

BOARD OF DIRECTORS :

Shri R. L. Nolkha	<i>Chairman & Managing Director</i>
Shri Dinesh Nolkha	<i>Managing Director</i>
Shri Bhagwan Ram	
Shri Y. R. Shah	
Shri Nitin Nolkha	<i>Executive Director</i>
Shri (Dr.) S. S. Banerjee	<i>Nominee Director</i>

Bankers

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

Auditors

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

Company Secretary & DGM (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, G.M. (Mktg.)

Registered Office & Works

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

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GREEN INITIATIVE IN CORPORATE GOVERNANCE - ELECTRONIC MODE OF SERVICE OF DOCUMENTS

The Ministry of Corporate Affairs, Government of India, has by Circular Nos. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 respectively clarified that a company will have complied with the provisions of the Companies Act, 1956, if service of notice(s) / document(s) on its shareholders has been made through electronic mode. This initiative by the Government is indeed commendable and your Company supports the same. We are sure, that as a responsible shareholder, you too will support this initiative. By registering yourself with the Company for e-communication, you will be able to receive such notice(s) / documents(s), etc. promptly and without loss in postal transit.

It is proposed that henceforth documents like Notices of Meetings, Annual Reports, Directors' Report, Auditors' Report and other shareholder communication will be sent electronically to the email address provided by you and made available to the Company by the Depositors viz. NSDL / CDSL. As and when there are changes in your email address, you are requested to keep your Depository Participant (DP) informed of the same.

Kindly note that if you still wish to get a hard copy of the above documents, the Company will send the same, free of cost, upon receipt of request from you.



NOTICE

NOTICE is hereby given that the 19th 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 Monday, the 19th September, 2011 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 31st March, 2011, Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. 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.
3. To appoint a Director in place of Shri R. L. Nolkha, 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

By order of the Board

Place : Bhilwara
Date : 12.08.2011

(Sudhir Garg)
Company Secretary & DGM (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 register of Members and Share Transfer Books of the Company shall remain closed from 12th September, 2011 to 19th September, 2011 (both days inclusive)
4. 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.
5. 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.
6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day till the date of 19th Annual General Meeting from 11.00 A.M. to 1.00 P.M.

By order of the Board

Place : Bhilwara
Date : 12.08.2011

(Sudhir Garg)
Company Secretary & DGM (Legal)

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the 19th Annual Report and Accounts for the year ended 31st March, 2011

FINANCIAL RESULTS

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

Particulars	Current Year	Previous Year
	<i>(Rs. in Lacs)</i>	
Income From Operations	41090.84	30195.49
Gross Profit Before Interest, Exceptional item & Depreciation	7583.85	3465.77
Interest & Finance Charges	2082.96	1500.93
Profit before Exceptional items & Depreciation	5500.89	1964.84
Depreciation	2402.40	1865.11
Exceptional items (Depreciation for earlier years)	2131.46	-
Profit before Taxation	967.03	99.73
Provision for Taxation - Current (Net of MAT Credit)	-	-
- Deferred Tax	293.25	32.28
Net Profit after Tax	673.78	67.45
Adjustments of earlier years	-	(0.48)
Net Profit	673.78	67.93
Balance brought forward from previous year	67.93	-
Total - Carried to Balance Sheet	741.71	67.93

OPERATIONAL REVIEW

The momentum of growth in global market started in later half of previous year, continued during the

current year and this was one of the best years for the Company as it has achieved highest ever top line and operating profits. The Company has achieved a record turnover of Rs. 410.91 Crores during the year registering an increase of 36.08% as compared to Rs. 301.95 Crores in the previous year. Export turnover accounted for 70.43% of the total turnover of the current year and registered significant growth of 50.14% from Rs. 192.77 Crores in the previous year to Rs. 289.42 Crores during the year under review. There was nearly five fold increase in export of Knitted Fabric from Rs. 8.87 Crores in previous year to Rs. 42.58 Crores in current year; it resulted in higher value additions.

The operating profit for the current year registered robust growth of 118.82% to Rs. 7583.85 lacs from Rs. 3465.77 lacs in the previous year. In terms of percentage to turnover the operating profit has grown to 18.46% during the year under review from 11.46% in the previous year. However, finance cost has increased substantially due to increase in interest rates and your Company has earned net profit of Rs. 673.78 Lacs during the current year against Rs. 67.93 lacs in the previous year. The Company has reported Earning Per Share of Rs. 1.47 and Cash Earning Per Share of Rs. 12.00 during the current year.

The following ratios reflect your Company's operational performance during the year under review :-

Particulars	Current Year	Previous Year
Sales Growth (%)	36.08	15.13
Export Sales Growth (%)	50.14	43.43
PBDIT (% to sales)	18.46	11.46
Earning Per Share (Rs.)	1.47	0.15
Cash Earning Per Share (Rs.)	12.00	4.29

DIRECTORS

Shri R. L. 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 retire at the conclusion of the ensuing Annual General Meeting of the Company. The retiring auditors have furnished certificate u/s 224(IB) of the Companies Act, 1956 for their eligibility for re-appointment. Your Directors recommend for their re-appointment.

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 31st March, 2011.

CORPORATE GOVERNANCE

The Company is committed to maintain 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

R. L. NOLKHA

Date : 03.05.2011

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 31st March, 2011.

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) Efficient use of F.O. Power Plant resulted in reduced consumption of Furnace Oil.
- b) Automisation of Humidification Plant in Openend Division.
- c) The Company has also installed Sewage Treatment Plant for recycling of water which resulted in substantial saving of water and energy.

In recognition of efforts made by the Company for conservation of energy, it has been awarded with "Parivartan Sustainability Leadership Award, 2011" in the area of Energy Conservation.

