



NITIN

NITIN SPINNERS LTD.



Annual Report

2011-12



Sh. Nitin Nolkha, Executive Director of the Company receiving TEXPROCIL Bronze Trophy from Sh. V. Srinivas, Joint Secretary, Ministry of Textiles, Government of India for the Third highest exports in the category of "Grey Fabric" for the Financial Year 2010-11.

BOARD OF DIRECTORS :

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

Bankers

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

Auditors

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

Company Secretary & 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)

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NOTICE

NOTICE is hereby given that the 20th 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 **Wednesday, the 26th September, 2012 at 3.30 P.M.** to transact the following business:-

Ordinary Business:-

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012, Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri B. Ram, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Dinesh Nolkha, who retires from office by rotation and being eligible, offers himself for re-appointment
4. To appoint Auditors of the Company and to fix their remuneration

Special Business:-

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

"RESOLVED THAT pursuant to provisions of section 198, 269, 309, 310 and 311 read with schedule XIII & all other applicable provisions of the Companies Act, 1956 Shri R. L. Nolkha, Chairman & Managing Director of the Company whose term is expiring on 31st August, 2012 be and is hereby re-appointed as Chairman & Managing Director of the Company for a further period of three years commencing from 1st September, 2012 to 31st August, 2015 on following terms & conditions:-

I Basic Salary : Rs. 250000/- (Rs. Two Lacs Fifty Thousand only) per month with an annual increase of Rs 25000/- (Rs. Twenty Five Thousand only) in the month of September every year.

II. Commission:

In addition to Basic Salary, Perquisites

and any other benefits, he shall be allowed commission not exceeding 1% of the net profit of the company in a financial year as computed under section 198 of the Companies Act, 1956 subject to necessary approvals as may be required.

III. Perquisites:

In addition to the above basic salary and commission Shri R. L. Nolkha shall be entitled for the following perquisites and allowances:-

The perquisites are classified into following three categories A, B and C :-

Category "A"

1. **Housing I:** The appointee shall be provided with free furnished residential accommodation with free Gas, Electricity and Water. The expenditure incurred by the company on hiring unfurnished accommodation for him shall be subject to a ceiling of 60% of the salary over and above 10% payable by him.

Housing II: In case the Company owns the accommodation, the company shall deduct 10% of the salary

Housing III: In case the company provides no accommodation; house rent allowance as per rules of the Company shall be paid.

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax Act, 1962.

2. **Medical Reimbursement:**

For self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

3. **Leave Travel Concession:-**

For self and family once in a year incurred in accordance with the rules prescribed by the Company.

4. **Club Fees:**

Fees of clubs subject to the maximum of two clubs will be allowed. Admission and life membership fees shall not be allowed.

5. Personal Accident Insurance:

Actual premium paid subject to maximum limit of Rs. 10000/- in a year.

Category "B"

1. **Provident Fund:** Company's contribution to provident fund shall be as per the scheme of our Company.

2. **Superannuation/Annuity Funds:**

Company's contribution to superannuation/annuity fund shall be in accordance with the scheme of the company.

The above Contribution to provident fund, superannuation / annuity fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

3. **Gratuity:**

As per the rules of our Company, payable in accordance with the approved fund at the rate of half a month salary for each completed year of service.

Category "C"

1. **Car:**

Facility of car shall be provided for business use of the Company. The Company shall bill use of car for private purposes separately.

2. **Telephone:**

Free telephone facility at residence. The Company shall bill personal long distance calls.

FURTHER RESOLVED that if in any financial year during the currency of tenure of the Chairman & Managing Director, the Company has no profits or its profits are inadequate the appointee shall be entitled to minimum remuneration by way of Basic Salary, Perquisites, allowances not exceeding the limits specified under para 1 (B) of Section II, Part II of Schedule XIII to the Companies Act, 1956."

By order of the Board

Place : Bhilwara

(Sudhir Garg)

Date : 04.08.2012

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.**
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 173(2) of the Companies Act, 1956 in respect of item Nos. 5 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 19th September, 2012 to 26th September, 2012 (both days inclusive)
5. 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.
6. In case of physical shares, the instrument of Share Transfer complete in all respect should be sent so as to reach to the registered office of the Company or at the office of R & T Agent prior to closure of the Register of Members as stated above.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day till the date of 20th Annual General Meeting from 11.00 A.M. to 1.00 P.M.
8. The Company has opened Demat account for unclaimed shares with Kotak Securities Ltd. and 2300 equity shares was lying in the account as on 31.03.2012. During the year 2011-12, 600 Shares have been credited in the account of two shareholders on receipt of valid claim.

By order of the Board

Place : Bhilwara
Date : 04.08.2012

(Sudhir Garg)
Company Secretary & GM (Legal)



NITIN

ANNEXURE TO NOTICE

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

Item No. 5 :

The Shareholders of the Company at their meeting appointed Sh. R. L. Nolkha, Chairman & Managing Director for a term of 5 years from 01.09.2007 to 31.08.2012. The remuneration committee at its meeting held on 04.08.2012 recommended re-appointment of Sh. R.L. Nolkha, Chairman & Managing Director for further period of 3 years from 01.09.2012 to 31.08.2015 on the terms and conditions set out in the Resolution.

