT TERM BORROWINGS

	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
Loans repayable on demand :		
Working Capital Loan from Banks (Secured)	**5333.70**	1342.35
TOTAL	**5333.70**	1342.35

The working capital loans are secured by way of hypothecation (both present and future) of stocks of raw material / component spares, stock in process,finished goods and book debts and a second charge on all immovable properties (both present and future) of the company. The working capital loans are also secured by personal guarantee of three directors.

NOTE 7 : TRADE PAYABLES

For Goods Purchased	**142.48**	493.52
For Services & Others	**794.25**	576.41
TOTAL	**936.73**	1069.93

NOTE 8 : OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debt	**3069.14**	3194.52
Interest accrued but not due on borrowings	**10.84**	12.80
Unsecured Loan from Directors & Related Parties (Refer Note No. 24 B (12)	**300.00**	—
Advances from Customers	**18.54**	158.70
Statutory Dues	**94.07**	122.00
Capital Goods	**—**	84.72
Unclaimed Dividend	**4.67**	—
Other Payables	**674.05**	319.83
TOTAL	**4171.31**	3892.57

NOTE 9 : SHORT TERM PROVISIONS

Provisions for Employee Benefits	**53.14**	115.00
Provision for Dividend	**458.34**	343.75
Provision for Dividend Tax	**93.31**	58.42
TOTAL	**604.79**	517.17

NOTE 10 : FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 01-04-14	Additions	Deductions	**As at 31-03-15**	As at 01-04-14	For the Year	Deductions	**As at 31-03-15**	**As at 31-03-15**	As at 31-03-14
Freehold Land	178.99	25.32	—	**204.31**					**204.31**	178.99
Buildings	6043.60	4552.23	—	**10595.83**	1484.72	296.23	0.01	**1780.94**	**8814.89**	4558.88
Plant & Machinery	29338.53	21187.05	1827.95	**48697.63**	16357.88	2160.16	1079.64	**17438.40**	**31259.23**	12980.65
Electric Installation	2014.92	117.27	19.23	**2112.96**	794.26	274.50	18.22	**1050.54**	**1062.42**	1220.66
Furniture & Fixtures	58.98	44.99	7.55	**96.42**	29.01	11.27	5.97	**34.31**	**62.11**	29.97
Office Equipments	89.51	40.69	0.39	**129.81**	54.16	25.74	0.24	**79.66**	**50.15**	35.35
Vehicles	146.41	95.47	—	**241.88**	29.48	25.29		**54.77**	**187.11**	116.93
Total	**37870.94**	**26063.02**	**1855.12**	**62078.84**	**18749.51**	**2793.19**	**1104.08**	**20438.62**	**41640.22**	**19121.43**
Intangible Assets										
Computer Software	—	34.35	—	**34.35**	—	0.81	—	**0.81**	**33.54**	—
Total	—	**34.35**	—	**34.35**	—	**0.81**	—	**0.81**	**33.54**	—
Grand Total	**37870.94**	**26097.37**	**1855.12**	**62113.19**	**18749.51**	**2794.00**	**1104.08**	**20439.43**	**41673.76**	**19121.43**
Previous Year	37717.47	353.67	200.20	**37870.94**	16418.95	2486.58	156.02	**18749.51**	**19121.43**	21298.52
Capital Work in Progress										**2117.64**

Note : Capital Work in Progress includes Nil (Previous Year-Rs 208.07 Lacs) being preoperative expenses pending allocation.

NOTE 11 : LONG TERM LOANS AND ADVANCES
(Unsecured, Considered Good)

	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
Advance Income Tax & MAT Credit Entitlement (Net of Provision)	**2571.86**	1457.91
Security Deposits	**154.75**	90.60
TOTAL	**2726.61**	1548.51

NOTE 12 : INVENTORIES
(At cost or realisable value, whichever is lower)

Raw Material	**6859.55**	5189.21
Work-In-Process	**523.62**	334.30
Finished Goods	**1163.49**	995.83
Stores and Spares	**267.69**	290.25
Fuel	**561.78**	201.00
Saleable Waste	**42.79**	59.25
TOTAL	**9418.92**	7069.84

NOTE 13 : TRADE RECEIVABLES
(Unsecured, Considered Good)

	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
Outstanding exceeding Six months	–	–
Other Debts	4041.94	2489.31
TOTAL	4041.94	2489.31

NOTE 14 : CASH AND CASH EQUIVALENTS

Cash in Hand	5.68	4.91
Balance with Banks in :		
Current Accounts	57.54	1.46
Unclaimed Dividend Account	4.67	–
TOTAL	67.89	6.37

NOTE 15 : SHORT TERM LOANS AND ADVANCES
(Unsecured, Considered Good)

Advances to Suppliers	69.28	232.28
Capital Advances	80.52	1449.14
Other Advances	235.43	236.87
(Recoverable in cash or in kind or for value to be received)		
TOTAL	385.23	1918.29

NOTE 16 : OTHER CURRENT ASSETS
(Unsecured, Considered Good)

Amount Receivable under TUFS	786.23	457.13
VAT Credit and Other Receivables	1888.96	669.95
TOTAL	2675.19	1127.08

NOTE 17 : REVENUE FROM OPERATIONS

Sales	60424.00	48300.70
Foreign Exchange Fluctuation (Net)	1168.92	404.62
Job Receipts	66.69	129.73
TOTAL	61659.61	48835.05
Less : Excise Duty	12.38	1.03
TOTAL	61647.23	48834.02

NOTE 18 : OTHER INCOME

	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
Miscellaneous Income	**481.60**	1.15
Interest Received	**31.13**	31.07
Profit on Sale of Investment	**–**	2.54
TOTAL	**512.73**	34.76

NOTE 19 : COST OF MATERIALS CONSUMED

Stock at Opening	**5189.21**	6592.00
Add : Purchases & Expenses	**40204.89**	27951.42
TOTAL	**45394.10**	34543.42
Less : Stock at Closing	**6859.55**	5189.21
TOTAL	**38534.55**	29354.21

NOTE 20 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Closing Stock		
Finished Goods	**1163.49**	995.83
Saleable Waste	**42.78**	59.25
Work-In-Progress	**523.61**	334.30
	1729.88	1389.38
Opening Stock		
Finished Goods	**995.83**	458.23
Saleable Waste	**59.25**	38.65
Work-In-Progress	**334.30**	300.37
	1389.38	797.25
Increase/(Decrease) in Stocks		
Finished Goods	**167.66**	537.60
Saleable Waste	**(16.47)**	20.60
Work-In-Progress	**189.31**	33.93
TOTAL	**340.50**	592.13

NOTE 21 : EMPLOYEE BENEFIT EXPENSES

	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
Salary & Wages	**2866.75**	2063.37
Contribution to Provident Fund and Other Benefits	**259.31**	156.27
Gratuity and Leave Encashment Expenses	**148.55**	124.23
Staff Welfare Expenses	**153.69**	116.34
TOTAL	**3428.30**	2460.21

NOTE 22 : FINANCE COST

Interest Expenses		
Term Loans	**1421.27**	1250.71
Others	**628.77**	332.52
TOTAL	**2050.04**	1583.23
Other Borrowing Costs	**211.94**	163.12
TOTAL	**2261.98**	1746.35

NOTE 23 : OTHER EXPENSES

(a)	**Manufacturing Expenses**		
	Power, Fuel & Water charges	**5130.29**	3495.81
	Stores & Spares Consumed	**1383.68**	1209.74
	Packing Expenses	**1037.46**	691.61
	Job Charges paid	**3.19**	–
	Repair & Maintenance		
	Plant & Machinery	**54.08**	93.05
	Building	**20.24**	18.29
	Others	**12.76**	13.33
	TOTAL (a)	**7641.70**	5521.83
(b)	**Administrative and Other Expenses**		
	Printing & Stationery	**12.44**	9.09
	Postage & Communication	**25.13**	21.16
	Subscription & Membership Fees	**2.03**	1.76
	Director's Sitting Fee	**1.50**	0.69
	Rent, Rates & Taxes	**20.09**	17.91

	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
Travelling Directors	**6.51**	7.19
Others	**15.32**	22.67
Vehicle & Conveyance	**58.74**	30.51
Charity & Donation	**0.89**	4.70
CSR Expenditure	**23.64**	–
Legal & Professional	**12.72**	10.50
Insurance Charges	**53.65**	38.99
Loss on Sale of Fixed Assets	**84.92**	9.14
Audit Fees	**2.50**	2.50
Cost Audit Fees	**0.25**	0.25
Advertisement	**8.21**	8.45
Miscellaneous Expenses	**3.73**	7.54
TOTAL (b)	**332.27**	193.05
(c) Selling and Distribution Expenses		
Sales Promotion	**18.57**	20.54
Sales Commission	**801.10**	592.73
Rebate, Claims & Discount	**31.17**	23.97
Freight & Forwarding	**1069.93**	816.79
Hank Yarn Obligation Expenses	**38.26**	25.58
TOTAL (c)	**1959.03**	1479.61
TOTAL (a to c)	**9933.00**	7194.49

NOTE 24 : ACCOUNTING POLICIES & ADDITIONAL INFORMATION

A. SIGNIFICANT ACCOUNTING POLICIES

1) Basis for preparation of Financial Statement

(a) The financial statements have been prepared under the historical cost convention and on the principles of going concern in accordance with Indian Generally Accepted Accounting Principles, applicable Accounting Standards and provisions of the Companies Act, 2013.

(b) Accounting policies, not specifically referred to, are consistent with Generally Accepted Accounting Principles.

2) Revenue Recognition :

(a) Sales are recognised when goods are supplied and effective control of goods associated with ownership is transferred to the buyer. Sales are recorded net of Sales Tax, return, discounts and rebates but including Excise Duties.

(b) Foreign exchange differences relating to sales are included in Revenue from operation.

(c) Other Income and Incentives/Benefits are accounted for on accrual basis.

(d) Claims lodged with insurance companies are accounted and credited to the relevant head when recognized by the insurance company.

(e) Inter-divisional sales comprising of sale of power for captive use is reduced from gross turnover in arriving net turnover.

3) Expenditure

(a) Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

(b) Rebate, claims & settlement on goods sold are accounted for as and when these are ascertained with reasonable accuracy.

4) Inventory

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of various items of inventory is computed as under :-

(a) Cost of raw materials and stores include duties, taxes, freight and other expenses and are net of Duty Drawback, VAT & CST refund, CENVAT credit wherever made applicable.

(b) Cost in relation to finished goods comprises of cost of materials, excise duty, production overheads and depreciation.

(c) Work in process is valued at raw material cost plus conversion cost depending upon the stage of completion.

(d) The material/finished goods despatched from the factory but lying at port pending shipment are taken as a part of finished goods stock.

5) Investments

(a) Investments are stated at cost.

(b) Dividend income is accounted when the right to receive is established.

6) Fixed Assets

(i) Tangible Assets

Fixed Assets are stated at cost net of CENVAT/VAT credit availed and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing cost till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations directly attributable to the fixed assets are capitalized.

(ii) Intangible Assets

Intangible Assets are stated at cost less accumulated amortisation and impairment loss, if any.

7) Depreciation and Amortisation

(i) Tangible Assets

a) Depreciation on Plant & Machinery (other than Laboratory Equipments, Fire Fighting Equipments and Tools & Equipments) is provided on Straight Line Method (SLM) considering estimated useful life of 13 years (Triple Shift). Depreciation on other fixed assets has been provided based on useful lives prescribed in Schedule II of the Companies Act, 2013.

b) Depreciation on Fixed Assets for trial run period is not charged.

(ii) Intangible Assets

Intangible Assets consist of Computer Software and the same are amortised over a period of 5 years.

8) Prior Period Items

Prior period items including adjustment/Claims, arisen / settled / noted during the year are debited / credited to the respective heads of account, if not material in the nature.

9) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of Fixed Assets are capitalized as part of the cost of such assets for the period prior to commencement of commercial production or installation. All other costs are charged to revenue.

10) Government Grants, Subsidy & incentives

(a) Interest subsidy received or receivable on Term Loans taken under TUF Scheme is recognized on accrual basis and reduced from the Financial Expenses. The TUF benefits attributable to the acquisition/installation of Fixed Assets till the commencement of commercial production are netted against the cost of fixed assets.

(b) Duty Drawback, Sales Tax refunds and other incentives are reduced from the cost of respective assets/ purchases.

11) Foreign Currency Transactions/Translations

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Foreign currency assets and liabilities covered by forward contracts are stated at the forward contract rates while those not covered by forward contracts are restated at rates ruling at the year end. Exchange rate differences are dealt with in the Profit and Loss statement except those relating to the acquisition of fixed assets, which are adjusted to the cost of the assets.

12) Financial Derivatives

Foreign Currency Derivative contracts are accounted for on the date of their settlement and realized gain/loss in respect of settled contracts are recognized in the Profit and Loss Statement, except where they relate to borrowings attributable to the acquisition of fixed assets, in that case they are adjusted to the carrying cost of the assets.

13) CENVAT

(a) The purchase cost of raw materials and other expenses has been considered net of CENVAT available on inputs.

(b) The CENVAT benefits attributable to acquisition/installation of fixed assets are netted off against the cost of fixed assets.

(c) CENVAT is accounted for on the basis of payments made in respect of goods cleared and provision is made for goods lying in Stock, if applicable and the same is treated as part of the cost of respective Stock

14) Research & Development

Revenue expenditure on Research and Development is charged against the profit of the year in which it is incurred. Capital expenditure on research and development is shown as addition to fixed assets.

15) Retirement Benefits

The company's contribution to Provident and other funds are charged to Profit & Loss Statement. The liability for gratuity and leave encashment is provided on the basis of actuarial valuation.

16) Provision for Current and Deferred Tax

a) Provision for Current Income Tax is made after considering Mat Credit entitlement, exemptions and deductions available under the Income Tax Act, 1961.

b) Deferred Tax Liability resulting from timing differences between book and tax profit is accounted for by using the tax rates and laws that are enacted or substantially enacted as on Balance Sheet date. The deferred tax assets is recognized and carried forward only to extent that there is a reasonable certainty that the assets will be realized in future.

17) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss statement in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

18) Deferred Revenue Expenditure

The Company does not recognize any Deferred Revenue Expenditure.

19) Provisions and Contingencies

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Provisions except Gratuity and Leave Encashment benefits are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed unless the possibility of an out flow of resources embodying economic benefit is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

20) CSR Expenditure

Amount spent on CSR activities during the year is charged to Statement of Profit & Loss, if the same is of revenue nature. If the expenditure is of such nature, which may give rise to a capital asset, the same is recognized in the Balance Sheet as "CSR Assets".

B. ADDITIONAL INFORMATION

1) **Contingent Liabilities & Commitments**

i) Contingent Liabilities not provided for

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a.	Disputed Liabilities not acknowledged as debts		
	- Cenvat, Service Tax and Custom Duty	**804.91**	804.91
b.	Guarantees		
	- Outstanding Bank Guarantees	**148.24**	315.59
c.	Other money for which the company is contingently liable		
	- Bill Discounted with Banks (against goods sold)	**4999.76**	4667.93

ii) Commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) **Rs. 91.02 Lacs** (Previous Year - Rs. 18038.70 Lacs).

b) The company has an outstanding export obligation of appox. **Rs. 25812.42 lacs** (Previous Year - 1136.64 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 31.03.2020.