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

S.No.	Particulars	Current Year	Previous Year
Power & Fuel Consumption			
1.	Electricity		
	(a) Purchased	Nil	Nil
	(b) Own Generation		
	(i) Through FO based Generator		
	Units (in Lacs)	98.36	203.59
	Unit/Per Kg. of FO	4.37	3.98
	Cost/Unit (Rs.)	7.68	5.81
	(ii) Through Coal based TPP		
	Units (in Lacs)	641.39	656.00
	Unit/Per kg of Coal	0.83	0.92
	Cost/Unit (Rs.)	4.30	4.04
2. (a)	Furnace Oil		
	Quantity (Kg. in Lacs)	22.51	51.10
	Total cost (Rs. in Lacs)	755.13	1182.33*
	Average Rate/Kg. (Rs.)	33.54	23.14

(b) COAL		
Quantity (Kg. in Lacs)	773.60	716.46
Total cost (Rs. in Lacs)	2757.57	2650.71
Average Rate/Kg. (Rs.)	3.56	3.70
Sale of Power to AVVNL (Units in Lacs)	-	127.80
Consumption of Power for Production (Units in Lacs)	739.75	731.79

* Includes cost of Fuel of Rs. 762.23 lacs used for power Sale

Consumption per Kg. of Production		
Yarn Production (MT)	21956.67	21785.56
Electricity Unit/Kgs.	3.31	3.31
Fabric Production (MT)	3194.40	2226.43
Electricity Unit/Kgs.	0.39	0.50

Technology Absorption

- (1) Specific areas in which R&D carried out by the Company:-
 - (a) Development of Dye Packages for Ring Spun Yarn.
- (2) Future Plan of Action
 - (a) Development of specialized multifold yarns.
- (3) Expenditure incurred on Research and Development during the year is as follows :

[Rs. In Lacs]

Particulars	Current Year	Previous Year
(a) Capital	-	-
(b) Recurring	34.14	24.73
Total (a+b)	34.14	24.73
% to total turnover	0.08%	0.08%

Foreign Exchange Earnings and Outgo

[Rs. In Lacs]

Particulars	Current Year	Previous Year
(a) Earnings	28018.52	17707.49
(b) Outgo - Capital	Nil	Nil
- Recurring		
Stores & Spare parts	378.92	378.07
Raw Materials	864.72	1767.10
Others	373.46	214.80

MANAGEMENT DISCUSSIONS & ANALYSIS

INDUSTRY OUTLOOK

The Global Textile Industry underwent a transformation following elimination of quota in 2005, enabling new players to enter in the global market. The Global Textile Market is expected to grow to US\$ 800 billion by 2014. The Indian Textile Industry is very crucial in the Indian Economy in terms of contribution to Industrial production, Exports, GDP & employment generation. It accounts for 20% of the Spindles, 6% of the Rotors and 62% of the Looms in the world. The domestic textile market is expected to grow to US\$ 106 Billion and export market is likely to grow to US\$ 66 Billion by 2015.

Cotton Yarn demand is derived from down stream fabric demand, which in turn, is used for manufacturing of readymade garments and home textile for domestic and exports. A bulk of the yarn demand is derived from domestic segment, catalyzed by rising disposable incomes. As a result domestic yarn sales are expected to rise substantially.

Cotton Spinning Industry is largely dependent upon the crop of cotton since main raw material and cotton crop in India depend on weather. Domestic cotton production during the year 2010-11 was at record level of 312 lacs bales whereas global cotton crop was low due to which there was unprecedented increase in the cotton price in global market. The Government allowed export of 55 lacs bales of cotton in the month of October, 2010 before arrival of crop in sufficient quantity in market and without realistic assessment of the crop. Due to this cotton prices increased substantially in India also. Despite rising cotton prices, the spinning industry performed well during the year as it has been able to pass on the increased prices due to increased demand of cotton yarn from global market. The Government withdrew export benefits in the month of April, 2010 and also imposed quantitative restriction on Export of Cotton Yarn in the month of December, 2010 otherwise performance of the Industry would have been better. The Government has removed restriction on export of cotton yarn and it has been placed under "Free" category for exports with effect from 01.04.2011 subject to condition of registration of export contracts with DGFT office. The cotton prices have also started

settling down in expectation of good cotton crop during the current year. It is expected that reduction in prices shall further create demand for cotton spinning industry.

OPPORTUNITIES AND THREATS

The liberalized trade regime will lead to expansion in world trade providing greater export opportunities for Indian Textile sector that has the scale and produce quality products. Recognizing that and to capitalize on this opportunity, your Company has undertaken several initiatives in the area of operations, marketing, quality and R & D to optimize its production cost and overall efficiency.

However, this liberalized regime will also expose the Indian Textile industries to tough global competition. Other major threats to the Industry are volatility in Exchange rate, inflation, increase in interest rates, competitive pricing and cotton crop. Government Policies also play major role in 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 already implemented 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 exports constitutes about 70% of the total turnover and imported Raw Materials constitutes barely 4% of the total consumption. In the market rate determined exchange rate regime 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, coal, crude oil as well as finished goods in all its products. These risks are not significant considering the inventory levels and normal co-relation in the price of raw materials and finished goods.

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 2010-11 was 1474 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" with the meaning of applicable securities 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 : 03.05.2011

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 2010-11, four meetings of the Board of Directors were held on 08.05.10, 29.07.10, 20.10.10 and 29.01.11.

The 18th Annual General Meeting of the Company was held on 25.09.2010.

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 25.09.10	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	Yes	Nil	Nil	Nil
Sh. Bhagwan Ram	Independent Non-Executive Director	4	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	4	No	Nil	Nil	Nil

None of the Directors of the Board serve as Members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per requirements of the 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.

The information as specified in Annexure I to the Clause 49 of the Listing Agreement executed with the Stock Exchanges, is regularly made available to the Board wherever applicable.

