

# ANNUAL REPORT

2012 - 13

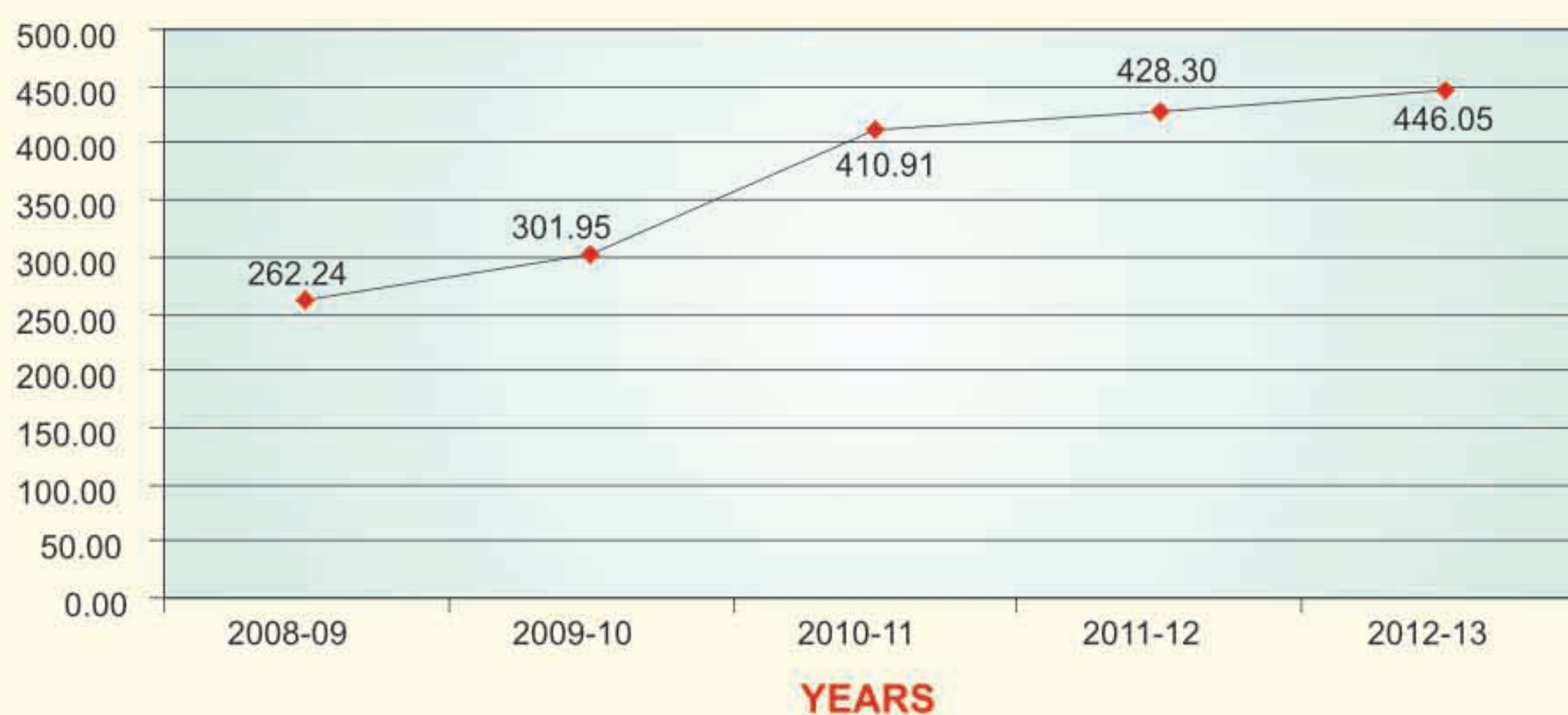


## NITIN SPINNERS LTD.



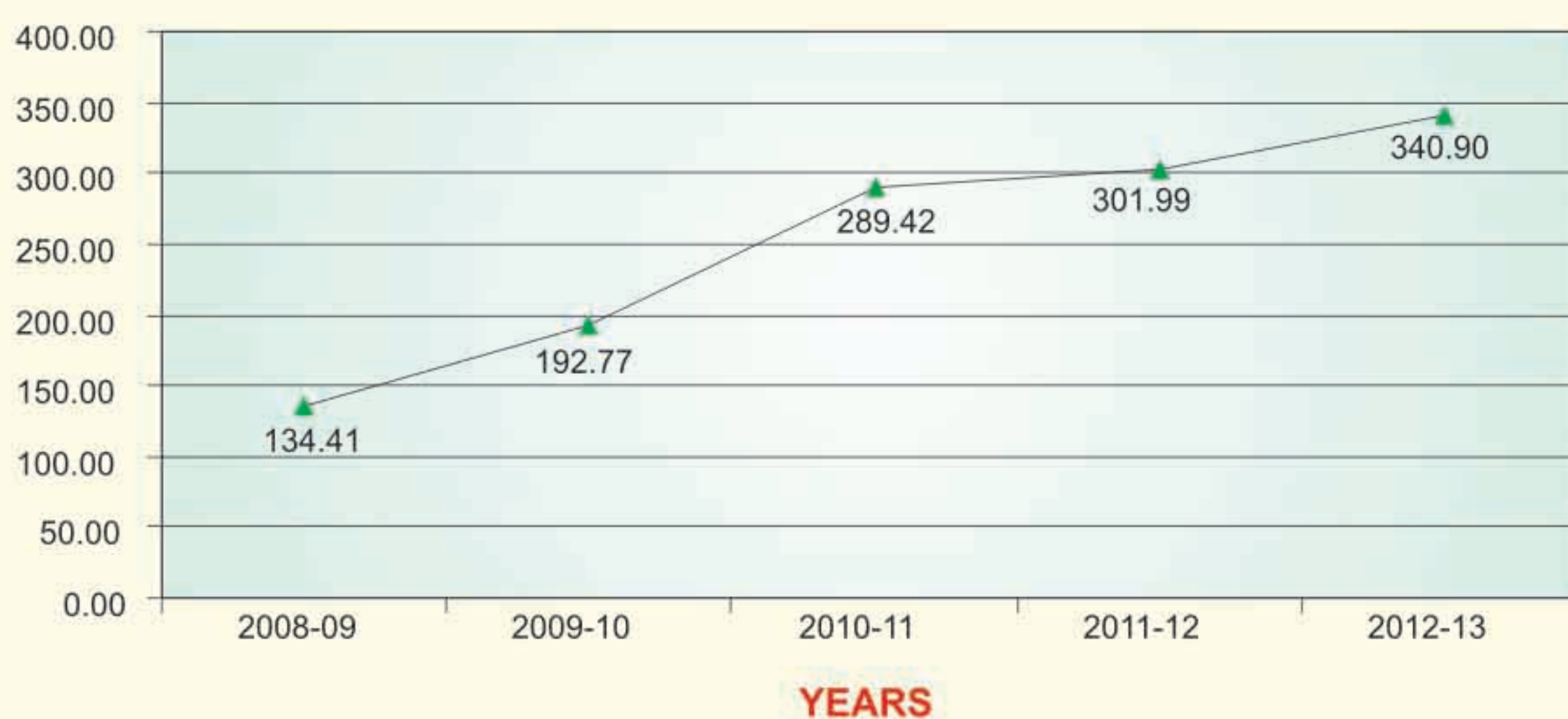
RS. IN CRORES

## TOTAL TURNOVER



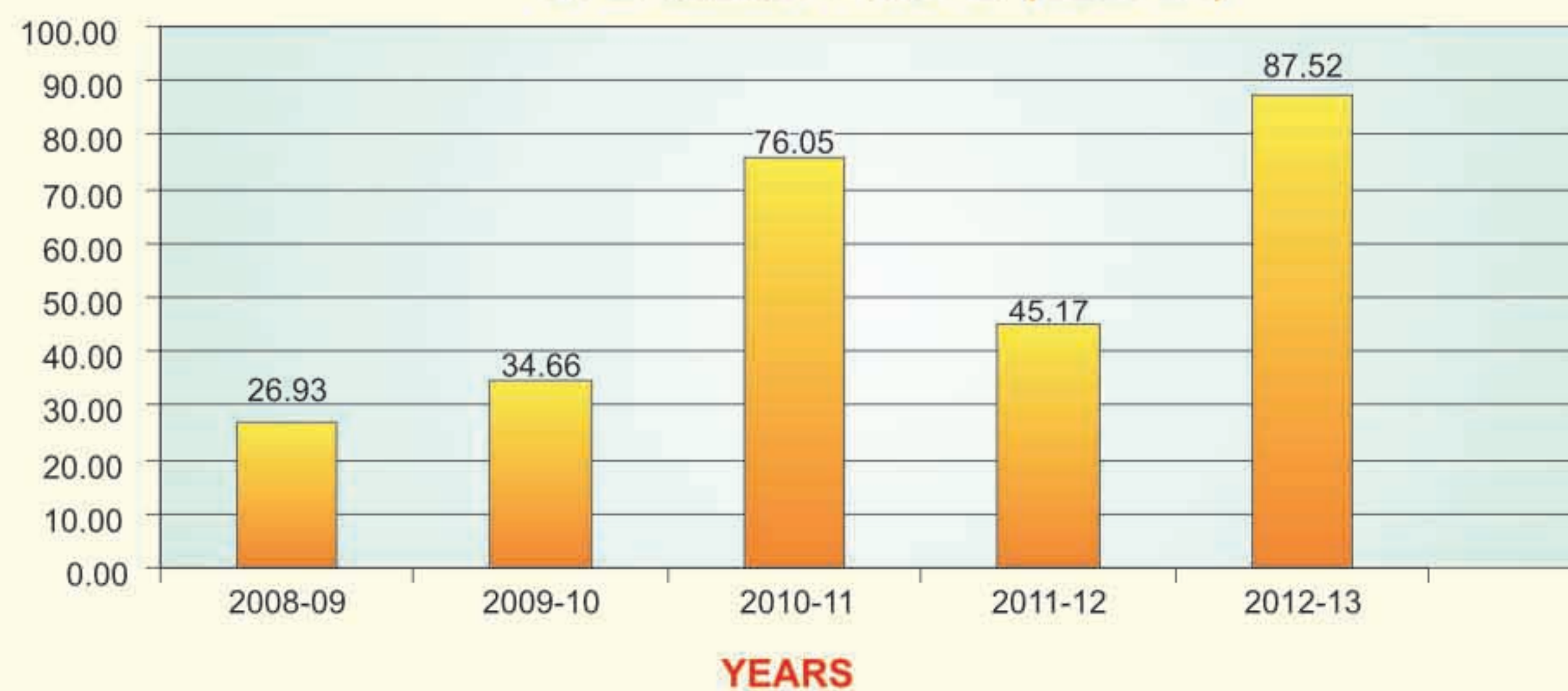
RS. IN CRORES

## EXPORT TURNOVER



RS. IN CRORES

## OPERATING PROFIT (EBIDTA)



## BOARD OF DIRECTORS

<b>Shri R. L. Nolkha</b>	<i>Chairman &amp; Managing Director</i>
<b>Shri Dinesh Nolkha</b>	<i>Managing Director</i>
<b>Shri Bhagwan Ram</b>	
<b>Shri Y. R. Shah</b>	
<b>Shri Nitin Nolkha</b>	<i>Executive Director</i>
<b>Shri S. K. Chaturvedi</b> (w.e.f. 29.06.2013)	<i>Nominee Director</i>

## Bankers

Oriental Bank of Commerce  
Punjab National Bank  
State Bank of India  
Indian Overseas Bank

## Auditors

M/s. R. S. Dani & Co.  
Chartered Accountants  
Bhilwara

## Company Secretary & GM (Legal)

Shri Sudhir Garg

## Key Executives

1. Sh. P. Maheshwari, Vice President (Finance)
2. Sh. Sandeep Kumar, Vice President (Technical)
3. Sh. K. L. Pareek, G.M. (P&A)
4. Sh. Ratnesh Kumar, G.M. (Rotor Spinning)
5. Sh. Tarun Sahu, G.M. (Engg.)
6. Sh. Umesh Toshniwal, GM. (Mktg.)
7. Sh. S. S. Ranka GM (TPP)

## Registered Office & Works

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

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## NOTICE

NOTICE is hereby given that the 21<sup>st</sup> Annual General Meeting of the Shareholders of **NITIN SPINNERS LIMITED** will be held at the Registered Office of the Company at 16-17 KM. Stone, Chittor Road, Hamirgarh, Bhilwara-311 025 (Rajasthan) on **Wednesday, the 18<sup>th</sup> September, 2013 at 3.30 P.M.** to transact the following business:-

### Ordinary Business:-

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2013, Profit & Loss Statement for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Nitin Nolkha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Y. R. Shah, who retires from office by rotation and being eligible, offers himself for re-appointment
4. To appoint Auditors of the Company and to fix their remuneration

### Special Business:-

5. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to provisions of section 198, 269, 309, 310 and 311 read with schedule XIII & all other applicable provisions of the Companies Act, 1956 subject to any other approvals, if any, Shri Dinesh Nolkha, Managing Director of the Company be and is hereby re-appointed as Managing Director of the Company for a further period of three years commencing from 1<sup>st</sup> October, 2013 to 30<sup>th</sup> September, 2016 on following terms & conditions:-

**I Basic Salary :** Rs. 2,00,000/- (Rs. Two Lacs Only) per month with an annual increase of Rs 25,000/- (Rs. Twenty Five Thousand only) in the month of October every year.

#### II. Commission:

In addition to Basic Salary, Perquisites and any other benefits, he shall be allowed commission not exceeding 1% of the net profit of the company in a financial year as computed under section 198 of the Companies Act, 1956 subject to necessary approvals as may be required.