2) In the opinion of the Board the Current Assets, Loans and Advances are approximately of the value as stated in Financial Statements, if realised in the ordinary course of business. The provisions for all known and determined liabilities are adequate and not in excess of the amount reasonably required.

3) Sundry Creditors include **Rs. Nil** (Previous Year Rs. Nil) amount due to Micro & Small Enterprises as at 31st March 2015. The figures have been disclosed on the basis of confirmations 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.

4) As per provisions of schedule II of the Companies Act 2013, depreciation amounting to Rs. 20.71 Lacs on fixed assets, whose remaining useful life is Nil as on 31st March 2014, has been included in depreciation for the year.

5) Provision for current tax is net of MAT Credit Entitlement **Rs. 1126.56 Lacs** (Previous Year - Rs. 834.29 Lacs)

6) The company has spent a sum of Rs. 23.64 lacs on CSR activities as against Rs. 49.33 lacs required as per provisions of the Companies Act, 2013.

7) **Financial Derivative Instruments**

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, 2015 is as under :

		Current Year (in Lacs)		Previous Year (in Lacs)	
	Particulars	**Foreign Currency**	**INR**	Foreign Currency	INR
A	Forward Contracts outstanding (for Hedging)				
	USD (Sale)	**87.99**	**5599.71**	83.73	5318.53
	EURO (Sale)	**3.33**	**235.48**	–	–
	GBP (Sale)	**0.85**	**81.57**	–	–
	Total	**92.17**	**5916.76**	83.73	5318.53

Particulars	Current Year (in Lacs)		Previous Year (in Lacs)	
	Foreign Currency	**INR**	Foreign Currency	INR
B Unhedged forex exposure				
Payable - USD	**4.47**	**279.48**	3.33	200.13
Payable - EURO	**0.05**	**3.50**	–	–
Payable - GBP	**0.03**	**2.40**	–	–

8) **Payment to Auditors :-**

	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
A.	Audit Fee	**2.20**	2.20
B.	Tax Audit Fee	**0.30**	0.30
	Total	**2.50**	2.50

9) **Employee Benefit Obligations**

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 **Rs. 185.15 lacs** (Previous Year Rs 130.95 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 Actuary.

The Present value of the obligation as recognized in the Balance Sheet :-

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Present value of obligation at the beginning of the period	**269.58**	178.06
Interest cost	**22.92**	14.24
Current service cost	**76.40**	49.17

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Benefits paid	**(15.53)**	(16.02)
Actuarial (gain)/loss on obligation	**21.13**	44.13
Present value of obligation at the end of period	**374.50**	269.58

The amounts recognized in the Profit & Loss account are as follows :-

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Current service cost	**76.40**	49.17
Interest cost	**22.92**	14.24
Net actuarial (gain)/loss recognized in the period	**21.13**	44.13
Expenses recognized in the Profit & Loss statement	**120.45**	107.54

Reconciliation of the Present value of defined obligation and the fair value of the plan assets

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Present value of obligation as at the end of period	**374.50**	269.58
Fair value of Plan Assets	–	–
Liability Recognized in Balance Sheet	**374.50**	269.58

(ii) Leave Encashment

The company provides benefit of leave encashment to its employees as per defined rules. Till previous year the provision for liability of leave encashment was provided for on actual as on Balance Sheet date. During the current year the company has recognised the liability on the basis of Actuarial certificate, as under:

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Present value of obligation as at the end of period	**103.81**	81.01
Fair value of Plan Assets	–	–
Liability Recognized in Balance Sheet	**103.81**	81.01

The assumptions used in Actuarial Valuation:-

Particulars	Current Year (In %)	Previous Year (In %)
i) Discounting Rate	**8.00**	8.50
ii) Future salary Increase	**8.00**	8.00

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.

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.

10) The figures for the previous year have been regrouped and rearranged wherever found necessary to make them comparable with those of current year.

11) **SEGMENT REPORTING**

(a) Primary Segment Reporting (By Business Segments)

(i) The Company is engaged in textiles. Hence there is no separate business segments

(ii) The company has its own power generation division mainly for captive use; therefore it is not treated as a separate business segment.

(b) Secondary Segment reporting on the basis of geographical segment is as below:

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
1.	Segment Revenue		
	- Within India	**24198.14**	16792.34
	- Outside India	**37974.20**	32077.47
	Total Revenue	**62172.34**	48869.81
2.	Segment Assets*		
	- Within India	**59354.29**	34513.94
	- Outside India	**1635.25**	884.53
	Total Assets	**60989.54**	35398.47

***Segment Assets outside India is entirely related to Sundry Debtors.**

12) **RELATED PARTY DISCLOSURES**

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

(a) Key Management Personnel :-

Name of Person	**Relationship**
Shri R.L. Nolkha,	Chairman & Managing Director
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 :-

Sushila Devi Nolkha — Wife of Shri R. L. Nolkha, Mother of Shri Dinesh Nolkha & Shri Nitin Nolakha

(c) Related Companies:-

Redial Trading & Investment Pvt. Ltd.

Details of Transactions with related parties :-

S.No.	Nature of Transactions	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
1	**Rent Payment**		
	Smt. Sushila Devi Nolkha	**3.00**	3.00
	Shri R.L. Nolkha	**0.90**	0.90
	Redial Trading & Investment Pvt. Ltd.	**0.90**	0.90
2	**Managerial Remuneration**		
	Shri R.L. Nolkha	**97.04**	82.02
	Shri Dinesh Nolkha	**86.59**	71.65
	Shri Nitin Nolakha	**83.05**	68.13
	Shri P. Maheshwari	**16.50**	14.32
	Shri Sudhir Garg	**10.35**	8.97
3	**Interest Payment on unsecured loans**		
	Shri R.L. Nolkha	**3.03**	–
	Shri Dinesh Nolkha	**2.51**	–
	Shri Nitin Nolakha	**2.14**	–
	Redial Trading & Investment Pvt. Ltd	**3.95**	–

The balance due to related parties (Refer Note no. 8 - Other Current Liabilities)

S.No.	Nature of Transactions	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
1.	Shri R.L. Nolkha	**55.00**	–
2.	Shri Dinesh Nolkha	**60.00**	–
3.	Shri Nitin Nolakha	**60.00**	–
4.	Redial Trading & Investment Pvt. Ltd	**125.00**	–

13) Earning Per Share (EPS) –

S.No.	Particulars	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
A	Net Profit available to Equity Shareholders	**4095.94**	3478.07
B	Number of Equity Shares of Rs.10 each outstanding during the year (in lacs)	**458.34**	458.34
C	Basic/Diluted Earning per share (Rs.)	**8.94**	7.59
D	Face Value of each equity share (Rs.)	**10.00**	10.00

14) Installed Capacity

	Current Year	Previous Year
Rotors (Nos.)	**2936**	2936
Spindles (Nos.)	**150096**	77616
Knitted Fabric (No. of M/c's)	**49**	31

A. Production, Turnover & Stock

(As per Inventories taken, valued and certified by the Management)

S.N.	PARTICULAR	OPENING STOCK		PRODUCTION/ PURCHASES		SALES		CLOSING STOCK	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A	**YARN**								
i)	**Own Manufacturing**								
	Qty. (In Tons) *	**544.64**	271.77	**28974.46**	21621.99	**23713.74**	18673.53	**704.14**	544.64
	Value (Rs. in Lacs)	**878.57**	375.37	–	–	**45955.35**	39046.06	**1005.92**	878.57
ii)	**Trading**								
	Qty. (In Tons)	–	–	**85.28**	490.12	**85.28**	490.12	–	–
	Value (Rs. in Lacs)	–	–	–	–	**180.83**	1075.94	–	–
B	**Fabric**								
	Qty. (In Tons)	**54.68**	41.25	**5129.91**	2706.66	**5089.94**	2693.23	**94.65**	54.68
	Value (Rs. in Lacs)	**117.25**	82.85	–	–	**11788.39**	6862.82	**157.57**	117.25
C	**Saleable Waste & Others**								
	Value (Rs. in Lacs)	**59.25**	38.65	–	–	**2499.43**	1315.88	**42.78**	59.25
D	**Job Work for Others**								
i)	**Fabric**								
	Qty. (In Tons)	–	–	**255.29**	454.95	**255.29**	454.95	–	–
	Value (Rs. in Lacs)					**66.69**	129.73		

* Production includes **5101.22 Tons.** (Previous Year 2675.59 Tons.) transferred for captive consumption

B. Raw Material consumed

S.N.	PARTICULAR	OPENING STOCK		PURCHASES		CONSUMPTION		CLOSING STOCK	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A	**Own Manufacturing**								
i)	**Cotton**								
	Qty. (In Tons)	**4853.09**	6889.61	**40687.71**	23829.91	**37053.51**	25866.43	**8487.29**	4853.09
	Value (Rs. in Lacs)	**5155.23**	6562.40	**39833.16**	27638.11	**38169.11**	29045.28	**6819.28**	5155.23
ii)	**Yarn**								
	Qty. (In Tons)	**6.26**	5.87	**60.73**	67.25	**60.18**	66.87	**6.81**	6.26
	Value (Rs. in Lacs)	**33.98**	29.61	**371.73**	313.30	**365.44**	308.93	**40.27**	33.98
	Total (i) + (ii)								
	Qty. (In Tons)	**4859.34**	6895.48	**40748.45**	23897.16	**37113.69**	25933.30	**8494.10**	4859.34
	Value (Rs. in Lacs)	**5189.21**	6592.01	**40204.89**	27951.41	**38534.55**	29354.21	**6859.55**	5189.21
B	**Trading**								
i)	**Yarn**								
	Qty. (In Tons)	–	–	**85.28**	490.12	**85.28**	490.12	–	–
	Value (Rs. in Lacs)	–	–	**173.96**	1023.60	**173.96**	1023.60	–	–

C. Value of Imports calculated on CIF basis in respect of

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a.	Components & Spare Parts including Packing Materials	**486.05**	523.54
b.	Raw Material	**1381.09**	1381.36
c.	Capital Goods	**6462.73**	241.85
	Total	**8329.87**	2146.75

D. Value of Raw Material, Components and Spare Parts Consumed

S.No.	Particulars	Current Year (Rs. in lacs)	%	Previous Year (Rs. in lacs)	%
(i)	**Raw Materials**				
a.	Imported	**1343.82**	**3.49**	1443.41	4.92
b.	Indigenous	**37190.73**	**96.51**	27910.80	95.08
	Total	**38534.55**	**100.00**	29354.21	100.00
(ii)	**Components & Spare Parts including Packing Materials**				
a.	Imported	**547.94**	**22.63**	462.66	24.33
b.	Indigenous	**1873.20**	**77.37**	1438.69	75.67
	Total	**2421.14**	**100.00**	1901.35	100.00

E. Expenditure in Foreign Currency

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
i.	Commission	**434.06**	351.87
ii.	Travelling	**2.66**	4.84
	Total	**436.72**	356.71

F. Earning in Foreign Currency

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
(i)	Export of Goods at FOB value	**37405.97**	31619.91

Singnature to Note 1 to 24
As per of our report of even date attached.

For and on behalf of the Board

For R.S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

R.L. NOLKHA
Chairman & Managing Director
(DIN - 00060746)

BHAGWAN RAM
Director
(DIN - 01441176)

R. CHATTOPADHYAY
Director
(DIN - 06928729)

Y.R. SHAH
Director
(DIN - 00019557)

NITIN NOLAKHA
Executive Director
(DIN - 00054707)

P. MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

DINESH NOLKHA
Managing Director
(DIN - 00054658)

ADITI MEHTA
Director
(DIN - 06917890)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

Place : Bhilwara
Date : 04th May, 2015

INDEPENDENT AUDITOR'S REPORT

To,

The Members,

Nitin Spinners Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of **Nitin Spinners Ltd.** ("the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies, Act 2013 ("the act") with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for 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 internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;

b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

(i) As required by the Companies (Auditor's Report) Order, 2016 issued by the Central government of India in the terms of section 143 of the Companies Act 2013, we give in the Annexure a statement on the matters specified in Paragraph 3 & 4 of the order.

(ii) As required by Section 143(3) of the Act, we report that :

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Statement of Profit and Loss and, Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards referred to in section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of written representations received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016, from being appointed as a Director in terms of Section 164 (2) of the Act.

f) With respect to adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company does not have any pending litigations which would materially impact its financial position.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) During the year the Company was not required to transfer any amount to Investor Education & Protection Fund.

For R. S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

Place : Bhilwara
Date : 3rd May, 2016

Ashok Mangal
Partner
M.No. 071714

ANNEXURE TO AUDITOR'S REPORT

The annexure referred to in our paragraph "Report on Other Legal and Regulatory Requirements" report to the members of **Nitin Spinners Ltd.** for the year ended 31 March 2016, as per information and explanations given to us, we report that-

(i) (a) the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) these fixed assets 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 the management and no material discrepancies were noticed on such verification.

(iii) The company has not granted any loans secured or unsecured to the companies, firms, Limited Liability Partnerships, or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In respect of loans, investments, guarantees, and security the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.

(v) the company has not accepted any deposits.

(vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and such accounts and records have been so made and maintained.

(vii) (a) the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities . There is no arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.

(b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute except as follows:-

Name of the Statute	Nature of dues	Unpaid Amount (Rs. in lacs)	Period	Forum at which pending /Remarks
Central Excise	Excise Duty & Penalty	4.88	2001-02	CESTAT, New Delhi
Central Excise	Excise Duty & Penalty	12.02	2007-08	CESTAT, New Delhi
Service Tax	Refund of Service Tax under notifi-cation no. 41/2007	3.42	2008-09 to 2009-10	CESTAT, New Delhi
Central Excise	Excise Duty & Penalty	20.37	2000-01	Commissioner (A), Jaipur
Central Excise	Refund of Cenvat	10.48	2007-08	CESTAT, New Delhi
Central Excise	Cenvat Credit of Input services and penalty	1.86	2008-09	CESTAT, New Delhi
Central Excise	Custom Duty and Penalty	37.72	2008-09	CESTAT, New Delhi
Central Excise	Penalty	15.97	2008-09	CESTAT, New Delhi
Central Excise	Excise Duty	463.54	2008-09	CESTAT, New Delhi
Central Excise	Excise Duty	20.67	2008-09	CESTAT, New Delhi

(viii) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

(ix) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) however it has raised term loans which were applied for the purposes for which those are raised.

(x) There were no incident of fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The 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 company is not a Nidhi Company.

(xiii) All transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where ever applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For R. S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

Place : Bhilwara
Date : 3rd May, 2016

Ashok Mangal
Partner
M.No. 071714

ANNEXURE - B TO THE AUDITORS' REPORT

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

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 Companies Act, 2013.

