



September 7, 2022

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G – Block,
BKC, Bandra (East),
Mumbai – 400 051.

Scrip Code: 532641

Scrip Symbol: NDL

Dear Sir/Madam,

Subject: Annual Report for the Period 2021-22.

In Compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report for the FY 2021-22 alongwith the Notice convening 28th Annual General Meeting, scheduled to be held on Friday, September 30, 2022 at 03:00 p.m. through Video Conferencing (“VC”).

The aforesaid Annual Report is also available on the website of the Company i.e. www.nandandenim.com.

We request to kindly take the same on records.

Yours faithfully,

For, NANDAN DENIM LIMITED

Akshit Soni
Company Secretary & Compliance Officer

Encl : As above

Nandan Denim Limited
(CIN: L51909GJ1994PLC022719)



Fashion forward

Transcending
market trends

Whats Inside



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Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.





Unravelling unique product lines in a dynamic fashion industry, Nandan Denim has redefined the world's love for denim in truly remarkable ways. With our rapid transformation from being a sole denim manufacturer to a producer of shirting material and varied fabrics, we have continued to upgrade our portfolio for the fashion-conscious consumer of today.

Over five decades, we have relentlessly morphed ourselves to stay ahead of the curve, adopted agile processes and attuned to the needs of tomorrow. It has empowered us with the ability to capitalise on emerging opportunities and sustain performances in a competitive landscape. Keeping our innovative spirit alive and the zeal to outperform in the market, we are consciously transcending market trends and establishing Nandan denim as the fashion destination of a progressive nation.

About Chiripal Group

One of the largest manufacturers and exporters of various types of Textile and BOPP Film products in India, Chiripal Group has been addressing the diverse needs of customers for five decades.

The Company began its journey with a few power looms and today, it is a multifaceted textile conglomerate producing fibre to apparel under one roof. Our extensive expertise, capabilities and experience have empowered us to establish a successful business spanning petrochemicals, chemicals and infrastructure to spinning, weaving, knitting, fabric processing, BOPP film manufacturing and educational initiatives. Alongside, we have also been committed to maintaining a sustainable balance and aspire to meet India's energy demands with renewable energy.

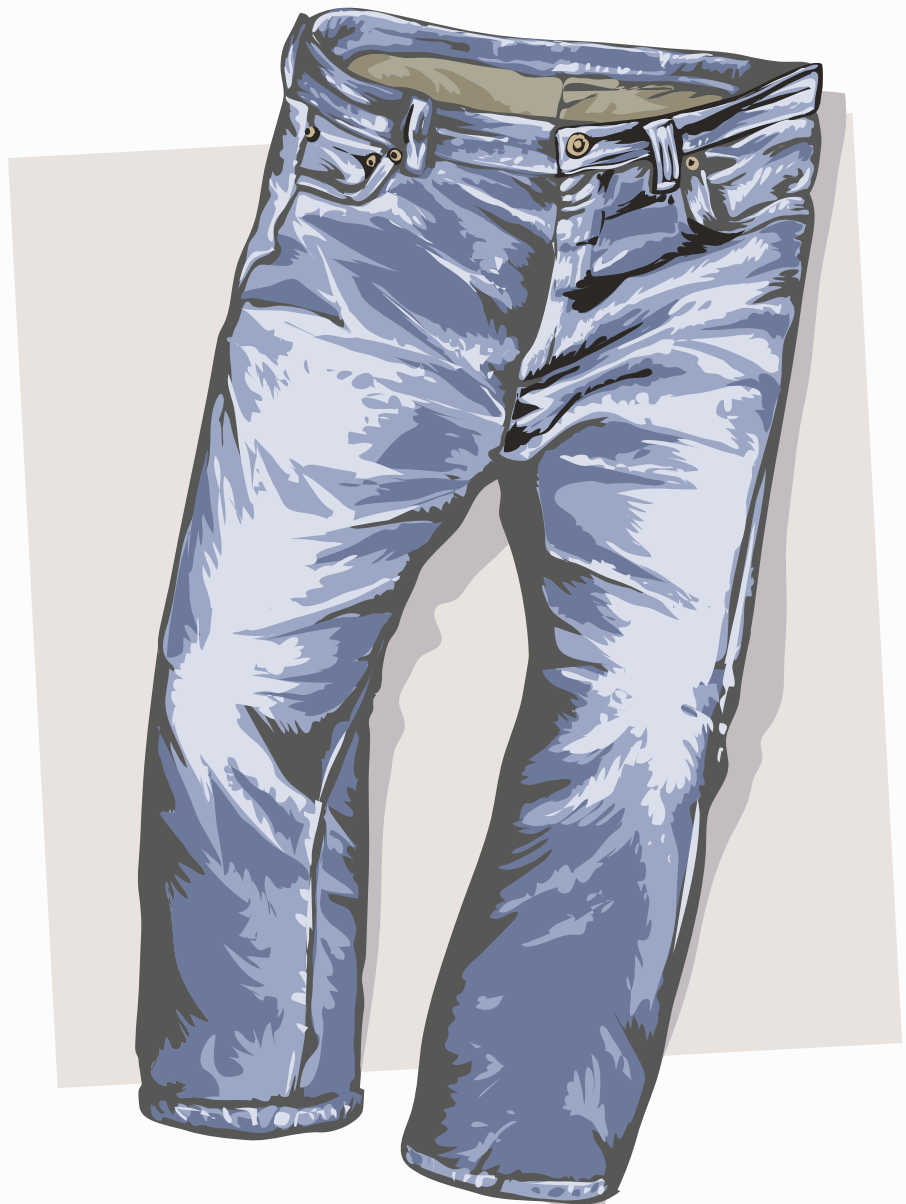
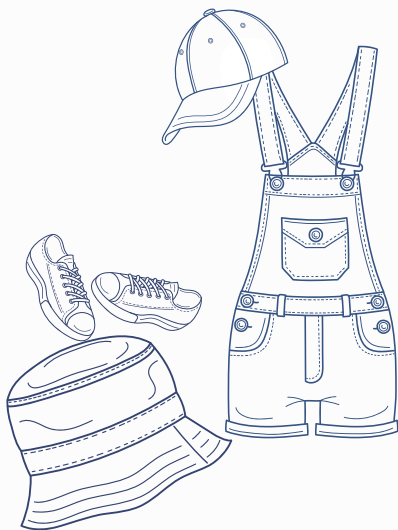
Key facts

20,000+
Employees

11
Group companies

50
Years of experience

50+
Countries of presence



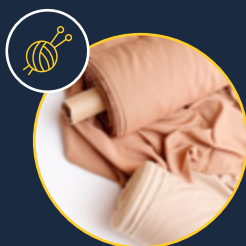
Our Group Companies

Textile



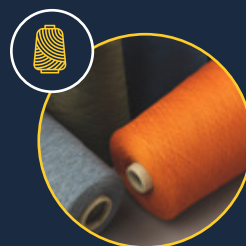
- Nandan Denim Limited
- Nandan Terry Limited
- Vraj Integrated Textile Park

Fabric



- Vishal Fabrics
- Chirpal Industries (Fabric Division)

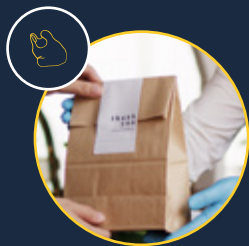
Yarn and Petrochemicals



- Chirpal Industries (Petrochemical Unit)
- CIL Nova Petrochemicals



Packaging Solutions



- Chirpal Poly Films Limited

Education



- Shanti Educational Initiatives Ltd.
- Shanti Business School

Robotics/AI



- HRF/WSRO

Finance



- Vita Loan

About Nandan Denim

Forever Fashionable

As India's largest denim supplier, we consistently stay ahead of the fashion curve while transcending market trends to maintain seamless supply for partners in more than 28 countries.

From spinning to delivering completed fabric, we have an integrated denim manufacturing process. Over the years, we have evolved from being only a denim manufacturer to the producer of superior quality shirting and other fabrics.

We manufacture and deliver denim fabric, yarn/dyed yarn, cotton fabric and shirting fabric to varied clients in different parts of the world. Leveraging economies of scale and the strength of our extensive product portfolio, we have secured a stable market leadership – renowned for offering best quality products that meet changing customer preferences.

VISION

to be



MISSION

To have
Nandan on
every table.

To develop
Nandan into a
fashion brand.

Smooth
transitioning from
manufacturing to
service provider.

VALUES



Passion
Towards Work



Work for
Excellence



Ethical



Respect for
Diverse View



Care for the
Environment



Collaborative
and
Relationship
Driven



Fashion
Perspective

₹ **101.38** Crore
Cash flow from operations

16
New products launched
in last three years

1.04
Debt-equity ratio



Our Presence

Consistently expanding footprint



**Gujarat - Strategic
Location of
Manufacturing Facilities**

- Textile hub of India, home to the entire textile value chain
- Superior infrastructure connectivity via roads, railway, airport and ports.
- Lower marketing and transportation overheads
- Close proximity to machinery vendors, fabric dealers and leading garment manufacturers resulting in faster delivery and service
- Easy availability of key raw material – Cotton
- Uninterrupted power supply in the state of Gujarat
- Easy availability of skilled and unskilled labour



Chairman's perspective



Vedprakash Chiripal,
Chairman



As one of India's largest denim suppliers, we cater to the Indian market as well as export to more than 28 countries. We have an integrated denim manufacturing process that spans all our facilities. From being a solely denim manufacturer, we have expanded our product line to include shirting and other fabrics.

Dear Shareholders,

It gives me immense pleasure to present to you the annual report of your Company. With the era of pandemic-induced uncertainty mostly behind us, I believe we are standing on the threshold of a period of great opportunity and growth.

Amid multiple headwinds, both the global and Indian economy staged some recovery in H2 of the fiscal. The widespread vaccination coverage and an improved consumer sentiment provided a stimulus to the Indian economy and helped boost growth. The improved consumer sentiment had a positive impact on our financial performance during the fiscal and our revenue registered an increase of 99.5% from the previous fiscal. The performance was primarily driven by both domestic sale as well as exports.

Delivering a robust performance

Besides the increase in consolidated revenue, I am pleased to report that our EBITDA increased from ₹84.65 crore in 2020-21 to ₹173.76 crore in 2021-22 and our PAT increased to ₹67.82 crores in 2021-22 from ₹(18.72) in 2020-21. In a difficult year, marked by supply chain disruptions and multi-decadal inflation, our financial and operational performance reflects our underlying strength and flexibility to adapt to the evolving situation.

As one of India's largest denim suppliers, we cater to the Indian market as well as export to more than 28 countries. We have an integrated denim manufacturing process that spans all our facilities. From being a solely denim manufacturer, we have expanded our product line to include shirting and other fabrics.

In a rapidly changing business environment, we have ensured success with an integrated business model that helps to produce a wide range of products for a large customer base.

Greening our products and processes

At Nandan Denim, we recognise our role as socially and environmentally responsible citizen. As a sustainable organisation, we adhere to the highest business ethics and standards. We are a zero liquid discharge company and take significant measures to lower our waste generation.

Through our sustainable practices we consistently promote ethical denim for a better tomorrow. We are committed to following stringent rules to reduce the use of harmful chemicals within our operations. Our facilities are Oeko Tex 100, GOTS 5.0 and BCI certified.

We are also in the process of developing a sustainable product range with fibre blends such as Tencel, Rayon and Exell and use Indigo in other applications like ethnic wear, formal wear, and so on.

As a carbon neutral Company, we have implemented measures to support condensate recovery from processed water and also focus on reducing our energy requirements. Being a responsible corporate citizen, we carry out several health and education programmes for our communities.

We also strive to provide a conducive work environment where all our employees bring the best of themselves. We take pride in our ability to nurture their skills and work together as a team, and actively promote a strong culture built on



As a carbon neutral Company, we have implemented measures to support condensate recovery from processed water and also focus on reducing our energy requirements.

collaboration, innovation and trust. We also prioritise the health and safety of our people above everything else. During the year, we continued to organise several employee engagement initiatives to motivate and empower our people.

Capitalising on macroeconomic tailwinds

As we go forward, despite the near-term challenges such as rising cotton prices, we are confident that the strong demand for denim will be supportive of our future growth.

Macroeconomic factors such as the trade tension between US and China, leading to higher import duty on Chinese apparels, the 'China Plus One' leading to several western countries looking at alternate markets, better availability of skilled manpower in India and Government initiatives such as Production Linked Incentive (PLI) scheme and others would act as tailwinds for our industry.

Our leadership position in the industry will enable us to become the preferred choice of our customers. Additionally, in line with the anticipated demand, we are also upgrading and expanding our

current capacity to cater to the needs of our customers.

Besides, we are in the process of introducing new weave designs and several innovative product designs that conserve water. To meet our evolving consumer preferences, we are developing super stretch and two-way stretch denims.

Appreciation

We consider our employees to be the pillars of our success. Even during the uncertain times, they have remained resilient in providing superior customer service. I take this opportunity to express my sincere gratitude to them for their consistent hard work and dedication in helping us achieve our aspirational objectives.

I also would like to thank our dear shareholders for their trust and belief in us as we keep reaching many milestones. Finally, I am thankful to our customers for choosing us as their preferred denim manufacturers and suppliers, every time.

Through quality leadership, best practices and our ability to continuously innovate we will keep providing the latest styles and designs to our customers worldwide while creating an enduring journey for our shareholders.

Best wishes,

Vedprakash Chiripal,
Chairman

Financial Performance

Growing with prudence

We are ideally positioned to deliver long-term shareholder returns by capitalising on substantial market potential and emerging developments. As part of our strategy, we are improving our working capital management and operational efficiencies with a focus on creating shareholder value.

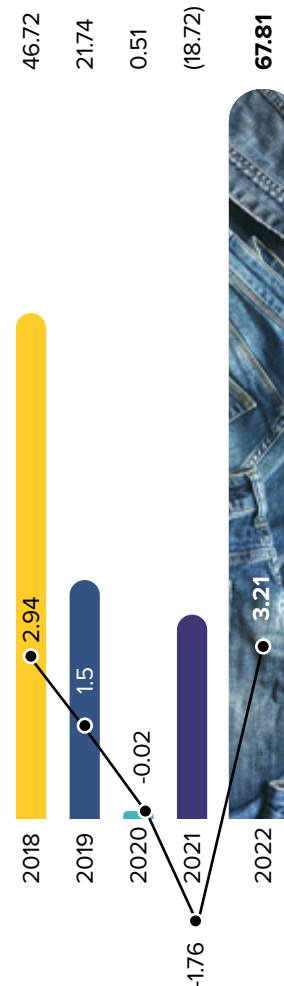
Revenue (₹ Crore)



EBITDA (₹ Crore)
EBITDA margin (%)



PAT (₹ Crore)
PAT margin (%)



EPS

(₹)



Cash and cash equivalents (₹ Crore)



Growth drivers

Growing urbanisation and increasing disposable income is expected to enhance the growth of the denim industry

Consumers consider denim as an apparel of choice owing to the comfort and convenience it offers

Preference for denim amongst the youth due to its versatility and style quotient

Increasing usage of denim products by women and the youth in small towns and rural India

Our Product Portfolio

Diversified and Distinctive

We are committed to developing a distinctive portfolio of products that address the needs of our customers. Our improved capabilities enable us to dynamically adapt to evolving fashion trends and capitalise on emerging opportunities. To remain attuned with shifting fashion trends, we continuously expand our capabilities, increase operational effectiveness, and adopt new-age technology to consistently upgrade our processes.

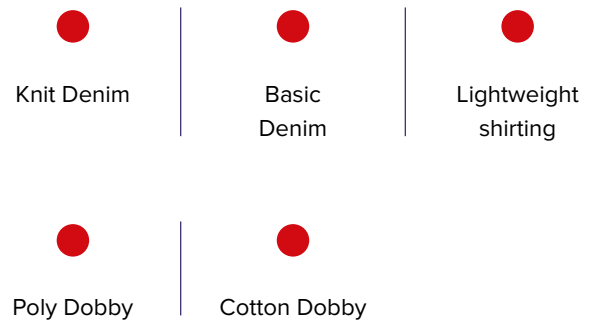
Denim



We have witnessed a steady growth of the denim industry since the beginning of the denim business in 2004. It remains one of our primary revenue drivers as we continue to emphasise on the production of superior quality denims from pure cotton. More than 70% of the cotton we need is sourced from Gujarat and our team of in-house designers help to create fashionable denim clothing that is highly in demand.



Denim Portfolio



Denim realisations
(₹ per metre)



Revenue
(₹ crores)



Shirting

We offer shirting fabric in a wide assortment of patterns, textures, and blends, ranging from basic to sophisticated and textured shirting fabric. Our contemporary weaving facility, together with cutting-edge processing equipment, enable us to deliver stylish shirting material that meets the expectations of new-age customers.

Shirting Portfolio



Indigo dyed checks



Indigo with sulphur



Mélange, grindle, space dyed, slubs and injection types of yarns



Seasonal collection

Realisations (₹ per metre)



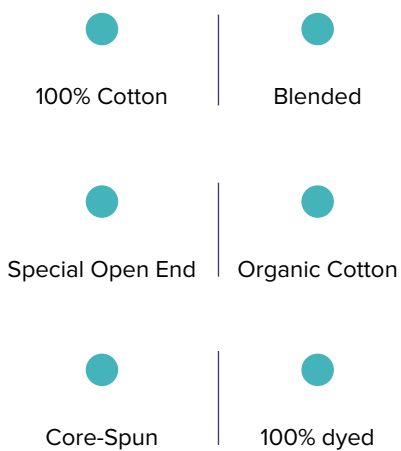
Revenue (₹ crores)





We provide premium dyed yarn for the hosiery and weaving industry, in varied blends and thread counts. Our cutting-edge infrastructure helps to create different shades of packaged yarn and it can successfully deliver yarn in 48 to 72 hours. Additionally, we have a sophisticated colour matching lab employing X-rite Colori-7, a lightbox for colour matching, that uses X-rite Spectra Light QC (III).

Yarn Portfolio



Realisations
(₹ per metre)



Revenue
(₹ crores)



Innovation

Redefining Fashion

Our unrelenting dedication to providing fashionable and contemporary products motivates us to continuously innovate and transform our product line. With an impressive roster of marquee customers, we are inspired to provide the latest styles, colours, and designs while maintaining a sharp focus on quality standards.

We prioritise research and development with two key focus areas:

01

**Product
Reengineering**

02

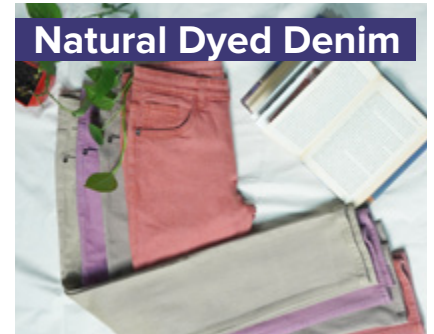
**Product
Innovations**

We are introducing innovative product designs that help to conserve water as well as new weave designs for the apparel industry. In order to keep up with evolving consumer preferences, we are also developing super stretch and two-way stretch denims. Other novel weave designs, sustainable fibre blends as well as new chemical

finishes for fabric dyeing and coating are also being developed. We have developed various product innovations with distinctive characteristics throughout the years and will continue to increase investments in research and development for revolutionary new product development.

Eco Roots

Eco Roots is a range of ethically and ecologically produced denim, manufactured using natural dyes. Its vibrant colour palette not only makes the clothing attractive and stylish, it also lowers our environmental impact. The Eco Roots denims are designed to be extremely comfortable and form-fitting – perfectly curated for the youth of today.



Stay Dark

A specially designed denim collection treated with Stay Dark technology, it lends versatility to denim designing. The deep inky hue of the denim not only offers a lasting depth of colour but, also makes it ultra-soft and comfortable, with an excellent fit.



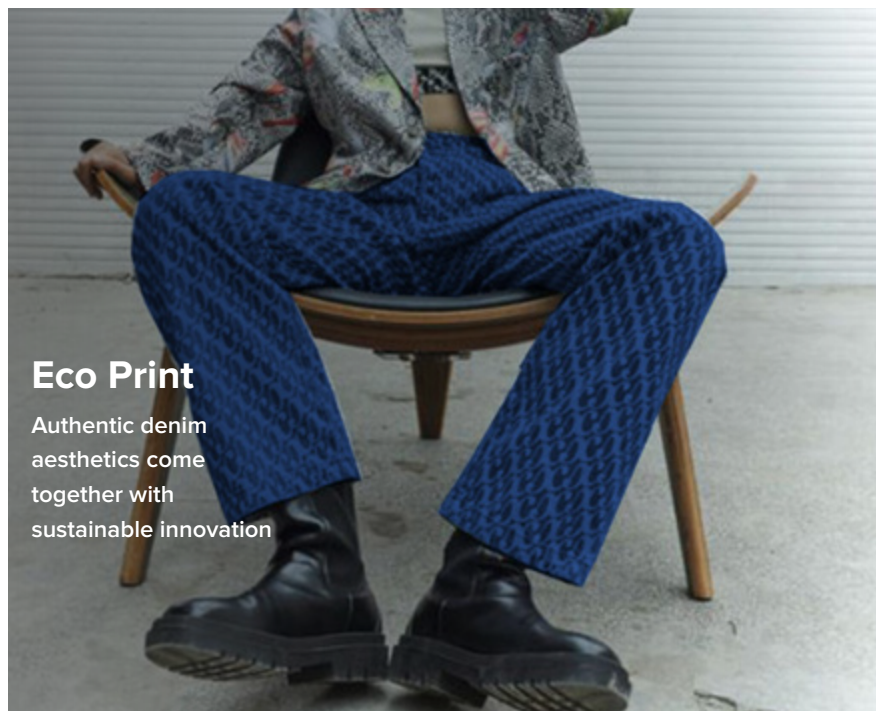
4-Dimensional Stretch

It is a high performance denim with four-way stretch to enhance user comfort. Due to its exceptional shape recovery property, it is ideal for regular use. Bi Stretch denims, on the other hand, are characterised by an incredibly soft texture and sturdy thickness, making it an ideal product for today's busy lifestyle.



Eco Print

The eco-friendly denim suede line by Nandan features a variety of prints that are engraved utilising one of the most eco-friendly technologies. It promotes resource conservation and lessens the environmental impact. This range of sustainably crafted denims are produced through eco-friendly manufacturing practices and uses renewable fibre.



Hemp Denim

Hemp Denim is an innovative range created with natural fibres. It is softer, more durable, breathable, and better for the planet. At Nandan, we consider it our sacred responsibility to create consciously, to remedy the ruin and reclaim the quality of life with sustainable products.

Hemp is a useful fabric because it blocks 95% of UV rays, is naturally breathable, antimicrobial, and moisture-wicking. It also helps to maintain an optimal microclimate within the body.



Curated using Natural Fibre-Hemp



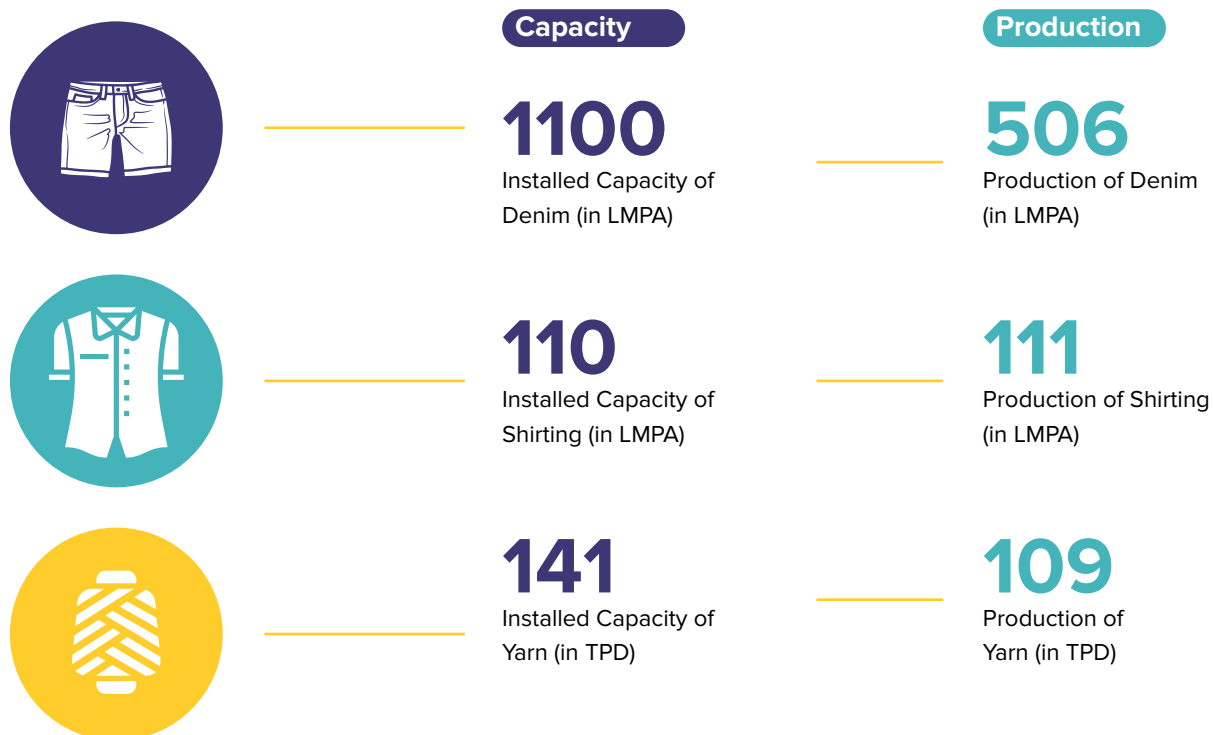
Manufacturing Excellence

The promise of quality

We have established ourselves as one of the leading and renowned denim manufacturers in the nation today, with one of the largest denim fabric manufacturing capacity of 110 MMPA.

Our multifaceted denim manufacturing process is supported by state-of-the-art machinery and sophisticated equipment for inspecting the quality of yarn and fabric, while adhering to the highest quality control standards. We have two manufacturing plants in the vicinity of Ahmedabad, at Piplej and Bareja.

Manufacturing Capabilities in FY 2021-22



Operational Efficiency

Our world class manufacturing capabilities enable us to maintain optimum levels of operational efficiency, increase productivity, and significantly improve revenue generation. By continuously modernising and increasing our capacity, we are organically growing and sustaining the highest standards of product quality.

Our in-house production facility manufactures denim fabric from cotton fibre and our design and development department designs prototypes for denim collections. We also utilise our in-house 15 MW power plant for captive consumption of energy and accelerate the production process for converting cotton to finished garments.

State-of-the-Art Technology

We produce a wide variety of hues through our 20 TPD yarn dyeing plant with multiple configurations, starting at 6 kg. In addition, there are state-of-the-art weaving facilities, with a capacity of 10 MMPA and have the most advanced high-speed looms with dobby attachments, utilising air jet and rapier technology. An advanced bale management system also helps to test and classify each cotton bale for homogeneous mixing.

Quality First

We ensure the quality of the product by evaluating, inspecting, and verifying processes at all stages of manufacturing. A sophisticated Fabric Physical Lab inspects each batch of fabric to ensure the highest level of quality, before moving on to checking and packaging. Every fabric successfully completes the international American Association of Textile Chemists and Colorists (AATCC) and American Society for Testing and Materials (ASTM) test procedures. We also test and certify all input chemicals and dyes used in the manufacturing process.

Environmental, Social and Governance (ESG)

Towards a brighter future

The future of humanity is fundamentally dependent on how efficiently we utilise our natural resources and our efforts towards their replenishment. At Nandan Denim, we continue to prioritise sustainable development and promote ethical denim manufacturing to limit our ecological impact and lay the foundation for a better tomorrow.

We also remain committed to conduct business ethically and fulfil our responsibilities towards society and the communities where we operate.



Environment

To minimise the environmental impact of our operations, we take appropriate measures to manage waste and ensure effluent treatment, foster efficient water management, energy conservation, and aim to continuously grow the share of renewable energy in our operations. As a carbon-neutral company, we have taken steps to assist condensate recovery from processed water and are constantly working to optimise our energy needs.

Water Management

We recognise the significance of an efficient water management system and therefore, promote the reuse and recycling of water by establishing an Effluent Treatment Plant (ETP) and a Reverse Osmosis Plant (RO) within our facility. We also treat wastewater with our Sewage Treatment Plant (STP) and reuse the treated water for gardening. In order to utilise backwash water, we have also installed a pipeline from the power plant to the fabric division.

Zero Liquid Discharge

Installed Capacity of
Yarn (in TPD)



Waste Management

At Nandan, we regularly monitor our waste management procedures, and optimise our production process to reduce waste. We recycle the denim manufactured at our production sites and strive to minimise waste. Additionally, we are setting up a garneting function that will allow us to recycle denim by converting used garments into fibre. In addition, we have set up a Caustic Recovery Plant (CRP) to reuse and process caustic used in our manufacturing process.



Energy Management

To improve the contribution of renewable energy in our total energy mix, we have installed solar panels. Further, we have installed inverters in Card, Prep & Winding H -Plant Fan and Sec -E & F Humidification Plant return air fan to reduce energy consumption. We have also opted for LED lights within our facilities to ensure energy conservation across our facilities.



Sustainable Fabrics and Chemical Compliance

We are dedicated to reduce the usage of hazardous chemicals within our operations and seek to adhere to regulatory guidelines. With eco-friendly fibres like Tencel, rayon, and Exell, we aspire to produce a sustainable product range. Moreover, we use Indigo as a dye for varied products including ethnic and formal wear.

Our certifications:



Better Cotton Initiative (BCI)



Global Organic Textile Standard (GOTS) 5.0



Oeko Tex Standard 100

Social

Our social approach is grounded in the conviction that an equitable society is a prerequisite for organisational effectiveness. Through sourcing alliances, health and education programmes, and volunteering activities, we continue to assist local communities.

We also believe in nurturing a truly diverse and inclusive workforce and strive to maintain the highest standards of health, safety, and employee wellness at the workplace. We practice zero tolerance for discrimination on the basis of religion, caste, creed or gender and guide our stakeholders including customers, suppliers and employees to follow our inclusive policies.

Health and Safety

We prioritise the health and safety of our employees as well as the communities in which we operate. We intend to promote an effective health and safety culture throughout our operations and strive for 'zero fatality' rates through the deployment of suitable health and safety measures. Furthermore, we have zero tolerance for suppliers who use child labour at their workplaces or within our facilities. To ensure the maximum safety of our workplaces, we supply protective clothing, helmets, goggles, and other Personal Protective Equipment (PPE) to prevent injuries and adverse accidents.



Governance

We have a robust governance framework and a streamlined reporting mechanism to enable consistent compliance reporting to the management. Our leadership team continues to exemplify trust, transparency and integrity. We follow robust and equitable corporate governance practices and always strive to maintain transparency and open communication with stakeholders across operations and in all our business decisions.

Board of Directors



Mr. Vedprakash D. Chiripal
Chairman

The Chairman of the Company and the soul of Chiripal Group of Industries, he has more than four decades of business experience.

Under his leadership, the Group emerged as a leading conglomerate. His journey has been marked by his extraordinary vision and zeal to succeed.



Mr. Jyotiprasad Chiripal
Managing Director

The Managing Director of the Company and younger brother of Mr. Vedprakash Chiripal, he is a Commerce graduate with more than 40 years of business experience in fabric, yarn business and knitted apparels. His expertise is in finance, production, marketing and new customer development for various Group companies of Chiripal Group.



Ms. Falguni Vasavada
Independent Director

Dr. Falguni Vasavada is Professor & Chair, Strategic Marketing Area at MICA. She has over two decades of teaching experience in the area of Marketing and Advertising. She has trained corporate professionals and mentored young entrepreneurs in areas like Advertising, Marketing, Consumer Understanding, Branding, Social Media. She has published in International Journals and presented papers in national and international conferences and is involved in international joint research projects in the area of advertising. Her teaching, research and consultancy interests are in the area of Advertising, Branding, and Social Media.



Mr. Giraj Mohan Sharma
Independent Director

A seasoned management professional With three decades of varied experience, Mr. Sharma is the Founder-Director of a Brand & Strategy Consulting boutique – BehindTheMoon Consultants. He has been working towards facilitating and strengthening of brands by guiding companies on strategically working around their brand's identity and values.



Mr. Shaktidan Gadhavi
Whole Time Director

Mr. Gadhvi has been working with Nandan Denim Limited since 2007. He has earlier worked with Companies like Gomti Processors Limited and Manisha Fabrics Limited. He is a Commerce Graduate and has more than 20 years of experience in the field of excise, liasioning and commercial aspects.

Board of Directors



Mr. Kirit Joshi

Independent Director

Mr. Kirit Joshi is B.Sc (Maths/Physics/Statistics), CAIIB (Part I) from Indian Institute of Bankers and Diploma in co-operation of M.S University Baroda (First Rank).

He is having 3 decades of experience with key focus on Banking operations, client relationship Management & team Management.

He was Asst. Vice President at SBI Factors & Commercial services Pvt. Ltd. (A subsidiary of SBI) from 1998 to 2004.

Currently he is associated with CA firm engaged in project finance for Mid corporates and large corporates, TVC Study work as knowledge Partner and Solution provider to Mid and Large Corporates in the field of banking, Debt Restructuring, export and import etc.



Mr. Rahul Mehta

Independent Director

Mr. Rahul Mehta is MBA from Management Schools of India, the Bajaj Institute having 40 years of experience in the Garment Industry. He was Past President of the Clothing Manufacturers Association of India (CMAI), he is currently the Chief Mentor to CMAI since 2020. He is also a member of the Executive Committee of the Apparel Export Promotion Council. He is also the Immediate Past President of the International Apparel Federation (IAF) based out of Netherlands.

He is the first Indian to be elected as President of the IAF, and only the second Asian to be in this position in the 40 years history of IAF.

He is extremely involved in Education, and is Chairman, Advisory Board, School of Fashion Technology, Pune, and on the Advisory Board of the Fashion Program at the Anant University in Ahmedabad.

He is also a Trustee with the Sadhana Education Society, which runs prestigious Educational Institutes in the suburbs of Mumbai, including the L. S. Raheja College of Commerce, and on the Advisory Board of the Trust for Retailers and Retailers Associates of India (TRRAIN).

He was also a Past President of the Rotary Club of Bombay Mid Town.

Management Discussion & Analysis



Global economy

The global economic recovery has been resilient in the face of second wave. Having said that, it is pertinent to acknowledge that barring the economic output, the second wave had tremendous impact on health. According to the IMF, the global economic output grew by 6.1% in CY2021. This can be attributed to the sustained demand and rising consumption, which significantly bolstered consumption. However, uncertainties in terms of recurring covid waves, at the back of elevated inflation and higher debt levels can decelerate the economic recovery.

With the resumption of economic activities and the subsequent rise in investment, the advanced economies have restored to pre-pandemic levels and is on the verge of surpassing it. The rising policy assistance in the US, which includes initiatives to bolster potential further adds to the upswing. The EMDEs on the other hand are yet to match the pace. This can be attributed to the slower vaccination roll outs and strict economic policies, coupled with high levels of unemployment. However, it is important to bridge this gap, since some of the commodity exporting EMDEs foster better near-term prospects, when supported by the rebound in the employment situation.

The supply-chain disruption is significantly fading, but is taking some time to respond to the global markets. This delay can sustain the price pressures and further add to

the existing inflationary pressures, and thus prompting a faster-than-expected monetary normalisation in advanced economies. Nonetheless, rapid-vaccination, coupled with accommodating financial policies offer significant tailwind to the global economic recovery. Additionally, the world is coming together to address the impacts of climate change, which drives future growth.

Outlook

Following the slowdown, global economic output is expecting a moderation of 3.2% in CY2022. The eventual phasing out of the surged demand and withdrawal of macroeconomic policies is likely to trigger this moderation. Inflation was already posing downside risks, which has now been exacerbated by the prevailing geo-political conflict. However, central banks across economies are resorting to liquidity tightening measures to curb the rising inflation. To summarise, global economic growth is likely to be divergent over the years, considering the gap in recovery between EMDEs and the advanced economies.

Indian economy

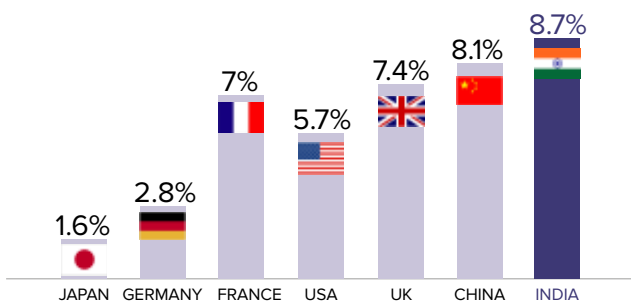
Following the slowdown in FY2021, the Indian economic output grew by 8.7% in FY2022. With strong resilience, and the safety nets in place, combined with rapid vaccination,

the country is equipped to move ahead with short-term constraints. Notwithstanding the second wave, the economic recovery is major upswing. This can be attributed to improved industrial indices, coupled with accommodative fiscal policies and government initiatives, such as the PLI scheme and Make in India project.

Furthermore, the sustained demand, along with generous government expenditure has bolstered consumption. As a result, investments have started gaining significant momentum. The government income is also on the rise, which supports the country to reach its end-year goals. This further helps the GOI to lay strong emphasis on infrastructure development, which fuels the Gross Fixed Capital Formation to exceed the pre-pandemic levels.

India's balance of balance of payments have been in excess in the last 2 years, which has enabled the RBI to continue building foreign exchange reserves. In the near future, this, combined with substantial FDI inflows and growing export earnings shall provide a sufficient cushion against possible global liquidity tapering in FY2022, India's financial markets have performed remarkably well, thus allowing Indian corporations to raise record amounts of risk capital. More importantly, the financial sector is adequately funded, and the overhang of non-performing assets appears to have structurally diminished, even with the pandemic's delayed impact.

Annual GDP Growth Rate



Source: IMF, NSO

Outlook

India was already battling inflation, which has been further exacerbated by the prevailing geo-political conflicts. This gets reflected in the overall economic performance, wherein the country's GDP is expecting to moderate to 7.3% in FY2022. However, the country has recorded encouraging performance of several high-frequency indicators, such as PMI, power consumption, e-bill generation, etc.

Industry overview

Global textile industry

The global textile market size is expected to grow from \$530.97 billion in 2021 to \$575.06 billion in 2022 at a compound annual growth rate (CAGR) of 8.3%¹. The rising consumer awareness, along with rapid changes in fashion trends are primarily driving the market. The development of e-commerce platforms, which allows sales and distribution of diverse offerings of the industry fuels demand. Furthermore, governments across geographies have issued strict laws to ensure worker safety. This in turn drives demand for personal protective apparel made of wool or treated cotton.

However, in FY2023, the demand is likely to surge with a minor delay, owing to the rising food and energy costs. With the fading of uncertainties, and initial panic among consumers, the economy is likely to recover considerably. Moreover, the RBI is likely to adopt liquidity tightening measures to mitigate the downside risk of rising inflation. Barring certain externalities, India is looking at a promising future, primarily with a large vaccinated population and constant government support.

Furthermore, the easing of lockdown restrictions has helped the industry to overcome the operational challenges and thus witness substantial growth.

The awareness for health and hygiene in bolstering the demand for medical textiles in the healthcare industry and further augments the growth prospects. Owing to growing environmental awareness, combined with rising focus on sustainable fashion and evolving consumer lifestyle surges the demand for sustainable and natural fibres, such as cotton, hemp, linen, silk, and others.



¹ <https://www.thebusinessresearchcompany.com/report/textile-global-market-report#:~:text=The%20global%20textile%20market%20size,at%20a%20CAGR%20of%207.2%25>.

Technology is rapidly becoming a major part of all industries, and the textile industry is no different. The growing usage of technological components in fabrics to detect environment stimuli and convert them into data in driving the emergence of smart textiles. Owing to their diverse applications in fashion, and other industries, these products are likely to open up new technological avenues in the production of textile products.

The textile market consists of sales of textiles by entities (organisations, solo traders and partnerships), who create fibre, yarn, threads, carpets, rugs, linens, and other textile items. Other textile product mills; textiles; yarn, fibre, and thread; home furnishings and floor coverings; and textile and fabric finishing and fabric coating mills are the different segments of the textile market.

In the worldwide textile market, Asia Pacific fosters the largest market in the global textile market, followed by Western Europe. With the rise in online shopping, manufacturers now have a bigger platform, which helps them to expand their customer base. This further enables the industry to move forward. E-commerce platforms have bolstered conventional garment sales in nations, such as India by offering more visibility to the regional manufacturers.

Key shifts and trend

Owing to the rising population, the market is catering well to the rising demand. The printed textile production is likely to grow. The adoption of digital printing technologies only accounts for about 6% to 8% of TAM.² Resultantly, the textile printing industry offers significant opportunities, in terms of mass production or the embryonic growth of new markets and entrepreneurial business models.

To respond to the supply-chain disruptions, the apparels industry is looking at the digital textile print industry as an alternative. Consequently, the nearshore production is being reinvented, and global manufacturers have a rare chance to re-equip and support close-proximity production to meet the growing need.

In 2022, the shift to minimalism is likely to provide opportunities for the print sector and form new alliances as stakeholders align resources for strategic gain. Additionally, the post-pandemic market will require the companies to adopt a sustainable business model, while ensure supply-chain stability. This will lead to a seamless adoption of digital processes.

With the rising awareness for the environment, focus on sustainability is one of the major pillars expand sales. Consumers are now looking for transparency in the entire supply-chain, and both manufacturers and consumers require

clarification. It is time to take responsibility for every decision in the manufacturing process, that has an impact on the environment and further adopt ways to mitigate them.

Indian textile industry

Being the world's top textile and apparel producer, India is knitting the fabric of the future. The sector accounts for 5% of the country's GDP, 7% of industry output in value terms. The nation is the 6th largest exporter of textiles and apparels and accounts for 12% of the total export revenues.³ Furthermore, India is one of the world's leading producers of cotton and jute and the 2nd largest producer of silk, and thus accounts for 95% of all hand-woven cloth. With a valuation of \$16 billion, the industry accounts for 6% of the global market.

The sector is also the country's 2nd largest employer, which directly employs almost 45 million people. India is home to 600 companies, who are qualified to manufacture PPE. With this, the country has surpassed China to become the 2nd largest producer of PPE.

FDI inflows in the sector has reached \$3.9 billion through December 2021. In addition to that, India's textile and clothing exports are predicted to exceed \$100 billion in the next five years, with a CAGR of 11%. With the proposition of 7 major textile parks, the market size is likely to reach a valuation of \$190 billion by FY2026.

With an AGR of 41%, the overall textiles and apparel including handicrafts exports from April to December, 2021 accounted for US\$ 29.8 billion. When compared to the pre-pandemic levels, textile exports climbed by 14.6% between same forecast period. To summarise, the sector has experienced a growth of 31% in exports, a 43% in cotton yarn/ fabrics/ made-ups, handloom products, etc., and a 33% rise in jute products from April to December of 2021.⁴ The GOI has set a \$44 billion objective for the sector, including handicrafts, out of which over 68% of the annual target has already been met.

Future trends

Technical textile is one of the most promising and rapidly expanding segments of the Indian textile industry. Over the last few years, the technical textile sector has grown with an AGR of 8% and is now valued at \$13 billion.

India now consumes only 8.6% of the global technical textiles produced. However, with the expansion of the economy, the significance of technical textiles is likely to grow substantially. With the rise in discretionary incomes, combined with the expansion of several end user categories, such as healthcare, roads and highways, agriculture, vehicles, etc are likely to further invigorate demand for these items. Sustainability is

² <https://www.texintel.com/blog/2021/12/8/how-does-the-future-look-for-the-textile-industry-2022-key-market-trends-and-opportunities>

³ <https://www.investindia.gov.in/sector/textiles-apparel>

⁴ <https://www.thestatesman.com/india/indian-textile-sector-registers-41-growth-first-three-quarter-2021-22-1503038228.html>



a major factor in India as well. Within the sector, a life cycle approach to sustainability comprises of the maintenance of the social, economic, and environmental sustainability.

Beyond social and environmental compliances, the GOI has been promoting its India Handloom project, across social media platforms to engage with customers, particularly the youth, and promote high-quality handloom items under the India Handloom Brand.

The Make in India project has been encouraging foreign companies and entrepreneurs to invest in the whole value chain of synthetics, value-added and specialty fabrics, fabric processing set-ups for all types of natural and synthetic textiles, technical textiles, garments, and retail brands. Under this initiative, several international corporations have already made investments in India.

Opportunities

- **Availability of raw material:** With a significant raw material base, including both natural and synthetic fibres, India is now globally prominent. The country is the leading cotton grower, and 2nd largest producer of polyester, each accounting for roughly 27% and 8% of the global production. It is also the 3rd largest producer of viscose, an important textile fibre.

- **Presence of complete value chain:** India manufactures textiles at all levels of the value chain, from fibre to filament to garments and made-ups. This declines the country's reliance on other nations for fabric and yarn.
- **Strong infrastructure:** Owing to the long history of textile and garment production, the country fosters a strong and infrastructure. In addition to conventional, natural manufacturing clusters, new virtual clusters in the form of textile and apparel parks are being built. Presently, the GOI has funded 66 similar parks in various states, all of which are in varying developmental stages.
- **Large and growing domestic market:** In the recent decade, the domestic market has outperformed the world's leading consuming regions, such as the US, the European Union, and Japan. Since 2005, India's domestic garment consumption has increased at an annual rate of 11%. Further, the domestic garment sector is likely to be worth \$220 billion by 2025.
- **Presence of large integrated players:** The presence of large-scale producers across the value chain, from yarn to finished goods distinguishes the Indian textile sector. These diverse textile companies have large manufacturing capacity, which ensures high-quality products, and are well-known by international buyers.
- **Availability of skilled labourers:** In the near future, India's demographic dividend will enable the country to be the leading producer of labour-intensive products, such as textiles and garments. With a greater emphasis on quality, the demand for skilled labour is expected to rise in the near future. To meet this demand, the GOI has taken several steps to nurture a skilled personnel pool in the country.

Global denim industry

Between 2021 and 2030, the global denim market is expected to rise with a CAGR of 4.4%, to be valued at \$27.9 billion in 2030.⁵ Denim manufacturing businesses are rapidly gaining traction in various nations, including China, India, Bangladesh, Brazil, Italy, etc. This can be attributed to the availability of cotton, coupled with surged demand for denim wear. Moreover, new players are entering the global denim market, thus raising the stakes further.

