

NIWAS SPINNING MILLS LIMITED

TWENTY NINTH ANNUAL REPORT AND ACCOUNTS 2012-2013

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 NINTH ANNUAL GENERAL MEETING of the shareholders of NIWAS SPINNING MILLS LIMITED will be held at B-2/2, M.I.D.C., Akkalkot Road, Solapur - 413 006 on Friday, the 27th September, 2013 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2013, the Statement of Profit & Loss of the Company for the year ended 31st March 2013 and the Reports of the Auditors and Directors thereon.
2. To appoint Director in place of Shri R. J. Jaju who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors and authorize Board to fix their remuneration.

SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modification/s, -the following Resolution as Special Resolution.

4. RE-APPOINTMENT OF MR. V. R. JAJU AS MANAGING DIRECTOR:

"RESOLVED that pursuant to the provisions of Section 198, 269, 309 and 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions as may be necessary, approval is hereby given to the re-appointment of Shri. V. R. Jaju as Managing Director of the Company for the 3 (Three) years term commencing from 01-01-2014 till 31-12-2016 on following terms and conditions.

1. **SALARY** : Rs. 25,000/- (Rupees Twenty Five Thousand Only) per month.
2. **COMMISSION** : At the rate of 1% of the net profits of the Company for the financial year subject to a maximum as may laid down by the Board of Director from time to time.
3. **PERQUISITES** :
 - i. Contribution to Provident Fund and Superannuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act.
 - ii. Gratuity at the rate of one month's salary for each completed year of service.
 - iii. Leave with full pay as per the rules of the Company, encashment of unavailed leave being allowed at the end of the tenure.
 - iv. Free furnished residential accommodation with gas, electricity, water and furnishings or un-furnished accommodation with gas, electricity and furnishings and Company's furniture on rental basis as per scheme applicable to the Senior Executives of the Company.
 - v. Re-imburement of medical expenses incurred in India or abroad and including hospitalization, nursing home and surgical charges for himself and family.

NIWAS SPINNING MILLS LIMITED

- vi. Re-imbursement of traveling expenses for proceeding on leave from Solapur to any place in India and return there from once in a year in respect of himself and family.
- vii. Re-imbursement of servant's salary, subject to a maximum of two servants on a salary of up to Rs. 2000 per servant per month.
- viii. Re-imbursement of membership fees for clubs.
- ix. Personal accident insurance policy in accordance with the scheme applicable to the senior employees.
- x. Free use of Company's car for Company's work as well as for personal purposes along with driver.

Provided that in the event of absence or inadequacy of profit in any year, Shri V R Jaju will be paid the above remuneration as minimum remuneration except that:

1. No commission will be paid.
2. Gratuity will be allowed at the rate of 15 days salary of every year of service, and
3. The monetary value of perquisites at (iv) to (ix) above shall not exceed Rs. 2,00,000 in a financial year.
4. OTHER TERMS :
 - a. He shall not be liable to retire by rotation as long as he is holding the post of Managing Director of the Company.
 - b. He shall not divulge or disclose any confidential information or knowledge obtained by him as to the business or affairs of the Company; and
 - c. He shall be entitled to Compensation for Loss of Office in the event, manner and to the extent provided in Section 318 of the Act.

FURTHER RESOLVED that the Board of Directors, be and is hereby authorised to alter and vary terms and conditions and remuneration (including minimum remuneration in case of absence or inadequacy of profits) in such manner as the Board may deem fit and as acceptable to Shri. V. R. Jaju within the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment(s) thereto."

"FURTHER RESOLVED that Shri. V. R. Jaju be entrusted with substantial powers of management and power to perform such functions as may from time to time be decided by the Board of Directors"

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to take and/or cause to be taken such steps and actions as may be necessary and expedient to give effect to this Resolution."

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 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 25-09-2013 to 27-09-2013 (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

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

DATE: 30-05-2013

(V. R. Jaju)
Managing Director

NIWAS SPINNING MILLS LIMITED

ANNEXURE TO NOTICE

(Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 4 of Notice:

The terms of appointment of Shri. V. R. Jaju as Managing Director last fixed, expires on 31-12-2013. The Board of Directors at its meeting held on 30th May, 2013 recommended the re-appointment of Shri. V. R. Jaju as Managing Director of the Company for a fresh term of 3 (Three) years commencing from 01-01-2014. His appointment and remuneration is fixed in accordance with Schedule XIII to the Companies Act, 1956, or any statutory amendment or relaxation thereof.

Shri. V. R. Jaju is B.Com. by qualification. He has 33 years of experience in the field of Textiles.

Shri V. R. Jaju himself, the proposed appointee, Shri. R. J. Jaju and Shri. A. V. Jaju being relatives of Shri V R Jaju are interested in this Resolution.

