

NIWAS SPINNING MILLS LIMITED

THIRTIETH ANNUAL REPORT AND ACCOUNTS 2013-2014

BOARD OF DIRECTORS

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

CIN : L17110PN1984PLC032702

REGD. & ADMN. OFFICE

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

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.

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.

BANKERS

Bank of India
Vikas Sahakari Bank Ltd.
IDBI Bank

NOTICE

NOTICE is hereby given that the THIRTIETH 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 Tuesday, the 30th day of September, 2014 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, 2014, the Statement of Profit & Loss of the Company for the year ended 31st March 2014 and the Reports of the Auditors and Directors thereon.
2. To appoint Director in place of A. 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 26-09-2014 to 30-09-2014 (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: 28-05-2014

(V. R. Jaju)
Managing Director

NIWAS SPINNING MILLS LIMITED

DIRECTORS' REPORT

To the Members,

The Directors of the Company have pleasure in presenting the THIRTIETH Annual Report together with the Audited Statements of Accounts for the Company's Financial Year ended on 31st March, 2014.

1. OPERATIONAL RESULTS / CURRENT WORKING:

The sale during the year under report is **Rs. 705.10 Lacs**, the profit before interest, depreciation is decreased compared to previous year. It is due to shortage of working capital, 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.

FINANCIAL HIGHLIGHTS (Amt. in Lacs)

	Current Period 2013-14	Previous Period 2012-13
Sales	705.10	1416.03
Other Income	13.18	36.82
Total Income	718.28	1452.85
Profit/(Loss) before interest, depreciation, exceptional item & tax	6.84	104.38
Less : * Financial Cost	85.33	69.20
* Depreciation	82.57	97.17
Profit/(Loss) before exceptional items & taxes	(161.06)	(61.99)
Less:Exceptional items (Net)	Nil	Nil
Profit/(Loss) before tax (A)	(161.06)	(61.99)
Tax Provision	Nil	Nil
Profit/(Loss) after tax	(161.06)	(61.99)
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)	(161.06)	4954.55

• Debt Restructuring:

The major debts of the Company are crystallized 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. 705.10 Lacs**, the profit before interest, depreciation is decreased compared to previous year. It is due to shortage of working capital, 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.

NIWAS SPINNING MILLS LIMITED

• 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 and it's 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, 2014.

4. AUDITOR'S REPORT:

The Board states that the Company is a sick company. 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 response yet to come from CDSL / NSDL for Dematerialization.

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.

5. DIRECTORS:

Mr. A. V. 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, 2014, 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 31-03-2014 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.

NIWAS SPINNING MILLS LIMITED

Corporate Governance Report for the year 2013-2014

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

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 2013-14.

The Company has appointed M/s T. M. Rathi, Mumbai as Cost Auditors for the financial year 2014-15.

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 for their continued co-operation and support.

For & on behalf of the Board,

PLACE : SOLAPUR

DATED : 28-05-2014

(R. J. Jaju)
Chairman

ANNEXURE TO DIRECTORS REPORT 2013-2014 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	12,04,697	38,60,964
Total Amount	90,07,049	2,79,13,273
Rate / Unit	Rs. 7.48	Rs. 7.22
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)	0.24 Kg	0.20 Kg
Electricity	12,04,697 Units	38,60,964 Units
Furnace Oil/Coal/Others	---	---

II. OTHER INFORMATIONS ABOUT TECHNOLOGY ABSORPTION AND 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

- 1) Foreign Exchange used Value of
 - Direct Import on CIF basis; Rs. Nil
 - Capital goods, Stores & Spare parts Rs. Nil
 - Travelling Expenses Rs. Nil
- 2) Earning in Foreign Exchange
 - i) Direct Export Rs. Nil
 - ii) Indirect Export Rs. Nil

In view of Company's heavy losses, Company being a Sick Company 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 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 27.09.2013 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

NIWAS SPINNING MILLS LIMITED

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

None of the Directors is paid Sitting Fees.