There are 46 total denim fabric mills operating in India, which has grown by 53.3% since 2012. This is likely to raise the affordability of the fabric, and thus taking the industry forward in the coming years. Furthermore, unbranded denim manufacturers use large portions of denim, which then drives the industry's growth.

⁵ <https://www.alliedmarketresearch.com/denim-fabric-market-A14268>

Cotton is one of the most cardinal raw materials used in denim production. Even though China and India account for nearly half of the global cotton production, major percentage of it is used in domestic cotton production. This leaves a small portion for export. This results in demand-supply imbalance in the raw cotton supply chain and thus creating severe price volatility. The denim industry is further affected by the changes in cotton costs. This poses certain downside risks on the industry's growth.

The denim market can be categorised on the basis of raw material, fabric type, end-use industry, and region. In terms of raw material, the market is split into cotton, spandex, polyester, and other raw materials. Based on fabric, it is divided into raw, sanforised, crushed, stretch, selvedge, and other fabrics. Clothing & apparel, décor & homeware, and accessories are the three end-use industries in which the market is divided. Furthermore, when analysing by region, the markets of the US, Europe, Asia-Pacific, Middle East and Africa are taken into consideration.

Indian denim industry

Notwithstanding the slowdown in the garments exports, India's denim sector is demonstrating a steady growth with a CAGR of around 18%.⁶ Denim is also the fastest-growing fabric in the apparel industry. To cater to the growing demand, the country is likely to expand its installed capacity to 2,000 million metres in the next few years.

Even though, India accounts for nearly 10% of the global denim manufacturing capacity, this share holds 2.5% of the global jeans market. Owing to its abundant availability of all sorts of cotton and MMF fibres, the nation is equipped to capture a larger portion of the global market. Introduction of advanced technologies, production units, and the entrance of leading global brands are likely to support this expansion. In addition to that, denim's share of foreign trade is likely to grow with a CAGR of 10% over the next ten years.

Denim has become a staple commodity for people from all walks of life, not just in India's largest metropolises, but also in the country's tier II and III cities. However, the top ten towns in India, which account for less than 10% of the population, use about half of the country's denim. The denim trend is projected to penetrate deep into the market. Nearly, 35% of sales are likely to come from the organised sector and 40% from the branded segment.

With a total capacity of 1200 MMPA, the nation India dominates denim production in the Asia Pacific area. Domestic consumption accounts for 65% to 70% of the total production.

There are around 32 denim fabric mills in India, with production capacity ranging from 10 MMPA to 110 MMPA.



Though men's apparel majorly dominates the industry, other segments are rapidly catching up. The tier II and III cities are the major consumers of unbranded denims. However, as market penetration and disposable incomes expand in semi-urban and rural areas, demand for premium quality items is likely to surge. Hence, branded denims may have a stronger foothold in the market.

Key growth drivers

Variety: Denim offers diverse end-use offerings, including a variety of clothing items and upholstery products.

Purpose: Denim serves nearly every purpose in the contemporary times. The fabric is extremely versatile, which attracts consumers to invest in good denims instead of other bottoms.

Convenience: It is a comfortable, easy-to-maintain, long-lasting fabric, which can be practically work at any occasion.

Organised retail sector and e-commerce: The rise of shopping malls and online shopping portals fuel the demand in the organised retail sector. The youth are inclined towards online ordering, primarily because of the generous and flexible return policies, and the cash-on-delivery system.

Prices: Denim is available at a variety of pricing points, catering to a wide range of market groups and meeting the diverse budgetary requirements.

Exports: The global demand for denim is growing at a CAGR of roughly 6%. The rupee's declining value gives Indian exporters a competitive advantage.

⁶ <https://www.indiantextilemagazine.in/an-overview-of-the-global-and-indian-denim-market/>

Organised sector: The expansion of the organised retail sector has added to the pace of the denim industry. Most major businesses prefer to procure their denim textiles from India.

Target market: Even though it was initially marketed to be go-to option for teenagers and even people in their 30s, it has now become the preferred option, across demography.

Urbanisation of work culture: Denim has recently been recognised as workplace attire, owing to the urbanisation of work culture. Many MNCs are encouraging employees to wear denim to maintain uniformity and create a more comfortable working environment. Several companies even have a Friday Casual policy, in which employees are required to wear jeans at least once a week.

Innovation: Denim is being continuously redefined and reinvented with new designs, washes, cuts, etc, which keeps on setting new trends for the masses.

Company overview

Based in Ahmedabad, Gujarat, Nandan Exim Limited was established as a private limited company on August 9, 1994, under the name Nandan Exim Private Limited. With an aim of manufacturing, trading, and exporting textiles, Vedprakash D Chiripal and Brijmohan Chiripal founded the Company. Initially, the Corporation was in the cloth trade sector, both domestically and internationally, but later expanded in the production of denim fabrics. The Company has a capacity of 100 lakh metres per year. The Company was transformed to a public limited company on January 16, 2004, and the name was changed to Nandan Denim Ltd.

The Company employs a total of 1,374 people across all of its sites and generates revenue worth \$147.46 million. The NANDAN DENIM LIMITED corporate family consists of four entities. Nandan Denim primarily produces gray cotton textiles, khakis, and denims. They also make fabrics with various weaves, colours, yarn combinations, and weights. Denim twills, stretch bull denim, and broken twills are among the textiles available. Cotton grey fabric/blend textiles cotton yarn denim fabrics and ready-made clothes are their main offerings.

Swot analysis

Strength

- Stocks performers with High DVM scores, which ensures durability, valuation, and momentum.
- Strong TTM EPS growth rate.
- Nifty 500 stocks that have had the best YoY and long-term performance. Over 5.4 years, the Nifty 500 has returned 413.9%.
- QOQ rise in revenue for the past two quarters
- Zero Promoter Pledge

- Price is higher than its short, medium, and long-term moving averages.

Weakness

- Inefficient capital allocation to create profits - ROCE has been falling for the past 2 years.
- Ineffective use of shareholder cash - ROE has been falling over the past 2 years.
- Inefficient asset usage to generate profits - ROA has been falling for the past 2 years.
- Moderation in annual net profit for the last 2 years.
- Decline in net cash flow.

Opportunities

- Growth of stocks are undervalued
- Scores with a lot of momentum (technical scores above 50)
- Significant Volumes in stocks nearing 52-Week Highs
- Rising delivery percentage
- Highest recovery from 52-Week Low

Threat

- Declining profitability: Falling ROCE

Customer oriented Organization

NDL makes continual efforts not just to meet the demands of its global customer base but also to live up to their expectations. The customers can also receive delivery services, and NDL assures on-time delivery regardless of procurement challenges. Additionally, the Company has prioritised regular product innovation for the best customer experience.

NDL has always been renowned for upholding the highest standards of excellence and diversity. The company's only objective is to make Nandan the only independent fashion brand.

In-house manufacturing amenities

The NDL Group runs one of the largest vertically integrated production line that performs spinning, weaving, dyeing, processing, and finishing while producing everything from yarn to fabric under one roof. The Company's in-house manufacturing also enable it to control production processes efficiently. The Company also holds an ISO 9001- 2000 quality accreditation.

The Piplej and Bareja plants owned by the company in Ahmedabad continue to house production facilities. Cotton fibres are used to make the fabric that Nandan Denim produces, and internal R&D is to support innovations. A strong infrastructure helps a company's top-notch facilities be more productive, its employees be more efficient, and its goods be of unrivalled quality.

Product mix

The Company manufactures fabrics, such as denim, shirting, and yarn are among NDL's offerings. The Company uses 100% cotton, special open ends, spun cores, and 100% coloured yarns are among the yarns in its production.

Operational overview

Products

Denim- NDL is the largest denim supplier in India. It has an annual production capacity of 110 million meters (MMPA). It offers a variety of product lines including Core Classics, Reinvented Classics, Novelties, Structured, Knit Denim, Innovations, Light Weight Denim, Blends, Feather Touch, Stretch Tech, Prints and more. Denim innovation and technology are an integral part of the Company's mission of making new kinds of denim to fit current needs and desires.

Shirting- The Company offers a large number of fabric shades owing to its 20 TPD yarn dyeing facility with various configurations that start from 6 kg on. There are also high speed looms with air jets and rapier attachments as well as new state of the art weaving facilities worth 10 MMPA. With these facilities, The Company ensures to produce top-notch fabrics, such as plain, twill, dobby, chambray, fila fil,

herringbone, basket weave, and pin-point oxford. The state-of-the-art weaving is combined with the processing machines ranging from preparatory to finishing; that are, printing over yarn dyed fabrics, Indigo dyed fabrics, etc. Basic, Smart Casual, Casual, Textured, Indigo, Sulphur, Fancy and Blends are its variations. These shirts are made with 100% cotton fabric made in-house. The Company also blends fibers like tencel, viscose, modal, linen, etc. with cotton to create new kinds of shirts with an enriched look. Additionally, NDL has a dyeing facility that enables a larger variety of colours in its shirt fabrics.

Yarn- NDL offers a range of mixes and counts of blended yarn in addition to dyed yarn for the hosiery and weaving industries. Any shade of packaged yarn can be created by a yarn dyeing facility in 48–72 hours in accordance with customer requirements. The company has state-of-the-art weaving facilities worth 10 MMPA, which feature high speed looms and dobby attachments using air jets and rapier technology that give its yarn an advantage. As a result, it also guarantees the development of the finest plain, twill, dobby, chambray, filafil, herringbone, basket weave, and pin-point oxford fabrics, to name a few. There are fewer cone changes during knitting and warping because of the bigger package size of 1200–1300 grammes, which result in better knitting and warping efficiency and reduced waste.

Financial Highlight

| Particulars | FY2022 | FY2021 | YoY Change |
|--------------------------------------|---------|---------|------------|
| Revenue from operations (in crores) | 2175.57 | 1090.23 | 1085.34 |
| PAT (In Crores) | 67.82 | -18.72 | 86.54 |
| EBIDTA (In Crores) | 173.76 | 84.65 | 89.11 |
| Debtor Turnover (days) | 74.82 | 93.21 | -18.39 |
| Inventory Turnover (days) | 40.86 | 68.79 | -27.93 |
| Interest coverage Ratio (in times) | 4.13 | 2 | 2.13 |
| Current Ration (In times) | 1.38 | 1.5 | -0.12 |
| Debt /Equity Ratio (in times) | 1.04 | 1.17 | -0.13 |
| EBIDTA Margin (%) | 7.99% | 7.76% | 0.23 |
| Net Profit Margin (%) | 3.21% | -1.76% | 4.97 |
| Return on Net Worth | 12.61% | -4.08% | 16.69 |

Key Ratios

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the Company is required to provide details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor. The key financial ratios are given below:

| Particulars | FY2022 | FY2021 | Reasons of variance |
|----------------------------------|--------|--------|--|
| Debt Service Coverage Ratio | 0.33 | 0.17 | Due to improvement of Covid situation companies topline and bottom line performance has been improved. |
| Return on Equity Ratio | 0.13 | (0.04) | Due to improvement of Covid situation Company's bottom line performance has been improved. |
| Inventory turnover Ratio | 7.56 | 4.33 | Due to improvement of Covid situation Company's Turnover has increased and in turn Consumption has also increased. |
| Trade Receivables turnover Ratio | 5.83 | 3.58 | Due to Change in credit terms the ratio has increased |

| Particulars | FY2022 | FY2021 | Reasons of variance |
|-------------------------------|--------|--------|--|
| Trade payables turnover Ratio | 9.26 | 6.49 | Due to Change in credit terms the ratio has increased |
| Net Capital turnover Ratio | 8.77 | 4.81 | Due to improvement of Covid situation Company's Turnover has increased with almost same Working Credit facilities. |
| "Net Profit Ratio" | 0.03 | (0.02) | Due to improvement in Covid situation companies topline and as a result Profitability has also improved. |
| Return on Capital employed | 0.24 | 0.02 | Due to improvement in Covid situation companies topline and as a result Profitability has also improved, hence ratio has improved. |
| Return on Investment | 0.47 | 0.12 | In the Previous year the return on Investment has decreased due to provision for Impairment on Investment. |



Innovation and Design

Through its Research & Development, constant focus on product innovations, and the spirit for delivering excellence, the Company has been able to develop a dynamic product portfolio that blends utility and function. The Company has a proactive approach for anticipating the emerging trends and stay abreast in the fashion world. It offers a broad range of denims and shirt fabrics that suit both classic style and modern trends. The Company also invests in the latest technology in order to stay competitive in the global market.

Predominant quality

Over the years, the Company has been producing products of unmatched quality on the back of its infrastructure, technology, and manufacturing facilities. It uses special rewinding machines to ensure proper waxing during yarn production. All of its products are subjected to stringent quality measures to achieve uniform quality structure for all products. In addition, each fabric set is tested for quality under the ASTM and AATC standards before being shipped. Following the tensile strength test, a chemical test checks shrinkage, weight, and movement. Modern technology and research-based production techniques guarantee assure quality.

Sustainability

The Company is committed to responsibly safeguard the environment. The Company ensures zero discharge of liquids from factories. Water management has always been a critical concern for the Company owing to the nature of the business. Due to the requirement to clean raw materials and for several flushing operations during production, manufacturing textile industry utilises large amounts of water. Taking this into account, the Company has employed a Reverse Osmosis (RO) Plant to reclaim water that is emitted through the Effluent Treatment Plant (ETP). Additionally, it treats wastewater responsibly through Sewage Treatment Plants (STP) and reuses the same for gardening.

Through the plantation of its own greenbelt with over 25000, the Company has been able to meet the Carbon neutral objective. Additionally, the use of LEDs for department lighting, plans to implement solar panel systems, and reusing process water from condensate recovery have also enabled the Company to become carbon neutral. In order to ensure long term sustainability, it complies with all chemical standards. Denim is also recycled by the company to manage its waste. A Caustic Recovery Plant (CRP) is used to repurpose and process caustic. The Company keeps refining its waste management policies after closely studying the denim manufacturing process to keep minimizing its waste production.

Exports

NDL has been a dependable provider to more than 27 countries worldwide. The company has ties to major retailers in the United States. Its jeans, denim, and other items are

used by more than 20 well-known global companies. Along with Walmart and H&M, these brands include Target, Ann Taylor, Mango, and Wrangler.

Risk and concerns

The Company has put in place systems and processes, along with appropriate review mechanisms that enable it to actively monitor, manage and mitigate these risks. The Company has also established a risk management committee under the supervision of the Board of Directors which undertake timely actions to minimise/mitigate the adverse impact of any uncertainties.

Disclaimer

It is possible that some of the forward-looking statements contained in the MDA section regarding future prospects could be deemed forward-looking statements, which are subject to risks and uncertainties. The Company and the environment in which it operates may face unforeseen, unprecedented, unascertainable and constantly evolving risk(s) due to global pandemics such as COVID-19. The report's facts and figures are derived from assumptions made based on information available both internally and externally. These assumptions are subject to change over time, which also affects the estimates based on them. Any forward-looking statement only speaks as of the date on which it was made, and any forward-looking statement represents only the Company's current intentions, beliefs, or expectations. As a result of new information, future events, or otherwise, the Company assumes no obligation to revise or update any forward-looking statements.

Corporate Information

Nandan Denim Limited

CIN: L51909GJ1994PLC022719
GST: 24AAAACN5327L1ZG
LEI: 335800W54W5SGHLKY444

Board of Directors

Mr. Vedprakash Chiripal
Chairman

Mr. Jyotiprasad Chiripal
Managing Director

Mr. Tara Sankar Bhattacharya*
Independent Director
(upto August 13, 2022)

Ms. Falguni Vasavada
Independent Director

Mr. Giraj Mohan Sharma
Independent Director

Mr. Rahul Narendra Mehta
Additional Independent Director
(w.e.f. August 13, 2022)

Mr. Kirit Vaikunthraya Joshi
Additional Independent Director
(w.e.f. August 13, 2022)

Mr. Shaktidan Gadhavi
Whole Time Director

Chief Executive Officer

Mr. Deepak Chiripal

Chief Financial Officer

Mr. Ashok Bothra
(upto November 30, 2021)

Mr. Mehul Shah
(appointed with effect from March 26, 2022 and resigned on May 19, 2022)

Mr. Mahesh Jain
(w.e.f. August 13, 2022)

Company Secretary

Ms. Purvee Roy
(upto June 15, 2022)

Akshit Soni
(w.e.f. August 13, 2022)

Bankers

Bank of Baroda (erstwhile Dena Bank)
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
DBS (erstwhile Lakshmi Vilas Bank)
IDBI Bank
Karnataka Bank
Punjab National Bank
Saraswat Co. Op. Bank
State Bank of India
UCO Bank
Union Bank of India

Statutory Auditor

M/s. Samir M. Shah & Associates,
Chartered Accountants

Cost Auditor

M/s. A.G. Tulsian & Co.,
Cost Accountants

Secretarial Auditor

M/s. Jay Khatnani & Associates
Company Secretaries

Registered Office

Survey No. 198/1 & 203/2,
Saijpur – Gopalpur,
Pirana Road, Piplej,
Ahmedabad
Gujarat– 382 405

Corporate Office

‘Chiripal House’,
Near Shivranjani Cross Roads,
Satellite, Ahmedabad, Gujarat – 380
015
Tel.: 079 26734660/2/3, Fax: 079
26768656
Email: cs.ndl@chiripalgroup.com

Registrar & Transfer Agent

Datamatics Business Solutions Limited
Plot No. B5, Part B Cross Lane,
MIDC, Andheri (E), Mumbai
Maharashtra – 400 093
Tel.: 022 66712001-06,
Fax: 022 66712011
Email: investorqry@dfssl.com

NANDAN DENIM LIMITED

CIN: L51909GJ1994PLC022719

Registered Office: Survey No. 198/1 & 203/2, Saijpur – Gopalpur, Pirana Road, Piplej, Ahmedabad – 382 405

Corporate Office: Chiripal House, Near Shivranjani Cross Roads, Satellite, Ahmedabad – 380 015

Website: www.nandandenim.com, Email: cs.ndl@chiripalgroup.com

Tel No.: 079 – 26734660/2/3

Notice

Notice is hereby given that the **TWENTY EIGHTH ANNUAL GENERAL MEETING** of the Members of Nandan Denim Limited will be held on Friday, September 30, 2022 at 03.00 p.m. IST through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Audited Financial Statement of the Company for the Financial Year ended March 31, 2022 together with Report of the Board of Directors and Auditors thereon and in this regard, pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Standalone Audited Financial Statement of the Company for the financial year ended March 31, 2022 together with Report of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. To appoint a Director in place of Mr. Jyotiprasad Chiripal (DIN: 00155695), who retires by rotation and being eligible, offers himself for reappointment as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Jyotiprasad Chiripal (DIN: 00155695), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

3. To appoint M/s. J.T. Shah & Company, Chartered Accountants as Statutory Auditor of the Company and in this regard, pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the

recommendations of the Audit Committee and the Board of Directors of the Company, M/s. J.T. Shah & Company, Chartered Accountants, having registration No. 109616W be and are hereby appointed as the Statutory Auditors of the Company for term of five consecutive years, who shall hold office from the conclusion of this 28th Annual General Meeting till the conclusion of the 33rd Annual General Meeting to be held in the year 2027 on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this behalf.”

SPECIAL BUSINESS:

4. **To re-appoint Mr. Jyotiprasad Chiripal (DIN: 00155695) as Managing Director of the Company for a period of 5 years with effect from 1st June, 2022 and in this regard, pass the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to the recommendation of Nomination & Remuneration Committee, and approval of Board of Director and the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), and subject to such modifications, variations as may be approved and acceptable to the appointee, approval of the Members of the Company be and is hereby accorded for the re-appointment of Mr. Jyotiprasad Chiripal (DIN: 00155695) as Managing Director of the Company for a period of five years from 1st June, 2022 to 31st May, 2027 and the payment of remuneration for the aforesaid period on the terms and conditions as approved by the Nomination & Remuneration Committee in its meeting.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolution.”

“**FURTHER RESOLVED THAT** the certified true copy of the aforesaid resolution be provided to the concerned authorities under the signature of any of the Directors or Company Secretary of the Company for the purpose of their record and reference.”

5. To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2023 and in this regard, pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies the remuneration of an amount, not exceeding ₹3.00 lakhs (Rupees Three Lakh Only) plus taxes and reimbursement of out of pocket expenses at actuals, if any, incurred in connection with the audit payable to M/s A.G. Tulsian & Co., Cost Accountants (Firm Registration Number:100629) who were appointed by the Board of Directors as Cost Auditors of the Company to conduct cost audit relating to cost records of the Company under the Companies (Cost Records and Audit) Rules, 2015 for the financial year ending March 31, 2023.”

“**RESOLVED FURTHER THAT** the Board of Directors and / or the Company Secretary be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution.”

6. To appoint Mr. Rahul Narendra Mehta as an Independent Director of the Company and in this regard, pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160, and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Amendment) Act, 2017 (including any statutory modification(s) or re-enactment thereof for the time being in force), relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also provisions of Articles of Association of the Company, Shri Rahul Narendra Mehta

(DIN: 00165521) who was appointed as an Additional Director and also as an Independent Director of the Company by the Board of Directors with effect from August 13, 2022 and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting or the last date on which the Annual General Meeting for Financial Year 2021-2022 should have been held, whichever is earlier and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing under section 160(1) of the Companies Act, 2013 from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years commencing from 13th August, 2022 to 12th August, 2027.”

“**RESOLVED THAT** pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the applicable provisions of the Companies Act, 2013 and relevant Rules framed thereunder (including any statutory modification(s) / amendment(s) / re-enactment(s) thereto), approval of the Members be and is hereby accorded to the continuation of directorship of Mr. Rahul Narendra Mehta [Director Identification Number (DIN): 00165521], after he attains the age of 75 years during the tenure of his directorship with the Company as aforesaid.”

7. To appoint Mr. Kirit Vaikunthraya Joshi as an Independent Director of the Company and in this regard, pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160, and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Amendment) Act, 2017 (including any statutory modification(s) or re-enactment thereof for the time being in force), relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also provisions of Articles of Association of the Company, Shri Kirit Vaikunthraya Joshi (DIN: 05316488) who was appointed as an Additional Director and also as an Independent Director of the Company by the Board of Directors with effect from August 13, 2022 and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting or the last date on which the Annual General Meeting for Financial Year 2021-2022 should have been held, whichever is earlier and who is eligible for appointment under the

relevant provisions of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing under section 160(1) of the Companies Act, 2013 from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years commencing from 13th August, 2022 to 12th August, 2027.”

“**RESOLVED THAT** pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the applicable provisions of the Companies Act, 2013 and relevant Rules framed thereunder (including any statutory

modification(s) / amendment(s) / re-enactment(s) thereto), approval of the Members be and is hereby accorded to the continuation of directorship of Mr. Kirit Vaikunthraya Joshi [Director Identification Number (DIN): 05316488], after he attains the age of 75 years during the tenure of his directorship with the Company as aforesaid.”

**By order of the Board of Directors
For Nandan Denim Limited**

Akshit Soni

Company Secretary

Mem. No. A34152

Place : Ahmedabad

Date: August 13, 2022

NOTES:

- The Ministry of Corporate Affairs (“MCA”) has vide its circular no. 20/2020 dated 5th May, 2020 read with circular nos. 14/2020 and 17/2020 dated 8th April, 2020 and 13th April, 2020 respectively (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. MCA had vide circular no. 03/2022 dated 5th May, 2022 has allowed the Companies whose AGM are due to be held in the year 2022, to conduct their AGMs on or before 31st December, 2022 in accordance with the requirement provided in this Circular. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The detailed procedure for participation in the meeting through VC / OAVM is as per Note No. 24 of the Notice of AGM
- In accordance with the provisions of Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014 read with the said MCA Circulars, the Annual Report of the Company is being sent through email only to the members whose email address are registered with the Company/Depositories, as the case may be. Member(s), however, are entitled to receive Annual Report in physical form, free of cost, on receipt of written request for the same. Members may also note that the Annual Report for the financial year 2022 together with the Notice of 28th Annual General Meeting is also available on the website of the Company viz. www.nandanddenim.com.
- Since the AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM.
- Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
- Members of the Company who are Institutional Investors are encouraged to attend and vote at the AGM through VC / OAVM. Corporate Members intending to authorize their representatives to participate and vote through e-voting on their behalf at the meeting are requested to send a certified copy of the Board Resolution / Authorization Letter to the Company.
- The Members can join the AGM through VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1000 Members on a first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of business to be transacted at the Annual General Meeting (AGM), as set out in Item Nos. 4 to 7 above and the relevant details of the Directors seeking re-appointment under Item No. 2, 4, 6 and 7 above as required by Regulation 26(4) and

36(3) of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements), Regulations, 2015 and as required under Secretarial Standards – 2 on General Meetings issued by the Institute of Company Secretaries of India is annexed hereto.

8. Members who hold shares in physical form in multiple folios, in identical names or joint holding in the same order of names, are requested to send the share certificates to the RTA, for consolidation of such multiple folios into a single folio.
9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone / mobile numbers, PAN, mandates, nominations, power of attorney, bank details such as, name of Bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to RTA in case the shares are held by them in physical form.
10. Book Closure:
The Register of Members and Share Transfer Books of the Company will remain closed from Saturdays, September 24, 2022 to Friday, September 30, 2022 (both days inclusive).
11. Pursuant to Sections 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to Investor Education and Protection Fund ("IEPF") established by the Central Government. During the year, the Company has transferred any amount to the Investor Education and Protection Fund of the Central Government. The shareholders who have not claimed their dividend for the financial year 2015 and all subsequent years are requested to claim their dividend as early as possible, failing which it would be transferred to IEPF as per the (tentative) dates mentioned below and no claim shall lie against the Company for the said amount of unclaimed dividend so transferred. The details of unclaimed dividends are available on the Company's website and Ministry of Corporate Affairs website at www.mca.gov.in.

| Financial Year | Final Dividend/ Interim Dividend | Tentative Date for transfer to IEPF |
|-----------------------|---|--|
| 2014-15 | Final | 05.12.2022 |
| 2015-16 | 1st Interim | 19.03.2023 |
| 2016-17 | 2nd Interim | 16.04.2023 |
| 2017-18 | Final | 05.11.2024 |
| 2018-19 | Final | 05.11.2025 |

Further, pursuant to the provisions of Section 124 of the Act and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), shares on which dividend has not been

paid or claimed for seven consecutive years or more have been transferred to Demat Account of IEPF.

12. Members are requested to note that the Company's shares are under compulsory electronic trading for all investors. Members are, therefore, requested to dematerialize their shareholding to avoid inconvenience. Members whose shares are in electronic mode are requested to inform change of address and updates of bank account(s) to their respective Depository Participants. Members are encouraged to use the Electronic Clearing Services (ECS) for receiving dividends.

In accordance with the amendments to Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 vide Cir. No. LIST/COMP/15/2018 dated July 05, 2018, effective from December 5, 2018, the Securities and Exchange Board of India (SEBI) has revised the provisions relating to transfer of listed securities and has decided that requests for effecting transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository [National Securities Depository Limited and Central Depository Services (India) Limited]. This measure is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Transfer of securities only in demat form will improve ease, facilitate convenience and safety of transactions for investors.

Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares.

13. Transfer of Unclaimed Dividend Accounts to the Investor Education and Protection Fund (IEPF):
 - A. Pursuant to applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after completion of 7 (seven) years. Further, according to the Rules, shares in respect of which dividend has not been paid or claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.
 - B. During the financial year 2021-22, the Company has transferred amount to the IEPF unclaimed dividends and corresponding shares thereto.
 - C. The shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules.

The details of unclaimed dividends are available on the Company's website under the heading 'Unpaid Dividend'.

14. Brief Profile of Director(s) seeking re-appointment at the ensuing Annual General Meeting of the Company as per Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed and forms integral part of the Notice.
15. As per Securities and Exchange Board of India (SEBI) norms, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrar and Transfer Agent. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from December 1, 2015), for registration of transfer of shares, the transferee(s) as well as transferor(s) are required to furnish a copy of their PAN card to Company's Registrar and Share Transfer Agent.
16. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, securities of listed company can only be transferred in dematerialized form with effect from April 1, 2019. In view of the above, members are advised to dematerialize shares held by them in physical form.
17. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the meeting so that the information required may be made available at the meeting. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the electronic form with any DP, with whom the members/ investors are having their depository account. The ISIN for the Equity Shares of the Company is INE875G01030. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate risks associated with physical shares and for ease in portfolio management. Members can contact Company's Registrar and Share Transfer Agent for assistance in this regard.
18. Documents open for inspection:

All documents referred to in the Notice along with the Statutory Registers maintained by the Company as per the Act will be available for inspection in electronic mode upto the date of AGM of the Company and will also be available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send an email to cs.ndl@chiripalgroup.com;
19. In compliance with MCA Circulars and SEBI Circulars Notice of AGM along with the Annual Report for the financial year 2021-22 are being sent only through electronic mode to those members whose email addresses are registered with the Company / DPs. Members may note that the Notice and Annual Report will also be available on the Company's website i.e. www.nandanddenim.com, websites of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of Central Depository Services Limited (CDSL) at www.evotingindia.com.

Members, who have not registered their email ids so far, are requested to register their email ids with their depository for receiving all communications including Annual Report, Notices, etc. from the Company electronically by updating their information with respective depositories.
20. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
21. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the meeting so that the information required may be made available at the meeting.
22. As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in demat form; the nomination form may be filed with the respective Depository Participant.
23. Since the AGM will be held through VC / OAVM in accordance with the MCA Circulars, the route map, proxy form and attendance slip are not attached to this Notice.
24. Procedure for voting:
 - A. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Section 109 of the Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014 along with Regulation 44 of the Listing Regulations (including any statutory modification(s) and

/ or enactment(s) thereof for the time being in force), members are provided with the following alternatives by which they may cast their votes:

- By electronic means through the remote e-voting platform provided by the Central Depository Services (India) Limited (CDSL).
- By voting through ballot paper at the Annual General Meeting.

In case members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through ballot form shall be treated as invalid.

Information and instructions relating to e-voting are as under:

The Company has appointed Mr. Keyur Shah (Membership Number: FCS 9559; CP No. 8814) of M/s. Keyur J. Shah & Associates, Company Secretaries as the scrutiniser for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The e-voting rights of the shareholders / beneficial owners shall be reckoned on the equity shares held by them as on 23rd September, 2022 being the cut-off date.

CDSL e-Voting System – For Remote e-voting and e-voting during AGM

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.nandandenim.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM/ has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's **General Circular No. 20/2020**, dated 05th May, 2020, general Circular No.

02/2021 and general circular No. 02/2022 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2022, to conduct their AGMs on or before 31.12.2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020.

THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on September 27, 2022 and ends on September 29, 2022. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 23, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed

that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular **no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/ NSDL** is given below:

| Type of shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in Demat mode with CDSL Depository | <ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. |

| Type of shareholders | Login Method |
|---|--|
| | <p>3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p> |
| Individual Shareholders holding securities in demat mode with NSDL Depository | <p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p> |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP) | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form & physical shareholders.

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

| For Shareholders holding shares in Demat Form other than individual and Physical Form | |
|--|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ▪ Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> ▪ If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

- (vi) After entering these details appropriately, click on “SUBMIT” tab.

The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - (xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
 - (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant Nandan Denim Limited on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired.

(xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs.ndl@chiripalgroup.com (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/ EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/ AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)

3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

SECTION B: COMMENCEMENT OF E-VOTING PERIOD AND OTHER E-VOTING INSTRUCTIONS

- i. The e-voting period commences on, September 27, 2022 at 9.00 a.m. (IST) and ends on, September 29, 2022 at 05.00 p.m. (IST). The remote e-voting module will be disabled by CSDL for voting thereafter. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the Cut-Off Date of September 23,2022 may cast their vote electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- ii. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company.
- iii. CS Keyur Shah, of M/s. Keyur J. Shah & Associates, Company Secretaries(Membership Number: FCS 9559; CP No. 8814) (Address: 408, Chitrarath Complex, Opp. Municipal Market, Off C.G. Road, Navrangpura, Ahmedabad - 380009, Gujarat, India) has been appointed as the Scrutinizer to scrutinize the e-voting process.
- iv. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any and submit forth with to the Chairman of the Company.
- v. The results shall be declared by the Chairperson or a person so authorized by him in writing on receipt of consolidated report from Scrutinizer. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.nandandenim.com and on the website of CDSL [https:// www.evotingindia.co.in](https://www.evotingindia.co.in) within two days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
- vi. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to the same being passed with requisite majority.

Contact Details

| | |
|---------------------------------|---|
| Company | : Nandan Denim Limited Corporate Office: 'Chiripal House', Near Shivranjani Cross Roads, Satellite, Ahmedabad – 380 015. |
| CIN | : L51909GJ1994PLC022719 |
| Email ID | : cs.ndl@chiripalgroup.com |
| Registrar and Transfer Agent | : Datamatics Business Solutions Limited Plot No. B-5, Part B, Cross Lane, MIDC, Andheri (east), Mumbai – 400 093 |
| Phone | : 022-66712151-2156 |
| E-voting Agency | : Central Depository Services (India) Limited |
| Email ID | : helpdesk.evoting@cdslindia.com |
| Scrutinizer | : CS Keyur Shah, Practicing Company Secretary |
| Email ID | : cs.keyurshah@gmail.com |

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“THE ACT”)

The following explanatory statement sets out all material facts relating to the Special Business mentioned in the Notice:

Item No. 4:

The Board of Directors of the Company (the ‘Board’), at its meeting held on 28th May, 2022 has, subject to the approval of members, appointed Mr. Jyotiprasad Chiripal (DIN: 00155695) as Managing Director, for a period of 5 (five) years with effect from 1st June, 2012, at the remuneration recommended by the Nomination & Remuneration Committee (‘NRC’) of the Board and approved by the Board. It is proposed to seek the members’ approval for the appointment and remuneration payable to Mr. Jyotiprasad Chiripal as Managing Director in terms of the applicable provisions of the Act. Broad particulars of the terms of appointment and remuneration payable to Mr. Jyotiprasad Chiripal are as under:

(a) Salary, Perquisites and Allowances per annum:

| | (in lakhs) |
|----------------------------|------------|
| Salary | 144.00 |
| Perquisites and Allowances | 24.00 |

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs and leave travel concession for self and family including dependents.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or reenactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

The Company’s contribution to provident fund, superannuation or annuity fund, to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

Any increment in salary and perquisites and remuneration by way of incentive / bonus / performance linked incentive payable to Mr. Jyotiprasad Chiripal, as may be determined by the Board and / or the Nomination & Remuneration Committee of the Board, shall not be included for the purpose of computation of the aforesaid ceiling of remuneration provided that such payment shall be within the overall ceiling of remuneration referred to in the resolution at Item No. 5 of the Notice.

(b) Reimbursement of Expenses:

Expenses incurred for travelling, boarding and lodging including for his spouse and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company’s business and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

(c) General:

1. The Managing Director will perform their respective duties as such with regard to all work of the Company and they will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
2. The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
3. The Managing Director shall adhere to the Company’s Code of Business Conduct & Ethics for Directors and Management Personnel.
4. The office of the Managing Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months’ prior notice in writing.

Mr. Jyotiprasad Chiripal satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section(3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

Details of Mr. Jyotiprasad Chiripal are provided in “Annexure A to the Notice” pursuant to the provisions of (i) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

Mr. Jyotiprasad Chiripal, Mr. Vedprakash Chiripal and Mr. Deepak Chiripal are interested in the resolutions set out respectively at Item No. 4 of the Notice, which pertain to appointment and remuneration payable to Mr. Jyotiprasad Chiripal.

None of the other Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the said resolution, save and except as shareholder and to the extent of their shareholding in the Company.

The Board accordingly recommends the resolution as set out in Item No. 5 of the Notice for the approval of the members.

Item No. 5:

The Board of Directors at their meeting held on May 28, 2022, on the recommendation of the Audit Committee, had approved the appointment and remuneration of M/s A.G. Tulsian & Co., Cost Accountants, Ahmedabad (Firm Registration Number: 100629) as Cost Auditor to conduct the audit of the cost accounting records maintained by the Company in respect of textiles and related products for the financial year ending March 31, 2023 at a remuneration not exceeding ₹3.00 lacs (Rupees Three Lakhs Only) excluding taxes and reimbursement of out of pocket expenses at actuals, if any, in connection with the audit.

M/s A. G. Tulsian & Co., Cost Accountants (Firm Registration Number: 100629) have confirmed that they hold a valid certificate of practice under sub-section (1) of Section 6 of the Cost and Works Accountants Act, 1959.

In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and / or re-enactment(s) for the time being in force), the remuneration payable to Cost Auditor has to be ratified by the members of the Company.

Accordingly, ratification by members is sought to the remuneration payable to the Cost Auditors for conducting the audit of the cost records of the Company, if required, for the financial year ending March 31, 2023.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the said Ordinary Resolution, save and except as shareholder and to the extent of their shareholding in the Company.

The Board accordingly recommends the resolution as set out in Item No. 5 of the Notice for the approval of the members.

Item No. 6:

The Board of Directors of the Company at its meeting held on August 13, 2022, appointed Mr. Rahul Mehta as an Additional Director of the Company in the capacity of Independent Director for a term of 5 years with effect from August 13, 2022, subject to the approval of the Members of the Company. In terms of section 160 of the Companies Act, 2013, the Board Governance, Nomination and Remuneration Committee and the Board have recommended the appointment of Mr. Rahul Mehta as an Independent Director pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013.

The Company has also received a notice in writing from a member proposing the candidature of Mr. Rahul Mehta to be appointed as Director of the Company. The Company has received a declaration from Mr. Rahul Mehta confirming that he meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received Mr. Rahul Mehta's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

In the opinion of the Board, Mr. Rahul Mehta fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his appointment as an Independent Director of the Company and he is independent of the management. Considering Mr. Rahul Mehta's knowledge and experience, the Board of Directors is of the opinion that it would be in the interest of the Company to appoint him as an Independent Director for a period of five years with effect from August 13, 2022.

Copy of letter of appointment of Mr. Rahul Mehta setting out the terms and conditions of appointment is being made available for inspection by the members through electronic mode. Additional information in respect of Mr. Rahul Mehta, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at **Annexure A** to this Notice.

Brief profile of Mr. Rahul Mehta is given at Annexure A to this Notice. Except Mr. Rahul Mehta, being the appointee, or his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in resolution set out at Item No. 6.

Item No. 7:

The Board of Directors of the Company at its meeting held on August 13, 2022, appointed Mr. Kirit Joshi as an Additional Director of the Company in the capacity of Independent Director for a term of 5 years with effect from August 13, 2022, subject to the approval of the Members of the Company. In terms of section 160 of the Companies Act, 2013, the Board Governance, Nomination and Remuneration Committee and the Board have recommended the appointment of Mr. Kirit Joshi as an Independent Director pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013.

The Company has also received a notice in writing from a member proposing the candidature of Mr. Kirit Joshi to be appointed as Director of the Company. The Company has received a declaration from Mr. Kirit Joshi confirming that he meets the criteria of independence under the Companies

Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received Mr. Kirit Joshi's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

In the opinion of the Board, Mr. Kirit Joshi fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his appointment as an Independent Director of the Company and he is independent of the management. Considering Mr. Kirit Joshi knowledge and experience, the Board of Directors is of the opinion that it would be in the interest of the Company to appoint him as an Independent Director for a period of five years with effect from August 13, 2022.

Copy of letter of appointment of Mr. Kirit Joshi setting out the terms and conditions of appointment is being made available for inspection by the members through electronic mode.

Additional information in respect of Mr. Kirit Joshi, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at **Annexure A** to this Notice.

Brief profile of Mr. Kirit Joshi is given at Annexure A to this Notice. Except Mr. Kirit Joshi, being the appointee, or his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in resolution set out at Item No. 7.

By order of the Board of Directors

For Nandan Denim Limited

August 13, 2022
Ahmedabad

Akshit Soni
Company Secretary
Mem. No. A34152

ANNEXURE TO THE NOTICE DATED AUGUST 13, 2022

DETAILS OF DIRECTORS RETIRING BY ROTATION / SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 28TH ANNUAL GENERAL MEETING TO BE HELD ON SEPTEMBER 30, 2022 (PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015.

| Name of Director | Mr. Jyotiprasad Chiripal (DIN: 00155695) | Mr. Rahul Mehta (DIN:00165521) | Mr. Kirit Joshi (DIN: 05316488) |
|--|--|--|---|
| Date of Birth | 21/08/1953 | 20/08/1950 | 23/06/1951 |
| Age | 69 years | 72 years | 71 years |
| Date of Appointment | 28/05/2022 | 13/08/2022 | 13/08/2022 |
| Qualifications | Bachelor of Commerce | MBA | B.SC, CAIIB, Diploma |
| Brief Resume / Experience (including expertise in specific functional are) / | <p>Mr. Jyotiprasad Chiripal holds a Bachelors degree in Commerce from Gujarat University. He was initially dealing with the finance & production functions of various companies of Chiripal Group. He obtained detailed knowledge and understanding of the functioning of the Company during his stint under various capacities. His expertise in the business of fabric, yarn and knitted apparels along with entrepreneurial acumen and leadership qualities guided the Group for more than four decades. In 2017, he joined as Managing Director of Nandan Denim Limited. During his tenure with the Company, his constant endeavor was to excel and sustain the position of the Company as a successful organization with best governance standards. With his in depth knowledge of Company's functioning, he brings immense value in enhancing Board effectiveness.</p> | <p>Mr. Rahul Mehta is MBA from Management Schools of India, the Bajaj Institute having 40 years of experience in the Garment Industry. He was Past President of the Clothing Manufacturers Association of India (CMAI), he is currently the Chief Mentor to CMAI since 2020. He is also a member of the Executive Committee of the Apparel Export Promotion Council. He is also the Immediate Past President of the International Apparel Federation (IAF) based out of Netherlands.</p> <p>He is the first Indian to be elected as President of the IAF, and only the second Asian to be in this position in the 40 years history of IAF.</p> <p>He is extremely involved in Education, and is Chairman, Advisory Board, School of Fashion Technology, Pune, and on the Advisory Board of the Fashion Program at the Anant University in Ahmedabad.</p> <p>He is also a Trustee with the Sadhana Education Society, which runs prestigious Educational Institutes in the suburbs of Mumbai, including the L. S. Raheja College of Commerce, and on the Advisory Board of the Trust for Retailers and Retailers Associates of India (TRRAIN).</p> <p>He was also a Past President of the Rotary Club of Bombay Mid Town.</p> | <p>Mr. Kirit Joshi is B.Sc (Maths/ Physics/Statistics), CAIIB (Part I) from Indian Institute of Bankers and Diploma in co-operation of M.S University Baroda (First Rank).</p> <p>He is having 3 decades of experience with key focus on Banking operations, client relationship Management & team Management.</p> <p>He was Asst. Vice President at SBI Factors & Commercial services Pvt. Ltd. (A subsidiary of SBI) from 1998 to 2004.</p> <p>Currently he is associated with CA firm engaged in project finance for Mid corporates and large corporates , TVC Study work as knowledge Partner and Solution provider to Mid and Large Corporates in the field of banking, Debt Restructuring, export and import etc.</p> |
| Terms and Conditions of Appointment / Re-appointment | As per terms and conditions mentioned in agreement entered into between Jyotiprasad Chiripal and Nandan Denim Limited. His reappointment is as Executive Promoter Director. | As per terms and conditions mentioned in letter of appointment provided by Nandan Denim Limited. His appointment is as Non-Executive Independent Director. | As per terms and conditions mentioned in letter of appointment provided by Nandan Denim Limited. His appointment is as Non-Executive Independent Director. |
| Date of first appointment on the Board | 01/06/2017 | 13/08/2022 | 13/08/2022 |

| Name of Director | Mr. Jyotiprasad Chiripal (DIN: 00155695) | Mr. Rahul Mehta (DIN:00165521) | Mr. Kirit Joshi (DIN: 05316488) |
|--|---|---|--|
| Shareholding in the Company as on March 31, 2022 | 1890000 equity shares | NIL | NIL |
| Relationship with other Directors / Key Managerial Personnel | Brother of Vedprakash Chiripal (Chairman) Father of Deepak Chiripal (CEO) | Not related to any Director or Key Managerial Personnel. | Not related to any Director or Key Managerial Personnel. |
| Number of meetings of the Board attended during the year | 6 (six) Board Meetings | N.A. | N.A. |
| Name of Directorships of other Boards as on March 31, 2022 | Nandan Denim Limited Chiripal Poly Films Limited CIL Nova Petrochemicals Limited Chiripal Industries Limited Chiripal Infrastructure Limited Chiripal Energy Limited Picasso Flexibles Limited | Kamadgiri Fashion Limited Future Lifestyle Fashions Limited Gini & Jony Limited | PR Ecoenergy Limited |
| Membership / Chairmanship of Committees of other Boards as on March 31, 2022 | Nandan Denim Limited <ul style="list-style-type: none"> ▪ Audit Committee – Member ▪ Stakeholders Relationship Committee – Member ▪ Corporate Social Responsibility Committee - Member ▪ Finance & Investment Committee – Chairperson ▪ Bonus Committee – Chairperson Chiripal Poly Films Limited <ul style="list-style-type: none"> ▪ Audit Committee – Member ▪ Corporate Social Responsibility Committee - Member CIL Nova Petrochemicals Limited <ul style="list-style-type: none"> ▪ Audit Committee – Member ▪ Corporate Social Responsibility Committee - Member ▪ Stakeholders Relationship Committee – Member ▪ Nomination & Remuneration Committee - Member Chiripal Industries Limited <ul style="list-style-type: none"> ▪ Audit Committee – Member ▪ Corporate Social Responsibility Committee - Member | Kamadgiri Fashion Limited <ul style="list-style-type: none"> ▪ Audit Committee – Member ▪ Nomination & Remuneration Committee - Chairperson ▪ Stakeholders Relationship Committee – Member ▪ Corporate Social Responsibility Committee – Member Future Lifestyle Fashions Limited <ul style="list-style-type: none"> ▪ Audit Committee – Member ▪ Nomination & Remuneration Committee - Member ▪ Stakeholders Relationship Committee – Chairperson ▪ Corporate Social Responsibility Committee - Member | NIL |
| In case of Independent Director, the skills and capabilities required for the role and manner proposed person made such requirements | N.A. | Skills and capabilities : Garment Industries Mr. Rahul Mehta is MBA and having 40 years of experience in the Garment Industry. His expert knowledge in garment industry will be beneficial to the Company and he fit for the requirements. | Skills and capabilities : Banking, Finance . Mr. Kirit Joshi is having 3 decades of experience with key focus on Banking operations, client relationship Management & team Management. His expert knowledge in project financing can help the Company in the area of financing. |

Boards' Report

To
The Members

The Directors have pleasure in submitting their 28th Report together with the Audited Statements of Accounts of your Company for the year ended March 31, 2022.