The above may please be deemed to be an abstract of the terms of appointment of Managing Director and the nature of the concern or interest of the Director therein, as required by Section 302 of the Companies Act, 1956.

The Board of Directors of the Company recommends the above Resolution. Members are requested to pass this Resolution as Special Resolution.

PLACE: SOLAPUR

DATE: 30-05-2013

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

(V. R. Jaju)
Managing Director

DIRECTORS' REPORT

To the Members,

The Directors of the Company have pleasure in presenting the TWENTY NINTH Annual Report together with the Audited Statements of Accounts for the Company's Financial Year ended on 31st March, 2013.

1. OPERATIONAL RESULTS/ CURRENT WORKING:

The sale during the year under report is **Rs. 1416.03 Lacs**, the profit before interest, depreciation is increased 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.

FINANCIAL HIGHLIGHTS (Amt. in Lacs)

	Current Period 2012-13	Previous Period 2011-12
Sales	1416.03	1467.02
Other Income	36.82	18.77
Total Income	1452.85	1485.79
Profit/(Loss) before interest, depreciation, exceptional item & tax	104.38	(61.47)
Less : * Financial Cost	69.20	60.74
* Depreciation	97.17	110.65
Profit/(Loss) before exceptional items & taxes	(61.99)	(232.86)
Less:Exceptional items (Net)	Nil	Nil
Profit/(Loss) before tax (A)	(61.99)	(232.86)
Tax Provision	Nil	Nil
Profit/(Loss) after tax	(61.99)	(232.86)
Profit/(Loss) from discontinuing Operations	5026.73	--
Tax expense of discontinuing operations	(10.18)	--
Profit/(Loss) from Discontinuing operations (B)	5016.55	--
Net Profit/(Loss) for the period (C) = (A)+(B)	4954.55	(232.86)

NIWAS SPINNING MILLS LIMITED

- **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.

2. 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. 1416.03 Lacs, the profit before interest, depreciation is increased 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 throughout 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.

- **Reference to BIFR & its registration:**

The Company is registered with BIFR. Hon'ble Board 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.

3. DIVIDEND:

The Directors not recommended any dividend for the period ended 31st March, 2013.

4. 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.

NIWAS SPINNING MILLS LIMITED

5. DIRECTORS:

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

• 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, 2013, 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 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 31-03-2013 on a "on-going concern" basis.

6. 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.

7. 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.

8. INSURANCE:

The Company has taken adequate insurance cover the assets.

9. FIXED DEPOSITS:

The Company has not raised any deposits from the public.

10. 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 and outgo during the year.

11. 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.

12. 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 2012-13.

The Company has appointed M/s T. M. Rathi, Mumbai as Cost Auditors for the financial year 2013-14.

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 Director 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 : 30-05-2013

(R. J. Jaju)
Chairman

NIWAS SPINNING MILLS LIMITED

ANNEXURE TO DIRECTORS REPORT 2012-2013 DISCLOSURE U/S. 217(1)(e) OF THE COMPANIES ACT, 1956 CONSERVATION OF ENERGY FORM-A

	CURRENT YEAR	PREVIOUS YEAR
a) POWER & FUEL CONSUMPTION		
1. ELECTRICITY		
a) Purchased Unit	38,60,964	41,08,293
Total Amount	2,79,13,273	2,56,71,000
Rate / Unit	Rs. 7.22	Rs. 6.24
b) Own Generation	Nil	Nil
2. COAL (Specify Quality & Where used)	Nil	Nil
3. FURNACE OIL	Nil	Nil
4. OTHER GENERATORS	Nil	Nil
b) CONSUMPTION PER UNIT OF PRODUCTION STANDARDS (IF ANY)		
Products (Yarn & Towel)	0.20 Kg	0.22 Kg
Electricity	38,60,964 Units	41,08,293 Units
Furnace Oil/Coal/Others	---	---

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

- a) Technology Absorption : Technology absorption and R & D efforts are not applicable to the Company.
- b) Foreign Exchange Earnings and Outgo
- Foreign Exchange used Value of
 - Direct Import on CIF basis; Rs. Nil
 - Capital goods, Stores & Spare parts Rs. Nil
 - Travelling Expenses Rs. Nil
 - Earning in Foreign Exchange
 - i) Direct Export Rs. Nil
 - ii) Indirect Export Rs. Nil

Corporate Governance Report for the year 2012-2013

(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 and 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 and 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 Code of Governance envisages the highest levels of transparency in all facts of its operations in consonance with its stakeholders. The Company is committed to achieve the highest standards of corporate governance 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 29.09.2012 Attended (Yes/ No)
				Members	Chairmans	
R. J. Jaju	Director Non-Executive Chairman	5	Nil	--	2	Yes
V. R. Jaju	Managing Director Executive	5	Nil	1	2	Yes
A. V. Jaju	Director Non-Executive	5	Nil	1	--	Yes

* Excludes Private Companies, Section 25 Companies, Foreign Companies and Alternate Directorships.