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For R. S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

Place : Bhilwara
Date : 3rd May, 2016

Ashok Mangal
Partner
M.No. 071714

BALANCE SHEET AS AT 31ST MARCH, 2016

Particulars	Note No.	**As at 31.03.2016 (Rs. in lacs)**	As at 31.03.2015 (Rs. in lacs)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	**1**	**4583.39**	4583.39
(b) Reserve and Surplus	**2**	**15981.12**	12116.49
		20564.51	16699.88
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	**3**	**24090.58**	29424.55
(b) Deferred Tax Liabilities (Net)	**4**	**4329.00**	3393.41
(c) Long-Term Provisions	**5**	**534.14**	425.17
		28953.72	33243.13
(3) Current Liabilities			
(a) Short-Term Borrowings	**6**	**5772.36**	5333.70
(b) Trade Payables	**7**	**1308.90**	936.73
(c) Other Current Liabilities	**8**	**6290.29**	4171.31
(d) Short-Term Provisions	**9**	**613.96**	604.79
		13985.51	11046.53
TOTAL		**63503.74**	60989.54
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	**10**		
(i) Tangible Assets		**38178.03**	41640.22
(ii) Intangible Assets		**29.43**	33.54
(iii) Capital Work In Progress		**1706.21**	–
		39913.67	41673.76
(b) Long-Term Loans and Advances	**11**	**3070.10**	2726.61
		42983.77	44400.37
(2) Current Assets			
(a) Inventories	**12**	**11476.03**	9418.92
(b) Trade Receivables	**13**	**3924.75**	4041.94
(c) Cash and Cash Equivalents	**14**	**56.93**	67.89
(d) Short Term Loans and Advances	**15**	**1895.25**	385.23
(e) Other Current Assets	**16**	**3167.01**	2675.19
		20519.97	16589.17
TOTAL		**63503.74**	60989.54
Accounting Policies and Additional informations	**24**		

In terms of our report of even date attached

For and on behalf of the Board

For R.S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 3rd May, 2016

R.L. NOLKHA
Chairman
(DIN - 00060746)

ADITI MEHTA
Director
(DIN - 06917890)

R. CHATTOPADHYAY
Director
(DIN - 06928729)

Y.R. SHAH
Director
(DIN - 00019557)

NITIN NOLAKHA
Executive Director
(DIN - 00054707)

P. MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

DINESH NOLKHA
Managing Director
(DIN - 00054658)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Note No.	**Year ended 31.03.2016 (Rs. in lacs)**	Year ended 31.03.2015 (Rs. in lacs)
I. Revenue from Operations	**17**	**76686.68**	61647.23
II. Other Income	**18**	**72.22**	512.73
III. TOTAL REVENUE (I+II)		**76758.90**	62159.96
IV. Expenses			
Cost of Materials Consumed	**19**	**46151.78**	38534.55
Purchase of Stock in Trade		**–**	173.96
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	**20**	**170.56**	(340.50)
Employee Benefits Expenses	**21**	**4314.39**	3428.30
Finance Cost	**22**	**3300.98**	2261.98
Depreciation & Amortisation Expense	**10**	**3955.73**	2794.00
Other Expenses	**23**	**12345.98**	9933.00
TOTAL EXPENSES		**70239.42**	56785.29
V. Profit before Exceptional Items & Tax		**6519.48**	5374.67
VI. Tax Expenses			
1. Current Tax (Net of MAT Credit)		**1167.61**	
2. Deferred Tax		**935.59**	1278.73
VII. Profit /(Loss) After Tax (V-VI)		**4416.28**	4095.94
VIII. Basic & Diluted Earning Per Share		**9.64**	8.94
Accounting Policies and Additional informations	**24**		

In terms of our report of even date attached

For R.S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 3rd May, 2016

For and on behalf of the Board

R.L. NOLKHA
Chairman
(DIN - 00060746)

Y.R. SHAH
Director
(DIN - 00019557)

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P. MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2016

	Particulars	Year Ended 31.3.2016 (Rs. in lacs)	Year Ended 31.3.2015 (Rs. in lacs)
(A)	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net Profit Before Tax & Exceptional Items	**6519.48**	5374.67
	Adjustments for :-		
	Depreciation	**3955.73**	2794.00
	Interest Expenditure	**3300.98**	2261.98
	Loss/ (Profit) on sale of Fixed Assets	**(4.11)**	84.92
	Operating Profit Before Working Capital Changes	**13772.08**	10515.57
	Adjustments for :-		
	Decrease/ (Increase) Inventories	**(2057.11)**	(2349.08)
	Decrease/ (Increase) Sundry Debtors	**117.19**	(1552.63)
	Decrease/ (Increase) Loans and Advances (Current & Non Current)	**(806.60)**	(1447.82)
	Increase/(Decrease) Current & Non Current Liabilities	**333.93**	398.63
	Total Adjustments	**(2412.59)**	(4950.90)
	Cash Generated from Operations	**11359.49**	5564.67
	Less : Taxes Paid (Including MAT)	**1319.75**	1113.95
	Net Cash Generated from Operating Activities (A)	**10039.74**	4450.72
(B)	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	**(503.65)**	(26097.37)
	Capital WIP including Capital Advances	**(3092.80)**	3486.26
	Sale of Fixed Assets	**18.33**	666.12
	Net Cash Generated/(used) in Investing Activities (B)	**(3578.12)**	(21944.99)
(C)	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from /(Repayment) of short term borrowing (Net)	**438.66**	3991.35
	Proceeds from long term borrowing	**17.00**	19700.00
	Repayment of long term borrowing	**(3075.61)**	(3471.41)
	Interest Paid	**(3300.98)**	(2261.98)
	Dividend Paid	**(458.34)**	(343.75)
	Tax on Dividend Paid	**(93.31)**	(58.42)
	Net Cash Generated/(used) From Financing Activities (C)	**(6472.58)**	17555.79
(D)	**Net Increase / (Decrease) in Cash & Cash Equivalent (A+B+C)**	**(10.96)**	61.52
	Closing Balance of Cash & Cash Equivalent	**56.93**	67.89
	Opening Balance of Cash & Cash Equivalent	**67.89**	6.37

In terms of our report of even date attached

For and on behalf of the Board

For R.S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

R.L. NOLKHA
Chairman
(DIN - 00060746)

Y.R. SHAH
Director
(DIN - 00019557)

DINESH NOLKHA
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P. MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

Place : Bhilwara
Date : 3rd May, 2016

Notes to Financial Statements

NOTE 1 : DETAILS OF SHARE CAPITAL

Particulars	**As at 31.03.2016 (Rs. in lacs)**	As at 31.03.2015 (Rs. in lacs)
AUTHORISED :		
4,60,00,000 (Previous Year : 4,60,00,000) Equity Shares of Rs. 10/- Each	**4600.00**	4600.00
4,00,000 (Previous Year : 4,00,000) Preference Shares of Rs. 100/- Each	**400.00**	400.00
TOTAL	**5000.00**	5000.00
ISSUED, SUBSCRIBED & FULLY PAID - UP :		
4,58,33,945 (Previous Year : 4,58,33,945) Equity Shares of Rs. 10/- Each fully paid up ranking pari passu	**4583.39**	4583.39
	4583.39	4583.39

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

Name of Sharesholders	**No. of Shares (% of Holding)**	No. of Shares (% of Holding)
Redial Trading & Investment Pvt. Ltd.	**16755000 (36.56%)**	16720000 (36.48%)
Ratan Lal Nolkha	**5550000 (12.11%)**	5550000 (12.11%)

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

Particulars	**No. of Shares**	No. of Shares
Equity Shares at the beginning of the year	**45833945**	45833945
Add : Shares issued during the year	–	–
Equity Shares at the end of the year	**45833945**	45833945

c. The company has not issued, any shares pursuant to contract without payment being received in cash, bonus Share and has not bought back any shares

NOTE 2 : RESERVES & SURPLUS

Particulars	**As at 31.03.2016 (Rs. in lacs)**	As at 31.03.2015 (Rs. in lacs)
a. Capital Redemption Reserve		
Opening Balance	**150.00**	150.00
Additions during the year	—	—
Deductions during the year	—	—
Net Balance	**150.00**	150.00
b. Securities Premium Reserve		
Opening Balance	**2766.73**	2766.73
Additions during the year	—	—
Deductions during the year	—	—
Net Balance	**2766.73**	2766.73
c. General Reserve		
Opening Balance	**1500.00**	750.00
Additions during the year	**750.00**	750.00
Deductions during the year	—	—
Net Balance	**2250.00**	1500.00
d. Surplus in Profit & Loss Statement		
Opening Balance	**7699.76**	4905.47
Additions during the year	**4416.28**	4095.94
Less : Allocation / Appropriation		
Proposed Dividend on Equity Shares	**458.34**	458.34
Tax on Dividend	**93.31**	93.31
Transfer to General Reserve	**750.00**	750.00
Sub Total	**1301.65**	1301.65
Net Balance	**10814.39**	7699.76
TOTAL (a to d)	**15981.12**	12116.49

NOTE 3 : LONG TERM BORROWINGS

Particulars	As at 31.03.2016 (Rs. in lacs)	As at 31.03.2015 (Rs. in lacs)
a. Term Loan from Banks (Secured)	**29397.88**	32428.61
Less : Taken to Other Current Liabilities being Current Maturities	**5316.20**	3030.77
Total (a)	**24081.68**	29397.84
b. Vehicle Loan From Bank (Secured)	**37.20**	65.08
Less : Taken to Other Current Liabilities being Current Maturities	**28.30**	38.37
Total (b)	**8.90**	26.71
TOTAL (a+b)	**24090.58**	29424.55

Explanations

1. Security

(a) Term Loans of Rs. 27616.63 Lacs are secured by way of first charge on all immovable and movable fixed assets (both present and future) and second charge on current assets. The term loan of Rs. 1781.25 Lacs are secured by way of IIIrd charge on all immovable and movable fixed assets and current assets of the company. The term loans are also secured by personal guarantee of three directors

(b) Vehicle Loan is secured by hypothecation of the specific vehicle

2. Terms of Repayment

(a) Term loans of Rs. 96.96 Lacs are repayable in 1 quarterly instalments upto 30th June 2016, Rs. 9329.51 Lacs in 11 variable quarterly instalments upto 31st December 2018, Rs. 321.41 Lacs in 15 equal quarterly instalments upto 31st December 2019 and Rs. 19650.00 lacs in 28 variable quarterly instalments upto 31st March 2023

(b) Vehicle loan of Rs. 0.64 Lacs is repayable in 1 monthly instalments upto 7th May 2016, Rs. 1.87 Lacs in 2 variable monthly instalments upto 12th June 2016, Rs. 4.07 Lacs in 10 variable monthly instalments upto 7th March 2017, Rs. 17.83 Lacs is repayable in 14 variable monthly instalments upto 7th May 2017 and Rs. 12.79 Lacs is repayable in 25 variable monthly instalments upto 5th June 2018

NOTE 4 : DEFERRED TAX LIABILITY (NET)

A.	**Deferred Tax Liability**		
	- Depreciation	**4535.42**	3605.68
B.	**Deferred Tax Assets**		
	- Employee Benefits & Other Expenses	**206.42**	212.27
C.	**Deferred Tax Liability (Net)**	**4329.00**	3393.41

NOTE 5 : LONG TERM PROVISIONS

Provision for Employee Benefits	**534.14**	425.17
TOTAL	**534.14**	425.17

NOTE 6 : SHORT TERM BORROWINGS

Particulars	**As at 31.03.2016 (Rs. in lacs)**	As at 31.03.2015 (Rs. in lacs)
Loans repayable on demand :		
Working Capital Loan from Banks (Secured)	**5772.36**	5333.70
TOTAL	**5772.36**	5333.70

The working capital loans are secured by way of hypothecation (both present and future) of stocks of raw material / component spares, stock in process, finished goods and book debts and a second charge on all immovable properties (both present and future) of the company. The working capital loans are also secured by personal guarantee of three directors.

NOTE 7 : TRADE PAYABLES

For Goods Purchased	**338.70**	142.48
For Services & Others	**970.20**	794.25
TOTAL	**1308.90**	936.73

NOTE 8 : OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debt	**5344.50**	3069.14
Interest accrued but not due on borrowings	**8.25**	10.84
Unsecured Loan from Directors & Related Parties (Refer Note No. 24 B (10)	**—**	300.00
Advances from Customers	**92.57**	18.54
Statutory Dues	**118.46**	94.07
Capital Goods	**8.10**	—
Unclaimed Dividend	**9.14**	4.67
Other Payables	**709.27**	674.05
TOTAL	**6290.29**	4171.31

NOTE 9 : SHORT TERM PROVISIONS

Provisions for Employee Benefits	**62.31**	53.14
Provision for Dividend	**458.34**	458.34
Provision for Dividend Tax	**93.31**	93.31
TOTAL	**613.96**	604.79

NOTE 10 : FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 01-04-15	Additions	Deductions	**As at 31-03-16**	As at 01-04-15	For the Year	Deductions	**As at 31-03-16**	**As at 31-03-16**	As at 31-03-15
Tangible Assets										
Free Hold Land	204.31	284.90	–	489.21	–	–	–	–	489.21	204.31
Buildings	10595.83	38.22	–	10634.05	1780.94	421.78	–	2202.72	8431.33	8814.89
Plant & Machinery	48697.63	143.04	30.93	48809.74	17438.40	3247.79	29.38	20656.81	28152.93	31259.23
Electric installation	2112.96	–	31.82	2081.14	1050.54	223.95	30.23	1244.26	836.88	1062.42
Furniture & Fixtures	96.42	4.66	–	101.08	34.31	11.14	–	45.45	55.63	62.11
Office Equipments	129.81	9.15	–	138.96	79.66	14.86	–	94.52	44.44	50.15
Vehicles	241.88	20.63	25.49	237.02	54.77	29.05	14.41	69.41	167.61	187.11
Total	**62078.84**	**500.60**	**88.24**	**62491.20**	**20438.62**	**3948.57**	**74.02**	**24313.17**	**38178.03**	**41640.22**
Intangible Assets										
Computer Software	34.35	3.05	–	37.40	0.81	7.16	–	7.97	29.43	33.54
Total	**34.35**	**3.05**	–	**37.40**	**0.81**	**7.16**	–	**7.97**	**29.43**	**33.54**
Grand Total	**62113.19**	**503.65**	**88.24**	**62528.60**	**20439.43**	**3955.73**	**74.02**	**24321.14**	**38207.46**	**41673.76**
Previous Year	37870.94	26097.37	1855.12	62113.19	18749.51	2794.00	1104.08	20439.43	41673.76	19121.43
Capital Work in Progress									**1706.21**	

Note : Capital Work in Progress includes Rs. 90.74 Lacs (Previous Year- Rs. Nil) being preoperative expenses pending allocation.

