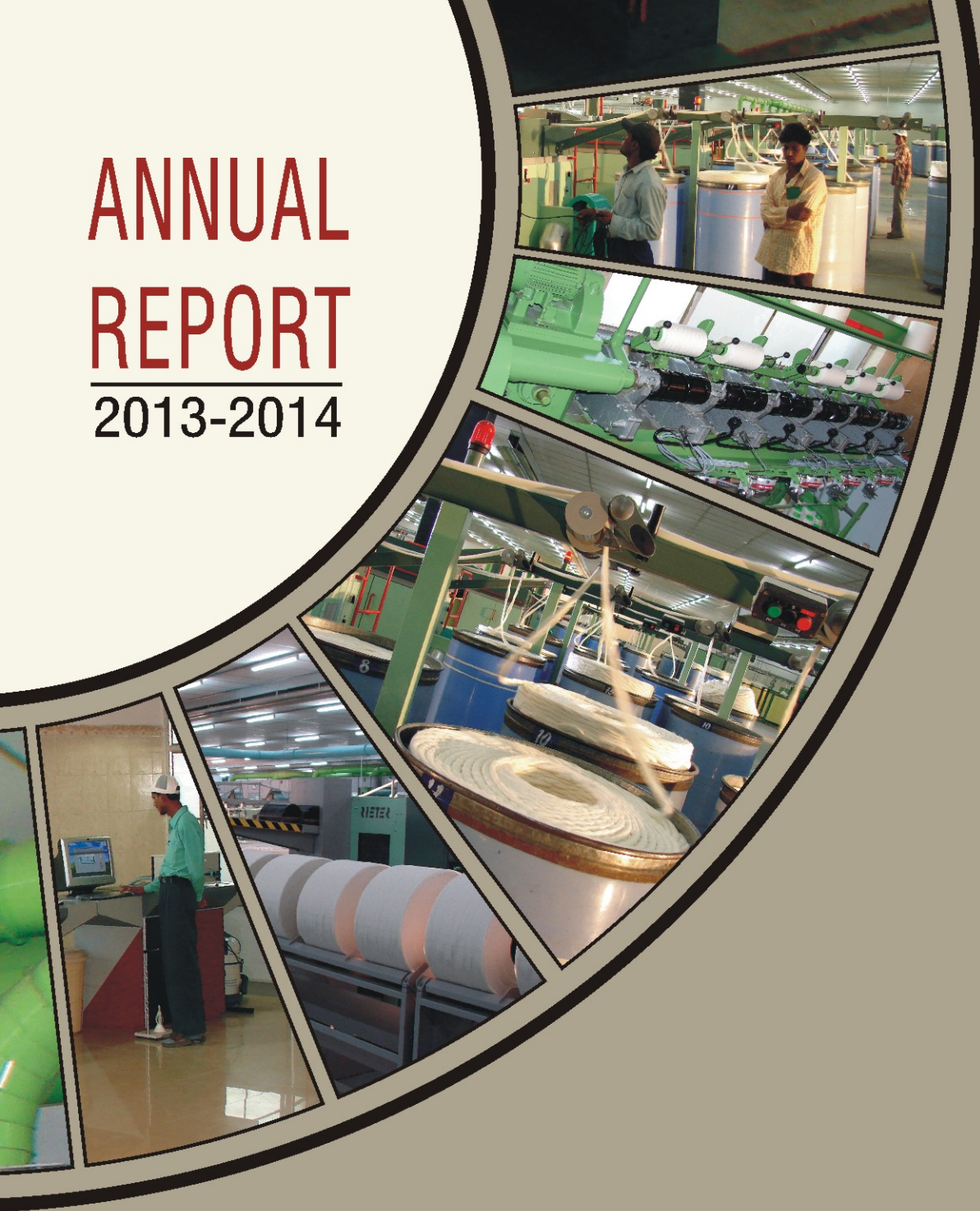


# ANNUAL REPORT

2013-2014



## NITIN SPINNERS LTD.

*Nitin Spinners journey into textiles began in the year 1993. Starting with a production facility of only 384 Rotors in year 1993 ,regular expansion undertaken by the Company over the years has enabled it to reach to present capacity of 77,616 spindles and 2,936 Rotors for cotton yarn with a installed manufacturing capacity of 22,650 TPA and 3900 TPA of knitted fabrics. The Company also has Coal Based Captive Power Plant of 10.50 MW. The company has undertaken an ambitious expansion project for expanding the ring spinning and knitting capacities involving capital expenditure of Rs 286 Crores. After expansion the spindle count will reach 150096 and the manufacturing capacity will be 37800 TPA of Cotton yarn and 8600 TPA of Knitted fabrics. The implementation is under progress and the same will be operational by the end of the current fiscal 2014-15.*

## Financial Highlights

*Rs in Crores*

	2013-14	2012-13
Turnover	488.34	446.05
Exports	332.05	340.9
PBIDT	94.27	87.53
PBDT	76.82	60.22
PAT	34.78	14.14
EPS Rs	7.59	3.08
Cash EPS Rs	16.76	13.14
Gross Fixed Assets	378.7	377.17
Net Fixed assets	191.21	212.98
Equity Share Capital	45.83	45.83
Reserves and Surplus	85.72	54.96
Net Worth	131.55	100.79

**BOARD OF DIRECTORS**

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

**Bankers**

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

**Auditors**

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

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**Company Secretary & GM (Legal)**

Shri Sudhir Garg

**Key Executives**

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

**Registered Office & Works**

16-17 Km. Stone,  
Chittor Road, Hamirgarh  
Bhilwara - 311 025 (Rajasthan)  
CIN-L17111RJ1992PLC006987  
Telephone 01482-286110-113 • Fax 01482-286117  
E-Mail – nsl@nitinspinners.com  
Website – www.nitinspinners.com



## CHAIRMAN'S LETTER



Dear Shareholders,

It is a pleasure to share with you the progress and prospects of your Company, I am happy to report that Year 2013-14 was a landmark year for your Company. The company achieved highest Turnover, Operating and Net profits. The company achieved a 9.5 % increase in Sales. The EBIDTA also increased to 94.27 Crores from 87.53 Crores in the previous year. Net Profits have more than doubled and stood at 34.78 Crores compared to 14.14 Crores last year. Focus on stringent quality controls has resulted in company having strong presence in global markets with 68% revenue coming from Exports. The company is exporting to over 50 countries across all continents. Continuous diversification and value addition, better realization due to favorable exchange rates, stricter control on working capital, saving in power cost were main drivers for good performance in 2013-14. I am pleased to inform that Board of Directors have recommended the maiden dividend of Rs 0.75 per Equity Share. In recommending dividend, the Board has strived to strike balance between need to reward shareholders and conserving funds for deployment in expansion project.

The year 2013-14 was a difficult year from point of view of India's Economy. GDP was below 5%, inflation though moderated but was still higher and there was near negative growth of industrial production. Besides this there were numerous challenges in the global economic front also. Despite these challenges the Cotton Yarn Industry saw production growth of about 10% and Export growth of about 32 %. Given India's large demographics, we firmly believe that the decade ahead will have even

better prospects for the Indian Textile Industry and it is set for strong growth, buoyed by both rising domestic consumption as well as export demand. Abundant availability of raw materials and skilled workforce, uncertainties & rising costs in competing neighboring Countries augurs well for India becoming a Global sourcing hub. Looking to the potential of development of Textile Industry, the Government of India has extended TUF Scheme for next Plan period and the State Governments including Rajasthan have also launched special schemes to promote investment in Textiles.

Looking to the potential of Cotton Textile Industry and to achieve benefits of scale of economies, the company has undertaken an ambitious expansion programme to increase its Spinning and Knitting capacities on the existing location. This involves installation of 72480 Spindles and 18 knitting Machines with Capital Expenditure of Rs 286 crores to be financed by Term loans and internal accruals. The Company will be able to utilize existing resources optimally after enhancing the capacities and will be able to offer broader and diversified range of Cotton Yarn and Knitted Fabrics to the customers and enhance market share.

Your Company remains committed to providing quality products, exemplary customer service, achieving business objectives with social responsibility and enhancing stakeholder value. We remain cautiously optimistic on delivering results with improved returns on capital employed. Good Governance has always been a part of our business philosophy and will continue to be so as we move into the future. Your Directors firmly believe in acting with integrity and upholding the highest standard of Corporate Governance.

I would like to thank all our colleagues for their hard work and valued contribution during 2013-14. Together we have much to look forward to as we strive to make our Company even stronger and continue to focus on delivering for our customers. I also thank all our customers, suppliers, bankers, investors for their support and last but not the least, all our employees for their hard and sincere work.

With best wishes

**R.L.NOLKHA**

*Chairman & Managing Director*

## NOTICE

NOTICE is hereby given that the 22<sup>nd</sup> Annual General Meeting of the Shareholders of **NITIN SPINNERS LIMITED** will be held at the Registered Office of the Company at 16-17 KM. Stone, Chittor Road, Hamirgarh, Bhilwara-311 025 (Rajasthan) on **Thursday, the 11<sup>th</sup> September, 2014 at 3.30 P.M.** to transact the following business:-

### Ordinary Business:-

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2014, Profit & Loss Statement for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To declare dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2014.
3. To appoint a Director in place of Shri R. L. Nolkha (DIN: 00060746), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration

### Special Business:-

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement(s), (including any statutory modification(s) or re-enactment thereof, for the time being in force), Sh. Y. R. Shah (DIN : 00019557), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company for five consecutive years with effect from the date of the Annual General Meeting to be held on 11<sup>th</sup> September, 2014 upto 10<sup>th</sup> September, 2019 with an option to retire from the office at any time during the term of appointment but he shall not be liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement(s), (including any statutory

modification(s) or re-enactment thereof, for the time being in force), Sh. B. Ram (DIN: 01441176), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company for three consecutive years with effect from the date of the Annual General Meeting to be held on 11<sup>th</sup> September, 2014 upto 10<sup>th</sup> September, 2017 with an option to retire from the office at any time during the term of appointment but he shall not be liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement(s), (including any statutory modification(s) or re-enactment thereof, for the time being in force), Smt. Aditi Mehta (DIN: 06917890), a Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Woman Director of the Company, for five consecutive years with effect from the date of the Annual General Meeting to be held on 11<sup>th</sup> September, 2014 upto 10<sup>th</sup> September, 2019 with an option to retire from the office at any time during the term of appointment."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement(s), (including any statutory modification(s) or re-enactment thereof, for the time being in force), Dr. R. Chattopadhyay (DIN: 06928729), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company

has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, for five consecutive years with effect from the date of the Annual General Meeting to be held on 11<sup>th</sup> September, 2014 upto 10<sup>th</sup> September, 2019 with an option to retire from the office at any time during the term of appointment.”

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

“RESOLVED that in supersession of the ordinary resolution passed under the provisions of Section 293(1)(d) Companies Act, 1956 at the 21<sup>st</sup> Annual General Meeting held on 18<sup>th</sup> September, 2013 and pursuant to section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the Board of Directors of the company for borrowing for the purpose of business, from time to time, any sum or sums of money on such terms and conditions with or without security as the Board of Directors may think fit, which together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the bankers of the Company in the ordinary course of business) and being borrowed by the Board at any time shall not exceed in the aggregate at any time Rs. 700.00 Crores (Rupees Seven Hundred Crores Only) irrespective of the fact that such aggregate amount of borrowings outstanding at any time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose”.

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

“RESOLVED that in supersession of the ordinary resolution passed under the provisions of Section 293(1)(a) Companies Act, 1956 at the 21<sup>st</sup> Annual General Meeting held on 18<sup>th</sup> September, 2013 and pursuant to section 180(1)(a) and any other applicable provisions, if any, of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or create charge on all or any one or more of the movable/ immovable properties or such other assets of the Company, wheresoever situated, both present and future, on such terms and conditions and at such time or times and in such form or manner as it may deem fit,

to or in favour of the lenders to secure any fund based and non fund based facilities not exceeding Rs. 700.00 Crores (Rs. Seven Hundred Crores only) together with interest thereon at the respective agreed rate(s), compound interest, additional interest, liquidated damage(s), commitment charge(s), premia on prepayment or redemption, cost charge(s) expenses and all other monies payable by the Company to such lenders under the respective loan/other agreement(s) entered/to be entered into between the Company and the lender(s) in respect of the said borrowing(s), such security to rank in such manner as may be agreed to between the concerned parties and as may be thought expedient by the Board”.