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

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 15th 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 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 2010-11. The dates on which Audit Committee Meetings were held are 08.05.10, 29.07.10, 20.10.10 and 29.01.11. 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	4
Dr. S.S. Banerjee	4

The committee invites the Managing Director, Vice President (F) as well as the representatives of the internal & the statutory auditors. The Company Secretary acts as secretary 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 2010-11 one meeting of the remuneration committee was held on 29.07.2010.

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. 58500/- was paid during the financial year 2010-11. The details of remuneration paid to Executive Directors during the financial year 2010-11 are as under:-

Details of Remuneration paid to Executive Directors

(Amt. Rs. in Lacs)

S.No.	Name of Director	Category of Directors	Basic Salary	Contribution to P.F.	Others	Total
1	Sh. R. L. Nolkha	Promoter & Executive Director	18.20	2.18	1.78	22.16
2	Sh. Dinesh Nolkha	Promoter & Executive Director	11.70	1.41	1.24	14.35
3	Sh. Nitin Nolkha	Promoter & Executive Director	9.60	1.15	1.76	12.51

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	19,500
3	Sh. Y. R. Shah	Independent Non-Executive Director	19,500
4	Sh. S. S. Banerjee	Independent Non-Executive Director	19,500

The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees to them for attending Board and Committee meetings. None of the Non-Executive Directors of the Company is holding any share 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, 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 2010-11 two meetings of the committee were held on 28.01.2011 & 04.02.2011.

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 & DGM (Legal)

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

Details of Complaints received and status thereof :-

One complaint received from Investors during the financial year 2010-11 was 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
16 th AGM	22.09.2008	4.00 PM	16.17 K. M. Stone, Chittor Road, Hamirgarh, Bhilwara-311025	Nil
17 th AGM	29.09.2009	3.00 PM	- Do -	1. Alteration in clause 4 of Articles of Association i.e. Authorized Share Capital 2. Approval for issue of preference shares to Promoters 3. Approval for issue of Equity Shares on preferential basis to Promoters/ Promoters' Group.
18 th AGM	25.09.2010	3.00 PM	- Do -	Nil

Resolutions subject to Postal Ballot at last three AGMs : 16th & 17th AGM - Nil
18th AGM – Amendments in main objects clause and commencement of business under the amended object clause.

8. 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 in Note No. 14 of Schedule 15(B) of Notes on Accounts 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.

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

9. 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 Financial Express/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 2010-11

GENERAL SHAREHOLDER INFORMATION

1. Shareholder Information :-

- A. Date of AGM & Time & Venue : 19.09.2011 at 3.30 PM at the Registered office
 B. Date of Book Closure : 12.09.2011 to 19.09.2011 (both the days Inclusive)
 C. Dividend Payment date : No dividend recommended on Equity Shares.
 D. Tentative Financial Calendar : Financial year of the Company is from April to March for next year

Period	Approval by the Board of Directors
1 st Quarter ending June,11	Last week of July,11
2 nd Quarter ending September,11	Last week of October,11
3 rd Quarter ending December,11	Last week of January,12
Year ending 31 st March, 12	April/May, 2012
AGM for year ending 31 st March,2012	August/September 2012

- 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

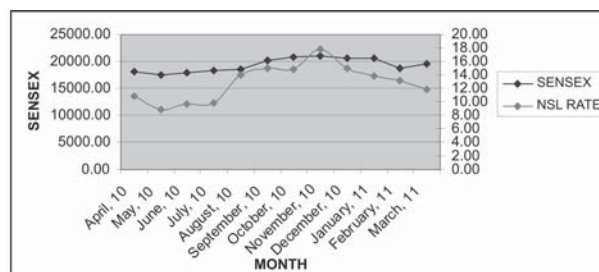
The applicable listing fee for the Financial Year 2011-12 has already been paid to both the Stock Exchanges.

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, 10	10.90	7.50	10.40	7.35
May, 10	8.90	7.13	8.95	6.25
June, 10	9.75	7.50	9.85	7.40
July, 10	9.90	8.12	9.70	8.05
August,10	13.94	9.50	13.30	9.20
September,10	14.97	10.61	14.85	10.45
October,10	14.80	11.57	14.90	11.60
November,10	17.90	12.00	17.95	11.80
December,10	14.95	9.16	14.75	9.15
January,11	13.87	11.11	13.90	10.55
February,11	13.22	11.06	13.30	10.55
March,11	11.90	10.56	11.95	10.25

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, 2011		31st March, 2010	
	No. of Shares	%	No. of Shares	%
No. of Shares Dematerialised				
— NSDL	3,94,87,457	86.15	3,35,98,938	73.31
— CDSL	60,89,928	13.29	60,17,947	13.13
No. of Shares in Physical Mode	2,56,560	0.56	62,17,060	13.56
Total	4,58,33,945	100.00	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
 Web Site : 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 31st March, 2011 :

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% to Shares
Up to 500	12,422	73.17	30,78,714	6.72
501 to 1000	2,249	13.25	20,07,111	4.38
1,001 to 2,000	1,077	6.34	17,53,138	3.83
2,001 to 3,000	361	2.13	9,54,956	2.08
3,001 to 4,000	211	1.24	7,76,827	1.69
4,001 to 5,000	182	1.07	8,79,542	1.92
5,001 to 10,000	242	1.42	18,46,728	4.03
10,001 & above	234	1.38	3,45,36,929	75.35
Total	16978	100.00	4,58,33,945	100.00

M. Shareholding pattern as on 31st March 2011 :

S.No.	Category	No. of shares Held	Percentage of Shareholding
A.	Promoters Holding		
a.	Indian Promoters	2,77,19,657	60.48
b.	Foreign Promoters	-	-
	Total Promoters' Holdings	2,77,19,657	60.48
B	Non-Promoters Holding :-		
a.	Banks, Financial Institutions, Insurance Companies	4,93,029	1.08
b.	Private Corporate Bodies	22,86,766	4.99
c.	Indian Public	1,50,85,432	32.91
d.	NRIs / OCBs	2,03,024	0.44
e.	Any other (please specify) - Trust	1,500	-
	- Clearing Members	44,537	0.10
	Total Non-Promoters' Holdings	1,81,14,288	39.52
	TOTAL (A) + (B)	4,58,33,945	100.00