NOTE 11 : LONG TERM LOANS AND ADVANCES
(Unsecured, Considered Good)

Particulars	**As at 31.03.2016 (Rs. in lacs)**	As at 31.03.2015 (Rs. in lacs)
Advance Income Tax & MAT Credit Entitlement (Net of Provision)	**2724.00**	2571.86
Security Deposits	**247.59**	154.75
Advance against CSR Assets	**98.51**	—
TOTAL	**3070.10**	2726.61

NOTE 12 : INVENTORIES
(At cost or realisable value, whichever is lower)

Raw Material	**8690.96**	6859.55
Work-In-Process	**651.42**	523.62
Finished Goods	**846.93**	1163.49
Stores and Spares	**423.91**	267.69
Fuel	**801.84**	561.78
Saleable Waste	**60.97**	42.79
TOTAL	**11476.03**	9418.92

NOTE 13 : TRADE RECEIVABLES
(Unsecured, Considered Good)

Particulars	As at 31.03.2016 (Rs. in lacs)	As at 31.03.2015 (Rs. in lacs)
Outstanding exceeding Six months from due date	—	—
Other Debts	**3924.75**	4041.94
TOTAL	**3924.75**	4041.94

NOTE 14 : CASH AND CASH EQUIVALENTS

Cash in Hand	**10.47**	5.68
Balance with Banks in :		
Current Accounts	**37.33**	57.54
Unclaimed Dividend Account	**9.13**	4.67
TOTAL	**56.93**	67.89

NOTE 15 : SHORT TERM LOANS AND ADVANCES
(Unsecured, Considered Good)

Advances to Suppliers	**169.66**	69.28
Capital Advances	**1467.11**	80.52
Other Advances	**258.48**	235.43
(Recoverable in cash or in kind or for value to be received)		
TOTAL	**1895.25**	385.23

NOTE 16 : OTHER CURRENT ASSETS
(Unsecured, Considered Good)

Amount Receivable under TUFS	**803.12**	786.23
VAT Credit and Other Receivables	**2363.89**	1888.96
TOTAL	**3167.01**	2675.19

NOTE 17 : REVENUE FROM OPERATIONS

Particulars	Year ended 31.03.2016 (Rs. in lacs)	Year ended 31.03.2015 (Rs. in lacs)
Sales	**75726.24**	60424.00
Foreign Exchange Fluctuation (Net)	**913.63**	1168.92
Job Receipts	**47.31**	66.69
TOTAL	**76687.18**	61659.61
Less : Excise Duty	**0.50**	12.38
TOTAL	**76686.68**	61647.23

NOTE 18 : OTHER INCOME

Particulars	**Year ended 31.03.2016 (Rs. in lacs)**	Year ended 31.03.2015 (Rs. in lacs)
Miscellaneous Income	**7.11**	481.60
Interest Received	**55.53**	31.13
Profit on Sale of Fixed Assets	**4.11**	—
Profit on Sale of Short-Term Investment	**5.47**	—
TOTAL	**72.22**	512.73

NOTE 19 : COST OF MATERIALS CONSUMED

Stock at Opening	**6859.55**	5189.21
Add : Purchases & Expenses	**47983.19**	40204.89
TOTAL	**54842.74**	45394.10
Less : Stock at Closing	**8690.96**	6859.55
TOTAL	**46151.78**	38534.55

NOTE 20 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Closing Stock		
Finished Goods	**846.93**	1163.49
Saleable Waste	**60.97**	42.78
Work-In-Progress	**651.42**	523.61
	1559.32	1729.88
Opening Stock		
Finished Goods	**1163.49**	995.83
Saleable Waste	**42.78**	59.25
Work-In-Progress	**523.61**	334.30
	1729.88	1389.38
Changes in Inventories		
Finished Goods	**316.56**	(167.66)
Saleable Waste	**(18.19)**	16.47
Work-In-Progress	**(127.81)**	(189.31)
TOTAL	**170.56**	(340.50)

NOTE 21 : EMPLOYEE BENEFIT EXPENSES

Particulars	**Year ended 31.03.2016 (Rs. in lacs)**	Year ended 31.03.2015 (Rs. in lacs)
Salary & Wages	**3667.78**	2866.75
Contribution to Provident Fund and Other Benefits	**333.86**	259.31
Gratuity and Leave Encashment Expenses	**141.34**	148.55
Staff Welfare Expenses	**171.41**	153.69
TOTAL	**4314.39**	3428.30

NOTE 22 : FINANCE COST

Interest Expenses		
Term Loans	**2339.51**	1421.27
Others	**680.82**	628.77
TOTAL	**3020.33**	2050.04
Other Borrowing Costs	**280.65**	211.94
TOTAL	**3300.98**	2261.98

NOTE 23 : OTHER EXPENSES

(a) Manufacturing Expenses		
Power, Fuel & Water charges	**6505.20**	5130.29
Stores & Spares Consumed	**1640.46**	1383.68
Packing Expenses	**1298.30**	1037.46
Job Charges paid	**6.47**	3.19
Repair & Maintenance		
Plant & Machinery	**84.84**	54.08
Building	**25.87**	20.24
Others	**19.19**	12.76
TOTAL (a)	**9580.33**	7641.70
(b) Administrative and Other Expenses		
Printing & Stationery	**13.89**	12.44
Postage & Communication	**26.68**	25.13
Subscription & Membership Fees	**2.25**	2.03
Director's Sitting Fee	**3.22**	1.50
Rent, Rates & Taxes	**27.47**	20.09

Particulars	Year ended 31.03.2016 (Rs. in lacs)	Year ended 31.03.2015 (Rs. in lacs)
Travelling Directors	**16.61**	6.51
Others	**15.56**	15.32
Vehicle & Conveyance	**75.63**	58.74
Charity & Donation	**0.75**	0.89
CSR Expenditure	**10.26**	23.64
Legal & Professional	**24.44**	12.72
Insurance Charges	**46.44**	53.65
Loss on Sale of Fixed Assets	—	84.92
Audit Fees	**4.00**	2.50
Cost Audit Fees	**0.40**	0.25
Advertisement	**11.26**	8.21
Software Expenses	**3.71**	0.57
Miscellaneous Expenses	**3.94**	3.16
TOTAL (b)	**286.51**	332.27
(c) Selling and Distribution Expenses		
Sales Promotion	**21.56**	18.57
Sales Commission	**1000.28**	801.10
Rebate, Claims & Discount	**82.32**	31.17
Freight & Forwarding	**1330.95**	1069.93
Hank Yarn Obligation Expenses	**44.03**	38.26
TOTAL (c)	**2479.14**	1959.03
TOTAL (a to c)	**12345.98**	9933.00

NOTE 24 : ACCOUNTING POLICIES & ADDITIONAL INFORMATION

A. SIGNIFICANT ACCOUNTING POLICIES

1) Basis for preparation of Financial Statement

(a) The financial statements have been prepared under the historical cost convention and on the principles of going concern in accordance with Indian Generally Accepted Accounting Principles, applicable Accounting Standards and provisions of the Companies Act, 2013.

(b) Accounting policies, not specifically referred to, are consistent with Generally Accepted Accounting Principles.

2) Revenue Recognition :

(a) Sales are recognised when goods are supplied and effective control of goods associated with ownership is transferred to the buyer. Sales are recorded net of Sales Tax, return, discounts and rebates but including Excise Duties.

(b) Foreign exchange differences relating to sales are included in Revenue from operation.

(c) Other Income and Incentives/Benefits are accounted for on accrual basis.

(d) Claims lodged with insurance companies are accounted and credited to the relevant head when recognized by the insurance company.

(e) Inter-divisional sales comprising of sale of power for captive use is reduced from gross turnover in arriving net turnover.

3) Expenditure

(a) Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

(b) Rebate, claims & settlement on goods sold are accounted for as and when these are ascertained with reasonable accuracy.

4) Inventory

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of various items of inventory is computed as under :-

(a) Cost of raw materials and stores include duties, taxes, freight and other expenses and are net of Duty Drawback, VAT & CST refund, CENVAT credit wherever made applicable.

(b) Cost in relation to finished goods comprises of cost of materials, excise duty, production overheads and depreciation.

(c) Work in process is valued at raw material cost plus conversion cost depending upon the stage of completion.

(d) The material/finished goods despatched from the factory but lying at port pending shipment are taken as a part of finished goods stock.

5) Investments

(a) Investments are stated at cost.

(b) Dividend income is accounted when the right to receive is established.

6) Fixed Assets

(i) Tangible Assets

Fixed Assets are stated at cost net of CENVAT/VAT credit availed and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing cost till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations directly attributable to the fixed assets are capitalized.

(ii) Intangible Assets

Intangible Assets are stated at cost less accumulated amortisation and impairment loss, if any.

7) Depreciation and Amortisation

(i) Tangible Assets

a) Depreciation on Plant & Machinery (other than Laboratory Equipments, Fire Fighting Equipments and Tools & Equipments) is provided on Straight Line Method (SLM) considering estimated useful life of 13 years. Depreciation on other fixed assets has been provided based on useful lives prescribed in Schedule II of the Companies Act, 2013.

b) Depreciation on Fixed Assets for trial run period is not charged.

(ii) Intangible Assets

Intangible Assets consist of Computer Software and the same are amortised over a period of 5 years.

8) Prior Period Items

Prior period items including adjustment/Claims, arisen / settled / noted during the year are debited / credited to the respective heads of account, if not material in the nature.

9) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of Fixed Assets are capitalized as part of the cost of such assets for the period prior to commencement of commercial production or installation. All other costs are charged to revenue.

10) Government Grants

(a) Government Grants are recognized in accordance with AS-12 and reduced from the relevant expenses or shown as income. The benefits attributable to the acquisition/installation of Fixed Assets till the commencement of commercial production are netted against the cost of fixed assets.

11) Foreign Currency Transactions/Translations

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Foreign currency assets and liabilities covered by forward contracts are stated at the forward contract rates while those not covered by forward contracts are restated at rates ruling at the year end. Exchange rate differences are dealt with in the Profit and Loss statement except those relating to the acquisition of fixed assets, which are adjusted to the cost of the assets.

12) Financial Derivatives

Foreign Currency Derivative contracts are accounted for on the date of their settlement and realized gain/loss in respect of settled contracts are recognized in the Profit and Loss Statement, except where they relate to borrowings attributable to the acquisition of fixed assets, in that case they are adjusted to the carrying cost of the assets.

13) CENVAT

(a) The purchase cost of raw materials and other expenses has been considered net of CENVAT available on inputs.

(b) The CENVAT benefits attributable to acquisition/installation of fixed assets are netted off against the cost of fixed assets.

(c) CENVAT is accounted for on the basis of payments made in respect of goods cleared and provision is made for goods lying in Stock, if applicable and the same is treated as part of the cost of respective Stock

14) Research & Development

Revenue expenditure on Research and Development is charged against the profit of the year in which it is incurred. Capital expenditure on research and development is shown as addition to fixed assets.

15) Retirement Benefits

The company's contribution to Provident and other funds are charged to Profit & Loss Statement. The liability for gratuity and leave encashment is provided on the basis of actuarial valuation.

16) Provision for Current and Deferred Tax

a) Provision for Current Income Tax is made after considering MAT Credit entitlement, exemptions and deductions available under the Income Tax Act, 1961.

b) Deferred Tax Liability resulting from timing differences between book and tax profit is accounted for by using the tax rates and laws that are enacted or substantially enacted as on Balance Sheet date. The deferred tax assets is recognized and carried forward only to extent that there is a reasonable certainty that the assets will be realized in future.

17) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss statement in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

18) Deferred Revenue Expenditure

The Company does not recognize any Deferred Revenue Expenditure.

19) Provisions and Contingencies

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Provisions except Gratuity and Leave Encashment benefits are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed unless the possibility of an out flow of resources embodying economic benefit is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

20) CSR Expenditure

Amount spent on CSR activities during the year is charged to Statement of Profit & Loss, if the same is of revenue nature. If the expenditure is of such nature, which may give rise to a capital asset, the same is recognized in the Balance Sheet as "CSR Assets".

B. ADDITIONAL INFORMATION

1) **Contingent Liabilities & Commitments**

i) Contingent Liabilities not provided for

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a.	Disputed Liabilities not acknowledged as debts		
	- Cenvat, Service Tax and Custom Duty	**804.91**	804.91
b.	Guarantees		
	- Outstanding Bank Guarantees	**157.39**	148.24
c.	Other money for which the company is contingently liable		
	- Bill Discounted with Banks (against goods sold)	**5968.02**	4999.76

ii) Commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) **Rs. 17396.11 Lacs** (Previous Year - Rs. 91.02 Lacs).

b) The company has an outstanding export obligation of appox. **Rs. 28215.24 lacs** (Previous Year - Rs. 25812.42 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 31.03.2021.

2) In the opinion of the Board the Current Assets, Loans and Advances are approximately of the value as stated in Financial Statements, if realised in the ordinary course of business. The provisions for all known and determined liabilities are adequate and not in excess of the amount reasonably required.

3) Sundry Creditors include Rs. **Nil** (Previous Year Rs. Nil) amount due to Micro & Small Enterprises as at 31st March 2016. The figures have been disclosed on the basis of confirmations 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.

4) Provision for current tax is net of MAT Credit Entitlement **Rs. 223.75 Lacs** (Previous Year - Rs. 1126.56 Lacs)

5) **Financial Derivative Instruments**

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, 2016 is as under :

		Current Year (in Lacs)		Previous Year (in Lacs)	
	Particulars	**Foreign Currency**	**INR**	Foreign Currency	INR
A	Forward Contracts outstanding (for Hedging)				
	USD (Sale)	**95.72**	**6583.17**	87.99	5599.71
	EURO (Sale)	**10.84**	**824.25**	3.33	235.48
	GBP (Sale)	**0.12**	**11.55**	0.85	81.57
	Total	**106.68**	**7418.97**	92.17	5916.76
B	Unhedged forex exposure				
	Payable - USD	**3.96**	**262.68**	4.47	279.48
	Payable - EURO	**0.10**	**7.51**	0.05	3.50
	Payable - GBP	**0.01**	**0.95**	0.03	2.40

6) **Payment to Auditors :-**

	Particulars	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
A.	Audit Fee	**3.50**	2.20
B.	Tax Audit Fee	**0.50**	0.30
	Total	**4.00**	2.50

7) **Employee Benefit Obligations**

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 **Rs. 240.77 lacs** (Previous Year Rs 185.15 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 Actuary.

The Present value of the obligation as recognized in the Balance Sheet :-

Particulars	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
Present value of obligation at the beginning of the period	**374.50**	269.58
Interest cost	**29.96**	22.92
Current service cost	**95.54**	76.40
Benefits paid	**(17.02)**	(15.53)
Actuarial (gain)/loss on obligation	**(8.46)**	21.13
Present value of obligation at the end of period	**474.52**	374.50

The amounts recognized in the Profit & Loss account are as follows :-

Particulars	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
Current service cost	**95.54**	76.40
Interest cost	**29.96**	22.92
Net actuarial (gain)/loss recognized in the period	**(8.46)**	21.13
Expenses recognized in the Profit & Loss statement	**117.04**	120.45

Reconciliation of the Present value of defined obligation and the fair value of the plan assets

Particulars	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
Present value of obligation as at the end of period	**474.52**	374.50
Fair value of Plan Assets	—	—
Liability Recognized in Balance Sheet	**474.52**	374.50

(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, as under:

Particulars	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
Present value of obligation as at the end of period	**121.94**	103.81
Fair value of Plan Assets	—	—
Liability Recognized in Balance Sheet	**121.94**	103.81

The assumptions used in Actuarial Valuation:-

Particulars	**Current Year (In %)**	Previous Year (In %)
i) Discounting Rate	**8.00**	8.00
ii) Future salary Increase	**8.00**	8.00

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.