#### III. Perquisites:

In addition to the above basic salary and commission Shri Dinesh Nolkha shall be entitled for the following perquisites and allowances:-

The perquisites are classified into following three categories A, B and C :-

#### Category "A"

1. **Housing I:** The appointee shall be provided with free furnished residential accommodation with free Gas,

Electricity and Water. The expenditure incurred by the company on hiring unfurnished accommodation for him shall be subject to a ceiling of 60% of the salary over and above 10% payable by him.

**Housing II:** In case the Company owns the accommodation, the company shall deduct 10% of the salary

**Housing III:** In case the company provides no accommodation; house rent allowance as per rules of the Company shall be paid.

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax Act, 1962.

#### 2. Medical Reimbursement:

For self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

#### 3. Leave Travel Concession:-

For self and family once in a year incurred in accordance with the rules prescribed by the Company.

#### 4. Club Fees:

Fees of clubs subject to the maximum of two clubs will be allowed. Admission and life membership fees shall not be allowed.

#### 5. Personal Accident Insurance:

Actual premium paid subject to maximum limit of 10000/- in a year.

#### Category "B"

1. **Provident Fund:** Company's contribution to provident fund shall be as per the scheme of our Company.

#### 2. Superannuation/Annuity Funds:

Company's contribution to superannuation/annuity fund shall be in accordance with the scheme of the company.

The above Contribution to provident fund, superannuation / annuity fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

#### 3. Gratuity:

As per the rules of our Company, payable in accordance with the approved fund at the rate of half a month salary for each completed year of service.

#### Category "C"

##### 1. Car:

Facility of car shall be provided for business use of the Company. The Company shall bill use of car for private purposes separately.

##### 2. Telephone:

Free telephone facility at residence. The Company shall

bill personal long distance calls.

FURTHER RESOLVED that if in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate the appointee shall be entitled to minimum remuneration by way of Basic Salary, Perquisites, allowances not exceeding the limits specified under para 1 (B) of Section II, Part II of Schedule XIII to the Companies Act, 1956."

**6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED that in supersession of the resolution passed at the Annual General Meeting held on 22<sup>nd</sup> September, 2008 and pursuant to the provisions to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the company for borrowing, from time to time, any sum or sums of money on such terms and conditions with or without security as the Board of Directors may think fit, which together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the bankers of the Company in the ordinary course of business) and being borrowed by the Board at any time shall not exceed in the aggregate at any time Rs. 700.00 Crores (Rupees Seven Hundred Crores Only) irrespective of the fact that such aggregate amount of borrowings outstanding at any time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose".

"Further resolved that pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if

any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or create charge on all or any one or more of the movable/ immovable properties or such other assets of the Company, wheresoever situated, both present and future, on such terms and conditions and at such time or times and in such form or manner as it may deem fit, to or in favour of the lenders to secure any fund based and non fund based facilities not exceeding Rs. 700.00 Crores (Rs. Seven Hundred Crores only) together with interest thereon at the respective agreed rate(s), compound interest, additional interest, liquidated damage(s), commitment charge(s), premia on prepayment or redemption, cost charge(s) expenses and all other monies payable by the Company to such lenders under the respective loan/other agreement(s) entered/to be entered into between the Company and the lender(s) in respect of the said borrowing(s), such security to rank in such manner as may be agreed to between the concerned parties and as may be thought expedient by the Board".

"Further resolved that the Board of Directors be and is hereby authorised and it shall always be deemed to have been so authorised to finalise and execute with the Lenders/Trustees the requisite agreement, documents, deeds and writings for borrowing and/or for creating together aforesaid mortgage(s) and/or charge(s) and to do all such other acts, deeds and things as may be necessary to give effect to the above resolutions".

**By order of the Board**

Place : Bhilwara  
Date : 27.07.2013

**(Sudhir Garg)**  
Company Secretary & GM (Legal)

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective must reach to the Registered Office of the Company not less than 48 hours before the time fixed for the meeting
3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos. 5 & 6 of the Notice set out above, is annexed hereto.
4. The register of Members and Share Transfer Books of the Company shall remain closed from 11<sup>th</sup> September, 2013 to 18<sup>th</sup> September, 2013 (both days inclusive)
5. Members who wish to attend the meeting are requested to bring duly filled attendance sheet and their copy of the Annual Report at the Meeting.
6. In case of physical shares, the instrument of Share Transfer complete in all respect should be sent so as to reach to the registered office of the Company or at the office of R & T Agent prior to closure of the Register of Members as stated above.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day till the date of 21<sup>st</sup> Annual General Meeting from 11.00 A.M. to 1.00 P.M.
8. The Company has opened account for unclaimed shares with Kotak Securities Ltd. and 2300 equity shares were lying in the account as on 31.03.2013. During the year 2012-13, no claim for transfer of these shares has been received.

**By order of the Board**

**(Sudhir Garg)**  
Company Secretary & GM (Legal)

Place : Bhilwara  
Date : 27.07.2013



## ANNEXURE TO NOTICE

### Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

#### Item No. 5 :

The Shareholders of the Company at their meeting appointed Sh. Dinesh Nolkha, Managing Director for a term of 5 years from 01.01.2010 to 30.09.2015. As per terms and conditions of appointment his basic salary shall be Rs. 2.00 Lacs from 01.10.2013. The payment of remuneration in excess of Rs. 2.00 Lacs per month requires compliance of conditions of para 1 (B) of section II of part II of the Schedule XIII to the Companies Act, 1956. Hence, remuneration committee at its meeting held on 27.07.2013 recommended for re-appointment of Sh. Dinesh Nolkha, Managing Director for a period of 3 years from 01.10.2013 to 30.09.2016 on the revised terms and conditions set out in the Resolution.

As per Schedule XIII of the Companies Act, 1956, the payment of remuneration to Managing Director requires Shareholders' approval by way of Special Resolution. The Board of Directors on the recommendation of Remuneration Committee considered the matter at its meeting held on 27.07.2013 and recommends the resolution for your approval.

None of the Directors except Sh. Dinesh Nolkha, himself, Sh. R.L. Nolkha, Chairman & Managing Director and Sh. Nitin Nolkha, Executive Director being relatives of Sh. Dinesh Nolkha are interested or concerned in the above resolution.

The resolution along with explanatory statement may also be treated as an abstract of the terms of payment of remuneration and Memorandum of Interest of Sh. Dinesh Nolkha, Managing Director as required under section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

#### INFORMATION PURSUANT TO PARA 1(B) OF SECTION II OF PART II OF THE SCHEDULE XIII TO THE COMPANIES ACT, 1956

##### I. General Information

###### 1. Nature of Industry

The Company is in the business of manufacturing of Cotton Yarn & Knitted Fabric.

###### 2. Date or expected date of commercial production :

The Company was incorporated on 15.10.1992 and commercial production was commenced in November, 1993.

###### 3. Financial Performance based on given indicators

The financial performance of the Company during the previous three financial years is as under:-

(Rs. in Lacs )

	Financial Year Ended		
	31.03.2013	31.03.2012	31.03.2011
<b>Revenue from Operations</b>	<b>44605.36</b>	<b>42830.03</b>	<b>41090.84</b>
Profit Before interest & Depreciation	8751.86	4517.16	7604.57
Interest	2730.58	2089.56	2103.68
<b>Profit Before Depreciation</b>	<b>6021.28</b>	<b>2427.60</b>	<b>5500.89</b>
Depreciation	2449.87	2397.55	2402.40
Exceptional items	1473.83	—	2131.46
<b>Profit before Tax</b>	<b>2097.58</b>	<b>30.05</b>	<b>967.03</b>
Provision for Tax	683.85	(0.26)	293.25
<b>Profit After Tax</b>	<b>1413.73</b>	<b>30.31</b>	<b>673.78</b>

#### 4. Export performance and net foreign exchange collaborations:

Export sale of the Company for the year 2012-13 was Rs. 340.90 crores against Rs. 301.99 crores in the year 2011-12.

#### 5. Foreign investments or collaborations, if any: NIL

### II. Information About The Appointee :

#### 1. Background details

Sh. Dinesh Nolkha aged about 43 years is Fellow Member of Institute of Chartered Accountants (ICAI) and Institute of Cost Accountants of India. He has vast experience of more than two decades in Textile Industries. He is one of the Promoters of the Company.

#### 2. Past Remuneration and Proposed Remuneration

Past Remuneration	Proposed Remuneration
Basic Pay Rs. 1.25 Lacs P.M. with an increment of Rs. 25000/- per annum. Other perquisites as mentioned in the resolution. (From 01.10.2010 to 30.09.2015)	Basic Pay Rs.2.00 Lacs P.M. with an increment of Rs. 25000/- per annum. Other perquisites as mentioned in the resolution. (From 01.10.2013 to 30.09.2016)
Present basic pay is Rs. 1.75 Lacs.	

### 3. Recognition or awards

Sh. Dinesh Nolkha is member of various Chamber of Commerce and presently he is Vice President of Mewar Chamber of Commerce & Industry.

### 4. Job Profile and his suitability

Being Managing Director he is looking after the affairs of the Company, subject to superintendence, control and direction of the Chairman & Managing Director and Board of Directors. Taking into account of his qualifications, experience and comparison with similarly situated managerial personnel in the industry and responsibilities placed on him as Managing Director of the Company and in view of his contribution to the Company since his appointment, the Board considers his remuneration is in the best interest of the Company.

### 5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :-

The Company has paid up share capital of Rs. 45.83 Crores and listed at two Stock Exchanges i.e. BSE & NSE with approx 14500 shareholders. It is in the business of manufacturing of Cotton Yarn and Knitted Fabric with Turnover of Rs. 446 Crores during the F.Y. 2012-13. Considering the size of the Company and profile of Sh. Dinesh Nolkha, responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other Companies.

### 6. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any

Excepting the payment of remuneration for his services as Managing Director, detailed in the resolution, he has no other pecuniary relationship with the Company. None of the Directors of the Company except Sh. Dinesh Nolkha himself and Sh. R. L. Nolkha and Sh. Nitin Nolkha being relatives, are interested.

## III. Other information :

### 1. Reasons of loss or inadequate profit :-

The Company earned profit before tax of Rs. 2097.58 Lacs for the financial year 2012-13 as compared to Profit before Tax of Rs. 30.05 Lacs in the year 2011-12. During the financial year 2012-13, the Company is having adequate profit. In the coming years the company may have inadequate profits and therefore this resolution has been proposed.

### 2. Steps taken or proposed to be taken for improvement :-

The Company is planning to undertake expansion project of Spinning Unit at an estimated cost of Rs. 280 Crores and it is also taking effective steps to bring down the cost of production and overheads. The Company is hopeful that these measures will yield good returns in future.

### 3. Expected increase in productivity and profits in measurable terms :-

The Company has taken initiatives to improve the profitability of the Company and will continue in its endeavor to improve performance and Management expects a reasonable growth in business, gross revenue and net profit in the coming year.

### Item No. 6 :

As per provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the members in General Meeting, borrow moneys in excess of the aggregate of the paid-up capital of the Company and its free reserves. Further, the borrowings of the Company are, generally, required to be secured by suitable charge and/or mortgage over the moveable and/or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The Company is planning to undertake expansion project of Spinning Unit at an estimated cost of Rs. 280 Crores. The project is proposed to be financed through Term Loans from Banks and internal accruals. Hence, increase in borrowings of the Company would necessitate restructuring of the borrowing limits by authorizing the Board of Directors to borrow moneys which may exceed at any time aggregate of the paid-up capital of the Company and its free reserves, but not exceeding Rs. 700 Crores (in place of existing limit of Rs. 400 Crores) with a matching authorization for creation of charge and/or mortgage over the movable and/or immovable properties of the Company as security. These upward revisions in the borrowing limits and creation of securities by way of charge and/or mortgage would require your approval under the provisions of Sections 293(1)(d) and 293(1)(a) of the Companies Act, 1956 respectively.

Your Directors commend the Resolutions for your approval. None of the Directors is either interested or concerned (save and except to the extent of their shareholding in the Company, if any) in these Resolutions.

**By order of the Board**

Place : Bhilwara  
Date : 27.07.2013

**(Sudhir Garg)**  
Company Secretary & GM (Legal)

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present 21<sup>st</sup> Annual Report on the business and operations of your Company and the Audited Accounts for the year ended 31<sup>st</sup> March, 2013

### FINANCIAL RESULTS

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

(Rs. in Lacs)		
Particulars	Current Year	Previous Year
Revenue From Operations	<b>44605.36</b>	42830.03
Gross Profit Before Finance Cost, Depreciation & Exceptional item.	<b>8751.86</b>	4517.16
Finance Cost	<b>2730.58</b>	2089.56
Profit before Depreciation & Exceptional items	<b>6021.28</b>	2427.60
Depreciation	<b>2449.87</b>	2397.55
Exceptional items	<b>1473.83</b>	-
<b>Profit before Taxation</b>	<b>2097.58</b>	30.05
Provision for Taxation - Current (Net of MAT Credit)	-	-
- Deferred Tax	<b>683.85</b>	(0.26)
<b>Net Profit after Tax</b>	<b>1413.73</b>	30.31
<b>Adjustments of earlier years</b>	-	-
<b>Net Profit</b>	<b>1413.73</b>	30.31
Balance brought forward from previous year	<b>772.02</b>	741.71
<b>Total - Carried to Balance Sheet</b>	<b>2185.75</b>	772.02

### OPERATIONAL REVIEW

This is a landmark year for your Company as it has achieved highest ever turnover as well as profitability. During the year turnover has increased to Rs. 446.05 Crores from Rs. 428.30 Crores representing an increase of 4.14% over previous year. Despite slow down in global markets and negative growth in exports from India during the year under review, your Company registered double digit growth in Export turnover as it has grown

by 12.88% from Rs. 301.99 Crores in the previous year to Rs. 340.90 Crores during the current year and it constitutes 76.42% of the total turnover.