OPERATIONAL & FINANCIAL HIGHLIGHTS

The Management Discussion & Analysis Report for Financial Year 2021-22 is part of the Annual Report and explains the operating and financial performance of the business for the year.

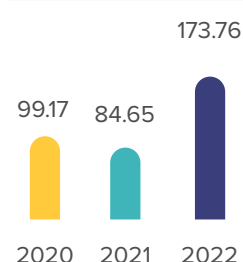
Summary of the financial results of the Company for the year under review is as under:

(₹ In Cr.)

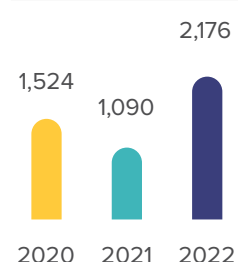
| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|--|--------------------------|--------------------------|
| Revenue from Operations | 2,175.57 | 1,090.23 |
| Earnings Before Interest, Taxes, Depreciation and Amortisation | 173.76 | 84.65 |
| Less: Finance Cost | 42.06 | 42.26 |
| Less: Depreciation and Amortisation Cost | 44.48 | 78.38 |
| Profit Before Tax | 92.27 | (31.38) |
| Less: Tax Expense | 24.45 | (12.66) |
| Profit After Tax | 67.81 | (18.72) |
| Other Comprehensive Income | 0.15 | (0.54) |
| Total Comprehensive Income | 67.97 | (19.26) |
| Earnings Per Share | 4.70 | (3.90) |
| Tax on Dividend | - | - |

COMPANY'S PERFORMANCE REVIEW

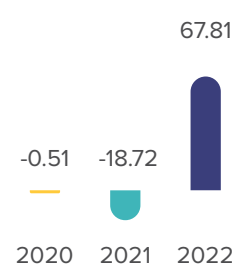
EBITDA (Rs. in Crores)



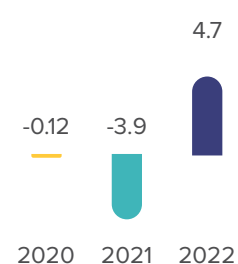
Revenue (Rs. Crores)



PAT (Rs. in Crores)



EPS (Rs. in Crs)



The financial year 2021-22 started off on a concerning note as the Delta variant crippled large parts of India, and showed in weak Q1 numbers for most parts of the economy and corporate India. Gradually the situation improved, and the momentum continued through the rest of the financial year. Q3 and Q4 were couple of the best quarters that the Company delivered. However, the financial year 2021-22 was one of the most encouraging in the recent past. The pandemic-induced challenges of Financial Year 2020-21 were followed by a demand surge in India's textile sector. A part of the surge was on account of 'revenge' buying, indicating a release of pent-up consumer demand and a part of the surge was on account of a restructuring of the global textile sector supply chain away from China. The result of this restructuring was that India emerged as the principal beneficiary on account of its extensive textile value chain, organized manufacturing sector and responsiveness.

During the Financial year under review, the Company has reported aggregate sales of ₹2,175.57 crores marginally higher than that of previous financial year and profit before Tax of ₹92.27 crores.

Cost of Goods sold as a percentage to revenue from operations decreased to 93.77 as against 103.23 % in the previous year.

Employee cost as a percentage to revenue from operations decreased to 3.70 % (₹80.57 cr.) against 4.68 % (₹51.00 cr.) in the previous year.

Other expense as a percentage to revenue from operations decreased to 10.88% (₹236.80 cr.) against 16.10 % (₹175.53 cr.) in the previous year.

The Profit Before Tax (PBT) for the current year is ₹92.27 cr. against ₹(31.38) cr. in the previous year. The Profit After Tax (PAT) increased to ₹67.97 cr. against ₹(19.25) cr. in previous year.

The finance cost (interest) for the current year is ₹42.06 cr. as compared to ₹42.26 cr. in the previous year, there being no significant change.

DIVIDEND

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”), the Board has approved and adopted a Dividend Distribution Policy. The policy details various considerations based on which the Board may recommend or declare Dividend, your Company’s dividend track record, usage of retained earnings for corporate actions, etc. The policy can be accessed on the Company’s website at <https://nandandenim.com/wp-content/uploads/2018/03/Dividend-Distribution-Policy.pdf>

In ordinary circumstances, the Board of Directors considers recommending dividend on interim / annual basis. Board usually considers the Company’s profitability, cash needs for working capital, capital expenditure and other relevant factors while recommending dividend for any financial year. However, in the event where the Company’s profits are inadequate or the Company suffers losses, the Board may consider recommending a lower dividend rate or may not recommend dividend. Keeping in view the profit earned during the year, future outlook, investment plans, long term interest and working capital needs, the Company has not recommended any dividend for the year 2021-22. The decision has been taken mainly to provide financial flexibility for the future in the current circumstances.

TRANSFER TO RESERVES:

During the year under review, the Company has not transferred amount of income earned to Reserves for the year under review.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 124 and Section 125 of the Companies Act, 2013, unclaimed or unpaid Final Dividend relating to the financial year 2014-15 is due for remittance on 05.12.2022, which has not been claimed by shareholders of the Company. Shareholders are required to lodge their claims with the Company’s RTA for unclaimed dividend. Pursuant to the provisions of Investor Education and Protection Fund, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company <https://nandandenim.com/dividend>, as also on the website of the Ministry of Corporate Affairs (www.mca.gov.in).

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Nandan Denim Limited did not have any Subsidiary, Joint Venture or Associate Company for the year ended March 31, 2022.

FINANCIAL STATEMENTS

In compliance with MCA circulars and SEBI circular dated May 12, 2020, Annual Report for the year 2021-22 is being sent only through electronic mode to those members whose email addresses are registered with the Company / Depositories. Notice and Annual Report is also available on the Company’s website www.nandandenim.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

COMPLIANCE WITH SECRETARIAL STANDARD

The Company has complied with Secretarial Standard on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government from time to time.

CREDIT RATING

The external credit rating from ICRA reaffirmed at ICRA BBB /A3+ and out look has been revised from Stable to positive.

The ratings upgrade reflects the healthy recovery and better-than-expected performance of Nandan Denim Limited (NDL) in the recent quarters led by improved demand conditions, which has facilitated an improvement in its credit metrics and liquidity profile. With the sector recovering from the impact of the pandemic and demand for denim products improving, ICRA expects the improved performance to sustain over the medium term, with the revised rating more closely reflecting an updated view on the company’s credit profile.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on March 31, 2022 was ₹144.14 crores divided into 14,41,47,168 Equity Shares of ₹10 each fully paid. During the year under review, the Company has issued bonus shares. The Board of Directors of the Company, has allotted 9,60,98,112 fully Paid-Up Bonus Equity Shares of ₹10/- each in the ratio 2:1 (Two Bonus Equity Shares of 10/- each fully Paid-Up for every One existing Equity Share of 10/- each fully Paid-Up) held by the eligible Members, whose name appeared in the list of Beneficial Owners as on March 25, 2022, being the Record date fixed for this purpose. The Bonus Equity Shares allotted shall rank pari-passu in all respect and carry the same rights as the exiting equity shares of the Company including dividends and other corporate benefits.

As on March 31, 2022, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

The Company's equity shares are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The shares are actively traded on BSE and NSE and have never been suspended from trading.

BONUS ISSUE

The Board of Directors at their meeting held on February 10, 2022, recommended issue of bonus equity shares, in the ratio of 2:1, i.e., 2 (Two) bonus equity shares of ₹10/- each for every 1 (One) fully paid-up equity share of ₹10/- held. Accordingly, the Shareholders' approved issue of 9,60,98,112 bonus equity shares through postal ballot on March 16, 2022. Subsequently, the company allotted 9,60,98,112 bonus equity shares on March 25, 2022, to the Shareholders holding shares as on March 21, 2022, being the record date fixed for this purpose.

The above share allotments resulted in an increase in paid-up equity share capital of the Company from ₹48,04,90,560/- shares of ₹10/- each to ₹1,44,14,71,680 shares of ₹10/- each as on March 31, 2022.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under section 134 of the Act read with the Companies (Accounts) Rules, 2014, is set out in 'Annexure A' to this report.

CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Act, comprising of three Directors including

Independent Director. The composition and report on CSR is set out in 'Annexure B' to this report.

Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): The average net profit for the last three financial years was negative calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. Therefore, the Company is not required to spend any amount on CSR activities in financial year 2021-22.

CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

As required under Regulation 34 of the Listing Regulations, a Cash Flow Statement is part of the Annual Report. The Company does not have any subsidiaries and hence not required to publish Consolidated Financial Statements.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors retiring by rotation

Mr. Jyotiprasad Chiripal (DIN: 00155695), Managing Director of the Company, aged 69 years, retires by rotation as a Director at the conclusion of this Annual General Meeting pursuant to the provisions of section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible have offered himself for re-appointment. Appropriate resolution for his re-appointment is being placed for your approval at the ensuing AGM.

In accordance with the provisions of the Act read with the Rules issued thereunder, the Listing Regulations and the Articles of Association of the Company, Additional Directors and Independent Directors are not liable to retire by rotation.

Change in Director and Key Managerial Personnel

- i. Appointment of Mr. Rahul Narendra Mehta as an Independent Director of the Company (DIN: 00165521)

The Board of Directors at their meeting held on August 13, 2022, based on recommendations of the Nomination & Remuneration Committee approved the appointment of Mr. Rahul Narendra Mehta as an Independent Director.

Mr. Rahul Mehta is MBA from Management Schools of India, the Bajaj Institute having 40 years of experience in the Garment Industry. He was Past President of the Clothing Manufacturers Association of India (CMAI), he is currently the Chief Mentor to CMAI since 2020. He is also a member of the Executive Committee of the Apparel Export Promotion Council. He is also the Immediate Past President of the International Apparel Federation (IAF) based out of Netherlands. He is the first Indian to be elected as President of the IAF, and only the second Asian to be in this position in the 40 years history of IAF.

He is extremely involved in Education, and is Chairman, Advisory Board, School of Fashion Technology, Pune, and on the Advisory Board of the Fashion Program at the Anant University in Ahmedabad. He is also a Trustee with the Sadhana Education Society, which runs prestigious Educational Institutes in the suburbs of Mumbai, including the L. S. Raheja College of Commerce, and on the Advisory Board of the Trust for Retailers and Retailers Associates of India (TRRAIN). He was also a Past President of the Rotary Club of Bombay Mid Town.

- ii. Appointment of Mr. Kirit Vaikunthraya Joshi as an Independent Director of the Company (DIN: 05316488)

The Board of Directors at their meeting held on August 13, 2022, based on recommendations of the Nomination & Remuneration Committee approved the appointment of Mr. Kirit Vaikunthraya Joshi as an Independent Director.

Mr. Kirit Joshi is B.Sc (Maths/Physics/Statistics), CAIIB (Part I) from Indian Institute of Bankers and Diploma in co-operation of M.S University Baroda (First Rank). He is having 3 decades of experience with key focus on Banking operations, client relationship Management & team Management. He was Asst. Vice President at SBI Factors & Commercial services Pvt. Ltd. (A subsidiary of SBI) from 1998 to 2004. Currently he is associated with CA firm engaged in project finance for Mid corporates and large corporates, TVC Study work as knowledge Partner and Solution provider to Mid and Large Corporates in the field of banking, Debt Restructuring, export and import etc.

- iii. Resignation of Mr. Tara Sankar Bhattacharya (DIN: 00157305) from Independent Director

Mr. Tara Sankar Bhattacharya has been associated with Nandan Denim as Independent Director since February 2013. He has tendered his resignation to management due to his advanced age. He resigned w.e.f. August 13, 2022.

- iv. Resignation of Mr. Ashok Bothra (PAN: AGFPB9662E), from Chief Financial Officer

Mr. Ashok Bothra has been associated with Nandan Denim as CFO since March 2016. He is a Chartered Accountant with more than 20 years of experience in finance and accounts. He has tendered his resignation to management to explore opportunities and professional growth outside Chiripal Group. He resigned w.e.f. November 30, 2021.

- v. Appointment and Resignation of Mr. Mehul Shah (PAN: ALXPS5280L) from Chief Financial Officer

The Board of Directors at their meeting held on March 26, 2022, based on recommendation of the Nomination & Remuneration Committee approved the appointment of

Mr. Mehul Shah as a CFO. Mr. Mehul Shah is a Chartered Accountant and also holds degree in law from Gujarat University. He resigned from the close of business hours on May 19, 2022 for better prospects, from his position of Chief Financial Officer (CFO) of the Company.

- vi. Resignation of Ms. Purvee Roy (PAN: ALHPR3367D), Company Secretary & Compliance Officer

Ms. Purvee Roy has been associated with Nandan Denim as Company Secretary since August 2011. She is a Company Secretary and Law Graduate with more than 12 years of experience in company law and SEBI matters. She has tendered her resignation to management to explore opportunities and professional growth outside Chiripal Group. She resigned w.e.f. June 15, 2022.

- vii. Appointment of Mr. Akshit Soni (PAN: CWPPS7787B) as Company Secretary & Compliance Officer of the Company

The Board of Directors at their meeting held on August 13, 2022, based on recommendations of the Nomination & Remuneration Committee approved the appointment of Mr. Akshit Soni as Company Secretary & Compliance Officer of the Company.

Mr. Akshit Soni is qualified Company Secretary and having member 10 years of work experience in compliance of Secretarial Practice including Company Law & Securities Law, ROC Compliances, Stock Exchange compliances, Compliance of SEBI Rules and Regulations, FEMA Regulation etc. for Listed, Unlisted, Private Companies and LLPs.

- viii. Appointment of Mr. Mahesh Jain (PAN: AEDPJ6340M) as Chief Financial Officer of the Company

The Board of Directors at their meeting held on August 13, 2022, based on recommendations of the Nomination & Remuneration Committee approved the appointment of Mr. Mahesh Jain as CFO of the Company.

Mr. Mahesh Jain is qualified CA, CWA with over 25 years of experience in enhancing corporate financing, financial controls process & reviewing complex financial data and compliances governance and risk Management for facilitating strategic financials growth for different Companies.

Declaration of Independence

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16 of the Listing Regulations [including any

statutory modification(s) or re-enactment(s) for the time being in force] so as to qualify themselves to be appointed as Independent Directors.

FAMILIARIZATION PROGRAMMES

The Company has adopted a familiarization policy for independent directors. The policy as well as the details with regard to no. of hours and details of imparting the training to the independent directors of the Company are available on the Company's website <https://nandandanim.com/wp-content/uploads/2018/07/FamilirisationProgramme-for-Independent-Directors.pdf>.

The Independent Directors have yet to clear their proficiency test as per MCA guidelines.

Independent Directors Databank

The Company has received confirmations from Independent Directors confirming that they have registered their names in the Independent Directors' Databank.

Nomination and Remuneration Policy

The Company has formulated and adopted the Nomination and Remuneration Policy in accordance with the provisions of Companies Act, 2013 read with Rules issued thereunder and the Listing Regulations.

The salient features of the Policy are set out in the Corporate Governance Report which forms part of this Annual Report. The Policy is also available on the website of the Company at <https://nandandanim.com/policies/>.

Policy on Director's Appointment and Remuneration Policy

The Nomination and Remuneration Committee (NRC) has approved the following criteria and process for identification / appointment of Directors:

Criteria for Appointment:

- i. Proposed Director ("Person") shall meet all statutory requirements and should:
 - possess the highest ethics, integrity and values
 - not have direct / indirect conflict with present or potential business / operations of the Company
 - have the balance and maturity of judgment
 - be willing to devote sufficient time and energy
 - have demonstrated leadership and vision at senior levels, and have the ability to articulate a clear direction for the Company
 - have relevant experience with respect to Company's business (in exceptional circumstances, specialisation / expertise in unrelated areas may also be considered)

- have appropriate comprehension to understand or be able to acquire that understanding relating to corporate functioning o concerning the scale, complexity of business and specific market and environment factors affecting the functioning of the Company

- ii. The appointment shall be in compliance with the Board Diversity Policy of the Company

Process for Identification / Appointment of Directors:

- i. Board members may (formally or informally) suggest any potential person to the Chairperson of the Company meeting the above criteria. If the Chairperson deems fit, necessary recommendation shall be made by him to the NRC.
- ii. Chairpersons of the Company can himself also refer any potential person meeting the above criteria to the NRC.
- iii. NRC will process the matter and recommend such proposal to the Board.
- iv. Board will consider such proposal on merit and decide suitably.

Board Evaluation

The Company's Board has formulated the criteria for performance evaluation of the Directors as a whole which broadly covers the Board role, Board / Committee membership, practice, procedure and collaboration.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, Independent Directors at their meeting, without the participation of the Non-independent Directors and Management, considered/evaluated the Boards' performance, performance of the Chairman and other Non-Independent Directors.

In line with the SEBI Guidance note on Board Evaluation, a Board effectiveness assessment questionnaire was designed for the performance evaluation of the Board, its Committees, Chairman and individual Directors and in accordance with the criteria set and covering various aspects of performance including structure of the Board, meetings of the Board, functions of the Board, role and responsibilities of the Board, governance and compliance, evaluation of risks, grievance redressal for investors, conflict of interest, stakeholder value and responsibility, relationship among Directors, Director competency, Board procedures, processes, functioning and effectiveness. The said questionnaire was circulated to all the Directors for the annual performance evaluation.

The Board subsequently evaluated its own performance, the working of its Committees (Audit, Nomination and

Remuneration and Stakeholders Relationship Committee) and Independent Directors (without participation of the relevant Directors). There were a few suggestions for improving the performance of the Board viz. apprising the Board of the latest developments from time to time from governance prospective.

Key Managerial Personnel

As per the provisions of sections 2(51) and 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to Key Managerial Personnel, the following officials were the 'Key Managerial Personnel' for the year 2021-22:

- Mr. Jyotiprasad Chiripal – Managing Director
- Mr. Deepak Chiripal – Chief Executive Officer
- Mr. Ashok Bothra – Chief Financial Officer (Resigned w.e.f. November 30, 2021)
- Mr. Mehul Shah – Chief Financial Officer (Appointed w.e.f. March 26, 2022 & resigned w.e.f. May 19, 2022)
- Ms. Purvee Roy – Company Secretary (Resigned w.e.f. June 15, 2022)

Disclosure relating to remuneration of Directors, Key Managerial Personnel and Particulars of Employees

The remuneration paid to the Directors is in accordance with the Nomination & Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations [including any statutory modification(s) or re-enactment(s) thereof for the time being in force]. The salient features of the Nomination & Remuneration Committee have been outlined in the Corporate Governance which forms part of this Report.

Remuneration of Directors, Key Managerial Personnel and particulars of employees

The remuneration paid to the Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with section 178 of the Act and regulation 19 of the SEBI Listing Regulations [including any statutory modification(s) or re-enactment(s) thereof for the time being in force.]

The information required under section 197 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] in respect of Directors / employees of the Company is set out in **Annexure - C** to this report.

The information in respect of employees of the company required pursuant to rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 will be provided upon request. In terms of Section 136 of the Companies Act 2013, the Report and Accounts are being sent to the Members and other entitled thereto, excluding the aforesaid Annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Performance Evaluation:

The Nomination and Remuneration Policy of the Company empowers the Nomination and Remuneration Committee to formulate a process for evaluating the performance of Individual Directors, Committees of the Board and the Board as a whole.

The parameters for the performance evaluation of the Board, inter alia, include performance of the Board on deciding long term strategy, rating the composition and mix of Board members, discharging of governance and fiduciary duties, handling critical and dissenting suggestions, etc.

The parameters for the performance evaluation of the Directors include attendance, effective participation in meetings of the Board, domain knowledge, vision, strategy, etc.

The Chairperson(s) of the respective Committees based on feedback received from the Committee members on the outcome of performance evaluation exercise of the Committee, shares a report to the Board.

The details of the evaluation process are set out in the Corporate Governance Report which forms a part of this Annual Report.

ENVIRONMENT AND POLLUTION CONTROL

Nandan Denim Limited strives to maintain good standards of environmental care and ensures that increasing level of operations do not adversely impact standards of health and environment. To combat pollution and strengthen the area ecology, considerable emphasis is placed on trees. All manufacturing facilities possess the required environmental clearance from the respective Pollution Control Boards and do comply with the relevant statutory provisions.

The Company is well aware of its responsibility towards a better and cleaner environment. Our efforts in environment management go well beyond mere compliance with statutory requirements.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Human Resources

Framing the human resource/employee relationship helps maintain perspective on the Company's ultimate goal: to help employees do their best at their jobs. It is a function within an organisation concentrated on recruiting, managing and directing people who work in it. Human Resource Management deals with issues related to compensation, performance management, organisation development, safety, wellness, benefits, employee motivation, training and others.

Your Company attaches significant importance to continuous up gradation of Human Resources for achieving the highest levels of efficiency, customer satisfaction and growth. As part of the overall HR Strategy, training programmes have been organized for employees at various levels through both internal and external faculties during the year under review, thereby strengthening employee engagement and learning. This has helped to ensure that learning is not time bound and location bound, at the same time employees have access to the information.

A team of around 3,000 passionate & motivated individuals drive Nandan Denim Limited. Your Company has taken various initiatives to engage the employees using digital and technology platforms.

Industrial Relations

The industrial relations during the year under review continued to be cordial. The Directors place on record their sincere appreciation for the services rendered by employees at all levels.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136(1) of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are set out in 'Annexure C' to this report.

DISCLOSURE REQUIREMENTS

- Details of the familiarization programme of the Independent Directors are available on the website of the Company;
- The Code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for prevention of insider trading have also been uploaded on the Company's website;
- The Company does not have any scheme or provision of money for the purchase of its own shares by employees/ Directors or by trustees for the benefit of employees/ Directors;
- The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

INSIDER TRADING POLICY

As required under the Insider Trading Policy Regulations of SEBI and amendments thereto, your Directors have framed Insider Trading Regulations and Code of Internal Procedures and Conducts for Regulating, Monitoring and Reporting of Trading by Insider as well as Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. The same is also posted on the website of the Company at <https://nandandenim.com/policies/>.

BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on the Company's policies and strategies apart from other Board matters. The tentative dates of Board and Committee Meetings is decided and informed well in advance to facilitate the Directors to arrange their schedule and to ensure participation in the meetings.

During the financial year 2021-22, five board meetings were held on June 11, 2021, June 29, 2021, August 14, 2021, November 13, 2021, February 10, 2022 and March 26, 2022 respectively. The gap between two Board Meetings did not exceed 120 days and a meeting was held in every quarter.

The details of the meetings of the Board of Directors and its Committees, convened during the financial year 2021-22 are given in the Corporate Governance Report which forms a part of this Report. Further, the Board of Directors also confirms compliance and adherence of the Secretarial Standard – 1 as issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs, with regards to Board Meeting.

BOARD COMMITTEES

Your Company has six Committees of the Board, namely:

- Audit Committee
- Stakeholders' Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Management Committee
- Finance & Investment Committee

Details of all the Committees along with their composition, terms of reference and meetings held during the year are provided in detail in the 'Corporate Governance Report' which forms part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013 (in cluding any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Directors of the Company confirm that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable Accounting Standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the Profit and Loss of the Company for the financial year ended March 31, 2022;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a 'going concern' basis;
- e. proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and operating effectively; and
- f. proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems are adequate and operating effectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis as stipulated as per Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 is presented in a separate section forming part of this Annual Report. It speaks about the overall industry structure, global and domestic economic scenarios, developments in business operations / performance of the Company's business and other material developments during the financial year 2021-22.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees given and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Powers) Rules, 2014, as on March 31, 2022, are set out in Note 37(B) to the Financial Statements of the Company.

CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for Effective Management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders. Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the Company objectives are set, and the means of attaining those objectives and monitoring performance. The concept of corporate governance hinges on total transparency, integrity and accountability of the management and the Board of Directors.

The Company is committed to maintaining good standards of Corporate Governance and adhering to the Corporate Governance requirements as set out by Securities and Exchange Board of India (SEBI). Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a separate section titled 'Report on Corporate Governance' has been included as part of this Report which also contains certain disclosures required under the Companies Act, 2013. The Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also published in this Annual Report.

AUDIT COMMITTEE

The Company has in place an Audit Committee in terms of requirements of the Act read with rules framed thereunder and Listing Regulations. The details relating to the Audit Committee are given in the Corporate Governance Report forming part of this report. The recommendations of Audit Committee were duly accepted by the Board of Directors.

AUDITORS

Statutory Auditor

The first term of office of M/s. Samir M. Shah & Associates, Chartered Accountants, Statutory Auditors is valid upto the ensuing Annual General Meeting of the Company. M/s Samir M Shah & Associates is not willing to re-appoint for second term. The Company has received consent letter from M/s J. T Shah & Co for being statutory Auditors. The Board of Directors of the Company at their meeting held August 13, 2022 has approved the appointment of M/s. J.T. Shah & Company, as the statutory Auditors for a term of 5 (Five) years commencing from the conclusion of ensuing i.e. 28th Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2027, subject to the approval of Shareholders in ensuing AGM.

In terms of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) of re-enactment(s) thereof for the time being in force], M/s J.T. Shah & Company, Chartered Accountants, Ahmedabad (Firm Registration No.: 109616W) is appointed as Statutory Auditors of the Company for a term of five consecutive years, from the conclusion of the 28th Annual General Meeting until the conclusion of Annual General Meeting of the Company to be held in the calendar year 2027, subject to annual ratification by members at every Annual General Meeting, on such remuneration as may be decided by the Audit Committee of the Board. However, pursuant to Section 40 of the Companies (Amendment) Act, 2017 (i.e. Section 139 of the Companies Act, 2013) which was notified w.e.f. 7th May, 2018, ratification of appointment of Statutory Auditors by the members at every AGM is no longer required. Accordingly, ratification resolution is not being taken up at the ensuing Annual General Meeting of the Company.

The Statutory Auditors have confirmed their eligibility and qualifications required under Section 139, 141 and other applicable provisions of the Companies Act, 2013 and Rules issued thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The Auditors' Report for the financial year ended March 31, 2022 does not contain any qualification, reservation or adverse remark. As regards the comments made in the Auditors' Report, the Board is of the opinion that they are self-explanatory and does not require further clarification.

Cost Auditor

In terms of Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 (as amended), it is stated that the cost accounts and records are made and maintained by the Company as specified by Central Government.

The Board of Directors of the Company, on the recommendations made by the Audit Committee at its meeting held on August 14, 2021 have approved the appointment of M/s. A.G. Tulsian & Co., Cost Accountants, Ahmedabad [Firm Registration No. 100629] as the Cost Auditor of your Company for the financial year 2022-23 to conduct the audit of the cost records of your Company. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee. The requisite resolution for ratification of remuneration of Cost Auditors by members of the Company has been set out in the Notice of ensuing Annual General Meeting. The Cost Auditors have certified that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified from appointment within the meaning of the said Act.

Your Company has received consent from M/s. A.G. Tulsian & Co., Cost Accountants, to act as Cost Auditor for conducting audit of cost records for the financial year 2022-23 along with a certificate confirming their independence and arm's length relationship.

Secretarial Auditor

M/s Jay Khatnani & Associates, Company Secretaries, Ahmedabad (Firm Registration Number: P2001GJ041000) was appointed as Secretarial Auditor of the Company for the financial year 2021-22 pursuant to Section 204 of the Companies Act, 2013. The Secretarial Audit Report submitted by them in the prescribed form MR- 3 is set out in 'Annexure-D' to this report.

Explanation to the observations of Secretarial Audit Report:

As prescribed under section 204(1) of the Act, the Company has received the Secretarial Audit Report. The observations made therein and the corresponding explanations are given below:

1. Few E-forms were filed with required late filing fees as per the provisions of the Companies Act, 2013 The Company has filed few e-forms after paying necessary statutory fees. However, the Company will ensure that forms are filed within time limit.
2. One of the Independent Director Mrs. Falguni A. Vasavada has yet to appear for Online Proficiency Exam on Independent Directors Data Bank portal. Also, Mr. Mehul Shah Resigned from the Post of Chief Financial officer of the Company after the closure of financial year

w.e.f. 19th May, 2022 Hence, Company Failed to Comply with Signing of Audited Financial Statement for the Financial year 2021-2022 pursuant to Section 134 of the Companies Act, 2013.

M/s Jay Khatnani & Associates, Company Secretaries have been appointed to conduct the Secretarial Audit of the Company for the financial year 2022-23. They have confirmed that they are eligible for the said appointment.

Auditors' certificate on corporate governance

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors' Certificate on corporate governance is enclosed as part of Board's report. The Auditors' Certificate for fiscal 2021 does not contain any qualification, reservation or adverse remark.

Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

The Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

DISCLOSURE UNDER SCHEDULE V(F) OF THE SEBI (LODR) REGULATIONS, 2015

The Company does not have any Unclaimed Shares issued in physical form pursuant to Public Issue / Rights Issue.

RELATED PARTY TRANSACTIONS

During the financial year 2020-21, your Company has entered into transactions with related parties as defined under section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, all of which are in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, read with the Rules issued thereunder and the Listing Regulations. Details of related party transactions to be entered in the financial year 2021-22 and 2022-23 have been placed for approval at the ensuing AGM.

All transactions with related parties were reviewed and approved by the Audit Committee. Prior omnibus approval was granted by the Audit Committee for related party transactions which are of repetitive nature, entered in the ordinary course of business and are on arm's length basis in accordance with the provisions of Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations.

The details of the related party transactions as per Indian Accounting Standard 24 are set out in Note 35 to the Financial Statements forming part of this report.

Form AOC – 2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as “**Annexure-E**” to this report.

The Company's Policy on dealing with Related Party Transactions can be accessed on the Company's website at <https://nandandenim.com/policies/>.

POLICIES OF THE COMPANY

The Company is committed to good corporate governance and has consistently maintained its organizational culture as a remarkable confluence of high standards of professionalism and building shareholder equity with principles of fairness, integrity and ethics. The Board of Directors of the Company have from time to time framed and approved various Policies as required by the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations. These Policies and Codes are reviewed by the Board and are updated, as and when required.

Some of the key policies adopted by the Company are as follows:

| Sr. No. | Name of Policy |
|----------------|---|
| 1 | Dividend Distribution Policy |
| 2 | Policy on Determination of materiality of events/ information |
| 3 | Code of Conduct for Board Members and Senior Management Personnel |
| 4 | Policy on Archival of Information |
| 5 | Code of Conduct for Employees |
| 6 | Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information |
| 7 | Code of Conduct to Regulate, Monitor and Report trading by Insiders |
| 8 | Policy on Related Party Transactions |
| 9 | Whistle Blower Policy |
| 10 | Corporate Social Responsibility Policy |
| 11 | Nomination and Remuneration Policy |
| 12 | Sexual Harassment Policy |

The above mentioned policies and code are available on the website of the Company.

DETAILS OF INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

The Board has adopted policies and procedures 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 disclosures.

Nandan Denim Limited has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 1956 to the extent applicable. These are in accordance with generally accepted accounting principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

The Company operates in SAP, an ERP system and has many of its accounting records stored in an electronic form and backed up periodically. The ERP system is configured to ensure that all transactions are integrated seamlessly with the underlying books of account. The Company has automated processes to ensure accurate and timely updation of various master data in the underlying ERP system.

The management periodically reviews the financial performance of your Company against the approved plans across various parameters and takes necessary action, wherever necessary.

For all amendments to Accounting Standards and the new standards notified, the Company carries out a detailed analysis and presents the impact on accounting policies of the Group, the impact on financial results, including revised disclosures to the Audit Committee. The approach and changes in policies are also validated with the statutory auditors. The Company takes steps to make these amendments as part of the underlying ERP systems to the extent possible.

Your Company has a code of conduct applicable to all its employees along with a Whistle Blower Policy which requires employees to update accounting information accurately and in a timely manner. Any non – compliance noticed is to be reported and action upon in line with the Whistle Blower Policy.

The Company gets its standalone accounts audited every quarter by its Statutory Auditors.

RISK MANAGEMENT

The Company has a well-defined risk management framework in place. Further, it has established procedures to periodically

place before the Board, the risk assessment and management measures. As such, there are no risks which in the opinion of the Board threaten the existence of the Company. However, the details of the risks faced by the Company which may pose challenges and the mitigation thereof are discussed in detail in the Management Discussion and Analysis Report that forms part of the Annual Report.

CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct applicable to the Board of Directors and Senior management which is available on Company's website https://nandandenim.com/wp-content/uploads/2018/07/CodeofConductforPreventionofInsiderTrading_final.pdf. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

INSURANCE

All properties and insurable interests of the Company including buildings, plant & machinery and stocks have been adequately insured.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place a Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Prevention of Sexual Harassment of Women at Workplace Act") and Rules framed thereunder and an Internal Complaints Committee (ICC) has also been set up to redress complaints received regarding sexual harassment at three places i.e. Corporate Office, Piplej Plant and Bareja Plant.

The Company believes in zero tolerance towards Sexual Harassment at workplace and maintains itself as a safe and non – discriminatory organization. The ICC members have been trained in handling and resolving complaints and also meet at regular intervals.

During the financial year 2021-22, no cases in the nature of sexual harassment were reported at any workplace of Nandan Denim Limited.

EXTRACT OF ANNUAL RETURN

The Annual Return of the Company as on March 31, 2022 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company.

DEPOSITS

During the year under review, the Company has not accepted any deposits within the meaning of section 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and Chapter V of the Companies Act, 2013.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Company has in place an Audit Committee in terms of requirements of the applicable provisions of the Companies Act, 2013, Rules made there under and Listing (Obligations and Disclosure Requirements) Regulations, 2015. The details of the composition of the Audit Committee, terms of reference and meetings held are provided in the Corporate Governance Report which forms part of this Report.

The Company has a robust vigil mechanism through its Whistle Blower Policy approved and adopted by Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Act and Regulation 22 of the Listing Regulations.

The Company has developed an in-house system which can be used to, inter alia, report any instances of financial irregularities, breach of code of conduct, abuse of authority, disclosure of financial / price sensitive information, unethical / unfair actions concerning company vendors /suppliers, mala-fide manipulation of Company records, discrimination to the Code of Conduct in an anonymous manner.

The Policy also provides protection to the employees and business associates who report unethical practices and irregularities. Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy. The Whistle Blower Policy of the Company can be accessed at website of the Company at www.nandanindia.com

MATERIAL CHANGES AND COMMITMENTS

Material changes and commitments affecting the financial position of the Company between the beginning of financial year and date of this report are given below:

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There have been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

ANNEXURES

Following statements/reports/certificates are set out as Annexures to the Directors' Report:

- Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo
- Extract of Annual Return under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12 (1) of Companies (Management & Administration) Rules, 2014 in Form MGT-9.
- Details of CSR activities and spends under Section 135 of the Companies Act, 2013.
- Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013.
- Information as per Section 197
- Form AOC – 2

APPRECIATIONS

The Board of Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year. Further, the Board sincerely conveys its appreciation for its customers, shareholders, suppliers as well as vendors, bankers, business associates, regulatory and government authorities for their continued support.

For and on behalf of the Board of Directors

Vedprakash Chiripal

Chairman
(DIN: 00290454)

Jyotiprasad Chiripal

Managing Director
(DIN: 00155695)

Place: Ahmedabad

Date: August 13, 2022

Annexure - A to Directors Report

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

A. CONSERVATION OF ENERGY:

Energy conservation measures taken:-

1. Used Power plant cooling tower blow down treated water on process machine
2. Used Finishing drain water on dy sizing machine
3. Installed PNLD on air compressor & air dryer
4. Installed chilled water AHU in SPG Q.A. Lab instead of gas A.C.

B. ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY:

1. Investment in Pipe line for Dy sizing color recovery
2. Investment in Wvg (Sec C & D)H-Plant Return Air Fan inverter
3. Investment in SPG Phase-1 H-Plant Supply & Return Air Fan inverter

C. IMPACT OF MEASURES AT (A) AND (B) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS:

1. With implementation of above measure we will reduce :- Rs. 32 Lac

D. TECHNOLOGY:

- i. Research & Development (R & D) Company has in house R&D facilities in Piplejplant . Two major activities are in R&D.
 - a. Product Re-engineering
 - b. Product innovations
 1. Sustainable product range with sustainable fibres like Tencel / rayon/ Exell
 2. New product design for saving water.

3. New weave design for fashion segments.
4. Super stretch denims as per upcoming fashion trends.
5. Special finish
6. New colour denim range.

ii. Benefits derived as a result of the above R & D

1. Higher sales turnover.
2. Product acceptance has increased.
3. Customer retention with price increase.
4. Image / Branding of the company has increased.
5. Penetration in all customer segment.

iii. Future Plan of Action

As Innovations is a continuous process for growth of a company, more and more work is going on in this area. More focus are on

1. More new weave design.
2. New sustainable fibre blend.
3. New chemical finish like fabric dyeing and coating.

E. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts made towards Technology Absorption, Adaptation and Innovation:

1. New spinning machines for special fibre blends.
2. New finishing range for better fabric dimensions.
3. New Technology of colorations which is sustainable technology also.

Benefits derived:

1. Increase sales volume due to customer oriented product availability.
2. Increase company Image

F. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a. The Company has taken various steps to increase the exports of the products during the year.
- b. Foreign Exchange earnings and outgo during the year:

(₹ In Cr.)

| Particulars | 31.03.2022 | 31.03.2021 |
|---------------------------|------------|------------|
| Foreign Exchange Earnings | 172.42 | 74.99 |
| Foreign Exchange Outgo | 86.57 | 45.97 |

Total Foreign Exchange used and earned : as per notes on accounts.

Annexure - B to Directors Report

Annual Report on Corporate Social Responsibility (CSR) Activities

1. A brief outline on CSR policy of the Company:

The Company has framed the Corporate Social Responsibility (CSR) Policy in terms of the provisions of Section 135(1) of the Companies Act, 2013. The Company has adopted a Corporate Social Responsibility ("CSR") Policy in accordance with the applicable provisions of Companies Act, 2013 and allied rules (hereinafter referred as "the Act"). This Policy is a guideline for Company's CSR activities intended to support local communities on a variety of socially desirable activities with a view to enable high impact and ensure measurable outcomes of the funds deployed towards such activities. The Company believes that economic value and social value are interlinked. A firm creates economic value by creating social value.

The CSR policy of the Company focuses on education. Company's main aim is to bring about a lot of value to society by playing a leading role in social innovation by making major contribution in the educational sector. Company's management primarily emphasizes on making contributions to the educational sector of the economy thus making an impact on the society. Company continues to focus on the core indicators of the educational cycle viz enrolment, retention, improved learning procedures and outcomes, life skills as well as providing support

for education. Company further through its registered trust 'Chiripal Charitable Trust' which is having a track record of more than thirty years strives to make a positive impact on the society by making contribution towards educational development.

The CSR activities of the Company are aligned with the activities specified in Schedule VII of the Companies Act, 2013.

2. CSR Committee and its Composition:

The CSR Committee has been entrusted with responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013; recommending to the Board the amount of expenditure to be incurred; monitoring the implementation of framework of CSR Policy and ensuring that implementation of the project and program is in compliance with the CSR Policy of the Company.

In accordance with the provisions of section 135 of Companies Act, 2013 read with Rule 5 of Companies (CSR Policy) Rules, 2014, the Company has constituted its CSR Committee, which presently comprises of three Directors.

| Sl. No | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|--------|--------------------------|---|--|--|
| 1 | Mr. Giraj Mohan Sharma | Chairman (Non Executive Independent Director) | 3 | 3 |
| 2 | Mr. Jyotiprasad Chiripal | Member (Executive Promoter Director) | 3 | 3 |
| 3 | Mr Vedprakash Chiripal | Member (Non Executive Promoter Director) | 3 | 3 |

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

For CSR Committee: <https://www.nandandenim.com>

For CSR Policy: <https://www.nandandenim.com>

For CSR Projects: <https://www.nandandenim.com>

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

- **Not Applicable** – as the Company does not have an average CSR obligation of ₹10 Crores or more in the three immediately preceding financial years.

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

| Sl. No | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|---|----------------|--|---|
| ---- Not Applicable as no amount is required to be set-off ---- | | | |

6. Average net profit of the Company as per section 135(5): Loss of ₹206.50 Lakhs

7. (a) Two percent of average net profit of the Company as per section 135(5): Nil

- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:

Not Applicable

- (c) Amount required to be set off for the financial year, if any: Not Applicable.

- (d) Total CSR obligation for the financial year (7a+7b-7c): Nil

Note – The Company is not eligible to make contribution towards CSR activities due to average net loss during the three immediately preceding financial years.

8. (a) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in Lakh) | | | | |
|---|--|------------------|--|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer | Name of the Fund | Amount | Date of transfer |
| NIL | NIL | | | | |

- (b) Details of CSR amount spent against ongoing projects for the Financial Year:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | | |
|-------------------------|---------------------|--|---------------------|-------------------------|----------|------------------|---|---|--|--|---|-------------------------|
| Sl. No | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/No) | Location of the Project | | Project duration | Amount allocated for the project (in ₹) | Amount spent in the current financial year (in ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementation Direct (Yes/No) | Mode of Implementation through Implementing Agency. | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| ----Not Applicable ---- | | | | | | | | | | | | |

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

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | | |
|-------------------------|---------------------|--|---------------------|-------------------------|----------|-------------------------------------|---|---|-------------------------|
| Sl. No | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/No) | Location of the Project | | Amount spent for the project (in ₹) | Mode of implementation Direct (Yes/ No) | Mode of implementation – Through implementing agency. | |
| | | | | State | District | | | Name | CSR Registration number |
| ----Not Applicable ---- | | | | | | | | | |

- (d) Amount spent in Administrative Overheads

Not Applicable

- (e) Amount spent on Impact Assessment, if applicable

Not Applicable

- (f) Total amount spent for the Financial (8b + 8c + 8d + 8e)

NIL

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

| Sr. No | Particular | Amount |
|--------|---|---------------|
| (i) | Two percent of average net profit of the Company as per Section 135(5) | ₹(0.42) Lakhs |
| (ii) | Total amount spent for the Financial Year | NIL |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | Nil |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil |
| (v) | Amount available for set-off in succeeding financial years [(iii) – (iv)] | Nil |

9. (a) Details of Unspent CSR amount for the preceding three financial years

| Total Amount Spent for the Financial Year.(in ₹) | Preceding Financial Year | Amount transferred to Unspent CSR Account under Section 135(6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years (in ₹) |
|--|--------------------------|---|---|--|---------------|------------------|---|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| --- Not Applicable --- | | | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|-----------------------|------------|---------------------|---|------------------|---|--|---|--|
| Sr. No | Project ID | Name of the project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the Project- Completed / ongoing |
| ---Not Applicable --- | | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year. (asset-wise details) : Not Applicable

| | | |
|----|--|---|
| a. | Date of creation or acquisition of the capital asset(s) | - |
| b. | Amount of CSR spent for creation or acquisition of capital asset. | - |
| c. | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | - |
| d. | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). | - |

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profits as per Section 135 (5):

- Not Applicable-

For and on behalf of the Board
Nandan Denim Limited

Place: Ahmedabad
Date: 13th August, 2022

Giraj Mohan Sharma
Chairman of the CSR Committee

Jyotiprasad Chirpal
Managing Director

Annexure - C to Directors Report

Information required under section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration) Rules, 2014

A. Ratio of remuneration of each Director to the median remuneration of all the employees of the Company for the financial year 2021-22 is as follows:

(₹ in lakhs)

| Name of Director(s) | Total Remuneration (in Rs.) | Ratio of Remuneration of Director to the Median Remuneration * |
|------------------------------|-----------------------------|--|
| Mr. Vedprakash Chiripal | NIL | - |
| Mr. Jyotiprasad Chiripal | NIL | - |
| Mr. Tara Sankar Bhattacharya | 2.50 | 1.82 |
| Ms. Falguni Vasavada | 2.50 | 1.82 |
| Mr. Giraj Mohan Sharma | 3.00 | 2.19 |
| Mr. Shaktidan Gadhavi | 6.27 | 4.57 |

Notes:

- *Median remuneration for the financial year 2021-22 is Rs. 137280/-.
- The aforesaid details are calculated on the basis of remuneration for the financial year 2021-22.
- The remuneration to Directors includes sitting fees paid to them. The sitting fees mentioned is based on the number of meetings held and attended during the financial year 2021-22.
- Mr. Tara Sankar Bhattacharya has been resigned w.e.f. August 13, 2022.

B. Details of percentage increase in the remuneration of each Director, CFO & Company Secretary in the financial year 2020-21 are as follows:

| Name of Director | Remuneration (in Lakhs) | | Increase / (Decrease) % |
|------------------------------|-------------------------|---------|-------------------------|
| | 2021-22 | 2020-21 | |
| Mr. Vedprakash Chiripal | NIL | NIL | - |
| Mr. Jyotiprasad Chiripal | NIL | NIL | - |
| Mr. Tara Sankar Bhattacharya | 2.50 | 2.10 | 19.04 |
| Ms. Falguni Vasavada | 2.50 | 1.00 | 150 |
| Mr. Giraj Mohan Sharma | 3.00 | 2.10 | 42.85 |
| Mr. Shaktidan Gadhavi | 4.27 | 1.62 | 163.58 |

| Name of Key Managerial Personnel | Remuneration (in Lakhs) | | Increase / (Decrease) % |
|----------------------------------|-------------------------|---------|-------------------------|
| | 2021-22 | 2020-21 | |
| Mr. Deepak Chiripal | 84.00 | 86.01 | (2.34) |
| Mr. Ashok Bothra | 15.65 | 15.08 | 3.78 |
| Mr. Mehul Shah | 1.00 | NiL | - |
| Ms. Purvee Roy | 12.85 | 8.34 | 54.08 |

Notes:

- *Percentage increase in remuneration is not reported as they were holding Directorship for the part of financial year, thus remuneration is proportionately adjusted.
- The remuneration to Directors is within the overall limits approved by the shareholders of the Company.
- The remuneration to Directors includes sitting fees paid to them. The sitting fees mentioned is based on the number of meetings held and attended during the financial year 2021-22.
- Mr. Ashok Bothra (Chief Financial Officer) has been resigned w.e.f. November 18, 2021.
- Mr. Mehul Shah (Chief Financial Officer) has been appointed w.e.f. March 26, 2022 and resigned w.e.f. May 19, 2022.
- Ms. Purvee Roy, Company Secretary has been resigned w.e.f. June 15, 2022.