As per Schedule XIII of the Companies Act, 1956, the payment of remuneration to Chairman & Managing Director requires Shareholders' approval by way of Special Resolution. The Board of Directors on the recommendation of Remuneration Committee Meeting considered the matter at its meeting held on 04.08.2012 and recommends the resolution for your approval.

None of the Directors except Sh. R.L. Nolkha, Sh. Dinesh Nolkha, Managing Director and Sh. Nitin Nolkha, Executive Director being relatives of Sh. R.L. Nolkha are interested or concerned in the above resolution.

The resolution along with explanatory statement may also be treated as an abstract of the terms of payment of remuneration and Memorandum of Interest of Sh. R. L. Nolkha, Chairman & Managing Director as required under section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

INFORMATION PURSUANT TO PARA 1(B) OF SECTION II OF PART II OF THE SCHEDULE XIII TO THE COMPANIES ACT, 1956

I. General Information

1. Nature of Industry

The Company is in the business of manufacturing of Cotton Yarn & Knitted Fabric.

2. Date or expected date of commercial production

The Company was incorporated on 15.10.1992 and commercial production was commenced in November, 1993.

3. Financial Performance based on given indicators

The financial performance of the Company

during the previous three financial years is as under:-

(Rs. in Lacs)

| | Financial Year Ended | | |
|---------------------------------------|----------------------|-----------------|-----------------|
| | 31.03.2012 | 31.03.2011 | 31.03.2010 |
| Revenue from Operations | 42830.03 | 41090.84 | 30195.49 |
| Profit Before interest & Depreciation | | | |
| Depreciation | 4517.16 | 7604.57 | 3465.77 |
| Interest | 2089.56 | 2103.68 | 1500.93 |
| Profit Before Depreciation | 2427.60 | 5500.89 | 1964.84 |
| Depreciation | 2397.55 | 2402.40 | 1865.11 |
| Exceptional items | - | 2131.46 | - |
| Profit before Tax | 30.05 | 967.03 | 99.73 |
| Provision for Tax | (0.26) | 293.25 | 32.28 |
| Profit After Tax | 30.31 | 673.78 | 67.45 |

4. Export performance and net foreign exchange collaborations:

Export sale of the Company for the year 2011-12 was Rs. 301.99 crores against Rs. 289.42 crores in the year 2010-11.

5. Foreign investments or collaborations, if any: NIL

II. Information About The Appointee :

1. Background details

Sh. R. L. Nolkha aged about 66 years is member of all three pioneer Institutes i.e. Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost Accountants of India. He has vast experience of about four decades in Textile Industries. He was associated with Zenith Ltd. a Birla concern, Surya Roshini Ltd. and LNJ, Bhilwara group 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.

2. Past Remuneration and Proposed Remuneration

| Past Remuneration | Proposed Remuneration |
|---|---|
| Basic Pay Rs. 1.00 Lacs P.M. with an increment of Rs. 20000/- per annum. Other perquisites as mentioned in the resolution (From 01.09.2007 to 31.08.2012) Present basic pay is Rs. 1.80 Lacs. | Basic Pay Rs. 2.50 Lacs P.M. with an increment of Rs. 25000/- per annum. Other perquisites as mentioned in the resolution (From 01.09.2012 to 31.08.2015) |

3. Recognition or awards

Sh. R.L. Nolkha has represented various Chamber of Commerce and Business Federations. Presently, he is Chairman of Northern India Textile Research Association (NITRA) and The Rajasthan Textile Mills Association (RTMA). He was President of Mewar Chamber of Commerce & Industry in the year 1987 again in the year 1998. He was awarded "Udyog Patra" in the year 2003

4. Job Profile and his suitability

Being Chairman & Managing Director he is looking after the affairs of the Company, subject to superintendence, control and direction of the Board of Directors. Taking into account of his qualifications, experience and comparison with similarly situated managerial personnel in the industry and responsibilities placed on him as Chairman & Managing Director of the Company and in view of his contribution to the Company since his appointment, the Board considers his remuneration is in the best interest of the Company.

5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :-

The Company has paid up share capital of Rs. 45.83 Crores and listed at two Stock Exchanges i.e. BSE & NSE with approx 16000 shareholders. It is in the business of manufacturing of Cotton Yarn and Knitted Fabric with Turnover of Rs. 428 Crores during the F.Y. 2011-12. Considering the size of the Company and profile of Sh. R. L. Nolkha, responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other

Companies.

6. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any

Excepting the payment of remuneration for his services as Chairman and Managing Director, detailed in the resolution, he has no other pecuniary relationship with the Company. None of the Directors of the Company except Sh. R. L. Nolkha himself and Sh. Dinesh Nolkha and Sh. Nitin Nolkha being relatives, are interested.

