

NIWAS SPINNING MILLS LIMITED

## TWENTY EIGHTH ANNUAL REPORT AND ACCOUNTS 2011-2012

### BOARD OF DIRECTORS

Shri. R. J. Jaju : Chairman  
Shri. V. R. Jaju : Managing Director  
Shri. A. V. Jaju : Director

### REGD. & ADMN. OFFICE

406/A, West Mangalwar Peth  
Chatti Galli, Solapur-413002.

### AUDITORS

B. M. Gattani & Co.  
Chartered Accountants  
B-702, Om Sai Shravan  
Opp. Shimpoli Telephone Exchange  
Near Linking Road, Shimpoli  
Borivali (West), Mumbai - 400 092.

### FACTORIES

Unit - I	Unit - II
B-2/2 & B-5, M.I.D.C.	A5 & A8, M.I.D.C.
Akkalkot Road	Chincholi
Solapur-413006.	Solapur-413255.

### BANKERS

Bank of India  
Vikas Sahakari Bank Ltd.  
IDBI Bank

### NOTICE

NOTICE is hereby given that the TWENTY EIGHTH ANNUAL GENERAL MEETING of the shareholders of NIWAS SPINNING MILLS LIMITED will be held at B-5, M.I.D.C., Akkalkot Road, Solapur - 413 006 on Saturday, the 29<sup>th</sup> September, 2012 at 10.00 a.m. to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March, 2012, the Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March 2012 and the Reports of the Auditors and Directors thereon.
2. To appoint Director in place of Mr. Aditya V. Jaju who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors and authorize Board to fix their remuneration.

### NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, vote instead of himself/herself. A Proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not later than forty-eight hours before the commencement of the Meeting.
2. The Register of Members and Transfer Books of the Company will remain closed from 27-09-2012 to 29-09-2012 (both days inclusive).
3. Shareholders intending to acquire any information to be explained in the Meeting are requested to inform the Company at least 7 days in advance in order to enable the Company to make available the required information, with the permission of the Chairman of the Meeting.
4. Members are requested to intimate any change in their address to the Company at the earliest, quoting their Folio Numbers.
5. Members are requested to bring the copy of Annual Report sent to them.

PLACE: SOLAPUR

DATE: 04-09-2012

By Order of the Board of Directors  
For NIWAS SPINNING MILLS LTD.,

(V. R. Jaju)  
Managing Director

## NIWAS SPINNING MILLS LIMITED

### DIRECTORS REPORT

To the members,

The Directors of the Company have pleasure in presenting the TWENTY EIGHTH Annual Report together with the Audited Statements of accounts for the Company's financial year ended on 31st March 2012.

#### OPERATIONAL RESULTS/CURRENT WORKING :

The sale during the year under report is Rs. 1467.02 Lacs, the profit before interest, depreciation is decreased compared to previous year. It is due to adverse impact of un-certain government policies, export policies and international market un-certainty. So also, sudden steady upward / downward revision in cotton prices, disturbed the overall situation of textile industry. However, due to corrective measures taken by the management, the company succeeded to minimize its losses.

Due to continuous efforts, scheme of settlement / restructuring of dues is already arrived at with all major lenders and implementation of it is duly started.

#### DEBT RESTRUCTURING:

The major debts of the Company are crystallised and settled. Over the year the Company has paid large amount towards past debt liabilities and remaining debts are being paid in accordance with the restructured terms.

#### DIVIDEND :

The Directors not recommended any dividend for the period ended 31st March, 2012.

#### AUDITOR'S REPORT :

With regard to Auditors' observations/remarks in para 2 (v) & (vi) of their Report, and note 1 part B-4, the Board states that the Company is a sick company, registered with the BIFR. The necessary steps / actions are being taken to approve the Rehabilitation Scheme. As the settlements with lenders are already made, no interest is provided on Secured Loans. The Directors are taking appropriate steps for obtaining formal de-listing letters from Ahmedabad & Pune Stock Exchanges. The Company has already made an application to NSDL & CDSL for dematerialization of Company's listed securities. However CDSL rejected Company's request for Dematerialization and NSDL did not conveyed their consent or dissent for the same.

The other comments, if any of Auditors are dealt with by the notes on accounts which are self-explanatory. Wherever required, the explanation is given in the notes on accounts.

#### REFERENCE TO BIFR AND ITS REGISTRATION:

The Company filed a reference before the Hon'ble BIFR. The reference came to be registered as Case Number 184/2002.

The Hon'ble BIFR by their order, after hearing the matter has declared the Company as a Sick Industrial Company in terms of section 3(1) (o) of SICA and appointed Bank of India as the Operating Agency. Preparation of Draft Rehabilitation Scheme (DRS) is under process.

#### DIRECTORS:

Mr. Aditya V. Jaju, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

#### PARTICULARS OF EMPLOYEES:

There are no employees drawing such remuneration as requiring disclosure under section 217 (2A), as amended, of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975.

#### INSURANCE:

The Company has taken adequate insurance cover for all its assets.

#### FIXED DEPOSITS:

The Company has not raised any deposits from the public.

#### ADDITIONAL INFORMATION:

Additional information required to be disclosed in terms of Notification No. 1029 dated 31/12/88 issued by the Department of Company Affairs is annexed hereto about Conservation of Energy etc. There are no foreign exchange earnings & outgo during the year.

#### CORPORATE GOVERNANCE:

The Report on Corporate Governance and Management's Discussion & Analysis Report, in terms of Clause 49 of the Listing Agreement, are annexed and form part of the Annual Report.

#### DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed;

- i) that in the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 under review;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the

## NIWAS SPINNING MILLS LIMITED

Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that the directors had prepared the accounts for the financial year ended 31-03-2012 on a "on-going concern" basis.

### AUDITORS:

The retiring auditors M/s. B M Gattani & Co., Chartered Accountants, Mumbai, are eligible for re-appointment. You are requested to appoint the Auditors of the Company.