N. Directors Seeking Re-appointment
Sh. R.L. Nolkha

Sh. R.L. Nolkha aged about 65 years is one of the key Promoters of the Company. He is member of all the three pioneer Institutes i.e. Institute of Chartered Accountant of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost & Works Accountants of India (ICWAI). He has vast experience of more than four decades in the Textile Industry. He was associated with Zenith Ltd., a Birla concern, Aditya Birla Mills Ltd, Surya Roshini Ltd. and RSWM Ltd. at senior positions. He was Managing Director of BSL Ltd. for 8 years before joining Nitin Spinners Ltd. as Whole-Time Director in the year 1997. He is a member of several industry associations and chambers. He has been awarded with "Udyog Patra" in the year 2003.

Directorship in other Companies :- Redial Trading & Investment Pvt. Ltd.
Greenfield Securities Pvt. Ltd.

Sh. Y. R Shah

Sh. Y. R. Shah aged about 68 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. There is no shareholding of Sh. Y. R. Shah in the Company.

Directorship in other Companies :- S. Kumars Unitexx Ltd.

Plant Location & Address for Correspondence

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 : 03.05.2011

R. L. NOLKHA
Chairman & 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 their 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 their 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 : 03.05.2011

**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, 2011 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 : 03.05.2011

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 31st March, 2011 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 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 31st March, 2011, 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 : 3rd May, 2011

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 31st March, 2011.

- (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 with in 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 31.3.2011 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 31st, 2011 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 which at pending
Central Excise	Excise Duty & Penalty	6.38	2001-02	CESTAT, New Delhi
Central Excise	Excise Duty & Penalty	24.50	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	CESTAT, New Delhi
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	Appeal is being filed with CESTAT, New Delhi
Central Excise	Penalty	16.28	16.05.2008	Commissioner (A) Jaipur
Central Excise	Excise Duty	663.54	16.05.2008	Appeal is being filed with CESTAT, New Delhi
Entry Tax	Tax	89.64	2006-07 to 31.03.2011	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 31.3.2011 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 : 3rd May, 2011



BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule No.	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	4583.39	4583.39
Reserves & Surplus	2	4052.27	3378.49
		<u>8635.66</u>	<u>7961.88</u>
Loan Funds			
Secured Loans	3	28394.21	30850.72
TOTAL		<u>37029.87</u>	<u>38812.60</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	37264.79	37510.38
Depreciation		12336.74	8002.66
Net Block		<u>24928.05</u>	<u>29507.72</u>
Capital work in progress		<u>18.28</u>	<u>-</u>
		<u>24946.33</u>	<u>29507.72</u>
Investment			
	5	0.03	0.06
Current Assets, Loans & Advances			
Inventories	6	8183.81	7602.86
Sundry Debtors		3533.83	940.25
Cash & Bank Balances		9.12	9.93
Loans & Advances		1423.61	1251.51
		<u>13150.37</u>	<u>9804.55</u>
Less : Current Liabilities & Provisions			
Current Liabilities	7	949.72	709.32
Provisions		141.11	107.63
		<u>1090.83</u>	<u>816.95</u>
Net Current Assets		<u>12059.54</u>	<u>8987.60</u>
Deferred Tax Assets		<u>23.97</u>	<u>317.22</u>
TOTAL		<u>37029.87</u>	<u>38812.60</u>
Accounting Policies and Notes to the Accounts	15		

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 : 3rd May, 2011

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
& DGM (Legal)



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule No.	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
INCOME			
Operating Income	8	41092.09	30195.96
Less : Excise Duty		1.25	0.47
Net Operating Income		41090.84	30195.49
Other Income	9	2.81	42.47
Increase/ (Decrease) In Stock	10	748.66	(109.90)
TOTAL		41842.31	30128.06
EXPENDITURE			
Materials Consumed	11	25963.44	19270.01
Payment to and Provision for Employees	12	1475.04	1300.59
Operating and Other Expenditure	13	6819.98	6091.69
Financial Expenses	14	2082.96	1500.93
TOTAL		36341.42	28163.22
Profit before Depreciation & Exceptional Items		5500.89	1964.84
Depreciation		2402.40	1865.11
Exceptional Items (refer note no. 6(b))		2131.46	-
Profit Before Tax		967.03	99.73
Less: Provision for taxation- Current		192.73	15.41
Deferred		293.25	32.28
MAT Credit Entitlements		(192.73)	(15.41)
Profit After Tax		673.78	67.45
Less : Adjustments for Earlier Years			
Income Tax		-	(0.48)
Net Profit after adjustment of earlier years		673.78	67.93
Add : Balance brought forward		67.93	-
Balance available for appropriation		741.71	67.93
APPROPRIATIONS		-	-
Balance Carried to Balance Sheet		741.71	67.93
Basic & Diluted Earning Per Share		1.47	0.15
Accounting Policies and Notes to the Accounts	15		

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 : 3rd May, 2011

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
& DGM (Legal)



SCHEDULE : 1 SHARE CAPITAL

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
AUTHORISED :		
4,60,00,000 (Previous Year : 4,60,00,000) Equity Shares of Rs. 10/- Each	4600.00	4600.00
4,00,000 (Previous Year : 4,00,000) Preference Shares of Rs. 100/- Each	400.00	400.00
TOTAL	5000.00	5000.00
ISSUED, SUBSCRIBED & PAID - UP :		
4,58,33,945 (Previous Year : 4,58,33,945) Equity Shares of Rs. 10/- Each fully paid up	4583.39	4583.39
	4583.39	4583.39