III. Other information :

1. Reasons of loss or inadequate profit :-

The Company earned profit before tax of Rs. 30.05 Lacs for the financial year 2011-12 as compared to Profit before Tax of Rs. 967.03 Lacs in the year 2010-11. The reasons for inadequate profit of the Company for the year ended 31.03.2012 are mainly due to high volatility in cotton prices, the main raw material for manufacturing of cotton yarn and knitted fabric. In the coming years the company may have inadequate profits.

2. Steps taken or proposed to be taken for improvement :-

The Company has invested for high value addition products of Slub and Compact yarns and has taken electricity connection on 132 KV line to reduce power cost. The Company is taking effective steps to bring down the cost of production and overheads. The Company is hopeful that these measures will yield good returns in future.

3. Expected increase in productivity and profits in measurable terms :-

The Company has taken initiatives to improve the profitability of the Company and will continue in its endeavor to improve performance and Management expects a reasonable growth in business, gross revenue and net profit in the coming year.

By order of the Board

Place : Bhilwara

(Sudhir Garg)

Date : 04.08.2012

Company Secretary & GM (Legal)

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present 20th Annual Report on the business and operations of your Company and the Audited Accounts for the year ended 31st March, 2012

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 | 42830.03 | 41090.84 |
| Gross Profit Before Finance Cost, Depreciation & Exceptional item. | 4517.16 | 7604.57 |
| Finance Cost | 2089.56 | 2103.68 |
| Profit before Depreciation & Exceptional items | 2427.60 | 5500.89 |
| Depreciation | 2397.55 | 2402.40 |
| Exceptional items (Depreciation for earlier years) | - | 2131.46 |
| Profit before Taxation | 30.05 | 967.03 |
| Provision for Taxation - Current (Net of MAT Credit) | - | - |
| - Deferred Tax | (0.26) | 293.25 |
| Net Profit after Tax | 30.31 | 673.78 |
| Adjustments of earlier years | - | - |
| Net Profit | 30.31 | 673.78 |
| Balance brought forward from previous year | 741.71 | 67.93 |
| Total - Carried to Balance Sheet | 772.02 | 741.71 |

OPERATIONAL REVIEW

Your Company has achieved all time high turnover of Rs. 428.30 Crores during the year as compared to Rs. 410.90 Crores in the previous year, an increase of 4.23%. Export turnover has increased by 4.34% from Rs. 289.42 Crores in the previous year to Rs. 301.99 Crores during

the year under review and it constitutes 70.51% of the total turnover during the current year.

During the current year the Cotton spinning industry faced unprecedented challenges in terms of steep decline in raw cotton prices and yarn prices. In the year 2010-11, prices of cotton more than doubled to Rs. 173 per kg in April, 2011, from Rs. 80 per kg in March, 2010 on the back of a combination of robust demand and constrained supply because of lower cotton crop in main cotton producing countries like China, Pakistan and the United States and Government Policy of allowing Exports of cotton without assessing actual production requirement of domestic industry. International prices of cotton started declining from April, 2011. Further, due to subdued demand of yarn in domestic market following closure of dyeing units in Tirupur, a leading hub for hosiery exports and economic uncertainties in European markets, yarn inventories piled up with spinning units. The stock of cotton yarn with the spinners also affected cotton purchases by mills and had a further cascading effect on cotton prices. The cotton prices in India started tumbling and went down by almost 50% by end of July, 2011 from the peak of April, 2011. Spinners loaded with high-cost cotton procured till April, 2011 along with large stock of cotton yarn manufactured from high cost cotton suffered heavy losses during first half of 2011-12.

Your company also suffered heavy losses during first half of the current year on account of higher carrying cost of cotton and also due to steep fall in yarn prices. In the new cotton season cotton prices have stabilized and yarn prices have also improved, leading to better realizations and consequently improvement in profitability in second half. In this background your company has reported operating profit (EBIDTA) of Rs 4517.16 lacs during the year against Rs 7604.57 Lacs in previous year and earned net profit (PAT) of Rs 30.31 lacs during the current year against Rs 673.78 lacs in the previous year. However, your Company is optimistic of better performance during the current year 2012 - 13.

FUTURE PLANS

In order to respond to growing demand and to diversify the product range, your Company is entering into higher value addition products of Slub and Compact yarns by installing Slub and Compact attachments and also increasing capacity of Multifold Yarn by installing additional TFOs at total project cost of Rs. 5.50 Crores. Further, due to increase in input cost of Thermal and F.O. Power Plants, the electricity cost has increased substantially and therefore your Company is taking

electricity connection from State Electricity Board on dedicated 132 KV line at a project cost of Rs. 6.50 Crores. The aggregate project cost of Rs. 12.00 crores is being partly financed through term loan of Rs. 9.00 crores from bankers and balance from internal accrual.

DIRECTORS

Shri Bhagwan Ram and Shri Dinesh Nolkha, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Details of the Directors seeking re-appointment are provided in the Corporate Governance Report forming part of this report.