### COST AUDITORS:

As directed by the Audit Branch, Ministry of Law, Justice & Company Affairs, New Delhi vide its order 52/26/CAB/2010 dated 24/01/2012 and in pursuance of clause (d), sub clause (i) of Section 29 of the Companies Act, 1956, M/s T. M. Rathi of Mumbai was appointed as the Cost Auditor to conduct the Cost Audit for the year 2011-12.

The Company has appointed M/s T. M. Rathi, Mumbai as Cost Auditors for the financial year 2012-13.

### ACKNOWLEDGEMENT:

The Directors wish to place on record their sincere appreciation to the Company's employees at all levels for their dedication & hard-work and also to the Bankers/ Institutions who have actively lent their support to the Company. The Directors also express their gratitude to the Shareholders and Debenture holders for their continued co-operation and support.

**For & on behalf of the Board,**

**PLACE : SOLAPUR**

**DATED : 04-09-2012**

**(R. J. Jaju)**  
**Chairman**

### ANNEXURE TO DIRECTORS REPORT 2011-2012 DISCLOSURE U/S. 217(1)(e) OF THE COMPANIES ACT, 1956 CONSERVATION OF ENERGY FORM-A

	CURRENT YEAR	PREVIOUS YEAR
(a) POWER & FUEL CONSUMPTION		
<b>ELECTRICITY</b>		
a) Purchased Unit	41,08,293	50,97,277
Total Amount	2,56,71,000	2,72,05,737
Rate / Unit	Rs. 6.24	Rs. 5.33
b) Own Generation		
<b>COAL (Specify Quality &amp; Where used)</b>	Nil	Nil
<b>FURNACE OIL</b>	Nil	Nil
<b>OTHER GENERATORS</b>	Nil	Nil
(b) CONSUMPTION PER UNIT OF PRODUCTION STANDARDS (IF ANY)		
Products (Yarn)	0.22 Kg	0.21 Kg
Electricity	41,08,293 Units	50,97,277 Units
Furnace Oil/Coal/Others	---	---

### B. OTHER INFORMATION ABOUT TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

a) Foreign Exchange Earnings and Outgo

1) Foreign Exchange used Value of  
Direct Import on CIF basis;

Capital goods, Stores & Spare parts	Rs. Nil
Travelling Expenses	Rs. Nil
2) Earning in Foreign Exchange	Rs. Nil
i) Direct Export	Rs. Nil
ii) Indirect Export	Rs. Nil

### Corporate Governance Report for the year 2011-2012

(As required under clause 49 of the Listing Agreements entered into with the Stock Exchanges)

In view of Company's heavy losses, Company being under BIFR & suspension of trading of the Company's securities on Stock Exchange, few of the provisions of Corporate Governance made applicable w.e.f. 01/01/2006 & subsequent amendments thereto, are yet under process. The Company is taking necessary steps to comply the same.

### CORPORATE GOVERNANCE DISCLOSURE:

In Compliance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company submits the Report on the matters mentioned in the said Clause and practice as followed by the Company.

#### 1. Company's Philosophy on Code of Governance:

Company's Philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all facts of its operations and in all interactions with its stakeholders including inter alia Shareholders, Government and lenders. Company is committed to achieve the highest standards of corporate governance. Company believes that all its operations & actions must serve the underlying goal of enhancing overall corporate value.

#### 2. Board of Directors:

The details of Board of Directors as required under Clause 49 of the Listing Agreement are given below:

Name	Designation (Executive, Non-Executive, Independent/Promoter)	No. of Meetings attended	No. of Directorships held*	Members of Committee		Whether Last AGM held on 30.09.2011 Attended (Yes/ No)
				Members	Chairmans	
R. J. Jaju	Director Non-Executive Chairman	7	Nil	1	1	Yes
V. R. Jaju	Managing Director Executive	7	Nil	1	2	Yes
A. V. Jaju	Director Non-Executive	7	Nil	1	--	Yes

\* Excludes Private Companies, Section 25 Companies, Foreign Companies & Alternate Directorships.

None of the Directors is paid Sitting Fees.

During the year 2011-2012 the Board met 7

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(Seven) times (as against the minimum requirement of 4 meetings) on the following dates:

- 29th April, 2011
- 30th July, 2011
- 27th August, 2011
- 29th Sept., 2011
- 15th October, 2011
- 29th October, 2011
- 28th January, 2012

The maximum time gap between any two meetings was not more than three months.

The proportionate presentation of Independent Directors on the Board as required under the Clause 49 of the Listing Agreement is yet under execution and Company is on lookout for the same.

### CHANGES IN COMPOSITION OF BOARD:

#### Details of Director seeking re-appointment:

At the ensuing Annual General Meeting, Aditya V. Jaju, Director, retires by rotation and being eligible, offers him-self for re-appointment. The brief resume, experience, functional expertise and membership on various Board and Committees of the Director proposed to be re-appointed at Item No. 2 of the Notice as per Corporate Governance code defined under Clause 49 of the Listing Agreement are furnished below:

Name	Aditya V. Jaju
Age	22 Years
Date of Appointment	25-08-2009
Experience	3 Years
No. of Shares held in the Company	Nil
Qualification	B.Com.
List of other Directorships (excluding Private Limited Companies)	No
Membership/ Chairman of Committees of the other Companies	Nil
Relationship between Director inter se (As per section 6 and schedule 1A of the Companies Act, 1956)	Son of Managing Director Mr. V. R. Jaju

### 3. Audit Committee:

#### Composition, Meetings & Attendance:

The Audit Committee of Company consists of two non-executive Directors apart from Managing Director. It consists of all Directors. There was 05 meeting of audit committee during the year 2011-2012 (the year of implementation of Corporate Governance) and attended by all.

### Terms of Reference & Scope of Audit Committee:

The Audit Committee of the Company performs the following functions -

- Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient & credible;
- Reviewing with management the annual financial statements before submission to the board;
- Discussion with external Auditors before the Audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standard;
- Reviewing the Company's financial and risk management policies;

### 4. Remuneration Committee :

Remuneration policies are laid-down and implemented by the following:

1. Shri. V. R. Jaju, Managing Director
2. Shri. A. V. Kulkarni

Remuneration Committee has been constituted to recommend/review the remuneration of following codes:

1. Top Management
2. Middle Management
3. Lower Management

During this year the committee has met four. The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. This policy is in consonance with the existing industry practice.