Stable cotton price, consistent demand of Cotton Yarn from Domestic as well as International markets and favourable foreign exchange rates resulted in remarkable increase in operating profit (EBIDTA) from Rs 45.17 Crores in previous year to Rs. 87.52 Crores in current year registering significant growth of 94% over previous year. The Finance Cost has increased due to aligning of interest rate from CDR rate to Market rates and provisioning of recompense amount for the current financial year for exit from CDR Scheme. Exceptional items represent provision for recompense amount upto 31.03.2012 for exit from CDR Scheme pending approval of CDR Core Group. Finally, Net Profit (PAT) of your Company has increased substantially to Rs 14.14 Crores during the current year against Rs 0.30 Crores in the previous year.

### CAPITAL EXPENDITURE

Your Company has successfully completed Capex of Rs. 12.00 Crores during the year under review and diversified into higher value addition products i.e. Slub and Compact yarns and also increased capacity of Multifold Yarn. The Company is getting good response for new products. Your Company has also taken electricity connection on dedicated 132 KV line from State Electricity Company and purchasing power through Energy Exchange which has resulted in substantial saving in power cost.

To further diversify its product range in higher value addition items, your Company is planning to install facilities for manufacturing of Core Spun Yarn and also expanding production capacity of Slub Yarn.

### EXIT FROM CORPORATE DEBT RESTRUCTURING SCHEME (CDR)

Bankers of the Company had approved CDR scheme to the Company in June, 2009 with cut off date as 1<sup>st</sup> March, 2009. The same was operative up to 31<sup>st</sup> December, 2018. However looking to improved profitability and restrictions on future capacity expansion plans, the company has given proposal for Voluntary Exit from the CDR system w.e.f. 31<sup>st</sup> July 2012. All the participating Bankers and CDR EG have accepted proposal of the Company and recommended the same to CDR Core Group. The approval of CDR Core Group is awaited.

### CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to making a positive contribution to communities where it operates. It invests in health and education programme to bring changes in



the lives of weaker section of society. The initiative aim to help in creating healthy, inclusive and progressive nation. During the year, your Company has contributed for creation of infrastructure in school and health centre in the nearby villages. Further, it has also contributed to charitable institutions mainly involved in education and medical field for noble cause.

#### **DIRECTORS**

Shri Nitin Nolkha and Shri Y. R. Shah, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Details of the Directors seeking re-appointment are provided in the Corporate Governance Report forming part of this report.

#### **AUDITORS**

M/s R. S. Dani & Co., Chartered Accountants and Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Your Directors recommend for their re-appointment.

In pursuance to Section 233-B of the Companies Act, 1956, your Directors have re-appointed M/s V. K. Goyal & Company, Cost Accountants, being eligible, to conduct Cost Audit of the Company for the Financial Year 2013-14.

#### **DIVIDEND**

The Board of Directors does not recommend any dividend on equity shares to augment resources.

#### **FIXED DEPOSITS**

Your Company has not accepted or renewed any fixed deposits during the year under review and no fixed deposit is outstanding for payment at the year ended 31<sup>st</sup> March, 2013.

#### **CORPORATE GOVERNANCE**

The Company is committed to maintain the high standards of Corporate Governance. Your Directors adhere to the requirements set out in the listing Agreement with the Stock Exchanges and have implemented all the prescribed requirements. Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance and Management Discussions & Analysis have been incorporated in the Annual Report and forms an integral part of the Directors' Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of Annual Accounts, the applicable accounting standards have been followed and wherever required, proper explanation relating to material departures have been given;

- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year ended on that date;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, and
- (iv) they have prepared the Annual Accounts on a going concern basis.

#### **HUMAN RESOURCE DEVELOPMENT**

Industrial relations continued to be cordial during the period under review. Your Company firmly believes that a dedicated work force constitutes the primary source of sustainable competitive advantage. Accordingly, human resource development received focused attention. Your Directors wish to place on record their appreciation for the dedicated services rendered by the work force during the year under review.

#### **PARTICULARS OF EMPLOYEES**

There was no employee drawing remuneration in excess of limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

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

A Statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and forms integral part of this Report.

#### **ACKNOWLEDGEMENTS**

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

For and on Behalf of the Board of Directors

Place : Bhilwara

Date : 02.05.2013

**R. L. NOLKHA**

*Chairman & Managing Director*

## ANNEXURE - I

Information pursuant to Section 217(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31<sup>st</sup> March, 2013.

1. **Conservation of Energy** : Energy conservation measures taken - The Company gives high priority for conservation of energy in all fields. The Company has taken following measures for energy saving :-

- a) Power saving of auxiliary consumption of Captive Power Plant when power is purchased from Energy Exchange and State Electricity Board.
- b) Replaced High pressure Compressor to low pressure Compressor.
- c) Humidification Plant - Old pumps replaced with high efficient pumps.
- d) The Company has appointed independent consultant for conducting energy audit and to suggest energy conservation measures.

### 2. Total energy consumption and consumption per unit of production as per Form "A"

S.No.	Particulars	Current Year	Previous Year
<b>Power &amp; Fuel Consumption</b>			
1. Electricity			
(a) Purchased			
Units (in Lacs)	357.16	34.37	
Total Amount (Rs. in Lacs)	1625.94	205.44	
Cost/Unit (Rs.)	4.55	5.98	
(b) Own Generation			
(i) Through FO based Generator			
Units (in Lacs)	3.77	25.96	
Unit/Per Kg. of FO	4.24	4.05	
Cost/Unit (Rs.)	11.31	10.49	
(ii) Through Coal based TPP			
Units (in Lacs)	402.93	658.14	
Unit/Per kg of Coal	0.78	0.84	
Cost/Unit (Rs.)	5.39	5.13	
2. (a) Furnace Oil			
Quantity (Kg. in Lacs)	0.89	6.41	
Total cost (Rs. in Lacs)	42.59	272.33	
Average Rate/Kg. (Rs.)	47.91	42.46	
(b) COAL			
Quantity (Kg. in Lacs)	518.57	779.00	
Total cost (Rs. in Lacs)	2169.83	3379.24	
Average Rate/Kg. (Rs.)	4.18	4.34	

Consumption per Kg. of Production		
Yarn Production (MT)	21515.95	20840.51
Electricity Unit/Kgs.	3.50	3.40
Fabric Production (MT)	2440.93	2194.48
Electricity Unit/Kgs.	0.44	0.45

### Technology Absorption

- (1) Specific areas in which R&D carried out by the Company:-  
Development of Slub and Compact Yarn
- (2) Benefits derived as a result of the above R & D  
The Company has achieved value addition and increased product range.
- (3) Future Plan of Action  
Development of Core Spun Yarn.
- (4) Expenditure incurred on Research and Development during the year is as follows :

[Rs. In Lacs]

Particulars	Current Year	Previous Year
(a) Capital	-	-
(b) Recurring	43.12	35.60
Total (a+b)	43.12	35.60
% to total turnover	0.09%	0.08%

### Technology Absorption Adaptation and Innovation

The Company is continuously taking steps to improve the product and process technology in an effort to provide for better value for money to customers. No technology was imported during last five years.

### Foreign Exchange Earnings and Outgo

[Rs. In Lacs]

Particulars	Current Year	Previous Year
(a) Earnings	32787.00	27984.33
(b) Outgo - Capital Goods	486.32	187.81
- Recurring		
Components, Spares Parts including Packing Material	512.93	487.11
Raw Materials	2258.09	42.68
Sales Commission	400.28	307.58
Others	3.16	2.58

## MANAGEMENT DISCUSSIONS & ANALYSIS

### INDUSTRY OUTLOOK

The tough economic conditions of previous year continued during the year 2012-13 also. As a result of weakening of global economies, high interest rates coupled with lackluster reform process, the industrial production has slowed down. This together with subdued performance in both services and agriculture sectors has significantly slowed down GDP growth to about 5% in current fiscal. Further, high crude oil and gold imports and lower exports resulted in widening of current account deficit. Recent correction in commodity prices will help to bring down trade deficit and inflation. This can pave the way for reduction in interest rate and lowering cost of production which is expected to boost productivity in manufacturing sector. Global economies are also recovering from their worst. All these factors indicate to optimistic picture in the current year.

India's textiles and clothing industry is one of the mainstays of the national Economy. It is also one of the largest contributing sectors of India's exports worldwide. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 17% share of the country's total exports. Thus growth and all round development of this industry has direct bearing on the improvement of the economy of the nation. The textile industry is broadly divided into three segments Cotton, Synthetics & other like wool, jute, silk etc. Cotton Textile continues to dominate with around 70 % share.

Cotton is the main raw-material for cotton spinning mills and there is phenomenal increase in cotton production in India in recent years. India ranks second in production after China, although area wise it occupies first place. In the current season 2012-13 cotton crop is estimated at 340 lacs bales more or less in line with the production of previous year. In spite of weak global and domestic scenario, the Cotton Textile Industry performed well during the current year and production of Cotton Yarn in our country has increased by about 14% and Exports nearly 25%. The cotton prices remained stable during the year under review. Stable cotton price, consistent demand of Cotton Yarn from Domestic as well as International markets and favorable foreign exchange rates turned

out to be landmark year for the cotton spinning industry and your company has also witnessed phenomenal growth in operating and cash margins.

### OPPORTUNITIES AND THREATS

As per Ministry of Textiles, India has potential to increase its textiles share in the world trade from the current level of 4.50% to 8% and reach at US\$ 80 billion by 2020. Hence, long term growth prospects of Indian textile industry continue to remain strong. However, in order to achieve the growth, the production of the Industry needs to be increased substantially from current levels and more emphasis is to be given on value addition. Recognizing that and to capitalize on this opportunity, your Company has undertaken several initiatives in the area of operations by further entering into diversified high value added products i.e. Slub, Compact and Multifold yarn during the year. The company is further diversifying its product range by installing facilities for manufacturing Core Spun Yarn and increasing capacity of Slub yarns. Your company also gives focus on R & D to maintain Quality standards and optimize its production cost and overall efficiency.

The threats to the Company's product includes severe competition both in domestic and international markets leading to pricing pressures of finished goods, inflation, volatility in input cost, cotton crop, interest rates etc. Government Policies also play major role in the growth of the Industry.

### OPERATIONAL REVIEW

Please refer to the paragraph under the heading "Financial Results" and "Operational Review" in the main Directors' Report.

### SEGMENTWISE PERFORMANCE

The Management reviewed the disclosure requirement of Segment wise reporting and is of the view that since the Company's products are covered under Textile Industry which is single business segment in terms of AS-17 and therefore separate disclosure on reporting by business segment is not required.

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper systems for Internal Control. The systems are improved and modified



continuously to meet with changes in business conditions, statutory and accounting requirements. The Audit Committee of Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them. The Company has strong Management Information System, which is an integral part of control mechanism.

#### **RISK MANAGEMENT**

The risk management framework of the Company ensures compliance with the requirements of Clause 49 of the Listing Agreement. The Framework establishes risk management across all service areas and functions of the Company, and has in place procedure to inform the top Management about the risk assessment and minimization process. The Company is exposed to risks from market fluctuations of foreign exchange, finance and commodity price risk.

##### **Foreign Exchange Risk**

The Company has considerable exposure in foreign currency as the export constitutes about 75% of the total turnover. In the market determined exchange rate regime and volatility in the forex market affects realization of the Company. The Company has well documented foreign exchange risk policy and currency risks are hedged accordingly through forward contracts.

##### **Finance Risks**

The Company has financed a substantial part of its expansion plans through debt. The debt agreements are subject to financial covenants. The forecast cash requirements of the Company are closely monitored along with actual and projected to ensure adherence to covenants.

##### **Commodity Price Risk**

The Company is exposed to the risk of price fluctuation on cotton and coal as well on finished goods. Input costs, being based on agriculture, are influenced not only by the vagaries of nature but also government policies and the movements in the international market. Your Company continues to recognize the importance of the price value equation and the need to be sensitive to price changes to counter the volatility of input costs and the same is managed through judicious purchase and stocking.

#### **Risk Element in Individual Business**

Apart from the risks on account of interest rate, foreign exchange and regulatory change, various business of the Company are exposed to certain operating business risks, which are managed by regular monitoring and corrective actions.

#### **ENVIRONMENT AND SAFETY**

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

#### **HUMAN RESOURCE AND INDUSTRIAL RELATIONS**

Human resource is the most valuable asset in any organization. The Company focuses on the training and development of its people. The company has taken various initiatives to improve and enhance skill of its people. The industrial relations remained cordial in our plant. The total strength as at the end of the financial year 2012-13 was 1430 employees.

#### **CAUTIONARY STATEMENT**

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

For and on Behalf of the Board of Directors

Place : Bhilwara

**R. L. NOLKHA**

Date : 02.05.2013

*Chairman & Managing Director*

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages attainment of high level of transparency, accountability and integrity in all its facets including the conduct of its business, its relationship with its stakeholders, employees, customers, Government and lenders.

### 2. BOARD OF DIRECTORS

#### Composition, Category and Attendance at Meetings

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management, legal and marketing. The Board comprises of six Directors and composition of Board of Directors of the Company is in conformity with Clause 49 (1A) of the listing agreement entered into with the stock exchanges. The Company has an

Executive Chairman and the number of Independent and Non-Executive Directors are 50% of the total number of Directors. The Non-Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment in the deliberation and decisions of the Board.