AUDITORS

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

In pursuance to Section 233-B of the Companies Act, 1956, your Directors have appointed M/s V. K. Goyal & Company, Cost Accountants, being eligible, to conduct Cost Audit of the Company for the Financial Year 2012-13.

DIVIDEND

The Board of Directors does not recommend any dividend on equity shares to augment resources.

FIXED DEPOSITS

Your Company has not accepted or renewed any fixed deposits during the year under review and no fixed deposit is outstanding for payment at the year ended 31st March, 2012.

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.

PARTICULARS OF EMPLOYEES

There was no employee drawing remuneration in excess of limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

ACKNOWLEDGEMENTS

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

For and on Behalf of the Board of Directors

Place : Bhilwara

R. L. NOLKHA

Date : 08.05.2012

Chairman & Managing Director

ANNEXURE - I

Information pursuant to Section 217(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31st March, 2012.

1. **Conservation of Energy** : The Company gives high priority for conservation of energy in all areas of operation.

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

| S.No. | Particulars | Current Year | Previous Year |
|--|-------------|--------------|---------------|
| Power & Fuel Consumption | | | |
| 1. Electricity | | | |
| (a) Purchased | | | |
| Units (in Lacs) | 34.37 | Nil | |
| Total Amount (Rs. in Lacs) | 205.44 | Nil | |
| Cost/Unit (Rs.) | 5.98 | Nil | |
| (b) Own Generation | | | |
| (i) Through FO based Generator | | | |
| Units (in Lacs) | 25.96 | 98.36 | |
| Unit/Per Kg. of FO | 4.05 | 4.37 | |
| Cost/Unit (Rs.) | 10.49 | 7.68 | |
| (ii) Through Coal based TPP | | | |
| Units (in Lacs) | 658.14 | 641.39 | |
| Unit/Per kg of Coal | 0.84 | 0.83 | |
| Cost/Unit (Rs.) | 5.13 | 4.30 | |
| 2. (a) Furnace Oil | | | |
| Quantity (Kg. in Lacs) | 6.41 | 22.51 | |
| Total cost (Rs. in Lacs) | 272.33 | 755.13 | |
| Average Rate/Kg. (Rs.) | 42.46 | 33.54 | |
| (b) COAL | | | |
| Quantity (Kg. in Lacs) | 779.00 | 773.60 | |
| Total cost (Rs. in Lacs) | 3379.24 | 2757.57 | |
| Average Rate/Kg. (Rs.) | 4.34 | 3.56 | |
| Consumption per Kg. of Production | | | |
| Yarn Production (MT) | 20840.51 | 21956.67 | |
| Electricity Unit/Kgs. | 3.40 | 3.31 | |
| Fabric Production (MT) | 2194.48 | 3194.40 | |
| Electricity Unit/Kgs. | 0.45 | 0.39 | |

Technology Absorption

- (1) Specific areas in which R&D carried out by the Company:-
Development of Multifold Yarn for Sweater Knitting and Tea Bags
- (2) Benefits derived as a result of the above R & D
Increase in product range of the Company
- (3) Future Plan of Action
 - (a) Development of Compact Yarns
 - (b) Development of Slub Yarns
- (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 | 35.60 | 34.14 |
| Total (a+b) | 35.60 | 34.14 |
| % to total turnover | 0.08% | 0.08% |

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 | 27984.33 | 28018.52 |
| (b) Outgo - Capital Goods | 187.81 | Nil |
| - Recurring | | |
| Components, Spares Parts including Packing Material | 487.11 | 378.92 |
| Raw Materials | 42.68 | 864.72 |
| Sales Commission | 307.58 | 371.76 |
| Others | 2.58 | 1.70 |

MANAGEMENT DISCUSSIONS & ANALYSIS

INDUSTRY OUTLOOK

Textiles Industry constitutes the largest manufacturing industry in the country accounting for 4 percent of GDP, 14 percent of industrial production and around 17 percent of the country's total exports. The Industry directly provides employment to 35 million workers and provides indirect employment to another 47 million workers. As per Ministry of Textiles, India has potential to increase its textiles share in the world trade from the current level of 4.50% to 8% and reach at US\$ 80 billion by 2020. Thus, the growth and all round development of this industry has direct bearing on the improvement of the economy of the nation.

Cotton Textile constitutes around 60% of the textile industry in India. Cotton is the main raw material for cotton Spinning Mills and its crop depends on behavior of nature. During the year 2010-11 there was shortfall in cotton crop in major cotton producing countries like China, USA and Pakistan which resulted in a steep increase in global cotton prices from US\$ 0.84 per lb in October, 2010 to US\$ 2.30 lb in March, 2011. There was unprecedented nearly three-fold increase in cotton rates within a period of six months. A premature announcement of cotton exports and lower stock to use also pushed up the domestic prices from Rs. 32500 per candy (356 Kg) to Rs. 62500 per candy during this period. From April, 2011 onwards, there has been a steep decline in cotton prices in the global markets due to general decline in commodity prices and element of speculation in the earlier hike in prices. In tandem with fall in International prices, domestic cotton prices also crashed from April, 2011 and within a period of three months the same declined to Rs. 31000 per candy. Mills normally stock 3 to 4 months requirement of cotton. This led to heavy losses to the industry on account of depletion in the value of stock.