C. Percentage increase in the median remuneration of all employees in the financial year 2021-22:
23.66%

D. Number of permanent employees on the rolls of the Company as on March 31, 2022: 2767

E. Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase for Key Managerial Personnel is 18.51% and for other employees was about 8%.

F. Affirmation that the remuneration is as per the Nomination & Remuneration Policy of the Company:

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Nomination & Remuneration Policy of the Company.

Annexure - D to Directors Report

SECRETARIAL AUDIT REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

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

To,
The Members,
NANDAN DENIM LIMITED
CIN: L51909GJ1994PLC022719

I/we have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices followed by **NANDAN DENIM LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and on that basis; we are expressing our opinion thereon.

Based on my/our verification of the records of **NANDAN DENIM LIMITED**, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the Company has, during the audit period covering the **financial year ended on 31st March 2022** complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

I/We have examined the books, papers, minute books, forms and returns filed and record maintained by **NANDAN DENIM LIMITED (CIN: L51909GJ1994PLC022719)** for the financial year ended on **31.03.2022** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under; **Except Few E-Forms were filed with required late filing fees as per the provisions of the Companies Act, 2013.**
- (ii) The Securities Contracts (Regulations) Act,1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act,1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') :-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011; **(COMPLIED WITH ANNUAL DISCLOSURE OF SHAREHOLDING AS PER REGULATION NO. 30 OF THE REGULATIONS)**
- (b) The Securities and Exchange Board of India (Prohibition of Insider Training) Regulations,2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2018 and amendments from time to time;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(NO ESOS OR ESOPS WERE ISSUED DURING THE YEAR UNDER REVIEW)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(NOT APPLICABLE FOR THE YEAR UNDER REVIEW)**
- (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(NOT APPLICABLE FOR THE YEAR)**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and The Securities

and Exchange Board of India (Buyback of Securities) Regulations, 2018; as applicable (NOT APPLICABLE FOR THE YEAR UNDER REVIEW)

(vi) The Management has identified and confirmed the following laws as specifically applicable to the Company:-

1. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Acts as prescribed under Shops and Establishment Act of various local authorities.
4. The Environment (Protection) Act, 1986, The Public Liability Insurance Act, 1991, The Water (Prevention and Control of Pollution) Act, 1974, The Air (Prevention and Control of Pollution) Act, 1981, The Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008

(vii) No other major corporate events occurred during the year Except during the year **Company has issued Bonus Equity Shares and complied with all Rules and Regulations** and various compliances made by the Company with applicable Laws, Rules, Regulations, Listing Agreements etc.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and as applicable to the Company have been adopted by passing requisite Board Resolutions and are complied with.
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.

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

We further report that

The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non -Executives Directors, Independent Directors, and Woman Director. There was change in Board of Directors during the year under review. **However, One of the Independent Director Mrs. Falguni A. Vasavada has yet to appear for Online Proficiency Exam on Independent Directors Data Bank portal. Also, Mr. Mehl Shah Resigned from the Post of Chief Financial officer of the Company after the closure of financial year w.e.f. 19th May, 2022 Hence, Company Failed to Comply with Signing of Audited Financial Statement for the Financial year 2021-2022 pursuant to Section 134 of the Companies Act, 2013.**

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the company has not made any

- (I) Public/ Right/Preferential issue of shares/ debentures/ sweat equity, etc.
- (II) Redemption/ buy-back of securities
- (III) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (IV) Foreign technical collaborations

PRACTICING COMPANY SECRETARIES

Place: Ahmedabad
Date: 23rd July, 2022
UDIN: A050727D000675881

(JAY D. KHATNANI)
PROPRIETOR
ACS: 50727, COP: 18421

ANNEXURE-A

Securities Laws

1. All Price Sensitive Information was informed to the stock exchanges from time to time.
2. All investors' complaints directly received by the RTA & Company is recorded on the same date of receipts and all are resolved.

Labour Laws

1. All the premises and establishments have been registered with the appropriate authorities.
2. The Company has not employed any child labour/ Bonded labour in any of its establishments.
3. Provisions with relate to compliances of PF / Gratuity Act are applicable to Company.
4. The Company is regular in filing return of PF dues.
5. The Company is making payment of Gratuity to their Employees regularly when they become due and payable except dues which are under dispute.

6. The Company has framed a policy on prevention of Sexual Harassment of Women Employee at work place and also all preventive measure has been taken by the Company.

Environmental Laws

1. The Company is not discharging the contaminated water at the public drains / rivers.
2. The Company has been disposing the hazardous waste as per applicable rules.

Taxation Laws

1. The Company follows provisions of the taxation and Income Tax Act, 1961 and filing the returns with Income tax department and all other necessary departments.
2. The Company is normally making payment of TDS, GST and other statutory payment with appropriate Authorities well in time except few instances with delay payment charges / interest.

FOR J D KHATNANI & ASSOCIATES

Place: Ahmedabad
Date: 23rd July, 2022
UDIN: A050727D000675881

(JAY D. KHATNANI)
PROPRIETOR
ACS: 50727, COP: 18421

ANNEXURE-B

To

The Members,

NANDAN DENIM LIMITED

CIN: L51909GJ1994PLC022719

SURVEY NO 198/1 203/2

SAIJPUR GOPALPUR PIRANA ROAD,

PIPLEJ AHMEDABAD 382405 GUJARAT

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

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

FOR J D KHATNANI & ASSOCIATES

Place: Ahmedabad

Date: 23rd July, 2022

UDIN: A050727D000675881

(JAY D. KHATNANI)

PROPRIETOR

ACS: 50727, COP: 18421

Annexure - E to Directors Report

FORM NO. AOC 2

[Pursuant to Clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Company (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

| Particulars | Remarks |
|--|---------|
| a. Name(s) of the related party / parties and nature of relationship | NIL |
| b. Nature of contracts / arrangements / transactions | |
| c. Duration of contracts / arrangements / transactions | |
| d. Salient terms of the contracts / arrangements / transactions | |
| e. Justification for entering into such contracts / arrangements / transactions | |
| f. Date(s) of approval by the Board | |
| g. Amount paid as advances, if any | |
| h. Date on which special resolution was passed in general meeting as required under first proviso to section 188 | |

2. Details of material contracts / arrangements / transactions at arm's length basis:

| Name(s) of the related party / parties and nature of relationship | Nature of contracts / arrangements / transactions | Duration of contracts / arrangements / transactions | Salient terms of contracts / arrangements / transactions | Date(s) of approval by the Board | Amount paid as advances, if any |
|---|---|---|--|----------------------------------|---------------------------------|
| Chiripal Industries Limited | • Purchase, sale, supply of goods or materials | | | | |
| Nova Textiles Private Limited | • Selling or otherwise disposing of or buying property of any kind or any capital asset | | | 11.06.2021 | |
| Vishal Fabrics Limited | | | | 29.06.2021 | |
| Chiripal Poly Films Limited | | | | 14.08.2021 | |
| Shanti Exports Private Limited | • Giving on rent or leasing of property of any kind | - | At market price | 13.11.2021 | - |
| Chiripal Textile Mills Private Limited | • Availing or rendering of services including job work | | | 10.02.2022 | |
| | • Purchase or sale of investment | | | | |

All related party transactions are in the ordinary course of business and on arm's length basis which are approved by Audit Committee of the Company.

Corporate Governance Report

Nandan Denim Limited is committed towards adoption of best corporate governance practices beyond compliance of law. The Company has a good legacy of fair, transparent and ethical governance practices. We continuously strive for betterment of our corporate governance mechanisms so as to improve efficiency, transparency and accountability of our operations and systems. This culture inspires trust among all stakeholders and strengthens the Board and management accountability.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as applicable, with regard to corporate governance.

A report on compliance with the Corporate Governance provisions as prescribed under the SEBI Listing Regulations is given below:

➔ BOARD OF DIRECTORS AND ITS COMPOSITION

As on March 31, 2022, the strength of the Board was six Directors. Of the six Directors, four (i.e. 67% percent) are Non-Executive Directors out of which three are Independent Directors. The Board Members consists of persons with professional expertise and experience in various fields of Textile, Marketing, Finance, Management, Accountancy, etc. The Chairman of the Board is Non-Executive Promoter Director.

None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an Independent Director on more than seven Listed Companies. Necessary disclosures regarding Committee positions in other Public Companies as on March 31, 2022 has been made by the Directors.

None of the Directors are related to each other except Vedprakash Chiripal and Jyotiprasad Chiripal.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1) (b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of the SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from Independent Directors, the Board of Directors have confirmed that they meet the criteria of independence as mentioned under the SEBI Listing Regulations and that they are independent of management.

The meetings of the Board of Directors are generally held at the Corporate Office of the Company. Meetings are scheduled well in advance. The Board meets at regular intervals to review the quarterly performance and the financial results of the Company. The Members of the Board have access to all information on the Company and are free to recommend inclusion of any matter in the agenda for discussion. Senior Management persons are also invited to attend the Board meetings and provide clarifications as and when required. Six Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held respectively on June 11, 2021; June 29, 2021; August 14, 2021; November 13, 2021; February 10, 2022 and March 26, 2022.

The necessary quorum was present for all the meetings.

The details of attendance of Directors at Board Meetings either in person or through video conference during the financial year 2021-22 and at the Annual General Meeting (AGM) of the Company are as reproduced below:

| Name of Director | Board Meeting | | | | | | Annual General Meeting |
|------------------------------|---------------|---------|-----------|-------------|-------------|----------|------------------------|
| | 2021 | | | | 2022 | | 2021 |
| | June 11 | June 29 | August 14 | November 13 | February 10 | March 26 | September 30 |
| Mr. Vedprakash Chiripal | Yes | Yes | Yes# | Yes# | Yes# | Yes# | Yes |
| Mr. Jyotiprasad Chiripal | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Mr. Tara Sankar Bhattacharya | No | Yes# | Yes# | Yes# | Yes# | Yes# | Yes |
| Mr. Giraj Mohan Sharma | Yes# | Yes | Yes# | Yes# | Yes# | Yes# | Yes |
| Ms. Falguni Vasavada | Yes# | Yes# | Yes# | Yes# | Yes# | No | Yes |
| Mr. Shaktidan Gadhavi | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

* NA – Not Applicable

The Board Meeting was attended through video conferencing.

Note:

Mr. Shaktidan Gadhavi was appointed as Whole Time Director of the Company w.e.f. August 14, 2021.

Mr. Ashok Bothra resigned as Chief Financial Officer of the Company w.e.f. November 30, 2021.

Mr. Mehul Shah was appointed as Chief Financial Officer of the Company w.e.f. March 26, 2022.

During FY 2022, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

Scheduling and selection of agenda items for Board Meetings:

Dates of Board Meeting are decided well in advance. The Board Meetings are convened by giving appropriate notice after obtaining the approval of the Chairman, the Managing Director and the CEO. The Board meets at least once a quarter to review the results and other items on the agenda. Whenever necessary, additional meetings are held. In case of matters requiring urgent approval of the Board, resolutions are passed through circulation. The Company also provides video conferencing facility to its Directors to enable them to participate in the discussions held at the meetings, when it may not be possible for them to be physically present for the meeting.

The agenda of the Board Meetings is drafted by the Company Secretary along with explanatory notes in consultation with the Managing Director and CEO and these are distributed in advance to the Directors. All departments in the Company are advised to plan their functions well in advance with regard to matters requiring discussion or approval in the Board / Committee Meetings.

In the path of digitalization and with a view to ensure its commitment to Go Green Initiative of the Government, the Company circulates to its Directors, notes for Board / Committee Meetings through an electronic platform.

All material information is circulated to the Directors before the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of SEBI Listing Regulations.

The Company Secretary attends all the Meetings of the Board and its Committees and is, inter alia, responsible for recording the minutes of such meetings. The draft minutes of the Board and its Committees are sent to the Members for their comments in accordance with the Secretarial Standards. Thereafter, the minutes are entered in Minutes Book within thirty days of conclusion of Meetings, subsequent to incorporation of comments, if any, received from Directors.

The Company adheres to the provisions of the Companies Act, 2013 read with the Rules issued thereunder, Secretarial Standards and SEBI Listing Regulations with respect to convening and holding the Meetings of the Board of Directors, its Committees and General Meetings of the shareholders of the Company.

Responsibilities of the Board of Directors:

The Board has a variety of matters related to the operations of the Company for its consideration and decision, which includes reviewing corporate performance, ensuring adequate availability of financial resources and reporting to Shareholders.

The Board of Directors ensures that their other responsibilities do not materially impact their responsibility as Directors of the Company. The Company has not entered into any materially significant transactions with its Directors or their relatives, etc. which affects the interest of the Company.

Meeting of Independent Directors:

The Independent Directors play an important role in deliberations at the Board Meetings and bring to the Company their wide experience in the fields of Textile, Technology, Management, Finance, Accountancy, etc.

Schedule IV of the Companies Act, 2013 and Secretarial Standard – 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non Independent Directors.

During the financial year 2021-22, the Independent Directors met on November 13, 2021 and inter alia, reviewed performance of Non Independent Directors, the Board as a whole, Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Tenure of Board of Directors:

As per the provisions under section 152 of the Companies Act, 2013 and the Companies (Appointment and qualifications of Directors) Rules, 2014 as amended from time to time, every year one third (1/3) of the total strength of the Board, is liable to retire by rotation. The Directors, who are required to retire every year and if eligible, they qualify for re-appointment.

Non-Executive Directors with materially significant, pecuniary or business relationship with the Company:

There has been no pecuniary or business relationship between the Non-Executive Directors and the Company, except for the sitting fees payable to them annually in accordance with the applicable laws and with the approval of shareholders. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

Directorship and Membership of Committees and Shareholding of Directors:

Board Membership

The names and categories of the Directors on the Board, name of other listed entities in which the Director is a Director and the number of Directorships and Committee Chairmanships / Memberships held by them in other Public Limited Companies as on March 31, 2022 are given herein below. Other Directorships

do not include Directorships of Private Limited Companies, Foreign Companies and Companies registered under Section 8 of the Act. Further, none of them is a member of more than ten Committees or Chairman of more than five Committees across all the Public Companies in which he / she is a Director. For the purpose of determination of limit of the Board Committees, Chairpersonship and Membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

| Name of Director | Nature of Directorship | Relationship with each other | Directorships held in Listed Companies | Directorships held in other Public Companies | Committee | | No. of Shares Held in the Company |
|------------------------------|--|---------------------------------|---|--|------------|--------------|-----------------------------------|
| | | | | | Membership | Chairmanship | |
| Mr. Vedprakash Chiripal | Non Executive Promoter Director - Chairman | Brother of Jyotiprasad Chiripal | - | 2 | 1 | 0 | 70,45,386 (4.89) |
| Mr. Jyotiprasad Chiripal | Managing Director | Brother of Vedprakash Chiripal | CIL Nova Petrochemicals Limited | 5 | 1 | 0 | 18,90,000 (1.31) |
| Mr. Tara Sankar Bhattacharya | Non Executive Independent Director | - | 1) Surya Roshni Limited 2) UFLEX LIMITED | 1 | 3 | 1 | - |
| Mr. Giraj Mohan Sharma | Non Executive Independent Director | - | - | - | 1 | 1 | - |
| Ms. Falguni Vasavada | Non Executive Independent Director | - | - | - | 1 | 0 | - |
| Mr. Shaktidan Gadhavi | Executive Director | - | - | - | 0 | 0 | - |

Note:

Mr. Shaktidan Gadhavi was appointed as Whole Time Director of the Company w.e.f. August 14, 2021.

Changes in Board Structure

During the year under review, based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors approved the appointment of:

- Mr. Shaktidan Gadhavi as Whole Time Director w.e.f. August 14, 2021
- Mr. Mehul Shah as Chief Financial Officer w.e.f. March 26, 2022

Mr. Ashok Bothra resigned as Chief Financial Officer w.e.f. November 30, 2021.

The Board approved the appointment of Mr. Shaktidan Gadhavi as Whole Time Director for tenure of three years commencing from August 14, 2021 till August 13, 2024. The said re-appointment has been placed before the shareholders for their approval at the ensuing 27th Annual General Meeting of the Company.

The appointments and re-appointments were made keeping in mind proximity to seventy five years of age, in compliance with the requirements of SEBI Listing Regulations.

Declarations:

The Independent Directors have submitted declaration(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and SEBI Listing Regulations. The Independent Directors have also confirmed that they have registered themselves in the databank of persons offering to become Independent Directors.

The Board of Directors, based on the declaration(s) received from the Independent Directors, verified the disclosures and confirmed that the Independent Directors fulfil the conditions of independence specified in SEBI Listing Regulations. Based on the intimations / disclosures received from the Directors, none of the Directors of the Company hold Memberships / Chairmanships in excess of the prescribed limits.

Familiarisation Programme:

At the time of appointing a Director, a formal letter of appointment is given to the Board Members, which inter alia explains the role, function, duties and responsibilities expected from them as a Director of the Company. The Director is also explained in detail, the compliances required from him under the Companies Act, SEBI Listing Regulations and other relevant regulations. The Board Members are

provided with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Quarterly updates on important changes in the regulatory environment is presented to the Board by the functional heads. Apart from this, the statutory auditors present to the Audit Committee / Board, on regular intervals, on important regulatory changes while presenting the financial results.

List of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s)

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

| | |
|------------------------------|--|
| Financial | Understanding the financial statements, financial controls, risk management, mergers and acquisitions, etc. |
| Global Business | Experience in driving business success in markets around the world, with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks, and a board perspective on global market opportunities. |
| Leadership | Extended leadership experience for a significant enterprise, resulting in a practical understanding of organisations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth. |
| Technical | Technical, professional skills and knowledge including legal and regulatory aspects. |
| Board Service and Governance | Service on a public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices. |
| Sales and Marketing | Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance enterprise reputation |

| Sr. No. | Name of Director | Financial | Global Business | Leadership | Technical | Board Service and Governance | Sales and Marketing |
|---------|--------------------------|-----------|-----------------|------------|-----------|------------------------------|---------------------|
| 1 | Vedprakash Chiripal | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2 | Jyotiprasad Chiripal | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Tara Sankar Bhattacharya | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ |
| 4 | Giraj Mohan Sharma | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 5 | Falguni Vasavada | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 6 | Shaktidan Gadhavi | ✓ | ✗ | ✓ | ✓ | ✓ | ✗ |

Board of Directors hereby confirm, in the opinion of the Board, that the Independent Directors fulfil the conditions specified in LODR regulations and are independent of the management.

The details of familiarisation programme are put up on the website of the Company at <https://nandanenim.com/wp-content/uploads/2020/08/Familirization-Policy-Familiarization-Programme-for-Directors.pdf>.

● COMMITTEES OF THE BOARD

The Board has constituted various Committees with specific terms of reference in line with the provisions of

SEBI Listing Regulations; Companies Act, 2013 and Rules issued thereunder. The Board periodically reviews the composition and terms of reference of its Committees in order to comply with any amendments / modifications to the provisions relating to composition of Committees. During the year, the Board of Directors have, inter alia, revised the terms of reference of Audit Committee, Stakeholders Relationship Committee and Nomination & Remuneration Committee of the Board of Directors of the Company in view of the amendments to SEBI Listing Regulations by way of notification of Securities Exchange Board of India (Listing Obligations and Disclosure

Requirements) (Amendment) Regulations, 2018 and amendments to the Companies Act, 2013.

The Company presently has seven/eight Committees of the Board, namely, Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Management Committee, Finance & Investment Committee and Bonus Committee, Executive Committee.

Audit Committee

The Company has an adequately qualified Audit Committee and its composition meets the requirement of

Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulation, 2015. The quorum of the said Audit Committee Meetings is 2 (Two) members or one third (1/3) of the members of the Audit Committee, whichever is greater, with at least two independent directors. The Audit Committee met six times during the financial year 2021-22. The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2021-22 are detailed below:

During the year under review, six meetings of the Audit Committee were held on June 11, 2021; June 29, 2021; August 14, 2021; November 13, 2021; February 10, 2022 and March 26, 2022 respectively.

| Name of Director | Category | Number of Audit Committee Meetings attended during the year |
|------------------------------|--|---|
| Mr. Tara Sankar Bhattacharya | Chairperson – Non-Executive Independent Director | 5 |
| Mr. Giraj Mohan Sharma | Member – Non-Executive Independent Director | 6 |
| Mr. Jyotiprasad Chiripal | Member – Executive Promoter Director | 6 |
| Ms. Falguni Vasavada | Member – Non-Executive Independent Director | 5 |

Note:

The Company Secretary acts as the Secretary to the Committee.

The Managing Director, Chief Executive Officer and Chief Financial Officer are invitees to the meetings of the Committee. All the members of the Audit Committee are financially literate and have accounting and related financial management expertise.

The terms of reference of Audit Committee, as approved by the Board and amended from time to time, includes the following:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Reviewing with the management quarterly, half-yearly, nine months and annual financial statements, standalone as well as consolidated, before submission to the Board for approval;
3. Reviewing the Management Discussion and Analysis of the financial condition and results of operations;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report as per Sec 134(3)(c) of the Companies Act, 2013;
 - b. Changes in the Accounting policies and practices and the reasons for the same, major accounting entries involving estimates based on the exercise of judgment by management and significant adjustments made in the financial statements arising out of audit findings;
 - c. Compliance with listing and other legal requirements relating to financial statements;
 - d. Disclosure of any related party transactions; and
 - e. Modified opinion(s) in the draft audit report, if any.
6. Reviewing and considering the following w.r.t. appointment of auditors before recommending to the Board
 - a. qualifications and experience of the individual/firm proposed to be considered for appointment as auditor;
 - b. whether such qualifications and experience are commensurate with the size and requirements of the Company; and

- c. giving due regard to any order or pending proceeding relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court.
7. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service;
8. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
10. Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors and ensuring suitable follow-up thereon;
11. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Reviewing the appointment, removal and terms of remuneration of the Internal Auditors of the Company;
14. Formulating in consultation with the Internal Auditors, the scope, functioning, periodicity and methodology for conducting the internal audit;
15. Evaluating the internal financial controls and risk management policies system of the Company;
16. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
17. Review of internal audit reports relating to internal control weaknesses and discuss with internal auditors any significant findings and follow-up thereon;
18. Reviewing the internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
19. Review and comment upon the report made by the statutory auditors (before submission to the Central Government) with regard to any offence involving fraud committed against the Company by its officers/ employees;
20. Approval or any subsequent modification of transactions of the company with related parties;
21. Reviewing the statements of significant related party transactions submitted by the management;
22. Reviewing and scrutinizing the inter-corporate loans and investments;
23. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy and overseeing the functioning of the same;
24. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
25. Approving the auditors (appointed under the Companies Act, 2013) to render any service other than consulting and specialized services along with approval of payment to statutory auditors for the same;
26. Recommending to the Board of Directors, the appointment, remuneration and terms of appointment of Cost Auditor for the Company;
27. Review the cost audit report submitted by the cost auditor on audit of cost records, before submission to the Board for approval;
28. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
29. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
30. Review and approve, policy on materiality of related party transactions and also dealing with related party transactions;
31. Review compliance with provisions of Securities Exchange Board of India (Prevention of Insider Trading) Regulation, 2015 (including any amendment or modification from time to time) at least once in a financial year and shall verify that the systems for internal controls for ensuring compliance to these Regulations, are adequate and are operating effectively; and
32. Such other activities as the Board of Directors may determine from time to time.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee met four times during the financial year 2021-22. The composition of the Stakeholders Relationship Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2021-22 are detailed below:

During the year under review, four meetings of the Stakeholders Relationship Committee were held on June 29, 2021; August 14, 2021; November 13, 2021 and February 10, 2022 respectively.

| Name of Director | Category | Number of Stakeholders Relationship Committee Meetings attended during the year |
|--------------------------|--|---|
| Mr. Giraj Mohan Sharma | Chairperson – Non Executive Independent Director | 4 |
| Mr. Jyotiprasad Chiripal | Member – Executive Promoter Director | 4 |
| Mr. Vedprakash Chiripal | Member – Non Executive Promoter Director | 4 |
| Ms. Falguni Vasavada | Member - Non Executive Independent Director | 4 |

Note:

The Company Secretary acts as the Secretary to the Committee.

The Managing Director, Chief Executive Officer and Chief Financial Officer are invitees to the meetings of the Committee.

Ms. Purvee Roy, Company Secretary, is the Compliance Officer in accordance with Regulation 6 of Listing Regulations.

The terms of reference of Stakeholders Relationship Committee, as approved by the Board and amended from time to time, includes the following:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- Review of matters relating to unclaimed equity shares and dividend transferred to Investor Education and Protection Fund (IEPF) pursuant to the IEPF Rules.
- Such other activities as the Board of Directors may determine from time to time.

Details relating to the number of complaints received and redressed during the financial year 2021-22 are asunder:

| Nature of complaints received | Number of complaints received | Number of complaints redressed | Number of pending complaints |
|---------------------------------|-------------------------------|--------------------------------|------------------------------|
| Non-receipt of dividend | 0 | 0 | 0 |
| Non-receipt of Annual Report | 0 | 0 | 0 |
| Dematerialization of securities | 0 | 0 | 0 |
| Others | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |

Nature of complaints in the category "Others" include transfer of shares, transmission of shares, change in signatures, loss of shares and non-receipt of shares after split, etc.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee met two times during the financial year 2021-22. The composition of

the Corporate Social Responsibility Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2021-22 are detailed below:

During the year under review, two meetings of the Corporate Social Responsibility Committee were held on August 14, 2021 and February 10, 2022 respectively.

| Name of Director | Category | Number of Corporate Social Responsibility Committee Meetings attended during the year |
|--------------------------|---|---|
| Mr. Giraj Mohan Sharma | Chairman – Non Executive Independent Director | 2 |
| Mr. Jyotiprasad Chiripal | Member – Executive Promoter Director | 2 |
| Mr. Vedprakash Chiripal | Member – Non Executive Promoter Director | 2 |

The Company Secretary acts as the Secretary to the Committee.

The Managing Director, Chief Executive Officer and Chief Financial Officer are invitees to the meetings of the Committee.

The terms of reference of Corporate Social Responsibility Committee, as approved by the Board and amended from time to time, includes the following:

1. Recommend the amount of expenditure to be incurred on the activities;
2. Monitor implementation and adherence to the CSR Policy of the Company from time to time;
3. Prepare a transparent monitoring mechanism for ensuring implementation of the projects/programmes/activities proposed to be undertaken by the Company; and
4. Such other activities as the Board of Directors may determine from time to time.

The details of the CSR initiatives as per the CSR Policy of the Company forms part of the CSR Section in the Annual Report. The CSR Policy of the Company has been uploaded on the Company's website and can be accessed at: <https://nandanenim.com/wp-content/uploads/2018/03/CorporateSocialResponsibilityPolicy.pdf>.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee met three times during the financial year 2021-22. The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2021-22 are detailed below:

During the year under review, three meetings of the Nomination and Remuneration Committee were held on August 14, 2021, November 13, 2021 and March 26, 2022 respectively.

| Name of Director | Category | Number of Nomination & Remuneration Committee Meetings attended during the year |
|------------------------------|--|---|
| Mr. Tara Sankar Bhattacharya | Chairperson – Non-Executive Independent Director | 3 |
| Mr. Vedprakash Chiripal | Member – Non Executive Promoter Director | 3 |
| Mr. Giraj Mohan Sharma | Member – Non-Executive Independent Director | 3 |
| Ms. Falguni Vasavada | Member – Non-Executive Independent Director | 2 |

The Company Secretary acts as the Secretary to the Committee.

The Managing Director, Chief Executive Officer and Chief Financial Officer are invitees to the meetings of the Committee.

The terms of reference of Nomination and Remuneration Committee, as approved by the Board and amended from time to time, includes the following:

1. Formulate a criterion for determining qualifications, positive attributes and independence of a director;

2. Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

3. Devise a policy on Board Diversity;

4. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;

5. Specify methodology for effective evaluation of performance of Board/committees of the Board and review the terms of appointment of Independent Directors on the basis of the report of performance evaluation of the Independent Directors;
6. Reviewing and recommending to the Board, the remuneration, payable to Directors of the Company;
7. Recommend to the board all remuneration, in whatever form, payable to senior management; and
8. Such other activities as the Board of Directors may determine from time to time.

During the year under review, the Board of Directors amended the Nomination and Remuneration Policy to bring it in line with the amendments to Section 178 of Companies Act, 2013 and Listing Regulations. The Nomination and Remuneration Policy of the Company has been uploaded on the Company's website and can be accessed at:

The salient features of the Nomination and Remuneration Policy and changes therein, are as follows:

The Nomination and Remuneration Policy of the Company has been formulated in accordance with the Companies Act, 2013 and Listing Regulations and outlines the role of the Nomination and Remuneration Committee, inter alia, for determining the criteria for Board membership, approve, recommend compensation packages and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its Committees and individual Directors. In accordance with the Policy, the responsibilities of Nomination and Remuneration Committee, inter alia, include:

- a. Formulation of criteria and its review on an on-going basis, for determining qualifications, skills, expertise, qualities, positive attributes required to be a Director, based on the qualities, including independence for Independent Directors, and such expertise which may be beneficial for the Company and essential for it to operate in changing business environment. Identification of persons as potential candidates, who are qualified to be appointed as Directors and recommend their re – appointment, if any, to the Board after taking into consideration the performance of a Director.
- b. The Nomination & Remuneration Committee, inter alia, has been entrusted with the responsibility of evaluating the performance of every Director, Committees of the Board and the Board. The Committee also evaluates the performance of Managing Director against the Key Performance Indicators set at the beginning of the financial year.
- c. Remuneration of Directors, Senior Management and other employees:

- i. Compensation to Managing Director or Executive Director: The Committee shall approve compensation package of the Managing Director or Executive Director(s). The Committee ensures that the compensation packages are in accordance with applicable law, in line with the Company's objectives, shareholders' interests, with industry standards and have an adequate balance between fixed and variable component, subject to approval of the Board.
- ii. Compensation to Senior Management: The Nomination & Remuneration Committee shall review performance of the senior management of the Company, i.e., the members of the Executive/ Operating Council of the Company (which includes Key Managerial Personnel), as presented by the Managing Director & CEO. The Committee shall ensure that the remuneration to the Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- iii. Remuneration to Non-Executive Directors: The Nomination & Remuneration Committee shall recommend to the Board for its approval, commission payable to the Non-Executive Directors, including Independent Directors, after reviewing payments made by similar sized, successful companies. The Nomination and Remuneration Committee considers and recommends commission payable to Directors after taking into account their contribution to the decision making at meetings of the Board/Committees, participation and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness.
- iv. Remuneration to other employees: Focus on productivity and pay for performance have been the cornerstone of the Company's overall remuneration policy. The Company regularly benchmarks the compensation levels and employee benefits in the market and makes necessary changes to remain consistent with the industry standards. The Committee shall review the Company's policy on performance management and rewards for employees from time to time. The remuneration structure of employees is designed on principles of fairness, transparency and internal and external parity.

MANAGEMENT COMMITTEE

The Management Committee has been constituted by the Board to carry out a number of significant responsibilities.

During the year under review, no meeting of the Management Committee was held. The constitution and number of meetings attended by the Members of the Committee are given below:

| Name of Director | Category | Management Committee Meetings attended during the year |
|------------------------------|---|--|
| Mr. Jyotiprasad Chiripal | Chairman - Executive Promoter Director | 0 |
| Mr. Tara Sankar Bhattacharya | Member – Non-Executive Independent Director | 0 |
| Ms. Pratima Ram | Member – Non-Executive Independent Director | 0 |
| Mr. Giraj Mohan Sharma | Member – Non-Executive Independent Director | 0 |

The Company Secretary acts as the Secretary to the Committee.

The Chief Executive Officer and Chief Financial Officer are invitees to the meetings of the Committee.

Terms of Reference:

The terms of reference are set out below:

1. Ensuring that the Company is well run and delivering the outcomes for which it has been set up;
2. Setting strategic direction to guide and direct the activities of the organisation;
3. Ensuring the effective management of the organization and its activities;
4. Monitoring the activities of the Company to ensure they are in consistence with the founding principles, objects and values;

5. To take important decisions concerning the activities of the Company.

6. Carrying out any other function as is mentioned in the terms of reference of the Management Committee by the Board from time to time.

The Company Secretary acts as the Secretary to the Committee. The Chief Executive Officer and Chief Financial Officer are invitees to the Meetings of the Committee.

FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee has been constituted for aligning the use of resources (financial, workforce and assets) with the strategic direction of the organisation and support the Board of Directors in meeting its fiduciary duties.

During the year under review, no meeting of the Finance and Investment Committee was held. The constitution and number of meetings attended by the Members of the Committee are given below:

| Name of Director | Category | Finance and Investment Committee Meetings attended during the year |
|------------------------------|---|--|
| Mr. Jyotiprasad Chiripal | Chairman - Executive Promoter Director | 0 |
| Mr. Vedprakash Chiripal | Member – Non-Executive Promoter Director | 0 |
| Mr. Tara Sankar Bhattacharya | Member – Non-Executive Independent Director | 0 |

The Company Secretary acts as the Secretary to the Committee.

The Chief Executive Officer and Chief Financial Officer are invitees to the meetings of the Committee.

Terms of Reference:

The terms of reference are set out below:

1. Review the Company's financial policies, risk assessment and minimisation procedures, strategies and capital

structure, working capital and cash flow management, and make such reports and recommendations to the Board with respect thereto, as it may deem advisable;

2. Review banking arrangements and cash management;
3. Exercise all powers to borrow money (otherwise than by issue of debentures) within limits approved by the Board, and take necessary actions connected therewith, including refinancing for optimisation of borrowing costs;

4. Give guarantees / issue letters of comfort / providing securities within the limits approved by the Board;
5. Borrow money by way of loan and / or issue and allot bonds / notes denominated in one or more foreign currencies in international markets for the purpose of refinancing the existing debt, capital expenditure, general corporate purposes, including working capital requirements and possible strategic investments within the limits approved by the Board;
6. Provide corporate guarantee / performance guarantee by the Company within the limits approved by the Board;
7. Approve opening and operation of Investment Management Accounts with foreign banks and appoint them as agents, establishment of representative / sales offices in or outside India;
8. Carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable;
9. Other transactions or financial issues that the Board may desire to have them reviewed by the Committee such as:
 - a. Forex Derivative Transactions
 - b.- OTC Trades Note outstanding borrowings, inter corporate investments, loans and guarantees
 - c.- Note status report and hedging activities on commodity and forex products
10. Delegate authorities from time to time to the executives / authorised persons to implement the Committee's decisions;
11. Approve reinvestment of funds generated from the investment portfolio.
12. Monitor investment portfolio performance and report performance to the Board of Directors.
13. Ensure that competent and professional advice on investment matters is obtained.
14. To appoint fund advisors and investment managers through a competitive process.
15. Consider, approve and evaluate significant investment appraisal proposals.
16. Review current investments and future investments, including the policy, risks, and performance of the Company's funds.
17. Such other activities as the Board of Directors may determine from time to time.

The Company Secretary acts as the Secretary to the Committee. The Chief Executive Officer and Chief Financial Officer are invitees to the Meetings of the Committee.

Remuneration of Directors

The remuneration of the Executive Directors is decided by the Board based on the recommendations of the Nomination and Remuneration Committee of the Company, within the limits fixed and approved by the shareholders at the general meeting. The remuneration of the Non-Executive Directors comprises of sitting fees and commission, if any. The Non-Executive Independent Directors are paid sitting fees of ₹50,000/- for each meeting of the Board, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee attended by them and reimbursement of expenses towards attending the fees.

The remuneration paid / payable to each Director for the financial year ended March 31, 2022 is as under:

| Name of Director | Tenure upto | No. of equity shares held by Directors as on March 31, 2022 | Remuneration for the financial year ended March 31, 2022 (₹ In Lakhs) | | |
|------------------------------|-------------|---|---|------------------------|-------|
| | | | Sitting Fees | Salary and Perquisites | Total |
| Mr. Vedprakash Chiripal | NA | 70,45,386 | - | - | - |
| Mr. Jyotiprasad Chiripal | 31.05.2027 | 18,90,000 | - | - | - |
| Mr. Tara Sankar Bhattacharya | 13.09.2022 | - | 2.50 | - | 2.50 |
| Mr. Giraj Mohan Sharma | 28.09.2025 | - | 3.00 | - | 3.00 |
| Ms. Falguni Vasavada | 03.11.2025 | - | 2.50 | - | 2.50 |
| Mr. Shaktidan Gadhavi | 13.08.2024 | - | - | 6.27 | 6.27 |

Notes:

- 1.(i) Mr. Shaktidan Gadhavi was appointed as Whole Time Director w.e.f. August 14, 2021.
- (ii) Mr. Ashok Bothra resigned as Chief Financial Officer w.e.f. November 30, 2021.
- (iii) Mr. Mehul Shah was appointed as Chief Financial Officer w.e.f. March 26, 2022.

2. No commission has been paid to Executive and Non-Executive Directors (including Independent Directors) during the year ended March 31, 2022;
3. There is no provision for payment of severance fees and no performance linked incentives are paid to any Director. The tenure of office of the Managing Director / Executive Director is for five years from their respective dates of appointments. The notice period of Managing Director / Executive Director is governed by service rules of the Company;
4. None of the Directors hold any stock options and convertible instruments in the Company;
5. The Non-Executive Directors on the Company's Board, apart from receiving sitting fees do not have any other pecuniary relationship or transactions vis-à-vis the Company. The details of remuneration paid to Directors have also been disclosed under the heading 'Related Party Disclosures' of Notes to Financial Statement.

The other details about Independent Directors, Remuneration Policy, Performance Evaluation Criteria and Remuneration of Directors have also been provided in the Board's Report forming part of this Annual Report.

DISCLOSURES:

Related Party Transactions:

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on arm's length basis. There were materially significant transactions with the related parties during the financial year that may have potential conflict with the interests of the Company at large and for that Company has already sought approval of members under requisite provisions of the Companies Act, 2013 and LODR. Related party transactions have been disclosed in Note 36 to the financial statements. A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit Committee for its review.

Material Subsidiaries: The Company does not have a material subsidiary as defined under Regulation 16(1)(c) SEBI (LODR) Regulations, 2015.

PERFORMANCE EVALUATION CRITERIA

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Directors. In accordance with the provisions of SEBI Listing Regulations and the Act, the performance evaluation of the individual Directors shall be done by the entire Board of Directors, subject to the condition that the Director who is subject to evaluation should not participate. The criteria for performance evaluation covers parameters such as decision taken in the interest of the organization objectively; assisting the Company in implementing the Corporate Governance; monitoring performance of organization based on agreed goals & financial performance; fulfilment of the independence criteria as prescribed and their independence from the management; and active participation in the affairs of the Company as Board / Committee Members.

CEO / CFO CERTIFICATION

As required under Regulation 17 of the Listing Regulations, the CEO / CFO certificate for the financial year 2021-22 signed by Mr. Deepak Chiripal, CEO was placed before the Board of Directors of the Company at their meeting held on May 28, 2022 and is annexed to this Report.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

As required by Schedule V of the Listing Regulations, the Auditors Certificate on Corporate Governance is annexed to this Report.

GENERAL BODY MEETINGS

Details of last three AGM and summary of Special Resolutions passed therein, if any, are as under:

| Financial Year | Day and Date | Time | Location | No. of Special Resolutions set out at the AGM |
|----------------|------------------------------|------------|--|---|
| 2020-21 | Thursday, September 30, 2021 | 03.00 p.m. | Conducted through video conferencing/Other Audio Visual Means. Deemed location is the Corporate Office of the Company at Chiripal House, Near Shivranjani Cross Roads, Satellite, Ahmedabad – 380015 | 2 |
| 2019-20 | Thursday, December 31, 2020 | 03.00 p.m. | Conducted through video conferencing/Other Audio Visual Means. Deemed location is the Corporate Office of the Company at Chiripal House, Near Shivranjani Cross Roads, Satellite, Ahmedabad – 380015 | 3 |
| 2018-19 | Friday, September 13, 2019 | 10.30 a.m. | H.T. Parekh Convention Center, AMA, ATIRA, Panjarapole, Ahmedabad – 380 015 | 2 |

OTHER DISCLOSURES:

VIGIL MECHANISM AND WHISTLE BLOWER POLICY:

The Company has adopted a Whistle Blower Policy and an effective Vigil Mechanism system to provide a formal mechanism

WEBSITE:

The Company ensures dissemination of applicable information under Regulation 46(2) of the Listing Regulations on the Company's website (www.nandandenim.com). A separate section on 'Investors' on the website contains details relating to the financial results declared by the Company, Annual Reports, Presentations made by Company to investors, Press Releases, Shareholding Patterns and such other material information which is relevant to shareholders.

COMPLIANCE WITH REGULATION 26(6)

In accordance with the provisions of Regulation 26(6) of the SEBI Listing Regulations, the Key Managerial Personnel, Director(s) and Promoter(s) of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

DETAILS OF NON COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGE OR SEBI OR ANY STATUTORY AUTHORITY ON ANY MATTER RELATED TO CAPITAL MARKETS DURING THE LAST THREE YEARS

The Company has complied with all the requirements of the Stock Exchanges and SEBI on matters relating to Capital Markets.

DETAILS OF PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONAL PLACEMENT AS SPECIFIED UNDER REGULATION 32(7A) OF THE LISTING REGULATIONS

The Company has not raised funds through preferential allotment or qualified institutional placement.

LIST OF ALL CREDIT RATINGS OBTAINED BY THE ENTITY ALONG WITH ANY REVISIONS THERETO DURING THE RELEVANT FINANCIAL YEAR FOR ALL DEBT INSTRUMENTS OF SUCH ENTITY OR ANY FIXED DEPOSIT PROGRAMME OR ANY SCHEME OR PROPOSAL OF THE LISTED ENTITY INVOLVING MOBILIZATION OF FUNDS, WHETHER IN INDIA OR ABROAD ARE AS UNDER:

Details of Credit Rating have been included as part of Boards Report.

SECRETARIAL COMPLIANCE REPORT

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 read with Regulation 24(A) of the SEBI

Listing Regulations, directed listed entities to conduct Annual Secretarial Compliance Audit from Practising Company Secretary of all applicable SEBI Regulations and circulars / guidelines issued thereunder. The said Secretarial Compliance Report is in addition to the Secretarial Audit Report by Practising Company Secretaries under Form MR-3 and is required to be submitted to Stock Exchanges within 60 days of the end of financial year.

The Company has engaged the services of M/s Jay Khatnani & Associates, Practising Company Secretary for providing this certification.

CERTIFICATE FROM PRACTISING COMPANY SECRETARY

Certificate as required under Part C of Schedule V of Listing Regulations, received from Mr. Jay Khatnani (CP No. 18421), Proprietor of M/s Jay Khatnani & Associates, Practising Company Secretary, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on May 28, 2022.

SUBSIDIARY COMPANY/IES:

The Company does not have any Subsidiary Company in terms of Regulation 16 of SEBI Listing Regulations.

DISCLOSURE RELATING TO SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place, an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2021-22 are as under:

| Particulars | No. of Complaints |
|-----------------------------|-------------------|
| Filed during the year | NIL |
| Disposed of during the year | NIL |
| Pending at the end of year | NIL |

CODE OF CONDUCT:

The Company has adopted a Code of Conduct for all employees including the members of the Board and Senior Management Personnel. All members of the Board and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the financial year 2021-22. The declaration to this effect signed by Mr. Jyotiprasad Chiripal – Managing Director and Mr. Deepak Chiripal – Chief Executive Officer of the Company forms part of this Report.

CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS:

SEBI notified several amendments to SEBI Insider Trading Regulations pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which were effective from April 1, 2019.

Pursuant to the amendment, the Company has adopted a Code of Conduct to regulate, monitor and report trading by Designated Persons (Insider Trading Code) under Securities and Exchange Board of India (Prohibition of Insider Trading Regulations).

The Code of Conduct to regulate, monitor and report trading by Designated Persons, Code of Fair Disclosure & Conduct and Whistle Blower Policy have been uploaded on website of the Company.

RESIGNATION OF INDEPENDENT DIRECTORS:

None of the Independent Director of the Company has resigned during the year under review.

ADOPTION OF DISCRETIONARY REQUIREMENTS

The Company has complied with all mandatory requirements of Regulation 34 of the SEBI Listing Regulations. The Company has adopted the following discretionary requirements of the SEBI Listing Regulations:

1. Maintenance of the Chairman's Office – The Company maintains the office of Non-Executive Chairman and provides for reimbursement of expenses incurred in performance of his duties.
2. Shareholders Rights – Yearly financial statements / Annual Reports are sent electronically to all shareholders possessing email ids every year. The same is also uploaded on the Company's website www.nandandenim.com.
3. Modified opinion(s) in Audit Report – The Auditors have expressed an unmodified opinion on the financial statements of the Company.
4. Separate posts of Chairman and CEO – Separate persons have been appointed by the Company to the post of Chairman and CEO.
5. Reporting of Internal Auditors – The Internal Auditors of the Company report directly to the Audit Committee.

MEANS OF COMMUNICATION:

Quarterly Results

The financial results for the quarter / half year / nine months / year would generally be published as under:

| Quarter / Half Year / Year | In the month of |
|--|------------------------|
| Quarter ending June 30 | August 2022 |
| Quarter and Half Year ending September 30 | November 2022 |
| Quarter and Nine Months ending December 31 | February 2023 |
| Quarter and Year ending March 31 | May 2023 |

Quarterly / half yearly / nine months / annual results, notices and information relating to General Meetings, etc. are published in leading English newspapers viz. Indian Express, Business Standard, etc. and Gujarati newspapers viz. Financial Express, Jai Hind, etc. They are also notified to the stock exchanges as required under the Listing Regulations.

The quarterly / half yearly / annual financial results and other communication to shareholders and stock exchanges, inter alia, presentations to institutional investors & analysts, press releases, etc. are made available in the Company's website www.nandandenim.com under 'Investors' section.

Annual Report

Annual Report for FY 2021-22, containing inter alia, salient features of the audited financial statements, Directors Report (including Management Discussion & Analysis and Corporate Governance Report) was sent via email to all shareholders who had registered their email ids with their depository participants and through courier to all shareholders who had not registered their email ids for the purpose of receiving documents / communication from the Company in electronic mode.