During the year 2013-2014 the Board met 5 times (as against the minimum requirement of 4 meetings) on the following dates:

- 30-04-2013
- 30-05-2013
- 30-07-2013
- 30-10-2013
- 30-01-2014

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. 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 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	Shri A. V. Jaju
Age	24 Years
Date of Appointment	25-08-2009
Experience	5 Years
No. of Shares held in the Company	Nil
Qualification	B.Com.
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)	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 are 4 meetings of audit committee during the year 2013-2014 (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:

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 5 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:

1. Name of the Non-Executive Director heading the Committee : Shri. V. R. Jaju – M.D.
2. Name and Designation of Compliance Officer : Shri. A. V. Kulkarni
3. No. of Shareholders' complaints received so far : 04
4. Nos. not solved to the satisfaction of the Shareholders : —
5. 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 04 complaints from the Shareholders and all these are resolved within appropriate period. So also, there were 9 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
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.
2012-2013	B-2/2,M.I.D.C., Akkalkot Rd.,Solapur	27-09-2013	10.00 a.m.

No Special Resolutions passed in the previous 3 AGMs except Managing Director's re-appointment at the AGM held on 27.09.2013. 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:

- a) 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.
- b) 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.
- c) Information about Related Party Transactions as required under AS-18. "Except the advances in nature of trade, which are not covered in the

NIWAS SPINNING MILLS LIMITED

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."

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 :

a) Annual General Meeting

Date : 30-09-2014
Time : 10.00 A.M.
Venue : B-2/2,M.I.D.C.,
Akkalkot Road
Solapur – 413 006.

- b) **Financial Year** : 2013-2014
- c) **Book Closure Date** : 26-09-2014 to 30-09-2014
(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 : Last Trading of Company's - High/Low** : 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 31-03-2014

Category	No. of Shares	% of Total Shares
Promoters & Associates	7358847	52.23
Mutual Funds & UTI	62200	00.44
Banks, Financial Institutions	673900	04.78
Private Corporate Bodies	1139987	08.09
Indian Public	4848459	34.02
Non Resident Indian (NRI)	6000	00.04
TOTAL	14089393	100.00

NIWAS SPINNING MILLS LIMITED

ii) Pattern of Shareholding –

Category	No. of Shareholders	No. of Shares	% of Total Shares
Upto 5000	10731	4201996	29.82
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	10	646140	4.59
100001 & above	6	7866093	55.83
TOTAL	10842	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 Correspondence : 406/A,W.Mangalwar Peth, Solapur - 2.
- n) 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, 2014 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 some of the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. However, being a 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 : 28-05-2014 **(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 31.03.2014.

For **NIWAS SPINNING MILLS LIMITED,**

Place : Solapur

Date : 28-05-2014 **V. R. Jaju**
Managing Director
DIN : 00081475

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, 2014 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

NIWAS SPINNING MILLS LIMITED

Company Act, 1956 ("The Act") read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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, 2014;
- 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 and 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, 2014 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2014 from being 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 : 28-05-2014

For B. M. Gattani & Co.
Chartered Accountants
Firm Reg. No. 113536W
(B. M. Gattani)
Proprietor
Membership No. 47066

NIWAS SPINNING MILLS LIMITED

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.9.50 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 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

NIWAS SPINNING MILLS LIMITED

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 except an amount of Rs. 3.07 Lacs towards Contribution of P.F. not made pertaining to period May 13 to Mar 14
- 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 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. According to the information and explanations given to us, the terms loans raised during the year have been applied for the purpose for which they were raised.
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 : 28-05-2014

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

NIWAS SPINNING MILLS LIMITED

NIWAS SPINNING MILLS LIMITED CIN L17110PN1984PLC032702

Balance Sheet as at 31st March, 2014 (Amt. in Rs.)