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.

8) The figures for the previous year have been regrouped and rearranged wherever found necessary to make them comparable with those of current year.

9) **SEGMENT REPORTING**

(a) Primary Segment Reporting (By Business Segments)

(ii) The Company is engaged in textiles. Hence there is no separate business segments

(iii) The company has its own power generation division mainly for captive use; therefore it is not treated as a separate business segment.

(b) Secondary Segment reporting on the basis of geographical segment is as below:

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
1.	Segment Revenue		
	- Within India	**25683.37**	24198.14
	- Outside India	**51076.03**	37974.20
	Total Revenue	**76759.40**	62172.34
2.	Segment Assets*		
	- Within India	**61272.02**	59354.29
	- Outside India	**2231.72**	1635.25
	Total Assets	**63503.74**	60989.54

***Segment Assets outside India is entirely related to Sundry Debtors.**

10) **RELATED PARTY DISCLOSURES**

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 :-

Sushila Devi Nolkha	Wife of Shri R. L. Nolkha, Mother of Shri Dinesh Nolkha & Shri Nitin Nolakha

(c) Related Companies:-

Redial Trading & Investment Pvt. Ltd.

Details of Transactions with related parties :-

S.No.	Nature of Transactions	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
1	**Rent Payment**		
	Smt. Sushila Devi Nolkha	**3.00**	3.00
	Shri R.L. Nolkha	**0.60**	0.90
	Redial Trading & Investment Pvt. Ltd.	**0.90**	0.90
2	**Managerial Remuneration**		
	Shri R.L. Nolkha	**89.88**	97.04
	Shri Dinesh Nolkha	**83.64**	86.59
	Shri Nitin Nolakha	**80.32**	83.05
	Shri P. Maheshwari	**19.09**	16.50
	Shri Sudhir Garg	**12.15**	10.35
3	**Interest Payment on unsecured loans**		
	Shri R.L. Nolkha	**9.95**	3.03
	Shri Dinesh Nolkha	**7.48**	2.51
	Shri Nitin Nolakha	**8.81**	2.14
	Redial Trading & Investment Pvt. Ltd	**20.71**	3.95

The balance due to related parties (Refer Note no. 8 - Other Current Liabilities) and maximum outstanding balance during the year are as under:

S.No.	Nature of Transactions	Outstanding Balance		Maximum outstanding balance during the year	
		As at 31.03.16	As at 31.03.15	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
1.	Shri R.L. Nolkha	Nil	55.00	**175.00**	80.00
2.	Shri Dinesh Nolkha	Nil	60.00	**90.00**	60.00
3.	Shri Nitin Nolakha	Nil	60.00	**125.00**	60.00
4.	Redial Trading & Investment Pvt. Ltd	Nil	125.00	**275.00**	125.00

11) Earning Per Share (EPS) –

S.No.	Particulars	**Current Year (Rs. in lacs)**	Previous Year (Rs. in lacs)
A	Net Profit available to Equity Shareholders	**4416.28**	4095.94
B	Number of Equity Shares of Rs.10 each outstanding during the year (in lacs)	**458.34**	458.34
C	Basic/Diluted Earning per share (Rs.)	**9.64**	8.94
D	Face Value of each equity share (Rs.)	**10.00**	10.00

13) Installed Capacity

	Current Year	Previous Year
Rotors (Nos.)	**2936**	2936
Spindles (Nos.)	**150096**	150096
Knitted Fabric (No. of M/c's)	**49**	49

A. Production, Turnover & Stock

(As per Inventories taken, valued and certified by the Management)

S.N.	PARTICULAR	OPENING STOCK		PRODUCTION/ PURCHASES		SALES		CLOSING STOCK	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A	**YARN**								
i)	**Own Manufacturing**								
	Qty. (In Tons) *	**704.14**	544.64	**37650.26**	28974.46	**31578.42**	23713.73	**442.37**	704.14
	Value (Rs. in Lacs)	**1005.92**	878.57	—	—	**57998.50**	45955.35	**670.36**	1005.92
ii)	**Trading**								
	Qty. (In Tons)	—	—	—	85.28	—	85.28	—	—
	Value (Rs. in Lacs)	—	—	—	—	—	180.83	—	—
B	**Fabric**								
	Qty. (In Tons)	**94.65**	54.68	**6363.08**	5129.91	**6364.65**	5089.93	**93.09**	94.65
	Value (Rs. in Lacs)	**157.57**	117.25	—	—	**13696.34**	11788.39	**176.57**	157.57
C	**Saleable Waste & Others**								
	Value (Rs. in Lacs)	**42.78**	59.25	—	—	**4031.40**	2499.43	**60.97**	42.78
D	**Job Work for Other**								
i)	**Fabric**								
	Qty. (In Tons)	—	—	**175.02**	255.29	**175.02**	255.29	—	—
	Value (Rs. in Lacs)	—	—	—	—	**47.31**	66.69	—	—

* Production includes 6333.60 Tons. (Previous Year 5101.22 Tons.) transferred for captive consumption

B. Raw Material consumed

S.N.	PARTICULAR	OPENING STOCK		PURCHASES		CONSUMPTION		CLOSING STOCK	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A	**Own Manufacturing**								
i)	**Cotton**								
	Qty. (In Tons)	**8487.29**	4853.09	**49161.22**	40687.71	**48431.53**	37053.51	**9216.98**	8487.29
	Value (Rs. in Lacs)	**6819.28**	5155.23	**47529.63**	39833.16	**45676.24**	38169.11	**8672.67**	6819.28
ii)	**Yarn**								
	Qty. (In Tons)	**6.81**	6.26	**78.38**	60.73	**81.78**	60.18	**3.41**	6.81
	Value (Rs. in Lacs)	**40.27**	33.98	**453.56**	371.73	**475.54**	365.44	**18.29**	40.27
	Total								
	Qty. (In Tons)	**8494.10**	4859.34	**49239.60**	40748.45	**48513.31**	37113.69	**9220.39**	8494.10
	Value (Rs. in Lacs)	**6859.55**	5189.21	**47983.19**	40204.89	**46151.78**	38534.55	**8690.96**	6859.55
B	**Trading**								
i)	**Yarn**								
	Qty. (In Tons)	—	—	—	85.28	—	85.28	—	—
	Value (Rs. in Lacs)	—	—	—	173.96	—	173.96	—	—

C. Value of Imports calculated on CIF basis in respect of

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a.	Components & Spare Parts including Packing Materials	**691.14**	486.05
b.	Raw Material	**6081.91**	1381.09
c.	Capital Goods	**70.54**	6462.73
	Total	**6843.59**	8329.87

D. Value of Raw Material, Components and Spare Parts Consumed

S.No.	Particulars	Current Year (Rs. in lacs)	%	Previous Year (Rs. in lacs)	%
(i)	**Raw Materials**				
a.	Imported	**5210.92**	**11.29**	1343.82	3.49
b.	Indigenous	**40940.86**	**88.71**	37190.73	96.51
	Total	**46151.78**	**100.00**	38534.55	100.00
(ii)	**Components & Spare Parts including Packing Materials**				
a.	Imported	**628.08**	**21.37**	547.94	22.63
b.	Indigenous	**2310.68**	**78.63**	1873.20	77.37
	Total	**2938.76**	**100.00**	2421.14	100.00

E. Expenditure in Foreign Currency

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
i.	Commission & Others	**475.19**	444.96
ii.	Travelling	**5.07**	2.66
	Total	**480.26**	447.62

F. Earning in Foreign Currency

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
(i)	Export of Goods at FOB value	**50454.95**	37405.97

Singnature to Note 1 to 24

As per of our report of even date attached.

For and on behalf of the Board

For R.S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

R.L. NOLKHA
Chairman
(DIN - 00060746)

ADITI MEHTA
Director
(DIN - 06917890)

R. CHATTOPADHYAY
Director
(DIN - 06928729)

Y.R. SHAH
Director
(DIN - 00019557)

NITIN NOLAKHA
Executive Director
(DIN - 00054707)

P. MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

DINESH NOLKHA
Managing Director
(DIN - 00054658)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

Place : Bhilwara
Date : 3rd May, 2016

Independent
AUDITOR'S REPORT

To,

The Members,

Nitin Spinners Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Nitin Spinners Limited("The Company'), which comprise the Balance Sheet as at 31stMarch, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies, Act 2013 ("the act") with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for 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 internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;

b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

(i) As required by the Companies (Auditor's Report) Order, 2016 issued by the Central government of India in the terms of Section 143 of the Companies Act 2013, we give in the "Annexure A" statement on the matters specified in Paragraph 3 & 4 of the order.

(ii) As required by Section 143(3) of the Act, we report that :

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, Statement of Profit and Loss and, Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards referred to in Section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of written representations received from the Directors as on 31st March, 2017, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act.

f) With respect to adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    (a) The Company does not have any pending litigations which would materially impact its financial position.

    (b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

    (c) During the year the Company was not required to transfer any amount to Investor Education & Protection Fund .

    (d) The Company has provided requisite disclosures (Refer note 24(B)(8)) in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these disclosures are in accordance with the books of account maintained by the Company.

For **R.S. DANI & CO.**
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 6th May, 2017

"ANNEXURE A"
to the Auditors' Report

The annexure referred to in our paragraph "Report on Other Legal and Regulatory Requirements" report to the members of Nitin Spinners Limited. for the year ended 31st March, 2017 as per information and explanations given to us, we report that-

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) these fixed assets 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 the management and no material discrepancies were noticed on such verification.

(iii) The Company has not granted any loans secured or unsecured to the companies, firms, Limited Liability Partnerships, or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In respect of loans, investments, guarantees, and security the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

(v) The Company has not accepted any deposits.

(vi) The maintenance of cost records has been specified by the Central Government under sub-Section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been so made and maintained.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There are no arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.

(b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute except as follows:

S. No.	Name of Statute	Nature of Dues	Unpaid Amt (₹ in Lacs)	Year	Forum which at pending/ Remarks
1.	Central Excise	Excise Duty and Penalty	12.02	2007-08	CESTAT, New Delhi
2.	Central Excise	Excise duty and Penalty	20.37	2000-01	Commissioner (A), Jaipur
3.	Central Excise	Custom Duty and Penalty	37.72	2008-09	CESTAT, New Delhi
4.	Central Excise	Penalty	15.97	2008-09	CESTAT, New Delhi
5.	Central Excise	Excise Duty	463.54	2008-09	CESTAT, New Delhi
6.	Central Excise	Excise Duty	20.67	2008-09	CESTAT, New Delhi
7.	Service Tax	Demand of Service Tax and Penalty	93.65	2009-11	Commissioner (A), Jaipur

(viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) however it has raised term loans which were applied for the purposes for which those are raised.

(x) There were no incident of fraud by he Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The 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 Company is not a Nidhi Company.

(xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where ever applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **R.S. DANI & CO.**
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 6th May, 2017

"ANNEXURE B"
to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Nitin Spinners Limited ("The Company") as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **R.S. DANI & CO.**
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 6th May, 2017

BALANCE SHEET
As at 31st March, 2017

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	4,583.39	4,583.39
(b) Reserve and Surplus	2	21,034.19	15,981.12
		25,617.58	**20,564.51**
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	38,940.65	24,090.58
(b) Deferred Tax Liabilities (Net)	4	5,394.14	4,329.00
(c) Long-Term Provisions	5	759.47	534.14
		45,094.26	**28,953.72**
(3) Current Liabilities			
(a) Short-Term Borrowings	6	10,746.47	5,772.36
(b) Trade Payables	7	1,819.62	1,308.90
(c) Other Current Liabilities	8	8,331.68	6,290.29
(d) Short-Term Provisions	9	735.79	613.96
		21,633.56	**13,985.51**
TOTAL		**92,345.40**	**63,503.74**
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		61,381.84	38,178.03
(ii) Intangible Assets		47.34	29.43
(iii) Capital Work In Progress		-	1,706.21
		61,429.18	**39,913.67**
(b) Long-Term Loans and Advances	11	4,366.99	3,070.10
		65,796.17	**42,983.77**
(2) Current Assets			
(a) Inventories	12	17,003.62	11,476.03
(b) Trade Receivables	13	4,832.71	3,924.75
(c) Cash and Cash Equivalents	14	126.83	56.93
(d) Short Term Loans and Advances	15	889.94	1,895.25
(e) Other Current Assets	16	3,696.13	3,167.01
		26,549.23	**20,519.97**
TOTAL		**92,345.40**	**63,503.74**
Accounting Policies and Additional informations	24		

In terms of our report of even date attached
For **R.S. DANI & CO.**
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 6th May, 2017

For and on behalf of the Board

R.L. NOLKHA
Chairman
(DIN - 00060746)

Y.R. SHAH
Director
(DIN - 00019557)

DINESH NOLKHA
Managing Director
(DIN - 00054658)

ADITI MEHTA
Director
(DIN - 06917890)

NITIN NOLAKHA
Executive Director
(DIN - 00054707)

R. CHATTOPADHYAY
Director
(DIN - 06928729)

P. MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

PROFIT & LOSS STATEMENT

For the year ended 31st March, 2017

(₹ in Lacs)

Particulars		Note No.	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
I.	Revenue from Operations	17	93,337.96	76,686.68
II.	Other Income	18	78.55	72.22
III.	**Total Revenue (I+II)**		**93,416.51**	**76,758.90**
IV.	**Expenses**			
	Cost of Materials Consumed	19	61,451.52	46,151.78
	Purchase of Stock in trade		262.23	-
	Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	20	(2,811.76)	170.56
	Employee Benefits Expense	21	5,216.15	4,314.39
	Finance Cost	22	2,224.18	3,300.98
	Depreciation & Amortisation Expense	10	4,165.12	3,955.73
	Other Expenses	23	15,907.14	12,345.98
	Total Expenses		**86,414.58**	**70,239.42**
V.	**Profit before Exceptional Items & Tax**		**7,001.93**	**6,519.48**
VI.	**Tax Expenses**			
	1. Current Tax (Net of MAT Credit)		221.74	1,167.61
	2. Deferred Tax		1,065.14	935.59
VII.	**Profit /(Loss) After Tax (V-VI)**		**5,715.05**	**4,416.28**
VIII.	**Basic & Diluted Earning Per Share**		**12.47**	**9.64**
Accounting Policies and Additional informations		24		

In terms of our report of even date attached

For **R.S. DANI & CO.**
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 6th May, 2017

For and on behalf of the Board

R.L. NOLKHA
Chairman
(DIN - 00060746)

Y.R. SHAH
Director
(DIN - 00019557)

DINESH NOLKHA
Managing Director
(DIN - 00054658)

ADITI MEHTA
Director
(DIN - 06917890)

NITIN NOLAKHA
Executive Director
(DIN - 00054707)

R. CHATTOPADHYAY
Director
(DIN - 06928729)

P. MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

CASH FLOW STATEMENT

For the period ended 31st March, 2017

(₹ in Lacs)