On the basis of complaints of cotton yarn shortage from the value added sectors government restricted export of cotton yarn during the year 2010-11 to 720 million kgs, as against the export potential of 1100 million kgs. Since, demand in the domestic market has been declining from January, 2011 onwards and exports were also not permitted, nearly 500 million kgs of unsold cotton yarn got stuck with mills.

Following the crash in cotton prices, cotton yarn prices also crashed in global as well as domestic markets, leading to further losses.

In the current cotton season 2011-12, globally, cotton crop has been estimated to be higher by 8% as compared to last year and in India, also, it is expected to be higher by 10% from 325 lac bales to 356 lac bales. In expectation of good cotton crop internationally and domestically, the prices of cotton have stabilized at present. With the revival of demand of cotton yarn in global market, removal of restriction on export of cotton yarn, the margins have started improving in the later half of the current year and management foresee better financial results in the coming year.

OPPORTUNITIES AND THREATS

The long term growth prospects of Indian textile industry continue to remain strong in view of the rising demand in domestic as well as export markets. However, in order to achieve the growth, the production of the Industry needs to be increased substantially from current levels. Recognizing that and to capitalize on this opportunity, your Company has undertaken several initiatives in the area of operations by entering into diversified high value added products, focus on quality and R & D to optimize its production cost and overall efficiency.

The threats to the Company's product includes severe competition both in domestic and international markets through low cost imports, pricing pressures of finished goods, inflation, 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.

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 2011-12 was 1417 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

Date : 08.05.2012

R. L. NOLKHA

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 2011-12, four meetings of the Board of Directors were held on 03.05.11, 12.08.11, 05.11.11 and 21.01.12.

The 19th Annual General Meeting of the Company was held on 19.09.2011.

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 19.09.11 | 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 | No | Nil | Nil | Nil |
| Sh. Nitin Nolkha | Promoter Executive Director | 4 | No | Nil | Nil | Nil |
| Sh. Bhagwan Ram | Independent Non-Executive Director | 1 | No | Nil | Nil | Nil |
| Sh. Y.R. Shah | Independent Non-Executive Director | 4 | Yes | 1 | Nil | 2 |
| Dr. S.S. Banerjee | Independent Non-Executive Director | 4 | No | Nil | Nil | Nil |

Dr. S. S. Banerjee is the Nominee Director from IDBI Bank Ltd., lender 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 15th May, 2001. Presently, it comprises Shri Y.R. Shah, Shri B. Ram and Dr. S.S. Banerjee. All the members of the committee are non-executive and independent Directors. Sh. Y.R. Shah, Chairman of the Meeting is having requisite financial and accounting expertise

and all other members of the committee are finance literate. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 19th September, 2011. The composition of the Audit committee meets the requirements of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

Meetings and Attendance

The committee met four times during the financial year 2010-11. The dates on which Audit Committee Meetings were held are 03.05.11, 12.08.11, 05.11.11 and 21.01.12. 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 | 1 |
| Dr. S.S. Banerjee | 4 |

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 Dr. S. S. Banerjee. All the members of the Committee are Non-Executive & Independent Directors. During the financial year 2011-12 no meeting of the remuneration committee was held.

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. 45000/- was paid during the financial year 2011-12. The details of remuneration paid to Executive Directors during the financial year 2011-12 are as under:-

Details of Remuneration paid to Executive Directors

(Amt. Rs. in Lacs)

| S.No. | Name of Director | Category of Directors | Basic Salary | Contribution to P.F. | Others | Total |
|-------|-------------------|-------------------------------|--------------|----------------------|--------|-------|
| 1 | Sh. R. L. Nolkha | Promoter & Executive Director | 20.60 | 2.47 | 0.73 | 23.80 |
| 2 | Sh. Dinesh Nolkha | Promoter & Executive Director | 16.50 | 1.98 | 1.81 | 20.29 |
| 3 | Sh. Nitin Nolkha | Promoter & Executive Director | 13.50 | 1.62 | 0.43 | 15.55 |

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 | 5,000 |
| 3 | Sh. Y. R. Shah | Independent Non-Executive Director | 20,000 |
| 4 | Sh. S. S. Banerjee | Independent Non-Executive Director | 20,000 |

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 2011-12 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 & DGM (Legal)

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

Details of Complaints received and status thereof :-

No complaint received from Investors during the financial year 2011-12.



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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 |
|----------------------|------------|---------|--------|---|
| 17 th AGM | 29.09.2009 | 3.00 PM | - Do - | 1. Alteration in clause 4 of Articles of Association i.e. Authorized Share Capital 2. Approval for issue of preference shares to Promoters 3. Approval for issue of Equity Shares on preferential basis to Promoters/ Promoters' Group. |
| 18 th AGM | 25.09.2010 | 3.00 PM | - Do - | Nil |
| 19 th AGM | 19.09.2011 | 3.30 PM | - Do - | Nil |

No Resolution was subject to Postal Ballot at last AGM and also at the ensuing 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 12 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 except constitution of remuneration committee.