None of the Directors is paid Sitting Fees.

During the year 2012-2013 the Board met 5 times (as against the minimum requirement of 4 meetings) on the following dates:

- ➔ 28-04-2012
- ➔ 28-07-2012
- ➔ 04-09-2012
- ➔ 30-10-2012
- ➔ 30-01-2013

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 Appointment:

At the ensuing Annual General Meeting, Shri. R. J. 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 appointed at Item No. 2 of the Notice as per Corporate Governance code defined under Clause 49 of the Listing Agreement are furnished below:

NIWAS SPINNING MILLS LIMITED

Name	Shri R. J. Jaju
Age	79 Years
Date of Appointment	19-04-1984
Experience	50 Years
No. of Shares held in the Company	30000
Qualification	Civil Engineering
List of other Directorships (excluding Private Limited Companies)	Nil
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)	Father 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 are 4 meetings of audit committee during the year 2012-2013 (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 and 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:

- Shri. V. R. Jaju, Managing Director
- Shri. A. V. Kulkarni

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

- Top Management
- Middle Management
- Lower Management

During this year the committee has met Four times. 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 : --
- No. of pending complaints : Nil

The Committee is headed by Shri. V. R. Jaju, Managing Director 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 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 14 no. of requests for Share Transfers which were duly executed/approved.

6. General Body Meetings:

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

Year	Location	Date	Time
2009-2010	B-5,M.I.D.C.,Akkalkot Rd.,Solapur	30-09-2010	10.00 a.m.
2010-2011	B-5,M.I.D.C.,Akkalkot Rd.,Solapur	30-09-2011	10.00 a.m.
2011-2012	B-5,M.I.D.C.,Akkalkot Rd.,Solapur	29-09-2012	10.00 a.m.

No Special Resolutions passed in the previous 3 AGMs except Managing Director's re-appointment at the AGM held on 30.09.2010. 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.

NIWAS SPINNING MILLS LIMITED

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 and 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. 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.

9. Means of Communication:

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

10. General Shareholders Information :

a) Annual General

Meeting Date : 27-09-2013
Time : 10.00 A.M.
Venue : B-2/2, M.I.D.C.,
 Akkalkot Road
 Solapur - 413 006.

b) **Financial Year** : 2012-2013

c) **Book Closure Date** : 25-09-2013 to 27-09-2013
 (both days inclusive)

d) **Dividend Payments**: NIL

e) **Listing of Equity Shares at** : Mumbai (Pune & Ahmedabad under process for delisting)

f) **Stock Code** : 521009-Mumbai Stock Exchange
 i) Trading Symbol at Mumbai Stock Exchange-No Trading after December 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 & Transfer

Agent : The Company has appointed M/s Purva Share Registry Pvt Ltd, Mumbai as Registrar & Transfer Agent.

i) **Share Transfer System**: Physical Transfer In-house Share Transfer System is followed by the Co.

j) i) Distribution of Shareholding as on 31-03-2013

Category	No. of Shares	% of Total Shares
Promoters & Associates	7358847	52.23
Mutual Funds & UTI	62200	00.44
Banks, Financial Institutions	748400	05.31
Private Corporate Bodies	1139987	08.09
Indian Public	4773959	33.89
Non Resident Indian (NRI)	6000	00.04
TOTAL	14089393	100.00

ii) Pattern of Shareholding -

Category	No. of Shareholders	No. of Shares	% of Total Shares
Upto 5000	10734	4202611	29.83
5001 to 10000	48	355735	2.52
10001 to 20000	25	366448	2.60
20001 to 30000	13	307381	2.18
30001 to 40000	5	172800	1.23
40001 to 50000	4	172800	1.23
50001 to 100000	11	645725	4.58
100001 & above	6	7866093	55.83
TOTAL	10846	14089393	100.00

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

406/A, W. Mangalwar Peth, Solapur - 2.

n) Correspondence

: Solapur - 2.

o) E-mail ID

: niwas_mill@rediffmail.com

REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE

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 31st March, 2013 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.

NIWAS SPINNING MILLS LIMITED

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 some of the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. However, being a BIFR Registered Sick industry, the Company is under process of being complied with certain conditions of 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

Place : Camp-Solapur Firm Reg. No. 113536W

Date : 30-05-2013 **(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 31.03.2013.