### 5. Shareholder / Investor Grievance Committee :

Name of the Non-Executive Director

heading the Committee : Shri. V. R. Jaju – M.D.

Name and Designation

of Compliance Officer : Shri. A. V. Kulkarni

No. of Shareholders' complaints received

so far : 06

Nos. not solved to the satisfaction of

the Shareholders : 06

No. of pending

complaints : Nil

The Committee comprises of Shri. V. R. Jaju, Managing Director and is assisted by a qualified Company Secretary and the committee reviews all matters connected with Shareholders complaints, if any, like transfer of shares, Non-receipt of Balance Sheet, non-receipt of dividend etc. The Board of Directors has delegated the power of

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approving transfer of shares to the Managing Director. During the year it received 06 complaints from the Shareholders and all these are resolved within appropriate period. So also, there were 13 no. of requests for Share Transfer which were duly executed.

### 6. General Body Meetings :

The last three Annual General Meetings of the Company were held as under :

Year	Location	Date	Time
2008-2009	Registered office of the Co	29-09-2009	3.30 p.m.
2009-2010	B-5, MIDC, Akkalkot Road, Solapur	30-09-2010	10.00 a.m.
2010-2011	B-5, MIDC, Akkalkot Road, Solapur	30-09-2011	10.00 a.m.

No Special Resolutions passed in the previous 3 AGMs except Managing Director's re-appointment. No postal ballots were used / invited for voting at these meetings in respect of special resolution passed as there were no such provisions in the Companies Act, 1956.

### 7. Disclosures :

- Disclosures of materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Co. at large.
- Details of non-compliance by the Company, Penalties, Strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authorities on any matter related to Capital Markets, during the last three years.
- Information about Related Party Transactions as required under AS-18.  
"Except the advances in nature of trade, which are not covered in the definition of unsecured loan, there were no related party transactions as per AS-18. There were no instances of non-compliance of any matters related to the capital markets during last three years."

### 8. Management Discussion & Analysis:

#### Industry Structure and Business Overview:

The textile industry plays a crucial role in the Indian economy. It has a significant weight in the industrial production. The Company enjoys the excellent relationship with its customers, which has been built over the years by strictly adhering to delivery schedules maintaining consistent quality and providing prompt after sales service.

#### Risk Management:

The Company has laid down procedures to inform the members of the board about the risk assessment and minimization procedures which is periodically reviewed by the Board.

#### Segment-wise Performance:

The Company is having only one segment i.e. Textile.

### Financial Performance:

The sale during the year under report is Rs. 1467.02 Lacs, the profit before interest, depreciation is decreased compared to previous year. It is due to adverse impact of un-certain government policies, export policies and international market un-certainty. So also, sudden steady upward / downward revision in cotton prices, disturbed the overall situation of textile industry. However, due to corrective measures taken by the management, the company succeeded to minimize its losses.

### Internal Control Systems:

The internal control is supplemented by an extensive internal audit, periodical review by the management and documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

### Human Resources:

The Company continues to lay emphasis on developing and facilitating optimum human performance.

### Health & Safety:

Your Company provides and maintains, so far as practicable equipment, systems and working conditions which are safe and without risk to the health of all employees, visitors, contractors and public. Management has maintained its strong commitment to a safe environment in its operations through out the year. The Company is well aware of the relation-ship between the textile production and related environment issues.

### Cautionary Statement:

This annual report and accounts contains certain statements with respect to the financial condition, results, operations and businesses. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future.

### 9. Certification by Chief Executive Officer (CEO)/Chief Financial Officer (CFO) of the Company:

The CEO/ CFO have furnished Certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

### 10. Means of Communication :

Quarterly results are published in Local News Paper within the prescribed time limit.

### 11. General Shareholders Information :

- Annual General Meeting : **Date:** 29-09-2012  
**Time:** 10.00 a.m.  
**Venue:** B-5, M.I.D.C.  
Akkalkot Road,  
Solapur - 6.

- Financial Year : 2011-2012

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### REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE

- c) Book Closure Date: 27-09-2012 to 29-09-2012  
(both days inclusive)
- d) Dividend Payments : NIL
- e) Listing of Equity Shares at : Mumbai (Pune & Ahmedabad under process for delisting)
- f) Stock Code : i) Trading Symbol at Mumbai Stock Exchange - No Trading after Dec. 2001  
ii) Demat-ISIN Number in NSDL & CDSL - Yet to comply the provisions
- g) Stock Market Data High/Low : Last Trading of Company's share at BSE is on 10-12-2001 @ Rs. 2/-.  
Since then there is no trading.
- h) Registrar and Transfer Agent : Registrar & Transfer Agent are not appointed.
- i) Share Transfer System : In-house Share Transfer System is followed by the Co.
- j) i) Distribution of Shareholding as on 31-03-2012 -

Category	No. of Shares	% of Total Shares
Promoters & Associates	7358847	52.23
Mutual Funds & UTI	62200	00.44
Banks, Financial Institutions	748200	05.31
Private Corporate Bodies	1139537	08.09
Indian Public	4774609	33.89
Non Resident Indian (NRI)	6000	00.04
<b>TOTAL</b>	<b>14089393</b>	<b>100.00</b>

#### ii) Pattern of Shareholding -

Category	No. of Shareholders	No. of Shares	% of Total Shares
Upto 5000	10741	4201841	29.89
5001 to 10000	49	360955	2.56
10001 to 20000	24	353398	2.51
20001 to 30000	14	307381	2.18
30001 to 40000	5	172800	1.23
40001 to 50000	5	172800	1.23
50001 to 100000	10	645725	4.58
100001 & above	6	7865493	55.83
<b>TOTAL</b>	<b>10854</b>	<b>14089393</b>	<b>100.00</b>

- k) De-materialization of Shares : Company is yet to comply with "DEMAT" Provisions.
- l) Plant Location : 1. B-2/2 & B-5, MIDC, Akkalkot Road, Solapur.  
2. A5 & A8 MIDC, Chincholi, Solapur.
- m) Address for Correspondence : 406/A, W. Mangalwar Peth, Solapur - 2.
- n) E-mail ID : niwas\_mill@rediffmail.com

To the Members,  
NIWAS SPINNING MILLS LIMITED,

We have examined the compliance of conditions of Corporate Governance by NIWAS SPINNING MILLS LIMITED for the year ended 31<sup>st</sup> March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of information and according to the explanations given to us and based on the representations 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances are pending for a period of one month against the Company as per the records maintained by the Shareholders/ Investors' Grievances Committee.