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 2011-12

GENERAL SHAREHOLDER INFORMATION

1. Shareholder Information :-

- A. Date of AGM & Time & Venue : 26.09.2012 at 3.30 PM at the Registered office
 B. Date of Book Closure : 19.09.2012 to 26.09.2012 (both the days Inclusive)
 C. Dividend Payment date : No dividend recommended on Equity Shares.
 D. Tentative Financial Calendar : Financial Year -April 1, 2012 to March 31,2013 for next year

| Period | Approval by the Board of Directors |
|--|------------------------------------|
| 1 st Quarter ending June, 12 | Last week of July, 12 |
| 2 nd Quarter ending September, 12 | Last week of October, 12 |
| 3 rd Quarter ending December, 12 | Last week of January, 13 |
| Year ending 31 st March, 13 | April/May, 2013 |
| AGM for year ending 31 st March, 2013 | August/September, 2013 |

- 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 |

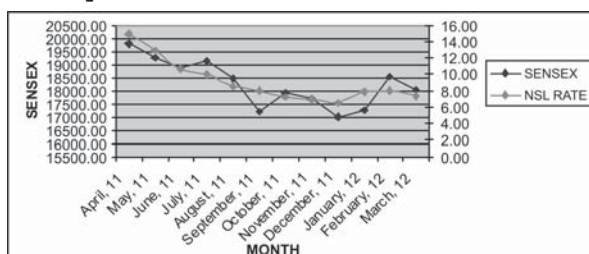
The applicable listing fee for the Financial Year 2012-13 has already been paid to both the Stock Exchanges.

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, 11 | 15.00 | 11.11 | 13.15 | 10.55 |
| May, 11 | 13.00 | 9.86 | 13.20 | 9.10 |
| June, 11 | 10.65 | 8.25 | 10.90 | 8.00 |
| July, 11 | 10.00 | 8.45 | 10.15 | 8.00 |
| August, 11 | 8.55 | 6.00 | 8.50 | 5.55 |
| September, 11 | 8.02 | 6.50 | 7.50 | 6.15 |
| October, 11 | 7.20 | 5.75 | 7.00 | 5.45 |
| November, 11 | 6.94 | 5.30 | 7.00 | 5.50 |
| December, 11 | 6.60 | 5.50 | 6.90 | 5.20 |
| January, 12 | 7.85 | 5.70 | 7.40 | 5.75 |
| February, 12 | 8.03 | 6.60 | 8.00 | 6.55 |
| March, 12 | 7.40 | 6.20 | 7.25 | 6.10 |

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, 2012 | | 31st March, 2011 | |
|--------------------------------|--------------------|---------------|------------------|--------|
| | No. of Shares | % | No. of Shares | % |
| No. of Shares Dematerialised | | | | |
| — NSDL | 3,99,17,650 | 87.09 | 3,94,87,457 | 86.15 |
| — CDSL | 59,13,235 | 12.90 | 60,89,928 | 13.29 |
| No. of Shares in Physical Mode | 3,060 | 0.01 | 2,56,560 | 0.56 |
| Total | 4,58,33,945 | 100.00 | 4,58,33,945 | 100.00 |

J. Outstanding GDRs/ADRs/Warrants Etc.

Nil

K. Registrar & Share Transfer Agent :-

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

M/s Bigshare Services Private Limited

Unit : Nitin Spinners Limited

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

Phone No. : 022 – 40430200

Fax No. : 022 – 28475207

Email : **investor@bigshareonline.com**

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

Share Transfer System :

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

L. Distribution Schedule as on 31st March, 2012 :

| No. of Equity Shares held | No. of Shareholders | % to Shareholders | No. of Shares | % to Shares |
|---------------------------|---------------------|-------------------|--------------------|---------------|
| Up to 500 | 11685 | 72.48 | 28,93,959 | 6.31 |
| 501 to 1000 | 2163 | 13.42 | 19,27,949 | 4.21 |
| 1,001 to 2,000 | 1025 | 6.36 | 16,40,052 | 3.58 |
| 2,001 to 3,000 | 381 | 2.36 | 9,95,242 | 2.17 |
| 3,001 to 4,000 | 204 | 1.27 | 7,52,961 | 1.64 |
| 4,001 to 5,000 | 182 | 1.13 | 8,80,356 | 1.92 |
| 5,001 to 10,000 | 253 | 1.57 | 19,38,872 | 4.23 |
| 10,001 & above | 228 | 1.41 | 3,48,04,554 | 75.94 |
| Total | 16121 | 100.00 | 4,58,33,945 | 100.00 |