For NIWAS SPINNING MILLS LIMITED,
Place : Solapur

Date : 30-05-2013 **V. R. Jaju**
Managing Director

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF NIWAS SPINNING MILLS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of NIWAS SPINNING MILLS LIMITED, (the "Company"), which comprises the Balance sheet as at 31st March, 2013 the statements of Profit & Loss and cash flow statements for the year than ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of this financial Statements that give a true and fair view of the financial position, financial performance and cash flow of the company in accordance with the Accounting Standards referred to in sub-section (3C) OF Section 211 of the Company Act, 1956 ("The Act") to the extent applicable. This responsibility includes the design, implementation and maintenance of internal control relevant to the presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standard on Auditing issued by the Institute of Chartered Accountants of the India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedure selected depend on the auditor's judgment, including the assessment of the risk of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments the auditors considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances. An audit also include evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by managements, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and accordance to the explanation given to us the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a. In the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2013;
- b. In the case of the Statement of Profit & Loss, of the Loss of the Company for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on other Legal & Regulatory Requirements

As Required by the companies (Auditor's Report) Order 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227 (3) of the Act, we report that:

- a) 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;
- b) In our opinion, proper books of account, as required by law have been kept by the company so far as it appears from our examination of such books;
- c) The balance sheet, statement of profit & loss and the cash flow statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion the balance sheet, statement of profit & loss and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act, 1956 to the extent applicable;
- e) On the basis of written representation received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2013 from being

NIWAS SPINNING MILLS LIMITED

appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- f) Since the central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

Place : Camp - Solapur
Date : 30-05-2013

For B. M. Gattani & Co.
Chartered Accountants
Firm Reg. No. 113536W
(B. M. Gattani)
Proprietor
Membership 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 and situation of fixed assets on the basis of available information. 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 with book records in respect of furniture, fixtures and office equipment, hence material discrepancies, if any cannot be ascertain at this stage which in the opinion of management will be NIL.
- c. The Company has not disposed-off substantial / major part of fixed assets during the year, except absolute/scrap asset of Rs.22.73 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.

NIWAS SPINNING MILLS LIMITED

- 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 and 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 taken certain loan from the parties listed in the Register maintained under Section 301 of the Companies Act, 1956. However, the Company has not 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 8.05 lacs have been deposited / adjusted and 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

NIWAS SPINNING MILLS LIMITED

- 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.
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 and explanations given to us and 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 : 30-05-2013

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

NIWAS SPINNING MILLS LIMITED

NIWAS SPINNING MILLS LIMITED Balance Sheet as at 31st March, 2013

Particulars	Note No.	AS ON 31.03.2013	ASON 31.03.2012
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	-24,83,50,424	-71,58,06,336
(2) Non-Current Liabilities			
(a) Long Term Borrowings	4	8,16,53,029	65,50,99,472
(b) Long Term Provision	5	8,79,469	8,56,699
(3) Current Liabilities			
(a) Short Term Borrowings	6	4,40,18,416	4,22,94,443
(b) Trade Payable	7	7,45,16,066	4,79,27,982
(c) Short Term Provision	8	2,17,91,032	2,52,08,493
Total		11,54,01,518	19,64,74,683
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	6,00,95,989	6,90,93,271
(2) Investments	10	18,000	18,000
(3) Current Assets			
(a) Inventories	11	1,57,05,648	1,06,18,914
(b) Trade Receivables	12	9,26,532	9,93,729
(c) Cash and Cash Equivalents	13	2,61,84,184	2,55,19,811
(d) Short-Term Loans and Advances	14	1,24,71,165	9,02,30,958
Total		11,54,01,518	19,64,74,683

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

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NIWAS SPINNING MILLS LIMITED Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note No	F.Y. 2012-13	F.Y. 2011-12
A. CONTINUOUS OPERATIONS			
I. Revenue from Operations	15	14,16,03,123	14,67,02,976
II. Other Income	16	36,82,485	18,77,940
III. Total Revenue (I +II)		14,52,85,608	14,85,80,916
IV. Expenses:			
Cost of Raw Materials Consumed	17	9,24,92,550	11,43,24,407
Changes in inventories of finished goods, work-in-progress and Trade Stock		-	-
Manufacturing Expenses	18	3,99,78,049	3,85,85,268
Financial costs	19	69,19,973	60,74,912
Depreciation and Amortization Expense	20	97,17,633	1,10,65,241
Administrative Expenses	21	23,76,398	18,17,505
Total Expenses		15,14,85,078	17,18,67,333
V. Profit before exceptional and extraordinary items and tax (III-IV)		-61,99,470	-2,32,86,417
VI. Exceptional Items		-	-
VII. Profit before extraordinary items & tax(V-VI)		-61,99,470	-2,32,86,417
VIII. Extraordinary Items		-	-
IX. Profit Before Tax (VII-VIII)		-61,99,470	-23,286,417
X. Tax Expense:			
(1) Current Tax		-	-
(2) Income Tax		-	-
(3) Deferred Tax		-	-
XI. Profit(Loss) from the period from continuing operations (IX-X)		-61,99,470	-2,32,86,417
B. DISCONTINUING OPERATIONS			
XII. Profit/(Loss) from discontinuing operations		50,26,73,636	-
XIII. Tax expense of discontinuing operations		-10,18,254	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		50,16,55,382	-2,32,86,417
C. TOTAL OPERATIONS			
XV. Profit/(Loss) for the period (XI + XIV)		49,54,55,912	-2,32,86,417