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

**For B. M. Gattani & Co.,**  
Chartered Accountants  
Firm Reg. No. 113536W

**Place: Camp-Solapur**  
**Date : 04-09-2012**

**(B. M. GATTANI)**  
Proprietor  
M. NO. 47066

### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT:

I, V. R. Jaju, Managing Director of Niwas Spinning Mills Limited, hereby declare that all the Directors on the Board of the Company and the Senior Managerial personnel have affirmed Compliance with the Code of Conduct applicable to them as laid down by the Board of Directors in terms of Clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the Year ended 31.03.2012.

For **NIWAS SPINNING MILLS LIMITED,**

**Place : Solapur**  
**Date : 04-09-2012**

**V. R. Jaju**  
**Managing Director**

## NIWAS SPINNING MILLS LIMITED

### AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of NIWAS SPINNING MILLS LIMITED, as at 31st March, 2012 and the Profit & Loss Account and the Cash Flow statement for the year ended on that date. 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.

We conducted our audit in accordance with the 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 misstatements. An audit also includes assessing the examining on test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above.
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) 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;
  - iii) The Balance Sheet and the Profit & Loss Account and Cash Flow Statement dealt by this report are in agreement with the books of account;
  - iv) In our opinion, subject to the notes on accounts, the Balance Sheet and Profit & Loss Account and Cash flow Statement dealt by this report comply with the accounting standards as referred to in subsection (3C) of Section 211 of the Companies Act, 1956;
  - v) On the basis of written representation received from the Directors, as on 31st March 2009 and taken on record by the board of Directors, we report that all of the Directors are disqualified as on 31st

vi)

March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and the Notes thereto, give the information required by the Companies Act, 1956, in the manner so required and give subject to note no B-4 regarding non provision of interest on secured loans, a true and fair view in conformity with the accounting principles generally accepted in India. (Subject to the Notes and Significant Accounting Policies given in Note 1)]

- a. In the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2012; and
- b. In the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date;
- c. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For B. M. Gattani & Co.  
Chartered Accountants  
Firm Reg No. 113536W

Place : Camp - Solapur

Date : 04-09-2012

(B. M. Gattani)  
Proprietor  
Mem. No. 47066

### ANNEXURE OF THE AUDITOR'S REPORT Referred to in paragraph 1 of our Report of even date.

1.

- a. The Company has maintained proper records showing full particulars including quantitative details of fixed assets. The Company has taken certain machineries on lease basis since 2004-05 and same are held by the Company over lease from lessor.
- b. All the assets have not been physically verified by the management during the year but there is a regular program of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As explained, the reconciliation of physical inventory of plant and machinery with book records is almost over and the Company is in process of reconciliation of physical inventory

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with book records in respect of furniture, fixtures and office equipment, hence material discrepancies, if any can not be ascertain at this stage which in the opinion of management will be NIL.

- c. The Company has not disposed-off any substantial / major part of fixed assets during the year, except absolute / scrap asset of Rs. 21.44 Lacs.
2.
    - a. As explained to us, the inventory 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 procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company & the nature of its business.
    - c. In our opinion and according to the information and explanations given to us and on the basis of examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noted on physical verification as compared to books and records were not material and have been properly dealt with in the books of accounts.
  3. According to the information and explanations given to us, the Company has not taken any loan from the parties listed in the Register maintained under Section 301 of the Companies Act, 1956; neither the Company has granted any loan [secured or unsecured] to the parties listed in the Register maintained under section 301 of the Companies Act, 1956 and accordingly clause 3 (i) to (iv) and clause 3 (v) to (vi) of the order is not applicable.
  4. On the basis of checks carried out during the audit and as per explanations given to us, we are of the opinion that, there are adequate internal control procedures commensurate with the size of the Company and nature of its business; with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
  5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
    - a. Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered into the register maintained under section 301 have been so entered.
    - b. According to the information and explanations given to us, and excluding certain transactions of purchase of goods and material of special nature for which alternate quotations are not available, where each of such transactions is in excess of Rs. 5,00,000/- (Five Lacs) in respect of any party. In our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing prices at the relevant time.
  6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules there under are not applicable to the Company.
  7. In our opinion, Company does not have any formal internal audit system commensurate with the size and the nature of its business; however we are explained that its Internal control systems are adequate to cover Internal Audit systems.
  8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained.
  9. a. According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty Cess and other statutory dues with the appropriate authorities during the year.
    - b. According to the records of the Company and information and explanations given to us, disputed Excise Duty demands aggregating to Rs. 11.82 Lacs have not been deposited. The said dispute is pending before Appellate Tribunal. Also there is a disputed Income Tax for the Ass.Yr 95-96 demands aggregating to Rs 10.18 lacs out of which Rs 7.38 lacs have been deposited & the balance is still required to be paid.
  10. The Company has accumulated losses as at the end of the year and the Company has incurred cash losses during the current and immediately preceding financial year.
  11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has defaulted in the repayment of dues to financial institutions, banks and debenture-holders.
  12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares debentures and other securities.



## NIWAS SPINNING MILLS LIMITED

13. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the Company.

14.

- a. The Company is not in the business of dealing or trading in shares. Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper record of the investments, which are negligible and that timely entries have been made in these records.
- b. Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the investments including shares and securities have been held by the Company in its own name.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans have been applied for which they were raised. During the year under report there are no fresh term loans availed.

17. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.

18. The Company has not made any preferential allotment to parties and companies covered under register maintained under section 301 of the Companies Act, 1956 during the year and the question of whether the price at which the shares have been issue prejudicial to the interest of the Company does not arise.