Particulars	Note No.	ASON	ASON
		31.03.2014	31.03.2013
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	-26,44,56,496	-24,83,50,424
(2) Non-Current Liabilities			
(a) Long Term Borrowings	4	7,00,52,029	8,16,53,029
(b) Long Term Provision	5	9,19,045	8,79,469
(3) Current Liabilities			
(a) Short Term Borrowings	6	5,34,60,052	4,40,18,416
(b) Trade Payable	7	7,38,73,845	7,45,16,066
(c) Short Term Provision	8	1,53,93,771	2,17,91,032
Total		9,01,36,176	11,54,01,518
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	5,13,62,924	6,00,95,989
(2) Investments	10	18,000	18,000
(3) Current Assets			
(a) Inventories	11	1,27,32,284	1,57,05,648
(b) Trade Receivables	12	7,95,655	9,26,532
(c) Cash and Cash Equivalents	13	1,28,77,303	2,61,84,184
(d) Short-Term Loans and Advances	14	1,23,50,010	1,24,71,165
Total		9,01,36,176	11,54,01,518

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
DIN : 02625781

V. R. Jaju
Managing Director
DIN : 00081475

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NIWAS SPINNING MILLS LIMITED CIN L17110PN1984PLC032702

Statement of Profit and Loss for the year ended 31st March, 2014 (Amt. in Rs.)

Particulars	Note No	F.Y. 2013-14	F.Y. 2012-13
A. CONTINUOUS OPERATIONS			
I. Revenue from Operations	15	7,05,10,111	14,16,03,123
II. Other Income	16	13,18,738	36,82,485
III. Total Revenue (I +II)		7,16,10,737	14,52,85,608
IV. Expenses:			
Cost of Raw Materials Consumed	17	5,46,86,609	9,24,92,550
Changes in inventories of finished goods, work-in-progress and Trade Stock		-	-
Manufacturing Expenses	18	1,47,79,322	3,99,78,049
Financial costs	19	85,33,384	69,19,973
Depreciation and Amortization Expense	20	82,57,094	97,17,633
Administrative Expenses	21	16,78,512	23,76,398
Total Expenses		8,79,34,921	15,14,85,078
V. Profit before exceptional and extraordinary items and tax (III-IV)		-1,61,06,072	-61,99,470
VI. Exceptional Items		-	-
VII. Profit before extraordinary items & tax (V-VI)		-1,61,06,072	-61,99,470
VIII. Extraordinary Items		-	-
IX. Profit Before Tax (VII-VIII)		-1,61,06,072	-61,99,470
X. Tax Expense:			
(1) Current Tax		-	-
(2) Income Tax		-	-
(3) Deferred Tax		-	-
XI. Profit/(Loss) from the period from continuing operations (IX-X)		-1,61,06,072	-61,99,470
B. DISCONTINUING OPERATIONS			
XII. Profit/ (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
C. TOTAL OPERATIONS			
XV. Profit/(Loss) for the period (XI + XIV)		-1,61,06,072	-61,99,470

Earnings Per Equity Share 22
(Nominal value of Rs. 10/- each)
- Basic -1.14 -4.40
- Diluted -1.14 -4.40

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
DIN : 02625781

V. R. Jaju
Managing Director
DIN : 00081475

PLACE : CAMP-SOLAPUR
DATE : 28-05-2014

Notes to Accounts for year ended March 31, 2014

Particulars	F.Y.-2013-14	F.Y.-2012-13
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

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	<u>1,40,89,393</u>	<u>1,40,89,393</u>

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

Capital Reserve		
Opening balance	2,62,22,030	2,62,22,030
Add:-For the year	—	—
	<u>2,62,22,030</u>	<u>2,62,22,030</u>

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

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

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

Surplus - Opening Balance	-51,45,69,550	-101,00,25,462
Add: After Waiver Settlement transferred from Statement of Profit & Loss	-1,61,06,072	49,54,55,912
Balance in Profit & Loss (A-B)	-53,06,75,622	-51,45,69,550
Total	-26,44,56,496	-24,83,50,424

Particulars	FY-2013-14	FY-2012-13
SECURED:		
*a) Term Loan from ARCIL (SICOM)	4,55,00,000	4,55,00,000
b) Interest Provision	---	---
Hire Purchase Machinery-Kirloskar Inv & Fin Ltd.	27,17,029	27,17,029
* Working Capital - Secured by C/C & Book Debts		
* IARCL (BOB)	2,18,35,000	3,34,36,000
(*Personal guarantees of Chairman & Mg. Director)		
(*Please refer 4 a & 4 b of Note No. 23)		
Total	7,00,52,029	8,16,53,029