Communication to shareholders on email

Documents like Notices, Annual Report, ECS advices for dividends, etc. are sent to the shareholders at their email address, as registered with their Depository Participants/ Company/ Registrar and Transfer Agents (RTA). This helps in prompt delivery of document, reduce paper consumption, save trees and avoid loss of documents in transit. The Company proposes to send documents like Shareholders Meeting Notice/ other Notices, Audited Financial Statements, Directors' Report, Auditor's Report or any other document, to its members in electronic form at the email address provided by them and/or made available to the Company by their depositories. Members who have not yet registered their email id (including those who wish to change their already registered email id) may get the same registered/ updated with their depositories for future correspondence.

News Releases and Presentations

Official news releases and media releases are sent to stock exchanges and are put up on Company's website.

Website

The Company's website (www.nandandenim.com) contains a separate dedicated section 'Investor Relations' where shareholders' information is available.

NEAPS (NSE Electronic Application Processing System) and BSE Corporate Compliance & Listing Centre

NEAPS is a web based application designed by NSE for corporates. All periodicals and other compliance filings are filed electronically on NEAPS. BSE's Listing Centre is a web based application designed for corporates. All periodical and other compliance filings are filed electronically on the Listing Centre.

SCORES (SEBI Complaints Redressal System)

SEBI processes investor complaints in a centralized web based complaints redressal system i.e. SCORES. Through this system, a shareholder can lodge complaint against a Company for his grievance. The Company uploads the action taken on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.

Exclusive email ID for investors

The Company has designated an email id cs.ndl@chiripalgroup.com exclusively for investor servicing, and the same is prominently displayed on the Company's website www.nandandenim.com.

Investor Relations

Investor Relations (IR) at Nandan Denim is aimed at two way communication of information and insights between the Company and the investment community. This process enables a full appreciation of the Company's business activities, strategy and prospects and allows the market to make an informed judgement about the Company.

The Company arranges investor meetings, updates and calls to ensure timely communication, thereby keeping stakeholders updated with financial performance and material business events. Inputs and feedback from the investor community is given due consideration and factored into future plans and strategies. The Company hosts meetings with institutional investors at its office on request and also arranges conference calls with those who are unable to travel.

A conference call is organized after declaration of the quarterly financial results and this is used to answer questions and provide clarifications to investors and analysts. The Company hosts con call through brokerage houses so as to provide a free and equitable forum for dissemination of information. It interacts with all types of funds and investors throughout the country in order to have a diversified shareholder base both in terms of geographical location and investment horizon.

Updates on investor relations are available on the website of the Company www.nandandenim.com.

Reminder to Investors

Reminders are sent to shareholders for KYC updation/dematerialisation of shares/updating PAN and Bank Account details and claiming unpaid / unclaimed dividends.

Payment of Listing Fees

Annual Listing Fees for the financial year 2022-23 has been paid by the Company to BSE and NSE.

Payment of Depository Fees

Annual Custody / Issuer Fee for the year 2022-23 will be paid by the Company to Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL) on receipt of invoice.

Fees paid to Statutory Auditor

Fees for all services paid by the Company to Statutory Auditors of the Company during the year ended March 31, 2022 is as follows:

| Particulars | Amount in lakhs (excluding taxes) |
|-------------------------------------|-----------------------------------|
| Fees for audit and related services | 5.00 |
| Other fees | 1.50 |
| Fees paid to network entities | 0.00 |
| Total | 6.50 |

GENERAL SHAREHOLDER INFORMATION

The Company is registered in Gujarat, India. The Corporate Identification Number (CIN) allotted by Ministry of Corporate Affairs (MCA) is L51909GJ1994PLC022719.

Annual General Meeting

Friday, September 30, 2022 at 03:00 pm through Video Conferencing / Other Audio Visual Means as set out in the Notice convening the Annual General Meeting

Financial Year

April 1, 2021 to March 31, 2022

Dividend

No dividend has been recommended for the year 2021-22

Book Closure

The Company's Register of Members and Share Transfer Books will remain closed from Saturday, September 24, 2022 to Friday, September 30, 2022 (both days inclusive) for the purpose of payment of dividend and 26th Annual General Meeting.

Electronic Clearing Service:

The Company provides the facility of payment of dividend to the shareholders by directly crediting the dividend amount to the shareholder's Bank Account. Members are therefore

urged to avail of this facility to ensure safe and speedy credit of their dividend into their Bank Account through the Banks' Automated Clearing House ("ACH") and / or any other permitted mode for credit of dividend.

Members holding shares in physical form are requested to register and / or update their banking details with the Registrar and Transfer Agent and those holding shares in electronic form shall update their details with their Depository Participant to

enable credit of the dividend to their Bank Account electronically and / or any other permitted mode for credit of dividend.

Particulars of Dividend remaining unclaimed:

In terms of section 124 of The Companies Act, 2013, amounts transferred to the Unpaid Dividend Account of the Company, which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund (the Fund) established by the Central Government.

Brief particulars of dividend amount remaining unclaimed are given below:

| Financial Year | Type of Dividend | Declared at the AGM / Board Meeting held on | Balance in the Unpaid Dividend Account as on 31.03.2022 |
|--------------------------------|------------------|---|---|
| Final Dividend – 2015 | 1.00 | 29-09-2015 | 883405.00 |
| 1st Interim Dividend – 2015-16 | 0.80 | 12-02-2016 | 437714.6 |
| Final Dividend – 2016 | 0.80 | 11-03-2016 | 463367.40 |
| Final Dividend - 2017 | 1.60 | 29-09-2017 | 805196.80 |
| Final Dividend - 2018 | 0.80 | 29-09-2018 | 420480.80 |

Details of the unclaimed dividend pertaining to the years 2014 to 2019 is hosted on Company's website. No dividend was declared since the year 2018-19 onwards.

Members can claim the unpaid dividend from the Company before transfer to the Investor Education and Protection Fund. As per the prevailing statutory provisions, the unpaid dividend once transferred to the said Fund cannot be claimed.

Shareholders who have not encashed their Demand Drafts / Dividend Warrants / Multi City Cheques are requested to immediately send their request for issue of duplicate Demand Drafts / Dividend Warrants / Multi City Cheques.

Listing of shares and stock code:

The Company's equity shares are listed at the following Stock Exchanges:

BSE

| Month | Share Price BSE | | BSE Sensex | |
|--------|-----------------|--------|------------|-----------|
| | High | Low | High | Low |
| Apr-21 | 36.85 | 28.30 | 50,373.77 | 47,204.50 |
| May-21 | 54.80 | 28.00 | 52,013.22 | 48,028.07 |
| Jun-21 | 49.85 | 43.15 | 53,126.73 | 51,450.58 |
| Jul-21 | 80.30 | 47.20 | 53,290.81 | 51,802.73 |
| Aug-21 | 90.00 | 38.35 | 57,625.26 | 52,804.08 |
| Sep-21 | 83.65 | 65.20 | 60,412.32 | 57,263.90 |
| Oct-21 | 84.45 | 66.60 | 62,245.43 | 58,551.14 |
| Nov-21 | 97.45 | 77.15 | 61,036.56 | 56,382.93 |
| Dec-21 | 125.65 | 90.25 | 59,203.37 | 55,132.68 |
| Jan-22 | 172.05 | 118.70 | 61,475.15 | 56,409.63 |
| Feb-22 | 161.50 | 126.80 | 59,618.51 | 54,383.20 |
| Mar-22 | 181.90 | 56.25 | 58,890.92 | 52,260.82 |

| Name and address of the Stock Exchange | Stock Code |
|--|------------|
| BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001 | 532641 |
| National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Bandra-Kurla Complex, Bandra, Mumbai 400 051 | NDL |

Bloomberg Code: NAND: IN

Reuters Code: NANE: NS

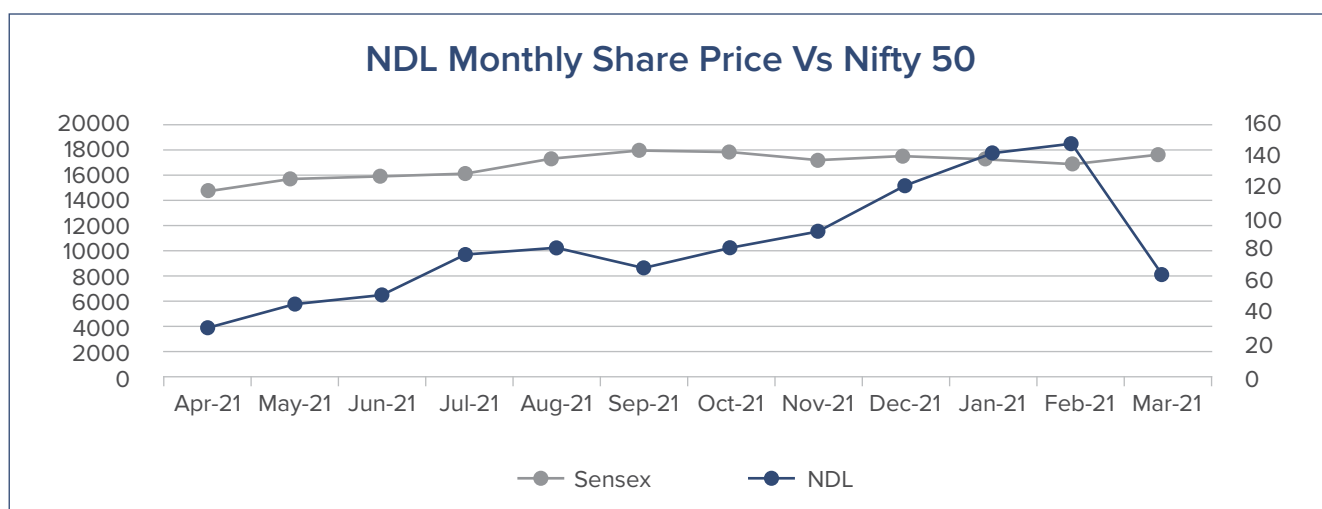
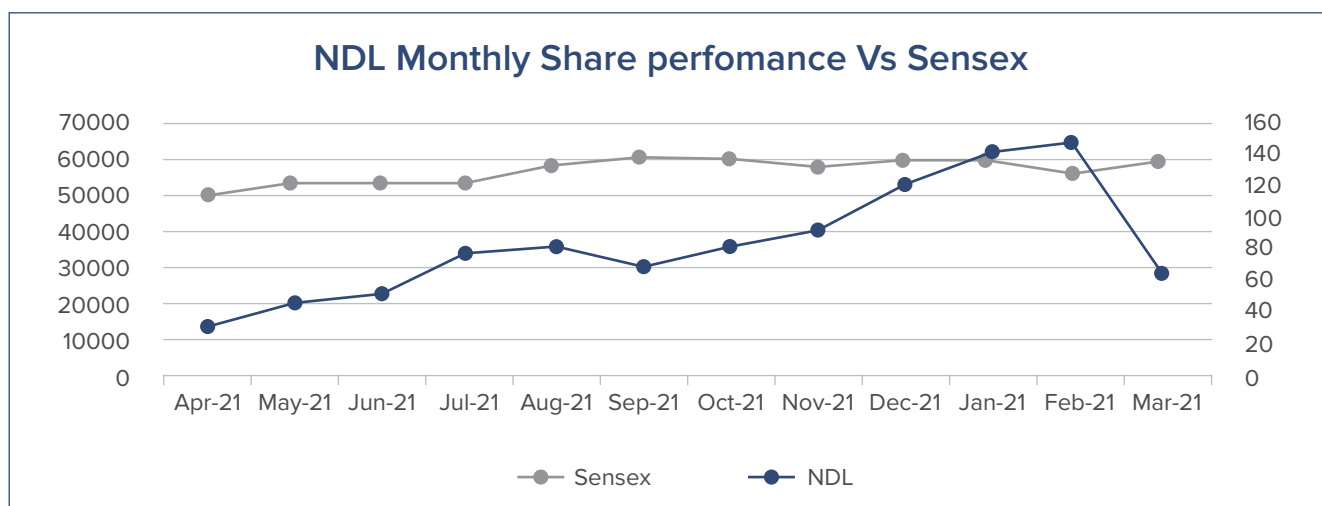
The International Securities Identification Number (ISIN) for the Company's Shares is INE 875G01030

NSE

| Month | Share Price NSE | | NSE (NIFTY) | |
|--------|-----------------|--------|-------------|-----------|
| | High | Low | High | Low |
| Apr-21 | 33.90 | 28.45 | 15,044.35 | 14,151.04 |
| May-21 | 55.00 | 29.60 | 15,606.35 | 14,416.25 |
| Jun-21 | 50.50 | 42.70 | 15,915.65 | 15,450.90 |
| Jul-21 | 80.00 | 46.20 | 15,962.25 | 15,513.45 |
| Aug-21 | 89.75 | 68.25 | 17,153.50 | 15,834.65 |
| Sep-21 | 83.85 | 64.95 | 17,947.65 | 17,055.05 |
| Oct-21 | 85.65 | 66.40 | 18,604.45 | 17,452.90 |
| Nov-21 | 97.00 | 77.25 | 18,210.00 | 16,782.40 |
| Dec-21 | 125.90 | 90.55 | 17,639.50 | 16,410.20 |
| Jan-22 | 172.00 | 117.65 | 18,350.95 | 16,836.80 |
| Feb-22 | 159.35 | 127.25 | 17,794.60 | 16,203.25 |
| Mar-22 | 182.05 | 57.00 | 17,559.80 | 15,671.45 |

Closing Price of the Company's Shares on March 31, 2022 on Bombay Stock Exchange (BSE) and on National Stock Exchange (NSE) is 62.50 and 62.70 respectively.

Performance of Share Price in Comparison



Permanent Account Number:

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferor(s), transferee(s), surviving joint holders, legal heirs

be submitted to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

Email id registration:

To support the green initiative, shareholders are requested to register their email address with their DPs or with the Company's RTA, as the case may be. Communications in relation to the Company like Notice and Outcome of Board Meetings, Notice of AGM and Annual Report are regularly sent electronically to such shareholders who have registered their email addresses.

The shareholders willing to register their email address can write to their respective DP.

Details of securities suspended:

Not applicable

Registrar and Share Transfer Agent (RTA):

Nandan Denim Limited has appointed Datamatics Business Solutions Limited as its RTA for both segments i.e. physical and electronic.

Datamatics Business Solutions Limited.
Plot No. B-5, Part B, Cross Lane, MIDC, Andheri (East), Mumbai, Maharashtra – 400 093
Tel.: 022 - 66712001-06
Fax: 022 – 66712011
Email: investorqry@dfssl.com

As required under Regulation 7(3) of the Listing Regulations, the Company has filed a Certificate issued by RTA &

Compliance Officer of the Company certifying that all activities in relation to both physical and electronic share transfer facility are maintained by RTA registered with SEBI i.e. Datamatics Business Solutions Limited.

The shares lodged for transfer transmission, etc. are processed and share certificates duly endorsed are returned within stipulated time, subject to documents being valid and in all respects.

Nomination facility

Pursuant to the provisions of Section 72 of the Companies Act, 2013, and Rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014, Members may file Nomination in respect of their shareholdings. Members holding shares in Physical Form willing to avail this facility may submit to the Company the prescribed Form SH-13 and any change or variation in the nomination in prescribed Form SH-14.

Nodal Officer:

In accordance with IEPF rules, Ms. Purvee Roy, Company Secretary has been appointed as Nodal Officer.

Shareholding Pattern (as on March 31, 2022)

| PARTICULARS | NO. OF SHARES | % |
|---------------------------------------|----------------------|---------------|
| Promoter & Promoter Group | 93306441 | 64.73 |
| Foreign Portfolio Investors | 1546284 | 1.07 |
| Financial Institutions/Banks | 0 | 0.00 |
| Central Government / State Government | 16500 | 0.01 |
| Resident Individuals | 40081424 | 27.81 |
| Non-Resident Individuals | 7060433 | 4.90 |
| Others | 2136086 | 1.48 |
| TOTAL | 144147168 | 100.00 |

Distribution of Shareholding

| NANDAN DENIM LIMITED | | | | | | |
|-----------------------------------|--------------|-----------|------------------|---------------|--------------------|---------------------|
| Share Holding Distribution Report | | | | | As on 31-Mar- 2022 | |
| Sr. No. | Shares Range | | Shares | % To Capital | No. of Holders | % To No. Of Holders |
| | From | To | | | | |
| 1 | 1 | 500 | 3203985 | 2.22 | 21834 | 74.44 |
| 2 | 501 | 1000 | 2408492 | 1.67 | 3450 | 11.76 |
| 3 | 1001 | 2000 | 2747085 | 1.91 | 1916 | 6.53 |
| 4 | 2001 | 3000 | 2402345 | 1.67 | 901 | 3.07 |
| 5 | 3001 | 4000 | 697654 | 0.48 | 197 | 0.67 |
| 6 | 4001 | 5000 | 881715 | 0.61 | 196 | 0.67 |
| 7 | 5001 | 10000 | 2842427 | 1.97 | 407 | 1.39 |
| 8 | 10001 | 50000 | 6616246 | 4.59 | 320 | 1.09 |
| 9 | 50001 | 999999999 | 122347219 | 84.88 | 110 | 0.38 |
| TOTAL | | | 144147168 | 100.00 | 29331 | 100.00 |

Shares in Physical and Electronic Mode

| Particulars | Position as on March 31, 2021 | | Position as on March 31, 2022 | | Net Change during 2021-22 | |
|------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|---------------------------|-------------------------|
| | No. of Shares | % to total shareholding | No. of Shares | % to total shareholding | No. of Shares | % to total shareholding |
| Physical | 10332 | 0.02 | 31134 | 0.02 | 0 | 0.00 |
| Demat: | | | | | | |
| NSDL | 26923792 | 56.03 | 74022145 | 51.35 | 47098353 | (4.68) |
| CDSL | 21114932 | 43.94 | 70093889 | 48.63 | 48978957 | 4.69 |
| Sub-total | 48038724 | 99.98 | 144116034 | 99.98 | 0 | 0.00 |
| Total | 48049056 | 100.00 | 144147168 | 100.00 | - | - |

To facilitate trading in demat form, in India; there are two depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Nandan has entered into agreement with both these depositories. Shareholders can open their accounts with any of the Depository Participant registered with these depositories.

As on March 31, 2021, 99.98% shares of the Company were held in dematerialized form.

The equity shares of the Company are frequently traded at Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Members still holding physical share certificates are requested to dematerialize their shares by approaching any of the Depository Participants registered with the Securities and Exchange Board of India (SEBI).

Outstanding Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or warrants or any convertible instruments, conversion date and likely impact on equity

None

Commodity price risk and hedging activities

Not Applicable

Foreign exchange risk and hedging activities

The Company is exposed to foreign exchange risk on account of import of various raw materials used in its production and technology products imported and sold, and other important export transactions. To reduce this risk the Company constantly evaluates its business plan and opportunities for localization for reducing this risk in the long-term. Hedging is also used as a tool to manage the foreign exchange risk.

Plant Locations

Survey No. 198/1 & 203/2,
Saijpur – Gopalpur, Pirana Road,
Piplej, Ahmedabad, Gujarat – 382 405
Plot No. 4 & 5,
Vraj Integrated Textile Park Limited
National Highway No. 8,
Bidaj, Gujarat – 387 420

Investor Service Centre

Company Secretary
Nandan Denim Limited
Corporate Office
Chiripal House
Near Shivranjani Cross Roads,
Satellite, Ahmedabad – 380 015
Tel: (079) 26473366

Monday to Saturday: 10.00 a.m. to 07.00 p.m. (except holidays)

Designated e-mail ID for redressal of investor complaints:
cs.ndl@chiripalgroup.com

Shareholders may also contact the Registrar & Share Transfer Agent of the Company.

CEO/CFO Certificate

A certificate from the Chief Executive Officer and the Chief Financial Officer on the financial statements and other matters of the Company for the financial year ended March 31, 2022, pursuant to regulation 17(8) of the Listing Regulations read with Part B of Schedule II thereof, was placed before the Board at its meeting held on May 28, 2022

Code of Conduct

The Code of Conduct for Board Members and Senior Management is available at the website of the Company. The Certificate by the CEO / MD of the Company concerning compliance with the Code of Conduct for Directors and Senior Management has been attached as part of this Report.

Reconciliation of Share Capital

During the year under review, an audit was carried out at the end of every quarter by a qualified Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the total number

of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. The report for every quarter upon reconciliation of capital was submitted to the stock exchanges and was also placed before the Board of Directors at their meetings.

Disclosures with respect to Demat Suspense Account/ Unclaimed Suspense Account

Not Applicable

Compliance with Secretarial Standards

The Institute of Company Secretaries of India (ICSI), a Statutory Body, has issued Secretarial Standards on various aspects of corporate laws and practices. The Company is adhering to the standards issued by ICSI.

Governance Process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and Senior Management for effective decision making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in conduct of affairs of the Company and to ensure compliance with applicable statutory requirements and Secretarial Standards. The Company Secretary is an interface between the management and regulatory authorities for governance matters.

Code of Conduct

The Company has in place a comprehensive Code of Conduct ('the Code') applicable to the Board Members and Senior Management Personnel. The Code is applicable to Non-Executive Directors including Independent Directors, to such extent as may be applicable to them, depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. Customer Value, Ownership Mind-set, Respect, Integrity, One Team and Excellence.

A copy of the Code has been put up on the Company's website and can be accessed at www.nandandenim.com. The Code has been circulated to Board Members and Senior Management Personnel, and its compliance is affirmed by them annually.

A declaration signed by the Company's Managing Director and CEO is published in this Report.

DECLARATION BY MANAGING DIRECTOR AND CEO PURSUANT TO SCHEDULE V(D) OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

As required by Schedule V(D) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on the Company's website.

We confirm that the Company has obtained from all the Members of the Board and Senior Management Personnel, a declaration of compliance with the Code of Conduct in respect of the financial year ended March 31, 2022.

Place: Ahmedabad
Date: August 13, 2022

Jyotiprasad Chiripal
Managing Director

Deepak Chiripal
CEO

Report on Corporate Governance

To,
The Members,
NANDAN DENIM LIMITED
CIN: L51909GJ1994PLC022719

We have examined the compliance of conditions of Corporate Governance by Nandan Denim Limited ('the Company'), for the year ended 31st March, 2022 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in the Listing Regulations for the period 1st April, 2021 to 31st March, 2022.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable subject to our below observation:

One of the Independent Director Mrs. Falguni A. Vasavada has yet to appear for Online Proficiency Exam on Independent Directors Data Bank. Also, Mr. Mehul Shah Resigned from the Post of Chief Financial officer of the Company after the closure of financial year w.e.f. 19th May, 2022 Hence, Company Failed to Comply with Signing of Audited Financial Statement for the Financial year 2021-2022 pursuant to Section 134 of the Companies Act, 2013.

FOR, J. D. KHATNANI & ASSOCIATES
Practicing Company Secretary

JAYKUMAR D. KHATNANI
Proprietor

ACS: 50727 COP: 18421
UDIN: A050727D000800872

Place: Ahmedabad
Date: 23rd July, 2022

Certificate of Non-disqualification of Directors

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

To,
Members,
NANDAN DENIM LIMITED,
Ahmedabad-05, Gujarat

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of NANDAN DENIM LIMITED bearing CIN: L51909GJ1994PLC022719 and having its registered office at Survey No 198/1 203/2 Saijpur Gopalpur Pirana Road, Piplej Ahmedabad 382405 Gujarat India (hereinafter referred to 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority. *All the Independent Directors are Registered at www.independentdirectorsdatabank.in Portal. However, One of the Independent Director Mrs. Falguni A. Vasavada yet to appear for Online Proficiency Exam on Independent Directors Data Bank portal.*

| Sr. No. | Name of Director | DIN | Disqualified Under Section 164 of Companies Act, 2013 | Deactivation of DIN Due to Non-Filing of DIR-3 KYC |
|---------|----------------------------------|----------|---|--|
| 1 | JYOTIPRASAD DEVKINANDAN CHIRIPAL | 00155695 | N.A. | N.A. |
| 2 | TARA SANKAR BHATTACHARYA | 00157305 | N.A. | N.A. |
| 3 | VEDPRAKASH DEVKINANDAN CHIRIPAL | 00290454 | N.A. | N.A. |
| 4 | GIRAJ MOHAN SHARMA | 01215950 | N.A. | N.A. |
| 5 | FALGUNI AKSHAYKANT VASAVADA | 08921942 | N.A. | N.A. |
| 6 | SHAKTIDAN JAYENDRASINGH GADHAVI | 09004587 | N.A. | N.A. |

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

FOR, J. D. KHATNANI & ASSOCIATES
Practicing Company Secretary

JAYKUMAR D. KHATNANI
Proprietor

ACS: 50727 COP: 18421

Peer Review No.1246/2021

FIRM REG. NO. S2018GJ620700

Place: Ahmedabad
Date: 23rd July, 2022
UDIN: A050727D000800872

Chief Executive Officer (Ceo) & Chief Financial Officer (Cfo) Certification

To
The Board of Directors
Nandan Denim Limited

We hereby certify that on the basis of the review of the financial statement and cash flow statement for the financial year ended March 31, 2022 and that to the best of our knowledge and belief:

1. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
2. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:

- (i) significant changes, if any, in the internal control over financial reporting during the year;
- (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
- (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place: Ahmedabad
Date: August 13, 2022

Deepak Chiripal
CEO

Mahesh Jain
CFO

Financial Statements

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Independent Auditor's Report

To,
The Members of
Nandan Denim Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the Standalone financial statements of **NANDAN DENIM LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules there under and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of

Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. **(a) Impact due to Change in Life of Property Plant & Equipment**

As described in Note 3.1 to the Financial Statement, on the basis of management evaluation and further supported by an independent assessment of a technical expert, the company has revised the estimates with respect to remaining useful life of Plant & Machinery. The Remaining Useful life of the Plant & Machinery has been increased by 10 years.

- (b) Impact due to fire at Plant of the Company**

As described in Note 42 to the Financial Statement, There was a major fire at the factory premises of the Company on 8th February, 2020 and 8th August, 2020. Since the assets destroyed by fire were fully insured, the Company had derecognized the carrying amount of property, plant and equipment and inventory and shown the said amount as receivable from insurance company. The Company has already filed the claim for the same with the insurance company and the claim settlement in respect of the same is pending till date.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment were, of most significance in our audit of the, standalone financial statements of the current period.

These matters were addressed in the context of our audit, of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion, on these matters.

6. Key audit matter identified in our audit is on assessment of revenue recognition as follows:

| Key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>Revenue Recognition</p> <p>Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer, usually on delivery of goods. The Company uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised in the incorrect period for sales transactions occurring on and around the year end therefore revenue recognition has been identified as a key audit matter.</p> | <ol style="list-style-type: none"> 1. Our audit procedures included reading the Company's revenue recognition accounting policies to assess compliance with Ind AS 115 "Revenue from contracts with customers". 2. We performed test of controls of management's process of recognizing the revenue from sales of goods and placed specific attention on the timing of revenue recognition as per the sales terms with the customers. 3. We performed test of details of the sales transactions testing based on a representative sampling of the sales orders to test that the related revenues and trade receivables are recorded appropriately taking into consideration the terms and conditions of the sale orders, including the shipping terms. 4. We also performed sales cut off procedures by agreeing deliveries occurring around the year end to supporting documentation to establish that sales and corresponding trade receivables are properly recorded in the correct period. |

Information other than the Standalone Financial Statements and Auditors' Report thereon.

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and as may be legally advised.

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

8. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the Standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for our resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial control system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone financial statements comply with the Ind AS Specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in the financial statements- Refer Note-34 of financial statement;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in the other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented, that to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether directly or indirectly lend or invest in the other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (iii) Based on such audit procedures applied by us, nothing has come to our notice that has caused us to believe that the representations made under sub clause (i) and (ii) contain any material misstatement.
 - v. The company has not declared or paid any dividend during the year hence the provisions of section 123 of the Companies Act, 2013 are not applicable.

For, **Samir M. Shah & Associates**
Chartered Accountants,
[Firm Regd. No. 122377W]

(Samir M Shah)
Partner

Place : Ahmedabad
Date: 28/05/2022

[M. No. 111052]
UDIN: 22111052AMVHHJ7267

ANNEXURE “A” To Independent Auditors’ Report

Referred to in paragraph 16 of “Report on Other Legal and Regulatory Requirements” of our Report of even date to the Members of **NANDAN DENIM LIMITED** for the year ended **31st March, 2022**.

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. In respect of Property, Plant and Equipment :

- (a) (i) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipments.
- (ii) The Company has maintained proper records showing full particulars of intangible assets on the basis of available information.
- (b) The property, plant and equipments were physically verified by the Management according to a phased programme at regular interval intervals which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, property, plant and equipments have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- (c) Based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the immovable properties of land and buildings (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date. In respect of immovable and movable properties that have been taken on lease and disclosed in the financial statements as right-of use asset as at the balance sheet date, the lease agreements are duly executed in favour of the Company.
- (d) Company has not revalued its Property, Plant & Equipments and intangible assets during the year.
- (e) No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transaction (Prohibition) Act, 1988 and rules made there under.

2. In respect of its Inventories :

- (a) The physical verification of inventories has been conducted at reasonable intervals by the management. In our opinion, the coverage and procedure of such

verification by management is appropriate and no material discrepancies of 10% or more in aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

- (b) The company has been sanctioned working capital limit in excess of ₹5.00 Crores in aggregate. Copies of quarterly statement and return, furnished to bank have also been made available for our verification. We have verified the same on random sampling basis and found the same in agreement with books of accounts. Discrepancies noticed during the verification, were reasonably explained by the management.
3. During the year, the company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the clauses 3 (iii) (a) to (f) of the Companies (Auditor’s Report) Order, 2020 are not applicable to the company.
4. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

5. In respect of Deposits:

The company has not accepted any deposits or amount which are deemed to be deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the company. Accordingly, clause 3(v) of Companies (Auditor’s Report) Order, 2020 is not applicable.

6. Cost Records:

Pursuant to the rules made by the central government of India, the Company is required to maintain cost records as specified under section 148(1) of the Act.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. In respect of Statutory Dues :

(a) The Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income Tax, Duty of Customs, Value Added tax, cess and any other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts

payable in respect statutory dues were outstanding as at 31st March, 2022 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues of Goods and Service Tax, Provident Fund, Employees State Insurance, Income Tax, Duty of Customs, Value Added tax or cess which have not been deposited as on 31st March, 2022 on account of disputes and the forum where the dispute is pending are as under:

| Name of the Statute | Nature of the Dues | Year | Amount (₹ In Lakhs) | Forum where dispute is pending |
|----------------------|------------------------------|---------|------------------------|--------------------------------------|
| Income Tax Act, 1961 | Income Tax Demand & Interest | 2011-12 | 11.84 | Commissioner of Income Tax (Appeals) |
| | Income Tax Demand & Interest | 2012-13 | 1858.43 | Commissioner of Income Tax (Appeals) |
| | Income Tax Demand & Interest | 2013-14 | 670.76 | Commissioner of Income Tax (Appeals) |
| | Income Tax Demand & Interest | 2014-15 | 663.86 | Commissioner of Income Tax (Appeals) |
| | Income Tax Demand & Interest | 2015-16 | 385.11 | Commissioner of Income Tax (Appeals) |
| | Income Tax Demand & Interest | 2016-17 | 1.12 | Commissioner of Income Tax (Appeals) |
| | Income Tax Demand & Interest | 2017-18 | 1992.11 | Commissioner of Income Tax (Appeals) |
| Value Added Tax | Value Added Tax Demand | 2010-11 | 27.16 | Joint Commissioner (Appeals) |
| | Value Added Tax Demand | 2010-11 | 40.02 | Joint Commissioner (Appeals) |
| ESIC Act | ESIC Demand | 2013-14 | 26.04 | ESIC Court |

8. In respect of Undisclosed Income Discovered in Income tax Assessment:

There were no transactions that were not recorded in books of accounts and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence, clause 3(viii) of Companies (Auditor's Report) Order, 2020 is not applicable to the company.

9. In respect of Repayment of Loans:

(a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lenders.

(b) The company has not been declared as willful defaulter by any bank or financial institution or other lenders.

(c) The term loans taken by the company during the year has been applied for the purpose for which term loan has been obtained.

(d) On an overall examination of the standalone financial statements of the Company, prima facie, the company has not utilized any funds raised on short term basis for long term purpose.

(e) The company has not taken any funds from any entity or person to meet obligations of its subsidiaries, associates or joint ventures. Hence reporting under clause 3(ix)(e) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

(f) The company has not has raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, clause 3 (ix)(f) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

10. In respect of Public Offerings:

- (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3 (x)(a) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.
- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures during the year. Accordingly, clause 3(x) (b) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

11. (a) To the Best of our knowledge, no fraud by the Company or no material on the company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-Section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Auditor and Auditor) Rules 2014 with the Central Government, during the year and up to the date of this report.

(c) As represented to us by the management, there were no whistle-blower complaints were received during the year and up to the date of this report by the company.

12. As the company is not a Nidhi Company, the Nidhi Rules, 2014 are not applicable to it. Accordingly, provisions of clause (xii) (a) to (c) of the Company's (Auditor's Report) Order, 2020 are not applicable to the Company.

13. The company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Companies Act 2013 where applicable and the details of related part transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24 "Related Party Disclosure" specified under section 133 of the act.

14. In respect of Internal Audit:

(a) In our opinion, the company has an internal audit system commensurate with the size and nature of its business of the company.

(b) We have considered the report of the internal auditor for the period under audit.

15. The Company has not entered in to any non-cash transactions with its directors or persons connected with him. Accordingly, clause 3(xv) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

16. In Respect to the Provisions of Reserve Bank Of India Act 1934:

(a) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause (xvi)(a) of the Company's (Auditor's Report) Order, 2020 is not applicable to the company.

(b) The company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, clause (xvi)(b) of the Company's (Auditor's Report) Order, 2020 is not applicable to the company.

(c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, clause (xvi)(c) & (d) of the Company's (Auditor's Report) Order, 2020 is not applicable to the company.

17. The Company has not incurred any cash losses in the financial year under review and immediately preceding financial year. Accordingly, clause (xvii) of the Company's (Auditor's Report) Order, 2020 is not applicable to the company.

18. There has been no resignation of the statutory auditors during the year under consideration. Accordingly, clause (xviii) of the Company's (Auditor's Report) Order, 2020 is not applicable to the company.

19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable

of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

20. According to the information and explanation given to us and the records of the company examined by us, there were no unspent amount required to be transferred to special account as required by Section

135 of the Companies Act,2013. Accordingly, provisions of sub clause (a) and (b) of clause (xx) of the Company's (Auditor's Report) Order, 2020 are not applicable to the company.

For, **Samir M. Shah & Associates**
Chartered Accountants,
[Firm Regd. No. 122377W]

(Samir M Shah)

Partner

[M. No. 111052]

UDIN: 22111052AMVHHJ7267

Place : Ahmedabad

Date: 28/05/2022

ANNEXURE “B” To Independent Auditors’ Report

Referred to in paragraph 17(f) of “**Report on Other Legal and Regulatory Requirements**” of our Report of even date to the Members of **NANDAN DENIM LIMITED** for the year ended **31st March, 2022**.

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 NANDAN DENIM LIMITED as of 31st March 2022, in conjunction with our audit of the standalone 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. 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 or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, 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, **Samir M. Shah & Associates**
Chartered Accountants,
[Firm Regd. No. 122377W]

(Samir M Shah)
Partner

Place : Ahmedabad
Date: 28/05/2022

[M. No. 111052]
UDIN: 22111052AMVHHJ7267

Balance Sheet

as at 31st March, 2022

(₹ in lakhs)

| Particulars | Note Reference | As at 31/03/2022 | As at 31/03/2021 |
|---|----------------|-------------------|-------------------|
| ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 3 | 53,662.41 | 50,248.88 |
| (b) Capital Work-in-Progress | 3 | 688.34 | 207.51 |
| (c) Other Intangible Assets | 4 | 3.84 | 7.08 |
| (d) Financial Assets | | | |
| (i) Investments | 5 | 47.24 | 29.41 |
| (ii) Loans | | Nil | Nil |
| (iii) Others Financial Assets | 6 | 498.51 | 153.41 |
| (e) Other Non-Current assets | 7 | 1,951.05 | 1,253.86 |
| (2) Current Assets | | | |
| (a) Inventories | 8 | 24,355.67 | 20,548.04 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 9 | 44,595.01 | 27,841.09 |
| (ii) Cash and cash Equivalents | 10 | 2,864.87 | 1,692.82 |
| (iii) Other Bank Balances | 11 | 1,693.71 | 1,338.90 |
| (iv) Others Financial Assets | 6 | 10,173.47 | 11,138.68 |
| (c) Current Tax Asset (Net) | 12 | Nil | 62.22 |
| (d) Other Current Assets | 7 | 3,757.29 | 3,799.80 |
| TOTAL ASSETS | | 144,291.41 | 118,321.70 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share Capital | 13 | 14,414.72 | 4,804.91 |
| (b) Other Equity | 14 | 39,485.03 | 42,297.67 |
| TOTAL EQUITY | | 53,899.75 | 47,102.58 |
| Liabilities | | | |
| (1) Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | 25,288.23 | 26,225.24 |
| (ii) Other Financial Liabilities | 16 | 19.27 | 19.27 |
| (b) Provisions | 17 | 367.16 | 335.84 |
| (c) Deferred Tax Liabilities (Net) | 18 | 1,183.82 | 229.63 |
| (d) Deferred Government Grants Liabilities | 19 | 198.06 | 174.27 |
| (e) Other Non-Current Liabilities | 20 | Nil | Nil |
| (2) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | 30,533.72 | 29,007.45 |
| (ii) Trade Payables | 21 | | |
| (a) Due to Micro & Small Enterprises | | 69.96 | Nil |
| (b) Due to Other than Micro & Small Enterprises | | 26,145.39 | 11,968.65 |
| (iii) Other Financial Liabilities | 16 | 5,667.49 | 2,598.38 |
| (b) Other Current Liabilities | 20 | 598.69 | 486.38 |
| (c) Provisions | 17 | 91.27 | 74.27 |
| (d) Deferred Government Grants Liabilities | 19 | 117.20 | 99.74 |
| (e) Current Tax Liabilities (Net) | 22 | 111.41 | Nil |
| TOTAL LIABILITIES | | 90,391.66 | 71,219.11 |
| TOTAL EQUITY AND LIABILITIES | | 144,291.41 | 118,321.70 |
| Statement of Significant Accounting Policies | 2 | | |

As per our report of even date attached herewith.

For and on Behalf of the Board

For, **Samir M Shah & Associates**

Chartered Accountants
(Firm Regd. No. 122377W)

(Samir M Shah)

Partner
(M.No. 111052)

Date :28/05/2022
Place: Ahmedabad

Vedprakash Chiripal

(Chairman)
(DIN: 00290454)

Date :28/05/2022
Place: Ahmedabad

Jyotiprasad Chiripal

(Managing Director)
(DIN: 00155695)

Shaktidan Gadhavi
(Whole Time Director)
(DIN:09004587)

Deepak Chiripal

(Chief Executive Officer)

Purvee Roy

(Company Secretary)

Statement of Profit and Loss

for the year ended 31st March, 2022
(₹ in lakhs)

| Particulars | Note Reference | Year ended 31/03/2022 | Year ended 31/03/2021 |
|--|----------------|-----------------------|-----------------------|
| I INCOME | | | |
| (1) Revenue from Operations | 23 | 217,557.16 | 109,023.15 |
| (2) Other Income | 24 | 1,860.81 | 2,352.42 |
| TOTAL INCOME | | 219,417.98 | 111,375.58 |
| II EXPENSES | | | |
| (1) Cost of materials consumed | 25 | 168,634.36 | 78,480.42 |
| (2) Purchases of Stock-in-Trade | 26 | 3,212.62 | 938.80 |
| (3) Changes in inventories of Finished Goods, Stock- in-Trade and Work-in-Progress | 27 | (2,048.60) | 375.98 |
| (4) Employee Benefit expenses | 28 | 8,057.37 | 5,100.37 |
| (5) Finance Costs | 29 | 4,206.20 | 4,226.08 |
| (6) Depreciation and Amortisation expenses | 3,4 | 4,448.82 | 7,838.47 |
| (7) Other Expenses | 30 | 23,680.03 | 17,553.70 |
| TOTAL EXPENSES | | 210,190.79 | 114,513.83 |
| PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS FOR THE YEAR | | 9,227.18 | (3,138.25) |
| III EXCEPTIONAL ITEMS | | Nil | Nil |
| PROFIT/(LOSS) BEFORE TAX FOR THE YEAR | | 9,227.18 | (3,138.25) |
| IV TAX EXPENSE | | | |
| (1) Current Tax | 31 | 1,601.47 | Nil |
| (2) Deferred Tax | 31 | 949.04 | (1,266.41) |
| (3) Short/(Excess)Provision Of Income Tax of earlier year | 31 | (105.19) | Nil |
| TOTAL TAX EXPENSE | | 2,445.32 | (1,266.41) |
| PROFIT/(LOSS) AFTER TAX FOR THE YEAR | | 6,781.86 | (1,871.84) |
| V OTHER COMPREHENSIVE INCOME | | | |
| A (i) Items that will not be reclassified to Profit or Loss (Net of Taxes) | | | |
| (a) Remeasurements of Defined Benefit Plans | | 20.46 | (82.51) |
| (ii) Income Tax relating to items that will not be reclassified to Profit or Loss" | | (5.15) | 28.83 |
| TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX)" | | 15.31 | (53.68) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 6,797.17 | (1,925.52) |
| VI EARNINGS PER EQUITY SHARE OF ₹ 10/- EACH FULLY PAIDUP | | | |
| (a) Basic (in ₹) | 32 | 4.70 | (1.30) |
| (b) Diluted (in ₹) | 32 | 4.70 | (1.30) |

As per our report of even date attached herewith.

For and on Behalf of the Board

For, **Samir M Shah & Associates**

Chartered Accountants
(Firm Regd. No. 122377W)

(Samir M Shah)

Partner
(M.No. 111052)

Date :28/05/2022
Place: Ahmedabad

Vedprakash Chiripal

(Chairman)
(DIN: 00290454)

Date :28/05/2022
Place: Ahmedabad

Jyotiprasad Chiripal

(Managing Director)
(DIN: 00155695)

Shaktidan Gadhavi
(Whole Time Director)
(DIN:09004587)

Deepak Chiripal

(Chief Executive Officer)

Purvee Roy
(Company Secretary)

Statement of Changes in Equity

for the year ended on 31st March, 2022

A) Equity Share Capital

| Particulars | Note No. | (₹ in lakhs) |
|--|-----------|------------------|
| Balance as on 01st April, 2020 | 13 | 4,804.91 |
| Changes in Equity Share Capital due to Prior Period Errors | | Nil |
| Restated Balance as on 01st April, 2020 | | 4,804.91 |
| Changes during the Year | | Nil |
| Balance as on 31st March, 2021 | 13 | 4,804.91 |
| Changes in Equity Share Capital due to Prior Period Errors | | Nil |
| Restated Balance as on 31st March, 2022 | | 4,804.91 |
| Changes during the Year | | 9,609.81 |
| Balance as on 31st March, 2022 | 13 | 14,414.72 |

B) Other Equity

(₹ in lakhs)

| Particulars | Reserves and Surplus | | | TOTAL |
|--|----------------------------|-----------------|-------------------|------------------|
| | Securities Premium Reserve | General Reserve | Retained Earnings | |
| Balance as at 01/04/2020 | 8,378.33 | 755.40 | 35,089.46 | 44,223.19 |
| Profit for the year | Nil | Nil | (1,871.84) | (1,871.84) |
| Other Comprehensive Income for the year (Net of Tax) | Nil | Nil | (53.68) | (53.68) |
| Total Comprehensive Income for the year | Nil | Nil | (1,925.52) | (1,925.52) |
| Transactions with owners in their capacity as owners: | | | | |
| Dividend paid | Nil | Nil | Nil | Nil |
| Balance as at 31/03/2021 | 8,378.33 | 755.40 | 33,163.93 | 42,297.67 |
| Profit for the year | Nil | Nil | 6,781.85 | 6,781.85 |
| Other Comprehensive Income for the year (Net of Tax) | Nil | Nil | 15.31 | 15.31 |
| Total Comprehensive Income for the year | Nil | Nil | 6,797.17 | 6,797.17 |
| Transactions with owners in their capacity as owners: | | | | |
| Capitalisation of reserve on issue of Bonus Share | (8,378.33) | Nil | (1,231.48) | (9,609.81) |
| Dividend paid | Nil | Nil | Nil | Nil |
| Balance as at 31/03/2022 | Nil | 755.40 | 38,729.62 | 39,485.03 |

As per our report of even date attached herewith.