19. According to the information & explanations given to us & the records examined by us, securities have been created in respect of the debentures issued.

20. The Company is a Sick Industrial Company within the meaning of clause (O) sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.

22. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For B. M. Gattani & Co.  
Chartered Accountants  
Firm Reg. No. 113536W

Place : Camp - Solapur

Date : 04-09-2012

(B. M. Gattani)  
Proprietor  
Mem. No. 47066

## NIWAS SPINNING MILLS LIMITED

Balance Sheet as at 31st March, 2012

Particulars Note No. AS ON AS ON

31.03.2012 31.03.2011

### I. EQUITY AND LIABILITIES

#### (1) Shareholder's Funds

(a) Share Capital	2	14,08,93,930	14,08,93,930
(b) Reserves and Surplus	3	-71,58,06,336	-69,25,19,919

#### (2) Non-Current Liabilities

(a) Long Term Borrowings	4	65,50,99,472	65,50,99,472
(b) Long Term Provision	5	8,56,699	8,03,236

#### (3) Current Liabilities

(a) Short Term Borrowings	6	4,22,94,443	2,08,29,658
(b) Trade Payable	7	4,79,27,982	3,24,04,676
(c) Short Term Provision	8	2,52,08,493	2,89,42,429

Total 19,64,74,683 18,64,53,482

### II. ASSETS

#### (1) Non-Current Assets

(a) Fixed Assets			
(i) Tangible Assets	9	6,90,93,271	8,07,81,020

#### (2) Investments

10 18,000 18,000

#### (3) Current Assets

(a) Inventories	11	1,06,18,914	38,31,333
(b) Trade Receivables	12	9,93,729	34,24,208
(c) Cash and Cash Equivalents	13	2,55,19,811	2,67,30,757
(d) Short-Term Loans and Advances	14	9,02,30,958	7,16,68,164

Total 19,64,74,683 18,64,53,482

Significant Accounting Policies 1  
Accompanying notes to accounts. 23  
In terms of our report of even date attached.

For B M GATTANI & CO  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 113536W

For & on behalf of the board of directors

B M GATTANI  
PROPRIETOR  
M No. 47066

A. V. Jaju  
Director

V. R. Jaju  
Managing Director

# NIWAS SPINNING MILLS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

NIWAS SPINNING MILLS LIMITED			
Statement of Profit and Loss for the year ended 31st March, 2012			
Particulars	Note No	F.Y. 2011-12	F.Y. 2010-11
<b>A. CONTINUOUS OPERATIONS</b>			
I. Revenue from Operations	15	14,67,02,976	19,58,86,218
II. Other Income	16	18,77,940	21,78,282
<b>III. Total Revenue (I +II)</b>		<b>14,85,80,916</b>	<b>19,80,64,500</b>
<b>IV. Expenses:</b>			
Cost of Raw Materials Consumed	17	11,43,24,407	14,64,46,216
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Manufacturing Expenses	18	3,85,85,268	4,27,09,763
Financial costs	19	60,74,912	29,30,882
Depreciation and Amortization Expense	20	1,10,65,241	1,32,45,589
Administrative Expenses	21	18,17,505	18,50,991
<b>Total Expenses</b>		<b>17,18,67,333</b>	<b>20,71,83,441</b>
V. Profit before exceptional and extraordinary items and tax (III-IV)		<b>-2,32,86,417</b>	<b>-91,18,941</b>
VI. Exceptional Items		-	-
VII. Profit before extraordinary items & tax (V-VI)		<b>-2,32,86,417</b>	<b>-91,18,941</b>
VIII. Extraordinary Items		-	-
IX. Profit Before Tax (VII-VIII)		<b>-23,286,417</b>	<b>-91,18,941</b>
X. Tax Expense:		-	-
(1) Current Tax		-	-
(2) Income Tax		-	-
(3) Deferred Tax		-	-
XI. Profit(Loss) from the period from continuing operations (IX-X)		<b>-2,32,86,417</b>	<b>-91,18,941</b>
<b>B. DISCONTINUING OPERATIONS</b>			
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		<b>-2,32,86,417</b>	<b>-91,18,941</b>
<b>C. TOTAL OPERATIONS</b>			
XV. Profit/(Loss) for the period (XI + XIV)		<b>-2,32,86,417</b>	<b>-91,18,941</b>
Earnings Per Equity Share	22		
(Nominal value of Rs. 10/- each)			
- Basic		-1.65	-0.65
- Diluted		-1.65	0.65

Significant Accounting Policies. 1  
Accompanying notes to accounts. 23  
In terms of our report of even date attached.

For B M GATTANI & CO For & on behalf of the board of directors  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 113536W

B M GATTANI A. V. Jaju V. R. Jaju  
PROPRIETOR Director Managing Director  
M.No. 47066

P. [REDACTED] P-SOLAPUR  
D. [REDACTED] 2012

		Amount in (Rs)	
Particulars		31/03/2012	31/03/2011
<b>Cash Flow From Operating Activities</b>			
Profit Before Tax		(2,32,86,417)	(91,18,941)
Adjustments For:			
Depreciation, Net of Capitalisation		1,10,65,241	1,32,45,589
Interest Expense		60,74,912	29,30,882
Other Income		(18,77,940)	(21,78,282)
<b>Operating Profit Before Working Capital Change</b>		<b>1,52,62,213</b>	<b>1,39,98,189</b>
Adjustments For Change in:			
Trade payable		1,55,23,306	1,33,20,824
Non Current Liabilities		53,463	-
Current Liabilities		1,77,30,848	4,01,29,067
Trade Receivables		24,30,479	(15,22,407)
Inventories		(67,87,581)	64,36,158
Short Term Loans & Advance		(1,85,62,793)	(6,15,91,844)
<b>Cash Generated From Operations</b>		<b>2,56,49,935</b>	<b>1,07,69,987</b>
<b>Net Cash Flow From Operating Activities (A)</b>		<b>23,63,518</b>	<b>16,51,046</b>
Purchase of Fixed Assets		(21,500)	(16,44,540)
Sale of Investment		-	1,100
Sale of Fixed Assets		6,44,008	6,082
Other Income		18,77,940	21,78,282
<b>Net Cash Flow Used in Investing Activities (B)</b>		<b>25,00,448</b>	<b>5,40,924</b>
Interest paid		(60,74,912)	(29,30,882)
<b>Net Cash Flow From Financing Activities (C)</b>		<b>(60,74,912)</b>	<b>(29,30,882)</b>
<b>Net Cash Inflow/(Outflow) (A+B+C)</b>		<b>(12,10,946)</b>	<b>(7,38,912)</b>
Opening Cash & Cash Equivalents		2,67,30,757	2,74,69,669
Closing Cash & Cash Equivalents		2,55,19,811	2,67,30,757
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		<b>12,10,946</b>	<b>7,38,912</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### NOTES 1