Provision for Employee Benefit	9,19,045	8,79,469
Drawings		
Partner / Director	4,87,56,331	4,40,18,416
Shareholders	47,03,721	--
	<u>5,34,60,052</u>	<u>4,40,18,416</u>
Shareholders	7,38,73,845	7,45,16,066
Payment to Micro & Small Enterprises		
	<u>7,38,73,845</u>	<u>7,45,16,066</u>

Advance from Customers & Other Payables	1,41,37,922	1,95,05,492
Provision for Expenses	11,38,823	22,71,111
Provision for Fees	45,596	45,596
TDS Payable	71,430	68,833
	<u>1,53,93,771</u>	<u>2,17,91,032</u>

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 (Market price as on 31.03.14 Rs. 9.02 per share)	12,500	12,500
	18,000	18,000

Raw Materials	1,27,32,284	1,57,05,648
Finished Goods	--	--
	<u>1,27,32,284</u>	<u>1,57,05,648</u>

Secured considered good	--	--
Unsecured considered good	7,95,655	9,26,532
Unsecured considered doubtful	--	--
	<u>7,95,655</u>	<u>9,26,532</u>

Balance with Banks in Current Accounts	1,24,03,762	2,60,83,668
Cash on Hand	4,73,541	1,00,516
	<u>1,28,77,303</u>	<u>2,61,84,184</u>

Balance with Public Bodies	27,06,481	25,51,741
Dr. Bal. of Cr/Other Adv. & OTS settlement		
token advance	57,13,195	57,95,555
Balance with Tax Authorities	39,30,334	41,23,869
	<u>1,23,50,010</u>	<u>1,24,71,165</u>

Revenue from Operations		
Sale of Products		
Finished Goods	5,71,49,611	14,16,03,123
Traded Goods	<u>1,33,60,500</u>	<u>--</u>
	7,05,10,111	14,16,03,123

Interest income	2,18,211	2,15,742
Dividend	1,000	1,000
Misc Income	3,70,830	13,27,531
Scrap absolute asset	4,74,026	19,89,449
Hank Yarn Obligation	2,54,671	1,48,763
	<u>13,18,738</u>	<u>36,82,485</u>

Opening Stock of Raw Material	1,57,05,648	1,06,18,914
Add : Purchases	5,17,13,245	9,75,79,284
	<u>6,74,18,893</u>	<u>10,81,98,198</u>
Less : Closing Stock	1,27,32,284	1,57,05,648
	<u>5,46,86,609</u>	<u>9,24,92,550</u>

Maintenance & Repairs	7,52,740	14,25,407
Power & Water	97,07,080	3,08,06,888
Transportation of Raw Material	37,70,720	12,01,590
Processing Charges	7,36,674	8,96,091
Vat Set-off Reduction	8,945	7,96,238
<i>Employee Benefit Expenses</i>		
a. Salaries & Wages	16,45,484	25,84,773
b. Gratuity	39,576	42,770
c. Contribution to EPF	1,84,604	2,76,473
d. Contribution to ESIC	37,626	54,094
	19,200	--

Estimated	3,25,978	2,76,388
& Discount	1,14,992	2,25,058
	4,64,182	4,63,044
	3,71,521	9,29,235
	<u>1,47,79,322</u>	<u>3,99,78,049</u>
	84,83,984	69,09,594
	49,400	10,379
	<u>85,33,384</u>	<u>69,19,973</u>
Artised Cost	82,57,094	97,17,633
	<u>82,57,094</u>	<u>97,17,633</u>

NIWAS SPINNING MILLS LIMITED

Note 21 : Administrative & Other Expenses

Audit Fees - Statutory Audit	23,596	23,596
- Cost Audit	22,000	22,000
- Others	7,000	7,000
Filing Fees	6,500	11,123
General Expenses	1,809	4,485
Insurance Charges	2,38,514	2,57,840
Legal & Professional Fees	1,12,197	3,17,717
Postage & Telegraph Expenses	47,402	55,892
Printing & Stationery Expenses	43,543	39,389
Rent & Taxes	2,56,648	85,054
Telephone & Internet Expenses	1,03,521	1,09,096
Travelling Expenses	1,02,362	1,69,387
Directors Remuneration & Allowances	3,51,170	3,63,270
Advertisement & Business Promotion	17,490	19,500
Auditors Expenses	10,158	16,028
Office Rent & Management Expenses	97,594	1,08,790
Labour Welfare Fund	2,448	3,024
Inspection & License Fees	--	22,422
Building Repairs & Maintenance	6,075	70,519
Loss on Fire	--	4,82,230
Listing Fees	--	1,88,511
MVAT Assessed Dues	2,28,485	--
	<u>16,78,512</u>	<u>23,76,873</u>