The company held at least one meeting of Board of Directors in every three months and the maximum time gap between any two meetings was not more than four months. During the financial year 2012-13, four meetings of the Board of Directors were held on 08.05.12, 04.08.12, 02.11.12 and 24.01.13.

The 20th Annual General Meeting of the Company was held on 26.09.2012.

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

Name of Director	Category of Directorship	Board Meetings attended out of 4 Meetings	Attendance at last AGM held on 26.09.12	Directorship in other Public Ltd. Companies	No. of Board Committees in which Chairman/Member (Other than Nitin Spinners Ltd.)	
					Chairman	Members
Sh. R.L. Nolkha	Promoter Executive Director	4	Yes	Nil	Nil	Nil
Sh. Dinesh Nolkha	Promoter Executive Director	4	Yes	Nil	Nil	Nil
Sh. Nitin Nolkha	Promoter Executive Director	4	No	Nil	Nil	Nil
Sh. Bhagwan Ram	Independent Non-Executive Director	3	No	Nil	Nil	Nil
Sh. Y.R. Shah	Independent Non-Executive Director	4	Yes	1	Nil	2
Dr. S.S. Banerjee	Independent Non-Executive Director	3	No	Nil	Nil	Nil

Dr. S. S. Banerjee is the Nominee Director from IDBI Bank Ltd., one of the lenders to the Company. None of the Directors of the Board serve as Members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per requirements of the Listing Agreement.

### Board Meeting Procedure

The Company's Board Meetings are governed by a structured agenda. The Board Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each Director. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. The Board papers, comprising the agenda are circulated well in advance before the meeting of the Board.

All statutory, significant and other material information as specified in Annexure IA to the Clause 49 of the Listing Agreement executed with the Stock Exchanges is regularly made available to the Board, wherever applicable. The Board also reviews periodically the compliances of all applicable laws.

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

### 3. AUDIT COMMITTEE

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

#### Broad terms of reference

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. These broadly include approval of annual Internal Audit Plan, review of financial reporting systems, internal control systems, ensuring compliance with regulatory guidelines, discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal auditors, recommendation for appointment of statutory auditors and their remuneration etc.

#### Composition

The Audit Committee was constituted on 15<sup>th</sup> May, 2001. Presently, it comprises Shri Y.R. Shah, Shri B. Ram and Dr. S.S. Banerjee. All the members of the committee are non-executive and independent Directors. Sh. Y.R. Shah, Chairman of the Meeting is having requisite financial and accounting expertise

and all other members of the committee are finance literate. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 26<sup>th</sup> September, 2012. The composition of the Audit committee meets the requirements of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

### Meetings and Attendance

The committee met four times during the financial year 2012-13. The dates on which Audit Committee Meetings were held are 08.05.12, 04.08.12, 02.11.12 and 24.01.13. The number of meetings attended by each committee member during the year was as under:-

Name of Member	No. of Meetings Attended
Sh. Y.R. Shah	4
Sh. Bhagwan Ram	3
Dr. S.S. Banerjee	3

The Managing Director, Vice President (F) as well as the representatives of the internal & the statutory auditors are the permanent invitees to the meeting. The Company Secretary acts as secretary to the audit committee. No personnel have been denied access to the audit committee.

### 4. REMUNERATION COMMITTEE:

#### Brief Description of terms of reference

The remuneration Committee was constituted on 03.06.2005 to recommend remuneration of all the Executive & Non-Executive Directors after reviewing their performance.

#### Composition

The Committee constitutes Sh. Y. R. Shah, Sh. Bhagwan Ram and Dr. S. S. Banerjee. All the members of the Committee are Non-Executive & Independent Directors. During the financial year 2012-13, one meeting of the remuneration committee was held on 04.08.2012.

#### Remuneration of Directors

Payment of Sitting Fees to the Non Executive Directors and Payment of Salary, Commission and Perquisites to the Executive Directors is made in accordance with industry norms and subject to the overall ceilings imposed by the Companies Act, 1956 and other applicable statutes.

The appointment of Chairman & Managing Director, Managing Director and Executive Director is governed by resolution passed by the Board of Directors and



shareholders of the Company at the respective meetings. They are paid remuneration as per terms and conditions approved by the Board of Directors and Shareholders on the recommendation of Remuneration Committee.

Non-Executive Directors do not draw any

remuneration except sitting fee of Rs. 2500/- per meeting of the Board and Committee thereof and total sitting fee of Rs. 55000/- was paid during the financial year 2012-13. The details of remuneration paid to Executive Directors during the financial year 2012-13 are as under:-

#### **Details of Remuneration paid to Executive Directors**

(Rs. in Lacs)

S.No.	Name of Director	Category of Directors	Basic Salary	Contribution to P.F.	Commission	Others	Total
1	Sh. R. L. Nolkha	Promoter & Executive Director	26.50	3.18	13.99	1.93	45.60
2	Sh. Dinesh Nolkha	Promoter & Executive Director	19.50	2.34	13.99	0.90	36.73
3	Sh. Nitin Nolkha	Promoter & Executive Director	16.50	1.98	13.99	0.48	32.95

Performance linked incentive, service contract, notice period, severance fee and stock option to Executive Directors - Nil

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

S. No.	Name of Director	Category of Directors	Sitting Fee (Amt. In Rs.)
1	Sh. Bhagwan Ram	Independent Non-Executive Director	17,500
2	Sh. Y. R. Shah	Independent Non-Executive Director	22,500
3	Sh. S. S. Banerjee	Independent Non-Executive Director	15,000

The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees to them for attending Board and Committee meetings. None of the Non-Executive Directors of the Company is holding any share in the Company.

#### **5. SHAREHOLDERS' COMMITTEE**

The "Share Transfer & Investors' Grievance Committee" was constituted on 03.06.2005 and reconstituted from time to time. The committee considers and approves various requests for transfer, transmission, sub-division, consolidation, renewal, exchange, issue of new certificates in replacement of old ones, Dematerialization/Rematerialization of Shares and to redress the grievances of the investors

as may be received from time to time. The Committee meets periodically and shares are transferred within 15 days from the date of receipt of valid transfer request. During the financial year 2012-13 no meeting of the committee was held.

The Secretarial Department of the Company and Registrar & Transfer Agent, Bigshare Services Private Ltd., Mumbai attend all the Grievance of the Shareholders and Investors received directly or through SEBI, Stock Exchanges, Department of Company Affairs, Registrar of Companies etc.

#### **Composition**

The composition of Share Transfer & Investors' Grievance Committees is as under:

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

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

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

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

Four complaints received from Investors during the financial year 2012-13, were resolved.

## 6. GENERAL BODY MEETING :

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

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

AGM	Date	Time	Place	Special Resolution(s) passed
18 <sup>th</sup> AGM	25.09.10	3.00 PM	16-17 K.M. Stone, Chittor Road, Hamirgarh, Bhilwara-311025	Nil
19 <sup>th</sup> AGM	19.09.11	3.30 PM	- Do -	Nil
20 <sup>th</sup> AGM	26.09.12	3.30 PM	- Do -	Re-appointment of Sh. R. L. Nolkha, Chairman & Managing Director

No Resolution was subject to Postal Ballot at last AGM.

## 7. OTHER DISCLOSURES

The Company has complied with all the requirements of the Listing Agreement entered into with the Bombay Stock Exchange, Mumbai and the National Stock Exchange of India Ltd. as well as SEBI regulations and guidelines. No penalties/strictures were imposed / passed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets since the listing of the Company's shares.

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed at point number 12 of the Note No. 23 part B in the Annual Report.

The code of conduct for Directors and Senior Management Personnel of the Company was approved by the Board at its Meeting held on 29.03.2006 and the same has also been placed on the website of the Company. All Board members and senior management personnel have affirmed compliance with the code of conduct during the year under review. In this regard, certificate of Managing Director is given at the end of this report.

The Company has adopted the code of Internal Procedures and Conduct framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, inter alia, to prevent insider trading in the shares of the Company.

The clause 49 of the Listing Agreement consists of mandatory and non-mandatory requirements. The Company is compliant with mandatory requirements except constitution of remuneration committee.

## 8. MEANS OF COMMUNICATION

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

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

The website of the Company **www.nitinspinners.com** acts as the primary source of information about the Company. The quarterly financial results and Shareholding pattern are being displayed thereat. The same are also displayed on the website of the Stock Exchanges and Corporate filing.

No presentation was made to institutional investors or to analysts during the financial year 2012-13

## GENERAL SHAREHOLDER INFORMATION

### 1. Shareholder Information :-

- A. Date of AGM & Time & Venue : 18.09.2013 at 3.30 PM at the Registered office  
B. Date of Book Closure : 11.09.2013 to 18.09.2013 (both the days Inclusive)  
C. Dividend Payment date : No dividend recommended on Equity Shares.  
D. Tentative Financial Calendar : Financial Year -April 1, 2013 to March 31,2014 for next year

Period	Date of Board Meeting
1 <sup>st</sup> Quarter ending June, 13	Last week of July, 13
2 <sup>nd</sup> Quarter ending September, 13	Last week of October, 13
3 <sup>rd</sup> Quarter ending December, 13	Last week of January, 14
Year ending 31 <sup>st</sup> March, 14	April/May, 2014
AGM for year ending 31 <sup>st</sup> March, 2014	August/September, 2014

- E. Listing on Stock Exchange & Stock Code:

Name of Stock Exchange	Stock Code
Bombay Stock Exchange Ltd., Mumbai	532698
National Stock Exchange of India Ltd.	NITINSPIN

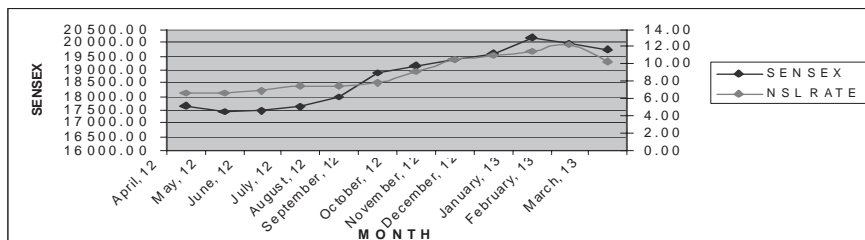
The applicable listing fee for the Financial Year 2013-14 has already been paid to both the Stock Exchanges.

### Stock Price Data :

(Price in Rs. per Share)

Months	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 12	6.65	5.91	6.95	5.85
May, 12	6.70	5.86	6.80	5.80
June, 12	6.85	6.10	6.95	6.10
July, 12	7.50	6.40	8.20	6.20
August, 12	7.50	6.60	7.35	6.30
September, 12	7.85	6.95	7.90	6.80
October, 12	9.05	7.31	10.00	7.25
November, 12	10.50	8.10	10.00	8.05
December, 12	11.00	8.50	11.25	8.15
January, 13	11.39	9.80	11.40	8.55
February, 13	12.25	9.80	12.25	9.80
March, 13	10.30	8.75	10.65	8.50

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





**I. Dematerialisation of Share :**

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

Particulars	31st March, 2013		31st March, 2012	
	No. of Shares	%	No. of Shares	%
No. of Shares Dematerialised				
— NSDL	<b>4,01,76,935</b>	<b>87.66</b>	3,99,17,650	87.09
— CDSL	<b>56,53,950</b>	<b>12.33</b>	59,13,235	12.90
No. of Shares in Physical Mode	<b>3,060</b>	<b>0.01</b>	3,060	0.01
Total	<b>4,58,33,945</b>	<b>100.00</b>	4,58,33,945	100.00

**J. Outstanding GDRs/ADRs/Warrants Etc.**

**Nil**

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

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

M/s Bigshare Services Private Limited

Unit : Nitin Spinners Limited  
Address : E-2/3 , Ansa Industrial Estate, Saki Vihar Road,  
Saki Naka, Andheri ( E ), Mumbai – 400072  
Phone No. : 022 – 28470652, 28470653  
Fax No. : 022 – 28475207  
Email : [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)  
Web Site : [www.bigshareonline.com](http://www.bigshareonline.com)

**Share Transfer System :**

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

**L. Distribution Schedule as on 31<sup>st</sup> March, 2013 :**

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% to Shares
Up to 500	10775	73.19	26,61,527	5.81
501 to 1000	1919	13.03	17,04,423	3.72
1,001 to 2,000	893	6.07	14,47,652	3.16
2,001 to 3,000	334	2.27	8,71,889	1.90
3,001 to 4,000	195	1.32	7,16,096	1.56
4,001 to 5,000	160	1.09	7,70,639	1.68
5,001 to 10,000	221	1.50	16,85,258	3.68
10,001 & above	225	1.53	3,59,76,461	78.49
<b>Total</b>	<b>14722</b>	<b>100</b>	<b>4,58,33,945</b>	<b>100</b>

**M. Shareholding pattern as on 31<sup>st</sup> March 2013 :**

S.No.	Category	No. of shares Held	Percentage of Shareholding
<b>A.</b>	<b>Promoters Holding</b>		
a.	Indian Promoters	<b>2,87,12,607</b>	62.64
b.	Foreign Promoters	–	–
	<b>Total Promoters' Holdings</b>	<b>2,87,12,607</b>	<b>62.64</b>
<b>B</b>	<b>Non-Promoters Holding :-</b>		
a.	Banks, Financial Institutions, Insurance Companies	<b>4,93,029</b>	1.08
b.	Private Corporate Bodies	<b>17,11,097</b>	3.73
c.	Indian Public	<b>1,47,41,882</b>	32.16
d.	NRIs / OCBs	<b>1,62,467</b>	0.36
e.	Any other (please specify) - Trust	<b>1,500</b>	0.01
	- Clearing Members	<b>11,363</b>	0.02
	<b>Total Non-Promoters' Holdings</b>	<b>1,71,21,338</b>	<b>37.36</b>
	<b>TOTAL (A) + (B)</b>	<b>4,58,33,945</b>	<b>100.00</b>

**N. Directors Seeking Re-appointment**
**Sh. Nitin Nolkha**

Sh. Nitin Nolkha aged about 36 years was appointed Director of the Company on 01.10.1997. He is Bachelor of Commerce and Master of Business Administration. He is one of key Promoters of the Company and has vast experience of 15 years in Textile Industry. His functional experience covers Plant Operations, Procurement/Sourcing, Administration & Management.