For and on Behalf of the Board

For, **Samir M Shah & Associates**

Chartered Accountants

(Firm Regd. No. 122377W)

(Samir M Shah)

Partner

(M.No. 111052)

Date :28/05/2022

Place: Ahmedabad

Vedprakash Chiripal

(Chairman)

(DIN: 00290454)

Date :28/05/2022

Place: Ahmedabad

Jyotiprasad Chiripal

(Managing Director)

(DIN: 00155695)

Shaktidan Gadhavi

(Whole Time Director)

(DIN:09004587)

Deepak Chiripal

(Chief Executive Officer)

Purvee Roy

(Company Secretary)

Statement of Cash Flows

for the year ended on 31st March 2022

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|---|--------------------------|--------------------------|
| Cash flow from operating activities | | |
| Profit before Tax from Continuing operations | 9,227.18 | (3,138.25) |
| Profit before tax | 9,227.18 | (3,138.25) |
| Adjustments to reconcile profit before tax to net cash flows: | | |
| Depreciation | 4,448.82 | 7,838.47 |
| Provision/(Reversal) for Doubtful debts | 1,072.76 | 933.60 |
| Bad Debt Writtern Off | Nil | 83.35 |
| Fair Value gain on Forward Contract | (0.68) | (23.83) |
| Finance Charges | 4,206.20 | 4,226.08 |
| Deferred Government Grant Income | (158.54) | (78.57) |
| Provision/(Reversal) for doubtful Advances | (0.83) | 31.44 |
| Impairment losses on financial instrument and contract asset | Nil | 100.00 |
| Gain on disposal of Property, Plant & Equipment | (96.93) | (48.00) |
| Profit on Sale of Non Current Investment | Nil | (0.04) |
| Net (gains)/Loss on fair value changes on Investments classified through FVPL | (17.82) | (8.69) |
| Interest Received | (112.09) | (212.60) |
| EPCG Grant Income | (1,019.49) | (25.92) |
| Dividend Income | (0.03) | (0.01) |
| Working capital adjustments: | | |
| Increase/(decrease) in Trade Payable | 14,246.70 | (2,381.13) |
| Increase/(decrease) in short-term Provision | 37.46 | 68.70 |
| Increase/(decrease) in Long-term Provision | 31.32 | Nil |
| Increase/(decrease) in other current liability | 112.31 | (547.99) |
| Increase/(decrease) in other current Financial liability | 314.27 | (0.79) |
| Decrease/(increase) in Trade receivable | (17,826.69) | 3,061.07 |
| Decrease/(increase) in Inventories | (3,807.63) | (4,236.63) |
| Decrease/(increase) in other Current assets | 53.54 | (979.91) |
| Decrease/(increase) in other Non Current Financial assets | Nil | (15.42) |
| Decrease/(increase) in other Current Financial assets | 963.29 | (1,066.15) |
| Decrease/(increase) in other non-current assets | 7.67 | (22.23) |
| Cash generated from operations | 11,680.78 | 3,556.55 |
| Income taxes paid | (1,542.67) | (61.10) |
| Net cash from operating activities | 10,138.12 | 3,495.45 |
| Cash Flows from Investing activities | | |
| Purchase of property, plant and equipment and Intangible Asset (Incl. WIP) | (5,249.64) | (2,477.45) |
| Proceeds from sale of property, plant and equipment and Intangible Asset | 301.65 | 48.00 |
| Proceed from Sale of Financial instruments | Nil | 86.84 |
| Margin Money Deposit(Net) | (707.93) | (301.61) |
| Interest Received | 114.70 | 231.52 |
| Dividend Income | 0.03 | 0.01 |
| Net cash used in investing activities | (5,541.19) | (2,412.69) |

Statement of Cash Flows

for the year ended on 31st March 2022

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|---|--------------------------|--------------------------|
| Cash Flows from financing activities | | |
| Proceeds from borrowings | 6,075.90 | 8,802.48 |
| Repayment of borrowings | (7,295.82) | (4,756.55) |
| Increase in Short Term Borrowing (Net) | 1,850.42 | (702.26) |
| Interest paid | (4,055.36) | (4,287.36) |
| Dividend paid | Nil | Nil |
| Net cash used in financing activities | (3,424.86) | (943.69) |
| Net increase in cash and cash equivalents | 1,172.06 | 139.07 |
| Cash and cash equivalents at the beginning of the financial year | 1,692.82 | 1,553.74 |
| Cash and cash equivalents at end of the year | 2,864.87 | 1,692.82 |

Reconciliation of cash and cash equivalents as per the cash flow statement

(₹ in lakhs)

| Cash and cash equivalents as per above comprise of the following: | As at 31/03/2022 | As at 31/03/2021 |
|---|---------------------|---------------------|
| Cash and cash equivalents (Note 10) | 2,864.87 | 1,692.82 |
| Fixed deposits with less than 3 month from date of origination | Nil | Nil |
| Balances per statement of cash flows | 2,864.87 | 1,692.82 |

Note

The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard - 7 "Statement of Cash Flows" specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015.

As per our report of even date attached herewith.

For and on Behalf of the Board

For, **Samir M Shah & Associates**

Chartered Accountants

(Firm Regd. No. 122377W)

(Samir M Shah)

Partner

(M.No. 111052)

Date :28/05/2022

Place: Ahmedabad

Vedprakash Chiripal

(Chairman)

(DIN: 00290454)

Date :28/05/2022

Place: Ahmedabad

Jyotiprasad Chiripal

(Managing Director)

(DIN: 00155695)

Shaktidan Gadhavi

(Whole Time Director)

(DIN:09004587)

Deepak Chiripal

(Chief Executive Officer)

Purvee Roy

(Company Secretary)

Notes to Financial Statements for the year ended 31st March, 2022

Note: 1

1.1 Company Overview

Nandan Denim Limited is a public limited Company incorporated and domiciled in India and its shares are traded on the National Stock Exchange of India Ltd ('NSE') and BSE Limited ('BSE'), in India. The registered office of the Company is situated at Survey No. 198/1 & 203/2 Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad-382405-Gujarat.

The Company is principally engaged in the manufacturing and Sale of fabrics including Denim, Yarn and Shirting etc. The Company has manufacturing facilities located at Piplej and Bareja, Gujarat.

These financial statements presented in Indian Rupee with figures rounded off to nearest rupees in lakhs except otherwise indicated were approved and adopted by Board of Directors of the Company in their meeting held on 28th May, 2022.

1.2 Basis of Preparation of Accounts

These individual financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values and the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS is prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereto.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Company retains the presentation and classification of items in the financial statements from one period to the next.

1.3 Use of Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and

subjective judgements and the use of assumptions in financial statements have been specified in Note 1.4 below. Accounting estimates could change from period to period. Actual results could differ from estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in financial statements in the period in which the changes are made and, if material, their effects are disclosed in these notes to the individual financial statements.

1.4 Critical Accounting Estimates and Judgement used in application of Accounting Policies

a. Income Taxes

Significant judgements are involved in determining the provision for Income Taxes, including amount expected to be paid / recovered for uncertain tax positions. (Also refer Note 18 and 31)

b. Property, Plant and Equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful life and residual values of the Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The life is based on historical experience with similar assets as well as anticipation of future events, which may impact their life such as changes in technology. (Refer Note 3)

c. Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on empirical evidence available without under cost or effort, existing market conditions as well as forward looking estimates at the end of each reporting period. (Refer Note 9 and 33.3.3)

d. Defined Benefit Plan

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations is determined using actuarial valuation. An actuarial valuation involves making various

Notes to Financial Statements for the year ended 31st March, 2022

assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. (Refer Note 28, 28.1 and 28.2)

e. Fair Value Measurement of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets, where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments. (Refer Note 33)

Note 2

2.1 Significant Accounting Policies

2.1.1 Income Recognition

Revenue from Contracts with Customers

2.1.1. a Sale of Goods

The company manufactures Denim Cloth, Shirting Cloth and Yarn and trades Cotton and Coal. The company also render job work service. Revenue from the sale of goods is recognized at a point in time when the control of the products has transferred which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales.

Revenue from the sale of goods is recognised when the control of the product is transferred, the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company has a present right to payment for the asset.

- The Company has transferred physical possession of the asset, whereby the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset or to restrict the access of other entities to those benefits.

The time taken from entering into order and sale is less than 12 months and the normal credit period offered to customers is also less than 12 months. The company offers trade Discount, Quantity Discount, cash Discount, Discount for Shortage or quality issue discount which are factored while determining transaction price. Revenue is recognised such that significant reversal is not highly probable. The reconciliation between the contract price and revenue recognised is given in Note 23.

When the consideration is received, before the Company transfers goods to the customer, the Company shall present the consideration as a contract liability.

2.1.1. b Rendering of Service

Revenue from Job work service contracts:

- The revenue relating to Job Work service contracts are recognised at point in time as control is transferred to the customer on dispatch of goods to them and
- the revenue relating to supplies are measured in line with policy set out in 2.1.1.a

In respect of indivisible contracts, the revenues are recognised over a period of time, measured as per (i) above.

When the consideration is received, before the Company transfers goods to the customer, the Company shall present the consideration as a contract liability and when the services rendered by the Company exceed the payment, a contract asset is recognised excluding any amount presented as receivable.

2.1.2 Dividend Income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Notes to Financial Statements for the year ended 31st March, 2022

2.1.3 Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal amount outstanding and at the effective interest rate. Effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.1.4 Export Incentives

Export entitlements are recognized in the Statement of Profit and Loss when the right to receive credit as per the terms of scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. (Refer Note 2.1.10)

2.1.5 Subsidy

Subsidy under Textiles Up gradation Fund Scheme (TUFS), Gujarat Textile Policy or any other subsidy and claims in respect of insurance are recognized when there is reasonable certainty regarding the realization of the same. (Refer Note 2.1.10)

2.1.6 Inventories

Inventories are measured at cost and net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Cost in respect of raw materials and stock in trade are determined on FIFO basis. Costs in respect of all other Inventories are computed on weighted average basis method. Finished goods and process stock include cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.

Inventories are written down to net realizable value item by item except where it is appropriate to group similar or related items. When a decline in the price of materials, indicates that the cost of the finished products exceeds net realizable value, the materials are written down to their replacement cost. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances,

the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value. Inventories are recognised as expense in the period in which the related revenue is recognised.

2.1.7 Property, Plant and Equipment

2.1.7.a Recognition of Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods and services, rental to others or for administrative purposes and are expected to be used during more than one period. The cost of an item of property, plant and equipment is recognised as an asset if and only, if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Freehold land is carried at cost less accumulated impairment losses. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of an item of property, plant and equipment comprises:

- Its purchase price, all costs including financial costs till commencement of commercial production are capitalized to the cost of qualifying assets. Goods & Service Tax credit, if any, are accounted for by reducing the cost of capital goods;
- Any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

2.1.7.b Depreciation of Property, Plant and Equipment

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on straight-line method. Parts of plant and equipment that are technically advised to be replaced at prescribed intervals / periods of operation, insurance spares and cost of inspection / overhauling are depreciated separately based

Notes to Financial Statements for the year ended 31st March, 2022

on their specific useful life provided these are of significant amounts. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. Depreciable amount of an item of property, plant and equipment is arrived at after deducting estimated residual value. The depreciable amount of an asset is allocated on a systematic basis over its useful life as disclosed in Note 3. The Company reviews the residual value and useful life at each financial year-end and, if expectations differ from previous estimates, the residual value and useful lives are changed prospectively and accounted for as a change in accounting estimate. Depreciation commences when the item of property, plant and equipment is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized. The Company reviews the depreciation method at each financial year-end and if, there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted as a change in accounting estimate on prospective basis.

2.1.7.c Compensation for Impairment

The Company recognises compensation from third parties for items of property, plant and equipment that were impaired, lost or given up in profit or loss when the compensation becomes receivable.

2.1.7.d Derecognition of Property, Plant and Equipment

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss from the derecognition of an item of property, plant and equipment is recognised in profit or loss when the item is derecognized.

2.1.8 Leases

As a Lessee

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (i) the contract involves the use of an identified asset (ii) the company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and (iii) the company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured as given below:

- (a) increasing the carrying amount to reflect interest on the lease liability;

Notes to Financial Statements for the year ended 31st March, 2022

- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-to-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as expense on straight line basis as per the terms of the lease.

2.1.9 Employee Benefits

2.1.9.a Short-term Employee Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. Short-term employee benefits include salaries, wages, social security contributions, bonus, paid annual leave etc. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.1.9.b Post-employment Benefits

Post-employment benefits are benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment. Post-employment benefits are identified under defined contribution plans and defined benefit plans.

2.1.9.b.i Defined Contribution Plans

Post-employment benefits are identified under defined contribution plans if the Company has no obligation other than to contribute a fixed amount of money to a fund. Employees may contribute to the fund along with the Company. Contributions to the Employees' Regional Provident Fund and Superannuation Fund are recognised as defined contribution plan. Such contributions are recognised as liability and expenses during the period in which the employees perform the services. Any excess contributions to the fund are recognised as an asset.

2.1.9.b.ii Defined Benefit Plans

Post-employment benefits are identified under defined benefit plans if the Company is obligated to provide a defined return on contributions to the fund over and above its contributions to the fund. Such contributions to the fund may also include contributions by the employees. Post-employment benefits in the form of Gratuity are considered as defined benefit plan and determined on actuarial valuation using the projected unit credit method at the balance sheet date. Actuarial Gains or Losses through re-measurement of the net obligation of a defined benefit liability or asset is recognised in Other Comprehensive Income. Such re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Gratuity is funded through a trust for which a policy with SBI Life Insurance company Limited has been taken.

2.1.9.c Other long-term employment benefits

Employee Benefits that are neither short-term employee benefit nor post-employment benefit nor termination benefits are other long-term employee benefits. Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can be either availed or encashed subject to a restriction on the maximum number of accumulation leave. The Company determines the liability for such accumulated leaves using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

Notes to Financial Statements for the year ended 31st March, 2022

2.1.10 Government Grants

Assistance by government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to operating activities of the entity other than those which cannot reasonably have a value placed upon them or those that cannot be distinguished from normal trading transactions of the Company are termed as government grants. All government grants are identified as either relating to assets or relating to income. Government grants whose primary condition is that a Company qualifying for them should purchase, construct or otherwise acquire long-term assets are identified as grants related to assets. Grants other than those related to assets are identified as related to income. Government grants are recognised when there is a reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. A forgivable loan from government is treated as a government grant when there is a reasonable assurance that the entity will meet the terms for forgiveness of the loan. The Company recognises Government grants in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet as deferred income. Deferred income is recognised in profit or loss on the basis the related assets are depreciated or amortised if they are related to asset or under other income when the grant becomes receivable. Grants related to income are presented in profit or loss under other income. Grants received in advance before fulfilment of conditions are recognised as Other Liability classified into current or non-current, as appropriate in the circumstances of the case.

2.1.11 Foreign currency transactions and translations

Functional currency of the Company is Indian rupee. The financial statements have been presented under its functional currency. Any transaction that is denominated in a currency other than the functional currency is regarded as foreign currency transaction. All foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. In case of consideration received or paid in

advance, the exchange rate prevailing on the date of receipt or payment of advance is considered when subsequently the related asset is given up or received to the extent of advance consideration.

At the end of the reporting period:

1. foreign currency monetary items are translated using the exchange rate for immediate delivery at the end of the reporting period;
2. non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
3. non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange difference arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

2.1.12 Borrowing Costs

Interest and other costs that the Company incurs in connection with the borrowing of funds are identified as borrowing costs. The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which it is incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. The Company identifies the borrowings into specific borrowings and general borrowings. Specific borrowings are borrowings that are specifically taken for the purpose of obtaining a qualifying asset. General borrowings include all other borrowings except the amount outstanding as on the balance sheet date of specific borrowings for assets that are not yet ready for use. Borrowing cost incurred actually on specific borrowings are capitalised to the cost of the qualifying asset. For general borrowings, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on the qualifying asset based on the weighted average of the borrowing costs applicable to general

Notes to Financial Statements for the year ended 31st March, 2022

borrowings. The capitalisation on borrowing costs commences when the Company incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.1.13 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company classifies financial instruments issued into financial liability and equity based on the substance of the arrangement and the contractual terms. Significant judgement is required to assess whether a particular asset is a financial instrument or otherwise. An asset that represents a contractual right to receive cash that is subject to other than only passage of time or cannot be sold independently of other operating rights have not been presented as financial assets. Such assets are mainly in the nature of security deposits and investments in equity shares for receiving services from third parties including government-controlled organisations.

2.1.13.a Recognition, classification, measurements and derecognition of Financial Assets

Financial assets include cash and cash equivalents, trade and other receivables, investments in securities and other eligible current and non-current assets. At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified and measured under one of the following three categories according to the purpose for which they are held and contractual cash flow characteristics. Financial assets are reclassified only when the purpose for which they are held changes. Financial assets are derecognised when the right to cash flows from the financial asset expires or when the financial asset is transferred resulting in transfer of significant risks and rewards to the buyer. Where significant risks and rewards are retained on transfer of a financial asset, the financial asset is not derecognised, and a financial liability

is recognised for the consideration received. Where the transfer of financial asset results in partial transfer of risks and rewards, the asset is derecognised if the buyer obtains the right to sell the asset to other party unilaterally without attaching any conditions otherwise the financial asset continues to be recognised to the extent of continuing involvement

2.1.13.a.i Financial Assets at amortised cost

Financial assets at amortised cost, at the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

2.1.13.a.ii Financial asset at Fair Value through Other Comprehensive Income (FVOCI)

Financial asset at FVOCI, at the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the Effective Interest Rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

2.1.13.a.iii Financial assets at Fair Value through Profit or Loss (FVPL)

Financial Assets at FVPL, at the date of initial recognition, are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Notes to Financial Statements for the year ended 31st March, 2022

2.1.13.b Impairment of Financial Assets

The Company recognizes the impairment on financial assets based on the expected credit loss model for the financial assets which are not measured at fair value through profit or loss. In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance. In case of other financial assets, expected credit losses are measured at an amount equal to 12-month ECL unless there has been significant increase in credit risk from initial recognition in which case these are measured at lifetime expected credit loss. The amount of expected credit losses or reversal that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the profit and loss for the period.

2.1.13.c Recognition, classification, measurement and derecognition of financial liabilities

Financial liabilities include long-term and short-term loans and borrowings, trade and other payables and other eligible current and non-current liabilities. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs. The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

After initial recognition, financial liabilities are classified under one of the following two categories:

2.1.13.c.i Financial liabilities at amortised cost

After initial recognition, such financial liabilities are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial liability. The EIR amortisation is included in finance expense in the statement profit or loss.

2.1.13.c.ii Financial liabilities at Fair Value through Profit or Loss (FVPL)

Financial Liabilities at FVPL are those which are designated as such on initial recognition, or which are held for trading. Fair value gains /

losses attributable to changes in own credit risk is recognised in OCI. These gains /losses are not subsequently transferred to Statement of Profit and Loss. All other changes in fair value of such liabilities are recognised in the Statement of Profit and Loss.

2.1.13.d Derivative Financial Instruments

Derivative instruments such as forward foreign currency contracts, interest rate swaps and option contracts are used to hedge foreign currency risks and interest rate risk. Such derivatives are initially recognised at their fair values on the date on which a derivative contract is entered into and are subsequently re-measured at fair value on each reporting date. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.1.14 Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.1.15 Earnings per Share

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. (Refer Note 32)

2.1.16 Impairment of Non-Financial Assets

The Company reviews the carrying amount of its Property, Plant and Equipment, including Capital Work in progress of a "Cash Generating Unit" (CGU) at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Notes to Financial Statements for the year ended 31st March, 2022

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit to which the asset belongs.

Recoverable Amount is determined:

- i) In case of individual asset, at higher of the fair value less cost to disposal and value in use; and
- ii) In case of cash generating unit (a Company of assets that generates identified, independent cash flows), at the higher of the cash generating unit's fair value less cost to sell and the value in use.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

2.1.17 Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made. Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable.

2.1.18 Intangible Assets

The Company identifies an identifiable non-monetary asset without physical substance as an intangible

asset. The Company recognises an intangible asset if it is probable that expected future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost unless acquired in a business combination in which case an intangible asset is measured at its fair value on the date of acquisition. The Company identifies research phase and development phase of an internally generated intangible asset. Expenditure incurred on research phase is recognised as an expense in the profit or loss for the period in which incurred. Expenditure on development phase are capitalised only when the Company is able to demonstrate the technical feasibility of completing the intangible asset, the ability to use the intangible asset and the development expenditure can be measured reliably. The Company subsequently measures all intangible assets at cost less accumulated amortisation less accumulated impairment. An intangible asset is amortised on a straight-line basis over its useful life. Amortisation commences when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised. The amortisation charge for each period is recognised in profit or loss unless the charge is a part of the cost of another asset. The amortisation period and method are reviewed at each financial year end. Any change in the period or method is accounted for as a change in accounting estimate prospectively. The Company derecognises an intangible asset on its disposal or when no future economic benefits are expected from its use or disposal and any gain or loss on derecognition is recognised in profit or loss as gain / loss on derecognition of asset.

2.1.19 Income Taxes

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

2.1.19.a Current Tax

Current tax is determined on income for the year chargeable to tax in accordance on the basis of the tax laws enacted or substantively enacted at

Notes to Financial Statements for the year ended 31st March, 2022

the end of the reporting period. Current tax items are recognised in correlation to the underlying transaction either in profit or loss or OCI or directly in equity. The Company has adopted Appendix C of Ind AS-12 and has provided for the tax liability based on the significant judgment that the taxation authority will accept the tax treatment. However adoption of the same does not have any impact on the Balance Sheet, Statement of Change in Equity and Statement of Profit & Loss Account.

2.1.19.b Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unabsorbed losses and tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and tax credits will be utilised. The carrying amount of deferred tax assets is reviewed at the end of financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is expected to be settled or the asset realised, based on tax rates and tax laws that have been substantively enacted by the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.1.20 Assets Held for Sale

The Company classifies assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to

sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification. Assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

2.1.21 Fair Value Measurement

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for asset or liability, or
- In the absence of a principal market, in the most advantageous market for asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 —quoted market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

2.1.22 Segment Reporting

The Chief Operational Decision Maker (CODM) monitors the operating results of its business

Notes to Financial Statements for the year ended 31st March, 2022

Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments are reported in a manner consistent with the internal reporting to the CODM.

Accordingly, the Board of Directors of the Company is CODM for the purpose of segment reporting. Refer note 39 for segment information presented.

2.1.23 Dividend

The Company recognises a liability for dividends to equity holders of the Company when the dividend is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.1.24 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.1.25 Statement of Cash flows:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Note:2.2

2.2 Standards issued but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2022 vide notification no. G.S.R 255(E) dated 23rd March 2022. Given below are the amendment made in brief and their possible impact on the financial statements of the company. The company will be apply the amendments from 1 April 2022 being the effective date of the amendments:

Ind AS 101 – First-time adoption of Indian Accounting Standards:

The amendment removes the conflict between the requirements of paragraph D16(a) of Ind AS 101 which provides exemptions where a subsidiary adopts Ind AS later than its parent and the exemptions on cumulative translation differences. The amendment permits the subsidiary to measure cumulative translation differences at the carrying amount included in the parent's consolidated financial statements. Similar exemption is available to associate and joint venture that uses the exemption in paragraph D16(a) of Ind AS 101. Paragraph D16(a) of Ind AS 101 provides that the subsidiary can measure its assets and liabilities at the carrying amounts in parent's consolidated financial statements. The amendment is applicable for entities adopting Ind AS from 1 April 2022. As the company has already adopted Ind AS, there is no impact of this amendment on the company.

Ind AS 103 – Business Combinations:

The amendments are made to enable change of reference to Conceptual Framework for Financial Reporting under Indian Accounting Standards issued by The Institute of Chartered Accountants of India and have no impact on the financial statements of the company. The amendments are applicable for business combinations having acquisition date on or after 1 April 2022.

Ind AS 109 – Financial Instruments:

The amendments clarify that only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf will be included in calculating the discounted present value of the cash flow under the new terms on modification of financial liability. The amendment is applicable for modification / exchange of financial liabilities on or after 1 April 2022. The amendment has no impact on the financial statements of the company.

Ind AS 16 – Property, Plant and Equipment:

The amendment creates a carve-out from IAS 16. IAS 16 requires any sale proceeds and cost of samples produced when testing whether the asset is functioning properly to be recognised in profit or loss whereas the amendment clarifies that the same shall be deducted from the cost of the property, plant and equipment. No transition provisions have been specified and therefore, this amendment shall be applicable retrospectively. The company has been following the practice as clarified by the amendment and hence no impact on the financial statements of the company.

Notes to Financial Statements for the year ended 31st March, 2022

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

The paragraph clarifies what cost needs to be considered in the costs to fulfil a contract while determining whether the contract is onerous. Changes previous practice of considering only incremental costs in the costs to fulfil a contract for determination of onerous contract. Now apart from incremental costs, the costs to fulfil a contract includes an allocation of directly attributable costs. The amendments apply to unfulfilled onerous contracts as on 1 April 2022. As the company does not have any onerous

contract, the said amendment has no impact on the financial statements of the company.

Ind AS 41 – Agriculture:

The amendment removes taxation cash flows from paragraph 22 indicating tax cash flows must be included in the fair value less costs to sell. The amendment is applicable to fair value measurements on or after 1 April 2022. Ind AS 41 is not applicable to the company and hence has no impact on the financial statements of the company.

Notes to Financial Statements for the year ended 31st March, 2022

| Particulars | (₹ in lakhs) | | | | | | | | | | | | | | |
|---|--------------------------------------|------------------|------------------|---------------|-------------------|---------------|------------------|------------------|----------------------|--|----------|--|-----------|--|-------|
| | Land | | Buildings | | Plant & equipment | | Office equipment | | Furniture & fixtures | | Vehicles | | Computers | | Total |
| | Owned | | Owned | | Owned | | Owned | | Owned | | Owned | | Owned | | |
| Note 3 | Property, Plant and Equipment | | | | | | | | | | | | | | |
| Gross Block | | | | | | | | | | | | | | | |
| Gross Carrying Value as at 01/04/2020 | 993.39 | 24,160.68 | 70,850.93 | 158.77 | 246.28 | 267.61 | 128.04 | 96,805.70 | | | | | | | |
| Additions during the year | Nil | 496.52 | 802.02 | 13.28 | 7.61 | Nil | 19.60 | 1,339.02 | | | | | | | |
| Disposals during the year | Nil | Nil | (350.40) | Nil | Nil | Nil | Nil | (350.40) | | | | | | | |
| Other adjustments during the year** | Nil | (639.95) | (4,190.55) | (4.00) | (2.09) | Nil | (4.78) | (4,841.37) | | | | | | | |
| Gross Carrying Value as at 31/03/2021 | 993.39 | 24,017.25 | 67,112.00 | 168.05 | 251.79 | 267.61 | 142.86 | 92,952.95 | | | | | | | |
| Additions during the year | 258.83 | 935.62 | 6,719.31 | 14.87 | 96.40 | 18.22 | 19.09 | 8,062.34 | | | | | | | |
| Disposals during the year | Nil | Nil | (2,207.05) | Nil | Nil | (9.50) | Nil | (2,216.55) | | | | | | | |
| Other adjustments during the year | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | | | | | | | |
| Gross Carrying Value as at 31/03/2022 | 1,252.22 | 24,952.87 | 71,624.26 | 182.92 | 348.19 | 276.33 | 161.95 | 98,798.74 | | | | | | | |
| Accumulated depreciation and impairment as at the 01/04/2020 | Nil | 3,071.63 | 34,914.17 | 119.46 | 105.96 | 94.73 | 102.02 | 38,407.97 | | | | | | | |
| Depreciation for the year | Nil | 882.80 | 6,850.78 | 16.76 | 26.69 | 33.24 | 15.26 | 7,825.52 | | | | | | | |
| Disposals during the year | Nil | Nil | (350.40) | Nil | Nil | Nil | Nil | (350.40) | | | | | | | |
| Other Adjustment** | Nil | (170.25) | (2,999.01) | (4.00) | (1.59) | Nil | (4.18) | (3,179.02) | | | | | | | |
| Accumulated depreciation and impairment as at the 31/03/2021 | Nil | 3,784.18 | 38,415.54 | 132.21 | 131.06 | 127.97 | 113.10 | 42,704.07 | | | | | | | |
| Depreciation for the year | Nil | 898.51 | 3,448.30 | 17.23 | 30.44 | 31.89 | 17.72 | 4,444.09 | | | | | | | |
| Disposals during the year | Nil | Nil | (2,004.40) | Nil | Nil | (7.42) | Nil | (2,011.83) | | | | | | | |
| Other Adjustment** | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | | | | | | | |
| Accumulated depreciation and impairment as at the 31/03/2022 | Nil | 4,682.69 | 39,859.44 | 149.44 | 161.50 | 152.44 | 130.81 | 45,136.33 | | | | | | | |
| Net Carrying Value | | | | | | | | | | | | | | | |
| As at 31/03/2021 | 993.39 | 20,233.07 | 28,696.45 | 35.84 | 120.73 | 139.64 | 29.76 | 50,248.88 | | | | | | | |
| As at 31/03/2022 | 1,252.22 | 20,270.18 | 31,764.82 | 33.48 | 186.69 | 123.89 | 31.14 | 53,662.41 | | | | | | | |
| Capital Work-in-Progress (Refer Note 3.3) | | | | | | | | | | | | | | | |
| As at 31/03/2021 | Nil | 189.86 | 17.64 | Nil | Nil | Nil | Nil | 207.51 | | | | | | | |
| As at 31/03/2022 | Nil | 636.46 | 51.88 | Nil | Nil | Nil | Nil | 688.34 | | | | | | | |
| Assets that are given as security for liabilities | | | | | | | | | | | | | | | |
| As at 31/03/2021 | 993.39 | 20,233.07 | 28,696.45 | 35.84 | 120.73 | 139.64 | 29.76 | 50,248.88 | | | | | | | |
| As at 31/03/2022 | 1,252.22 | 20,270.18 | 31,764.82 | 33.48 | 186.69 | 123.89 | 31.14 | 53,662.41 | | | | | | | |
| Useful Life (In Years) | | | | | | | | | | | | | | | |
| As at 31/03/2021 | Nil | 30.00 | 15.00 | 5.00 | 10.00 | 8.00 | 3.00 | | | | | | | | |
| As at 31/03/2022 | Nil | 30.00 | 25.00 | 5.00 | 10.00 | 8.00 | 3.00 | | | | | | | | |
| Amount of Contractual commitments for acquisition (Refer Note. 34.1) | | | | | | | | | | | | | | | |
| As at 31/03/2021 | Nil | Nil | 4,098.05 | Nil | Nil | Nil | Nil | 4,098.05 | | | | | | | |
| As at 31/03/2022 | Nil | Nil | 3,126.34 | Nil | Nil | Nil | Nil | 3,126.34 | | | | | | | |

**Other Adjustment of FY 2021-22 to Gross Carrying Value of Assets represent a sum of ₹ Nil lakhs (P.Y. Rs 4,841.37 lakhs) and Accumulated Depreciation of ₹ Nil lakhs (P.Y. ₹ 3,179.02 lakhs) towards retirement of fully destroyed assets due to fire at Piplej Plant on August 08, 2020 and February 08, 2020 respectively.

Note 3.1

On the basis of management evaluation and further supported by an independent assessment of a technical expert, the company has revised the estimates with respect to remaining useful life of Plant & Machinery. The Remaining Useful life of the Plant & Machinery has been increased by 10 years. Due to this, depreciation expense for the year ended 31st March, 2022 has decreased by ₹ 5216.71 Lakhs (P.Y. ₹ Nil) and Property plant & Equipment has increased by ₹ 5216.71 Lakhs (P.Y. ₹ Nil).

Note 3.2 Title deeds of immovable property (other than proper taken on lease by duly executed lease agreement) are held in the name of the company.

Notes to Financial Statements for the year ended 31st March, 2022

Note 3 (Contd.)

Note 3.3 Movement of Capital Work in Progress

| Particulars | (₹ in Lakhs) |
|------------------------------------|---------------|
| Balance at 01st April, 2020 | Nil |
| Addition during the year | 1489.09 |
| Capitalised during the year | 1281.58 |
| Balance at 31st March, 2021 | 207.51 |
| Addition during the year | 7800.96 |
| Capitalised during the year | 7320.12 |
| Balance at 31st March, 2022 | 688.34 |

(₹ in lakhs)

| Ageing of Capital Work in Progress | As at 31/03/2022 | As at 31/03/2021 |
|---------------------------------------|---------------------|---------------------|
| For Period Less Than 1 Year | 688.34 | 207.51 |
| For Period Between 1 Year and 2 Years | Nil | Nil |
| For Period Between 2 Year and 3 Years | Nil | Nil |
| For Period More Than 3 Years | Nil | Nil |
| Total | 688.34 | 207.51 |

Note 4

Intangible Assets

(₹ in lakhs)

| Particulars | Licence & software | Total |
|---|-----------------------|---------------|
| Gross Block | | |
| Gross Carrying Value as at 01/04/2020 | 155.52 | 155.52 |
| Additions during the year | 4.30 | 4.30 |
| Disposals during the year | Nil | Nil |
| Other adjustments during the year | Nil | Nil |
| Gross Carrying Value as at 31/03/2021 | 159.82 | 159.82 |
| Additions during the year | 1.50 | 1.50 |
| Disposals during the year | Nil | Nil |
| Other adjustments during the year | Nil | Nil |
| Gross Carrying Value as at 31/03/2022 | 161.32 | 161.32 |
| Accumulated Amortisation | | |
| Accumulated Amortisation and impairment as at the 01/04/2020 | 139.80 | 139.80 |
| Amortisation for the year | 12.95 | 12.95 |
| Disposals during the year | Nil | Nil |
| Other adjustments during the year | Nil | Nil |
| Accumulated Amortisation and impairment as at the 31/03/2021 | 152.75 | 152.75 |
| Amortisation for the year | 4.73 | 4.73 |
| Disposals during the year | Nil | Nil |
| Other adjustments during the year | Nil | Nil |

Notes to Financial Statements for the year ended 31st March, 2022

Note 4 (Contd.)

Intangible Assets

(₹ in lakhs)

| Particulars | Licence & software | Total |
|---|--------------------|---------------|
| Accumulated Amortisation and impairment as at the 31/03/2022 | 157.48 | 157.48 |
| Net Carrying Value | | |
| As at 31/03/2021 | 7.08 | 7.08 |
| As at 31/03/2022 | 3.84 | 3.84 |
| Amount that are given as security for liabilities | | |
| As at 31/03/2021 | 7.08 | 7.08 |
| As at 31/03/2022 | 3.84 | 3.84 |
| Amortisation period | | |
| As at 31/03/2021 | 3 | 3 |
| As at 31/03/2022 | 3 | 3 |
| Amount of Contractual commitments for acquisition | | |
| As at 31/03/2021 | Nil | Nil |
| As at 31/03/2022 | Nil | Nil |

Note 5

Non-Current Investments

| Name of the Body Corporate | Subsidiaries / Associates / Joint Ventures / Structured Entities / Others | No. of Shares and Face Value of Shares | | | | Quoted / Unquoted | Partly Paid/ Fully paid | (₹ in lakhs) | | Measured as at Cost / Amortised Cost / FVOCI / FVPL |
|--|---|--|------------|------------------|------------|-------------------|-------------------------|-------------------|-------------------|---|
| | | As on 31/03/2022 | | As on 31/03/2021 | | | | As On 31/03 /2022 | As On 31/03 /2021 | |
| | | Nos. | Face Value | Nos. | Face Value | | | | | |
| (a) Investments in Equity Instruments [Non Trade] | | | | | | | | | | |
| (i)CIL Nova Petrochemicals Ltd. | Others | 64000 | 10.00 | 64000 | 10.00 | Quoted | Fully Paid | 26.94 | 10.24 | FVPL |
| (ii) UCO Bank Ltd. | Others | 3500 | 10.00 | 3500 | 10.00 | Quoted | Fully Paid | 0.42 | 0.38 | FVPL |
| (iii) Asian Paints Ltd. | Others | 200 | 1.00 | 200 | 1.00 | Quoted | Fully Paid | 6.16 | 5.07 | FVPL |
| (iv) The Saraswat Co. Op. Bank Ltd. | Others | 2500 | 10.00 | 2500 | 10.00 | Unquoted | Fully Paid | 0.25 | 0.25 | FVPL |
| Total | | 70200 | | 70200 | | | | 33.77 | 15.95 | |
| (b) Investments in Preference Shares | | | | | | | | | | |
| (i) Non Cummulative Redeemable Preference Shares of Vraj Integrated Textile Park Limited | Others | 2203720 | 10.00 | 2203720 | 10.00 | Unquoted | Fully Paid | 13.46 | 13.46 | Amortised Cost |
| Total | | 2203720 | | 2203720 | | | | 13.46 | 13.46 | |
| (c) Investments in bonds | | | | | | | | | | |
| (i) LVB Unsecure Non-Con. Redeem. Basel III | Others | 10 | 1000000 | 10 | 1000000 | | Fully Paid | 100.00 | 100.00 | Amortised Cost |
| Less: Provision for the Dimination in Value of investment in bonds | | | | | | | | (100.00) | (100.00) | |
| Total | | 10 | | 10 | | | | Nil | Nil | |
| Grand Total | | | | | | | | | | |
| Aggregate amount of quoted investments | | | | | | | | 33.52 | 15.70 | |
| Aggregate amount of unquoted investments | | | | | | | | 13.71 | 13.71 | |
| Aggregate amount of Investment in Bond | | | | | | | | Nil | Nil | |

Notes to Financial Statements for the year ended 31st March, 2022

Note 6

Other Financial Assets

(₹ in lakhs)

| Particulars | Non-Current | | Current | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| (i) Bank deposits with more than 12 months maturity | 417.80 | 72.70 | Nil | Nil |
| (ii) Security Deposits (Unsecured, considered good) | 80.71 | 80.71 | Nil | Nil |
| (iii) Interest Receivable | Nil | Nil | 8.15 | 10.76 |
| (iv) Forward Contract Asset | Nil | Nil | 11.99 | 11.31 |
| (v) Insurance Claim Receivable | Nil | Nil | 2,952.76 | 3,401.00 |
| (vi) Amount Receivable from Statutory Authorities | Nil | Nil | 7,200.56 | 7,715.61 |
| Total | 498.51 | 153.41 | 10,173.47 | 11,138.68 |

Note 7

Other Assets

(₹ in lakhs)

| Other Assets | Non-Current | | Current | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| (i) Capital Advances | 1,700.59 | 1,155.67 | Nil | Nil |
| Less: Allowance for Doubtful Capital Advances | (56.50) | (46.30) | Nil | Nil |
| (ii) Pre Payment Expenses | 18.46 | 18.67 | Nil | Nil |
| (iii) Advances other than capital advances: | | | | |
| (b) Advance recoverable in cash or kind | Nil | Nil | 1,875.73 | 1,664.00 |
| Less: Allowance for Doubtful Advances | Nil | Nil | (738.69) | (749.72) |
| Total (i+ii+iii) | 1,662.56 | 1,128.03 | 1,137.03 | 914.28 |
| (iv) Tax receivable | | | | |
| Advance Tax & TDS Receivable | 308.96 | 255.85 | Nil | Nil |
| Less: Provision for Tax | (35.43) | (152.45) | Nil | Nil |
| Total (iv) | 273.53 | 103.40 | Nil | Nil |
| (v) Loan to Employee | 14.96 | 22.43 | 78.67 | 63.52 |
| (vi) Others | | | | |
| Deferred Fair Value Gain / (Loss) on Investment in Preference Shares | Nil | Nil | 172.99 | 174.87 |
| (vii) Prepaid expenses | Nil | Nil | 316.85 | 403.47 |
| (viii) Balance With Govt Authorities | Nil | Nil | 2,051.75 | 2,243.65 |
| Total (vi+vii+viii) | Nil | Nil | 2,541.59 | 2,822.00 |
| Grand Total | 1,951.05 | 1,253.86 | 3,757.29 | 3,799.80 |

Note 7.1

Movements in each class of provision during the year

(₹ in lakhs)

| Other Assets | Non-Current | | Current | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| Allowance for Doubtful Capital Advances | | | | |
| Balance at the beginning | 46.30 | 25.29 | Nil | Nil |
| Impairment loss recognised | 10.20 | 21.01 | Nil | Nil |
| Impairment loss reversed | Nil | Nil | Nil | Nil |
| Balance at the end | 56.50 | 46.30 | Nil | Nil |
| Allowance for Doubtful Advances | | | | |
| Balance at the beginning | Nil | Nil | 749.72 | 739.30 |
| Impairment loss recognised | Nil | Nil | Nil | 10.42 |
| Impairment loss reversed | Nil | Nil | 11.03 | Nil |
| Balance at the end | Nil | Nil | 738.69 | 749.72 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 8

Inventories

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|-----------------------|---------------------|---------------------|
| (a) Raw materials | | |
| (i) in possession | 14,006.33 | 12,008.30 |
| (ii) in transit | Nil | Nil |
| (b) Work-in-progress | 4,819.10 | 3,296.17 |
| (c) Finished goods | | |
| (i) in possession | 3,963.72 | 3,895.59 |
| (ii) in transit | 1,010.04 | 552.49 |
| (d) Stock-in-trade | | |
| (i) in possession | Nil | Nil |
| (ii) in transit | Nil | Nil |
| (e) Stores and spares | | |
| (i) in possession | 344.49 | 432.96 |
| (ii) in transit | Nil | Nil |
| (f) Fuel | | |
| (i) in possession | 93.39 | 311.53 |
| (ii) in transit | Nil | Nil |
| (g) Packing Material | | |
| (i) in possession | 118.60 | 50.98 |
| (ii) in transit | Nil | Nil |
| Total | 24,355.67 | 20,548.04 |

Notes:

(i) Inventories pledged as Security with bank for borrowing as on 31/03/2022 of ₹ 24,355.67 Lakhs (as on 31/03/2021 ₹20,548.04 Lakhs)

Note 9

Trade Receivables

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|--|---------------------|---------------------|
| Trade Receivable Considered Good - Unsecured | 40,205.00 | 24,998.19 |
| Trade Receivable Credit Impaired | 8,181.72 | 5,552.06 |
| Less: Allowance for Expected Credit Loss | (3,791.71) | (2,709.16) |
| Total | 44,595.01 | 27,841.09 |

Note 9.1

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|---|---------------------|---------------------|
| Trade Receivables due by Key Management Personnel(KMP) and Entities in which KMP has significant influence or control | | |
| (i) Private Companies in which any Director is a Director | 2,517.03 | 5,941.85 |
| Total | 2,517.03 | 5,941.85 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 9 (Contd.)

Note 9.2

(₹ in lakhs)

| Particulars | As At | As At |
|---|------------|------------|
| | 31/03/2022 | 31/03/2021 |
| Trade Receivables offered as collateral for liabilities or contingent liabilities | 44,595.01 | 27,841.09 |

Note 9.3 Trade receivable ageing schedule for the year ended as on 31st March, 2022 and 31st March, 2021

(₹ in lakhs)

| Gross Outstanding as on 31/03/2022 | Disputed Trade Receivable | | Undisputed Trade Receivable | |
|--------------------------------------|---------------------------|-----------------|-----------------------------|------------------|
| | Credit Impaired | Considered Good | Credit Impaired | Considered Good |
| Not Due | Nil | Nil | Nil | 37,552.65 |
| Due Less than 3 Months | Nil | Nil | 9.78 | 2,652.34 |
| Due for 3 to 6 Months | 3.53 | Nil | 3,225.05 | Nil |
| Due for more than 6 Months to 1 Year | Nil | Nil | 2,076.88 | Nil |
| Due for more than 1 Year to 2 Years | 51.83 | Nil | 225.23 | Nil |
| Due for more than 2 Years to 3 Years | 941.99 | Nil | 28.03 | Nil |
| Due for more than 3 Years | 1,609.23 | Nil | 10.16 | Nil |
| Total | 2,606.58 | Nil | 5,575.15 | 40,205.00 |

(₹ in lakhs)

| Gross Outstanding as on 31/03/2021 | Disputed Trade Receivable | | Undisputed Trade Receivable | |
|--------------------------------------|---------------------------|-----------------|-----------------------------|------------------|
| | Credit Impaired | Considered Good | Credit Impaired | Considered Good |
| Not Due | Nil | Nil | Nil | 22,849.80 |
| Due Less than 3 Months | Nil | Nil | Nil | 2,148.39 |
| Due for 3 to 6 Months | 9.42 | Nil | 2,000.40 | Nil |
| Due for more than 6 Months to 1 Year | 70.50 | Nil | 259.53 | Nil |
| Due for more than 1 Year to 2 Years | 945.99 | Nil | 572.42 | Nil |
| Due for more than 2 Years to 3 Years | 661.77 | Nil | 27.67 | Nil |
| Due for more than 3 Years | 955.70 | Nil | 48.67 | Nil |
| Total | 2,643.37 | Nil | 2,908.69 | 24,998.19 |

Note 9.4

The general credit period in respect of Domestic and Export sales ranges between 30-90 days and by and large company is not charging any interest on late payment.

Note 9.5

Credit risk is managed at the operational segmental level. The credit limit and credit period are fixed for each customer after evaluating the financial position, past performance, business opportunities, credit references etc. The credit limit and the credit period are reviewed regularly at periodical intervals.

Note 9.6

Concentration risk considers significant exposures relating to industry, counterparty, geography, currency etc. The concentration of credit risk is not significant as the customer base is large and diversified.

Notes to Financial Statements for the year ended 31st March, 2022

Note 10

Cash and Cash Equivalents

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|---------------------|---------------------|---------------------|
| Balances with Banks | 2,847.07 | 1,678.62 |
| Cash on Hand | 17.80 | 14.20 |
| Total | 2,864.87 | 1,692.82 |

Non Cash Transactions:

During the year, the company has not entered into any non cash transaction on investing and financing activities.

Note 11

Other Bank Balances

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|--|---------------------|---------------------|
| Margin Deposits with bank (with original maturity of more than 3 months but less than 12 months) | 1,663.61 | 1,300.78 |
| Unclaimed dividend Account* | 30.10 | 38.12 |
| Total | 1,693.71 | 1,338.90 |

* The company can utilise this balances only towards settlement of unclaimed dividend.

Of the above, the following have been offered as collateral for liabilities and contingent liabilities:

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|--|---------------------|---------------------|
| Margin Deposits with bank (with original maturity of more than 3 months but less than 12 months) | 1,663.61 | 1,300.78 |
| Total | 1,663.61 | 1,300.78 |

Note 12

Current Tax Asset (Net)

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|---|---------------------|---------------------|
| Advance Tax & Tax deducted at source receivable | Nil | 62.22 |
| Provision for Taxation | Nil | Nil |
| Total | Nil | 62.22 |

Note 13

Equity Share Capital

(₹ in lakhs)

| Particulars | As at 31/03/2022 | | As at 31/03/2021 | |
|--|------------------|-----------|------------------|-----------|
| | No. | Amount | No. | Amount |
| Authorised Share Capital of ₹10/- each | 150,000,000 | 15,000.00 | 100,000,000 | 10,000.00 |
| Issued Share Capital of ₹10/- each | 144,147,168 | 14,414.72 | 48,049,056 | 4,804.91 |
| Subscribed Share Capital of ₹10/- each | 144,147,168 | 14,414.72 | 48,049,056 | 4,804.91 |
| Fully Paid-up Share Capital | 144,147,168 | 14,414.72 | 48,049,056 | 4,804.91 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 13 (Contd.)

Reconciliation of the number of shares outstanding and the amount of share capital as at 31/03/2022 and 31/03/2021 is set out below:-

| Particulars | As at 31/03/2022 | | As at 31/03/2021 | |
|--------------------------------|--------------------------------------|------------|------------------|------------|
| | No. | Amount | No. | Amount |
| | Balance at the beginning of the year | 48,049,056 | 4,804.91 | 48,049,056 |
| Addition* | 96,098,112 | 9,609.81 | Nil | Nil |
| Deletion | Nil | Nil | Nil | Nil |
| Balance at the end of the year | 144,147,168 | 14,414.72 | 48,049,056 | 4,804.91 |

(₹ in lakhs)

*Note: Shares has been issued as Bonus Shares during the year under Consideration.