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

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

“RESOVLED that pursuant to Section 148 of the Companies Act, 2013 and rules framed there under the payment of remuneration of Rs. 25,000/- plus applicable Service Tax and reimbursement of out of pocket expenses to M/s. V. K. Goyal & Company, Cost Accountants (Membership No. FCMA : 5928) for conducting Cost Audit of the Company for the Financial Year ending March, 2015 as approved the Board of Director be and is hereby ratified and confirmed”

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

“RESOLVED THAT in accordance with applicable provisions of the Companies Act, 2013, Articles of Association of the Company and clause 49 of the Listing Agreement approval of the Company be and is hereby accorded to increase the sitting fees payable to the Non-Executive Directors of the Company for attending the meetings of the Board and Committee thereof from the existing Rs.2500/- to Rs. 5000/- per meeting (excluding the out-of-pocket expenses) with effect from 01.04.2014.”

**By order of the Board**

Place : Bhilwara

**(Sudhir Garg)**

Date : 29.07.2014

**Company Secretary & GM (Legal)**

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% (ten) of the total share capital of the Company. A member holding more than 10% (ten) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.
2. Proxies in order to be effective must reach to the Registered Office of the Company not less than 48 hours before the time fixed for the meeting
3. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of item Nos. 5 to 12 of the Notice set out above, is annexed hereto.
4. The register of Members and Share Transfer Books of the Company shall remain closed from 4<sup>th</sup> September, 2014 to 11<sup>th</sup> September, 2014 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if approved by the members.
5. The dividend as recommended by the Board, if declared at the meeting, will be paid after 11<sup>th</sup> September, 2014 to those members :-
  - (a) whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/Registrar and Transfer Agent on or before 3<sup>rd</sup> September, 2014 and
  - (b) whose names appear as Beneficial Owners in the list of Beneficial Owners on 3<sup>rd</sup> September, 2014 to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. for this purpose.
6. Members who wish to attend the meeting are requested to bring duly filled attendance sheet and their copy of the Annual Report at the Meeting.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day till the date of 22<sup>nd</sup> Annual General Meeting from 11.00 A.M. to 1.00 P.M.
8. The Company has opened account for unclaimed shares with Kotak Securities Ltd. and 2300 equity shares was lying in the account as on 31.03.2014. During the year 2013-14, no claim for transfer of these shares has been received.
9. Electronic copy of the Annual Report-2014 is being sent to the members whose email IDs are registered with Company/Depository Participant(s) unless any member has requested for a physical copy of the same. In order to receive copies of Annual Reports and other communications through e-mail, members are requested

to register their e-mail address with their Depository Participant(s) or with Company by sending e-mail to [investorrelations@nitinspinners.com](mailto:investorrelations@nitinspinners.com)

10. Details of Sh. R.L. Nolkha, as required under clause 49 of the Listing Agreement are given in Corporate Governance Report forming part of this Annual Report.

**Voting through electronic means**

- I In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility as an alternative mode of voting which will enable the members to cast their votes electronically on the resolution mentioned in the notice for 22<sup>nd</sup> Annual General Meeting of the Company.

**The instructions for members for voting electronically are as under:-****In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - (a) For CDSL: 16 digits beneficiary ID
  - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

- |      |  |
|------|--|
| PAN* | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the</li> </ul> |
|------|--|



name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

DOB# Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details# Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter **the number of shares held by you as on the cut off date** in the **Dividend Bank details field**.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Institutional shareholders :

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

#### In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xviii) above to cast vote.

(B) The voting period begins on 5<sup>TH</sup> September, 2014 at 9.30 A.M. and ends on 7<sup>th</sup> September, 2014 at 5.30 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 1<sup>st</sup> August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

II. A copy of this notice has been placed on the website of the Company and the website of CDSL

III Sh. R.K. Jain, practicing Company Secretary (Membership No FCS 4584) has been appointed as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

IV The scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least of two (2) witness not in the employment of the Company and make a Scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman.

V The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.nitinspinners.com](http://www.nitinspinners.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicate to the Stock Exchanges.

VI The members who does not cast vote through e-voting shall be entitled for voting at Annual General Meeting.



## ANNEXURE TO NOTICE

### Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013.

#### Item No. 5

Shri Y. R. Shah is a Non-Executive Independent Director of the Company, he joined the Board in February, 2005, and he is liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956 but this provision is no longer applicable on Independent Directors under the Companies Act, 2013. In terms of section 149 and other applicable provisions of the Companies Act, 2013, Shri Y. R. Shah being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for the term of five consecutive years from the date of this meeting till 10<sup>th</sup> September 2019. Sh. Y.R. Shah is already Independent Director of the Company and he is regularized as such under the provisions of Companies Act, 2013 and Listing Agreement. In the opinion of the Board, Shri Y. R. Shah fulfills the conditions specified in the Company Act, 2013 and Rules made there under and under Listing Agreement for his appointment as an Independent Director of the Company. The Board considers that Sh. Y. R. Shah's continued association would be of immense benefit to the Company and it is desirable to continue to avail his services. A copy of the draft letter for appointment of Shri Y. R. Shah as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company. Accordingly, the Board recommends the resolution in relation to appointment of Shri Y. R. Shah as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Y. R. Shah being an appointee, none of the Directors and the Key Managerial Personnel of the Company, including their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolutions. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with Stock Exchange.

#### Item No. 6

Shri B Ram is a Non-Executive Independent Director of the Company, he joined the Board in May, 2001 and he is liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956 but this provision is no longer applicable on Independent Directors under the Companies Act, 2013. In terms of section 149 and other applicable provisions of the Companies Act, 2013, Shri B Ram being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for the term of three consecutive years from the date of this meeting till 10<sup>th</sup> September 2017. Sh. B Ram is already Independent Director of the Company and he is regularized as such under the provisions of Companies Act, 2013 and Listing Agreement. In the opinion of the Board, Shri B Ram fulfills the conditions specified in the Company Act, 2013 and Rules made there under and under Listing Agreement for his appointment as an Independent Director of the Company. The Board considers that Sh. B Ram's continued association would be of immense benefit to the Company and it is desirable to continue to avail his services. A copy of the draft letter for appointment of Shri B Ram as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company. Accordingly, the Board recommends the resolution in relation to appointment of Shri B Ram as an Independent Director, for the approval by the shareholders of the Company.

Except Shri B. Ram being an appointee, none of the Directors and the Key Managerial Personnel of the Company, including

their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolutions. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with Stock Exchange.

#### Item No. 7

Smt. Aditi Mehta is appointed as an Additional Director of the Company on 29.07.2014 and in terms of Section 161(1) of the Companies Act, 2013 she will hold office as Additional Director only up to the date of this Annual General Meeting. As required under section 160 of the above Act, a notice has been received from a member signifying his intention to propose Smt. Aditi Mehta as a candidate for the office of Independent Director of the Company. In the opinion of the Board, Smt. Aditi Mehta fulfills the conditions specified in the Company Act, 2013 and Rules made there under and also under the Listing Agreement for her appointment as an Independent Director of the Company and is independent of the management. Her appointment shall also comply with the provisions of section 149(1) of the Act and amended clause 49 of the Listing Agreement to have at least one woman director. The Board considers that her association would be of immense benefit to the Company and it is desirable to avail her services. A copy of the draft letter for appointment of Smt. Aditi Mehta as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company. Accordingly, the Board recommends the resolution in relation to appointment of Smt. Aditi Mehta as an Independent Director, for the approval by the shareholders of the Company.

Except Smt. Aditi Mehta being appointee, none of Directors and the Key Managerial Personnel of the Company, including their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolutions. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with Stock Exchange.

#### Item No. 8

Dr. R Chattopadhyay is appointed as an Additional Director of the Company on 29.07.2014 and in terms of Section 161(1) of the Companies Act, 2013 he will hold office as Additional Director only up to the date of this Annual General Meeting. As required under section 160 of the above Act, a notice has been received from a member signifying his intention to propose Dr. R Chattopadhyay as a candidate for the office of Independent Director of the Company. In the opinion of the Board, Dr. R Chattopadhyay fulfills the conditions specified in the Company Act, 2013 and Rules made there under and also under the Listing Agreement for his appointment as an Independent Director of the Company and is independent of the management. The Board considers that his association would be of immense benefit to the Company and it is desirable to avail his services. A copy of the draft letter for appointment of Dr. R Chattopadhyay as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company. Accordingly, the Board recommends the resolution in relation to appointment of Ms. Dr. R Chattopadhyay as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. R Chattopadhyay being appointee, none of the Directors and the Key Managerial Personnel of the Company, including their relatives, is in any way, concerned or interested,

financially or otherwise, in the said resolutions. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with Stock Exchange.

**Item No. 9 & 10**

The Board of Directors of the Company was authorized pursuant to Section 293(1)(d) of the Companies Act, 1956 to borrow moneys in excess of aggregate of its Paid up Capital and Free Reserves, as may be permitted by Law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding 700 crore as prescribed in the Ordinary Resolution passed by the Members at Annual General Meeting held on 18th September, 2013. The Board was also authorized for creation of any mortgage / charge, if needed in connection with the borrowings under Section 293(1) (a) of the Companies Act, 1956.

The Company has been executing such powers in terms of the said Resolutions passed by the Members under the provisions of Section 293(1)(a) and 293(1)(d) of the Companies Act, 1956. Corresponding Sections 180(1)(a) and 180(1)(c) of the Companies Act, 2013 empowers the Board to borrow moneys in excess of the aggregate of its Paid up Capital and Free Reserves, and to create any mortgage/charge in connection with such borrowings, subject to the approval of the Members of the Company by way of Special Resolution in General Meeting.

In view of the enactment of the new Companies Act, 2013, the Company would be required to pass a fresh resolution as aforesaid enabling it to exercise powers under Sections 180(1)(a) and 180(1)(c) of the Companies Act, 2013.

The proposed Special Resolution will have to be considered in the above context. This will enable the Board to borrow funds and create any mortgage/charge in connection with such borrowings, as and when considered appropriate. None of the

Directors and the Key Managerial Personnel of the Company, including their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolutions. The Board recommends the above Special Resolutions for approval by the Members.

**Item No. 11**

The Board of Directors on the recommendation of the Audit Committee have appointed, M/s. V. K. Goyal & Company, Cost Accountants, Bhilwara, as Cost Auditors of the Company for the financial year 2014-15. As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Members. The Board recommends the resolution as an Ordinary Resolution for approval by the Members.

None of the Directors and the Key Managerial Personnel of the Company, including their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolutions.

**Item No. 12**

Currently the Non-Executive Directors of the Company are paid Rs.2,500/- as sitting fees for attending the meetings of the Board and Committees of the Board. In view of the time devoted by the Non-Executive Directors for the meetings your Board is of the opinion that the sitting fees needs to be revised from Rs.2,500/- to Rs.5,000/- for attending meetings of the Board and Committee thereof. The Board recommends the resolution as an Ordinary Resolution.

None of the Directors except Independent Directors and the Key Managerial Personnel of the Company, including their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolutions.

**ANNEXURE TO NOTICE FOR 22<sup>ND</sup> ANNUAL GENERAL MEETING  
DETAILS OF INDEPENDENT DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL  
GENERAL MEETING  
(PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT)**

Particulars	Smt. Aditi Mehta	Dr. R Chattopadhyay	Shri Y. R. Shah	Shri B Ram
Date of Birth	17-06-1953	20-01-1957	31-08-1942	03-08-1933
Date of Appointment	29-07-2014	29-07-2014	24-02-2005	15-05-2001
Qualifications	M.A. (Eco.), MBA (Adm.) from Howard University & IAS (Rtd.)	Bsc.(Tech.), M.Tech and Ph. D. in Textile Engg. from IIT, Delhi.	B.E.(Text)	Graduate from University of Paris & Georgetown, PG Diploma in Economics & Finance IAS (Rtd.)
Expertise in Specific functional areas	Has held various important positions in finance and social sector with the Government of Rajasthan. Retired as Additional Chief Secretary from Government of Rajasthan	Teaching, research, consultancy, organizing workshops, seminars and tailor made courses for industry and academia. He has written books and book chapters and his research papers are published in national & international journals.	Vast Experience of more than four decades in the textile Industry and having expertise in the field of Textile Marketing.	Has held various important positions in finance and various other departments of Government of Rajasthan. Retired as Additional Chief Secretary from Government of Rajasthan
Directorship held in other companies (excluding foreign companies)	-Nil-	-Nil-	1	Nil
Memberships/Chairmanships of committees of other companies (includes only Audit Committee and Shareholders Grievance Committee)	-Nil-	-Nil-	2	Nil
Number of shares held in the Company	-Nil-	-Nil-	-Nil-	Nil

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present 22<sup>nd</sup> Annual Report on the business and operations of your Company and the Audited Accounts for the year ended 31<sup>st</sup> March, 2014

### FINANCIAL RESULTS

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

(Rs. in Lacs)		
Particulars	Current Year	Previous Year
Revenue From Operations	<b>48834.02</b>	44605.36
Gross Profit Before Finance Cost, Depreciation & Exceptional item.	<b>9428.40</b>	8751.86
Finance Cost	<b>1746.35</b>	2730.58
Profit before Depreciation & Exceptional items	<b>7682.05</b>	6021.28
Depreciation	<b>2486.58</b>	2449.87
Exceptional items	-	1473.83
<b>Profit before Taxation</b>	<b>5195.47</b>	2097.58
Provision for Taxation - Current (Net of MAT Credit)	<b>262.36</b>	-
- Deferred Tax	<b>1455.04</b>	683.85
<b>Net Profit after Tax</b>	<b>3478.07</b>	1413.73
Balance brought forward	<b>2185.75</b>	772.02
Total balance available for appropriation	<b>5663.82</b>	2185.75
<b>Appropriations :-</b>		
- <b>Proposed Dividend</b>	<b>343.75</b>	-
- <b>Tax on Dividend</b>	<b>58.42</b>	-
- <b>Transfer to General Reserve</b>	<b>356.18</b>	-
<b>Balance Carried to Balance Sheet</b>	<b>4905.47</b>	2185.75

### OPERATIONAL REVIEW

This was a remarkable year for your Company as it has achieved highest ever turnover as well as profitability. During the year turnover has increased to Rs. 488.34 Crores from Rs. 446.05 Crores representing an increase of 9.48% over previous year. There is significant increase in the turnover of Knitted Fabric from Rs. 45.20 Crores in the previous year to Rs. 70.15 Crores during the

current year registering an increase of 55.20% over the previous year. The export turnover marginally decreased from Rs. 340.90 Crores in the previous year to Rs. 332.05 Crores in the current year. The export turnover constitutes 68% of the total turnover.