**Directorship in other Companies :-** Greenfield Securities Pvt. Ltd.  
Prasham Corporate Services (India) Pvt. Ltd.  
Nitin Infra Developers Pvt. Ltd.

**Sh. Y. R. Shah**

Sh. Y R Shah aged about 70 years appointed as Independent Director of the Company on 24.02.2005. He is Bachelor of Engineering in Textiles. He has vast experience more than four decades in the Textile Industry and having expertise in the field of Textile Marketing. He was Director and Jt. Managing Director of Forbes Gokak Ltd. for more than seven years. He has extensively traveled abroad. He does not hold any share in the Company.

**Directorship in other Companies :-**

**Plant Location & Address for Correspondence**

MW Unitexx Ltd.  
16-17 KM Stone, Chittor Road  
Hamirgarh, Bhilwara – 311025 (Rajasthan)  
Phone : 01482-286110 to 286113  
Fax : 01482-286117 & 286114  
E-Mail : nsl@nitinspinners.com

For and on Behalf of the Board of Directors

Place : Bhilwara

Date : 02.05.2013

**R. L. NOLKHA**

*Chairman & Managing Director*

**Declaration as required under Clause 49 of the Listing Agreement**

All Directors and Senior Management Members of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management of Nitin Spinners Limited for the Financial Year ended March 31, 2013.

Place : Bhilwara

Date : 02.05.2013

**DINESH NOLKHA**

*Managing Director*

## **CERTIFICATION OF MANAGING DIRECTOR/CFO UNDER CLAUSE 49 OF LISTING AGREEMENT**

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control system of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware
- and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
- (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**P. Maheshwari**  
**Chief Financial Officer**

**Dinesh Nolkha**  
**Managing Director**

**Place : Bhilwara**  
**Date : 02.05.2013**

## **AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

### **TO THE MEMBERS OF NITIN SPINNERS LIMITED**

We have examined the compliance of conditions of corporate governance by Nitin Spinners Limited, for the year ended March 31, 2013 as stipulated in clause 49 of the Listing Agreement entered into by the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementations 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 and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholder's Grievance Committee.

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

**For R. S. DANI & CO.**  
*Chartered Accountants*

Place : Bhilwara  
Date : 02.05.2013

**Ashok Mangal**  
*Partner*  
M.No. 71714

## AUDITORS' REPORT TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of **NITIN SPINNERS LIMITED** as at 31<sup>st</sup> March, 2013 and the related Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report)(Amendment) Order,2004, issued by the Government of India in terms of Section 227 (4A) of The Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in Paragraph (3) above, we report that
  - a) We have obtained all the information & explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
  - d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act,1956;
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013, and
    - (ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
    - (iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For R. S. DANI & CO.**  
Chartered Accountants  
(Firm Reg. No. 000243C)

Place : Bhilwara  
Date : 2nd May, 2013

**Ashok Mangal**  
Partner  
M.No. 71714



## ANNEXURE TO AUDITOR'S REPORT

Annexure referred to in paragraph (3) of our report of even date to the shareholders of **Nitin Spinners Limited** on the financial statements for the year ended 31<sup>st</sup> March 2013.

- (1) (a) Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Fixed Assets are physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off any major part of the Fixed Assets during the year.
- (2) (a) The inventory (excluding stock lying with third parties for which confirmation has been obtained) has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) (a) The company has not given any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Consequently the requirement of Clauses (iii) (b) to (iii) (e) of paragraph 4 of the order are not applicable.
- (b) The company has not taken any loans from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

Consequently the requirement of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the order are not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from public within the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the company pursuant to the Rules made by the Central Government for maintenance of cost records under Section 209 (1) (d) of the companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) In our opinion and according to the information and explanations given to us, and according to the records of the Company examined by us, the Company is generally

regular in depositing the undisputed statutory dues with appropriate authorities including provident fund, investor education protection fund, employee's state insurance, income-tax, sales-tax, custom duty, excise-duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales tax, Custom Duty and Excise Duty were outstanding, as at 31.3.2013 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Wealth Tax, Income Tax, Service Tax, Excise Duty, Customs, VAT, Entry Tax and Education Cess as at March 31<sup>st</sup>, 2013 which have not been deposited on account of any dispute, except as under :-

Name of the Statute	Nature of dues	Unpaid Amount (Rs. in lacs)	Period	Forum at which pending /Remarks
Central Excise	Excise Duty & Penalty	4.88	2001-02	CESTAT, New Delhi
Central Excise	Excise Duty & Penalty	12.02	2007-08	CESTAT, New Delhi
Service Tax	Refund of Service Tax under notification no. 41/2007	2.02	01.01.09 to 30.06.09	CESTAT, New Delhi
		0.81	01.04.08 to 30.06.08	
		0.59	01.10.08 to 31.12.08	
Central Excise	Excise Duty & Penalty	30.45	01.04.2000 to 30.06.2000	Commissioner (A), Jaipur
Central Excise	Refund of Cenvat	10.48	01.03.2008 to 31.03.2008	CESTAT, New Delhi
Central Excise	Cenvat Credit of Input services and penalty	1.86	16.05.2008	CESTAT, New Delhi
Central Excise	Custom Duty and Penalty	37.72	16.05.2008	CESTAT, New Delhi
Central Excise	Penalty	15.97	16.05.2008	CESTAT, New Delhi
Central Excise	Excise Duty	463.54	16.05.2008	CESTAT, New Delhi
Central Excise	Excise Duty	20.67	16.05.2008	CESTAT, New Delhi
Entry Tax	Tax	71.13	2006-07 to 31.03.2013	Rajasthan High Court, Jodhpur

10. The company does not have any accumulated losses. The company has not incurred any cash losses during immediately preceding Financial Year.

11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to the financial institution, banks or debenture holders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statutes applicable to a chit fund / nidhi /mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion and as per information and explanations given to us, the Company is not dealing in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were raised.
17. On the basis of an overall examination of the Balance Sheet of the Company as at 31.3.2013 and in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

**For R. S. DANI & CO.**  
Chartered Accountants  
(Firm Reg. No. 000243C)

**Ashok Mangal**  
Partner  
M.No. 71714

Place : Bhilwara  
Date : 2nd May, 2013



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## BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	Figures as at end of current reporting period 31.03.2013 (Rs. in lacs)	Figures as at end of previous reporting period 31.03.2012 (Rs. in lacs)
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital	1	4583.39	4583.39
(b) Reserve and Surplus	2	5496.30	4082.57
		<u>10079.69</u>	<u>8665.96</u>
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	16232.12	18368.30
(b) Deferred Tax Liabilities (Net)		659.63	-
(c) Long-Term Provisions	4	145.34	109.27
		<u>17037.09</u>	<u>18477.57</u>
(3) Current Liabilities			
(a) Short-Term Borrowings	5	1685.96	4012.38
(b) Trade Payables	6	327.60	406.08
(c) Other Current Liabilities	7	5341.07	3090.48
(d) Short-Term Provisions	8	101.45	77.36
		<u>7456.08</u>	<u>7586.30</u>
<b>TOTAL</b>		<u>34572.86</u>	<u>34729.83</u>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9		
Gross Fixed Assets		37717.47	37542.84
Less : Depreciation		<u>16418.95</u>	<u>14733.95</u>
Net Fixed Assets		<u>21298.52</u>	<u>22808.89</u>
(ii) Capital Work In Progress		-	338.03
		<u>21298.52</u>	<u>23146.92</u>
(b ) Deferred Tax Assets (net)		-	24.22
(c) Long-Term Loans and Advances	10	650.34	476.28
		<u>650.34</u>	<u>500.50</u>
<b>(2) Current Assets</b>			
(a) Inventories	11	8189.70	7712.40
(b) Trade Receivables	12	2803.97	1850.15
(c) Cash and Cash Equivalents	13	27.59	8.47
(d) Short Term Loans and Advances	14	509.99	175.00
(e) Other Current Assets	15	1092.75	1336.39
		<u>12624.00</u>	<u>11082.41</u>
<b>TOTAL</b>		<u>34572.86</u>	<u>34729.83</u>

In terms of our report of even date attached

For and on behalf of the Board

**For R.S. DANI & CO.**  
Chartered Accountants  
(Firm Reg. No. 000243C)

**ASHOK MANGAL**  
Partner  
M.No.71714

Place : Bhilwara  
Date : 2nd May, 2013

**R.L. NOLKHA**  
Chairman & Managing Director

**DINESH NOLKHA**  
Managing Director

**NITIN NOLKHA**  
Executive Director

**P. MAHESHWARI**  
Chief Financial Officer

**Y.R. SHAH**  
Director

**BHAGWAN RAM**  
Director

**Dr. S. S. BANERJEE**  
Nominee Director

**SUDHIR GARG**  
Company Secretary  
& GM (Legal)

## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	Figures for the current reporting period 31.03.2013 (Rs. in lacs)	Figures for the previous reporting period 31.03.2012 (Rs. in lacs)
I. Revenue from Operations	16	44605.36	42830.03
II. Other Income	17	30.29	12.67
<b>III. TOTAL REVENUE (I+II)</b>		<b>44635.65</b>	<b>42842.70</b>
<b>IV. Expenses</b>			
Cost of Materials Consumed	18	24958.43	28003.69
Purchase of Traded Goods		1460.63	626.74
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	19	(18.95)	1042.82
Employee Benefits Expenses	20	1993.60	1649.49
Finance Cost	21	2730.58	2089.56
Depreciation		2449.87	2397.55
Other Expenses	22	7490.08	7002.80
<b>TOTAL EXPENSES</b>		<b>41064.24</b>	<b>42812.65</b>
V. Profit before Exceptional Items & Tax		3571.41	30.05
VI. Exceptional Items (refer note 23(B)(5))		1473.83	-
VII. Profit/(Loss) Before Tax (V-VI)		2097.58	30.05
<b>VIII. Tax Expenses</b>			
1. Current Tax		419.68	5.73
2. MAT Credit Entitlements		(419.68)	(5.73)
3. Deferred Tax		683.85	(0.26)
<b>IX. Profit /(Loss) After Tax (VII-VIII)</b>		<b>1413.73</b>	<b>30.31</b>
<b>X. Basic &amp; Diluted Earning Per Share (Rupees)</b>		<b>3.08</b>	<b>0.07</b>
<b>Accounting Policies and Additional informations</b>	23		

In terms of our report of even date attached

**For R.S. DANI & CO.**  
Chartered Accountants  
(Firm Reg. No. 000243C)

**ASHOK MANGAL**  
Partner  
M.No.71714

Place : Bhilwara  
Date : 2nd May, 2013

For and on behalf of the Board

**R.L. NOLKHA**  
Chairman & Managing Director

**DINESH NOLKHA**  
Managing Director

**NITIN NOLKHA**  
Executive Director

**P. MAHESHWARI**  
Chief Financial Officer

**Y.R. SHAH**  
Director

**BHAGWAN RAM**  
Director

**Dr. S. S. BANERJEE**  
Nominee Director

**SUDHIR GARG**  
Company Secretary  
& GM (Legal)





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## Notes to Financial Statements

### NOTE 1 : DETAILS OF SHARE CAPITAL

	As at 31.03.2013 (Rs. in lacs)	As at 31.03.2012 (Rs. in lacs)
<b>AUTHORISED :</b>		
4,60,00,000 (Previous Year : 4,60,00,000) Equity Shares of Rs. 10/- Each	4600.00	4600.00
4,00,000 (Previous Year : 4,00,000) Preference Shares of Rs. 100/- Each	400.00	400.00
<b>TOTAL</b>	<b>5000.00</b>	<b>5000.00</b>
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID - UP :</b>		
4,58,33,945 (Previous Year : 4,58,33,945) Equity Shares of Rs. 10/- Each fully paid up ranking pari passu	4583.39	4583.39
	<b>4583.39</b>	<b>4583.39</b>

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

	No. of Shares (% of Holding)	No. of Shares (% of Holding)
<b>Redial Trading &amp; Investment Pvt. Ltd.</b>	6633947 (14.47%)	6609310 (14.42%)
<b>Prasham Corporate Services (India) Pvt. Ltd.</b>	6197527 (13.52%)	6197527 (13.52%)
<b>Ratan Lal Nolkha</b>	5367405 (11.71%)	5367405 (11.71%)
<b>Dolphin Carrier Pvt. Ltd.</b>	2332973 (5.09%)	2237900 (4.88%)

**b. The company has not issued, any shares pursuant to contract without payment being received in cash, Bonus Share and has not bought back any shares**