Note 13.1

Terms/right attached to Equity Shares:

The company has only one class of shares referred to as Equity shares having face value of ₹ 10/-. Each Holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholder.

The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Director is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Details of the Share Holders holding Shares more than 5% shares :-

| Name of Shareholders | As at 31/03/2022 | | As at 31/03/2021 | |
|-----------------------------|----------------------|--------------|----------------------|--------------|
| | No. of Equity Shares | % of Holding | No. of Equity Shares | % of Holding |
| Chiripal Industries Ltd. | 35,982,810 | 24.96% | 11,994,270 | 24.96% |
| Chiripal Exim LLP | 23,766,159 | 16.49% | 7,922,053 | 16.49% |
| Devkinandan Corporation LLP | 9,618,180 | 6.67% | 3,206,060 | 6.67% |

Details of the Promotor and Promotor Group Share holding are as under:-

| Name of Shareholders | As at 31/03/2022 | | As at 31/03/2021 | | % Change |
|---------------------------------|----------------------|-------------------|----------------------|-------------------|----------|
| | No. of Equity Shares | % of Total Shares | No. of Equity Shares | % of Total Shares | |
| Brijmohan Devkinandan Chiripal | 6,847,500 | 4.75% | 2,282,500 | 4.75% | 0.00% |
| Jyotiprasad D Chiripal | 1,890,000 | 1.31% | 630,000 | 1.31% | 0.00% |
| Jaiprakash D Chiripal | 1,128,975 | 0.78% | 630,000 | 1.31% | -0.53% |
| Urmiladevi Jyotiprasad Chiripal | 1,895,406 | 1.31% | 631,802 | 1.31% | 0.00% |
| Nishi J Agarwal | 1,440,000 | 1.00% | 480,000 | 1.00% | 0.00% |
| Deepak J Chiripal | 390,000 | 0.27% | 130,000 | 0.27% | 0.00% |
| Vedprakash Chiripal | 7,045,386 | 4.89% | 2,348,462 | 4.89% | 0.00% |
| Vineeta Chiripal | 761,025 | 0.53% | Nil | Nil | 0.53% |
| Chiripal Industries Limited | 35,982,810 | 24.96% | 11,994,270 | 24.96% | 0.00% |
| Chiripal Exim Llp | 23,766,159 | 16.49% | 7,922,053 | 16.49% | 0.00% |

Notes to Financial Statements for the year ended 31st March, 2022

Note 13 (Contd.)

Details of the Promotor and Promotor Group Share holding are as under:-

| Name of Shareholders | As at 31/03/2022 | | As at 31/03/2021 | | % Change |
|--|----------------------|-------------------|----------------------|-------------------|--------------|
| | No. of Equity Shares | % of Total Shares | No. of Equity Shares | % of Total Shares | |
| Devkinandan Corporation LLP | 9,618,180 | 6.67% | 3,206,060 | 6.67% | 0.00% |
| Nandan Terry Private Limited | 1,800,000 | 1.25% | 600,000 | 1.25% | 0.00% |
| Chiripal Textile Mills Private Limited | 741,000 | 0.51% | 247,000 | 0.51% | 0.00% |
| Total | 93,306,441 | 64.73% | 31,102,147 | 64.73% | 0.00% |
| Total No. of Shares | 144,147,168 | | 48,049,056 | | |

During the Financial year 2021-22 the Company has allotted the 9,60,98,112 (PY. Nil) Bonus Shares of ₹10, Fully paid up to its Share holder. The company has not buy back nor forfeited any amount of Shares in the period of last five years.

Note 14

Other Equity

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|--|------------------|------------------|
| Securities Premium Reserve | | |
| Balance as per last financial Statement | 8,378.33 | 8,378.33 |
| Add: Share premium received during the year | Nil | Nil |
| Less: Bonus Share Issued during the year | (8,378.33) | Nil |
| Closing Balance | Nil | 8,378.33 |
| General Reserve | | |
| Balance as per last financial Statement | 755.40 | 755.40 |
| Closing Balance | 755.40 | 755.40 |
| Retained Earnings | | |
| Balance as per last financial Statement | 33,163.93 | 35,089.46 |
| Add : Profit for the year | 6,781.85 | (1,871.84) |
| Add :Other Comprehensive income (net of tax) | 15.31 | (53.68) |
| Less: Bonus Share Issued during the year | (1,231.48) | Nil |
| Closing Balance | 38,729.62 | 33,163.93 |
| Grand Total | 39,485.02 | 42,297.66 |

Nature and Purpose of each component of equity

Nature and Purpose

| | |
|----------------------------|---|
| Securities Premium Reserve | The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. This reserve is utilised in accordance with the provisions of the Companies Act, 2013. |
| General Reserve | The general reserve is a free reserve, retained from Company's profits and can be utilized upon fulfilling certain conditions in accordance with Companies Act, 2013. |
| Retained Earning | The amount of retained earning includes the component of Other Comprehensive income, which cannot be distributed by the Company as dividends to its equity shareholde ₹ Balance amount is available for distribution to equity share holders. |

Notes to Financial Statements for the year ended 31st March, 2022

Note 15

Borrowings

(₹ in lakhs)

| Particulars | Non-Current | | | | Current | | | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Secured | | Unsecured | | Secured | | Unsecured | |
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| Term loans | | | | | | | | |
| (i) from banks | 22,784.87 | 26,215.25 | Nil | Nil | 8,315.99 | 8,637.70 | Nil | Nil |
| (ii) Vehicle Loan | 3.35 | 9.99 | Nil | Nil | 6.81 | 9.24 | Nil | Nil |
| Loans repayable on demand | | | | | | | | |
| (i) from banks | Nil | Nil | Nil | Nil | 21,210.92 | 20,360.51 | Nil | Nil |
| (ii) Inter Corporate Deposit | Nil | Nil | 2,500.00 | Nil | Nil | Nil | 1,000.00 | Nil |
| Total | 22,788.23 | 26,225.24 | 2,500.00 | Nil | 29,533.72 | 29,007.45 | 1,000.00 | Nil |

Note 15.1

ture of Security and terms of Payment of Borrowings

| Type of Debt Instrument | Nature of Security | Terms of Repayment |
|----------------------------------|--|--|
| Term loans | | |
| (i) from banks | Term Loans under Consortium finance are secured by first charge on the entire Fixed Assets of the company both present and future, second charge on Book Debts, Stock and other Current Assets of the Company and also further guaranteed by personal guarantee of promoter directors. | Term Loans are repayable in Quarterly installments. |
| (ii) from banks | "Covid-19 Emergency Credit Line loans are secured by Extension of Charge on following primary & collateral securities for WC limits. Primary Security: 1st pari-passu charge on entire current assets of the company Collateral Security: 2nd pari-passu charge on the fixed assets of the company Extension of Personal Guarantee of following Promoter Director namely: 1.) Mr.Vedprakash Chiripal 2.) Mr.Brijmohan Chiripal | Covid-19 Emergency Credit Line facility is to be repayable ranging from 12 to 18 equal monthly instalments after moratorium of 6 months. |
| (iii) from banks | Guaranteed Emergency Credit Line loans are secured by extension of Second Charge on the present Primary and collateral securities. The said loan is Guaranteed by National Credit Guarantee Trustee Company Ltd. (NCGTC) | Guaranteed Emergency Credit Line 2.0 facility is to be repayable in 48 equal monthly instalments after moratorium of 12 months. |
| (iv) Vehicle Loan | Vehicle Loans are secured by Hypothecation of Vehicles. | Vehicle Loans are repayable in monthly installments. |
| Loans repayable on demand | | |
| (i) from banks | Working Capital loans under consortium finance are secured by first charge on Book Debts, Stocks and other Current Assets and second charge on all the Fixed Assets, both present and future of the Company and also further guaranteed by Promoter Directors. (Refer Note No. 3,9,2) | Working Capital loan is repayable on Demand. |
| (ii) Inter Corporate Deposits | Inter Corporate Deposits are in nature of Unsecured Loan. | Part of the Inter Corporate Deposits are repayable on demand and remaining Loans are repayable after 3 years. |

Notes to Financial Statements for the year ended 31st March, 2022

Note 15.2

Borrowings guaranteed by Directors

(₹ in lakhs)

| Type of Debt Instrument | Non-Current | | Current | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| Term loans | | | | |
| (i) from banks | 22,784.87 | 26,215.25 | Nil | Nil |
| (ii) Vehicle Loan | 3.35 | 9.99 | Nil | Nil |
| Loans repayable on demand | | | | |
| (i) from banks | Nil | Nil | 29,533.72 | 29,007.45 |
| Total | 22,788.23 | 26,225.24 | 29,533.72 | 29,007.45 |

Note 15.3

In the previous year, the company had opted for moratorium period in respect of Repayment of Term Loans and Interest thereon vide RBI Circular No. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27/03/2020 and RBI Circular No. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated 23/05/2020.

Note 16

Other Financial Liabilities

(₹ in lakhs)

| Particulars | Non-Current | | Current | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| Interest accrued but not due | Nil | Nil | 107.79 | 165.39 |
| Creditors for Property, Plant & Equipment | Nil | Nil | 3,404.42 | 583.95 |
| Creditors for Expenses | 19.27 | 19.27 | 1,280.46 | 1,084.86 |
| Employee Benefits Payable | Nil | Nil | 844.72 | 726.06 |
| Unpaid dividends | Nil | Nil | 30.10 | 38.12 |
| Total | 19.27 | 19.27 | 5,667.49 | 2,598.38 |

Note 17

Provisions

(₹ in lakhs)

| Particulars | Non-Current | | Current | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| Provision for Gratuity (Net) (Refer Note No. 28.2) | 329.53 | 317.07 | 77.05 | 67.44 |
| Provision for Leave encashment (Refer Note No. 28.2) | 37.63 | 18.77 | 14.21 | 6.83 |
| Total | 367.16 | 335.84 | 91.27 | 74.27 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 17.1

Movements in each class of provision during the financial year

(₹ in lakhs)

| Particulars | Provision for Gratuity | Provision for Leave encashment |
|--------------------------------------|---------------------------|-----------------------------------|
| As at 01st April, 2020 (Net) | 228.63 | 30.25 |
| Charged/(credited) to profit or loss | 100.58 | (1.13) |
| Charged/(credited) to OCI | 82.51 | Nil |
| Reversed during the period | Nil | Nil |
| Amounts used during the year | (27.23) | (3.52) |
| As at 31st March, 2021 (Net) | 384.50 | 25.60 |
| Charged/(credited) to profit or loss | 125.11 | 29.87 |
| Charged/(credited) to OCI | (20.46) | Nil |
| Reversed during the period | Nil | Nil |
| Amounts used during the year | (82.57) | (3.63) |
| As at 31st March, 2022 (Net) | 406.58 | 51.84 |

Note 18

Deferred tax Liabilities (Net)

The balance comprises temporary differences attributable to:

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|---|---------------------|---------------------|
| Unpaid Liabilities Allowable under Income Tax Act, 1961 in succeeding years u/s 43B on Payment basis | (115.34) | (143.29) |
| Allowable Unutilised Tax Credits | (285.48) | (285.48) |
| Allowance for Expected Credit Loss | (953.99) | (946.58) |
| Allowance for doubtful Advance | (200.07) | (278.13) |
| Unabsorb Depreciation | Nil | (384.14) |
| Amount Disallowed U/s 40(a)(ia) | Nil | (9.74) |
| Total deferred tax assets | (1,554.88) | (2,047.36) |
| Difference in respect of depreciation on as per Income Tax Act & Companies Act on PPE and Intangible Assets | 2,738.70 | 2,276.99 |
| Total deferred tax liabilities | 2,738.70 | 2,276.99 |
| Net deferred tax liabilities | 1,183.82 | 229.63 |

Note 18.1

Movement in deferred tax assets

(₹ in lakhs)

| Particulars | Allowable Unutilised Tax Credits | Unpaid Liabilities Allowable under Income Tax Act, 1961 in succeeding years u/s 43B on Payment basis | Allowance for Expected Credit Loss | Allowance for doubtful Advance | Unabsorb Depreciation | Amount Disallowed U/s 40(a) (ia) | Total |
|---------------------------------|---|---|--|---|--------------------------|---|-------------------|
| As At 1st April 2020 | (303.49) | (90.46) | (620.38) | (267.15) | (101.33) | Nil | (1,382.81) |
| (Charged)/credited: | | | | | | | |
| - to profit or loss | 18.01 | (24.00) | (326.20) | (10.98) | (282.81) | (9.74) | (635.72) |
| - to other comprehensive income | Nil | (28.83) | Nil | Nil | Nil | Nil | (28.83) |
| As At 31st March 2021 | (285.48) | (143.29) | (946.58) | (278.13) | (384.14) | (9.74) | (2,047.36) |

Notes to Financial Statements for the year ended 31st March, 2022

Note 18.1 (Contd.)

Movement in deferred tax assets

(₹ in lakhs)

| Particulars | Allowable Unutilised Tax Credits | Unpaid Liabilities Allowable under Income Tax Act, 1961 in succeeding years u/s 43B on Payment basis | Allowance for Expected Credit Loss | Allowance for doubtful Advance | Unabsorb Depreciation | Amount Disallowed U/s 40(a) (ia) | Total |
|---------------------------------|----------------------------------|--|------------------------------------|--------------------------------|-----------------------|----------------------------------|-------------------|
| (Charged)/credited: | | | | | | | |
| - to profit or loss | Nil | 22.80 | (7.41) | 78.06 | 384.14 | 9.74 | 487.33 |
| - to other comprehensive income | Nil | 5.15 | Nil | Nil | Nil | Nil | 5.15 |
| As At 31st March 2022 | (285.48) | (115.34) | (953.99) | (200.07) | Nil | Nil | (1,554.88) |

Movement in deferred tax liabilities

(₹ in lakhs)

| Particulars | Difference in respect of depreciation on as per Income Tax Act & Companies Act on PPE and Intangible Assets |
|---------------------------------|---|
| As At 1st April 2020 | 2,907.68 |
| (Charged)/credited: | |
| - to profit or loss | (630.69) |
| - to other comprehensive income | Nil |
| As At 31st March, 2021 | 2,276.99 |
| (Charged)/credited: | |
| - to profit or loss | 461.71 |
| - to other comprehensive income | Nil |
| As At 31st March, 2022 | 2,738.70 |

Note 19

Deferred Government Grant

(₹ in lakhs)

| Particulars | Non-Current | | Current | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| Deferred Consideration on loan | 198.06 | 174.27 | 117.20 | 99.74 |
| Total | 198.06 | 174.27 | 117.20 | 99.74 |

Note 20

Other Liabilities

(₹ in lakhs)

| Particulars | Non-Current | | Current | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| Advance received from Customer | Nil | Nil | 479.23 | 76.28 |
| Statutory dues | Nil | Nil | 119.46 | 410.10 |
| Total | Nil | Nil | 598.69 | 486.38 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 21

Trade Payables

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|--|---------------------|---------------------|
| Payable to Micro and Small Enterprise | 69.96 | Nil |
| Payable to others | | |
| - Acceptance | Nil | Nil |
| - Other than Acceptances | 26,145.39 | 11,968.65 |
| Total | 26,215.35 | 11,968.65 |
| Of the above, payables to Related Parties | 1,554.75 | 1,119.21 |

| Outstanding as on 31/03/2022 | MSME Trade Payable | | Other than MSME Trade Payable | |
|--|--------------------|------------|-------------------------------|------------|
| | Disputed | Undisputed | Disputed | Undisputed |
| Not Due for Payment | Nil | Nil | Nil | 4,092.18 |
| Outstanding Less Than 1 Year | Nil | 69.96 | Nil | 21,847.15 |
| Outstanding Between 1 Year to 2 Years | Nil | Nil | Nil | 59.54 |
| Outstanding Between 2 Years to 3 Years | Nil | Nil | Nil | 138.86 |
| Outstanding More Than 3 Years | Nil | Nil | Nil | 7.66 |

| Outstanding as on 31/03/2021 | MSME Trade Payable | | Other than MSME Trade Payable | |
|--|--------------------|------------|-------------------------------|------------|
| | Disputed | Undisputed | Disputed | Undisputed |
| Not Due for Payment | Nil | Nil | Nil | 3,263.14 |
| Outstanding Less Than 1 Year | Nil | Nil | Nil | 8,585.77 |
| Outstanding Between 1 Year to 2 Years | Nil | Nil | Nil | 116.95 |
| Outstanding Between 2 Years to 3 Years | Nil | Nil | Nil | 2.21 |
| Outstanding More Than 3 Years | Nil | Nil | Nil | 0.58 |

- (a) Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management and the same has been relied by the auditor.
- (b) Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came in to force from 02.10.2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management, outstanding dues to the Micro and Small enterprise as defined in the MSMED Act, 2006 are disclosed as below:

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|--|---------------------|---------------------|
| a) The Principal amount remaining unpaid to Micro and Small enterprise supplier as at the year end | 69.96 | Nil |
| b) Interest due thereon | Nil | Nil |
| c) Amount of interest paid by the Company in terms of section 16 of MSMED Act | Nil | Nil |
| d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED 2006 | Nil | Nil |

Notes to Financial Statements for the year ended 31st March, 2022

Note 21 (Contd.)

Trade Payables

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|--|---------------------|---------------------|
| e) Amount of interest accrued and remaining unpaid at the end of accounting year | Nil | Nil |
| f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of Micro, Small and Medium Enterprise Development Act, 2006. | Nil | Nil |

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company and the same has been relied by the Auditor.

Note 22

Current Tax Liabilities (Net)

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|---|---------------------|---------------------|
| Provision for Taxation | 1,651.37 | Nil |
| Advance Tax & Tax deducted at source receivable | (1,539.95) | Nil |
| Total | 111.41 | Nil |

Note 23

Revenue from Operations

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|------------------------------------|--------------------------|--------------------------|
| Sale Of Products | 208,548.94 | 105,937.36 |
| Sale Of Services | 2,762.53 | 885.46 |
| Other Operating Revenues | | |
| Sale of Waste / Scrap | 1,070.52 | 626.73 |
| Export Incentive | 1,032.56 | 196.45 |
| Government Grant : | | |
| VAT, Goods & Service Tax Incentive | 4,142.61 | 1,377.15 |
| Total | 217,557.16 | 109,023.15 |

* State Goods and Service Tax (SGST) Concession: Reimbursement of SGST Collected on end product / intermediate product to the extent of the eligible capital investments in plant and machinery for the specified period as per scheme.

a) Reconciliation of Revenue recognised in the statement of profit and loss with the Contracted price :

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|--|--------------------------|--------------------------|
| Gross Revenue | 214,659.50 | 108,459.11 |
| Less: Rebate & Discount etc | (2,277.51) | (1,009.55) |
| Revenue recognised from Contract with Customers | 212,381.99 | 107,449.56 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 23 (Contd.)

Revenue from Operations

(b) Reconciliation of Revenue from operation with Revenue from contracts with Customers :-

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|--|--------------------------|--------------------------|
| Revenue from operation | 217,557.16 | 109,023.15 |
| Less: Export Incentive | (1,032.56) | (196.45) |
| Less: Goods & Service Tax Incentive | (4,142.61) | (1,377.15) |
| Revenue from contracts with Customers | 212,381.99 | 107,449.56 |

Note 24

Other Income

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|---|--------------------------|--------------------------|
| Interest Income | 112.09 | 212.60 |
| Dividend Income | 0.03 | 0.01 |
| EPCG Grant Income | 1,116.87 | 35.97 |
| Net gains on fair value changes on Investments classified through FVPL | 17.82 | 8.69 |
| Fair Value gain on Forward Contract | 0.68 | 23.83 |
| Profit on Sale of Non Current Investment | Nil | 0.04 |
| Net Foreign Exchange (Loss) / Gain | 352.30 | 28.49 |
| Insurance Claim income on property Plant & Equipment | Nil | 1,662.35 |
| Insurance Claim income on Raw Material, Work in progress & Finished goods | Nil | 229.15 |
| Gain on Sale of Property, Plant & Equipment | 96.93 | 48.00 |
| Reversal of Provision for doubtful Advances | 0.83 | Nil |
| Miscellaneous Income | 163.27 | 103.32 |
| Total | 1,860.81 | 2,352.42 |

Note 25

Cost of Materials consumed

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|----------------------------------|--------------------------|--------------------------|
| Opening Stock of Raw Materials | 12,008.30 | 7,707.90 |
| Purchases during the period | 170,632.39 | 82,764.61 |
| Loss of raw material due to Fire | Nil | 16.22 |
| Closing Stock of Raw Materials | (14,006.33) | (12,008.30) |
| Total | 168,634.36 | 78,480.42 |

Note 26

Purchase of Stock In Trade

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|-----------------------------|--------------------------|--------------------------|
| Purchases of Stock in Trade | 3,212.62 | 938.80 |
| Total | 3,212.62 | 938.80 |

Notes to Financial Statements

for the year ended 31st March, 2022

Note 27

Changes in inventories of finished goods, stock-in-trade and work-in-process

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|--------------------------------------|--------------------------|--------------------------|
| A. Stock-in-Trade | | |
| Opening Stock of Stock-in-Trade | Nil | Nil |
| Closing Stock of Stock-in-Trade | Nil | Nil |
| B. Work-in-Process | | |
| Opening Work-in-Process | 3,296.17 | 2,654.61 |
| Loss of Work in progress due to Fire | Nil | 47.46 |
| Closing Work-in-Process | (4,819.10) | (3,296.17) |
| C. Finished Goods | | |
| Opening Stock of Finished Goods | 4,448.08 | 5,252.69 |
| Loss of Finished Goods due to Fire | Nil | 165.47 |
| Closing Stock of Finished Goods | (4,973.76) | (4,448.08) |
| Total | (2,048.60) | 375.98 |

Note 28

Employee Benefit Expense

(₹ in lakhs)

| Particulars | Year ended 31/03/2021 | Year ended 31/03/2020 |
|--|--------------------------|--------------------------|
| Salaries and Wages | 7,710.12 | 4,850.71 |
| Contribution to provident and other funds (Refer Note No. 17, 28.1 and 28.2) | 264.00 | 201.37 |
| Staff welfare expenses | 83.24 | 48.30 |
| Total | 8,057.37 | 5,100.37 |

Note 28.1

Employee Benefit Defined Benefit Plan Disclosures (Refer Note 17, 28, 28.2)

(₹ in lakhs)

| Particulars | 31/03/2022 | 31/03/2021 |
|---|------------|------------|
| A. Change in Present Value of Defined Benefit Obligation | | |
| Present Value of Benefit Obligation at the Beginning of the Period | 543.33 | 377.00 |
| Interest Cost | 34.69 | 24.75 |
| Current Service Cost | 101.40 | 85.94 |
| Past Service Cost | Nil | Nil |
| (Benefit paid directly to the Employer) | (82.57) | (27.23) |
| Actuarial (Gains) / Losses on Obligations - Due to Change in Financial Assumption | (21.85) | (4.72) |
| Actuarial (Gains) / Losses on Obligations - Due to Experience | 1.36 | 87.58 |
| Present Value of Benefit Obligation at the End of the Period | 576.36 | 543.33 |
| B. Change in Fair Value of Plan Assets | | |
| Fair Value of Plan Assets at the beginning of the period | 158.82 | 148.37 |
| Interest Income | 10.98 | 10.10 |
| Employer Direct Benefit Payments | 82.57 | 27.23 |
| (Benefit payment from employer) | (82.57) | (27.23) |
| Return on Plan Assets, excluding interest income | (0.03) | 0.35 |
| Fair Value of Plan Assets at the end of the period | 169.78 | 158.82 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 28.1 (Contd.)

Employee Benefit Defined Benefit Plan Disclosures (Refer Note 17, 28, 28.2)

(₹ in lakhs)

| Particulars | 31/03/2022 | 31/03/2021 |
|--|------------|------------|
| C. Amount recognised in Balance Sheet | | |
| (Present value of defined benefit obligation at the end of the period) | 576.36 | 543.33 |
| Fair Value of Plan Assets at the end of the period | 169.78 | 158.82 |
| Funded Status (Surplus / (Deficit)) | (406.58) | (384.50) |
| Net (Liability) / Asset Recognised in the Balance Sheet | (406.58) | (384.50) |
| D. Net Interest Cost for the Current Period | | |
| Present value of defined benefit obligation at beginning of the period | 543.33 | 377.00 |
| (Fair Value of Plan Assets at beginning of the Period) | 158.82 | 148.37 |
| Net Liability / (Asset) at the beginning of the Period | 384.50 | 228.63 |
| Interest Cost | 34.69 | 24.75 |
| (Interest Income) | 10.98 | 10.10 |
| Net Interest Cost | 23.71 | 14.64 |
| E. Expenses Recognised in the Profit or Loss for Current Period | | |
| Current service cost | 101.40 | 85.94 |
| Net Interest Cost | 23.71 | 14.64 |
| Past service cost | Nil | Nil |
| Expenses Recognised | 125.11 | 100.58 |
| F. Expenses Recognised in the Other Comprehensive Income (OCI) for Current Period | | |
| Actuarial (Gains) / losses on Obligation for the period | (20.46) | 82.51 |
| Return on Plan Assets, Excluding Interest Income | Nil | Nil |
| Change in asset ceiling | Nil | Nil |
| Net (Income) / Expense for the Period recognised in OCI | (20.46) | 82.51 |
| G. Balance Sheet Reconciliation | | |
| Opening net liability | 384.50 | 228.63 |
| Expenses recognised in Statement in Profit or Loss | 125.11 | 100.58 |
| Expenses recognised in OCI | (20.46) | 82.51 |
| Net Liability / (Asset) Transfer In | Nil | Nil |
| Net (Liability) / Asset Transfer Out | Nil | Nil |
| (Benefit paid directly by the employer) | (82.57) | (27.23) |
| (Employer's contribution) | Nil | Nil |
| Net Liability / (Asset) recognised in the Balance Sheet | 406.58 | 384.50 |
| H. Category of Assets | | |
| Government of India Assets | Nil | Nil |
| State Government Securities | Nil | Nil |
| Special Deposits scheme | Nil | Nil |
| Debt Instruments | Nil | Nil |
| Corporate Bonds | Nil | Nil |
| Cash and Cash Equivalents | Nil | Nil |
| Insurance fund | 100% | 100% |
| Asset-backed securities | Nil | Nil |
| Structured debt | Nil | Nil |
| Other | Nil | Nil |
| I. Other Details | | |
| No. of Active Members | 3,925 | 3,197 |
| Per month salary for active members | 0.08 | 0.08 |
| Weighted average duration of defined benefit obligation | 13.30 | 13.15 |
| Average Expected future service | 25.20 | 24.74 |
| Defined benefit obligation | 576.36 | 543.33 |
| Prescribed contribution for next year (12 months) | Nil | Nil |

Notes to Financial Statements for the year ended 31st March, 2022

Note 28.1 (Contd.)

Employee Benefit Defined Benefit Plan Disclosures (Refer Note 17, 28, 28.2)

(₹ in lakhs)

| Particulars | 31/03/2022 | 31/03/2021 |
|---|------------|------------|
| J. Net Interest Cost for Next Year | | |
| Present value of defined benefit obligation at the end of the period | 576.36 | 543.33 |
| (Fair value of plan assets at the end of the period) | 169.78 | 158.82 |
| Net Liability / (Asset) at the end of the period | 406.58 | 384.50 |
| Interest Cost | 34.69 | 24.75 |
| (Interest Income) | (10.98) | (10.10) |
| Net Interest Cost for next year | 23.71 | 14.64 |
| K. Expenses recognised in the Profit or Loss for next year | | |
| Current service cost | 101.40 | 85.94 |
| Net Interest Cost | 23.71 | 14.64 |
| Past Service Cost | 125.11 | 100.58 |
| L. Maturity Analysis of Defined benefit obligation | | |
| Projected benefits payable in future years from the date of reporting | | |
| 1st following year | 77.05 | 67.44 |
| 2nd following year | 38.89 | 38.33 |
| 3rd following year | 42.40 | 36.72 |
| 4th following year | 42.86 | 41.88 |
| 5th following year | 56.24 | 43.69 |
| Sum of years 6 to 10 | 237.58 | 223.38 |
| M. Sensitivity Analysis | | |
| Defined benefit obligation on current assumptions | | |
| Delta effect of +1% Change in Rate of Discounting | 531.72 | 499.89 |
| Delta effect of -1% Change in Rate of Discounting | 628.24 | 593.99 |
| Delta effect of +1% Change in Rate of Salary Increase | 631.26 | 596.52 |
| Delta effect of -1% Change in Rate of Salary Increase | 528.40 | 497.03 |
| Delta effect of -1% Change in withdrawal Rate | 583.92 | 549.60 |
| Delta effect of -1% Change in withdrawal Rate | 567.60 | 536.09 |
| N. Summary of Valuation Assumptions | | |
| Mortality table | 100% | 100% |
| Retirement age | 58 | 58 |
| Attrition rate | 5.00% | 5.00% |
| Salary escalation rate | 5.00% | 5.00% |
| Discount rate | 7.35% | 6.91% |

Details of the Key actuarial assumptions used in the determination of long term compensated absences are as under

(₹ in lakhs)

| Particulars | Projected Unit Credit Method | |
|---|------------------------------|------------|
| | 2021-22 | 2020-21 |
| Period Covered | 31/03/2022 | 31/03/2021 |
| A. Change in defined benefit obligation | | |
| Defined benefit obligation at beginning of period | 25.61 | 30.26 |
| Service cost | | |
| a. Current service cost | 30.52 | Nil |
| b. Past service cost | Nil | Nil |
| c. (Gain) / loss on settlements | Nil | Nil |
| Interest expenses | 1.64 | 1.94 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 28.1 (Contd.)

Details of the Key actuarial assumptions used in the determination of long term compensated absences are as under

(₹ in lakhs)

| Particulars | Projected Unit Credit Method | |
|---|------------------------------|------------|
| | 2021-22 | 2020-21 |
| Period Covered | 31/03/2022 | 31/03/2021 |
| Cash flows | | |
| a. Benefit payments from plan | Nil | Nil |
| b. Benefit payments from employer | (3.63) | (3.52) |
| c. Settlement payments from plan | Nil | Nil |
| d. Settlement payments from employer | Nil | Nil |
| Remeasurements | | |
| a. Effect of changes in demographic assumptions | Nil | Nil |
| b. Effect of changes in financial assumptions | (0.88) | (0.10) |
| c. Effect of experience adjustments | (1.42) | (2.98) |
| Transfer In /Out | | |
| a. Transfer In | Nil | Nil |
| b. Transfer out | Nil | Nil |
| Defined benefit obligation at end of period | 51.85 | 25.61 |
| B. Change in fair value of plan assets | | |
| Fair value of plan assets at beginning of period | Nil | Nil |
| Interest income | Nil | Nil |
| Cash flows | | |
| a. Total employer contributions | | |
| (i) Employer contributions | Nil | Nil |
| (ii) Employer direct benefit payments | 3.63 | 3.52 |
| (iii) Employer direct settlement payments | Nil | Nil |
| b. Participant contributions | Nil | Nil |
| c. Benefit payments from plan assets | Nil | Nil |
| d. Benefit payments from employer | (3.63) | (3.52) |
| e. Settlement payments from plan assets | Nil | Nil |
| f. Settlement payments from employer | Nil | Nil |
| Remeasurements | | |
| a. Return on plan assets (excluding interest income) | Nil | Nil |
| Transfer In /Out | | |
| a. Transfer In | Nil | Nil |
| b. Transfer out | Nil | Nil |
| Fair value of plan assets at end of period | Nil | Nil |
| C. Amounts recognized in the statement of financial position | | |
| Defined benefit obligation | 51.85 | 25.61 |
| Fair value of plan assets | Nil | Nil |
| Funded status | 51.85 | 25.61 |
| Effect of asset ceiling | Nil | Nil |
| Net defined benefit liability (asset) | 51.85 | 25.61 |
| D. Components of defined benefit cost | | |
| Service cost | | |
| a. Current service cost | 30.52 | Nil |
| b. Past service cost | Nil | Nil |
| c. (Gain) / loss on settlements | Nil | Nil |
| d. Total service cost | 30.52 | Nil |
| Net interest cost | | |
| a. Interest expense on DBO | 1.64 | 1.94 |
| b. Interest (income) on plan assets | Nil | Nil |

Notes to Financial Statements for the year ended 31st March, 2022

Note 28.1 (Contd.)

Details of the Key actuarial assumptions used in the determination of long term compensated absences are as under
(₹ in lakhs)

| Particulars | Projected Unit Credit Method | |
|--|---|---|
| | 2021-22 31/03/2022 | 2020-21 31/03/2021 |
| Period Covered | | |
| c. Interest expense on effect of (asset ceiling) | Nil | Nil |
| d. Total net interest cost | 1.64 | 1.94 |
| Remeasurements (recognized in other comprehensive income) | | |
| a. Effect of changes in demographic assumptions | Nil | Nil |
| b. Effect of changes in financial assumptions | (0.88) | (0.10) |
| c. Effect of experience adjustments | (1.42) | (2.98) |
| d. (Return) on plan assets (excluding interest income) | Nil | Nil |
| e. Changes in asset ceiling (excluding interest income) | Nil | Nil |
| f. Total Remeasurements included in OCI | Nil | Nil |
| Total defined benefit cost recognized in P&L | 29.87 | (1.13) |
| E. Components of actuarial Loss / (Gain) on obligation | | |
| a. Effect of changes in demographic assumptions | Nil | Nil |
| b. Effect of changes in financial assumptions | (0.88) | (0.10) |
| c. Effect of experience adjustments | (1.42) | (2.98) |
| d. (Return) on plan assets (excluding interest income) | Nil | Nil |
| Net actuarial Loss / (Gain) on obligation | (2.30) | (3.07) |
| F. Employer Expense (P&L) | | |
| a. Current Service Cost | 30.52 | Nil |
| b. Interest Cost on net DBO | 1.64 | 1.94 |
| c. Past Service Cost | Nil | Nil |
| d. Net value of remeasurements on the obligation and plan assets | (2.30) | (3.07) |
| e. Total P& L Expenses | 29.87 | (1.13) |
| G. Net defined benefit liability/(asset) reconciliation | | |
| Net defined benefit liability (asset) | 25.61 | 30.26 |
| Defined benefit cost included in P&L | 29.87 | (1.13) |
| a. Employer contributions | | |
| b. Employer direct benefit payments | (3.63) | (3.52) |
| c. Employer direct settlement payments | Nil | Nil |
| Net transfer | Nil | Nil |
| Net defined benefit liability (asset) as of end of period | 51.85 | 25.61 |
| H. Reconciliation of OCI (Re-measurement) | | |
| Recognised in OCI at the beginning of period | Nil | Nil |
| Recognised in OCI during the period | Nil | Nil |
| Recognised in OCI at the end of the period | Nil | Nil |
| Employee Benefit Defined Benefit Plan Disclosures (Refer Note 17, 28, 28.2) | | |
| J. Significant actuarial assumptions | | |
| Discount rate Current Year | 7.35% | 6.91% |
| Discount rate Previous Year | 6.91% | 6.81% |
| Salary increase rate | Uniform 5.0% | Uniform 5.0% |
| Retirement Age | 58 Years | 58 Years |
| Salary increase rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| Disability | Nil | Nil |

Notes to Financial Statements for the year ended 31st March, 2022

Note 28.1 (Contd.)

Details of the Key actuarial assumptions used in the determination of long term compensated absences are as under
(₹ in lakhs)

| Particulars | Projected Unit Credit Method | |
|---|------------------------------|-----------------------|
| | 2021-22 31/03/2022 | 2020-21 31/03/2021 |
| Period Covered | | |
| K. Data | | |
| No. | 2,767 | 3,027 |
| Avg. Age (yrs.) | 34 | 34 |
| Total Leave Balance in lakhs | 240.04 | 243.38 |
| Total Monthly Encashment Salary (₹ In lakhs) | 0.09 | 0.08 |
| L. Expected cash flows for following year | | |
| Expected employer contributions / Addl. Provision Next Year | 51.85 | 25.61 |
| N. Defined benefit obligation at end of year | | |
| Current Obligation | 51.85 | 25.61 |
| Non-Current Obligation | Nil | Nil |
| Total | 51.85 | 25.61 |
| SUMMARY | | |
| Assets / Liabilities | | |
| Defined benefit obligation at end of period | 51.85 | 25.61 |
| Fair value of plan assets at end of period | Nil | Nil |
| Net defined benefit liability/(asset) | 51.85 | 25.61 |
| Defined benefit cost included in P&L | 29.87 | (1.13) |
| Total remeasurements included in OCI | Nil | Nil |
| Total defined benefit cost recognized in P&L and OCI | 29.87 | (1.13) |

Note 28.2

Employee Benefit Disclosures (Refer Note 17, 28, 28.1)

(₹ in lakhs)

| Particulars | As At 31/03/2022 | | | As At 31/03/2021 | | |
|---|------------------|--------------|---------------|------------------|--------------|---------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| Leave obligations | 37.63 | 14.21 | 51.85 | 18.77 | 6.83 | 25.61 |
| Gratuity (Net) | 329.53 | 77.05 | 406.58 | 317.07 | 67.44 | 384.50 |
| Total employee benefit obligations | 367.16 | 91.27 | 458.43 | 335.84 | 74.27 | 410.11 |

(i) Leave obligations

The leave obligations cover the group's liability for sick and earned leave.

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|--|---------------------|---------------------|
| Current leave obligations expected to be settled within the next 12 months | 14.21 | 6.83 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 29

Finance Costs

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|-----------------------|--------------------------|--------------------------|
| Interest to Banks | 3,715.06 | 3,711.44 |
| Other Interest | 23.66 | 153.42 |
| Other Borrowing Costs | 467.47 | 361.22 |
| Total | 4,206.20 | 4,226.08 |

Note 29.1

Borrowing costs are net off State government interest subsidy of ₹ 710.69 Lakhs (31 March 2021 ₹ 525.68 Lakhs) and TUFs interest subsidy ₹ 615.18 Lakhs (31 March 2021 ₹ 846.05 Lakhs).

Note 30

Other Expenses

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|---|--------------------------|--------------------------|
| Stores & Spares consumed | 1,900.58 | 1,030.96 |
| Packing materials consumed | 1,053.41 | 721.02 |
| Electricity & Fuel charges | 14,430.00 | 9,458.19 |
| Labour Charges | 1,541.82 | 890.88 |
| Carriage Inward | 13.27 | 147.65 |
| Inspection Charges | 82.95 | 45.77 |
| Repairs and Maintenance | 561.76 | 293.87 |
| Insurance | 404.14 | 332.42 |
| Rent | 80.10 | 101.53 |
| Rates and Taxes | 160.57 | 179.48 |
| Communication Expense | 63.28 | 83.02 |
| Traveling and Conveyance Expense | 86.95 | 51.69 |
| Legal and Professional Expense | 278.06 | 212.50 |
| Freight, Clearing and Forwarding Charges | 1,379.98 | 749.98 |
| Auditor's Remuneration: | | |
| (i) For Audit | 5.00 | 5.00 |
| (ii) For Tax Audit | Nil | Nil |
| (iii) For Certification | 1.50 | 1.50 |
| Other Selling Expense | 30.85 | 5.83 |
| Corporate Social Responsibility Expenses (Refer Note 38) | Nil | 60.00 |
| Loss due to Fire of Property, Plant & Equipment | Nil | 1,662.35 |
| Loss due to Fire of Raw Material, Work in progress & Finished goods | Nil | 4.97 |
| Commission Expense | 321.20 | 194.00 |
| Provision/(Reversal of Provision) for doubtful Advances | Nil | 31.44 |
| Allowance for Expected Credit Loss | 1,072.76 | 933.60 |
| Provision/(Reversal of Provision) for impairment Loss on Investment | Nil | 100.00 |
| Bad debts written off | Nil | 83.35 |
| Miscellaneous Expense | 211.84 | 172.70 |
| Total | 23,680.03 | 17,553.70 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 30.1

Electricity & Fuel charges are net off State government power subsidy of ₹ 315.17 Lakhs (31st March 2021 ₹314.17 Lakhs).

Note 30.2

Following are the expense line items that have adjusted due to retrospective restatement of prior period error:

| Expense Head | (₹ in lakhs) | |
|-----------------------------------|--------------------------|--------------------------|
| | Year ended 31/03/2022 | Year ended 31/03/2021 |
| Legal Professional Charges | Nil | 2.10 |
| Membership and Subscription | Nil | 0.71 |
| Repairs and Maintainance Expenses | Nil | 3.74 |
| Security Charges | Nil | 1.14 |
| Total Expense | Nil | 7.70 |

Note 30.3

Leases

Lease rentals charged during the period

| Particulars | (₹ in lakhs) | |
|--------------------|--------------------------|--------------------------|
| | Year ended 31/03/2022 | Year ended 31/03/2021 |
| Lease rent expense | 80.10 | 101.53 |

Note 30.4

Future minimum lease payable

| Particulars | (₹ in lakhs) | |
|--|---------------------|---------------------|
| | As at 31/03/2022 | As at 31/03/2021 |
| Not later than 1 year | 78.24 | 78.24 |
| Later than 1 year and Not Later than 5 Years | Nil | Nil |
| Later than 5 years | Nil | Nil |

The operating lease arrangements, are renewable on a periodic basis subject to price escalation clauses which have been straight lined if such escalation is not in line with the general inflation in that locality.

Note 31

Note 31.1

Tax Expense

| Particulars | (₹ in lakhs) | |
|--|--------------------------|--------------------------|
| | Year ended 31/03/2022 | Year ended 31/03/2021 |
| Current tax expense | 1,601.47 | Nil |
| Deferred Tax | 949.04 | (1,266.41) |
| Total Tax Expense of Current Year | 2,550.51 | (1,266.41) |
| Short/(Excess) Provision Of Income Tax of earlier year | (105.19) | Nil |
| Total | 2,445.32 | (1,266.41) |

Notes to Financial Statements

for the year ended 31st March, 2022

Note 31.2

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|--|--------------------------|--------------------------|
| Profit from continuing operations before income tax expense | 9,227.18 | (3,138.25) |
| | 9,227.18 | (3,138.25) |
| Tax at the Indian tax rate of 25.16% (31st March 2021 34.944%) | 2,321.56 | (1,096.63) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Expense not deductible for tax purpose | 10.25 | 62.35 |
| Income exempt from income tax act,1961 | (290.36) | (235.55) |
| Effect of reversal of tax exemption on adoption of new tax regim net reduction in of tax rate | 508.57 | Nil |
| Adjustments for the current tax of prior periods | 105.69 | Nil |
| Short/(Excess) Provision Of Income Tax of earlier year | (105.19) | Nil |
| Others | Nil | 3.42 |
| Income tax expense | 2,445.32 | (1,266.41) |

Note 32

Earnings per Share Disclosures

Note 32.1

Reconciliation on Amount of EPS

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|--|--------------------------|--------------------------|
| (a) Basic earnings per share (in ₹) | | |
| From continuing operations attributable to the equity holders of the company | 4.70 | (1.30) |
| Total basic earnings per share attributable to the equity holders of the company (in ₹) | 4.70 | (1.30) |
| (b) Diluted earnings per share in ₹ | | |
| From continuing operations attributable to the equity holders of the compan | 4.70 | (1.30) |
| Total diluted earnings per share attributable to the equity holders of the company (in ₹) | 4.70 | (1.30) |

* Adjusted to give effect to the allotment of bonus shares during the year under consideration. (Refer Note 13)

Note 32.2

Reconciliations of earnings used in calculating earnings per share

(₹ in lakhs)

| Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|---|--------------------------|--------------------------|
| Basic earnings per share | | |
| Profit attributable to the equity holders of the company used in calculating basic earnings per share: | | |
| From continuing operations | 6,781.86 | (1,871.84) |
| Profit attributable to the equity holders of the company used in calculating basic earnings per share | 6,781.86 | (1,871.84) |
| Diluted earnings per share | | |
| Profit from continuing operations attributable to the equity holders of the company | 6,781.86 | (1,871.84) |
| Profit attributable to the equity holders of the company used in calculating diluted earnings per share | 6,781.86 | (1,871.84) |

Notes to Financial Statements for the year ended 31st March, 2022

Note 32.3

Weighted average number of shares used as the denominator

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|--|------------------|------------------|
| | Number of shares | Number of shares |
| Nominal Value of Shares | 10 | 10 |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 144147168 | 144147168 |
| Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share | 144147168 | 144147168 |

* Adjusted to give effect to the allotment of bonus shares during the year under consideration. (Refer Note 13)

Note 32.4

(₹ in lakhs)

| Increase / (Decrease) in EPS due to retrospective restatement of Prior period error | Year ended 31/03/2022 | Year ended 31/03/2021 |
|---|--------------------------|--------------------------|
| Basic EPS in ₹ | 0.00 | 0.01 |
| Diluted EPS in ₹ | 0.00 | 0.01 |

Note 33

33.1 Financial Instruments by Category

The carrying value and fair value of financial instruments by categories as at 31 March 2022 are as under:

(₹ in lakhs)

| Particulars | Note Reference | Amortised Cost | Fair value through Profit or Loss | Fair Value through OCI | Total Carrying Value | Total Fair Value |
|--|----------------|------------------|-----------------------------------|------------------------|----------------------|------------------|
| Financial Assets | | | | | | |
| Cash and Cash Equivalents | 10 | 2,864.87 | Nil | Nil | 2,864.87 | 2,864.87 |
| Other Bank Balances | 11 | 1,693.71 | Nil | Nil | 1,693.71 | 1,693.71 |
| Investments | | | | | | |
| Equity Instruments other than subsidiaries | 5 | Nil | 33.77 | Nil | 33.77 | 33.77 |
| Preference Shares | 5 | 13.46 | Nil | Nil | 13.46 | 13.46 |
| Bonds | 5 | Nil | Nil | Nil | Nil | Nil |
| Trade Receivables | 9 | 44,595.01 | Nil | Nil | 44,595.01 | 44,595.01 |
| Other Financial Assets | | | | | | |
| Non Current | 6 | 498.51 | Nil | Nil | 498.51 | 498.51 |
| Current | 6 | 10,161.47 | 11.99 | Nil | 10,173.47 | 10,173.47 |
| Total Financial Assets | | 59,827.04 | 45.77 | Nil | 59,872.81 | 59,872.81 |
| Liabilities | | | | | | |
| Borrowings | | | | | | |
| Non Current | 15 | 25,288.23 | Nil | Nil | 25,288.23 | 25,288.23 |
| Current | 15 | 30,533.72 | Nil | Nil | 30,533.72 | 30,533.72 |
| Trade Payables | 21 | 26,215.35 | Nil | Nil | 26,215.35 | 26,215.35 |
| Other Financial Liabilities | | | | | | |
| Non Current | 16 | 19.27 | Nil | Nil | 19.27 | 19.27 |
| Current | 16 | 5,667.49 | Nil | Nil | 5,667.49 | 5,667.49 |
| Total Financial Liabilities | | 87,724.05 | Nil | Nil | 87,724.05 | 87,724.05 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 33 (Contd.)