Stable cotton price, consistent demand of Cotton Yarn from Domestic as well as International markets and favorable foreign exchange rates resulted in increased operating profit (EBIDTA) from Rs 87.52 Crores in previous year to Rs. 94.28 Crores in current year registering an increase of 7.72% over previous year. Your Company has achieved Net Profit (PAT) of Rs. 34.78 Crores registering an increase of around 250% from Rs. 14.14 Crores in the previous year and Earning Per Share of Rs. 7.59 for current year against Rs. 3.08 in the previous year. The Board of Directors expect to repeat the same performance in the current Financial Year -2014-15.

### DIVIDEND

In view of the better overall performance, your Directors are pleased to recommend the maiden Dividend of 7.50% i.e. Re. 0.75 per Equity Share on the fully paid-up Equity Shares of Rs. 10/- each for the financial year 2013-14, subject to approval of shareholders at the ensuing Annual General Meeting. The total outgo on this account including Dividend Tax shall be Rs. 402.17 Lacs.

### CAPITAL EXPENDITURE

In view of the promising scenario for the textile industry, growing demand of the Company's products in domestic as well as overseas market and to attain the economies of scale, your Company has undertaken major capacity expansion project involving capital expenditure of Rs. 286 Crores for installation of one unit of 18720 Spindles with matching capacity of Knitted Fabric and another unit as standalone Spinning Unit for installation of 53760 Spindles for production of cotton yarn at the existing location. The project is being financed through term loan of Rs. 200 Crores from banks and balance of Rs. 86 Crores from internal accruals. The Company has already achieved financial closure for term loan of Rs. 200 Crores. The project is under implementation as per schedule and commercial production is planned to commence by end of the current financial year 2014-15. After completion of expansion programme the total installed capacity of spindles will increase from 77616 to 150096 and knitting capacity from 31 machines to 49 machines. However, the installed capacity of Rotor Spinning shall remain same at 2936 Rotors.

### CORPORATE SOCIAL RESPONSIBILITY

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



the lives of weaker section of society. The initiative aim to help in creating healthy, inclusive and progressive nation. During the year, your Company has contributed for creation of infrastructure in school and health centre in the nearby rural areas. Further, it has also contributed to charitable institutions mainly involved in education and medical field for noble cause. The Company has also contributed for Cotton Research and Development Programme initiated by Confederation of India Textiles Industries.

#### **DIRECTORS**

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

#### **AUDITORS**

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

In pursuance to Section 148 of the Companies Act, 2013, your Directors have re-appointed M/s V. K. Goyal & Company, Cost Accountants, being eligible, to conduct Cost Audit of the Company for the Financial Year 2014-15.

#### **FIXED DEPOSITS**

Your Company has not accepted or renewed any fixed deposits during the year under review and no fixed deposit is outstanding for payment at the year ended 31<sup>st</sup> March, 2014.

#### **CORPORATE GOVERNANCE**

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

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

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

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

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

#### **HUMAN RESOURCE DEVELOPMENT**

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

#### **STATEMENT OF PARTICULARS OF EMPLOYEES**

A statement of particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 (as amended) is enclosed and forms part of this report.

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

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

#### **ACKNOWLEDGEMENTS**

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

For and on Behalf of the Board of Directors

Place : Bhilwara

**R. L. NOLKHA**

Date : 06.05.2014

*Chairman & Managing Director*

**ANNEXURE - I**

Information pursuant to Section 217(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31<sup>st</sup> March, 2014.

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

- a) Installation of Variable Frequency Inverters in Humidification Plant and Waste Collection System.
- b) Replacement of old pumps with high efficient pumps in Humidification Plant.
- c) Installation of separate Air Compressors in knitting section to reduce pressure.
- d) Plugging of Air leakage in Air Compressors.
- e) The Company has appointed independent consultant for conducting energy audit and to suggest energy conservation measures.

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

S.No.	Particulars	Current Year	Previous Year
<b>Power &amp; Fuel Consumption</b>			
1. Electricity			
(a) Purchased			
Units (in Lacs)	513.23	357.16	
Total Amount (Rs. in Lacs)	2143.60	1625.94	
Cost/Unit (Rs.)	4.18	4.55	
(b) Own Generation			
(i) Through FO based Generator			
Units (in Lacs)	-	3.77	
Unit/Per Kg. of FO	-	4.24	
Cost/Unit (Rs.)	-	11.31	
(ii) Through Coal based TPP			
Units (in Lacs)	263.81	402.93	
Unit/Per kg of Coal	0.84	0.78	
Cost/Unit (Rs.)	5.05	5.39	

S.No.	Particulars	Current Year	Previous Year
2. (a) Furnace Oil			
Quantity (Kg. in Lacs)	-	0.89	
Total cost (Rs. in Lacs)	-	42.59	
Average Rate/Kg. (Rs.)	-	47.91	
(b) COAL			
Quantity (Kg. in Lacs)	313.07	518.57	
Total cost (Rs. in Lacs)	1332.20	2169.83	
Average Rate/Kg. (Rs.)	4.26	4.18	
<b>Consumption per Kg. of Production</b>			
Yarn Production (MT)	21621.987	21515.95	
Electricity Unit/Kgs.	3.54	3.50	
Fabric Production (MT)	3161.60	2440.93	
Electricity Unit/Kgs.	0.35	0.44	

**Technology Absorption**

- (1) Specific areas in which Research and Development (R & D) carried out by the Company:-

R & D is carried out for development of new products and for improvement in the production process and quality of products. Due to its R & D efforts, the Company has been able to launch new products. During the year the Company has developed Core Spun Lycra Yarn & started marketing of the same.

- (2) Benefits derived as a result of the above R & D

The Company has been continuously improving the quality of its exiting products and entered into new products and also been to reduce the cost of production

- (3) Future Plan of Action

Management is committed to strengthen R & D activities further to improve its competitiveness in times to come.

- (4) Expenditure incurred on Research and Development during the year is as follows :

*[Rs. In Lacs]*

Particulars	Current Year	Previous Year
(a) Capital	–	–
(b) Recurring	<b>48.26</b>	43.12
Total (a+b)	<b>48.26</b>	43.12
% to total turnover	<b>0.10%</b>	0.09%

**Technology Absorption Adaptation and Innovation**

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

**Foreign Exchange Earnings and Outgo**
*[Rs. In Lacs]*

Particulars	Current Year	Previous Year
(a) Earnings	<b>31619.91</b>	32787.00
(b) Outgo - Capital Goods	<b>241.85</b>	486.32
- <b>Recurring</b>		
Components, Spares		
Parts including		
Packing Material	<b>523.54</b>	512.93
Raw Materials	<b>1381.36</b>	2258.09
Sales Commission	<b>351.87</b>	400.28
Others	<b>4.84</b>	3.16

**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956**
**PERSON EMPLOYED THROUGHOUT THE FINANCIAL YEAR**

Name of Employee	Designation	Remuneration (Rs. in lacs)	Qualifications	Experience Years	Commencement of employment	No. of Shares held	Whether Permanent/ Contractual	Age Years	Last Employment
Sh. R.L. Nolkha	Chairman & Managing Director	82.02	FCA,FCS, FCMA	45	06.09.1997	5515000 (12.03%)	Permanent	67	Managing Director BSL Ltd.
Sh. Dinesh Nolkha	Managing Director	71.65	FCA, FCMA	21	01.01.1996	1069907 (2.33%)	Permanent	43	-
Sh. Nitin. Nolakha	Executive Director	68.13	B.Com., MBA	16	01.10.1998	1709000 (3.73%)	Permanent	38	-

**Notes :**

- None of the other employee is holding more than 2% of the paid-up capital of the Company
- None of the person was employed for the part of the year in receipt of remuneration aggregating to Rs. 5,00,000/- or more per month.



## MANAGEMENT DISCUSSIONS & ANALYSIS

### INDUSTRY OUTLOOK

The Growth in GDP of our country during the year 2013-14 is pegged at 4.90% as compared to the Growth rate of 4.50% in the year 2012-13 indicating that slowdown in our country has bottomed out. The Textile Sector comprising Cotton, Man-made Fibers, Jute, Sericulture & Silk Wool, Handlooms and handicrafts play a key role in the Indian economy by way of significant contribution to GDP, manufacturing output, employment generation and export earnings. The Cotton Textile sector continued to be largest sector with around 75% share of the total Indian Textile sector.

In the diverse economic and manufacturing activities of India, cotton growing, processing and trading occupy a predominant position and act as one of the strong competitive base for textile and clothing production. India is one of the largest producers and exporters of cotton and an influencing player in global cotton economy. A significant amount of cotton was being imported for spinning industry till 2004-05, a year later, India became a net exporter in cotton and holds this position till now after meeting the domestic requirement. India has occupied the 2nd slot in world's cotton production, consumption and export. In the current season 2013-14 cotton crop is estimated at 375 lacs bales against 340 lacs bales during previous season. The Cotton Textile Industry performed well during the current year and production of Cotton Yarn in our country has increased by about 10% and Exports nearly 32%. The cotton prices remained stable during the year under review. Stable Cotton price, consistent demand of Cotton Yarn from Domestic as well as International Markets and favorable foreign exchange rates have resulted into a landmark year for the Cotton Spinning Industry and your company has also witnessed phenomenal growth in operating and cash margins.

### OPPORTUNITIES AND THREATS

As per Ministry of Textiles annual production of textile goods is expected to increase to USD 220 billion by 2020 from current level of USD 90 billion and China has about 33% share in global textile market. India's share is just 4.5% where as China is diverting its focus to other sectors and this is an opportunity for

Indian Textile Industry. The Central as well as State Governments are extending their support in terms of continuation of TUF Scheme by the Government of India & Customized package for Textile Sector has been given by the Government of Rajasthan. Recognizing that and to capitalize on this opportunity, your Company has undertaken major capacity expansion plan at an estimated project cost of Rs. 286 Crores to nearly double its Ring Spinning and Knitted Fabric production capacity. The commercial production of expanded capacity is expected to be commenced by the end of this financial year. Your company also gives focus on R & D to maintain Quality standards and optimize its production cost and overall efficiency.

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

### OPERATIONAL REVIEW

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

### SEGMENTWISE PERFORMANCE

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

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper systems for Internal Control. The systems are improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements.

The Audit Committee of Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them. The Company has strong

Management Information System, which is an integral part of control mechanism.

### **RISK MANAGEMENT**

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

#### **Foreign Exchange Risk**

The Company has considerable exposure in foreign currency as the export constitutes about 70% of the total turnover. In the market determined exchange rate regime and volatility in the forex market affects realization of the Company. The Company has well documented foreign exchange risk policy and currency risks are hedged accordingly through forward contracts.

#### **Finance Risks**

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

#### **Commodity Price Risk**

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

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

Apart from the risks on account of interest rate, foreign exchange and regulatory change,

various business of the Company are exposed to certain operating business risks, which are managed by regular monitoring and corrective actions.