### NOTE 2 : RESERVES & SURPLUS

	As at 31.03.2013 (Rs. in lacs)	As at 31.03.2012 (Rs. in lacs)
<b>a. Capital Redemption Reserve</b>		
Opening Balance	150.00	150.00
Additions during the year	—	—
Deductions during the year	—	—
Net Balance	<b>150.00</b>	<b>150.00</b>
<b>b. Securities Premium Reserve</b>		
Opening Balance	2766.73	2766.73
Additions during the year	—	—
Deductions during the year	—	—
Net Balance	<b>2766.73</b>	<b>2766.73</b>
<b>c. General Reserve</b>		
Opening Balance	393.82	393.82
Additions during the year	—	—
Deductions during the year	—	—
Net Balance	<b>393.82</b>	<b>393.82</b>
<b>d. Surplus in Profit &amp; Loss Statement</b>		
Opening Balance	772.02	741.71
Additions during the year	1413.73	30.31
Deductions during the year	—	—
<b>Net Balance</b>	<b>2185.75</b>	<b>772.02</b>
<b>TOTAL (a to d)</b>	<b>5496.30</b>	<b>4082.57</b>

### NOTE 3 : LONG TERM BORROWINGS

	As at 31.03.2013 (Rs. in lacs)	As at 31.03.2012 (Rs. in lacs)
<b>a. Term Loan from Banks (Secured)</b>	<b>18957.54</b>	20853.36
Less : Taken to Other Current Liabilities being Current Maturities	<b>2740.31</b>	2505.79
Total (a)	<b>16217.23</b>	18347.57
<b>b. Vehicle Loan From Bank (Secured)</b>	<b>20.73</b>	26.00
Less : Taken to Other Current Liabilities being Current Maturities	<b>5.84</b>	5.27
Total (b)	<b>14.89</b>	20.73
<b>TOTAL (a+b)</b>	<b>16232.12</b>	18368.30

#### Explanations

- Term Loans of Rs.15826.29 Lacs are secured by way of first charge on all immovable and movable fixed assets (both present and future) and second charge on current assets . The term loan of Rs. 3131.25 Lacs are secured by way of third charge on all immovable and movable fixed assets and current assets of the company. The term loans are also secured by personal guarantee of three Directors
- Vehicle Loan is secured by hypothecation of the specific vehicle
- Terms of Repayment
  - Term loans of Rs. 862.09 Lacs are Repayable in 4 variable quarterly Instalments upto 31st March 2014 (Applicable rate of interest 12.25% p.a.)
  - Term loans of Rs. 1136.65 Lacs are Repayable in 13 variable quarterly Instalments upto 30th June 2016 (Applicable rate of interest 12.25% p.a.)
  - Term loans of Rs. 13249.00 Lacs are Repayable in 23 variable quarterly Instalments upto 31st December 2018 (Applicable rate of interest 12.25% p.a.)
  - Term loans of Rs. 578.55 Lacs are Repayable in 27 equal quarterly Instalments upto 31st December 2019 (Applicable rate of interest 13.00% p.a.)
  - Term loans of Rs. 3131.25 Lacs are Repayable in 23 variable quarterly Instalments upto 31st December 2018 (Applicable rate of interest 8.75% p.a.)
  - Vehicle loans of Rs. 20.73 Lacs is Repayable in 38 variable monthly Instalments upto 7th May 2016 (Applicable rate of interest 10.40% p.a.)

### NOTE 4 : LONG TERM PROVISIONS

	As at 31.03.2013 (Rs. in lacs)	As at 31.03.2012 (Rs. in lacs)
Provision for Employee Benefits	<b>145.34</b>	109.27
<b>TOTAL</b>	<b>145.34</b>	109.27

### NOTE 5 : SHORT TERM BORROWINGS

Loans repayable on demand :		
Working Capital Loan from Banks (Secured)	<b>1681.11</b>	4009.32
Security Deposits (Unsecured)	<b>4.85</b>	3.06
<b>TOTAL</b>	<b>1685.96</b>	4012.38

The working capital loans are secured by way of hypothecation (both present and future ) of stocks of raw material / component spares, stock in process, finished goods and book debts and a second charge on all immovable properties (both present and future) of the company. The working capital loans are also secured by personal guarantee of three Directors.



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## NOTE 6 : TRADE PAYABLES

	As at 31.03.2013 (Rs. in lacs)	As at 31.03.2012 (Rs. in lacs)
Trade	151.87	211.03
Expenses and Others	175.73	195.05
<b>TOTAL</b>	<b>327.60</b>	<b>406.08</b>

## NOTE 7 : OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debt	2746.15	2511.06
Interest accrued but not due on borrowings	13.06	13.45
Share Application Money Refundable	-	5.06
Advances from Customers	77.66	116.62
Statutory Dues	92.22	88.13
Employee Related Dues	233.49	152.39
Other Payables	2178.49	203.77
<b>TOTAL</b>	<b>5341.07</b>	<b>3090.48</b>

## NOTE 8 : SHORT TERM PROVISIONS

Provisions for Employee Benefits	101.45	77.36
<b>TOTAL</b>	<b>101.45</b>	<b>77.36</b>

## NOTE 9 : FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-12	Additions	Deductions	As at 31-03-13	As at 01-04-12	For the Year	Deductions	As at 31-03-13	As at 31-03-13	As at 31-03-12
Freehold Land	178.99	-	-	178.99	-	-	-	-	178.99	178.99
Buildings	6031.71	24.56	-	6056.27	1106.69	195.90	-	1302.59	4753.68	4925.02
Plant & Machinery	29577.35	563.17	914.64	29225.88	12963.36	2103.58	732.16	14334.78	14891.10	16613.99
Electric Installation	1451.09	548.79	56.01	1943.87	515.42	128.66	22.73	621.35	1322.52	935.67
Furniture & Fixtures	78.97	-	-	78.97	36.28	5.00	-	41.28	37.69	42.69
Office Equipments	133.09	4.07	-	137.16	85.93	8.53	-	94.46	42.70	47.16
Vehicles	91.64	24.83	20.14	96.33	26.27	8.20	9.98	24.49	71.84	65.37
<b>Total</b>	<b>37542.84</b>	<b>1165.42</b>	<b>990.79</b>	<b>37717.47</b>	<b>14733.95</b>	<b>2449.87</b>	<b>764.87</b>	<b>16418.95</b>	<b>21298.52</b>	<b>22808.89</b>
Previous Year	37264.79	278.88	0.83	37542.84	12336.74	2397.55	0.34	14733.95	22808.89	24928.05
Capital Work in Progress									-	338.03

**NOTE 10 : LONG TERM LOANS AND ADVANCES**  
**(Unsecured, Considered Good)**

	<b>As at 31.03.2013 (Rs. in lacs)</b>	As at 31.03.2012 (Rs. in lacs)
Capital Advances	–	229.82
Advance Income Tax (Net of Provision)	<b>596.95</b>	218.57
Security Deposits	<b>53.39</b>	27.89
<b>TOTAL</b>	<b>650.34</b>	476.28

**NOTE 11 : INVENTORIES**  
**(At cost or realisable value, whichever is lower)**

Raw Material	<b>6592.00</b>	6028.29
Work-In-Process	<b>300.37</b>	429.21
Finished Goods	<b>458.23</b>	298.64
Stores and Spares	<b>340.35</b>	382.90
Fuel	<b>460.10</b>	522.92
Saleable Waste	<b>38.65</b>	50.44
<b>TOTAL</b>	<b>8189.70</b>	7712.40

**NOTE 12 : TRADE RECEIVABLES**  
**(Unsecured, Considered Good)**

Outstanding exceeding Six months	–	–
Other Debts	<b>2803.97</b>	1850.15
<b>TOTAL</b>	<b>2803.97</b>	1850.15

**NOTE 13 : CASH AND CASH EQUIVALENTS**

Cash in Hand	<b>2.83</b>	1.85
Balance with Banks in :		
Current Accounts	<b>24.76</b>	1.56
Application Money Refund Account (Earmarked against application money refunds)	–	5.06
<b>TOTAL</b>	<b>27.59</b>	8.47





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**NOTE 14 : SHORT TERM LOANS AND ADVANCES**  
**(Unsecured, Considered Good)**

	<b>As at 31.03.2013 (Rs. in lacs)</b>	<b>As at 31.03.2012 (Rs. in lacs)</b>
Advances to Suppliers	<b>233.28</b>	86.81
Other Advances	<b>276.71</b>	88.19
(Recoverable in cash or in kind or for value to be received )		
<b>TOTAL</b>	<b>509.99</b>	175.00

**NOTE 15 : OTHER CURRENT ASSETS**  
**(Unsecured, Considered Good)**

Amount Receivable under TUFS	<b>328.62</b>	510.51
Export Incentive Receivable	<b>199.01</b>	298.84
VAT and Other Credit Receivables	<b>565.12</b>	527.04
<b>TOTAL</b>	<b>1092.75</b>	1336.39

**NOTE 16 : REVENUE FROM OPERATIONS**

	<b>Period ended 31.03.2013 (Rs. in lacs)</b>	<b>Period ended 31.03.2012 (Rs. in lacs)</b>
Sales	<b>43870.40</b>	42295.37
Job Receipts	<b>109.40</b>	68.48
Foreign Exchange Fluctuation (Net)	<b>626.83</b>	469.37
<b>TOTAL</b>	<b>44606.63</b>	42833.22
Less : Excise Duty	<b>1.27</b>	3.19
<b>TOTAL</b>	<b>44605.36</b>	42830.03

**NOTE 17 : OTHER INCOME**

Miscellaneous Income	<b>13.82</b>	0.66
Interest Received	<b>16.47</b>	12.01
<b>TOTAL</b>	<b>30.29</b>	12.67

**NOTE 18 : COST OF MATERIALS CONSUMED**

Stock at Opening	<b>6028.29</b>	5786.77
Add : Purchases & Expenses	<b>25522.14</b>	28245.21
	<b>31550.43</b>	34031.98
Less : Stock at Closing	<b>6592.00</b>	6028.29
<b>TOTAL</b>	<b>24958.43</b>	28003.69

**NOTE 19 : CHANGES IN INVENTORIES OF FINISHED GOODS,  
WORK-IN-PROGRESS AND STOCK-IN-TRADE**

	Period ended 31.03.2013 (Rs. in lacs)	Period ended 31.03.2012 (Rs. in lacs)
<b>Opening Stock</b>		
Finished Goods	298.64	1365.02
Saleable Waste	50.44	79.77
Work-In-Progress	429.22	376.33
	<b>778.30</b>	<b>1821.12</b>
<b>Closing Stock</b>		
Finished Goods	458.23	298.64
Saleable Waste	38.65	50.44
Work-In-Progress	300.37	429.22
	<b>797.25</b>	<b>778.30</b>
<b>Changes</b>		
Finished Goods	(159.59)	1066.38
Saleable Waste	11.79	29.33
Work-In-Progress	128.85	(52.89)
<b>TOTAL</b>	<b>(18.95)</b>	<b>1042.82</b>

**NOTE 20 : EMPLOYEE BENEFIT EXPENSES**

Salary & Wages	1692.55	1400.80
Contribution to Provident and Other Fund	121.53	102.30
Gratuity and Leave Encashment Expenses	71.74	51.44
Staff Welfare Expenses	107.78	94.95
<b>TOTAL</b>	<b>1993.60</b>	<b>1649.49</b>

**NOTE 21 : FINANCE COST**

Interest Expenses		
Term Loans	1963.99	1444.41
Others	603.63	521.09
<b>TOTAL</b>	<b>2567.62</b>	<b>1965.50</b>
Other Borrowing Costs	162.96	124.06
<b>TOTAL</b>	<b>2730.58</b>	<b>2089.56</b>



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## NOTE 22 : OTHER EXPENSES

	Period ended 31.03.2013 (Rs. in lacs)	Period ended 31.03.2012 (Rs. in lacs)
<b>(a) Manufacturing Expenses</b>		
Power, Fuel & Water charges	3852.92	3857.22
Stores & Spares Consumed	1063.31	838.03
Packing Expenses	654.71	604.12
Job Charges paid	1.95	—
Repair & Maintenance		
Plant & Machinery	53.45	77.15
Building	41.42	32.42
Others	11.62	7.55
<b>TOTAL (a)</b>	<b>5679.38</b>	<b>5416.49</b>
<b>(b) Administrative and Other Expenses</b>		
Printing & Stationery	7.58	7.77
Postage & Communication	18.38	19.41
Subscription & Membership Fees	4.21	3.83
Director's Sitting Fee	0.55	0.45
Rent, Rates & Taxes	17.79	11.62
Travelling Directors	11.73	10.22
Others	14.62	18.20
Vehicle & Conveyance	17.05	11.54
Charity & Donation	2.68	0.67
Legal & Professional	15.97	12.56
Insurance Charges	45.89	50.62
Loss on Sale of Fixed Assets	67.17	0.44
Audit Fees	2.00	2.00
Advertisement	4.63	6.66
Miscellaneous Expenses	10.64	13.63
<b>TOTAL (b)</b>	<b>240.89</b>	<b>169.62</b>
<b>(c) Selling and Distribution Expenses</b>		
Sales Promotion	9.42	4.47
Sales Commission	622.50	543.00
Rebate, Claims & Discount	22.25	47.77
Freight & Forwarding	893.76	807.54
Hank Yarn Obligation Expenses	21.88	13.91
<b>TOTAL (c)</b>	<b>1569.81</b>	<b>1416.69</b>
<b>TOTAL (a to c)</b>	<b>7490.08</b>	<b>7002.80</b>

## NOTE 23 : ACCOUNTING POLICIES & ADDITIONAL INFORMATION

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1) Basis for preparation of Financial Statement

- (a) The financial statements have been prepared under the historical cost convention and on the principles of going concern in accordance with Indian Generally Accepted Accounting Principles, applicable Accounting Standards and provisions of the Companies Act, 1956.
- (b) Accounting policies, not specifically referred to, are consistent with Generally Accepted Accounting Principles.