Earnings Per Equity Share 22
(Nominal value of Rs. 10/- each)
- Basic 35.17 -1.65
- Diluted 35.17 -1.65

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

P
D. P-SOLAPUR
2013

NIWAS SPINNING MILLS LIMITED

Notes to Accounts for year ended March 31, 2013

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

Note 2 : Share Capital

Particulars	F.Y.-2012-13	F.Y.-2011-12
AUTHORIZED CAPITAL		
25000000 Equity Shares of Rs. 10/- each	25,00,00,000	25,00,00,000
	25,00,00,000	25,00,00,000
ISSUED , SUBSCRIBED & PAID UP CAPITAL		
14089393 Equity Shares of Rs. 10/- each,	14,08,93,930	14,08,93,930
Total	14,08,93,930	14,08,93,930

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	1,40,89,393	1,40,89,393

Below are the name of the shareholders holding more than 5% of Shares for the Year Ended 31.03.2012 & 31.03.2013

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	---	---
	2,62,22,030	2,62,22,030

Securities Premium Reserve (incl. Forfeiture)

Opening balance	23,17,18,150	23,17,18,150
Add:- For the Year	---	---
	23,17,18,150	23,17,18,150

Debenture Redemptioin Reserve

Opening balance	2,80,00,000	2,80,00,000
Less:-Written Off	2,80,00,000	---
	---	2,80,00,000

General Reserve

Opening balance	82,78,946	82,78,946
Add:-For the year	---	---
	82,78,946	82,78,946

Profit & Loss Account

Surplus - Opening Balance	-101,00,25,462	-98,67,39,045
Add: After Waiver Settlement transferred from Statement of Profit & Loss	49,54,55,912	-2,32,86,417
Balance in Profit & Loss (A-B)	-51,45,69,550	-101,00,25,462
Total	-24,83,50,424	-71,58,06,336

Note 4 : Long Term Borrowings

Particulars	FY.-2012-13	FY.-2011-12
SECURED:		
*a) Term Loan from ARCIL (SICOM)	4,55,00,000	2,65,27,896
b) Interest Provision	---	13,01,41,330
Hire Purchase Machinery-Kirloskar Inv & Fin Ltd.	27,17,029	27,17,029
Secured Redeemable Non-Convertible Debenture		
a) Face value of Rs. 200/- each. Rs.	1,53,44,919	
b) Face value of Rs. 100/- each. Rs.	2,00,00,000	
c) Interest Provision Rs.	11,75,38,411	
	---	15,28,83,330
*Working Capital - Secured by C/C & Book Debts		
*a) IARCL (BOB)	3,34,36,000	4,30,87,809
*b) ARCIL (BOB)	---	8,36,57,343
	---	11,52,92,735
of Chairman & Mg. Director)	---	10,07,92,000
	8,16,53,029	65,50,99,472
Provisions		
Benefit	8,79,469	8,56,699
Borrowings		
Director	4,40,18,416	3,30,66,914
	4,40,18,416	3,30,66,914

Note 7 : Trade Payables

Trade Payable	7,45,16,066	4,79,27,982
There are no delays in payment to Micro & Small Enterprises		
	7,45,16,066	4,79,27,982

Note 8 : Short Term Provisions

Advance from Customers & Other Payables	1,95,05,492	2,20,03,125
Provision for Expenses	22,71,111	30,81,046
Provision for Fees	45,596	23,163
TDS Payable	68,833	1,01,159
	2,17,91,032	2,52,08,493

Note 10 : Investments

Long Term - At Cost		
Shares of Vikas Sahakari Bank Ltd - Unquoted	500	500
Shares of Nilkanth Co-op Bank Ltd-Unquoted	5,000	5,000
2500 Equity shares of Lahoti Oversease Ltd-Quoted	12,500	12,500
(Market price as on 31.03.13 Rs. 6.99 per share)		
	18,000	18,000