### **ENVIRONMENT AND SAFETY**

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

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

Human resource is the most valuable asset in any organization. The Company focuses on the training and development of its people. The company has taken various initiatives to improve and enhance skill of its people. The industrial relations remained cordial in our plant. The total strength as at the end of the financial year 2013-14 was 1549 employees.

### **CAUTIONARY STATEMENT**

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

For and on Behalf of the Board of Directors

Place : Bhilwara

**R. L. NOLKHA**

Date : 06.05.2014

*Chairman & Managing Director*

## CORPORATE GOVERNANCE REPORT

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

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

### 2. BOARD OF DIRECTORS

#### Composition, Category and Attendance at Meetings

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

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

The company held at least one meeting of Board of Directors in every three months and the maximum time gap between any two meetings was not more than four months. During the financial year 2013-14, four meetings of the Board of Directors were held on 02.05.2013, 27.07.2013, 29.10.2013 and 29.01.2014.

The 21<sup>st</sup> Annual General Meeting of the Company was held on 18.09.2013.

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

Name of Director	Category of Directorship	Board Meetings attended out of 4 Meetings	Attendance at last AGM held on 18.09.13	Directorship in other Public Ltd. Companies	No. of Board Committees in which Chairman/Member (Other than Nitin Spinners Ltd.)	
					Chairman	Members
Sh. R.L. Nolkha	Promoter Executive Director	4	Yes	Nil	Nil	Nil
Sh. Dinesh Nolkha	Promoter Executive Director	4	Yes	Nil	Nil	Nil
Sh. Nitin Nolkha	Promoter Executive Director	4	No	Nil	Nil	Nil
Sh. Bhagwan Ram	Independent Non-Executive Director	4	No	Nil	Nil	Nil
Sh. Y.R. Shah	Independent Non-Executive Director	4	Yes	1	Nil	2
Dr. S.S. Banerjee (ceased to be Director w.e.f. 29.06.2013)	Independent Non-Executive Director	1	No	Nil	Nil	Nil
Sh. S.K. Chaturvedi (Appointed Director w.e.f. 29.06.2013)	Independent Non-Executive Director	3	No	Nil	Nil	Nil



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

### Board Meeting Procedure

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

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

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

### 3. AUDIT COMMITTEE

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

#### Broad terms of reference

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

auditors, recommendation for appointment of statutory auditors and their remuneration etc.

#### Composition

The Audit Committee was constituted on 15<sup>th</sup> May, 2001. Presently, it comprises Shri Y.R. Shah, Shri B. Ram and Sh. S. K. Chaturvedi. All the members of the committee are non-executive and independent Directors. Sh. Y.R. Shah, Chairman of the Meeting is having requisite financial and accounting expertise and all other members of the committee are finance literate. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 18<sup>th</sup> September, 2013. The composition of the Audit committee meets the requirements of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

#### Meetings and Attendance

The committee met four times during the financial year 2013-14. The dates on which Audit Committee Meetings were held are 02.05.2013, 27.07.2013, 29.10.2013 and 29.01.2014. The number of meetings attended by each committee member during the year was as under:-

Name of Member	No. of Meetings Attended
Sh. Y.R. Shah	4
Sh. Bhagwan Ram	4
Dr. S.S. Banerjee	1
Sh. S. K. Chaturvedi	2

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

### 4. REMUNERATION COMMITTEE:

#### Brief Description of terms of reference

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

#### Composition

The Committee constitutes Sh. Y. R. Shah, Sh. Bhagwan Ram and Sh. S. K. Chaturvedi. All the members of the Committee are Non-Executive &

Independent Directors. During the financial year 2013-14, one meeting of the Remuneration Committee was held on 27.07.2013.

#### Remuneration of Directors

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

The appointment of Chairman & Managing Director, Managing Director and Executive Director is governed

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

Non-Executive Directors do not draw any remuneration except sitting fee of Rs. 2500/- per meeting of the Board and Committee thereof and total sitting fee of Rs. 62500/- was paid during the financial year 2013-14. The details of remuneration paid to Executive Directors during the financial year 2013-14 are as under:-

#### Details of Remuneration paid to Executive Directors

(Rs. in Lacs)

S.No.	Name of Director	Category of Directors	Basic Salary	Contribution to P.F.	Commission	Others	Total
1	Sh. R. L. Nolkha	Promoter & Executive Director	31.75	3.81	45.78	0.68	82.02
2	Sh. Dinesh Nolkha	Promoter & Executive Director	22.50	2.70	45.78	0.67	71.65
3	Sh. Nitin Nolkha	Promoter & Executive Director	19.50	2.34	45.77	0.52	68.13

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

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

S. No.	Name of Director	Category of Directors	Sitting Fee (Amt. In Rs.)
1	Sh. Bhagwan Ram	Independent Non-Executive Director	22,500
2	Sh. Y. R. Shah	Independent Non-Executive Director	22,500
3	Dr. S. S. Banerjee	Independent Non-Executive Director	5,000
3	Sh. S. K. Chaturvedi	Independent Non-Executive Director	12,500

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

#### 5. SHAREHOLDERS' COMMITTEE

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

as may be received from time to time. The Committee meets periodically and shares are transferred within 15 days from the date of receipt of valid transfer request. During the financial year 2013-14 no meeting of the committee was held.

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

#### Composition

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

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

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

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

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

Four complaints received from Investors during the financial year 2013-14, were resolved.

#### 6. GENERAL BODY MEETING :-

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

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

AGM	Date	Time	Place	Special Resolution(s) passed
19 <sup>th</sup> AGM	19.09.11	3.30 PM	16-17 K.M. Stone, Chittor Road, Hamirgarh, Bhilwara-311025	Nil
20 <sup>th</sup> AGM	26.09.12	3.30 PM	- Do -	Re-appointment of Sh. R. L. Nolkha, Chairman & Managing Director
21 <sup>st</sup> AGM	18.09.13	3.30 PM	- Do -	Re-appointment of Sh. Dinesh Nolkha, Managing Director

No Resolution was subject to Postal Ballot at last AGM.

#### 7. OTHER DISCLOSURES:

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

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed at point number 11 of the Note No. 24 part B in the Annual Report.

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

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

The clause 49 of the Listing Agreement consists of mandatory and non-mandatory requirements. The Company is compliant with mandatory requirements. The Company has also constituted Remuneration Committee, being non-mandatory requirement.



## 8. MEANS OF COMMUNICATION

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

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

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

No presentation was made to institutional investors or to analysts during the financial year 2013-14

## GENERAL SHAREHOLDER INFORMATION

### 1. Shareholder Information :-

- A. Date of AGM & Time & Venue : 11.09.2014 at 3.30 PM at the Registered office
- B. Date of Book Closure : 04.09.2014 to 11.09.2014 (both the days Inclusive)
- C. Dividend Payment date : Within 30 days from AGM.
- D. Tentative Financial Calendar : Financial Year - April 1, 2014 to March 31, 2015 for next Year

Period	Date of Board Meeting
1 <sup>st</sup> Quarter ending June, 14	Last week of July, 14
2 <sup>nd</sup> Quarter ending September, 14	Last week of October, 14
3 <sup>rd</sup> Quarter ending December, 14	Last week of January, 15
Year ending 31 <sup>st</sup> March, 15	April/May 2015
AGM for year ending 31 <sup>st</sup> March, 15	August/September 2015

- E. Listing on Stock Exchange & Stock Code:

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

The applicable listing fee for the Financial Year 2014-15 has already been paid to both the Stock Exchanges.

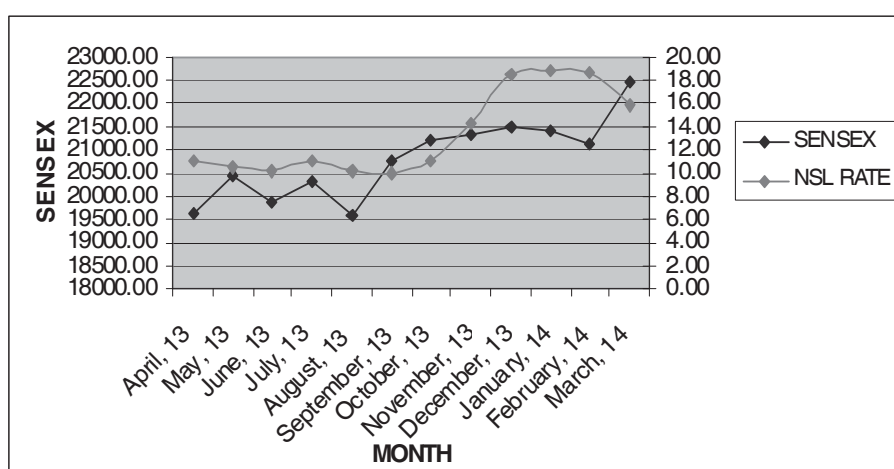
### Stock Price Data :

(Price in Rs. Per Share)

Months	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 13	11.00	9.10	10.90	8.55
May, 13	10.50	9.29	10.35	9.15
June, 13	10.24	9.20	10.35	9.15
July, 13	10.94	9.80	10.90	9.50
August, 13	10.20	9.46	10.25	9.45
September, 13	9.95	9.55	10.00	9.50
October, 13	10.95	9.75	11.00	9.75
November, 13	14.39	10.70	14.40	10.10

Months	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
December, 13	18.44	12.30	18.45	12.30
January, 14	18.85	15.10	18.90	15.10
February, 14	18.70	14.70	17.35	14.55
March, 14	15.85	14.00	15.95	13.95

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



#### I. Dematerialisation of Share :

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

Particulars	31st March, 2014		31st March, 2013	
	No. of Shares	%	No. of Shares	%
No. of Shares Dematerialised				
— NSDL	4,02,25,089	87.76	4,01,76,935	87.66
— CDSL	56,05,796	12.23	56,53,950	12.33
No. of Shares in Physical Mode	3,060	0.01	3,060	0.01
Total	4,58,33,945	100.00	4,58,33,945	100.00

**J. Outstanding GDRs/ADRs/Warrants Etc.****Nil****K. Registrar & Share Transfer Agent :-**

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

M/s Bigshare Services Private Limited

Unit : Nitin Spinners Limited

Address : E-2/3 , Ansa Industrial Estate, Saki Vihar Road,  
Saki Naka, Andheri ( E ), Mumbai – 400072

Phone No. : 022 – 28470652, 28470653

Fax No. : 022 – 28475207

Email : **ipo@bigshareonline.com**

Web Site : **www.bigshareonline.com**

**Share Transfer System :**

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

**L. Distribution Schedule as on 31<sup>st</sup> March, 2014 :**

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% to Shares
Up to 500	10775	73.92	26,12,607	5.70
501 to 1,000	1852	12.71	16,48,494	3.60
1,001 to 2,000	881	6.05	14,29,252	3.12
2,001 to 3,000	332	2.28	8,67,412	1.89
3,001 to 4,000	180	1.23	6,57,458	1.43
4,001 to 5,000	145	0.99	6,99,003	1.53
5,001 to 10,000	196	1.34	14,83,290	3.24
10,001 & above	213	1.48	3,64,36,429	79.49
<b>Total</b>	<b>14574</b>	<b>100</b>	<b>4,58,33,945</b>	<b>100</b>

**M. Shareholding pattern as on 31<sup>st</sup> March 2014 :**

S.No.	Category	No. of shares Held	Percentage of Shareholding
<b>A.</b>	<b>Promoters Holding</b>		
a.	Indian Promoters	<b>2,92,16,761</b>	63.74
b.	Foreign Promoters	–	–
	<b>Total Promoters' Holdings</b>	<b>2,92,16,761</b>	<b>63.74</b>

S.No.	Category	No. of shares Held	Percentage of Shareholding
<b>B</b>	<b>Non-Promoters Holding :-</b>		
a.	Banks, Financial Institutions, Insurance Companies	<b>3,93,029</b>	0.86
b.	Private Corporate Bodies	<b>21,60,351</b>	4.71
c.	Indian Public	<b>1,37,93,858</b>	30.09
d.	NRIs / OCBs	<b>2,02,702</b>	0.44
e.	Any other (please specify) - Trust	<b>1,500</b>	0.14
	- Clearing Members	<b>65,744</b>	0.02
	<b>Total Non-Promoters' Holdings</b>	<b>1,66,17,184</b>	<b>36.26</b>
	<b>TOTAL (A) + (B)</b>	<b>4,58,33,945</b>	<b>100.00</b>

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

Sh. R.L. Nolkha aged 68 years is one of the key Promoters of the Company. He is member of all the three pioneer Institutes i.e. Institute of Chartered Accountant of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost Accountants of India (ICAI). He has vast experience of more than four decades in the Textile Industry. He was associated with Surya Roshni Ltd., RSWM Ltd. and BSL Ltd. at senior positions. He was Managing Director of BSL Ltd. for 8 years before joining Nitin Spinners Ltd. as Whole-Time Director in the year 1997. He is a member of several industry associations and chambers. Presently, he is Chairman of Rajasthan Textile Mills Association (RTMA) and North India Textile Research Association (NITRA).