SCHEDULE 2 : RESERVES & SURPLUS

General Reserve	393.83	393.83
Capital Redemption Reserve	150.00	150.00
Share Premium	2766.73	2766.73
Profit & Loss Account	741.71	67.93
	4052.27	3378.49

SCHEDULE : 3 LOAN FUNDS

Secured Loans		
Term Loans from Bank	23012.03	24784.23
Working Capital Loans from Bank	5382.18	6066.49
Total	28394.21	30850.72

Notes :

1. Term Loans of Rs.193.82 crores are secured by way of first charge on all immovable and movable fixed assets (both present and future) and second charge on current assets subject to prior charges created and/or to be created in favour of the Company's bankers on specified movable assets for securing the borrowing for working capital requirements. The term loan of Rs. 36.30 crores 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 of the Company.
2. 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 of the Company.
3. Repayment of Term Loans due within one year is Rs. 21.59 crore (Previous year Rs. 17.72 crore).

SCHEDULE 4 : FIXED ASSETS
(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-10	Additions	Deductions	As at 31-03-11	As at 01-04-10	For the Year	Deductions	As at 31-03-11	As at 31-03-11	As at 31-03-10
Freehold Land	178.99	-	-	178.99	-	-	-	-	178.99	178.99
Buildings	6015.00	16.71	-	6031.71	716.49	194.83	-	911.32	5120.39	5298.51
Plant & Machinery	29630.92	52.96	318.59	29365.29	6943.18	4138.95	196.61	10885.52	18479.77	22687.74
Electric Installation	1433.97	7.79	3.45	1438.31	231.89	182.44	1.91	412.42	1025.89	1202.08
Furniture & Fixtures	79.99	-	1.02	78.97	26.92	5.03	0.67	31.28	47.69	53.07
Office Equipments	129.52	1.86	1.85	129.53	69.85	8.62	0.59	77.88	51.65	59.67
Vehicles	41.99	-	-	41.99	14.33	3.99	-	18.32	23.67	27.66
Total	37510.38	79.32	324.91	37264.79	8002.66	4533.86	199.78	12336.74	24928.05	29507.72
Previous Year	37701.03	96.24	286.89	37510.38	6384.73	1865.11	247.18	8002.66	29507.72	31316.30
Capital Work in Progress									18.28	

Note : Depreciation for the Year includes Rs. 2131.46 lacs related to earlier years (refer note no. 6(b) of Notes on Accounts)

SCHEDULE : 5 INVESTMENT

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
National Saving Certificate	0.03	0.06
	0.03	0.06

SCHEDULE : 6 CURRENT ASSETS, LOANS & ADVANCES

A. INVENTORIES		
Raw Material	5786.77	6168.08
Work-In-Process	376.32	246.17
Finished Goods	1365.02	637.15
Saleable Waste	79.77	58.97
Stores and Spares	278.02	305.68
Fuel	297.91	186.81
Total (A)	8183.81	7602.86
B. SUNDRY DEBTORS		
(Un-secured, Considered Good)		
Over Six months	—	—
Other Debts	3533.83	940.25
Total (B)	3533.83	940.25

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
C. CASH & BANK BALANCES		
Cash in Hand	1.56	2.53
Balance with Scheduled Banks in :		
Current Account	1.52	1.40
Fixed Deposits & Margin money	6.00	6.00
Interest Accrued on Fixed Deposits	0.04	-
Bank Balance in Public Issue Refund Account	5.06	5.06
Less Public Issue Money Refundable	(5.06)	(5.06)
Total (C)	9.12	9.93
D. LOANS & ADVANCES		
(Un secured, Considered Good)		
Advances (Recoverable in cash or in kind or for value to be received)	518.36	318.90
Amount Receivable under TUFs	675.72	620.50
Export Incentive Receivable	35.55	284.71
Deposits with Govt. Authorities & Others	4.05	5.10
Advance Income Tax (Net of provision)	189.93	22.30
Total (D)	1423.61	1251.51
Total (A to D)	13150.37	9804.55

SCHEDULE : 7 CURRENT LIABILITIES & PROVISIONS

A. CURRENT LIABILITIES		
Sundry Creditors		
- Trade	115.59	112.08
- Expenses & Others	222.58	161.80
- Advances from Customers	95.52	137.45
- Interest accrued but not due on Loans	10.46	10.48
Other Liabilities	505.57	287.51
Total (A)	949.72	709.32
B. PROVISIONS		
Gratuity	94.95	69.16
Leave encashment	46.16	38.47
Total (B)	141.11	107.63
Total (A + B)	1090.83	816.95

SCHEDULE : 8 OPERATING INCOME

	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
Sales	40589.30	29813.33
Job Receipt	115.96	114.44
Foreign Exchange Fluctuations (Net)	386.83	268.19
TOTAL	41092.09	30195.96

SCHEDULE : 9 OTHER INCOME

Miscellaneous Income	2.81	1.20
Profit on Sale of Fixed Assets	-	41.27
TOTAL	2.81	42.47

SCHEDULE : 10 INCREASE/(DECREASE) IN STOCKS

Closing Stock		
Finished Goods	1365.01	637.15
Saleable Waste	79.77	58.97
	1444.78	696.12
Opening Stock		
Finished Goods	637.15	782.81
Saleable Waste	58.97	23.21
	696.12	806.02
Increase/(Decrease) in Stocks	748.66	(109.90)

SCHEDULE : 11 MATERIALS CONSUMED

Stock at Opening	6414.25	2644.86
Add : Purchases & Expenses	25712.29	23039.40
	32126.54	25684.26
Less : Stock at Closing	6163.10	6414.25
TOTAL	25963.44	19270.01

SCHEDULE : 12 PAYMENT TO AND PROVISION FOR EMPLOYEES

	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
Salary, Wages & Bonus	1262.57	1132.63
Workmen & Staff Welfare	82.92	64.66
Provident Fund, Gratuity & Other Benefits	129.55	103.30
TOTAL	1475.04	1300.59