	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(A)	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net Profit Before Tax & Exceptional Items	7,001.93	6,519.48
	Adjustments for :-		
	Depreciation	4,165.12	3,955.73
	Interest Expenditure	2,224.18	3,300.98
	Loss/ (Profit) on sale of Fixed Assets	(1.71)	(4.11)
	Operating Profit Before Working Capital Changes	**13,389.52**	**13,772.08**
	Adjustments for :-		
	Decrease/(Increase)Inventories	(5,527.59)	(2,057.11)
	Decrease/ (Increase)Sundry Debtors	(907.96)	117.19
	Decrease/ (Increase) Loans and Advances (Current & Non Current)	(956.91)	(806.60)
	Increase/(Decrease) Current & Non Current Liabilities	1,471.56	333.93
	Total Adjustments	**(5,920.90)**	**(2,412.59)**
	Cash Generated from Operations	**7,468.62**	**11,359.49**
	Less : Taxes Paid	1,552.64	1,319.75
	Net Cash Generated from Operating Activities (A)	**5,915.98**	**10,039.74**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	(27,394.41)	(503.65)
	Capital WIP including Capital Advances	3,173.32	(3,092.80)
	Sale of Fixed Assets	9.28	18.33
	Net Cash Generated/(used) in Investing Activities (B)	**(24,211.81)**	**(3,578.12)**
(C)	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from /(Repayment) of short term borrowing (Net)	4,974.11	438.66
	Proceeds from long term borrowings	21,515.00	17.00
	Repayment of long term borrowings	(5,347.55)	(3,075.61)
	Interest Paid	(2,224.18)	(3,300.98)
	Dividend Paid	(458.34)	(458.34)
	Tax on Dividend Paid	(93.31)	(93.31)
	Net Cash Generated/(used) From Financing Activities (C)	**18,365.73**	**(6,472.58)**
(D)	**Net Increase / (Decrease) in Cash & Cash Equivalent (A+B+C)**	**69.90**	**(10.96)**
	Closing Balance of Cash & Cash Equivalent	126.83	56.93
	Opening Balance of Cash & Cash Equivalent	56.93	67.89

In terms of our report of even date attached

For **R.S. DANI & CO.**
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 6th May, 2017

For and on behalf of the Board

R.L. NOLKHA
Chairman
(DIN - 00060746)

Y.R. SHAH
Director
(DIN - 00019557)

DINESH NOLKHA
Managing Director
(DIN - 00054658)

ADITI MEHTA
Director
(DIN - 06917890)

NITIN NOLAKHA
Executive Director
(DIN - 00054707)

R. CHATTOPADHYAY
Director
(DIN - 06928729)

P. MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

NOTES
To the Financial Statements

NOTE : 1
DETAILS OF SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Authorised :		
4,60,00,000 (Previous Year : 4,60,00,000)	4,600.00	4,600.00
Equity Shares of ₹ 10/- Each		
4,00,000 (Previous Year : 4,00,000)	400.00	400.00
Preference Shares of ₹ 100/- Each		
Total	**5,000.00**	**5,000.00**
Issued, Subscribed & Fully Paid up :		
4,58,33,945 (Previous Year : 4,58,33,945)	4,583.39	4,583.39
Equity Shares of ₹ 10/- Each fully paid up		
ranking pari passu		
Total	**4,583.39**	**4,583.39**

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

Name of Shareholders	No. of Shares (% of Holding)	No. of Shares (% of Holding)
Redial Trading & Investment Pvt. Ltd.	1,67,55,000 (36.56%)	1,67,55,000 (36.56%)
Ratan Lal Nolkha	55,50,000 (12.11%)	55,50,000 (12.11%)

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

Particulars	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	4,58,33,945.00	4,58,33,945.00
Add : Shares issued during the year	-	-
Equity Shares at the end of the year	4,58,33,945.00	4,58,33,945.00

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

NOTE : 2
RESERVE & SURPLUS

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
a. Capital Redemption Reserve		
Opening Balance	150.00	150.00
Additions during the year		
Deductions during the year		
Net Balance	**150.00**	**150.00**
b. Securities Premium Reserve		
Opening Balance	2,766.73	2,766.73
Additions during the year		
Deductions during the year		
Net Balance	**2,766.73**	**2,766.73**
c. General Reserve		
Opening Balance	2,250.00	1,500.00
Additions during the year	750.00	750.00
Deductions during the year		
Net Balance	**3,000.00**	**2,250.00**
d. Surplus in Profit & Loss Account		
Opening Balance	10,814.39	7,699.76
Additions during the year	5,715.05	4,416.28
Less : Allocation / Appropriation	-	-
Proposed Dividend on Equity Shares	550.01	458.34
Tax on Dividend	111.97	93.31
Transfer to General Reserve	750.00	750.00
Sub Total	1,411.98	1,301.65
Net Balance	**15,117.46**	**10,814.39**
Total (a to d)	**21,034.19**	**15,981.12**

NOTES

To the Financial Statements (CONTD.)

NOTE : 3

LONG TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
a. Term Loans from Banks (Secured)	45,581.60	29,397.88
Less : Taken to Other Current Liabilities being Current Maturities	6,649.24	5,316.20
Total (a)	**38,932.36**	**24,081.68**
b. Vehicle Loans From Banks (Secured)	20.93	37.20
Less : Taken to Other Current Liabilities being Current Maturities	12.64	28.30
Total (b)	**8.29**	**8.90**
Total (a+b)	**38,940.65**	**24,090.58**

Explanations

1. Security

(a) Term Loans of ₹ 44,400.35 Lacs are secured by way of first charge on all immovable and movable fixed assets (both present and future) and second charge on current assets. The term loan of ₹ 1,181.25 Lacs are secured by way of IIIrd charge on all immovable and movable fixed assets and current assets of the Company. The term loans are also secured by personal guarantee of three directors

(b) Vehicle Loan is secured by hypothecation of the specific vehicle

2. Terms of Repayment

(a) Term loans of ₹ 6,195.92 Lacs in 7 variable quarterly instalments upto December 2018, ₹ 235.68 Lacs in 11 equal quarterly instalments upto December 2019, ₹ 17,650.00 Lacs in 24 variable quarterly instalments upto March 2023 and ₹ 21,500.00 Lacs in 28 variable quarterly instalments upto December 2024.

(b) Vehicle loan of ₹ 1.66 Lacs is repayable in 2 variable monthly instalments upto June 2017, ₹ 7.24 Lacs is repayable in 14 variable monthly instalments upto June 2018 and ₹ 12.03 Lacs is repayable in 28 variable monthly instalments upto August 2019

NOTE : 4

DEFERRED TAX LIABILITY (NET)

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
A. Deferred Tax Liability		
- Depreciation	5,682.52	4,535.42
B. Deferred Tax Assets		
- Employee Benefits & Other Expenses	288.38	206.42
C. Deferred Tax Liability (Net)	**5,394.14**	**4,329.00**

NOTE : 5

LONG TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Provision for Employee Benefits	759.47	534.14
Total	**759.47**	**534.14**

NOTE : 6

SHORT TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Loans Repayable on demand :		
Working Capital Loan from Banks (Secured)	10,746.47	5,772.36
Total	**10,746.47**	**5,772.36**

The working capital loans are secured by way of hypothecation (both present and future) of stocks of raw material / component spares, stock in process,finished goods and book debts and a second charge on all immovable properties (both present and future) of the Company.
The working capital loans are also secured by personal guarantee of three directors.

NOTE : 7

TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
For Goods Purchased	301.48	338.70
For Services & Others	1,518.14	970.20
Total	**1,819.62**	**1,308.90**

NOTE : 8

OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debt	6,661.88	5,344.50
Interest accrued but not due on borrowings	5.50	8.25
Unsecured Loan (Refer Note no. 24 B (12))	475.00	-
Advances From Customers	235.01	92.57
Statutory Dues	124.12	118.46
Capital Goods	36.76	8.10
Unclaimed Dividend	14.39	9.14
Other Payables	779.02	709.27
Total	**8,331.68**	**6,290.29**

NOTE : 9

SHORT TERM PROVISIONS

Provisions for Employee Benefits	73.81	62.31
Provisions for Dividend	550.01	458.34
Provisions for Dividend Tax	111.97	93.31
Total	**735.79**	**613.96**

Note : 10

FIXED ASSETS

(₹ in Lacs)

Particulars	Gross Block				Depreciation & Amortisation Expense				Net Block	
	As at1st April, 2016	Addition	Deduction	As at 31st March, 2017	As at 1st April, 2016	For the year	Deduction	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
Tangible Assets										
Free Hold Land	489.21	110.33	-	599.54	-	-	-	-	599.54	489.21
Lease Hold Land (Under CSR)	-	131.34	-	131.34	-	-	-	-	131.34	-
Buildings	10,634.05	4,946.20	-	15,580.25	2,202.72	440.31	-	2,643.03	12,937.22	8,431.33
Plant & Machinery	48,809.74	21,894.34	70.83	70,633.25	20,656.81	3,437.23	66.49	24,027.55	46,605.70	28,152.93
Electric installation	2,081.14	113.51	0.90	2,193.75	1,244.26	222.84	0.86	1,466.24	727.51	836.88
Furniture & Fixtures	101.08	39.31	1.39	139.00	45.45	11.26	1.32	55.39	83.61	55.63
Office Equipments	138.96	64.71	6.86	196.81	94.52	14.79	6.52	102.79	94.02	44.44
Vehicles	237.02	69.15	6.36	299.81	69.41	31.08	3.58	96.91	202.90	167.61
Total	62,491.20	27,368.89	86.34	89,773.75	24,313.17	4,157.51	78.77	28,391.91	61,381.84	38,178.03
Intangible Assets										
Computer Software	37.40	25.52	-	62.92	7.97	7.61	-	15.58	47.34	29.43
Total	37.40	25.52	-	62.92	7.97	7.61	-	15.58	47.34	29.43
Grand Total	62,528.60	27,394.41	86.34	89,836.67	24,321.14	4,165.12	78.77	28,407.49	61,429.18	38,207.46
Previous Year	62,113.19	503.65	88.24	62,528.60	20,439.43	3,955.73	74.02	24,321.14	38,207.46	41,673.76
Capital Work in Progress									-	1,706.21

NOTES

To the Financial Statements (CONTD.)

NOTE : 11

LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(Unsecured, Considered Good)		
Advance Income Tax & MAT Credit Entitlement (Net of provision)	4,054.90	2,724.00
Security Deposits	312.09	247.59
Advance against CSR Assets	-	98.51
Total	**4,366.99**	**3,070.10**

NOTE : 12

INVENTORIES

(At cost or realiseable value, whichever is lower)		
Raw Material	11,737.22	8,690.96
Work-In-Process	1,134.80	651.42
Finished Goods	3,122.78	846.93
Stores and Spares	550.52	423.91
Fuel	344.80	801.84
Saleable Waste	113.50	60.97
Total	**17,003.62**	**11,476.03**

NOTE : 13

TRADE RECEIVABLES

(Unsecured, Considered Good)		
Outstanding exceeding Six months from Due Date		-
Other Debts	4,832.71	3,924.75
Total	**4,832.71**	**3,924.75**

NOTE : 14

CASH AND CASH EQUIVALENTS

Cash in Hand	6.73	10.47
Balance with Banks in :		
Current Accounts	105.71	37.33
Unclaimed Dividend Account	14.39	9.13
Total	**126.83**	**56.93**

NOTE : 15

SHORT TERM LOANS AND ADVANCES

(Unsecured, Considered Good)		
Advances to Suppliers	638.67	169.66
Capital Advances		1467.11
Other Advances	251.27	258.48
(Recoverable in cash or in kind or for value to be received)		
Total	**889.94**	**1895.25**

NOTE : 16

OTHER CURRENT ASSETS

(Unsecured, Considered Good)		
Amount Receivable under TUFS	239.96	803.12
VAT Credit and Other Receivables	3,456.17	2,363.89
Total	**3,696.13**	**3,167.01**

NOTE : 17

REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Sales	92,025.32	75,726.24
Foreign Exchange Fluctuation (Net)	1,305.73	913.63
Job Receipts	8.14	47.31
Total	**93,339.19**	**76,687.18**
Less : Excise Duty	1.23	0.50
Total	**93,337.96**	**76,686.68**

NOTE : 18

OTHER INCOME

Miscellaneous Income	6.56	7.11
Interest Received	70.28	55.53
Profit on Sale of Fixed Assets	1.71	4.11
Profit on Sale of short term Investments		5.47
Total	**78.55**	**72.22**

NOTE : 19

COST OF MATERIALS CONSUMED

Stock at Opening	8,690.96	6,859.55
Add : Purchases & Expenses	64,497.78	47,983.19
Total	**73,188.74**	**54,842.74**
Less : Stock at Closing	11,737.22	8,690.96
Total	**61,451.52**	**46,151.78**

NOTE : 20

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

Closing Stock		
Finished Goods	3,122.78	846.93
Saleable Waste	113.50	60.97
Work-In-Progress	1,134.80	651.42
Total	**4,371.08**	**1,559.32**
Opening Stock		
Finished Goods	846.93	1,163.49
Saleable Waste	60.97	42.78
Work-In-Progress	651.42	523.61
Total	**1,559.32**	**1,729.88**
Changes in Inventories		
Finished Goods	(2,275.85)	316.56
Saleable Waste	(52.53)	(18.19)
Work-In-Progress	(483.38)	(127.81)
Total	**(2,811.76)**	**170.56**

NOTE : 21

EMPLOYEE BENEFIT EXPENSE

Salary & Wages	4,332.10	3,667.78
Contribution to Provident Fund and Other Benefits	417.77	333.86
Gratuity and Leave Encashment Expenses	272.17	141.34
Staff Welfare Expenses	194.11	171.41
Total	**5,216.15**	**4,314.39**

NOTE : 22

FINANCE COST

Interest Expenses	1,938.94	3,020.33
Other Borrowing Costs	285.24	280.65
Total	**2,224.18**	**3,300.98**

NOTE : 23
OTHER EXPENSES

(₹ in Lacs)

Particulars		As at 31st March, 2017	As at 31st March, 2016
(a)	**Manufacturing Expenses**		
	Power, Fuel & Water charges	9,210.50	6,505.20
	Stores & Spares Consumed	1,827.46	1,640.46
	Packing Expenses	1,474.62	1,298.30
	Job Charges Paid	11.25	6.47
	Repair & Maintenance		
	Plant & Machinery	73.21	84.84
	Building	16.27	25.87
	Others	15.90	19.19
	Total (a)	**12,629.21**	**9,580.33**
(b)	**Administrative and Other Expenses**		
	Printing & Stationary	16.62	13.89
	Postage & Communication	21.10	26.68
	Subscription & Membership Fees	2.38	2.25
	Director's Sitting Fee	3.03	3.22
	Rent, Rates & Taxes	24.05	27.47
	Travelling Directors	12.33	16.61
	Others	18.53	15.56
	Vehicle & Conveyance	86.88	75.63
	Charity & Donation	0.46	0.75
	CSR Expenditure	34.87	10.26
	Legal & Professional	25.32	24.44
	Insurance Charges	52.10	46.44
	Audit Fees	4.00	4.00
	Cost Audit Fees	0.40	0.40
	Advertisement	13.60	11.26
	Software Expenses	3.81	3.71
	Miscellaneous Expenses	6.25	3.94
	Total (b)	**325.73**	**286.51**
(c)	**Selling and Distribution Expenses**		
	Sales Promotion	28.55	21.56
	Sales Commission	1,153.48	1,000.28
	Rebate, Claims & Discount	84.92	82.32
	Freight & Forwarding	1,627.36	1,330.95
	Hank Yarn Obligation Expenses	57.89	44.03
	Total (c)	**2,952.20**	**2,479.14**
	Total (a to c)	**15,907.14**	**12,345.98**

Note : 24

ACCOUNTING POLICIES & ADDITIONAL INFORMATION

A. SIGNIFICANT ACCOUNTING POLICIES

1) Basis for preparation of Financial Statement

(a) The financial statements have been prepared under the historical cost convention and on the principles of going concern in accordance with Indian Generally Accepted Accounting Principles, applicable Accounting Standards and provisions of the Companies Act, 2013.