#### A) SIGNIFICANT ACCOUNTING POLICIES:

##### 1. System of Accounting

- The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956.
- Accounting policies not specifically referred to otherwise, have been followed consistently and are in consonance with the generally accepted accounting principles.

##### 2. Inflation

Assets and Liabilities are recorded at historical cost.

##### 3. Fixed Assets

- Fixed Assets are stated at cost of acquisition inclusive of incidental expenses related to acquisition.
- Premium on leasehold land is written off over the lease period of 99 years.

##### 4. DEPRECIATION

Depreciation on assets has been provided on WDV method at the rate prescribed in schedule XIV of the Companies Act, 1956 for the period of use.

##### 5. Investment

Investments are stated at cost. Amount (in Rs.)

- Vikas Sahakari Bank Ltd. 500/- (Unquoted)
- Nilkanth Urban Co-op. Bank Ltd. 5000/- (Unquoted)
- Lahoti Overseas Ltd. 12500/- (Quoted)

(2500 Nos. Market Price as on 31-03-12 Rs. 6.74 per Share)

##### 6. Inventories

- Raw Materials, Parts, Packing Materials and Stores & Spares are valued on FIFO method at cost or market value whichever is less. The finished goods are valued at weighted average cost method only.

## NIWAS SPINNING MILLS LIMITED

- b) The Excise Duty on the Company's finished goods is exempted vide Notification No. 7/2003 Dtd. 01-03-2003 and 53/90 Dtd. 20-03-1990 and the same is not accounted for on finished goods as well stock of finished goods at the end of year.

### 7. Revenue Recognition

Revenue is recognized when no significant uncertainty as regards reliability exists. In case of claims, revenue is recognized on admittance of the claim.

### 8. Employee benefit obligation

Gratuity and Leave Encashment has been provided in accordance with Accounting Standard (AS) - 15.

Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided in the Payment of Gratuity Act, 1972. The terms of benefit are common for all the employees of the company.

### 9. Foreign Currency Transactions

Transactions in foreign currency are recorded at the rates of exchange prevailing on the date of transaction.

### 10. Lease

The company has taken on Lease certain machines from an associate concern on token Lease Rent of Rs. 1/- with the condition that Lessor will be allowed to capitalize the machines into Equity at Par, on restructuring of the Company or it will have option to receive the money.

### Notes to Accounts for year ended March 31, 2012

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary

#### Note 2 : Share Capital

Particulars	F.Y.-2011-12	F.Y.-2010-11
<b>AUTHORIZED CAPITAL</b>		
25000000 Equity Shares of Rs. 10/- each	25,00,00,000	25,00,00,000
	25,00,00,000	25,00,00,000
<b>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</b>		
14089393 Equity Shares of Rs. 10/- each,	14,08,93,930	14,08,93,930
<b>Total</b>	<b>14,08,93,930</b>	<b>14,08,93,930</b>

#### Reconciliation of No. of Shares

Number of Equity Shares at the beginning	1,40,89,393	1,40,89,393
Add : Number of Shares issued	---	---
Number of Equity Shares at the end	<b>1,40,89,393</b>	<b>1,40,89,393</b>

#### Below are the name of the Shareholders holding more than 5% of shares.

Class of Share	Name	No. of Share Holding	Percentage of Holding
Equity	N. V. Jaju	52,75,145	37.44
Equity	I. Thakral	14,52,500	10.31

#### Note 3 : Reserves & Surplus

##### Capital Reserve

Opening balance	2,62,22,030	2,62,22,030
Add:- For the year	---	---
	<b>2,62,22,030</b>	<b>2,62,22,030</b>

##### Securities Premium Reserve (incl. Forfeiture)

Opening balance	23,17,18,150	23,17,18,150
Add:- For the Year	-	-
	<b>23,17,18,150</b>	<b>23,17,18,150</b>

##### Debenture Redemptioin Reserve

Opening balance	2,80,00,000	2,80,00,000
Add:- For the year	-	-
	<b>2,80,00,000</b>	<b>2,80,00,000</b>

##### General Reserve

Opening balance	82,78,946	82,78,946
Add:- For the year	---	---
	<b>82,78,946</b>	<b>82,78,946</b>

-98,67,39,045 -97,76,20,104

-2,32,86,417 -91,18,941

-101,00,25,462 -98,67,39,045

-71,58,06,336 -69,25,19,919

#### Note 4 : Long Term Borrowings

Particulars	FY.-2011-12	FY.-2010-11
<b>SECURED:</b>		
*a) Term Loan from ARCIL (SICOM)	2,65,27,896	2,65,27,896
*b) Interest Provision - ARCIL (SICOM)	13,01,41,330	13,01,41,330
Hire Purchase Loan from Kirloskar Inv & Fin Ltd.	27,17,029	27,17,029
(Charge on Machinery purchased on H/P agreement)		
**a) 1,00,000 - 14% Secured Redeemable Non-Convertible Debenture of face value of Rs. 200/- each.	1,53,44,919	1,53,44,919
**b) 2,00,000 - 14% Secured Redeemable Non-convertible Debenture of face value of Rs. 100/- each.	2,00,00,000	2,00,00,000
(** Hyp lind / Illrd charge on Plant & Machinery of Unit 1)		
c) Debenture Interest Provision	11,75,38,411	11,75,38,411
*Working Capital Loan from Bank secured by hypothecation of raw materials, finished & semi-finished goods, stores & book debts		
*a) IARCL (BOB)	4,30,87,809	4,30,87,809
*b) ARCIL (BOI)	8,36,57,343	8,36,57,343
c) Provision for Interest	11,52,92,735	11,52,92,735
** ARCIL (ICICI)	10,07,92,000	10,07,92,000
(Personal guarantees of Chairman & Mg. Director offered against above loans. ** Personal guaranty of Mg. Director)		
<b>UNSECURED:</b>	-	-
<b>Total</b>	<b>65,50,99,472</b>	<b>65,50,99,472</b>