SCHEDULE : 13 OPERATING AND OTHER EXPENDITURE

A. MANUFACTURING EXPENSES

Power, Fuel & Water charges	3513.92	3139.42
Stores & Spares Consumed	941.12	1018.40
Packing Expenses	534.27	537.10
Jobs Charges paid	34.14	—
Repair & Maintenance		
Plant & Machinery	53.15	67.83
Building	30.26	20.79
Others	15.06	10.57
Total (A)	5121.92	4794.11

B. ADMINISTRATIVE & OTHER EXPENSES

Printing & Stationery	8.45	7.51
Postage, Telegram & Telephones	17.11	16.42
Subscription & Membership Fees	1.97	1.74
Directors' Sitting Fee	0.58	0.26
Rent, Rates & Taxes	10.05	9.13
Travelling – Directors	6.85	6.36
– Others	15.55	14.38
Vehicle & Conveyance	9.92	9.31
Charity & Donation	7.11	5.13
Legal & Professional	16.17	25.31
Insurance Charges	44.08	46.20
Loss on Sale of Fixed Assets	7.59	—
Audit Fees	1.80	1.80
Advertisement	5.67	4.04
Miscellaneous Expenses	4.99	6.74
Total (B)	157.89	154.33

	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
C. SELLING & DISTRIBUTION EXPENSES		
Sales Promotion	6.01	11.75
Sales Commission	556.06	426.76
Rebate, Claims & Discount	19.13	29.81
Freight & Forwarding	870.79	662.29
Hank Yarn Obligation Expenses	88.18	12.64
Total (C)	1540.17	1143.25
Total (A to C)	6819.98	6091.69

SCHEDULE : 14 FINANCIAL EXPENSES

Interest on		
Term Loans	1483.63	776.28
Others	520.46	592.96
	2004.09	1369.24
Less Interest Received	20.72	14.71
	1983.37	1354.53
Bank & Other Charges	99.59	146.40
Total	2082.96	1500.93

SCHEDULE - 15 : ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

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. Sale of surplus Power is also recognized as sales.
- (b) Other Income and Incentives/Benefits are accounted for on accrual basis.
- (c) Claims lodged with insurance companies are accounted and credited to the relevant head when recognized by the insurance company.
- (d) 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. The cost is determined on FIFO basis.
- (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. Earlier the same was provided on the basis of rate applicable to Continuous Process Plant on SLM as provided in Schedule XIV.
- (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 year Adjustments

Earlier year items, adjustment/Claims, arisen / settled / noted during the year are debited / credited to the respective heads of account being 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 account 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.
- (b) The CENVAT benefits attributable to acquisition/installation of fixed assets are netted off against the cost of fixed assets in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India.

14) Excise Duty

Excise Duty is accounted for on the basis of payments made in respect of goods cleared and provision is made for goods lying in Stock and the same is treated as part of the cost of respective Stock

15) 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.

16) Retirement Benefits

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

17) 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.

18) 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.

19) Deferred Revenue Expenditure

The Company does not recognize any Deferred Revenue Expenditure.

20) 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. NOTES ON ACCOUNTS

- 1) Contingent Liabilities not provided for

(Rs. In Lacs)

S.No.	Particulars	Current Year	Previous Year
a.	Bills discounted with Banks	4043.24	3426.87
b.	Counter Guarantees given in respect of Guarantees given by the Company's Banker	99.99	91.67
c.	Disputed taxation matters for which no provision has been made.		
	VAT	-	0.44
	Entry Tax	-	90.22
	Cenvat, Service Tax and Custom Duty	794.63	71.81

- 2) The estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) **Rs. 163.79 Lacs** (Previous Year – Rs. Nil)
- 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) Loans & Advances include due from officers of the Company **Rs. Nil** (Previous Year Rs. Nil). Maximum amount due at any time during the year from officers **Rs. Nil** (Previous Year Rs. Nil).
- 5) Sundry Creditors include Rs. **Nil** (Previous Year Rs. 4.77 lacs) amount due to Micro & Small Enterprises as at 31st March 2011. 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.
- 6) (a) Depreciation on Plant and Machinery (Other than Computers and Office Equipments) Electrical Installation and Power plant, upto last financial year, was provided on the basis of rates applicable to Continuous Process Plant (SLM) as provided in Schedule XIV of the Companies Act, 1956. During the year the company has reassessed estimated useful life of these fixed assets to 13 years and accordingly depreciation for the year has been provided. This change has resulted in higher depreciation of Rs. 538.73 for the year.
 (b) The company has also recalculated depreciation for earlier years as per revised estimated useful life of these assets and therefore an amount of Rs. 2131.46 lacs has been provided as Depreciation for the earlier years and shown as an exceptional item.
- 7) The issue of applicability of Entry Tax in the State of Rajasthan is pending with the Hon'ble Supreme Court for final decision due to contrary decisions of two different benches of Hon'ble Rajasthan High Court. The Hon'ble Rajasthan High Court vide order dated 21.01.2011 directed to deposit 50% of the assessed Entry Tax liability. The Company has made a provision of Rs. 108.91 Lacs as Entry Tax liability up to March, 2011 and has also made payment of Rs. 19.27 lacs against this liability.
- 8) Financial Derivative Instruments

The Company uses Forward Exchange Contracts to hedge its exposure in foreign currency. The information on derivative instruments is as follows:

Particulars	Current Year		Previous Year	
	Amount in Foreign Currency	Amount Rs. Crore	Amount in Foreign Currency	Amount Rs. Crore
A Forward Exchange Contracts outstanding				
USD/INR (Sale)	12406000	56.76	10259000	47.49
EURO/INR (Sale)	-	-	170000	1.07
B Foreign currency exposure not covered by derivative instrument				
1. Amount receivable on account of export of goods and services:				
USD	39000	0.17	144000	0.65
2. Amount payable on account of import of goods and services:				
USD	58000	0.26	1761000	7.95
EURO	250000	1.58	28000	0.17
CHF	33000	0.16	-	-