(b) Accounting policies, not specifically referred to, are consistent with Generally Accepted Accounting Principles.

2) Revenue Recognition

(a) Sales are recognised when goods are supplied and effective control of goods associated with ownership is transferred to the buyer. Sales are recorded net of Sales Tax, return, discounts and rebates but including Excise Duties.

(b) Foreign exchange differences relating to sales are included in Revenue from operation.

(c) Other Income and Incentives/Benefits are accounted for on accrual basis.

(d) Claims lodged with insurance companies are accounted and credited to the relevant head when recognised by the insurance company.

(e) Inter-divisional sales comprising of sale of power for captive use is reduced from gross turnover in arriving net turnover.

3) Expenditure

(a) Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

(b) Rebate, claims & settlement on goods sold are accounted for as and when these are ascertained with reasonable accuracy.

4) Inventory

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of various items of inventory is computed as under:

(a) Cost of raw materials and stores include duties, taxes, freight and other expenses and are net of Duty Drawback, VAT & CST refund, CENVAT credit wherever made applicable.

(b) Cost in relation to finished goods comprises of cost of materials, excise duty, production overheads and depreciation.

(c) Work in process is valued at raw material cost plus conversion cost depending upon the stage of completion.

(d) The material/finished goods dispatched from the factory but lying at port pending shipment are taken as a part of finished goods stock.

5) Investments

(a) Investments are stated at cost.

(b) Dividend income is accounted when the right to receive is established.

6) Fixed Assets

(i) Tangible Assets

Fixed Assets are stated at cost net of CENVAT/VAT credit availed and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing cost till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations directly attributable to the fixed assets are capitalised.

(ii) Intangible Assets

Intangible Assets are stated at cost less accumulated amortisation and impairment loss, if any.

7) Depreciation & Amortisation

(i) Tangible Assets

a) Depreciation on Plant & Machinery (other than Laboratory Equipments, Fire Fighting Equipments and Tools & Equipments) is provided on Straight Line Method (SLM) considering estimated useful life of 13 years (Triple Shift). Depreciation on other fixed assets has been provided based on useful lives prescribed in Schedule II of the Companies Act, 2013.

b) Depreciation on Fixed Assets for trial run period is not charged.

(ii) Intangible Assets

Intangible Assets consist of Computer Software and the same are amortised over a period of 5 years.

8) Prior Period Items

Prior period items including adjustment/Claims, arisen / settled / noted during the year are debited / credited to the respective heads of account, if not material in the nature.

NOTES

To the Financial Statements (CONTD.)

9) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of Fixed Assets are capitalised as part of the cost of such assets for the period prior to commencement of commercial production or installation. All other costs are charged to revenue.

10) Government Grants

(a) Government Grants are recognised in accordance with AS-12 and reduced from the relevant expenses or shown as income.

The benefits attributable to the acquisition/installation of Fixed Assets till the commencement of commercial production are netted against the cost of fixed assets.

11) Foreign Exchange Transactions/Translations

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Foreign currency assets and liabilities covered by forward contracts are stated at the forward contract rates while those not covered by forward contracts are restated at rates ruling at the year end. Exchange rate differences are dealt with in the Profit and Loss statement except those relating to the acquisition of fixed assets, which are adjusted to the cost of the assets.

12) Financial Derivatives

Foreign Currency Derivative contracts are accounted for on the date of their settlement and realised gain/loss in respect of settled contracts are recognised in the Profit and Loss Statement, except where they relate to borrowings attributable to the acquisition of fixed assets, in that case they are adjusted to the carrying cost of the assets.

13) CENVAT

(a) The purchase cost of raw materials and other expenses has been considered net of CENVAT available on inputs.

(b) The CENVAT benefits attributable to acquisition/installation of fixed assets are netted off against the cost of fixed assets.

(c) CENVAT is accounted for on the basis of payments made in respect of goods cleared and provision is made for goods lying in Stock, if applicable and the same is treated as part of the cost of respective Stock

14) Research & Development

Revenue expenditure on Research and Development is charged against the profit of the year in which it is incurred. Capital expenditure on research and development is shown as addition to fixed assets.

15) Retirement Benefits

The Company's contribution to Provident and other funds are charged to Profit & Loss Statement. The liability for gratuity and leave encashment is provided on the basis of actuarial valuation.

16) Provision for Current and Deferred Tax

a) Provision for Current Income Tax is made after considering MAT Credit entitlement, exemptions and deductions available

under the Income Tax Act, 1961.

b) Deferred Tax Liability resulting from timing differences between book and tax profit is accounted for by using the tax rates and laws that are enacted or substantially enacted as on Balance Sheet date. The deferred tax assets is recognised and carried forward only to extent that there is a reasonable certainty that the assets will be realised in future.

17) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss statement in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

18) Deferred Revenue Expenditure

The Company does not recognise any Deferred Revenue Expenditure.

19) Provisions and Contingencies

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Provisions except Gratuity and Leave Encashment benefits are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed unless the possibility of an out flow of resources embodying economic benefit is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

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.

B. ADDITIONAL INFORMATION

1) Contingent Liabilities & Commitments

i) Contingent Liabilities not provided for:

S. No.	Particulars	Current Year (₹ In Lacs)	Previous Year (₹ In Lacs)
a.	Disputed Liabilities not acknowledged as debts - Cenvat, Service Tax and Custom Duty	880.07	804.91
b.	Guarantees - Outstanding Bank Guarantees	157.39	157.39
c.	Other money for which the Company is contingently liable - Bill Discounted with Bank (against goods sold)	6,642.91	5,968.02

ii) Commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) ₹ **Nil** (Previous Year – ₹ 17,396.11 Lacs).

b) The Company has an outstanding export obligation of approx. ₹ **53,349.87** Lacs (Previous Year – ₹ 28,215.24 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 31st March, 2023.

2) In the opinion of the Board the Current Assets, Loans and Advances are approximately of the value as stated in Financial Statements, if realised in the ordinary course of business. The provisions for all known and determined liabilities are adequate and not in excess of the amount reasonably required.

3) Sundry Creditors include ₹ **Nil** (Previous Year ₹ Nil) amount due to Micro & Small Enterprises as at 31st March, 2017. The figures have been disclosed on the basis of confirmations 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.

4) Provision for current tax is net of MAT Credit Entitlement ₹ **1,272.59** Lacs (Previous Year – ₹ 223.75 Lacs)

5) The Company has spent a sum of ₹ **67.71** Lacs (Previous Year – ₹ 108.77 Lacs) on CSR activities as against ₹ 114.53 Lacs

(Previous Year – ₹ 85.53 Lacs) as required under provisions of the Companies Act 2013.

6) Financial Derivative Instruments

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, 2017 is as under:

Sr. No.	Particulars	Current Year (₹ In Lacs)		Previous Year (₹ In Lacs)	
		Foreign Currency	INR	Foreign Currency	INR
A	Forward Contracts outstanding (for Hedging)				
	US$ (Sale)	84.44	5,739.43	95.72	6,583.17
	EURO (Sale)	3.42	244.01	10.84	824.25
	GBP (Sale)	1.05	87.41	0.12	11.55
	US$ (Purchase)	5.00	330.00	-	-
	Total	**93.91**	**6,400.85**	**106.68**	**7,418.97**
B	Unhedged forex exposure				
	Payable – US$	3.15	204.24	3.96	262.68
	Payable – EURO	0.03	2.08	0.10	7.51
	Payable – GBP	0.04	3.24	0.01	0.95

7) Payment to Auditors:

	Particulars	Current Year (₹ In Lacs)	Previous Year (₹ In Lacs)
A	Audit Fee	3.50	3.50
B	Tax Audit Fee	0.50	0.50
	Total	**4.00**	**4.00**

8) Disclosures regarding Specified Bank Notes (SBN) as required vide Notification GSR 308(E) of Ministry of Corporate Affairs Dated 30th March, 2017.

(₹ In Lacs)

Particulars	SBN's	Other Denomination Notes	Total
Closing Cash In Hand as on 8th November, 2016	40.46	7.38	47.84
Add: Permitted Receipts	-	34.29	34.29
Less: Permitted Payment	0.46	40.98	41.44
Less: Amount deposited in bank	40.00	-	40.00
Closing Cash In Hand as on 30th December, 2016	-	0.69	0.69

9) Employee Benefit Obligations

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 recognised as expense for defined contribution plans.

Total contribution made by the employer to the Fund during the year is ₹ 304.82 Lacs (Previous Year ₹ 240.77 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 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 AS-15:

(a) The Present value of the obligation as recognised in the Balance Sheet:

	Current Year (₹ In Lacs)		Previous Year (₹ In Lacs)	
Particulars	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation at the beginning of the period	474.52	121.94	374.50	103.81
Interest cost	37.96	9.75	29.96	8.30
Current service cost	135.02	44.42	95.54	25.12
Benefits paid	(25.18)	(10.17)	(17.02)	(6.17)
Actuarial (gain)/loss on obligation	31.36	13.65	(8.46)	(9.12)
Present value of obligation at the end of period	653.68	179.59	474.52	121.94

(b) The amounts recognised in the Profit & Loss statement are as follows:

	Current Year (₹ In Lacs)		Previous Year (₹ In Lacs)	
Particulars	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service Cost	135.02	44.42	95.54	25.12
Interest Cost	37.96	9.76	29.96	8.30
Net actuarial (gain)/loss recognised in the period	31.36	13.65	(8.46)	(9.12)
Expenses recognised in the Profit & Loss statement	204.34	67.83	117.04	24.30

(c) Reconciliation of the Present value of defined obligation and the fair value of the plan assets

Particulars	Current Year (₹ In Lacs) Gratuity	Current Year (₹ In Lacs) Leave Encashment	Previous Year (₹ In Lacs) Gratuity	Previous Year (₹ In Lacs) Leave Encashment
Present value of obligation as at the end of period	653.68	179.59	474.52	121.94
Fair value of Plan Assets	-	-	-	-
Liability Recognised in Balance Sheet	653.68	179.59	474.52	121.94

(d) The assumptions used in Actuarial Valuation:

Particulars	Current Year (In %)	Previous Year (In %)
i) Discounting Rate	7.35	8.00
ii) Future salary Increase	8.00	8.00

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.

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.

10) The figures for the previous year have been regrouped and rearranged wherever found necessary to make them comparable with those of current year.

11) SEGMENT REPORTING

(a) Primary Segment Reporting (By Business Segments)

(i) The Company is engaged in Business of Textiles. Hence there is no separate business segments

(ii) The Company has its own power generation division mainly for captive use; therefore, it is not treated as a separate business segment.

(b) Secondary Segment reporting on the basis of geographical segment is as below:

Sr.No	Particulars	Current Year (₹ In Lacs)	Previous Year (₹ In Lacs)
1.	**Segment Revenue**		
	- Within India	36,134.00	25,683.37
	- Outside India	57,283.74	51,076.03
	Total Revenue	**93,417.74**	**76,759.40**
2.	**Segment Assets***		
	- Within India	91,027.36	61,272.02
	- Outside India	1,318.04	2,231.72
	Total Assets	**92,345.40**	**63,503.74**

*Segment Assets outside India is entirely related to Sundry Debtors.

12) RELATED PARTY DISCLOSURES

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:

Smt. Sushila Devi Nolkha	Wife of Shri R.L. Nolkha, Mother of Shri Dinesh Nolkha & Shri Nitin Nolakha

(c) Related Companies:

Redial Trading & Investment Private Limited

Details of Transactions with related parties:

S.No	Nature of Transactions	Current Year (₹ In Lacs)	Previous Year (₹ In Lacs)
1.	**Rent Payment**		
	Smt. Sushila Devi Nolkha	3.00	3.00
	Shri R.L. Nolkha	-	0.60
	Redial Trading & Investment Private Limited	0.90	0.90
2.	**Managerial Remuneration**		
	Shri R.L. Nolkha	102.16	89.88
	Shri Dinesh Nolkha	92.38	83.64
	Shri Nitin Nolakha	87.18	80.32
	Shri P. Maheshwari	21.78	19.09
	Shri Sudhir Garg	13.81	12.15
3.	**Interest Payment on unsecured loans**		
	Shri R.L. Nolkha	4.98	9.95
	Shri Dinesh Nolkha	2.64	7.48
	Shri Nitin Nolakha	2.94	8.81
	Redial Trading & Investment Private Limited	38.54	20.71

The balance due to related parties (Refer Note no. 8 – Other Current Liabilities) and maximum balance outstanding during the year are as under:

(₹ In Lacs)

S. No.	Name of related party	Outstanding Balance		Maximum balance outstanding during the year	
		As on 31st March, 2017	As on 31st March, 2016	Current Year	Previous Year
1.	Shri R.L. Nolkha	Nil	Nil	145.00	175.00
2.	Shri Dinesh Nolkha	Nil	Nil	65.00	90.00
3.	Shri Nitin Nolakha	Nil	Nil	127.50	125.00
4.	Redial Trading & Investment Private Limited	475.00	Nil	475.00	275.00

13) Earning Per Share (EPS):

S.No	Particulars	Current Year (₹ In Lacs)	Previous Year (₹ In Lacs)
A	Net Profit available to Equity Shareholders	5,715.05	4,416.28
B	Number of Equity Shares of ₹10 each outstanding during the year (in Lacs)	458.34	458.34
C	Basic/Diluted Earning per share (₹)	12.47	9.64
D	Face Value of each equity share (₹)	10.00	10.00

14) Installed capacity

Particulars	Current Year (₹ In Lacs)	Previous Year (₹ In Lacs)
Rotors (Nos.)	2936	2936
Spindles (Nos.)	2,23,056	1,50,096
Knitted Fabric (No. of M/c's)	63	49

A. Production, Turnover & Stock

(As per Inventories taken, valued and certified by the Management)

S. No.	PARTICULAR	OPENING STOCK		PRODUCTION / PURCHASES		SALES		CLOSING STOCK	
		2016-17	2015-16	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16
A	**YARN**								
i)	**Own Manufacturing**								
	Qty. (In Tons) *	442.37	704.14	42,342.74	37,650.26	34,705.87	31,578.42	1,332.78	442.37
	Value (₹ in Lacs)	670.36	1,005.92			70,336.11	57,998.50	2,865.20	670.36
ii)	**Trading**								
	Qty. (In Tons)	0.00	0.00	150.50	0.00	150.50	0.00	0.00	0.00
	Value (₹ in Lacs)	0.00	0.00			265.39	0.00	0.00	0.00
B	**Fabric**								
	Qty. (In Tons) **	93.09	94.65	6,790.25	6,363.08	6,753.38	6,364.65	120.67	93.09
	Value (₹ in Lacs)	176.57	157.57			15,652.15	13,696.34	257.58	176.57
C	**Saleable Waste & Others**								
	Value (₹ in Lacs)	60.97	42.78			5,771.67	4,031.40	113.50	60.97
D	**Job Work for Other**								
i)	**Fabric**								
	Qty. (In Tons)	0.00	0.00	35.13	175.02	35.13	175.02	0.00	0.00
	Value (₹ in Lacs)					8.14	47.31		

* Yarn Production includes 6,746.459 Tons. (Previous Year 6,333.601 Tons.) transferred for captive consumption

** Fabric Production includes 9.301 Tons. (Previous Year 0 Ton.) Transferred for captive consumption in Packing Department.