33.1 Financial Instruments by Category

The carrying value and fair value of financial instruments by categories as at 31 March 2021 are as under:

(₹ in lakhs)

| Particulars | Note Reference | Amortised Cost | Fair value through Profit or Loss | Fair Value through OCI | Total Carrying Value | Total Fair Value |
|--|----------------|------------------|-----------------------------------|------------------------|----------------------|------------------|
| Assets | | | | | | |
| Cash and Cash Equivalents | 10 | 1,692.82 | Nil | Nil | 1,692.82 | 1,692.82 |
| Other Bank Balances | 11 | 1,338.90 | Nil | Nil | 1,338.90 | 1,338.90 |
| Investments | | | | | | |
| Equity Instruments other than subsidiaries | 5 | Nil | 15.95 | Nil | 15.95 | 15.95 |
| Preference Shares | 5 | 13.46 | Nil | Nil | 13.46 | 13.46 |
| Bonds | 5 | Nil | Nil | Nil | Nil | Nil |
| Trade Receivables | 9 | 27,841.09 | Nil | Nil | 27,841.09 | 27,841.09 |
| Other Financial Assets | | | | | | |
| Non Current | 6 | 153.41 | Nil | Nil | 153.41 | 153.41 |
| Current | 6 | 11,127.37 | 11.31 | Nil | 11,138.68 | 11,138.68 |
| Total Financial Assets | | 42,167.05 | 27.26 | Nil | 42,194.31 | 42,194.31 |

(₹ in lakhs)

| Particulars | Note Reference | Amortised Cost | Fair value through Profit or Loss | Fair Value through OCI | Total Carrying Value | Total Fair Value |
|------------------------------------|----------------|------------------|-----------------------------------|------------------------|----------------------|------------------|
| Liabilities | | | | | | |
| Borrowings | | | | | | |
| Non Current | 15 | 26,225.24 | Nil | Nil | 26,225.24 | 26,225.24 |
| Current | 15 | 29,007.45 | Nil | Nil | 29,007.45 | 29,007.45 |
| Trade Payables | 21 | 11,968.65 | Nil | Nil | 11,968.65 | 11,968.65 |
| Other financial liabilities | | | | | | |
| Non Current | 16 | 19.27 | Nil | Nil | 19.27 | 19.27 |
| Current | 16 | 2,598.38 | Nil | Nil | 2,598.38 | 2,598.38 |
| Total Financial Liabilities | | 69,818.99 | Nil | Nil | 69,818.99 | 69,818.99 |

Note 33.2 Fair Value Hierarchy

Level 1 : Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 : Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs)

The fair value hierarchy of assets and liabilities measured at fair value are as under:

(₹ in lakhs)

| Particulars | Note Reference | Level 1 | Level 2 | Level 3 |
|---|----------------|---------|---------|---------|
| a. Investment in equity shares other than subsidiaries and joint ventures | | | | |
| As at 31 March 2022 | 5 | 33.52 | Nil | 0.25 |
| As at 31 March 2021 | 5 | 15.70 | Nil | 0.25 |
| b. Investment in preference shares | | | | |
| As at 31 March 2022 | 5 | Nil | Nil | 13.46 |
| As at 31 March 2021 | 5 | Nil | Nil | 13.46 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 33.2 Fair Value Hierarchy (Contd.)

Note 33.2.1 Investment in equity shares quoted on recognised stock exchanges

The fair value of investment in equity shares is based on quoted price.

Note 33.2.2 Investment in unquoted preference shares

The fair value of unquoted preference shares has been determined using Level 3 inputs based on Discounted Cash Flow method. A one percentage point change in the unobservable inputs used in fair valuation of Level 3 does not have a significant impact on its value. The movement in unquoted investments is on account of sale of shares during the comparative period (Refer Note 5).

Note 33.2.3 Transfers between levels of fair value hierarchy

There have been no transfers between levels of fair value hierarchy during the year ended 31st March, 2022 and during the comparative period ended 31st March, 2021.

Note 33.2.4 Valuation Process

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various Financial assets and liabilities are as follows-

1. Quoted price in the primary market considered for the fair valuation of the non-current investment. Gain/ (loss) on fair valuation is recognised in profit and loss.
2. The carrying amount of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory/receivable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.

Note 33.3

Financial Risk Management

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The Board of Directors review and agree policies for managing each of these risks, which are summarised below:

Note 33.3.1 Market Risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate instrument because of changes in market factors. Market risk comprises three type of risks:

- a. Currency Risk
- b. Interest Rate Risk
- c. Price Risk

The company is exposed to currency risk and price risk. The same are analysed below:

a. Currency Risk

The company is exposed to foreign exchange risk arising from foreign currency borrowing denominated in US dollars (US\$) and foreign currency notes denominated in various foreign currencies. The company also imports certain material which are denominated in US\$ which exposes it to foreign currency risks. If the value of the Indian Rupee depreciates relative to these foreign currencies, the related costs may increase. The exchange rates between the Indian Rupee and US\$ has changed substantially in recent periods and may continue to fluctuate substantially in the future. In order to mitigate the foreign Currency exposure risk , as on 31st March,2022, the company has entered into derivative contract of ₹ 1449.55 Lakhs (31st March,2021 ₹297.87 Lakhs) to hedge exposure to fluctuation risk. The below sensitivity does not include the impact of foreign currency forward contracts which largely mitigate the risk:

Notes to Financial Statements for the year ended 31st March, 2022

Note 33.3 (Contd.)

Foreign currency risks from non derivative financial instruments as at 31 March 2022 are given below:

(₹ in lakhs)

| Particulars | USD | EURO | CHF | JPY | Total |
|---|-----------------|--------------|-------------|-------------|-----------------|
| Trade Receivables (Refer Note 9) | 4,596.57 | Nil | Nil | Nil | 4,596.57 |
| Advance to Supplier (Refer Note 7) | 0.37 | 94.06 | 3.80 | 5.22 | 103.44 |
| Trade Payables (Refer Note 21) | (1,035.78) | Nil | Nil | Nil | (1,035.78) |
| Advance from Customer (Refer Note 20) | (173.94) | Nil | Nil | Nil | (173.94) |
| Net Foreign Currency Risk Exposure | 3,387.21 | 94.06 | 3.80 | 5.22 | 3,490.29 |

Foreign currency risks from non derivative financial instruments as at 31 March 2021 are given below:

(₹ in lakhs)

| Particulars | USD | EURO | CHF | JPY | Total |
|---|-----------------|--------------|------------|--------------|-----------------|
| Trade Receivables (Refer Note 9) | 1,832.92 | Nil | Nil | Nil | 1,832.92 |
| Advance to Supplier (Refer Note 7) | 69.39 | 63.99 | Nil | 14.18 | 147.56 |
| Trade Payables (Refer Note 21) | (230.01) | Nil | Nil | Nil | (230.01) |
| Advance from Customer (Refer Note 20) | (66.03) | Nil | Nil | Nil | (66.03) |
| Net Foreign Currency Risk Exposure | 1,606.26 | 63.99 | Nil | 14.18 | 1,684.44 |

For each of the years ended 31st March 2022 and 31st March 2021, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U. S. Dollars, has affected company's incremental operating margins by approximately 0.38% & 0.54% respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

b. Price Risk

The company's exposure to price risk arises from investments in equity shares of other companies (Refer Note 5 and 33.1). The company has not undertaken any risk mitigation measures to reduce the price risk. The table below summarises the impact of increases / decreases of share price of the investments and profit for the period. The analysis is based on the assumption that the market price of those investments in equity shares of other companies move by 5% point on either side with all other variables held constant.

| Year Ended | No. of Shares | Average Market price per share | Fair Value in ₹ | % Change in Fair Value | Effect on Profit before Tax (₹ in lakhs) |
|------------|---------------|--------------------------------|-----------------|------------------------|--|
| 31/03/2022 | 67700 | 49.52 | 33.52 | 5.00% | 1.68 |
| | | | | -5.00% | (1.68) |
| 31/03/2021 | 67700 | 23.19 | 15.70 | 5.00% | 0.78 |
| | | | | -5.00% | (0.78) |

c. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Notes to Financial Statements for the year ended 31st March, 2022

Note 33.3 (Contd.)

Exposure to interest rate risk

(₹ in lakhs)

| Particulars | As At 31st March | |
|---|------------------|------------------|
| | 2022 | 2021 |
| Fixed Rate Instruments (Refer Note. 15) | | |
| Financial liabilities | | |
| Non Current | 3.35 | 9.99 |
| Current | 6.81 | 9.24 |
| Total | 10.16 | 19.23 |
| Variable Rate Instruments (Refer Note. 15) | | |
| Financial liabilities | | |
| Non Current | 25,284.87 | 26,215.25 |
| Current | 30,526.91 | 28,998.21 |
| Total | 55,811.79 | 55,213.46 |

The outstanding position of borrowings at variable interest rate along with proportion of total loans is given below:

(₹ in lakhs)

| Particulars | As At 31st March | |
|--|------------------|-----------|
| | 2022 | 2021 |
| Total Borrowings | 55,821.95 | 55,232.69 |
| % of Borrowings out of above bearing variable rate of interest | 99.98% | 99.97% |

Interest Rate Sensitivity

A change of 50 bps in interest rates would have following Impact on profit before tax

(₹ in lakhs)

| Particulars | As At 31st March | |
|--|------------------|----------|
| | 2022 | 2021 |
| 50bps increase would decrease the profit before tax by | 279.06 | 276.07 |
| 50bps decrease would increase the profit before tax by | (279.06) | (276.07) |

Note 33.3.2 Liquidity Risk

Liquidity risk is the risk that the company would not be able to meet its financial obligations when they become due. The company is financed primarily by bank loans, loans from directors, and other operating cash flows. The company has undrawn borrowing facilities to the extent of ₹ 1,755.69 Lakhs as on 31st March, 2022 (as on 31st March, 2021 ₹ 7,677.76 Lakhs).

The details of the contractual maturities of significant financial liabilities as at 31 March 2022 are as under:

(₹ in lakhs)

| Particulars | Note Ref. | As At 31st March | | | | | 8 years and Above | Total |
|--------------------------------------|-----------|------------------|------------------|------------------|---------------|--------------|-------------------|-------|
| | | < 1 year | 1-2 year | 2-5 years | 5-8 years | | | |
| Borrowings (Term Loan - Banks & ICD) | 15 | 9,315.99 | 10,298.61 | 14,679.60 | 306.66 | Nil | 34,600.86 | |
| Borrowings (Working capital) | 15 | 21,210.92 | Nil | Nil | Nil | Nil | 21,210.92 | |
| Vehicle Loans | 15 | 6.81 | 3.35 | Nil | Nil | Nil | 10.16 | |
| Trade Payable | 21 | 26,215.35 | Nil | Nil | Nil | Nil | 26,215.35 | |
| Other Financial Liabilities | 16 | 4,792.67 | Nil | Nil | Nil | 19.27 | 4,811.94 | |
| Employee Benefit liabilities | 16 | 844.72 | Nil | Nil | Nil | Nil | 844.72 | |
| Unpaid dividends | 16 | 30.10 | Nil | Nil | Nil | Nil | 30.10 | |
| Total | | 62,416.56 | 10,301.97 | 14,679.60 | 306.66 | 19.27 | 87,724.05 | |

Notes to Financial Statements for the year ended 31st March, 2022

Note 33.3 (Contd.)

The details of the contractual maturities of significant financial liabilities as at 31 March 2021 are as under:

(₹ in lakhs)

| Particulars | Note Ref. | < 1 year | 1-2 year | 2-5 years | 5-8 years | 8 years and Above | Total |
|--------------------------------|-----------|------------------|-----------------|------------------|-----------------|-------------------|------------------|
| Borrowings (Term Loan - Banks) | 15 | 8,637.70 | 8,154.13 | 13,592.57 | 4,468.55 | Nil | 34,852.95 |
| Borrowings (Working capital) | 15 | 20,360.51 | Nil | Nil | Nil | Nil | 20,360.51 |
| Vehicle Loans | 15 | 9.24 | 6.75 | 3.24 | Nil | Nil | 19.23 |
| Trade Payable | 21 | 11,968.65 | Nil | Nil | Nil | Nil | 11,968.65 |
| Other Financial Liabilities | 16 | 1,834.20 | Nil | Nil | Nil | 19.27 | 1,853.47 |
| Employee Benefit liabilities | 16 | 726.06 | Nil | Nil | Nil | Nil | 726.06 |
| Unpaid dividends | 16 | 38.12 | Nil | Nil | Nil | Nil | 38.12 |
| Total | | 43,574.48 | 8,160.88 | 13,595.81 | 4,468.55 | 19.27 | 69,818.99 |

Note 33.3.3 Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company maintains its cash and cash equivalents and bank deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

The maximum exposure to credit risk at the reporting date is primarily from trade receivables. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

On account of the adoption of Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors and the Company's experience for customers."

The Company reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Company also calculates the expected credit loss (ECL) for non-collection of receivables. The Company makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Company retains the provision made for doubtful debts without any adjustment.

The allowance for lifetime ECL on customer balances for the year ended 31st March, 2022 was ₹ 3,791.71 Lakhs and for the year ended 31st March, 2021 was ₹ 2,709.16 Lakhs

(₹ in lakhs)

| Particulars | Year ended 31 March | |
|----------------------------|---------------------|----------|
| | 2022 | 2021 |
| Balance at the beginning | 2,709.16 | 1,775.56 |
| Impairment loss recognised | 1,233.10 | 1,030.46 |
| Impairment loss reversed | (150.55) | (96.86) |
| Balance at the end | 3,791.71 | 2,709.16 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 34

Contingent Liabilities

| (₹ in lakhs) | | |
|---|-------------------------|-------------------------|
| Particulars | As at 31/03/2022 | As at 31/03/2021 |
| Value Added demands disputed in appeal by Company/vat Authorities (Against which Company has paid ₹ 10.24 Lakhs, as at 31/03/2021 ₹10.24 Lakhs) | 77.43 | 77.43 |
| Income Tax Demands disputed in appeal by Company/Income Tax Authorities (Against which Company has paid ₹ 217.25 Lakhs, as at 31/03/2021 ₹217.25 Lakhs) | 6,101.88 | 1,579.45 |
| "Excise & Customs demands disputed in appeal by Company/Authorities (Against which Company has paid ₹41.43 Lakhs, as at 31/03/2021 41.43 Lakhs)" | 45.54 | 45.54 |
| Amount not Acknowledged as Debt by the Company | 874.66 | 153.20 |
| Show cause notice received from Various Authorities in respect of Excise & Customs | 41.11 | 41.11 |
| Disputed Tax demand In appeal by Company in respect of ESIC (Against which Company has paid ₹ 8.68 Lakhs, as at 31/03/2021 ₹8.68 Lakhs) | 34.72 | 34.72 |
| Corporate guarantee in favour of Aditya Birla Finance Ltd. to Secure term loan sanctioned to M/s Vraj Integrated Textile Park Ltd | 1,462.00 | 1,462.00 |
| Civil Suits filed against the Company by various Individuals | Amount not Quantifiable | Amount not Quantifiable |
| A Letter received by the Company from Service Tax Department seeking Clarification on Selling Commission | Amount not Quantifiable | Amount not Quantifiable |
| Civil/Labour Suits filed against Company | Amount not Quantifiable | Amount not Quantifiable |
| Total | 8,637.34 | 3,393.45 |

Note 34.1

Commitments

| (₹ in lakhs) | | |
|---|---------------------|---------------------|
| Particulars | As at 31/03/2022 | As at 31/03/2021 |
| Estimated Amount of Contract to be executed on Capital Account (Against Which the Company has paid ₹1644.09 Lakhs (as at 31/03/2021 ₹ 1,109.37 Lakhs) | 3,126.34 | 4,098.05 |
| Total | 3,126.34 | 4,098.05 |

Note 35

Capital Management Disclosures

Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide return to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Company manages the capital structure and makes the adjustment to it in the light of changes in economic conditions and risk characteristics of the underlying assets. The company monitors capital on the gearing ratio basis. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (Non-Current borrowing and current borrowings) less cash and cash equivalents. Total capital is calculated as total shareholder's equity.

Notes to Financial Statements for the year ended 31st March, 2022

Note 35 (Contd.)

Capital Management Disclosures

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|---|---------------------|---------------------|
| Non-Current borrowings (Refer Note 15) | 25,288.23 | 26,225.24 |
| Current borrowings (Refer Note 15) | 22,210.92 | 20,360.51 |
| Current maturities of long-term borrowings (Refer Note 15) | 8,322.80 | 8,646.94 |
| Total Borrowings | 55,821.95 | 55,232.69 |
| Less: Cash & Cash Equivalents (Refer Note 10) | 2,864.87 | 1,692.82 |
| Net Debt | 52,957.08 | 53,539.88 |
| Total Equity attributable to equity share holders of the company (Refer Note 13 & 14) | 53,899.75 | 47,102.58 |
| Gearing ratio | 0.98 | 1.14 |

Note 36

Related Party Disclosures

a. List of Key Management Personnel with whom transactions have occurred during the year

(₹ in lakhs)

| Name of Key Management Personnel | Designation | Total Transaction during 2021-22 | Total Transaction during 2020-21 |
|----------------------------------|---|----------------------------------|----------------------------------|
| Deepak Chiripal | CEO | 84.00 | 86.01 |
| P K Sharma | Whole Time Director (Resigned w.e.f 20/08/2020) | Nil | 1.86 |
| Giraj Mohan Sharma | Independent Director | 3.00 | 2.10 |
| Pratima Ram | Independent Director (Resigned w.e.f 20/08/2020) | Nil | 0.50 |
| Falguni Vasavda | "Independent Director (Appointed on 04/11/2020)" | 2.50 | 1.00 |
| Tara Shankar Bhattacharya | Independent Director | 2.50 | 2.10 |
| Suresh Maheshwari | "Whole Time Director (Resigned w.e.f 11/05/2020)" | Nil | 4.29 |
| Shaktidan Gadhvi | Whole Time Director (Appointed on 14/08/2021) | 6.27 | 1.62 |
| Ashok Bothra | CFO (Resigned w.e.f 18/11/2021) | 15.65 | 15.08 |
| Mehul Shah | CFO (Appointed w.e.f 26/03/2022) | 1.00 | Nil |
| Purvee Roy | Company Secretary | 12.85 | 8.34 |

b. List of close members of family of Key Management Personnel with whom transactions have occurred during the year

(₹ in lakhs)

| Name of close members of family of Key Management Personnel | Relationship | Total Transaction during 2021-22 | Total Transaction during 2020-21 |
|---|--|----------------------------------|----------------------------------|
| Kiran Sharma | Relative of WTD | Nil | 1.20 |
| Vaibhav Sharma | Relative of WTD | Nil | 1.14 |
| Niramla Maheshwari | Relative of WTD | Nil | 0.99 |
| Bhagyeshri Gadhvi | Relative of WTD | 2.71 | 0.38 |
| Mrudula Bothra | Relative of CFO (Resigned w.e.f 18/11/2021) | 9.00 | 8.67 |
| Divya Shah | Relative of CFO (Appointed w.e.f 26/03/2022) | 0.66 | Nil |

Notes to Financial Statements for the year ended 31st March, 2022

Note 36 (Contd.)

Related Party Disclosures

- c. List of entities in which Key Management Personnel have control or significant influence with whom transactions have occurred during the year

(₹ in lakhs)

| Name of Entity | Total Transaction during 2021-22 | Total Transaction during 2020-21 |
|-------------------------------------|----------------------------------|----------------------------------|
| Chiripal Industries Ltd. | 12,580.05 | 14,418.15 |
| Nova Textiles Pvt. Ltd | 26,831.40 | 17,436.37 |
| Vishal Fabrics Ltd. | (24.77) | 1,993.18 |
| Shanti Exports Pvt. Ltd. | 15.75 | 26.67 |
| Milestone Educom Trust | Nil | 60.00 |
| Vraj Textile Park | 25.90 | 29.61 |
| CIL Nova Petrochemicals Ltd | 1,143.90 | 42.14 |
| Nandan Terry Pvt. Ltd. | 3,217.73 | 3,227.11 |
| Shanti Educational Initiatives Ltd. | 3.50 | Nil |
| Jaiprakash Chiripal | Nil | 86.84 |
| Chiripal Textile Mills Pvt Ltd | 0.18 | 0.68 |
| Tripoli Management Private Limited | 0.11 | Nil |

- d. Outstanding balances due from related parties (Refer Note 9.1 & 9.2)

(₹ in lakhs)

| Name of Related Party | Nature of Asset | As at 31/03/2022 | As at 31/03/2021 |
|----------------------------------|------------------|------------------|------------------|
| Nova Textiles Pvt. Ltd | Trade Receivable | 1,316.07 | 4,169.46 |
| Nandan Terry Pvt. Ltd. | Trade Receivable | 237.12 | 916.44 |
| Chiripal Industries Ltd | Trade Receivable | 764.68 | 764.68 |
| Vishal Fabrics Ltd. | Trade Receivable | 193.18 | 53.47 |
| Vraj Integrated Textile Park Ltd | Trade Receivable | 1.54 | 1.54 |
| CIL Nova Petrochemicals Ltd | Trade Receivable | 6.76 | 2.14 |
| Chiripal Textile Mills Pvt Ltd | Trade Receivable | (2.32) | 34.12 |

- e. Outstanding balance due to related parties (Refer Note 21)

(₹ in lakhs)

| Name of Related Party | Nature of Liability | As at 31/03/2022 | As at 31/03/2021 |
|-------------------------------------|---------------------|------------------|------------------|
| Nova Textiles Pvt. Ltd | Trade Payable | Nil | (0.14) |
| Chiripal Industries Ltd. | Trade Payable | 934.00 | 760.25 |
| Vishal Fabrics Ltd. | Trade Payable | 0.00 | (5.77) |
| Vraj Integrated Textile Park Ltd | Trade Payable | 108.99 | 109.42 |
| Shanti Exports Pvt. Ltd. | Trade Payable | (36.23) | (35.81) |
| Shanti Educational Initiatives Ltd. | Trade Payable | (3.78) | Nil |
| Chiripal Poly Films Ltd. | Trade Payable | Nil | (0.50) |
| Nandan Industries Pvt Ltd | Trade Payable | (0.00) | 291.75 |
| CIL Nova Petrochemicals Ltd | Trade Payable | 0.02 | Nil |
| Chiripal Textile Mills Pvt Ltd | Trade Payable | (0.19) | Nil |
| Nandan Terry Pvt. Ltd. | Trade Payable | 551.95 | Nil |

Notes to Financial Statements for the year ended 31st March, 2022

Note 36 (Contd.)

Related Party Disclosures

f. Compensation to Key Management Personnel

(₹ in lakhs)

| Particulars | As at 31/03/2022 | As at 31/03/2021 |
|-----------------------------------|---------------------|---------------------|
| Short-term employee benefits | 127.77 | 121.28 |
| Post Employment Benefits | 4.19 | 4.19 |
| Other Long-term employee benefits | Nil | Nil |
| Total | 131.97 | 125.47 |

g. Transactions with Related Parties

(₹ in lakhs)

| Particulars | 2021-22 | 2020-21 |
|---|------------------|------------------|
| Purchase of Raw Material | | |
| Entities in which KMP have control or significant influence | 10,540.20 | 16,800.72 |
| Total | 10,540.20 | 16,800.72 |
| Purchase of Stock In Trade | | |
| Entities in which KMP have control or significant influence | 235.50 | Nil |
| Total | 235.50 | Nil |
| Rent | | |
| Entities in which KMP have control or significant influence | 21.74 | 26.67 |
| Total | 21.74 | 26.67 |
| Electricity | | |
| Entities in which KMP have control or significant influence | 13.28 | 12.09 |
| Total | 13.28 | 12.09 |
| Repairs and Maintainance | | |
| Entities in which KMP have control or significant influence | 23.40 | 29.46 |
| Total | 23.40 | 29.46 |
| Sale of Goods | | |
| Entities in which KMP have control or significant influence | 32,959.50 | 20,303.62 |
| Total | 32,959.50 | 20,303.62 |
| Sale of Services | | |
| Entities in which KMP have control or significant influence | Nil | 1.34 |
| Total | Nil | 1.34 |
| Sale of Investment | | |
| Entities in which KMP have control or significant influence | Nil | 86.84 |
| Total | Nil | 86.84 |
| Remuneration Paid | | |
| Key Management Personnel | 119.77 | 115.58 |
| Close members of family of Key Management Personnel | 12.38 | 3.33 |
| Total | 132.15 | 118.91 |
| Director Sitting Fees | | |
| Key Management Personnel | 8.00 | 5.70 |
| Total | 8.00 | 5.70 |
| Legal and Professional Fees | | |
| Entities in which KMP have control or significant influence | 0.11 | Nil |
| Total | 0.11 | Nil |
| Corporate Social Responsibility | | |
| Entities in which KMP have control or significant influence | Nil | 60.00 |
| Total | Nil | 60.00 |

Note: List of transaction, out of the transactions reported in the above table, where the transactions entered in to with single party exceeds 10% of

Notes to Financial Statements for the year ended 31st March, 2022

Note 36 (Contd.)

Related Party Disclosures

the total related party transactions of similar nature are as under:

| (₹ in lakhs) | | |
|--|----------|----------|
| Particulars | 2020-21 | 2019-20 |
| Expenditure: | | |
| Purchase of Raw Material: | | |
| - Chiripal Industries Ltd | 4,308.16 | 8,216.66 |
| - Nova Textiles Pvt. Ltd. | 4,490.98 | 7,291.71 |
| Purchase of Stock in Trade: | | |
| - Chiripal Industries Ltd | 235.50 | Nil |
| Rent,Rates and Taxes: | | |
| - Shanti Exports Pvt Ltd | 15.75 | 26.67 |
| - Shanti Education Initiative Ltd | 3.50 | Nil |
| - Vraj Integrated Textile Park Ltd | 2.50 | Nil |
| Electricity Expense | | |
| - Nova Textiles Pvt. Ltd. | 13.28 | 12.09 |
| Repairs and Maintainance and Other Expenses | | |
| - Vraj Integrated Textile Park Ltd | 23.40 | 29.46 |
| Legal and Professional Fees | | |
| - Tripoli Management Private Limited | 0.11 | Nil |
| Corporate Social Responsibility | | |
| - Milestone Educom Trust | Nil | 60.00 |

| (₹ in lakhs) | | |
|--|---------------------|---------------------|
| Income Received: | As at 31/03/2022 | As at 31/03/2021 |
| Sale of Goods | | |
| - Nova Textiles Pvt Ltd | 22,327.14 | 10,132.57 |
| - Chiripal Industries Ltd | 8,036.39 | 6,201.35 |
| - Nandan Terry Pvt Ltd | 2,396.38 | 1,981.83 |
| - CIL Nova Petrochemicals Ltd | 224.80 | Nil |
| - Vishal Fabrics Ltd. | (25.21) | 1,987.72 |
| Sale of Services | | |
| - Nandan Terry Pvt Ltd | Nil | 1.21 |
| Transfer of Non Current Other Asset | | |
| - Jaiprakash Chiripal | Nil | 86.84 |
| Remuneration Paid: | | |
| - Deepak Chiripal | 84.00 | 86.01 |
| - Ashok Bothra | 15.65 | 15.08 |

Note 37

Details Of Hedged And Unhedged Exposure in Foreign Currency Denominated Monetary Items

a Exposure in foreign currency - Hedged

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Notes to Financial Statements for the year ended 31st March, 2022

Note 37 (Contd..)

| Currency | Number of Contracts | Sell Amount in Foreign Currency in Lakhs | Indian Equivalent (₹ in Lakhs) |
|---|---------------------|--|--------------------------------|
| Forward contract to Sell USD - As at 31/03/2022 | 8 | 19.00 | 1,449.55 |
| Forward contract to Sell USD - As at 31/03/2021 | 2 | 4.00 | 297.87 |

b Exposure in foreign currency - Unhedged

The foreign currency exposure not hedged as at 31st March, 2022 are as under:

| Currency | Payable (FC in Lakhs) | | Receivable (FC in Lakhs) | |
|----------|-----------------------|------------------|--------------------------|------------------|
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| USD | 15.96 | 4.03 | 60.64 | 25.88 |
| EURO | Nil | Nil | 1.11 | 0.74 |
| CHF | Nil | Nil | 0.04 | Nil |
| JPY | Nil | Nil | 8.42 | 21.37 |

| Currency | Payable (INR in Lakhs) | | Receivable (INR in Lakhs) | |
|----------|------------------------|------------------|---------------------------|------------------|
| | As at 31/03/2022 | As at 31/03/2021 | As at 31/03/2022 | As at 31/03/2021 |
| USD | 1,209.72 | 296.04 | 4,596.93 | 1,902.31 |
| EURO | Nil | Nil | 94.06 | 63.99 |
| CHF | Nil | Nil | 3.80 | Nil |
| JPY | Nil | Nil | 5.22 | 14.18 |

Note 38

Corporate Social Responsibility

(₹ in lakhs)

| Sr. No. | Particulars | Year ended 31/03/2022 | Year ended 31/03/2021 |
|---------|--|-----------------------|-----------------------|
| 1 | Gross amount required to be spent by the company during the year | Nil | 60.00 |
| 2 | Amount Spent during the year on | | |
| | (i) Construction/ Acquisition of any assets | | |
| | In Cash | Nil | Nil |
| | Yet to be paid | Nil | Nil |
| 3 | (ii) On purpose other than (i) above | | |
| | In Cash | Nil | 60.00 |
| | Yet to be paid | Nil | Nil |

Note 39

Segment Reporting

The Company is considered to be engaged in Textile Industry with all activity revolving around this business and accordingly the company has only one reportable business segment in accordance with the requirement of Ind AS 108- Operating Segment.

The Geographical details of Revenue and Non Current Asset are as Under:

(₹ in lakhs)

| Sr. No. | Particulars | India | Rest of World | Total | Year |
|---------|------------------|------------|---------------|------------|------------------|
| 1 | Segment Revenues | 200,315.32 | 17,241.85 | 217,557.16 | For 2021-22 |
| | | 101,523.82 | 7,499.34 | 109,023.15 | For 2020-21 |
| 2 | Segment Assets | 56,851.38 | Nil | 56,851.38 | As at 31/03/2022 |
| | | 51,900.15 | Nil | 51,900.15 | As at 31/03/2021 |

Notes to Financial Statements for the year ended 31st March, 2022

Note 39 (Contd.)

Details of customer contributing 10% or more of total revenue :

| Particulars | (₹ in lakhs) | |
|---|--------------------------|--------------------------|
| | Year ended 31/03/2022 | Year ended 31/03/2021 |
| No. of customers contributing 10% or more of total revenue (individually) | 3 | 1 |
| Amount of revenue | 105,191.35 | 14,755.56 |
| % of total revenue | 48.35% | 13.53% |

Note 40

Reconciliation of Financing Liabilities

| Particulars | (₹ in lakhs) | |
|---|--------------------------|--------------------------|
| | Year ended 31/03/2022 | Year ended 31/03/2021 |
| Opening Balance | 69,818.99 | 69,397.91 |
| Cash inflow of non-current borrowings | 6,075.90 | 8,802.48 |
| Cash outflow of Non current borrowings | (7,295.82) | (4,756.55) |
| Changes in current borrowings cash flows | 1,850.42 | (702.26) |
| Changes in trade payable cash flow | 14,246.70 | (2,381.13) |
| Changes in other current financial liability | 296.81 | (100.53) |
| Changes in other non- current financial liability | (23.79) | (174.27) |
| Other | 2,754.85 | (266.66) |
| Closing Balance | 87,724.05 | 69,818.99 |

Note 41

The financial statement are approved by the Board of Directors & Audit Committee at their meeting on 28th May, 2022.

Note 42

There was a major fire at the factory premises of the Company on 8th February, 2020 and 8th August, 2020. Since the assets destroyed by fire were fully insured, the Company had already derecognised the net carrying amount of property, plant and equipment of ₹2,227.23 Lakhs and inventory of ₹912.57 lakhs and shown the said amount as receivable from insurance company. The Company has already filed the claim for the same with the insurance company and the claim settlement in respect of the same is pending till date.

Note 43

Dividend

| Particulars | (₹ in lakhs) | |
|---|---------------------|---------------------|
| | As at 31/03/2022 | As at 31/03/2021 |
| Equity shares | | |
| Final dividend for the year ended 31st March 2022 of ₹Nil Lakhs (31 March 2021 ₹ Nil Lakhs) per fully paid share has been distributed | Nil | Nil |
| Dividends not recognised at the end of the reporting period | | |
| In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹Nil Lakhs per fully paid equity share (31 March 2021 – ₹ Nil Lakhs). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. | Nil | Nil |

Notes to Financial Statements for the year ended 31st March, 2022

Note 44

On periodical basis and as and when required, the Company reviews the carrying amounts of its assets and found that there is no indication that those assets have suffered any impairment loss. Hence, no such impairment loss have been provided in the Financial Year 2021-22 (PY. ₹ Nil Lakhs)

45 Details in respect of Analytical Ratios of the Company

| Sr. No | Particulars | Numerator/ Denominator | For the Year 2021-22 | | For the Year 2020-21 | | % of Variance | Explanation for any change in the ratio by more than 25% as compared to the preceding year. |
|--------|---|--|----------------------|-------------------|----------------------|--------------------|------------------|--|
| | | | ₹ in Lakhs | Current Period | ₹ in Lakhs | Previous Period | | |
| 1 | Current Ratio | Current Assets | 87,440.02 | 1.38 | 66,421.55 | 1.50 | -8.06% | - |
| | | Current Liabilities | 63,335.13 | | 44,234.87 | | | |
| 2 | Debt - Equity Ratio | Total Debts | 55,821.95 | 1.04 | 55,232.69 | 1.17 | -11.68% | - |
| | | Shareholders Equity | 53,899.75 | | 47,102.58 | | | |
| 3 | Debt Service Coverage Ratio | Earning available for Debt services | 18,390.57 | 0.33 | 9,450.68 | 0.17 | 92.54% | Due to improvement of Covid situation companies topline and bottom line performance has been improved. |
| | | Debt Service | 55,821.95 | | 55,232.69 | | | |
| 4 | Return on Equity Ratio | Net profit After tax - Preference Dividend | 6,781.86 | 0.13 | (1,871.84) | (0.04) | 444.83% | Due to improvement of Covid situation Company's bottom line performance has been improved. |
| | | Average of Shareholder Funds | 50,501.17 | | 48,065.34 | | | |
| 5 | Inventory turnover Ratio | Cost of Goods Sold | 169,798.38 | 7.56 | 79,795.20 | 4.33 | 74.67% | Due to improvement of Covid situation Company's Turnover has increased and in turn Consumption has also increased. |
| | | Average Inventory | 22,451.86 | | 18,429.72 | | | |
| 6 | Trade Receivables turnover Ratio | Turnover | 211,311.47 | 5.83 | 106,822.83 | 3.58 | 63.20% | Due to Change in credit terms the ratio has increased |
| | | Average Trade Receivables | 36,218.05 | | 29,880.10 | | | |
| 7 | Trade payables turnover Ratio | Purchase | 176,799.00 | 9.26 | 85,455.39 | 6.49 | 42.60% | Due to Change in credit terms the ratio has increased |
| | | Average Trade Creditors | 19,092.00 | | 13,159.22 | | | |
| 8 | Net Capital turnover Ratio | Net Sales | 211,311.47 | 8.77 | 106,822.83 | 4.81 | 82.07% | Due to improvement of Covid situation Company's Turnover has increased with almost same Working Credit facilities. |
| | | Working Capital | 24,104.91 | | 22,186.68 | | | |
| 9 | "Net Profit Ratio" | Net Profit | 6,781.86 | 0.03 | (1,871.84) | (0.02) | -283.16% | Due to improvement in Covid situation companies topline and as a result Profitability has also improved. |
| | | Net Sales | 211,311.47 | | 106,822.83 | | | |
| 10 | Return on Capital employed | Earning Before Interest and Taxes | 12,965.91 | 0.24 | 726.61 | 0.02 | 1459.42% | Due to improvement in Covid situation companies topline and as a result Profitability has also improved, hence ratio has improved. |
| | | Capital Employed | 53,899.75 | | 47,102.59 | | | |
| 11 | Return on investment | Income generated from investment | 17.82 | 0.47 | 8.69 | 0.12 | 301.87% | In the Previous year the return on Investment has decreased due to provision for Impairment on Investment. |
| | | Average Investment | 38.33 | | 75.07 | | | |

Notes to Financial Statements for the year ended 31st March, 2022

Note 46

Assets Pledged as Security

The Carrying amount of assets Pledged as Security for Current and non Current borrowing are:

| | | (₹ in lakhs) | |
|---|----------|---------------------|---------------------|
| Particulars | Note No. | As at 31/03/2022 | As at 31/03/2021 |
| Non-Current Assets | | | |
| Property Plant & Equipment | 3 | 53,662.41 | 50,248.88 |
| Capital Work in progress | 3 | 688.34 | 207.51 |
| intangible Asset | 4 | 3.84 | 7.08 |
| Total Non Current Assets pledged as Security | | 54,354.59 | 50,463.46 |
| Current Assets | | | |
| Inventories | 8 | 24,355.67 | 20,548.04 |
| Financial Assets | | | |
| Investments | | | |
| Trade Receivable | 9 | 44,595.01 | 27,841.09 |
| Cash and cash equivalents | 10 | 2,864.87 | 1,692.82 |
| Other Bank Balance | 11 | 1,693.71 | 1,338.90 |
| Other Financial Assets | 6 | 10,173.47 | 11,138.68 |
| Other Current Assets | 7 | 3,757.29 | 3,799.80 |
| Total Current Assets pledged as Security | | 87,440.02 | 66,359.32 |
| Total Assets Pledged as Security | | 141,794.61 | 116,822.78 |

Note: Asset pledge as security includes the Securities hypothecated with the bank for current and non-current borrowing by the company.

Note 47 - Additional Regulatory Information (Non Ind AS)

The disclosures required by amendment to Division II of Schedule III of the Companies Act, 2013, are given only to the extent applicable:

- (i) During the year no proceedings has been initiated or pending against the Company for holding any Benami Property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder.
- (ii) Company has not carried our any revaluation in respect of Property, Plant & Equipments and intangible Asset, hence during the year there has been no change of 10% or more in the aggregate of the Net Carrying value of Assets on account of revaluation of Assets in respect of Property, Plant & Equipments and intangible assets.
- (iii) There are no intangible assets under development in the Company during the current reporting period
- (iv) The borrowing taken by the company from the banks has been used for the specific purpose for which it was taken.
- (v) The company has not been declared as willful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
- (vi) Details in respect of difference in respect of Current Assets as per Books and details as provided in quarterly returns filed by the company, the details of the same are as under:

Notes to Financial Statements for the year ended 31st March, 2022

Note 47 - Additional Regulatory Information (Non Ind AS) (Contd.)

For the Financial Year 2021-2022

(₹ in lakhs)

| Quarter | Name of the Bank | Particulars of Security Provided | Amount as per Books | Amount Reported in Quarterly Return / Statement | Amount of Difference | Reason or Material Discrepancies |
|---------|--------------------|----------------------------------|---------------------|---|----------------------|---|
| Jun'21 | Consortium Finance | Inventories | 24,465.22 | 22,585.65 | 1,879.57 | Due to Change in Stock Valuation rate |
| | | Trade Receivable | 34,991.87 | 32,115.30 | 2,876.57 | Due to Change in bifurcation of accounts in to Customer, Vendor and Advance received from Customer |
| | | Trade Payable | 14,432.43 | 6,004.48 | 8,427.94 | Due to Change in bifurcation of accounts in to Customer, Vendor and Advance received from Customer |
| Sep'21 | Consortium Finance | Inventories | 20,412.59 | 18,458.74 | 1,953.86 | Due to Exclusion of Export Sale in transit and Due to Change in Valuation Rate |
| | | Trade Receivable | 41,818.00 | 35,379.27 | 6,438.73 | Net Trade receivable has changed due to Exclusion of Export Sale in transit and Due to Change in Customer Grouping and Due to creation of ECL Provision |
| | | Trade Payable | 20,882.68 | 7,835.12 | 13,047.56 | Due to Change in bifurcation of accounts in to Customer, Vendor, Advance Paid to Supplier and Due to provision for Expense |
| Dec'21 | Consortium Finance | Inventories | 19,651.81 | 18,899.60 | 752.21 | Inventory has changed due to Reversal of Export Sale in transit and Due to Change in valuation Rate |
| | | Trade Receivable | 51,728.43 | 49,133.79 | 2,594.64 | Net Trade receivable has changed due to Exclusion of Export Sale in transit and Due to Change in Customer Grouping |
| | | Trade Payable | 23,274.55 | 17,213.93 | 6,060.62 | Due to Change in bifurcation of accounts in to Customer, Vendor, Advance Paid to Supplier and Due to provision for Expense |
| Mar'22 | Consortium Finance | Inventories | 24,355.67 | 24,355.66 | 0.01 | - |
| | | Trade Receivable | 44,595.02 | 44,593.26 | 1.76 | - |
| | | Trade Payable | 26,215.35 | 25,145.03 | 1,070.32 | Due to Change in bifurcation of accounts in to Vendor and Advance Paid to Supplier |

Notes to Financial Statements for the year ended 31st March, 2022

Note 47 - Additional Regulatory Information (Non Ind AS) (Contd.)

For the Financial Year 2020-2021

(₹ in lakhs)

| Quarter | Name of the Bank | Particulars of Security Provided | Amount as per Books | Amount Reported in Quarterly Return / Statement | Amount of Difference | Reason or Material Discrepancies |
|---------|--------------------|----------------------------------|---------------------|---|----------------------|--|
| Jun'20 | Consortium Finance | Inventories | 16,120.15 | 15,545.61 | 574.54 | - |
| | | Trade Receivable | 27,471.59 | 33,484.24 | (6,012.65) | Due to Change in bifurcation of accounts in to Customer, Vendor and Advance received from Customer and non inclusion of Trade receivable Other Divisions for which Finance has been not taken by the company. |
| | | Trade Payable | 4,744.48 | 7,584.41 | (2,839.93) | Due to Change in bifurcation of accounts in to Vendor and Customer and non inclusion of vendor of other Divisions for which Finance not taken from bank. |
| | | | | | | |
| Sep'20 | Consortium Finance | Inventories | 12,937.54 | 13,157.31 | (219.76) | - |
| | | Trade Receivable | 37,485.34 | 34,156.43 | 3,328.91 | Due to Change in bifurcation of accounts in to Customer, Vendor and Advance received from Customer, Provision for ECL and non inclusion of Trade receivable Other Divisions for which Finance has been not taken by the company. |
| | | Trade Payable | 14,680.56 | 3,365.54 | 11,315.02 | Due to Change in bifurcation of accounts in to Vendor and Customer and non inclusion of vendor of other Divisions for which Finance not taken from bank. |
| | | | | | | |
| Dec'20 | Consortium Finance | Inventories | 14,589.74 | 15,286.14 | (696.41) | - |
| | | Trade Receivable | 27,860.00 | 32,398.06 | (4,538.06) | Due to Change in bifurcation of accounts in to Customer, Vendor and Advance received from Customer and non inclusion of Trade receivable Other Divisions for which Finance has been not taken by the company. |
| | | Trade Payable | 6,150.71 | 5,464.86 | 685.85 | Due to Change in bifurcation of accounts in to Vendor and Advance given to Supplier |
| | | | | | | |
| Mar'21 | Consortium Finance | Inventories | 20,548.04 | 20,495.28 | 52.76 | - |
| | | Trade Receivable | 30,550.25 | 32,434.84 | (1,884.59) | Due to Change in bifurcation of accounts in to Customer, Vendor and Advance received from Customer and non inclusion of Trade receivable Other Divisions for which Finance has been not taken by the company. |
| | | Trade Payable | (11,968.65) | (8,729.26) | (3,239.39) | Due to Creditors for Expense and non inclusion of vendor of other Divisions for which Finance not taken from bank. |
| | | | | | | |

Notes to Financial Statements

for the year ended 31st March, 2022

Note 47 - Additional Regulatory Information (Non Ind AS) (Contd.)

(vii) Details in respect of pending satisfaction of charges with registrar of companies beyond the statutory period

| (₹ in lakhs) | | | | | |
|---|-----------------------|-----------|--|--|----------------------------|
| Brief Description | Location of Registrar | Charge ID | Name of Charge Holder | Delay in Period by which charge to be closed in months | Amount of Charge ₹in Lakhs |
| Book debts; Movable property (not being pledge) | RoC- Ahmedabad | 10022083 | Consortium Finance - Charge created by Lead bank State Bank of India | 6.60 | 49,326.00 |

(viii) During the year under consideration the company has not traded or invested in crypto currency or virtual currency.

(ix) There are no transactions that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 which have not been recorded in the books of account.

(x) The Company does not have any transactions or relationships with any companies struck off under section 248 of the Companies Act, 2013.

Note 48

Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date attached herewith.

For and on Behalf of the Board

For, **Samir M Shah & Associates**

Chartered Accountants
(Firm Regd. No. 122377W)

(Samir M Shah)

Partner
(M.No. 111052)

Date :28/05/2022
Place: Ahmedabad

Vedprakash Chiripal

(Chairman)
(DIN: 00290454)

Date :28/05/2022
Place: Ahmedabad

Jyotiprasad Chiripal

(Managing Director)
(DIN: 00155695)

Shaktidan Gadhavi
(Whole Time Director)
(DIN:09004587)

Deepak Chiripal

(Chief Executive Officer)

Purvee Roy

(Company Secretary)



Nandan Denim Ltd.

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