9) The Deferred Tax Assets/ Liabilities as on 31.3.2011 comprise of following:

	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
A.	Deferred Tax Liability/(Assets) - Depreciation	2772.90	3448.35
B.	Deferred Tax Liability/(Assets) Unabsorbed Depreciation	(2750.00)	(3729.82)
C.	Deferred Tax Liability/(Assets) - Employee Benefits	(46.87)	(35.75)
	Net Deferred Tax Liability/(Assets)	(23.97)	(317.22)

10) Payment to Auditors :-

	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
A.	Audit Fee	1.60	1.60
B.	Tax Audit Fee	0.20	0.20
	Total	1.80	1.80

11) 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. 78.92 lacs** (Previous Year Rs 66.98 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 Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Present value of obligation at the beginning of the period	69.16	58.16
Interest cost	5.88	4.36
Current service cost	20.96	17.16
Benefits paid	(4.28)	(5.06)
Actuarial (gain)/loss on obligation	3.24	(5.46)
Present value of obligation at the end of period	94.96	69.16

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

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Current service cost	20.96	17.16
Interest cost	5.88	4.36
Net actuarial (gain)/loss recognized in the period	3.24	(5.46)
Expenses recognized in the Profit & Loss A/c	30.08	16.06

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

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Present value of obligation as at the end of period	94.96	69.16
Fair value of Plan Assets	-	-
Liability Recognized in Balance Sheet	94.96	69.16

The assumptions used in Actuarial Valuation:-

Particulars	Current Year (In %)	Previous Year (In %)
i) Discounting Rate	8.50	7.50
ii) Future salary Increase	6.00	5.00

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**

Present value of Leave Encashment obligation as on 31.03.2011 is **Rs. 46.16 Lacs.** (Previous Year Rs. 38.47 lacs).

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

13. 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:

(Rs. in lacs)

S.No.	Particulars	Current Year	Previous Year
1.	Segment Revenue		
	- Within India	12540.05	12149.79
	- Outside India	28554.85	18088.64
	Total Revenue	41094.90	30238.43
2.	Segment Assets*		
	- Within India	36357.69	38803.87
	- Outside India	1739.04	508.46
	Total Assets	38096.73	39312.33

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

14) 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	Relationship
Shri R.L. Nolkha, Chairman & Managing Director	Father of Shri Dinesh Nolkha & Shri Nitin Nolkha
Shri Dinesh Nolkha, Managing Director	Son of Shri R.L. Nolkha
Shri Nitin Nolkha, Executive Director	Son of Shri R.L. Nolkha

(b) Associates :-

Redial Trading & Investment Pvt. Ltd
Ratan Lal Nolkha (HUF).

Details of Transactions with related parties :-

(Rs. in lacs)

S.No.	Particulars	Current Year	Previous Year
1	Rent Payment	1.05	1.80
2	Remuneration to Key Management Personnel	49.02	35.10
3	Share Application Money received	-	500.00

The balance with related parties as on 31.03.2011 was Nil

15) Earning Per Share (EPS) – The numerator and denominator used to calculate EPS

(Rs. in lacs)

S.No.	Particulars	Current Year	Previous Year
A	Net Profit available to Equity Shareholders	673.78	67.45
B	Number of Equity Shares of Rs.10 each outstanding during the year (in lacs)	458.34	458.34
C	Basic/Diluted Earning per share (Rs.)	1.47	0.15
D	Face Value of each equity share (Rs.)	10.00	10.00

16) Additional information as required under part IV of Schedule VI of the Companies Act,1956

Licensed Capacity : Not applicable

Installed capacity (As certified by Management)

	Current Year	Previous Year
Rotors (Nos.)	2936	2936
Spindles (Nos.)	77616	77616
Knitted Fabric(No. of M/c's)	27	27

A. Production, Turnover & Stock

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

S.N.	PARTICULAR	PRODUCTION		OPENING STOCK		CLOSING STOCK		SALES	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
A	Own Manufacturing								
i)	Yarn								
	Qty. (In Tons) *	21902.176	22036.172	534.889	685.261	691.599	534.889	18996.360	20654.433
	Value (Rs. in Lacs)	-	-	629.78	742.26	1114.92	629.78	33548.25	25502.09
ii)	Fabric								
	Qty. (In Tons)**	2749.491	1604.573	5.538	36.096	162.814	5.538	2592.215	1635.131
	Value (Rs. in Lacs)	-	-	7.37	40.56	250.10	7.37	5921.18	2623.75
iii)	Waste								
	Qty. (In Tons)	4097.049	4890.395	127.601	144.241	146.884	127.601	4077.766	4907.035
	Value (Rs. in Lacs)	-	-	58.98	23.21	79.77	58.98	1119.87	925.25
B	Power								
	Unit (In Lacs)***	739.749	859.582	-	-	-	-	-	127.795
	Value (Rs. in Lacs)	-	-	-	-	-	-	-	762.23
C	Job Work for Other								
i)	Yarn								
	Qty. (In Tons)	54.500	-	-	-	-	-	54.500	-
	Value (Rs. in Lacs)	-	-	-	-	-	-	14.20	-
ii)	Fabric								
	Qty. (In Tons)	679.731	621.852	-	-	-	-	679.731	621.852
	Value (Rs. in Lacs)	-	-	-	-	-	-	101.76	114.44

* Production includes (a) 2749.106 Tons. (Previous Year 1532.111 Tons.) transferred for captive consumption and

(b) Purchase of Finished goods of NIL (Previous Year 250.614 Tons)