B. Raw Material consumed

S. No.	PARTICULAR	OPENING STOCK		PURCHASES		CONSUMPTION		CLOSING STOCK	
		2016-17	2015-16	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16
A	**Own Manufacturing**								
i)	**Cotton**								
	Qty. (In Tons)	9,216.98	8,487.29	54,850.14	49,161.22	54,943.04	48,431.53	9,124.08	9,216.98
	Value (₹ in Lacs)	8,672.67	6,819.28	63,831.23	47,529.63	60,860.69	45,676.24	11,643.21	8,672.67
ii)	**Yarn**								
	Qty. (In Tons)	3.41	6.81	123.45	78.38	107.61	81.78	19.25	3.41
	Value (₹ in Lacs)	18.29	40.27	666.55	453.56	590.83	475.54	94.01	18.29
	Total								
	Qty. (In Tons)	9,220.39	8,494.10	54,973.59	49,239.60	55,050.65	48,513.31	9,143.33	9,220.39
	Value (₹ in Lacs)	8,690.96	6,859.55	6,4497.78	47,983.19	61,451.52	46,151.78	11,737.22	8,690.96
B	**Trading**								
i)	**Yarn**								
	Qty. (In Tons)	0.00	0.00	150.50	0.00	150.50	0.00	0.00	0.00
	Value (₹ in Lacs)	0.00	0.00	262.23	0.00	262.23	0.00	0.00	0.00

C. Value of Imports calculated on CIF basis in respect of

S.No	Particulars	**Current Year (₹ In Lacs)**	Previous Year (₹ In Lacs)
a.	Components & Spare Parts including Packing Materials	845.53	691.14
b.	Raw Material	11,534.72	6,081.91
c.	Capital Goods	5,471.92	70.54
	Total	**17,852.17**	**6,843.59**

D. Value of Raw Material, Components and Spare Parts Consumed

S. No.	Particulars	Current Year (₹ In Lacs)	Current Year %	Previous Year (₹ In Lacs)	Previous Year %
1	**Raw Material**				
A	Imported	11,948.37	19.44	5,210.92	11.29
B	Indigenous	49,503.15	80.56	40,940.86	88.71
	Total	**61,451.52**	**100.00**	**46,151.78**	**100.00**
2	**Components & Spare Parts including Packing Materials**				
A	Imported	776.68	23.52	628.08	21.37
B	Indigenous	2,525.40	76.48	2,310.68	78.63
	Total	**3,302.08**	**100.00**	**2,938.76**	**100.00**

E. Expenditure in Foreign Currency

S.No	Particulars	Current Year (₹ In Lacs)	Previous Year (₹ In Lacs)
i.	Commission & Others	467.37	475.19
ii.	Travelling	2.71	5.07
	Total	**470.08**	**480.26**

F. Earning in Foreign Currency

S.No	Particulars	Current Year (₹ In Lacs)	Previous Year (₹ In Lacs)
(i)	Export of Goods at FOB value	56,462.80	50,454.95

Signatures to Note 1 to 24

As per of our report of even date attached.

For **R.S. DANI & CO.**
Chartered Accountants
(Firm Reg. No. 000243C)

ASHOK MANGAL
Partner
M.No. 071714

Place : Bhilwara
Date : 6th May, 2017

For and on behalf of the Board

R.L. NOLKHA
Chairman
(DIN - 00060746)

Y.R. SHAH
Director
(DIN - 00019557)

DINESH NOLKHA
Managing Director
(DIN - 00054658)

ADITI MEHTA
Director
(DIN - 06917890)

NITIN NOLAKHA
Executive Director
(DIN - 00054707)

R. CHATTOPADHYAY
Director
(DIN - 06928729)

P. MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

SUDHIR GARG
Company Secretary & GM (Legal)
(PAN - ABBPK6037F)

R S Dani & Co.

Chartered Accountants

Kothari Complex, Near GPO, Bhilwara (Raj.) 311001

Mobile No. 09351358292 Email – rsdcbhl@gmail.com

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT ON THE UNAUDITED INTERIM FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE, 2017

The Board of Directors
Nitin Spinners Limited
Hamirgarh, Bhilwara (Raj.)

1. We have reviewed the accompanying statement of Standalone unaudited Financial Results of NITIN SPINNERS LIMITED ('The Company'), for the quarter ended 30th June, 2017, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, as modified by Circular NO.CIR/CFD/FAC/62/2016 dated 5th July 2016.

   This Statement which is the responsibility of the Company's Management and approved by the Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, *"Review of Interim Financial Information performed by the Independent Auditor of the Entity"*, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A *review* is limited primarily to inquiries of company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

   The Financial results for the quarter ended June 30, 2016 and March 31, 2017 and the year ended March 31, 2017 have been prepared/regrouped by the management in accordance with applicable Ind-AS. Pursuant to exemption granted by Circular No. CIR/CFD/FAC/62/2016 date July 5, 2016, we did not perform limited review of the results for these periods.

3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statements prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular NO.CIR/CFD/FAC/62/2016 dated 05th July 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement".

For R. S. DANI & CO.
Chartered Accountants
(Firm Reg. No. 000243C)

R.S. DANI & CO. CHARTERED ACCOUNTANTS

Ashok Mangal

Ashok Mangal
Partner
M.No. 071714

Place : Bhilwara
Date : 5th August, 2017

NITIN SPINNERS LIMITED

Regd. Office : 16-17 Km. Stone, Chittor Road, Hamirgarh, Bhilwara - 311 025 (Rajasthan) CIN L17111RJ1992PLC006987
Tel. : +91 1482 286110 ; Fax : 91 1482 286117. Website : www.nitinspinners.com E-Mail-nsl@nitinspinners.com

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE, 2017

(Rs. in Lacs)

Sr. No.	Particulars	QUARTER ENDED			YEAR ENDED
		30.06.2017	31.03.2017	30.06.2016	31.03.2017
		Unaudited	Audited	Unaudited	Audited
	Income from Operations				
I	Revenue from Operations	28724.58	28520.04	19353.32	93337.96
II	Other Income / (Loss)	19.03	16.37	13.76	78.55
III	**Total Revenue (I+II)**	**28743.61**	**28536.41**	**19367.08**	**93416.51**
IV	**Expenses**				
	a. Cost of Materials Consumed	18717.54	18842.00	11517.98	61451.51
	b. Purchase of Stock-in-Trade			147.55	262.24
	c. Changes in Inventories of Finished Goods, WIP & Stock in Trade	(561.10)	(449.89)	(48.39)	(2,811.76)
	d. Employees Benefits Expenses	1529.93	1404.42	1186.37	5171.14
	e. Finance Cost	808.77	636.91	581.89	2226.93
	f. Depreciation and Amortisation Expenses	1413.12	1186.54	984.86	4165.91
	g. Power & Fuel	3032.69	3075.11	1962.74	9210.50
	h. Other Expenses	1873.32	1916.12	1498.54	6694.66
	Total Expenses	**26814.27**	**26611.21**	**17831.54**	**86371.13**
V	**Profit before Exceptional and Extraordinary items and tax (III-IV)**	**1929.34**	**1925.20**	**1535.54**	**7045.38**
VI	Exceptional Items				
VII	**Profit before Extraordinary items and tax (V-VI)**	**1929.34**	**1925.20**	**1535.54**	**7045.38**
VIII	Extraordinary Item				
IX	**Profit before Tax (VII-VIII)**	**1929.34**	**1925.20**	**1535.54**	**7045.38**
X	Tax Expenses - Current Tax	462.81	76.59	3.89	237.31
	- Deferred Tax	193.77	269.47	302.14	1064.18
XI	**Profit/(Loss) from for the period from Continuing Operations**	**1272.76**	**1579.14**	**1229.51**	**5743.89**
XII	Other Comprehensive Income /(Loss), net of Income Tax				
	a) item that will not be reclassified to Profit or (Loss)	(8.10)	(7.36)	(7.36)	(29.43)
	Total other Comprehensive Income /(Loss), net of Income Tax	**(8.10)**	**(7.36)**	**(7.36)**	**(29.43)**
XIII	**Total Comprehensive Income for the period, net of tax**	**1264.66**	**1571.78**	**1222.15**	**5714.46**
XIV	Paid-up Equity Share Capital (Face Value of Rs. 10/- each)	4583.39	4583.39	4583.39	4583.39
XV	Reserves excluding Revaluation Reserve				21925.04
XVI	Earning Per Share (for Continuing Operations)				
	(a) Basic	2.76	3.43	2.67	12.47
	(b) Diluted	2.76	3.43	2.67	12.47

Notes:-

1. The Financial Results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company adopted Ind As from 1st April, 2017 and accordingly, these Financial Results (including for all periods presented in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards) have been prepared in accordance with the recognition and measurement principles in Ind AS 34 - Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India.
2. The company's business activities falls within a single business segment (Textiles), in terms of Accounting Standard - 17 of ICAI.
3. The figures of the quarter ended 31st March, 2017 are the balancing figures between the audited figures in respect of full financial year ended on 31st March, 2017 & Unaudited published figures upto the third quarter ended 31st December, 2016.
4. The results for the quarter / year ended 31.03.2017 and quarter ended 30.06.2016 have been restated to comply with Ind-AS to make them comparable with the current period. Further, previous period figures have been regrouped / reclassified, wherever necessary, to confirm with the current period presentation.

5 The Ind AS-compliant Corresponding figures in the previous year/periods have not been subjected to review/audit. However, the Company's Management has exercised necessary due diligence to ensure that such financial result provide a true and fair view of its affairs.

6 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:-

Description	Quarter ended 30.06.2016	Quarter ended 31.03.2017	Year Ended on 31.03.2017
Net Profit as Previous GAAP (Indian GAAP)	1222.27	1571.59	5715.05
Adjustment due to Actuarial Gain/(Loss)recognised in OCI (Net)	7.36	7.36	29.43
Reclassification of Spares to Property,Plant and Equipment (PPE)		1.98	1.98
Recognition of Ancillary Cost of borrowing and other Expenses on Borrowing as Interest		(2.75)	(2.75)
Impact on Depreciation and Amortisation	(0.18)	0.18	(0.79)
Deferred Tax Adjustment on above Ind As Adjustment	0.06	0.78	0.97
Net Profit as per IND AS	**1229.51**	**1579.14**	**5743.89**
Other Comprehensive Income			
Adjustment due to Actuarial Gain/(Loss) recognised in OCI	(11.25)	(11.25)	(45.01)
Tax Adjustment In OCI	3.89	3.89	15.58
Total Other Comprehensive Income	**(7.36)**	**(7.36)**	**(29.43)**
Total Comprehensive Income as reported under IND AS	**1222.15**	**1571.78**	**5714.46**

7 Reconciliation of equity as reported under previous Indian GAAP to equity in accordance with Ind AS is Summarised as below

Particulars	As at 31.03.2017 (End of Last period presented under Previous GAAP)	As at Date of Transition 01.04.2016
Equity as reported under previous Indian GAAP	**25617.58**	**20564.51**
Changes Consequent to Ind AS adoption :-		
Reclassification of Spares to Property,Plant and Equipment	1.98	
Adjustment for Effective portion of Cash Flow Hedge Recongised as Cash Flow hedge Reserve as per Ind AS -109	230.77	
Restatement of Proposed Dividend and dividend tax	661.98	551.65
Impact on Depreciation and Amortisation	(0.79)	
Deferred Tax Adjustment on above	(0.34)	(1.31)
Recognition of Ancillary Cost of borrowing and other Expenses on Borrowing as Interest	(2.75)	
Equity as reported under Ind AS	**26508.43**	**21114.85**

Equity Attributable to :-

Paid Up Equity Share Capital	4583.39	4583.39
Other Equity	21925.04	16531.46
Total	**26508.43**	**21114.85**

8 The above financial results have been approved by the Audit Committee & Board of Directors at their meeting held on 05th August, 2017. The Statutory Auditors have carried out "Limited Review" of the same.

For and on behalf of Board of Directors
For Nitin Spinners Ltd

(R.L. Nolkha)
Chairman

Date : 05.08.2017
Place : Bhilwara

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII, Part G of Schedule VIII and Schedule XVIII of the SEBI Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII, Part G of Schedule VIII and Schedule XVIII of the SEBI Regulations, and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Further, all the relevant provisions of the SEBI Act have been complied with. Further, all the relevant provisions of the Securities and Exchange Board of India Act, 1992, as amended (including all rules, regulations and guidelines issued thereunder), have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

____

Mr. Dinesh Nolkha
Managing Director

____

Mr. Sudhir Garg
Company Secretary, General Manger (Legal) & Compliance Office

Date: November 4, 2017

Place: Bhilwara

DECLARATION

We, the Board of Directors of our Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules made thereunder does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____

Mr. Dinesh Nolkha
Managing Director

I am authorised by the Securities Issue Committee of our Board, by its resolution dated November 4, 2017, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter(s) subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed:

Date: November 4, 2017

Place: Bhilwara

NITIN SPINNERS LIMITED

CIN: L17111RJ1992PLC006987

Registered Office
16-17, KM Stone
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Bhilwara - 311025
Rajasthan, India
Telephone No. +91 14 8228 6110; +91 14 8228 6111; +91 14 8228 6112
Facsimile No: +91 14 8228 6114; +9114 8228 6117
Website: www.nitinspinners.com;

Compliance Officer
Sudhir Garg, Company Secretary & Compliance Officer,
16-17, KM Stone
Chittor Road, Hamirgarh
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Telephone No. +91 14 8228 6110; +91 14 8228 6111; +91 14 8228 6112
Email: sudhirgarg@nitinspinners.com

BOOK RUNNING LEAD MANAGER

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INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER WITH RESPECT TO INTERNATIONAL SELLING AND TRANSFER RESTRICTIONS

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STATUTORY AUDITOR

M/S KALANI & COMPANY, CHARTERED ACCOUNTANTS
Shop No. 114 to 116,
Om Textile Tower, Pur Road,
Bhilwara 311 001
Rajasthan, India