**Directorship in other Companies :-**

Redial Trading & Investment Pvt. Ltd.

**Plant Location & Address for Correspondence**

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

For and on Behalf of the Board of Directors

Place : Bhilwara

**R. L. NOLKHA**

Date : 06.05.2014

*Chairman & Managing Director*

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

All Directors and Senior Management Members of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management of Nitin Spinners Limited for the Financial Year ended March 31, 2014.

Place : Bhilwara

**DINESH NOLKHA**

Date : 06.05.2014

*Managing Director*



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

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

**P. Maheshwari**  
Chief Financial Officer

**Dinesh Nolkha**  
Managing Director

**Place : Bhilwara**  
**Date : 06.05.2014**

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

### TO THE MEMBERS OF NITIN SPINNERS LIMITED

We have examined the compliance of conditions of corporate governance by Nitin Spinners Limited, for the year ended March 31, 2014 as stipulated in clause 49 of the Listing Agreement entered into by the Company with the stock exchanges. The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

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

Place : Bhilwara  
Date : 06.05.2014

**Ashok Mangal**  
Partner  
M.No. 071714

## AUDITORS' REPORT TO THE SHAREHOLDERS

1. We have audited the accompanying financial statements of **NITIN SPINNERS LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2014, the Profit and Loss Statement and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

2. **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of 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 from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers the internal controls relevant to Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

4. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014, and
- (ii) In the case of the Profit & Loss Statement, of the Profit for the year ended on that date.
- (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirement

5. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report)(Amendment) Order, 2004, issued by the Government of India in terms of Section 227 (4A) of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.

6. As required by Sec. 227(3) of the Act., we report that

- a) We have obtained all the information & explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
- d) In our opinion, the Balance Sheet and Profit & Loss Statement and Cash Flow Statement comply with the accounting

standards referred to in Section 211 (3C) of the Act.

- e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956;

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

Place : Bhilwara  
Date : 6th May, 2014

**Ashok Mangal**  
Partner  
M.No. 071714

## ANNEXURE TO AUDITOR'S REPORT

Annexure referred to in paragraph (5) of our report of even date to the shareholders of **Nitin Spinners Limited** on the financial statements for the year ended 31<sup>st</sup> March 2014.

- (1) (a) Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Fixed Assets are physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off any major part of the Fixed Assets during the year.

- (2) (a) The inventory (excluding stock lying with third parties for which confirmation has been obtained) has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) (a) The company has not given any loans, secured or unsecured to companies, firms

- or other parties covered in the register maintained under section 301 of the Act. Consequently the requirement of Clauses (iii) (b) to (iii) (e) of paragraph 4 of the order are not applicable.
- (b) The company has not taken any loans from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently the requirement of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from public with in the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the company pursuant to the Rules made by the Central Government for maintenance of cost records under Section 209 (1) (d) of the companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) In our opinion and according to the information and explanations given to us, and according to the records of the Company examined by us, the Company is generally regular in depositing the undisputed statutory dues with appropriate authorities including provident fund, investor education protection fund, employee's state insurance, income-tax, sales-tax, custom duty, excise-duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales tax, Custom Duty and Excise Duty were outstanding, as at 31.3.2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Wealth Tax, Income Tax, Service Tax, Excise Duty, Customs, VAT, Entry Tax and Education Cess as at March 31<sup>st</sup>, 2014 which have not been deposited on account of any dispute, except as under :-



Name of the Statute	Nature of dues	Unpaid Amount (Rs. in lacs)	Period	Forum at which pending /Remarks
Central Excise	Excise Duty & Penalty	4.88	2001-02	CESTAT, New Delhi
Central Excise	Excise Duty & Penalty	12.02	2007-08	CESTAT, New Delhi
Service Tax	Refund of Service Tax under notification no. 41/2007	2.02	01.01.09 to 30.06.09	CESTAT, New Delhi
		0.81	01.04.08 to 30.06.08	
		0.59	01.10.08 to 31.12.08	
Central Excise	Excise Duty & Penalty	20.37	01.04.2000 to 30.06.2000	Commissioner (A), Jaipur
Central Excise	Refund of Cenvat	10.48	01.03.2008 to 31.03.2008	CESTAT, New Delhi
Central Excise	Cenvat Credit of Input services and penalty	1.86	16.05.2008	CESTAT, New Delhi
Central Excise	Custom Duty and Penalty	37.72	16.05.2008	CESTAT, New Delhi
Central Excise	Penalty	15.97	16.05.2008	CESTAT, New Delhi
Central Excise	Excise Duty	463.54	16.05.2008	CESTAT, New Delhi
Central Excise	Excise Duty	20.67	16.05.2008	CESTAT, New Delhi
Entry Tax	Tax	61.92	2006-07 to 31.03.2014	Rajasthan High Court, Jodhpur

10. The company does not have any accumulated losses. The company has not incurred any cash losses during immediately preceding Financial Year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to the financial institution, banks or debenture holders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statutes applicable to a Chit Fund/Nidhi/Mutual Benefit Fund/Societies are not applicable to the Company.
14. In our opinion and as per information and

explanations given to us, the Company is not dealing in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were raised.
17. On the basis of an overall examination of the Balance Sheet of the Company as at 31.3.2014 and in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

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

Place : Bhilwara  
Date : 6th May, 2014

**Ashok Mangal**  
Partner  
M.No. 071714

**BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No.	As at 31.03.2014 (Rs. in lacs)	As at 31.03.2013 (Rs. in lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	4583.39	4583.39
(b) Reserve and Surplus	2	8572.20	5496.30
		<b>13155.59</b>	<b>10079.69</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	13070.59	16232.12
(b) Deferred Tax Liabilities (Net)	4	2114.67	659.63
(c) Long-Term Provisions	5	235.60	145.34
		<b>15420.86</b>	<b>17037.09</b>
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	6	1346.70	1685.96
(b) Trade Payables	7	1069.93	539.82
(c) Other Current Liabilities	8	3888.22	5128.85
(d) Short-Term Provisions	9	517.17	101.45
		<b>6822.02</b>	<b>7456.08</b>
<b>TOTAL</b>		<b>35398.47</b>	<b>34572.86</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10		
Gross Fixed Assets		37870.94	37717.47
Less : Depreciation		18749.51	16418.95
Net Fixed Assets		19121.43	21298.52
(ii) Capital Work In Progress		2117.64	-
		<b>21239.07</b>	<b>21298.52</b>
(b) Long-Term Loans and Advances	11	2997.65	650.34
		<b>24236.72</b>	<b>21948.86</b>
<b>(2) Current Assets</b>			
(a) Inventories	12	7069.84	8189.70
(b) Trade Receivables	13	2489.31	2803.97
(c) Cash and Cash Equivalents	14	6.37	27.59
(d) Short Term Loans and Advances	15	469.15	509.99
(e) Other Current Assets	16	1127.08	1092.75
		<b>11161.75</b>	<b>12624.00</b>
<b>TOTAL</b>		<b>35398.47</b>	<b>34572.86</b>
<b>Accounting Policies and Additional informations</b>	24		

In terms of our report of even date attached

For and on behalf of the Board

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

**ASHOK MANGAL**  
Partner  
M.No. 071714

Place : Bhilwara  
Date : 6th May, 2014

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

**DINESH NOLKHA**  
Managing Director

**NITIN NOLKHA**  
Executive Director

**P. MAHESHWARI**  
Chief Financial Officer

**Y.R. SHAH**  
Director

**BHAGWAN RAM**  
Director

**Dr. S. K. CHATURVEDI**  
Nominee Director

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

**PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Note No.	Year ended 31.03.2014 (Rs. in lacs)	Year ended 31.03.2013 (Rs. in lacs)
I. Revenue from Operations	17	48834.02	44605.36
II. Other Income	18	34.76	30.29
<b>III. TOTAL REVENUE (I+II)</b>		<b>48868.78</b>	<b>44635.65</b>
<b>IV. Expenses</b>			
Cost of Materials Consumed	19	29354.21	24958.43
Purchase of Traded Goods		1023.60	1460.63
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	20	(592.13)	(18.95)
Employee Benefits Expenses	21	2460.21	1993.60
Finance Cost	22	1746.35	2730.58
Depreciation	10	2486.58	2449.87
Other Expenses	23	7194.49	7490.08
<b>TOTAL EXPENSES</b>		<b>43673.31</b>	<b>41064.24</b>
<b>V. Profit before Exceptional Items &amp; Tax</b>		<b>5195.47</b>	<b>3571.41</b>
VI. Exceptional Items (refer note 24(B)(5))		–	1473.83
<b>VII. Profit/(Loss) Before Tax (V-VI)</b>		<b>5195.47</b>	<b>2097.58</b>
<b>VIII. Tax Expenses</b>			
1. Current Tax (Net of MAT Credit)		262.36	–
2. Deferred Tax		1455.04	683.85
<b>IX. Profit/(Loss) After Tax (VII-VIII)</b>		<b>3478.07</b>	<b>1413.73</b>
<b>X. Basic &amp; Diluted Earning Per Share (Rupees)</b>		<b>7.59</b>	<b>3.08</b>
<b>Accounting Policies and Additional informations</b>	24		

In terms of our report of even date attached

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

**ASHOK MANGAL**  
Partner  
M.No. 071714

Place : Bhilwara  
Date : 6th May, 2014

For and on behalf of the Board

**R.L. NOLKHA**  
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Director

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Nominee Director

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



**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2014**

	Year Ended 31.3.2014 (Rs. in lacs)	Year Ended 31.3.2013 (Rs. in lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax & Exceptional Items	5195.47	3571.41
Adjustments for :-		
Depreciation	2486.58	2449.87
Interest Expenditure	1746.35	2730.58
Loss/ (Profit) on sale of Fixed Assets	9.14	67.17
<b>Operating Profit Before Working Capital Changes</b>	<b>9437.57</b>	<b>8819.03</b>
<b>Adjustments for :-</b>		
Decrease/ (Increase) Inventories	1119.86	(477.30)
Decrease/ (Increase) Sundry Debtors	314.66	(953.82)
Decrease/ (Increase) Loans and Advances (Current & Non Current)	(30.70)	(495.23)
Increase/(Decrease) Current & Non Current Liabilities	(1055.58)	2375.56
<b>Total Adjustments</b>	<b>348.24</b>	<b>449.21</b>
<b>Cash Generated from Operations</b>	<b>9785.78</b>	<b>9268.24</b>
Less : Taxes Paid	1123.32	378.38
<b>Net Cash Generated from Operating Activities (A)</b>	<b>8662.46</b>	<b>8889.86</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(353.67)	(1165.42)
Capital WIP including Capital Advances	(3566.78)	567.85
Sale of Fixed Assets	35.04	158.75
<b>Net Cash Generated/(used) in Investing Activities (B)</b>	<b>(3885.41)</b>	<b>(438.82)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from /(Repayment) of short term borrowing (Net)	(338.76)	(2326.42)
Proceeds from long term borrowing	42.00	600.00
Repayment of long term borrowing	(2755.16)	(2501.09)
Interest Paid	(1746.35)	(2730.58)
Exceptional Item (Recompense interest for Earlier Years)	-	(1473.83)
<b>Net Cash Generated/(used) From Financing Activities (C)</b>	<b>(4798.27)</b>	<b>(8431.92)</b>
<b>(D) Net Increase / (Decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>(21.22)</b>	<b>19.12</b>
Closing Balance of Cash & Cash Equivalent	6.37	27.59
Opening Balance of Cash & Cash Equivalent	27.59	8.47

In terms of our report of even date attached

For and on behalf of the Board

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

**ASHOK MANGAL**  
Partner  
M.No. 071714

Place : Bhilwara  
Date : 6th May, 2014

**R.L. NOLKHA**  
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**S.K. CHATURVEDI**  
Nominee Director

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



**Notes to Financial Statements****NOTE 1 : DETAILS OF SHARE CAPITAL**

	As at 31.03.2014 (Rs. in lacs)	As at 31.03.2013 (Rs. in lacs)
<b>AUTHORISED :</b>		
4,60,00,000 (Previous Year : 4,60,00,000) Equity Shares of Rs. 10/- Each	<b>4600.00</b>	4600.00
4,00,000 (Previous Year : 4,00,000) Preference Shares of Rs. 100/- Each	<b>400.00</b>	400.00
<b>TOTAL</b>	<b>5000.00</b>	5000.00
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID - UP :</b>		
4,58,33,945 (Previous Year : 4,58,33,945) Equity Shares of Rs. 10/- Each fully paid up ranking pari passu	<b>4583.39</b>	4583.39
	<b>4583.39</b>	4583.39