#### 2) Revenue Recognition :

- (a) Sales are recognised when goods are supplied and effective control of goods associated with ownership is transferred to the buyer. Sales are recorded net of Sales Tax, return, discounts and rebates but including Excise Duties.
- (b) Foreign exchange differences relating to sales are included in Revenue from operation.
- (c) Other Income and Incentives/Benefits are accounted for on accrual basis.
- (d) Claims lodged with insurance companies are accounted and credited to the relevant head when recognized by the insurance company.
- (e) Inter-divisional sales comprising of sale of power for captive use is reduced from gross turnover in arriving net turnover.

#### 3) Expenditure

- (a) Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.
- (b) Rebate, claims & settlement on goods sold are accounted for as and when these are ascertained with reasonable accuracy.

#### 4) Inventory

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

- (a) Cost of raw materials and stores include duties, taxes, freight and other expenses and are net of Duty Drawback, VAT & CST refund, CENVAT credit wherever made applicable.
- (b) Cost in relation to finished goods comprises of cost of materials, excise duty, production overheads and depreciation.
- (c) Work in process is valued at raw material cost plus conversion cost depending upon the stage of completion.
- (d) The material/finished goods despatched from the factory but lying at port pending shipment are taken as a part of finished goods stock.

#### 5) Investments

- (a) Investments are stated at cost.
- (b) Dividend income is accounted when the right to receive is established.

#### 6) Fixed Assets

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

#### 7) Depreciation

- (a)
  - (i) Depreciation on Plant & Machinery (other than Computers and Office Equipments), Electric Installations and Power Plant is provided on Straight Line Method (SLM) considering estimated useful life of 13 years.
  - (ii) Depreciation on other Fixed Assets is provided at the rates specified in Schedule XIV to the Companies Act, 1956 on Straight Line Method.
- (b) Depreciation on Fixed Assets for trial run period is not charged.

#### 8) Prior Period Items

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

#### 9) Borrowing Costs

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



**10) Government Grants, Subsidy & incentives**

- (a) Interest subsidy received or receivable on Term Loans taken under TUF Scheme is recognized on accrual basis and reduced from the Financial Expenses. The TUF benefits attributable to the acquisition/installation of Fixed Assets till the commencement of commercial production are netted against the cost of fixed assets.
- (b) Duty Drawback, Sales Tax refunds and other incentives are reduced from the cost of respective assets/purchases.

**11) Foreign Currency Transactions**

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

**12) Financial Derivatives**

Foreign Currency Derivative contracts are accounted for on the date of their settlement and realized gain/loss in respect of settled contracts are recognized in the Profit and Loss Account, except where they relate to borrowings attributable to the acquisition of fixed assets, in that case they are adjusted to the carrying cost of the assets..

**13) CENVAT**

- (a) The purchase cost of raw materials and other expenses has been considered net of CENVAT available on inputs.
- (a) The CENVAT benefits attributable to acquisition/installation of fixed assets are netted off against the cost of fixed assets.
- (a) CENVAT is accounted for on the basis of payments made in respect of goods cleared and provision is made for goods lying in Stock, if applicable and the same is treated as part of the cost of respective Stock

**14) Research & Development**

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

**15) Retirement Benefits**

The company's contribution to Provident and other funds are charged to Profit & Loss Statement. The liability for gratuity is provided on the basis of actuarial valuation and leave encashment liability on actual basis.

**16) Provision for Current and Deferred Tax**

- a) Provision for Current Income Tax is made after considering exemptions and deductions available under the Income Tax Act, 1961.
- b) Deferred Tax Liability resulting from timing differences between book and tax profit is accounted for by using the tax rates and laws that are enacted or substantially enacted as on Balance Sheet date. The deferred tax assets is recognized and carried forward only to extent that there is a reasonable certainty that the assets will be realized in future.

**17) Impairment of Assets**

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

**18) Deferred Revenue Expenditure**

The Company does not recognize any Deferred Revenue Expenditure.

**19) Provisions and Contingencies**

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

**B. ADDITIONAL INFORMATION**
**1) Contingent Liabilities not provided for**

S.No.	Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
a.	Bills discounted with Banks	<b>4210.32</b>	3669.94
b.	Disputed Taxation matters for which no provision has been made :- Cenvat, Service Tax and Custom Duty	<b>814.99</b>	814.99

- 2) The estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) **Rs. 15.93 Lacs** (Previous Year – Rs. 533.34 Lacs)
- 3) In the opinion of the Board the Current Assets, Loans and Advances are approximately of the value as stated in Financial Statements, if realised in the ordinary course of business. The provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.
- 4) Sundry Creditors include Rs. **Nil** (Previous Year Rs. Nil) amount due to Micro & Small Enterprises as at 31<sup>st</sup> March 2013. The figures have been disclosed on the basis of confirmations received from suppliers who have registered themselves under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and /or based on the information available with the company. Further, no interest during the year has been paid or payable under the provisions of the MSMED Act, 2006.
- 5) The company has given proposal to exit from CDR system w.e.f. 31<sup>st</sup> July 2012. All the participating banks and CDR EG has accepted the company's proposal and recommended the same to CDR Core Group. Pending CDR Core Group decision, a provision has been made for recompense amount of Rs. 1654.34 lacs as accepted and recommended by CDR EG. This amount includes Rs. 1473.83 lacs pertaining to period prior to 31.03.2012 and the same has been shown as exceptional item.
- 6) Financial Derivative Instruments

The Company uses forward contracts to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities, firm commitments and highly probable forecast transactions. The use of the aforesaid financial instruments is governed by the company's overall strategy. The company does not use forward contracts and options for speculative purposes. The details of the outstanding forward contracts as at 31st March, 2013 is as under :

		Current Period (in Lacs)		Previous Period (in Lacs)	
Particulars		Foreign Currency	INR	Foreign Currency	INR
A	Forward Contracts outstanding (for Hedging)				
	USD (Sale)	<b>75.49</b>	<b>4194.98</b>	89.42	4599.76
	EURO (Sale)	-	-	0.86	57.17
	Total	<b>75.49</b>	<b>4194.98</b>	90.28	4656.93
B	Foreign currency exposure				
	<b>1. Hedged</b>				
	Receivables				
	USD	<b>34.06</b>	<b>1801.33</b>	25.77	1325.61
	EURO	-	-	0.86	57.17
	<b>2. Unhedged</b>				
	Receivables GBP	<b>0.21</b>	<b>17.29</b>	-	-
	Payable - USD	<b>3.57</b>	<b>194.17</b>	3.44	175.94

**7) The Deferred Tax Assets/ Liabilities as on 31.3.2013 comprise of following:**

	Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
A.	Deferred Tax Liability/(Assets) – Depreciation	<b>2467.72</b>	2608.58
B.	Deferred Tax Liability/(Assets) Unabsorbed Depreciation	<b>(1704.94)</b>	(2549.39)
C.	Deferred Tax Liability/(Assets) – Employee Benefits & Other Expenses	<b>(103.15)</b>	(83.41)
	Net Deferred Tax Liability/(Assets)	<b>659.63</b>	(24.22)

8) **Payment to Auditors :-**

	Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
A.	Audit Fee	1.80	1.80
B.	Tax Audit Fee	0.20	0.20
	<b>Total</b>	<b>2.00</b>	2.00

9) **Employee Benefit Obligations**

a) Defined Contribution Plan

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

Total contribution made by the employer to the Fund during the year is **Rs. 108.49 lacs** (Previous Year Rs 90.93 Lacs ) .

b) Defined Benefit Plan

The Company make payment to vested employees at retirement, death while in employment or on termination of an amount equivalent to 15 days salary (last drawn salary) payable for each completed year of service or part thereof in excess of six months as per provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of five years of service. The Company makes provision of Gratuity liability as on the balance sheet date on actuarial valuation basis for qualifying employees, however the same is not funded to any trust or scheme.

The present value of the defined benefits obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuation being carried out at each balance sheet date.

The Present value of the obligation as recognized in the Balance Sheet :-

Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
Present value of obligation at the beginning of the period	129.80	94.96
Interest cost	10.38	8.07
Current service cost	32.02	25.36
Benefits paid	(7.59)	(3.72)
Actuarial (gain)/loss on obligation	13.45	5.13
Present value of obligation at the end of period	178.06	129.80

The amounts recognized in the Profit & Loss account are as follows :-

Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
Current service cost	32.02	25.36
Interest cost	10.38	8.07
Net actuarial (gain)/loss recognized in the period	13.45	5.14
Expenses recognized in the Profit & Loss A/c	55.85	38.57

Reconciliation of the Present value of defined obligation and the fair value of the plan assets

Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
Present value of obligation as at the end of period	178.06	129.80
Fair value of Plan Assets	-	-
Liability Recognized in Balance Sheet	178.06	129.80

The assumptions used in Actuarial Valuation:-

Particulars	Current Period (In %)	Previous Period (In %)
i) Discounting Rate	8.00	8.50
ii) Future salary Increase	6.00	6.00

The estimates of future salary increase; considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The discount rate is based on prevailing market yields of Indian Government Bonds, as at the balance sheet date, consistent with the currency and estimated term of the post employment benefit obligations.

c) Other Long Term Employee Benefits

Leave Encashment obligation as on 31.03.2013 is **Rs. 68.73 Lacs.**

(Previous Year Rs. 56.84 lacs)

- 10) The figures for the previous year have been regrouped and rearranged wherever found necessary to make them comparable with those of current year.

11) **SEGMENT REPORTING**

(a) Primary Segment Reporting (By Business Segments)

(i) The Company is engaged in textiles. Hence there is no separate business segments

(ii) The company has its own power generation division mainly for captive use; therefore it is not treated as a separate business segment.

(b) Secondary Segment reporting on the basis of geographical segment is as below:

S.No.	Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
1.	Segment Revenue		
	- Within India	<b>11348.75</b>	14413.97
	- Outside India	<b>33288.17</b>	28431.91
	<b>Total Revenue</b>	<b>44636.92</b>	42845.88
2.	Segment Assets*		
	- Within India	<b>32754.24</b>	33591.34
	- Outside India	<b>1818.62</b>	1138.49
	<b>Total Assets</b>	<b>34572.86</b>	34729.83

**\*Segment Assets outside India is entirely related to Sundry Debtors.**

12) **RELATED PARTY DISCLOSURES**

Transactions with related party as identified by the management in accordance with Accounting Standard 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India are as follows:-

**List of Related Parties with whom transactions have taken place :-**

(a) Key Management Personnel :-

**Name of Person**

Shri R.L. Nolkha,  
Chairman & Managing Director  
Shri Dinesh Nolkha, Managing Director

Shri Nitin Nolkha, Executive Director

**Relationship**

Father of Shri Dinesh Nolkha &  
Shri Nitin Nolkha

Son of Shri R.L. Nolkha,  
Brother of Shri Nitin Nolkha

Son of Shri R.L. Nolkha,  
Brother of Shri Dinesh Nolkha

(b) Relatives :-

Sushila Devi Nolkha

Wife of Shri R. L. Nolkha,  
Mother of Shri Dinesh Nolkha &  
Shri Nitin Nolkha

(b) Associates :-

Redial Trading & Investment Pvt. Ltd

**Details of Transactions with related parties :-**

S.No.	Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
1	Rent Payment	<b>4.05</b>	3.65
2	Managerial Remuneration	<b>115.29</b>	59.64

The balance with related parties as on 31.03.2013 was Nil

**13) Earning Per Share (EPS) -**

S.No.	Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
A	Net Profit available to Equity Shareholders	<b>1413.73</b>	30.31
B	Number of Equity Shares of Rs.10 each outstanding during the year (in lacs)	<b>458.34</b>	458.34
C	Basic/Diluted Earning per share (Rs.)	<b>3.08</b>	0.07
D	Face Value of each equity share (Rs.)	<b>10.00</b>	10.00

**14) Installed Capacity**

	Current Period	Previous Period
Rotors (Nos.)	<b>2936</b>	2936
Spindles (Nos.)	<b>77616</b>	77616
Knitted Fabric (No. of M/c's)	<b>31</b>	31

**15) A. Production, Turnover & Stock**

(As per Inventories taken, valued and certified by the Management)

S.N.	PARTICULAR	OPENING STOCK		PRODUCTION/ PURCHASES		SALES		CLOSING STOCK	
		Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
<b>A</b>	<b>YARN</b>								
i)	<b>Own Manufacturing</b>								
	Qty. (In Tons) *	<b>201.764</b>	691.599	<b>21515.951</b>	20840.509	<b>19549.723</b>	19580.220	<b>271.768</b>	201.764
	Value (Rs. in Lacs)	<b>285.68</b>	1114.92	-	-	<b>36641.64</b>	35653.75	<b>375.37</b>	285.68
ii)	<b>Trading</b>								
	Qty. (In Tons)	-	-	<b>770.077</b>	370.996	<b>770.077</b>	370.996	-	-
	Value (Rs. in Lacs)	-	-	-	-	<b>1464.57</b>	638.51	-	-
<b>B</b>	<b>Fabric</b>								
	Qty. (In Tons)	<b>7.495</b>	162.814	<b>1933.789</b>	1769.344	<b>1900.030</b>	1924.663	<b>41.254</b>	7.495
	Value (Rs. in Lacs)	<b>12.96</b>	250.10	-	-	<b>4349.75</b>	4369.24	<b>82.85</b>	12.96
<b>C</b>	<b>Saleable Waste &amp; Others</b>								
	Value (Rs. in Lacs)	<b>50.44</b>	79.77	-	-	<b>1414.44</b>	1633.87	<b>38.65</b>	50.44
<b>D</b>	<b>Job Work for Others</b>								
	<b>Fabric</b>								
	Qty. (In Tons)	-	-	<b>507.140</b>	425.145	<b>507.140</b>	425.145	-	-
	Value (Rs. in Lacs)	-	-	-	-	<b>109.40</b>	68.48	-	-

\* Production includes 1896.224 Tons (Previous Year 1750.124 Tons) transferred for captive consumption.