Note 11 : Inventories

Raw Materials	1,57,05,648	1,06,18,914
Finished Goods	---	---
	1,57,05,648	1,06,18,914

Note 12 : Trade Receivables

Secured considered good	---	---
Unsecured considered good	9,26,532	8,49,988
Unsecured considered doubtful	---	1,43,741
	9,26,532	9,93,729

Note 13 : Cash & Cash Equivalents

Balance with Banks in Current Accounts	2,60,83,668	2,54,89,035
Cash on Hand	1,00,516	30,776
	2,61,84,184	2,55,19,811

Note 14 : Short Terms Loans & Advances

Balance with Public Bodies	25,51,741	26,59,497
Duty Receivable	---	43,58,307
Dr. Bal. of Cr/Other Adv. & OTS settlement		
token advance	57,95,555	7,88,14,275
Balance with Tax Authorities	41,23,869	43,98,879
	1,24,71,165	9,02,30,958

Note 15 : Income from Operations

Revenue from Operations		
Sale of Products		
Finished Goods	14,16,03,123	14,67,02,976
Traded Goods	---	---
	14,16,03,123	14,67,02,976

Note 16 : Other Income

Interest income	2,15,742	1,70,328
Dividend	1,000	1,600
Misc Income	13,27,531	20
Scrap absolute asset	19,89,449	17,05,992
Hank Yarn Obligation	1,48,763	---
	36,82,485	18,77,940

Note 17 : Cost of Material Consumed

Opening Stock of Raw Material	1,06,18,914	38,31,333
Add : Purchases	9,75,79,284	12,11,11,988
	10,81,98,198	12,49,43,321
Less : Closing Stock	1,57,05,648	1,06,18,914
	9,24,92,550	11,43,24,407

Note 18 : Manufacturing Expenses

Maintenance & Repairs	14,25,407	18,60,330
Power & Water	3,08,06,888	2,46,04,118
Material	12,01,590	13,83,945
	8,96,091	32,27,587
	7,96,238	12,56,661
	25,84,773	27,58,575
	42,770	53,463
	2,76,473	2,78,523
	54,094	55,275
	2,76,388	14,23,467
	2,25,058	1,15,817
	4,63,044	4,91,351
	9,29,235	10,76,156
	3,99,78,049	3,85,85,268

NIWAS SPINNING MILLS LIMITED

Note 19 : Financial Cost

Interest Expense	69,09,594	60,53,968
Bank Charges	10,379	20,944
	<u>69,19,973</u>	<u>60,74,912</u>

Note 20 : Depreciation & Amortised Cost

Depreciation	97,17,633	1,10,65,241
	<u>97,17,633</u>	<u>1,10,65,241</u>

Note 21 : Administrative & Other Expenses

Audit Fees - Statutory Audit	23,596	23,163
- Cost Audit	22,000	22,000
- Others	7,000	6,000
Filing Fees	11,123	7,000
General Expenses	4,485	11,507
Insurance Charges	2,57,840	1,00,503
Legal & Professional Fees	3,17,717	5,60,064
Postage & Telegraph Expenses	55,892	57,631
Printing & Stationery Expenses	39,389	46,970
Rent & Taxes	85,054	1,57,769
Telephone & Internet Expenses	1,09,096	99,866
Travelling Expenses	1,69,387	1,73,241
Directors Remuneration & Allowances	3,63,270	3,65,681
Advertisement & Business Promotion	19,500	19,900
Auditors Expenses	16,028	19,005
Office Rent & Management Expenses	1,08,790	1,06,892
Labour Welfare Fund	3,024	4,686
Inspection & License Fees	22,422	17,002
Building Repairs & Maintenance	70,519	18,625
Loss on Fire	4,82,230	--
Listing Fees	1,88,511	--
	<u>23,76,873</u>	<u>18,17,505</u>

Note 22 : Earnings Per Equity Share

Basic	35.17	-1.65
Diluted	35.17	-1.65

Significant Accounting Policies 1
Accompanying notes to accounts 23

In terms of our report of even date attached.