Note 22 : Earnings Per Equity Share

Basic	-1.14	-4.40
Diluted	-1.14	-4.40

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
DIN : 02625781

V. R. Jaju
Managing Director
DIN : 00081475

PLACE : CAMP-SOLAPUR
DATE : 28-05-2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

		Amount in (Rs)	
Particulars		31/03/2014	31/03/2013
Cash Flow From Operating Activities			
Profit Before Tax		(1,61,06,072)	(61,99,470)
Adjustments For:			
Waiver	--	50,16,55,382	
Depreciation,-Net of Capitalisation	82,57,094	97,17,633	
Interest Expense	85,33,384	69,19,973	
Other Income	(13,18,738)	(36,82,485)	
Operating Profit Before Working Capital Change		1,54,71,740	51,46,10,503
Adjustments For Change in:			
Trade payable	(6,42,221)	2,65,88,084	
Non Current Liabilities	(1,15,61,426)	(57,34,23,673)	
Current Liabilities	30,44,375	(16,93,488)	
Trade Receivables	1,30,877	67,197	
Inventories	29,73,364	(50,86,734)	
Short Term Loans & Advance	1,21,154	7,77,59,793	
Cash Generated From Operations		95,37,863	3,88,21,682
Net Cash Flow From Operating Activities (A)		(65,68,209)	3,26,22,212
Purchase of Fixed Assets	--	(8,79,652)	
Sale of Investment		--	
Sale of Fixed Assts	4,75,974	1,59,301	
Other Income	13,18,738	36,82,485	
Net Cash Flow Used in Investing Activities (B)		17,94,712	29,62,134
Reduction in Reserve & Surplus	--	(2,80,00,000)	
Interest paid	(85,33,384)	(69,19,973)	
Net Cash Flow From Financing Activities (C)		(85,33,384)	(3,49,19,973)
Net Cash Inflow/(Outflow) (A+B+C)		(1,33,06,881)	6,64,373
Opening Cash & Cash Equivalents		2,61,84,184	2,55,19,811
Closing Cash & Cash Equivalents		1,28,77,303	2,61,84,184
Net Increase/Decrease in Cash & Cash Equivalents		1,33,06,881	(6,64,373)

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 31-03-2014	WDV as on 31-03-2013
Land	01.01	36,48,983	---	36,48,983	5,07,170	36,855	---	5,44,025	31,04,958	31,41,813
Factory Building	10.00	5,05,64,070	---	5,05,64,070	4,27,16,159	7,84,791	---	4,35,00,950	70,63,120	78,47,911
			---	37,26,342	27,72,870	47,674	---	28,20,544	9,05,798	9,53,472
			---	77,35,20,820	73,47,40,332	73,66,552	87,96,712	73,33,10,172	4,02,10,648	4,80,53,174
			---	13,16,123	12,89,485	4,822	---	12,94,307	21,816	26,638
			---	5,74,910	5,23,838	7,661	---	5,31,499	43,411	51,072
			---	20,428	20,263	42	---	20,305	123	165
			---	7,15,141	6,93,397	8,697	---	7,02,094	13,047	21,744
			---	83,40,86,817	78,32,63,514	82,57,094	87,96,712	78,27,23,896	5,13,62,921	6,00,95,989

NIWAS SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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 31-03-2014 Rs.9.02 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) a. Hire Purchase of Machinery of Rs. 27.17 Lacs, no payment made during the year and no interest is provided.
b. The Secured Loan of ARCIL & IARCL carried forward as per settlement in earlier Year, no payment during the year except IARCL 1.19 Lacs including interest on delayed payment.