M. Shareholding pattern as on 31st March 2012 :

| S.No. | Category | No. of shares Held | Percentage of Shareholding |
|-----------|--|--------------------|----------------------------|
| A. | Promoters Holding | | |
| a. | Indian Promoters | 2,80,83,511 | 61.27 |
| b. | Foreign Promoters | - | - |
| | Total Promoters' Holdings | 2,80,83,511 | 61.27 |
| B | Non-Promoters Holding :- | | |
| a. | Banks, Financial Institutions, Insurance Companies | 4,99,029 | 1.09 |
| b. | Private Corporate Bodies | 18,24,635 | 3.98 |
| c. | Indian Public | 1,51,96,985 | 33.16 |
| d. | NRIs / OCBs | 2,12,853 | 0.47 |
| e. | Any other (please specify) - Trust | 1,500 | - |
| | - Clearing Members | 15,432 | 0.03 |
| | Total Non-Promoters' Holdings | 1,77,50,434 | 38.73 |
| | TOTAL (A) + (B) | 4,58,33,945 | 100.00 |

N. Directors Seeking Re-appointment

Sh. Bhagwan Ram

Sh. Bhagwan Ram aged about 78 years is a graduate from University of Paris and Georgetown University, Washington D.C. He did post graduate diploma in Economics and Finance from International Institute of Public Administration, Paris. He joined IAS in May 1958 and was allotted Rajasthan Cadre. During his tenure, he occupied various senior positions in the Government of Rajasthan and retired from the Services in August, 1991 from the rank of Principal Secretary to the Government of Rajasthan. He is Director of the Company since 1993.

Directorship in other Companies :- Nil

Sh. Dinesh Nolkha

Sh. Dinesh Nolkha aged about 42 years is one of the key Promoters of the Company and associated with the company since its inception i.e. 15.10.1992. He has vast experience of about 20 years in textile industry. He is member of Institute of Chartered Accountant of India (ICAI) and Institute of Cost & Works Accountants of India (ICWAI). He has extensively travelled abroad. He is member of various trade associations. His functional experience covers Finance, Plant operations, Marketing, Administration & Management.

Directorship in other Companies :-

Redial Trading & Investment Pvt. Ltd.

Dolphin Carrier Pvt. Ltd.

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

Plant Location & Address for Correspondence

Place : Bhilwara

Date : 08.05.2012

R. L. NOLKHA

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, 2012.

Place : Bhilwara

Date : 08.05.2012

DINESH NOLKHA

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 their 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 their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.</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 : 08.05.2012

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, 2012 as stipulated in clause 49 of the Listing Agreement entered into by the Company with the stock exchanges. The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

For R. S. DANI & CO.
Chartered Accountants

Place : Bhilwara
Date : 08.05.2012

Ashok Mangal
Partner
M.No. 71714

AUDITORS' REPORT TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of **NITIN SPINNERS LIMITED** as at 31st March, 2012 and the related Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report)(Amendment) Order,2004, issued by the Government of India in terms of Section 227 (4A) of The Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in Paragraph (3) above, we report that
 - a) We have obtained all the information & explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account ;
 - d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act,1956;
 - e) On the basis of the written representations received from the Directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012, and
 - (ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
 - (iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Place : Bhilwara
Date : 8th May, 2012

Ashok Mangal
Partner
M.No. 71714

ANNEXURE TO AUDITOR'S REPORT

Annexure referred to in paragraph (3) of our report of even date to the shareholders of **Nitin Spinners Limited** on the financial statements for the year ended 31st March 2012.

- (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 31.3.2012 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Wealth Tax, Income Tax, Service Tax, Excise Duty, Customs, VAT, Entry Tax and Education Cess as at March 31st, 2012 which have not been deposited on account of any dispute, except as under :-

| Name of the Statute | Nature of dues | Unpaid Amount (Rs. in lacs) | Period | Forum which at pending |
|---------------------|--|-----------------------------|--------------------------|-------------------------------|
| Central Excise | Excise Duty & Penalty | 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 | 30.45 | 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 | 663.54 | 16.05.2008 | CESTAT, New Delhi |
| Central Excise | Excise Duty | 20.67 | 16.05.2008 | CESTAT, New Delhi |
| Entry Tax | Tax | 70.46 | 2006-07 to 31.03.2012 | 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 31.3.2012 and in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