** Fabric Production includes 234.823 Tons manufacture from outside. (Previous Year NIL)

*** Power production includes 739.749 lacs units used for captive consumption (Previous year 731.787 Lacs Units)

B. Raw Material consumed

S.No.	Particulars	Current Year		Previous Year	
		(Qty. in Tons)	(Rs. in lacs)	(Qty. in Tons)	(Rs. in lacs)
a.	Cotton	26375.425	25747.93	26845.726	17835.14
b.	Yarn	159.005	215.51	660.042	741.25
c.	Others	-	-	-	693.62
	Total	26534.430	25963.44	27505.768	19270.01

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

(Rs. in lacs)

S.No.	Particulars	Current Year	Previous Year
a.	Spare Parts	378.92	378.07
b.	Raw Material	864.72	1767.10
	Total	1243.64	2145.17

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

S.No.	Particulars	Current Year (Rs. in lacs)	%	Previous Year (Rs. in lacs)	%
(i)	Raw Material				
a.	Imported	874.61	3.37	1930.70	10.02
b.	Indigenous	25088.83	96.63	17339.31	89.98
	Total	25963.44	100.00	19270.01	100.00
(ii)	Components & Spare Parts				
a.	Imported	391.29	41.58	385.94	37.90
b.	Indigenous	549.82	58.42	632.46	62.10
	Total	941.11	100.00	1018.40	100.00

E. Expenditure in Foreign Currency (Rs. in lacs)

S.No.	Particulars	Current Year	Previous Year
i.	Commission	371.76	212.44
ii.	Travelling	1.70	2.36
	Total	373.46	214.80

F. Earning in Foreign Currency (Rs. in lacs)

S.No.	Particulars	Current Year	Previous Year
(i)	Export of Goods at FOB value	28018.52	17707.49

G. Managerial Remuneration (Rs. in lacs)

S.No.	Particulars	Current Year	Previous Year
(i)	Salary	39.50	29.57
(ii)	Contribution to Provident Fund	4.74	3.59
(iii)	Others	4.78	1.94
	Total	49.02	35.10

Signatures to Schedules 1 to 15
As per of our report of even date attached.

For and on behalf of the Board

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

ASHOK MANGAL
Partner
M.No.71714

Place : Bhilwara
Date : 3rd May, 2011

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
& DGM (Legal)



I. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i. Registration Details

Registration No.	06987	State Code	17
Balance Sheet	31.03.11		

ii. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Pvt. Placement	NIL

iii. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	3702987	Total Assets	3702987
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Sources of Funds

Paid-up Capital	458339	Reserves & Surplus	405227
Equity Share Application	NIL	Deferred Tax Liability	NIL
Secured Loans	2839421	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	2494633	Investments	3
Net Current Assets	1205954	Deferred Tax Assets	2397

iv. Performance of Company (Amount in Rs. Thousands)

Turnover & Other Income	4109365	Total Expenditure	4012662
Profit before Tax	96703	Profit after Tax	67378
Earning per Share Rs.	1.47		

v. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item code No.	Product Description
5205	COTTON YARN
6000	COTTON KNITTED FABRIC

For and on behalf of the Board

R.L. NOLKHA
Chairman & Managing Director

Y.R. SHAH
Director

DINESH NOLKHA
Managing Director

BHAGWAN RAM
Director

NITIN NOLKHA
Executive Director

Dr. S. S. BANERJEE
Nominee Director

P. MAHESHWARI
Chief Financial Officer

SUDHIR GARG
Company Secretary
& DGM (Legal)

Place : Bhilwara
Date : 3rd May, 2011



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31.3.2011 (Rs. in lacs)	Year Ended 31.3.2010 (Rs. in lacs)
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	967.03	99.73
Adjustments for :-		
Depreciation	4533.86	1865.11
Interest Expenditure	2082.96	1500.93
Loss / (Profit) on sale of Fixed Assets	7.59	(41.27)
Operating Profit Before Working Capital Changes	7591.44	3424.50
Adjustments for :-		
Decrease/(Increase) Inventories	(580.95)	(3505.18)
Decrease/ (Increase) Sundry Debtors	(2593.58)	583.99
Decrease/ (Increase) Loans and Advances	(172.10)	1017.92
Increase/(Decrease) Current Liabilities & Provisions	273.88	(1466.02)
Total Adjustments	(3072.75)	(3369.29)
Cash Generated from Operations	4518.69	55.21
Less : Taxes Paid	-	(0.48)
Net Cash Generated from Operating Activities (A)	4518.69	55.69
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(79.32)	(96.24)
Capital WIP	(18.28)	7.93
Sale of Fixed Assets	117.57	80.98
Net Cash Generated / (used) in Investing Activities (B)	19.97	(7.33)
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Equity Share Capital	-	500.00
Proceeds from /(Repayment) of short term borrowing (Net)	(684.31)	385.09
Proceeds from long term borrowing	-	3540.00
Repayment of long term borrowing	(1772.20)	(483.87)
Repayment of Unsecured loan	-	(2531.77)
Interest Paid	(2082.96)	(1500.93)
Net Cash Generated/(used) From Financing Activities (C)	(4539.47)	(91.48)
(D) Net Increase / (Decrease) in Cash & Cash Equivalent (A+B+C)	(0.81)	(43.12)
Closing Balance of Cash & Cash Equivalent	9.12	9.93
Opening Balance of Cash & Cash Equivalent	9.93	53.05

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 : 3rd May, 2011

R.L. NOLKHA
Chairman & Managing Director

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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
Client Id

Ledger Folio No.

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 19th Annual General Meeting of the Company to be held on Monday, the 19th September, 2011 at 3.30 P.M and any adjournment thereof.

Signature _____

Affix
Revenue
Stamp

Signed on this day of 2011

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
Client Id

Ledger Folio No.

No. of Shares held :

I hereby record my presence at the 19th Annual General Meeting of the Company held on 19th September, 2011 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.