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

	No. of Shares (% of Holding)	No. of Shares (% of Holding)
<b>Redial Trading &amp; Investment Pvt. Ltd.</b>	<b>16682934 (36.40%)</b>	6633947 (14.47%)
<b>Prasham Corporate Services (India) Pvt. Ltd.</b>	-	6197527 (13.52%)
<b>Ratan Lal Nolkha</b>	<b>5515000 (12.03%)</b>	5367405 (11.71%)
<b>Dolphin Carrier Pvt. Ltd.</b>	-	2332973 (5.09%)

**b. The reconciliation of the number of shares outstanding is set out below :**

	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	<b>45833945</b>	45833945
Add : Shares issued during the year	-	-
Equity Shares at the end of the year	<b>45833945</b>	45833945

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

**NOTE 2 : RESERVES & SURPLUS**

	As at 31.03.2014 (Rs. in lacs)	As at 31.03.2013 (Rs. in lacs)
<b>a. Capital Redemption Reserve</b>		
Opening Balance	150.00	150.00
Additions during the year	—	—
Deductions during the year	—	—
Net Balance	150.00	150.00
<b>b. Securities Premium Reserve</b>		
Opening Balance	2766.73	2766.73
Additions during the year	—	—
Deductions during the year	—	—
Net Balance	2766.73	2766.73
<b>c. General Reserve</b>		
Opening Balance	393.82	393.82
Additions during the year	356.18	—
Deductions during the year	—	—
Net Balance	750.00	393.82
<b>d. Surplus in Profit &amp; Loss Statement</b>		
Opening Balance	2185.75	772.02
Additions during the year	3478.07	1413.73
Less : Allocation / Appropriation		
Proposed Dividend on Equity Shares	343.75	—
Tax on Dividend	58.42	—
Transfer to General Reserve	356.18	—
Sub Total	758.35	—
<b>Net Balance</b>	4905.47	2185.75
<b>TOTAL (a to d)</b>	8572.20	5496.30

**NOTE 3 : LONG TERM BORROWINGS**

	<b>As at 31.03.2014 (Rs. in lacs)</b>	<b>As at 31.03.2013 (Rs. in lacs)</b>
<b>a. Term Loan from Banks (Secured)</b>	<b>16216.74</b>	18957.54
Less : Taken to Other Current Liabilities being Current Maturities	<b>3174.78</b>	2740.31
Total (a)	<b>13041.96</b>	16217.23
<b>b. Vehicle Loan From Bank (Secured)</b>	<b>48.37</b>	20.73
Less : Taken to Other Current Liabilities being Current Maturities	<b>19.74</b>	5.84
Total (b)	<b>28.63</b>	14.89
<b>TOTAL (a+b)</b>	<b>13070.59</b>	16232.12

**Explanations****1. Security**

- (a) Term Loans of Rs. 13385.49 Lacs crores are secured by way of first charge on all immovable and movable fixed assets (both present and future) and second charge on current assets . The term loan of Rs. 2831.25 Lacs are secured by way of third charge on all immovable and movable fixed assets and current assets of the company. The term loans are also secured by personal guarantee of three directors
- (b) Vehicle Loan is secured by hypothecation of the specific vehicle

**2. Terms of Repayment**

- (a) Term loans of Rs. 910.66 Lacs are repayable in 9 variable quarterly instalments upto 30th June 2016, Rs. 14813.23 Lacs in 19 variable quarterly instalments upto 31st December 2018 and Rs. 492.85 Lacs in 23 equal quarterly instalments upto 31st December 2019.
- (b) Vehicle loan of Rs. 14.38 Lacs is repayable in 26 variable monthly instalments upto 7th May 2016, Rs. 22.28 Lacs in 27 variable monthly instalments upto 12th June 2016 and Rs. 11.71 Lacs in 36 variable monthly instalments upto 7th March 2017.

**NOTE 4 : DEFERRED TAX LIABILITY (NET)**

<b>A. Deferred Tax Liability</b>		
- Depreciation	<b>2248.51</b>	2467.72
<b>B. Deferred Tax Assets</b>		
- Unabsorbed Depreciation	-	1704.94
- Employee Benefits & Other Expenses	<b>133.84</b>	103.15
<b>C. Deferred Tax Liability (Net)</b>	<b>2114.67</b>	659.63

**NOTE 5 : LONG TERM PROVISIONS**

Provision for Employee Benefits	<b>235.60</b>	145.34
<b>TOTAL</b>	<b>235.60</b>	145.34

**NOTE 6 : SHORT TERM BORROWINGS**

	As at 31.03.2014 (Rs. in lacs)	As at 31.03.2013 (Rs. in lacs)
<b>Loans repayable on demand :</b>		
Working Capital Loan from Banks (Secured)	1342.35	1681.11
Security Deposits (Unsecured)	4.35	4.85
<b>TOTAL</b>	<b>1346.70</b>	1685.96

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

**NOTE 7 : TRADE PAYABLES**

Trade including acceptances	493.52	151.87
Expenses and Others	576.41	387.95
<b>TOTAL</b>	<b>1069.93</b>	539.82

**NOTE 8 : OTHER CURRENT LIABILITIES**

Current Maturities of Long Term Debt	3194.52	2746.15
Interest accrued but not due on borrowings	12.80	13.06
Advances from Customers	158.70	77.66
Statutory Dues	122.00	113.50
For Capital Goods	84.72	—
Other Payables	315.48	2178.48
<b>TOTAL</b>	<b>3888.22</b>	5128.85

**NOTE 9 : SHORT TERM PROVISIONS**

Provisions for Employee Benefits	115.00	101.45
Provision for Dividend	343.75	—
Provision for Dividend Tax	58.42	—
<b>TOTAL</b>	<b>517.17</b>	101.45



**NOTE 10 : FIXED ASSETS**

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-13	Additions	Deductions	As at 31-03-14	As at 01-04-13	For the Year	Deductions	As at 31-03-14	As at 31-03-14	As at 31-03-13
Freehold Land	178.99	-	-	178.99	-	-	-	-	178.99	178.99
Buildings	6056.26	-	12.66	6043.60	1296.86	190.28	8.15	1478.99	4564.61	4759.40
Plant & Machinery	29251.87	247.22	141.18	29357.91	14351.93	2134.12	111.02	16375.03	12982.88	14899.95
Electric Installation	1952.11	44.30	0.87	1995.54	641.47	141.67	0.30	782.84	1212.70	1310.64
Furniture & Fixtures	76.37	-	17.39	58.98	40.58	4.09	15.66	29.01	29.97	35.79
Office Equipments	105.53	2.61	18.63	89.51	63.72	4.47	14.03	54.16	35.35	41.81
Vehicles	96.34	59.54	9.47	146.41	24.39	11.95	6.86	29.48	116.93	71.95
<b>Total</b>	<b>37717.47</b>	<b>353.67</b>	<b>200.20</b>	<b>37870.94</b>	<b>16418.95</b>	<b>2486.58</b>	<b>156.02</b>	<b>18749.51</b>	<b>19121.43</b>	<b>21298.53</b>
Previous Year	37542.84	1165.42	990.79	37717.47	14733.95	2449.87	764.87	16418.95	21298.52	22808.89
Capital Work in Progress									2117.64	-

Note : Capital Work in Progress includes Rs 208.07 Lacs (Previous Year-Nil) being preoperative expenses pending allocation.

**NOTE 11 : LONG TERM LOANS AND ADVANCES**  
**(Unsecured, Considered Good)**

	As at 31.03.2014 (Rs. in lacs)	As at 31.03.2013 (Rs. in lacs)
Capital Advances	1449.14	-
Advance Income Tax & MAT Credit Entitlement (Net of Provision)	1457.91	596.95
Security Deposits	90.60	53.39
<b>TOTAL</b>	<b>2997.65</b>	<b>650.34</b>

**NOTE 12 : INVENTORIES**  
**(At cost or realisable value, whichever is lower)**

Raw Material	5189.21	6592.00
Work-In-Process	334.30	300.37
Finished Goods	995.83	458.23
Stores and Spares	290.25	340.35
Fuel	201.00	460.10
Saleable Waste	59.25	38.65
<b>TOTAL</b>	<b>7069.84</b>	<b>8189.70</b>

**NOTE 13 : TRADE RECEIVABLES**  
**(Unsecured, Considered Good)**

	As at 31.03.2014 (Rs. in lacs)	As at 31.03.2013 (Rs. in lacs)
Outstanding exceeding Six months	-	-
Other Debts	2489.31	2803.97
<b>TOTAL</b>	<b>2489.31</b>	<b>2803.97</b>

**NOTE 14 : CASH AND CASH EQUIVALENTS**

Cash in Hand	4.91	2.83
Balance with Banks in :		
Current Accounts	1.46	24.76
<b>TOTAL</b>	<b>6.37</b>	<b>27.59</b>

**NOTE 15 : SHORT TERM LOANS AND ADVANCES**  
**(Unsecured, Considered Good)**

Advances to Suppliers	232.28	233.28
Other Advances	236.87	276.71
(Recoverable in cash or in kind or for value to be received )		
<b>TOTAL</b>	<b>469.15</b>	<b>509.99</b>

**NOTE 16 : OTHER CURRENT ASSETS**  
**(Unsecured, Considered Good)**

Amount Receivable under TUFS	457.13	328.62
VAT and Other Credit Receivables	669.95	764.13
<b>TOTAL</b>	<b>1127.08</b>	<b>1092.75</b>

**NOTE 17 : REVENUE FROM OPERATIONS**

	Year ended 31.03.2014 (Rs. in lacs)	Year ended 31.03.2013 (Rs. in lacs)
Sales	48300.70	43870.40
Job Receipts	129.73	109.40
Foreign Exchange Fluctuation (Net)	404.62	626.83
<b>TOTAL</b>	<b>48835.05</b>	<b>44606.63</b>
Less : Excise Duty	1.03	1.27
<b>TOTAL</b>	<b>48834.02</b>	<b>44605.36</b>

**NOTE 18 : OTHER INCOME**

	<b>Year ended 31.03.2014 (Rs. in lacs)</b>	Year ended 31.03.2013 (Rs. in lacs)
Miscellaneous Income	<b>1.15</b>	13.45
Interest Received	<b>31.07</b>	16.47
Profit on Sale of Investment	<b>2.54</b>	0.37
<b>TOTAL</b>	<b>34.76</b>	30.29

**NOTE 19 : COST OF MATERIALS CONSUMED**

Stock at Opening	<b>6592.00</b>	6028.29
Add : Purchases & Expenses	<b>27951.42</b>	25522.14
<b>TOTAL</b>	<b>34543.42</b>	31550.43
Less : Stock at Closing	<b>5189.21</b>	6592.00
<b>TOTAL</b>	<b>29354.21</b>	24958.43

**NOTE 20 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

<b>Closing Stock</b>		
Finished Goods	<b>995.83</b>	458.23
Saleable Waste	<b>59.25</b>	38.65
Work-In-Progress	<b>334.30</b>	300.37
	<b>1389.38</b>	797.25
<b>Opening Stock</b>		
Finished Goods	<b>458.23</b>	298.64
Saleable Waste	<b>38.65</b>	50.44
Work-In-Progress	<b>300.37</b>	429.22
	<b>797.25</b>	778.30
<b>Increase/(Decrease) in Stocks</b>		
Finished Goods	<b>537.60</b>	159.59
Saleable Waste	<b>20.60</b>	(11.79)
Work-In-Progress	<b>33.93</b>	(128.85)
<b>TOTAL</b>	<b>592.13</b>	18.95

**NOTE 21 : EMPLOYEE BENEFIT EXPENSES**

	Year ended 31.03.2014 (Rs. in lacs)	Year ended 31.03.2013 (Rs. in lacs)
Salary & Wages	2063.37	1692.55
Contribution to Provident Fund and Other Benefits	156.27	121.53
Gratuity and Leave Encashment Expenses	124.23	71.74
Staff Welfare Expenses	116.34	107.78
<b>TOTAL</b>	<b>2460.21</b>	<b>1993.60</b>

**NOTE 22 : FINANCE COST**

Interest Expenses		
Term Loans	1250.71	1963.99
Others	332.52	603.63
<b>TOTAL</b>	<b>1583.23</b>	<b>2567.62</b>
Other Borrowing Costs	163.12	162.96
<b>TOTAL</b>	<b>1746.35</b>	<b>2730.58</b>