#### Note 5 : Long Term Provisions

Provision for Employee Benefit	8,5,6699	8,03,236
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#### Note 6 : Short Term Borrowings

Loan taken from Others	3,30,66,914	1,51,83,011
Loan taken from Promoter / Director	92,27,529	56,46,647
	<b>4,22,94,443</b>	<b>2,08,29,658</b>

<b>Note 8 : Short Term Provisions</b>		
Advance from Customers & Other Payables	2,20,03,125	28592452
Provision for Expenses	30,81,046	267159
Provision for Fees	23,163	20847
TDS / TCS Payable	1,01,159	61971
	<u>2,52,08,493</u>	<u>2,89,42,429</u>

<b>Note 11 : Inventories</b>		
Raw Materials	1,06,18,914	38,31,333
Finished Goods	--	--
	<u>1,06,18,914</u>	<u>38,31,333</u>

<b>Note 13 : Cash &amp; Cash Equivalents</b>		
Balance with Banks in Current Accounts	<b>2,41,96,535</b>	2,51,03,155
In Margin Account (including FDR)	<b>12,92,500</b>	12,92,500
Cash on Hand	<b>30,776</b>	3,35,102
	<b><u>2,55,19,811</u></b>	<u>2,67,30,757</u>

<b>Note 15 : Income from Operations</b>	<u>7,02,50,738</u>	<u>7,10,05,104</u>
Revenue from Operations		
Sale of Products		
Finished Goods	14,67,02,976	17,38,69,042
Traded Goods	--	2,20,17,176
	<u>14,67,02,976</u>	<u>19,58,86,218</u>

**Note 9 : Fixed Assets (Tangible Assets)**

<b>Note 18 : Manufacturing Expenses</b>		
Maintenance & Repairs	18,60,330	17,61,801
Power & Water	2,46,04,118	2,85,85,501
Transportation of Raw Material	13,83,945	7,33,170
Processing Charges	32,27,587	32,24,649
Vat Set-off Reduction	12,56,661	8,57,356

<b>Note 19 : Financial Cost</b>		
Interest Expense	60,53,968	29,00,554
Bank Charges	20,944	30,328
	<u>60,74,912</u>	<u>29,30,882</u>

<b>Note 21 : Administrative &amp; Other Expenses</b>		
Audit Fees	51,163	50,163
Filing Fees	7,000	2,000
General Expenses	11,507	5,532
Insurance Charges	1,00,503	1,21,161

<b>Note 22 : Earnings Per Equity Share</b>		
Basic	-1.65	-0.65
Diluted	-1.65	-0.65

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## NIWAS SPINNING MILLS LIMITED

### Note : 23 Accompanying Notes to Accounts

#### B) NOTES FORMING PART OF THE ACCOUNTS:

1) Contingent Liabilities not provided for in respect of:

- Bank Guarantee of Rs. 833.56 Lacs for E.P.C.G.
- Disputed liabilities in respect of Excise Duty of Rs. 11.82 lacs and disputed Income Tax assessed dues of Rs. 10.18 Lacs ( Out of which Rs. 7.38 Lacs paid by installments till the year under report). Both Excise & I.T. Liabilities are disputed and matter is sub-judiced under Appellate Tribunal and High Court respectively.

2) Other Notes:

- The Company has applied for de-listing of security from Pune and Ahmedabad Stock Exchange. As on today there is no official de-listing of the Shares approved from both the Stock Exchange.
- The Company has also not complied with mandatory requirements of "De-materialisation" of its securities.

3) Deferred Tax Liability:

No provision is made for Deferred Tax Liability as required by accounting standard 22. According to the Company no provision for deferred tax liability is made in view of continuous losses and according to the Company it will not be able to recover these Losses in near future.

4) Secured loans from Bank of Baroda/Bank of India/Sicom have been assigned and transferred to ARC's including rights, title and interest in all the agreements, deeds, documents in relation to or in connection with the facilities and accordingly no interest has been provided during the current year on these loans. The amount of un-provided interest till the close of the year is not worked out and unascertained. As per the management the settlements are in progress. Out of the settlement amount, part payments are effected during the current year and the management agreed to pay the remaining amounts in agreed installments, which is to be incorporated and routed through the DRS to be submitted and considered by Hon'ble BIFR. As the preparation and submission of DRS is in process, such amounts of settlement including interest is not considered and taken into during the current year.

5) i) Remuneration to Whole-time Director:

- The Computation of net profits for the purpose of calculations of Director remuneration under section 349 of the Companies Act, 1956 is not enumerated since no commission is paid / payable to the whole time Director.

b. Payment to Directors

Sr. No.	Particulars	2011-12 (Rs. In Lacs)	2010-11 (Rs. In Lacs)
1.	Managing Director's Remuneration	3.00	3.00

Payment to Auditors

Sr. No.	Particulars	2011-12 (Rs. in Lacs)	2010-11 (Rs. in Lacs)
1.	Audit Fees	0.15	0.15
2.	Tax Audit	0.09	0.09
		0.24	0.24

6) Earnings per Share:

	31-03-2012	31-03-2011
NPBT	(23286417)	(9118941)
Tax Expenses	Nil	Nil
Numerator (A)	(23286417)	(9118941)
No. of Equity shares used as denominator (B)	14089393	14089393
Basic / Diluted EPS (A/B)	(1.65)	(0.65)

7) Previous year figures have been regrouped & rearranged wherever necessary.