**B. Raw Material consumed**

S.N.	PARTICULAR	OPENING STOCK		PURCHASES		CONSUMPTION		CLOSING STOCK	
		Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
<b>A</b>	<b>For Own Manufacturing</b>								
i)	<b>Cotton</b>								
	Qty. (In Tons)	<b>6118.863</b>	4026.739	<b>26271.565</b>	26793.713	<b>25500.822</b>	24701.589	<b>6889.606</b>	6118.863
	Value (Rs. in Lacs)	<b>6015.22</b>	5744.02	<b>25247.76</b>	28089.73	<b>24700.58</b>	27818.53	<b>6562.40</b>	6015.22
ii)	<b>Yarn</b>								
	Qty. (In Tons)	<b>2.944</b>	8.299	<b>72.276</b>	49.512	<b>69.346</b>	54.867	<b>5.874</b>	2.944
	Value (Rs. in Lacs)	<b>13.07</b>	42.75	<b>274.38</b>	155.48	<b>257.85</b>	185.16	<b>29.60</b>	13.07
	<b>Total</b>								
	Qty. (In Tons)	<b>6121.807</b>	4035.038	<b>26343.841</b>	26843.225	<b>25570.168</b>	24756.456	<b>6895.480</b>	6121.807
	Value (Rs. in Lacs)	<b>6028.29</b>	5786.77	<b>25522.14</b>	28245.21	<b>24958.43</b>	28003.69	<b>6592.00</b>	6028.29
<b>B</b>	<b>For Trading</b>								
i)	<b>Yarn</b>								
	Qty. (In Tons)	-	-	<b>770.077</b>	370.996	<b>770.077</b>	370.996	-	-
	Value (Rs. in Lacs)	-	-	<b>1460.63</b>	626.74	<b>1460.63</b>	626.74	-	-



**C. Value of Imports calculated on CIF basis in respect of**

S.No.	Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
a.	Components & Spare Parts including Packing Materials	512.93	487.11
b.	Raw Material	2258.09	42.68
c.	Capital Goods	486.32	187.81
	<b>Total</b>	<b>3257.34</b>	<b>717.60</b>

**D. Value of Raw Material, Components and Spare Parts Consumed**

S.No.	Particulars	Current Period (Rs. in lacs)	%	Previous Period (Rs. in lacs)	%
(i)	<b>Raw Materials</b>				
a.	Imported	2403.46	9.63	83.24	0.30
b.	Indigenous	22554.97	90.37	27920.45	99.70
	<b>Total</b>	<b>24958.43</b>	<b>100.00</b>	<b>28003.69</b>	<b>100.00</b>
(ii)	<b>Components &amp; Spare Parts including Packing Materials</b>				
a.	Imported	493.27	28.71	553.00	38.35
b.	Indigenous	1224.75	71.29	889.15	61.65
	<b>Total</b>	<b>1718.02</b>	<b>100.00</b>	<b>1442.15</b>	<b>100.00</b>

**E. Expenditure in Foreign Currency**

S.No.	Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
i.	Commission	400.28	307.58
ii.	Travelling	3.16	2.58
	<b>Total</b>	<b>403.44</b>	<b>310.16</b>

**F. Earning in Foreign Currency**

S.No.	Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
(i)	Export of Goods at FOB value	32787.00	27984.33

**G. Managerial Remuneration**

S.No.	Particulars	Current Period (Rs. in lacs)	Previous Period (Rs. in lacs)
(i)	Salary	62.50	50.60
(ii)	Contribution to Provident Fund	7.50	6.07
(iii)	Others	3.31	2.97
(iv)	Commission	41.98	–
	<b>Total</b>	<b>115.29</b>	<b>59.64</b>

Signatures to Note 1 to 23

As per of our report of even date attached.

**For R.S. DANI & CO.**  
Chartered Accountants  
(Firm Reg. No. 000243C)

**ASHOK MANGAL**  
Partner  
M.No.71714

Place : Bhilwara  
Date : 2nd May, 2013

For and on behalf of the Board

**R.L. NOLKHA**  
Chairman & Managing Director

**DINESH NOLKHA**  
Managing Director

**NITIN NOLKHA**  
Executive Director

**P. MAHESHWARI**  
Chief Financial Officer

**Y.R. SHAH**  
Director

**BHAGWAN RAM**  
Director

**Dr. S. S. BANERJEE**  
Nominee Director

**SUDHIR GARG**  
Company Secretary  
& GM (Legal)

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2013

	Period Ended 31.3.2013 (Rs. in lacs)	Period Ended 31.3.2012 (Rs. in lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax & Exceptional Items	3571.41	30.05
Adjustments for :-		
Depreciation	2449.87	2397.55
Interest Expenditure	2730.58	2089.56
Loss/ (Profit) on sale of Fixed Assets	67.17	0.44
<b>Operating Profit Before Working Capital Changes</b>	<b>8819.03</b>	<b>4517.60</b>
<b>Adjustments for :-</b>		
Decrease/ (Increase) Inventories	(477.30)	471.41
Decrease/ (Increase) Sundry Debtors	(953.82)	1683.68
Decrease/ (Increase) Loans and Advances	(495.23)	(353.47)
Increase/(Decrease) Current & Non Current Liabilities	1997.18	98.56
<b>Total Adjustments</b>	<b>70.83</b>	1900.18
<b>Cash Generated from Operations</b>	<b>8889.86</b>	6417.78
Less : Taxes Paid	-	-
<b>Net Cash Generated from Operating Activities (A)</b>	<b>8889.86</b>	6417.78
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1165.42)	(278.88)
Capital WIP including Capital Advances	567.85	(549.57)
Sale of Fixed Assets	158.75	0.05
<b>Net Cash Generated/(used) in Investing Activities (B)</b>	<b>(438.82)</b>	(828.40)
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from /(Repayment) of short term borrowing (Net)	(2326.42)	(1372.86)
Proceeds from long term borrowing	600.00	30.00
Repayment of long term borrowing	(2501.09)	(2162.67)
Interest Paid	(2730.58)	(2089.56)
Exceptional Item (Recompense interest for Earlier Years)	(1473.83)	-
<b>Net Cash Generated/(used) From Financing Activities (C)</b>	<b>(8431.92)</b>	(5595.09)
<b>(D) Net Increase / Decrease in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>19.12</b>	(5.71)
Closing Balance of Cash & Cash Equivalent	27.59	8.47
Opening Balance of Cash & Cash Equivalent	8.47	14.18

In terms of our report of even date attached

For and on behalf of the Board

**For R.S. DANI & CO.**  
Chartered Accountants  
(Firm Reg. No. 000243C)

**ASHOK MANGAL**  
Partner  
M.No.71714

Place : Bhilwara  
Date : 2nd May, 2013

**R.L. NOLKHA**  
Chairman & Managing Director

**DINESH NOLKHA**  
Managing Director

**NITIN NOLKHA**  
Executive Director

**P. MAHESHWARI**  
Chief Financial Officer

**Y.R. SHAH**  
Director

**BHAGWAN RAM**  
Director

**Dr. S. S. BANERJEE**  
Nominee Director

**SUDHIR GARG**  
Company Secretary  
& GM (Legal)



## NITIN SPINNERS LIMITED

Registered Office : 16-17 Km Stone Chittor Road  
Hamirgarh, Bhilwara – 311025 (Rajasthan)

### PROXY FORM

Full Name of the Shareholder in Block :

DP Id

Ledger Folio No.

Client Id

No. of Shares held :

I/We ..... of ..... in the District of ..... being a Member/Members of the above named Company, hereby appoint ..... of ..... or in the district of ..... or failing him ..... of ..... in the district of ..... as my/our proxy to vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held on Wednesday, the 18th September, 2013 at 3.30 P.M and any adjournment thereof.

Signature \_\_\_\_\_

Affix  
Revenue  
Stamp

Signed on this ..... day of ..... 2013

Note : The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting



## NITIN SPINNERS LIMITED

Registered Office : 16-17 Km Stone Chittor Road  
Hamirgarh, Bhilwara – 311025 (Rajasthan)

### ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

Full Name & Address of the Shareholder/Proxyholder :

DP Id

Ledger Folio No.

Client Id

No. of Shares held :

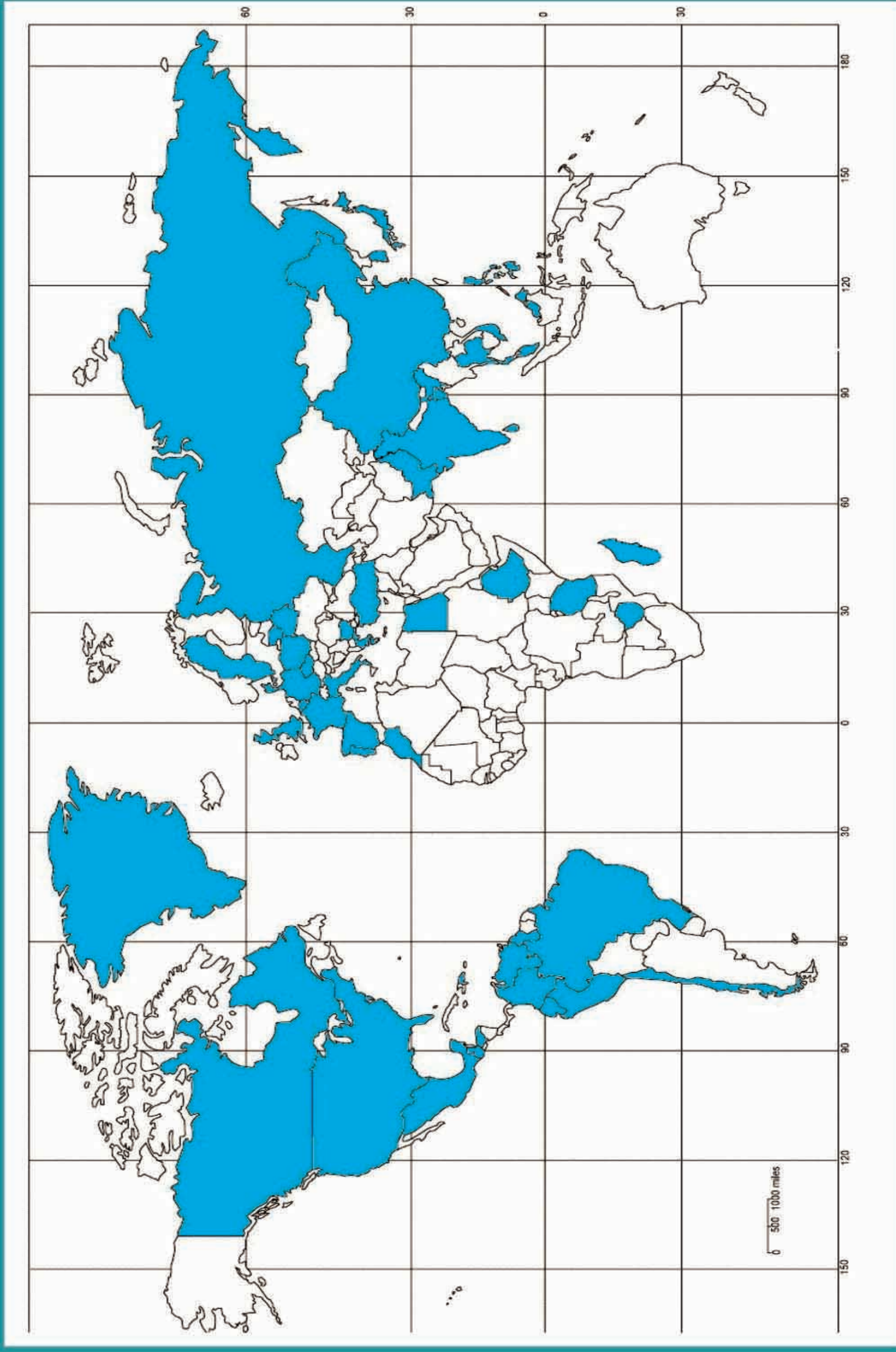
I hereby record my presence at the 21st Annual General Meeting of the Company held on 18th September, 2013 at 3.30 P.M at the Registered Office of the Company at 16-17 Km. Stone, Chittor Road, Hamirgarh, Bhilwara

Signature of Shareholder

Note : Only Shareholders of the Company or their proxies will be allowed to attend the Meeting.

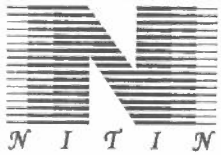


# Global Presence of Company's Products



Area in colour shows presence of the company's products





# NITIN SPINNERS LTD.

(A GOVT. OF INDIA RECOGNISED EXPORT HOUSE)

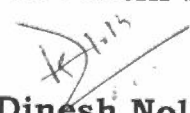


IS/ISO : 9001:2008

## FORM A

1.	Name of Company	<b>NITIN SPINNERS LIMITED</b> <b>16 – 17 Km. Stone,</b> <b>Chittor Road, Hamirgarh,</b> <b>Bhilwara (Raj.) 311025</b>
2.	Annual Financial Statement for the Year Ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N. A.

**For : Nitin Spinners Limited**

  
**(Dinesh Nolkha)**  
**Managing Director**

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

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

E-mail : nsl@nitinspinners.com, Website : www.nitinspinners.com