**NOTE 23 : OTHER EXPENSES**

<b>(a) Manufacturing Expenses</b>		
Power, Fuel & Water charges	3495.81	3852.92
Stores & Spares Consumed	1209.74	1063.31
Packing Expenses	691.61	654.71
Job Charges paid	–	1.95
Repair & Maintenance		
Plant & Machinery	93.05	53.45
Building	18.29	41.42
Others	13.33	11.62
<b>TOTAL (a)</b>	<b>5521.83</b>	<b>5679.38</b>
<b>(b) Administrative and Other Expenses</b>		
Printing & Stationery	9.09	7.58
Postage & Communication	21.16	18.38
Subscription & Membership Fees	1.76	4.21
Director's Sitting Fee	0.69	0.55
Rent, Rates & Taxes	17.91	17.79



	Year ended 31.03.2014 (Rs. in lacs)	Year ended 31.03.2013 (Rs. in lacs)
Travelling Directors	7.19	11.73
Others	22.67	14.62
Vehicle & Conveyance	30.51	17.05
Charity & Donation	4.70	2.68
Legal & Professional	10.50	15.72
Insurance Charges	38.99	45.89
Loss on Sale of Fixed Assets	9.14	67.17
Audit Fees	2.50	2.00
Cost Audit Fees	0.25	0.25
Advertisement	8.45	4.63
Miscellaneous Expenses	7.54	10.64
<b>TOTAL (b)</b>	<b>193.05</b>	<b>240.89</b>
<b>(c) Selling and Distribution Expenses</b>		
Sales Promotion	20.54	9.42
Sales Commission	592.73	622.50
Rebate, Claims & Discount	23.97	22.25
Freight & Forwarding	816.79	893.76
Hank Yarn Obligation Expenses	25.58	21.88
<b>TOTAL (c)</b>	<b>1479.61</b>	<b>1569.81</b>
<b>TOTAL (a to c)</b>	<b>7194.49</b>	<b>7490.08</b>

## NOTE 24 : ACCOUNTING POLICIES & ADDITIONAL INFORMATION

### A. SIGNIFICANT ACCOUNTING POLICIES

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

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

#### 2) Revenue Recognition :

- Sales are recognised when goods are supplied and effective control of goods associated with ownership is transferred to the buyer. Sales are recorded net of Sales Tax, return, discounts and rebates but including Excise Duties.

- (b) Foreign exchange differences relating to sales are included in Revenue from operation.
- (c) Other Income and Incentives/Benefits are accounted for on accrual basis.
- (d) Claims lodged with insurance companies are accounted and credited to the relevant head when recognized by the insurance company.
- (e) Inter-divisional sales comprising of sale of power for captive use is reduced from gross turnover in arriving net turnover.

**3) Expenditure**

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

**4) Inventory**

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

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

**5) Investments**

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

**6) Fixed Assets**

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

**7) Depreciation**

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

**8) Prior Period Items**

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

**9) Borrowing Costs**

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

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

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

**11) Foreign Currency Transactions**

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

**12) Financial Derivatives**

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

**13) CENVAT**

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

**14) Research & Development**

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

**15) Retirement Benefits**

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

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

- a) Provision for Current Income Tax is made after considering Mat Credit entitlement, exemptions and deductions available under the Income Tax Act, 1961.

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

#### 17) Impairment of Assets

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

#### 18) Deferred Revenue Expenditure

The Company does not recognize any Deferred Revenue Expenditure.

#### 19) Provisions and Contingencies

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

### B. ADDITIONAL INFORMATION

#### 1) Contingent Liabilities & Commitments

##### i) Contingent Liabilities not provided for

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a.	Disputed Liabilities not acknowledged as debts - Cenvat, Service Tax and Custom Duty	804.91	814.99
b.	Guarantees - Outstanding Bank Guarantees	315.59	129.59
c.	Other money for which the company is contingently liable - Bill Discounted with Bank	4667.93	4210.32

##### ii) Commitments

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) **Rs. 18038.70 Lacs** (Previous Year – Rs. 15.93 Lacs).
- b) The company has an outstanding export obligation of approx. **Rs. 1136.64 lacs.** (Previous Year – Rs. 2567.07 Lacs), in respect of capital goods imported at the concessional rate of duty under Export Promotion Capital Goods Scheme, which is required to be met at different dates on or before 31.03.2020.
- 2) In the opinion of the Board the Current Assets, Loans and Advances are approximately of the value as stated in Financial Statements, if realised in the ordinary course of business. The provisions

for all known and determined liabilities are adequate and not in excess of the amount reasonably required.

- 3) Sundry Creditors include Rs. **Nil** (Previous Year Rs. Nil) amount due to Micro & Small Enterprises as at 31<sup>st</sup> March 2014. The figures have been disclosed on the basis of confirmations received from suppliers who have registered themselves under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and /or based on the information available with the company. Further, no interest during the year has been paid or payable under the provisions of the MSMED Act, 2006.
- 4) Provision for current tax is net of MAT Credit Entitlement **Rs. 834.29 Lacs** (Previous Year – Rs. 419.68 Lacs)
- 5) Exceptional item of Rs. 1473.83 lacs during previous year represent provision of liability for recompense interest pertaining to earlier years under CDR system.
- 6) Financial Derivative Instruments

The Company uses forward contracts to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities, firm commitments and highly probable forecast transactions. The use of the aforesaid financial instruments is governed by the company's overall strategy. The company does not use forward contracts and options for speculative purposes. The details of the outstanding forward contracts and unhedged currency exposure as at 31<sup>st</sup> March, 2014 is as under :

Particulars	Current Year (in Lacs)		Previous Year (in Lacs)	
	Foreign Currency	INR	Foreign Currency	INR
A Forward Contracts outstanding (for Hedging)				
USD (Sale)	<b>83.73</b>	<b>5318.53</b>	75.49	4194.98
EURO (Sale)	–	–	–	–
Total	<b>83.73</b>	<b>5318.53</b>	75.49	4194.98
B Unhedged forex exposure				
Receivables GBP	–	–	0.21	17.29
Payable - USD	<b>3.33</b>	<b>200.13</b>	3.57	194.17

7) **Payment to Auditors :-**

	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
A.	Audit Fee	<b>2.20</b>	1.80
B.	Tax Audit Fee	<b>0.30</b>	0.20
	<b>Total</b>	<b>2.50</b>	2.00



## 8) Employee Benefit Obligations

### a) Defined Contribution Plan

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

Total contribution made by the employer to the Fund during the year is **Rs. 130.95 lacs** (Previous Year Rs 108.49 Lacs).

### b) Defined Benefit Plan

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

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

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

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Present value of obligation at the beginning of the period	178.06	129.80
Interest cost	14.24	10.38
Current service cost	49.17	32.02
Benefits paid	(16.02)	(7.59)
Actuarial (gain)/loss on obligation	44.13	13.45
Present value of obligation at the end of period	269.58	178.06

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

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Current service cost	49.17	32.02
Interest cost	14.24	10.38
Net actuarial (gain)/loss recognized in the period	44.13	13.45
Expenses recognized in the Profit & Loss statement	107.54	55.85

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

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Present value of obligation as at the end of period	269.58	178.06
Fair value of Plan Assets	–	–
Liability Recognized in Balance Sheet	269.58	178.06

## The assumptions used in Actuarial Valuation:-

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

The estimates of future salary increase; considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

The discount rate is based on prevailing market yields of Indian Government Bonds, as at the balance sheet date, consistent with the currency and estimated term of the post employment benefit obligations.

## c) Other Long Term Employee Benefits

Leave Encashment obligation as on 31.03.2014 is **Rs. 81.01 Lacs.**

(Previous Year Rs. 68.73 lacs)

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

10) **SEGMENT REPORTING**

## (a) Primary Segment Reporting (By Business Segments)

- (i) The Company is engaged in textiles. Hence there is no separate business segments
- (ii) The company has its own power generation division mainly for captive use; therefore it is not treated as a separate business segment.

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

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
1.	Segment Revenue		
	- Within India	16792.34	11348.75
	- Outside India	32077.47	33288.17
	<b>Total Revenue</b>	<b>48869.81</b>	44636.92

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
2.	Segment Assets*		
	- Within India	34513.94	32754.24
	- Outside India	884.53	1818.62
	<b>Total Assets</b>	<b>35398.47</b>	34572.86

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

# 11) RELATED PARTY DISCLOSURES

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

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

### (a) Key Management Personnel :-

Name of Person	Relationship
Shri R.L. Nolkha, Chairman & Managing Director	Father of Shri Dinesh Nolkha & Shri Nitin Nolkha
Shri Dinesh Nolkha, Managing Director	Son of Shri R.L. Nolkha, Brother of Shri Nitin Nolkha
Shri Nitin Nolkha, Executive Director	Son of Shri R.L. Nolkha, Brother of Shri Dinesh Nolkha

### (b) Relatives :-

Sushila Devi Nolkha	Wife of Shri R. L. Nolkha, Mother of Shri Dinesh Nolkha & Shri Nitin Nolkha
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### (b) Associates :-

Redial Trading & Investment Pvt. Ltd

## Details of Transactions with related parties :-

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
1	Rent Payment	4.80	4.05
2	Managerial Remuneration	221.80	115.29

The balance with related parties as on 31.03.2014 was Nil

**12) Earning Per Share (EPS) –**

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
A	Net Profit available to Equity Shareholders	<b>3478.07</b>	1413.73
B	Number of Equity Shares of Rs.10 each outstanding during the year (in lacs)	<b>458.34</b>	458.34
C	Basic/Diluted Earning per share (Rs.)	<b>7.59</b>	3.08
D	Face Value of each equity share (Rs.)	<b>10.00</b>	10.00

**13) Installed Capacity**

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

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

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

S.N.	PARTICULAR	OPENING STOCK		PRODUCTION/ PURCHASES		SALES		CLOSING STOCK	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>A</b>	<b>YARN</b>								
<b>i)</b>	<b>Own Manufacturing</b>								
	Qty. (In Tons) *	<b>271.768</b>	201.764	<b>21621.987</b>	21515.951	<b>18673.526</b>	19549.723	<b>544.638</b>	271.768
	Value (Rs. in Lacs)	<b>375.37</b>	285.68	-	-	<b>39046.06</b>	36641.64	<b>878.58</b>	375.37
<b>ii)</b>	<b>Trading</b>								
	Qty. (In Tons)	-	-	<b>490.115</b>	770.077	<b>490.115</b>	770.077	-	-
	Value (Rs. in Lacs)	-	-	-	-	<b>1075.94</b>	1464.57	-	-
<b>B</b>	<b>Fabric</b>								
	Qty. (In Tons)	<b>41.254</b>	7.495	<b>2706.659</b>	1933.789	<b>2693.231</b>	1900.030	<b>54.682</b>	41.254
	Value (Rs. in Lacs)	<b>82.85</b>	12.96	-	-	<b>6862.82</b>	4349.75	<b>117.25</b>	82.85
<b>C</b>	<b>Saleable Waste &amp; Others</b>								
	Value (Rs. in Lacs)	<b>38.65</b>	50.44	-	-	<b>1315.88</b>	1414.44	<b>59.25</b>	38.65
<b>D</b>	<b>Job Work for Others</b>								
	<b>Fabric</b>								
	Qty. (In Tons)	-	-	<b>454.945</b>	507.140	<b>454.945</b>	507.140	-	-
	Value (Rs. in Lacs)	-	-	-	-	<b>129.73</b>	109.40	-	-

\* Production includes 2675.591 Tons. (Previous Year 1896.224 Tons.) transferred for captive consumption

**B. Raw Material consumed**

S.N.	PARTICULAR	OPENING STOCK		PURCHASES		CONSUMPTION		CLOSING STOCK	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>A</b>	<b>Own Manufacturing</b>								
<b>i)</b>	<b>Cotton</b>								
	Qty. (In Tons)	6889.606	6118.863	23829.913	26271.565	25866.434	25500.822	4853.085	6889.606
	Value (Rs. in Lacs)	6562.40	6015.22	27638.11	25247.76	29045.28	24700.58	5155.23	6562.40
<b>ii)</b>	<b>Yarn</b>								
	Qty. (In Tons)	5.874	2.944	67.249	72.276	66.867	69.346	6.256	5.874
	Value (Rs. in Lacs)	29.61	13.07	313.30	274.39	308.93	257.85	33.98	29.61
	<b>Total</b>								
	Qty. (In Tons)	6895.480	6121.807	23897.162	26343.841	25933.301	25570.168	4859.341	6895.480
	Value (Rs. in Lacs)	6592.01	6028.29	27951.41	25522.15	29354.21	24958.43	5189.21	6592.01
<b>B</b>	<b>Trading</b>								
<b>i)</b>	<b>Yarn</b>								
	Qty. (In Tons)	-	-	490.115	770.077	490.115	770.077	-	-
	Value (Rs. in Lacs)	-	-	1023.60	1460.63	1023.60	1460.63	-	-

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

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a.	Components & Spare Parts including Packing Materials	523.54	512.93
b.	Raw Material	1381.36	2258.09
c.	Capital Goods	241.85	486.32
	<b>Total</b>	<b>2146.75</b>	<b>3257.34</b>

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

S.No.	Particulars	Current Year (Rs. in lacs)	%	Previous Year (Rs. in lacs)	%
(i)	<b>Raw Materials</b>				
a.	Imported	1443.41	4.92	2403.46	9.63
b.	Indigenous	27910.80	95.08	22554.97	90.37
	<b>Total</b>	<b>29354.21</b>	<b>100.00</b>	<b>24958.43</b>	<b>100.00</b>
(ii)	<b>Components &amp; Spare Parts including Packing Materials</b>				
a.	Imported	462.66	24.33	493.27	28.71
b.	Indigenous	1438.69	75.67	1224.75	71.29
	<b>Total</b>	<b>1901.35</b>	<b>100.00</b>	<b>1718.02</b>	<b>100.00</b>



**E. Expenditure in Foreign Currency**

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
i.	Commission	351.87	400.28
ii.	Travelling	4.84	3.16
	<b>Total</b>	<b>356.71</b>	403.44

**F. Earning in Foreign Currency**

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
(i)	Export of Goods at FOB value	31619.91	32787.00

**G. Managerial Remuneration**

S.No.	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
(i)	Salary	73.75	62.50
(ii)	Contribution to Provident Fund	8.85	7.50
(iii)	Others	1.87	3.31
(iv)	Commission	137.33	41.98
	<b>Total</b>	<b>221.80</b>	115.29

Signatures to Note 1 to 24  
As per of our report of even date attached.