- 5) 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	2013-14 (Rs. in Lacs)	2012-13 (Rs. in Lacs)
1	Managing Director's Remuneration	3.00	3.00

Payment to Auditors			
Sr. No.	Particulars	2013-14 (Rs. in Lacs)	2012-13 (Rs. in Lacs)
1	Audit Fees	0.15	0.15
2	Tax Audit	0.09	0.09
Total		0.24	0.24

- 6) Earnings per Share

	31-03-2014	31-03-2013
NPBT	(16106072)	502673636
Tax Expenses	---	1018254
Numerator (A)	(16106072)	495455912
No. of Equity Shares used as denominator (B)	14089393	14089393
Basic / Diluted EPS (A/B)	-1.14	35.17

- 7) Previous year figures have been regrouped & rearranged wherever necessary.
- 8) Balances of Sundry Debtors, Sundry Creditors, Loans and 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, 2014. 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.

NIWAS SPINNING MILLS LIMITED

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

Sr.	Particulars	2013-2014	2012-2013
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 -- Rotors 32 Looms	26,208 Spindles 384 Rotors 32 Looms
iii)	Class of Goods Manufactured Cotton Yarn Towel	2,60,080 Kgs 34,435 Kgs	6,92,479 Kgs 87,840 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
2013-14

Description	Quantity	Value	Quantity	Value
Cotton	3,20,187 Kgs	3,51,96,170	8,57,162 Kgs	8,26,42,451
Yarn	34,790 Kgs	50,09,733	88,335 Kgs	1,16,59,669

vii) Turnover

a. Cotton Yarn	2,60,080 Kgs	4,69,52,095	6,69,789 Kgs	11,56,72,214
b. Towel	34,435 Kgs	1,01,22,557	87,840 Kgs	2,56,82,334
c. Cotton /Waste / Hard				
Waste/ Towel Waste	49,928 Kgs	74,959	1,61,183 Kgs	2,48,575
d. Trading Activity	92,250 Pcs	1,33,60,500	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

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.

14) Related Party Disclosure:

- a) Related Companies / Firms b) Key Management Personnel
Spinomat Textiles Pvt. Ltd A.V. Jaju
Neeta Textiles V.R. Jaju

Related Parties	Balance as on 01/04/2013	Dr.	Cr.	Balance as on 31/03/2014
A. V. Jaju	46.72 Cr.	7.20	7.70	47.22 Cr.
Sipnomat Textiles Pvt Ltd	27.30 Cr.	87.28	84.05	24.07 Cr.
Neeta Textiles	366.17 Cr.	17.33	62.95	411.76 Cr.
Remuneration/Allowance-V. R. Jaju	Nil	3.51	3.51	Nil

15) From the installed capacity 384 Rotors became absolute during the year.

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

(**B. M. GATTANI**)
Proprietor
Mem. No. 47066
CAMP - SOLAPUR
DATE : 28-05-2014.

For & On Behalf of Board of Directors

V. R. Jaju
Mg. Director
DIN : 00081475

A. V. Jaju
Director
DIN : 02625781

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	:	31-03-2014

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	:	901.36
Total Assets	:	901.36
Sources of Funds		
Paid-up Capital	:	1408.94
Reserves and Surplus	:	(2644.56)
Secured Loans	:	700.52
Unsecured Loans	:	Nil
Application of Funds		
Net Fixed Assets	:	513.62
Investments	:	0.18
Net Current Assets	:	(1039.72)
Misc. Expenditure	:	Nil
Accumulated Losses	:	(5306.76)

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

Turnover	:	718.28
Total Expenditure	:	879.34
Profit before Tax	:	(161.06)
Profit after Tax	:	(161.06)
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 THIRTIETH ANNUAL GENERAL MEETING of the Company to be held on Tuesday the 30th day of September, 2014 at 10.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2014.

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

THIRTIETH ANNUAL GENERAL MEETING - 30th September 2014

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 THIRTIETH ANNUAL GENERAL MEETING of the Company at B-2/2, M.I.D.C., Akkalkot Road, Solapur-413 006 on Tuesday the 30th day of September 2014 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.