8) Balances of Sundry Debtors, Sundry Creditors, Loans & Advances given, Secured & Unsecured loans are taken as per confirmation by the management.

9) Micro and medium scale business entities:

There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at March 31, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been indentified on the basis of information available with the Company and has been relied upon by the auditors.

10) The company operates mainly in one segment i.e. Textiles.

11) Additional information as required under Schedule VI Part II of the Companies Act, 1956 (as certified by Managing Director)

Sr.	Particulars	2011-2012	2010-2011
A)	Quantitative Information		
i)	Capacity Licensed	70,480 Spindles 7,504 Rotors 100 Looms	70,480 Spindles 7,504 Rotors 100 Looms
ii)	Installed — 13968 Lease Basis — 12240	26,208 Spindles 768 Rotors 32 Looms	26,208 Spindles 768 Rotors 32 Looms
iii)	Class of Goods Manufactured Cotton Yarn Towel Polyester Yarn	8,50,780 Kgs 53,903 Kgs 1,200 Kgs	10,68,320 Kgs 51,651 Kgs --- Kgs
iv)	Opening Stock of Finished Goods	Nil Kgs	Nil Kgs
v)	Closing Stock of Finished Goods	Nil Kgs	Nil Kgs

## NIWAS SPINNING MILLS LIMITED

vi) Raw material consumed during the year 100 % indigenous

		2011-12		2010-11	
	Description	Quantity	Value	Quantity	Value
	Cotton	10,40,115 Kgs	10,97,76,042	12,72,010 Kgs	12,34,04,650
	Yarn	54,393 Kgs	70,36,753	52,493 Kgs	67,06,302
	Polyester Fibre	1299 Kgs	80,513	---	---
vii)	Turnover				
a.	Cotton Yarn	8,50,780 Kgs	13,31,68,650	10,34,120 Kgs	16,19,48,260
	Towel	53,903 Kgs	1,31,34,492	51,651 Kgs	1,14,32,259
	Polyester Yarn	1200 Kgs	90,000	---	---
b.	Cotton/Waste/Hard Waste/ Towel Waste	1,63,943 Kgs	3,09,834	1,97,977 Kgs	3,82,348
c.	Trading Activity				
	-Terry Towel	--- Pcs	---	--- Pcs	---
	-Cotton Resale	--- Kgs	---	13,700 Kgs	1,06,175
	- Yarn	--- Kgs	---	1,26,000 Kgs	2,20,17,176

B) Other information about employees, earnings in foreign exchange, expenditure in foreign exchange etc.

- Foreign Exchange used  
CIF Value of Direct Import – Capital Goods, Stores  
& Spare Parts Rs. Nil
- Travelling Expenditure in foreign exchange Rs. Nil
- Earnings in Foreign Exchange Rs. Nil

12) Excise: Duty exempted under Notification No. 30/2004 dated 09-07-2004.

13) As per the management investments are at realizable value and therefore no provision is made for the diminution in the value of the investments.

**For B. M. GATTANI & CO.**  
**Chartered Accountants**  
**Firm Reg. No. 113536W**

**For & On Behalf of Board of Directors**

**(B. M. GATTANI)**  
**Proprietor**  
**Mem. No. 47066**

**V. R. Jaju**  
**Mg. Director**

**A. V. Jaju**  
**Director**

**CAMP - SOLAPUR**  
**DATE : 04-09-2012.**

### STATEMENT PURSUANT TO PART IV TO THE COMPANIES ACT, 1956

Balance Sheet Abstract & Companys General Business Profile.

#### i. Registration Details

Registration No.	:	32702
State Code	:	11
Balance Sheet Date	:	31-03-2012

#### ii. Capital Raised During the year (Amount in Rs. Lacs)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

#### iii. Position of Mobilisation & Development of Funds (Amt. in Rs. Lacs)

Total Liabilities	:	1964.74
Total Assets	:	1964.74

##### Sources of Funds

Paid-up Capital	:	1408.94
Reserves and Surplus	:	2942.19
Secured Loans	:	6550.99
Unsecured Loans	:	Nil

##### Application of Funds

Net Fixed Assets	:	690.93
Investments	:	0.18
Net Current Assets	:	119.32
Misc. Expenditure	:	Nil
Accumulated Losses	:	10100.25

#### iv. Performance of Company (Amount in Rs. Lacs)

Turnover	:	1485.81
Total Expenditure	:	1718.67
Profit before Tax	:	(232.86)
Profit after Tax	:	(232.86)
Earnings per Share (Rs.)	:	—
Dividend Rate (%)	:	—

#### v. General Names of two Principal Products of the company

Item Code No.	Product Description
520511	Cotton Yarn
550922	Polyster Yarn
---	Terry Towel

NIWAS SPINNING MILLS LIMITED

**NIWAS SPINNING MILLS LIMITED**

Regd. Office:- 406/A, West Mangalwar Peth, Solapur - 413 002

**PROXY FORM**

Reg. Folio No. \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_  
being member/members of the above named Company hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_

of failing him \_\_\_\_\_  
as my/our Proxy to vote for me/us on my/our behalf at the TWENTY EIGHTH ANNUAL  
GENERAL MEETING of the Company to be held on Saturday the 29th day of September, 2012 at  
10.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Affix a  
1 Rupee  
Revenue  
Stamp

Signature \_\_\_\_\_

**NOTE:** The Proxy Form duly completed must be deposited at the Registered Office of the Company  
not less than 48 hours before the time for holding the meeting.

**NIWAS SPINNING MILLS LIMITED**  
ATTENDANCE SLIP

**TWENTY EIGHTH ANNUAL GENERAL MEETING - 29th September 2012**

Reg. Folio No. \_\_\_\_\_

I certify that I am a registered shareholder / proxy for the registered shareholder of the  
Company. I hereby record my presence at the TWENTY EIGHTH ANNUAL GENERAL MEETING of  
the Company at B-5, M.I.D.C., Akkalkot Road, Solapur-413 006 on Saturday the 29th day of  
September 2012 at 10.00 a.m.

Member's/Proxy's Name in BLOCK Letters

Member's/Proxy's Signature

**Note:**

1. Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.
2. Shareholder / Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