For **BM GATTANI & CO**
CHARTERED ACCOUNTANTS
Firm Reg. No. 113536W

For & on behalf of the board of directors

B M GATTANI
PROPRIETOR
M.No. 47066
PLACE : CAMP-SOLAPUR
DATE : 30-05-2013

A. V. Jaju
Director
V. R. Jaju
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

		Amount in (Rs)	
Particulars	31/03/2013	31/03/2012	
Cash Flow From Operating Activities			
Profit Before Tax	(61,99,470)	(2,32,86,417)	
Adjustments For:			
Waiver	50,16,55,382	---	
Depreciation,-Net of Capitalisation	97,17,633	1,10,65,241	
Interest Expense	69,19,973	60,74,912	
Other Income	(36,82,485)	(18,77,940)	
Operating Profit Before Working Capital Change	51,46,10,503	1,52,62,213	
Adjustments For Change in:			
Trade payable	2,65,88,084	1,55,23,306	
Non Current Liabilities	(57,34,23,673)	53,463	
Current Liabilities	(16,93,488)	1,77,30,848	
Trade Receivables	67,197	24,30,479	
Inventories	(50,86,734)	(67,87,581)	
Short Term Loans & Advance	7,77,59,793	(1,85,62,793)	
Cash Generated From Operations	3,88,21,682	2,56,49,935	
Net Cash Flow From Operating Activities (A)	3,26,22,212	23,63,518	
Purchase of Fixed Assets	(8,79,652)	(21,500)	
Sale of Investment	---	---	
Sale of Fixed Assets	1,59,301	6,44,008	
Other Income	36,82,485	18,77,940	
Net Cash Flow Used in Investing Activities (B)	29,62,134	25,00,448	
Reduction in Reserve & Surplus	(2,80,00,000)	---	
Interest paid	(69,19,973)	(60,74,912)	
Net Cash Flow From Financing Activities (C)	(3,49,19,973)	(60,74,912)	
Net Cash Inflow/(Outflow) (A+B+C)	6,64,373	(12,10,946)	
Opening Cash & Cash Equivalents	2,55,19,811	2,67,30,757	
Closing Cash & Cash Equivalents	2,61,84,184	2,55,19,811	
Net Increase/Decrease in Cash & Cash Equivalents	(6,64,373)	12,10,946	

Note 9 : Fixed Assets (Tangible Assets)

DESCRIPTION	Rate	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		Value at the beginning	Additions / Deduction	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 31-03-2013	WDV as on 31-03-2012
Land	01.01	36,48,983	---	36,48,983	4,70,315	36,855	---	5,07,170	31,41,813	31,78,668
Factory Building	10.00	5,05,64,070	---	5,05,64,070	4,18,44,169	8,71,990	---	4,27,16,159	78,47,911	87,19,901
Admn. Office Bldg	05.00	37,26,342	---	37,26,342	27,22,687	50,183	---	27,72,870	9,53,472	10,03,655
	15.33	78,41,87,554	-13,94,048	78,27,93,506	72,81,25,579	87,29,152	21,14,399	73,47,40,332	4,80,53,174	5,60,61,975
	18.10	13,16,123	---	13,16,123	12,83,597	5,888	---	12,89,485	26,638	32,526
	25.89	5,74,910	---	5,74,910	5,14,825	9,013	---	5,23,838	51,072	60,085
		28	---	20,428	20,206	57	---	20,263	165	222
		141	---	7,15,141	6,78,902	14,495	---	6,93,397	21,744	36,239
		1	-13,94,048	84,33,59,503	77,56,60,280	97,17,633	21,14,399	78,32,63,514	6,00,95,989	6,90,93,271

NIWAS SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTES 1

A) SIGNIFICANT ACCOUNTING POLICIES:

1. System of Accounting

- a) 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.
- b) 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

- a) Fixed Assets are stated at cost of acquisition inclusive of incidental expenses related to acquisition.
- b) 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.)

- a) Vikas Sahakari Bank Ltd. 500/- (Unquoted)
 - b) Nilkanth Urban Co-op. Bank Ltd. 5000/- (Unquoted)
 - c) Lahoti Overseas Ltd. 12500/- (Quoted)
- (2500 Nos. Market Price as on 31-03-2013 Rs.6.99 per Share)

6. Inventories

- a) 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.
- 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.

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:
 - a) Bank Guarantee of Rs. 833.56 Lacs for E.P.C.G.
 - b) 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. 8.05 Lacs paid/adjusted 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:
 - a. 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.
 - b. 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) Hire Purchase of Machinery of Rs. 27.17 Lacs, no payment made during the year and no interest is provided.
- 5) Secured loan from ARCIL (ICICI / Bank Of India / SICOM) and IARCL (Bank of Baroda) is waive as per annexure given Below:

Sr	Particulars	Previous Year	Amt. adj paid toward earlier	Settlement Amt.	Waive Amt.	Repayment Amt.	Closing Bal.
1	ARCIL (ICICI,BOI & SICOM)	3633.76	75.50	1065.00	2493.26	610.00	455.00
2	IARCL (BOB)	1361.23	--	471.70	889.52	137.34	334.36
3	Debentures (Institutions & Others)	1528.83	--	121.29	1407.52	121.29	---

In respect of Note No. 3, as debenture redemption paid, hence it is written-off from Reserve A/c. 280.00 Lacs
In respect of Note No. 14 – Electricity. Duty refund claim sanctioned lower due to balance amount is treated as Waiver: 43.58 Lacs