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

**ASHOK MANGAL**  
Partner  
M.No. 071714

Place : Bhilwara  
Date : 6th May, 2014

For and on behalf of the Board

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

**DINESH NOLKHA**  
Managing Director

**NITIN NOLKHA**  
Executive Director

**P. MAHESHWARI**  
Chief Financial Officer

**Y.R. SHAH**  
Director

**BHAGWAN RAM**  
Director

**S.K. CHATURVEDI**  
Nominee Director

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



## NITIN SPINNERS LIMITED

CIN : L17111RJ1992PLC006987

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

Website : www.nitinspinners.com, E-mail Id – investorrelations@nitinspinners.com

Phone No. 01482-286110, Fax No. 01482-286114 & 17

### ATTENDANCE SLIP

Only Shareholder or the Proxies will be allowed to attend the meeting

DP ID *	
Client ID *	

L.F. No.	
No. of Shares held	

I / We hereby record my / our presence at the 22<sup>nd</sup> Annual General Meeting of the Company being held on Thursday, the 11<sup>th</sup> September, 2014 at 3.30 PM at Registered office at Company.

Signature of Shareholders(s) : 1. .... 2. ....

Signature of the Proxy holder .....

\* Applicable for Investors holding Shares in Electronic form

Note : Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.

### PROXY FORM

**(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)**

CIN : L17111RJ1992PLC006987  
Name of Company : NITIN SPINNERS LIMITED  
Registered Office : 16-17 Km. Stone, Chittor Road, Hamirgarh, Bhilwara- 311025 (Raj.)

Name of the Member(s)	
Registered Address	
Email ID	
Folio No. / Client ID	
DP ID	

I/We, being the member(s) of..... Shares of Nitin Spinners Ltd, hereby appoint :

- (1) Name ..... : Address .....  
Email ID ..... : Signature .....or falling him;
- (2) Name ..... : Address .....  
Email ID ..... : Signature .....or falling him;
- (3) Name ..... : Address .....  
Email ID ..... : Signature .....or falling him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company to be held on Thursday, the 11<sup>th</sup> September, 2014 at 3.30 PM at Registered office 16-17 Km. Stone, Chittor Road, Hamirgarh Bhilwara- 311025 (Raj.) and at any adjournment thereof in respect of such resolutions as are indicate below:

Resolu- tion No.	RESOLUTIONS	Optional*	
		For	Against
1.	Adoption of Audited Balance Sheet as at 31 <sup>st</sup> March, 2014, Profit and Loss Statement for the year ended on that date Directors' and Auditors' Reports thereon.		
2.	Declaration of Dividend on Equity Shares for the year ended 31 <sup>st</sup> March, 2014.		
3.	Re-appointment of Sh. R. L. Nolkha as Director of the Company.		
4.	Appointment of Auditors and to fix their remuneration.		
5.	Appointment of Sh. Y. R. Shah as an Independent Director.		
6.	Appointment of Sh. B. Ram as an Independent Director.		
7.	Appointment of Smt. Aditi Mehta as an Independent Director.		
8.	Appointment of Dr. R. Chattopadhyay as an Independent Director.		
9.	Special resolution under section 180(1)(c) of the Companies Act, 2013 for borrowing money upto Rs. 700 Crores.		
10.	Special resolution under section 180(1)(a) of the Companies Act, 2013 for creation of security.		
11.	Approval of remuneration of Cost Auditors		
12.	Approval for increase in sitting fee of Independent Directors.		

Signed this ..... day of ..... 2014

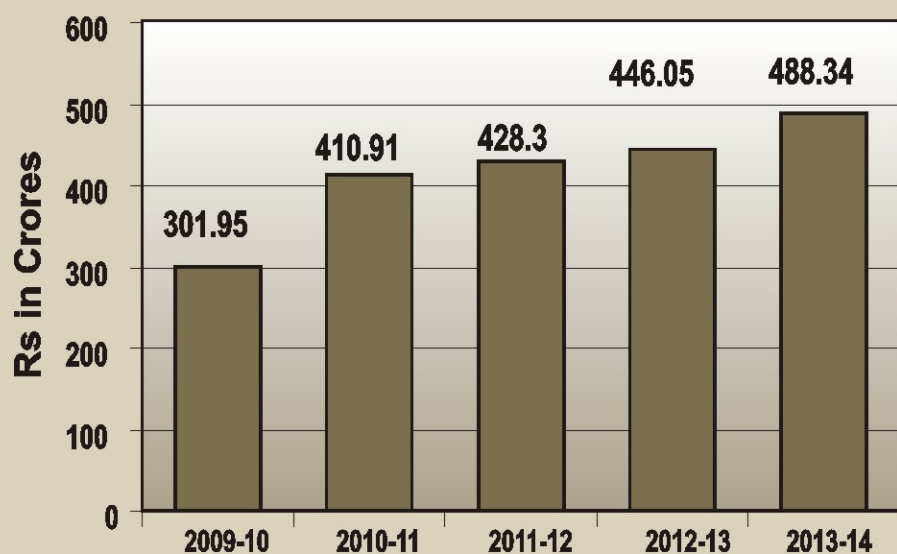
Signature of shareholder .....

Signature of proxy holder(s).....

Affix  
Revenue  
Stamp

- Note: (1) This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company at 16-17 Km, Stone, Chittor Road, Hamirgarh Bhilwara- 311025 (Rajasthan), not less than 48 hours before the commencement of the meeting.
- (2) For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 22<sup>nd</sup> Annual General Meeting.
- (3) \* Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (4) In case of joint holders, signatures of any one holders will be sufficient, but names of the joint holders should be stated.

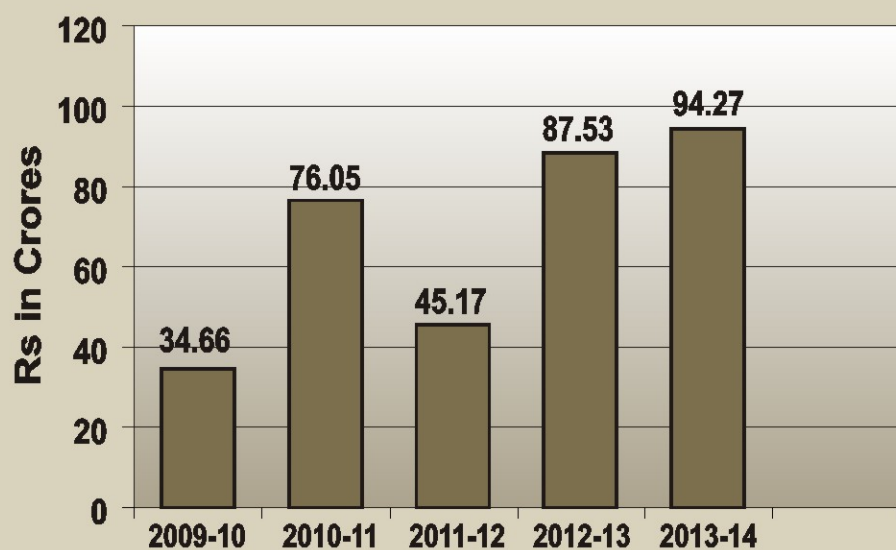
## Total Revenues



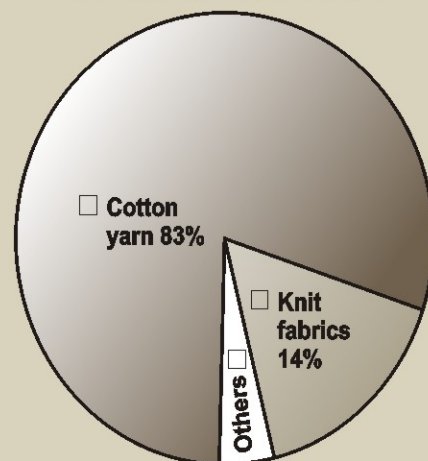
## Geographical Distribution of Revenue for the Year 2013-14



## Operating Profits(EBIDTA)



## Product wise Distribution of Revenue for the Year 2013-14





*If undelivered, please return to :*

**Nitin Spinners Ltd.**

16-17 Km. Stone, Chittor Road, Hamirgarh  
Distt. Bhilwara - 311025 (Rajasthan) INDIA





# NITIN SPINNERS LTD.

(A GOVT. OF INDIA RECOGNISED EXPORT HOUSE)




IS/ISO : 9001:2008


## FORM A

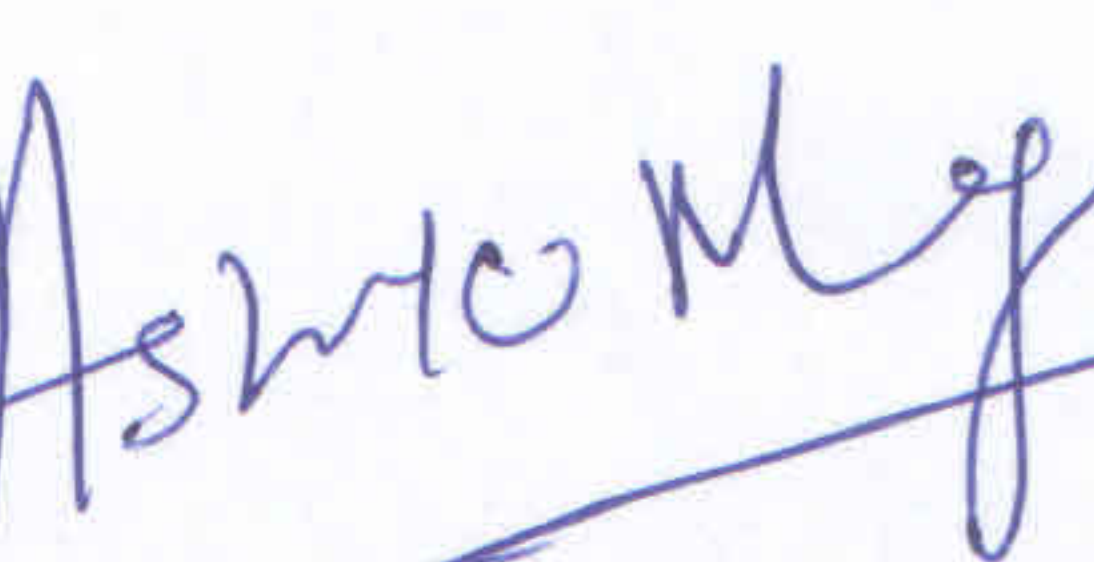
1.	Name of Company	<b>NITIN SPINNERS LIMITED</b> <b>16 - 17 Km. Stone,</b> <b>Chittor Road, Hamirgarh,</b> <b>Bhilwara (Raj.) 311025</b>
2.	Annual Financial Statement for the Year Ended	31 <sup>st</sup> March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N. A.

**For : Nitin Spinners Limited**

  
(P. Maheshwari)  
V.P. (Finance)

  
(Dinesh Nolkha)  
Managing Director

  
(Y. R. Shah)  
Director &  
Chairman of  
Audit  
Committee

  
(Ashok Mangal)  
Statutory  
Auditor