- 6) i) Remuneration to Whole-time Director:
 - a. 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	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)
1	Managing Director's Remuneration	3.00	3.00

Payment to Auditors

Sr. No.	Particulars	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)
1	Audit Fees	0.15	0.15
2	Tax Audit	0.09	0.09
	Total	0.24	0.24

7) Earnings per Share

	31-03-2013	31-03-2012
NPBT	502673636	(23286417)
Tax Expenses	1018254	Nil
Numerator (A)	495455912	(23286417)
No. of Equity Shares used as denominator (B)	14089393	14089393
Basic / Diluted EPS (A/B)	35.17	(1.65)

- 8) Previous year figures have been regrouped & rearranged wherever necessary.
- 9) Balances of Sundry Debtors, Sundry Creditors, Loans and Advances given, Secured & Unsecured loans are taken as per confirmation by the management.
- 10) **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, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the

NIWAS SPINNING MILLS LIMITED

extent such parties have been indentified on the basis of information available with the Company and has been relied upon by the auditors.

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

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

Sr.	Particulars	2012-2013	2011-2012
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 384 Rotors 32 Looms	26,208 Spindles 768 Rotors 32 Looms
iii)	Class of Goods Manufactured Cotton Yarn Towel Polyester Yarn	6,92,479 Kgs 87,840 Kgs -- Kgs	8,50,780 Kgs 53,903 Kgs 1,200 Kgs
iv)	Opening Stock of Finished Goods	Nil Kgs	Nil Kgs
v)	Closing Stock of Finished Goods	Nil Kgs	Nil Kgs

vi) Raw material consumed during the year 100 % indigenous

	2012-13		2011-12	
Description	Quantity	Value	Quantity	Value
Cotton	8,57,162 Kgs	8,26,42,451	10,40,115 Kgs	10,97,76,042
Yarn	88,335 Kgs	1,16,59,669	54,393 Kgs	70,36,753
Polyester Fibre	-- Kgs	--	1299 Kgs	80,513
vii) Turnover				
a. Cotton Yarn	6,69,789 Kgs	11,56,72,214	8,50,780 Kgs	13,31,68,650
Towel	87,840 Kgs	2,56,82,334	53,903 Kgs	1,31,34,492
Polyester Yarn	-- Kgs	--	1200 Kgs	90,000
b. Cotton/Waste/Hard Waste/ Towel Waste	1,61,183 Kgs	2,48,575	1,63,943 Kgs	3,09,834
c. Trading Activity	Nil	--	---	---

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

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

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

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

15) From the installed capacity, 384 Rotors became absolute during the year. Hence installed quantity of Rotors remained to 384 Nos.

16) Related Party Disclosure:

a) Related Companies / Firms	b) Key Management Personnel
Niwas Vitta Viniyog Private Limited	A.V. Jaju
Spinomat Textiles Pvt. Ltd	V.R. Jaju
Neeta Textiles	

Related Parties	Balance as on 01/04/2012	Dr.	Cr.	Balance as on 31/03/2013
A. V. Jaju	48.67 Cr.	9.70	7.75	46.72 Cr.
Sipnomat Textiles Pvt Ltd	29.16 Cr.	89.63	87.76	27.30 Cr.
Neeta Textiles	170.69 Cr.	73.60	156.82	366.17 Cr.
Niwas Vitta Viniyog Pvt. Ltd.	Nil	185.66	185.66	Nil
Remuneration/Allowance-V. R. Jaju	Nil	3.63	3.63	Nil

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 : 30-05-2013.

NIWAS SPINNING MILLS LIMITED

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	:	31-03-2013

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	:	1154.01
Total Assets	:	1154.01
Sources of Funds		
Paid-up Capital	:	1408.94
Reserves and Surplus	:	(2483.50)
Secured Loans	:	816.53
Unsecured Loans	:	Nil
Application of Funds		
Net Fixed Assets	:	600.95
Investments	:	0.18
Net Current Assets	:	(850.37)
Misc. Expenditure	:	Nil
Accumulated Losses	:	(5145.69)

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

Turnover	:	1416.03
Total Expenditure	:	1478.02
Profit before Tax	:	(61.99)
Profit after Tax	:	(61.99)
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 NINETH ANNUAL
GENERAL MEETING of the Company to be held on Friday the 27th day of September, 2013 at
10.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2013.

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 NINETH ANNUAL GENERAL MEETING - 27th September 2013

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 NINETH ANNUAL GENERAL MEETING of
the Company at B-2/2, M.I.D.C., Akkalkot Road, Solapur-413 006 on Friday the 27th day of
September 2013 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.