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

Ashok Mangal
Partner
M.No. 71714

Place : Bhilwara
Date : 8th May, 2012



NITIN

BALANCE SHEET AS AT 31ST MARCH, 2012

| Particulars | Note No. | Figures as at end of current reporting period 31.03.2012 (Rs. in lacs) | Figures as at end of previous reporting period 31.03.2011 (Rs. in lacs) |
|-----------------------------------|----------|--|---|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 1 | 4583.39 | 4583.39 |
| (b) Reserve and Surplus | 2 | 4082.57 | 4052.27 |
| | | <u>8665.96</u> | <u>8635.66</u> |
| (2) Non-Current Liabilities | | | |
| (a) Long-Term Borrowings | 3 | 18368.30 | 20853.46 |
| (b) Long-Term Provisions | 4 | 109.27 | 77.18 |
| | | <u>18477.57</u> | <u>20930.64</u> |
| (3) Current Liabilities | | | |
| (a) Short-Term Borrowings | 5 | 4012.38 | 5390.84 |
| (b) Trade Payables | 6 | 406.08 | 338.17 |
| (c) Other Current Liabilities | 7 | 3090.48 | 2747.26 |
| (d) Short-Term Provisions | 8 | 77.36 | 63.93 |
| | | <u>7586.30</u> | <u>8540.20</u> |
| TOTAL | | <u>34729.83</u> | <u>38106.50</u> |
| II. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 9 | | |
| Gross Fixed Assets | | 37542.84 | 37264.79 |
| Less : Depreciation | | <u>14733.95</u> | <u>12336.74</u> |
| Net Fixed Assets | | <u>22808.89</u> | <u>24928.05</u> |
| (ii) Capital Work In Progress | | <u>338.03</u> | <u>-</u> |
| | | <u>23146.92</u> | <u>24928.05</u> |
| (b) Non Current Investments | 10 | - | 0.03 |
| (c) Deferred Tax Assets (net) | | 24.22 | 23.97 |
| (d) Long-Term Loans and Advances | 11 | <u>476.28</u> | <u>212.26</u> |
| | | <u>500.50</u> | <u>236.26</u> |
| (2) Current Assets | | | |
| (a) Inventories | 12 | 7712.40 | 8183.81 |
| (b) Trade Receivables | 13 | 1850.15 | 3533.83 |
| (c) Cash and Cash Equivalents | 14 | 8.47 | 14.18 |
| (d) Short Term Loans and Advances | 15 | 175.00 | 171.45 |
| (e) Other Current Assets | 16 | <u>1336.39</u> | <u>1038.92</u> |
| | | <u>11082.41</u> | <u>12942.19</u> |
| TOTAL | | <u>34729.83</u> | <u>38106.50</u> |

In terms of our report of even date attached

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

ASHOK MANGAL
Partner
M.No.71714

Place : Bhilwara
Date : 8th May, 2012

For and on behalf of the Board

R.L. NOLKHA
Chairman & Managing Director

DINESH NOLKHA
Managing Director

NITIN NOLKHA
Executive Director

P. MAHESHWARI
Chief Financial Officer

Y.R. SHAH
Director

BHAGWAN RAM
Director

Dr. S. S. BANERJEE
Nominee Director

SUDHIR GARG
Company Secretary
& DGM (Legal)

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| Particulars | Note No. | Figures for the current reporting period 31.03.2012 (Rs. in lacs) | Figures for the previous reporting period 31.03.2011 (Rs. in lacs) |
|--|-----------|---|--|
| I. Revenue from Operations | 17 | 42830.03 | 41090.84 |
| II. Other Income | 18 | 12.67 | 23.53 |
| III. TOTAL REVENUE (I+II) | | 42842.70 | 41114.37 |
| IV. Expenses | | | |
| Cost of Materials Consumed | 19 | 28003.69 | 26093.60 |
| Purchase of Traded Goods | | 626.74 | - |
| Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade | 20 | 1042.82 | (878.82) |
| Employee Benefits Expenses | 21 | 1649.49 | 1475.04 |
| Finance Cost | 22 | 2089.56 | 2103.68 |
| Depreciation | | 2397.55 | 2402.40 |
| Other Expenses | 23 | 7002.80 | 6819.98 |
| TOTAL EXPENSES | | 42812.65 | 38015.88 |
| V. Profit before Exceptional Items & Tax | | 30.05 | 3098.49 |
| VI. Exceptional Items (refer note 24(B)(5)) | | - | 2131.46 |
| VII. Profit/(Loss) Before Tax (V-VI) | | 30.05 | 967.03 |
| VIII. Tax Expenses | | | |
| 1. Current Tax | | 5.73 | 192.73 |
| 2. MAT Credit Entitlements | | (5.73) | (192.73) |
| 3. Deferred Tax | | (0.26) | 293.25 |
| IX. Profit /(Loss) After Tax (VII-VIII) | | 30.31 | 673.78 |
| X. Basic & Diluted Earning Per Share (Rupees) | | 0.07 | 1.47 |
| Accounting Policies and Additional informations | 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.71714

Place : Bhilwara
Date : 8th May, 2012

For and on behalf of the Board

R.L. NOLKHA
Chairman & Managing Director

DINESH NOLKHA
Managing Director

NITIN NOLKHA
Executive Director

P. MAHESHWARI
Chief Financial Officer

Y.R. SHAH
Director

BHAGWAN RAM
Director

Dr. S. S. BANERJEE
Nominee Director

SUDHIR GARG
Company Secretary
& DGM (Legal)



NITIN

NOTE 1 : DETAILS OF SHARE CAPITAL

| | As at 31.03.2012 (Rs. in lacs) | As at 31.03.2011 (Rs. in lacs) |
|---|--------------------------------------|--------------------------------------|
| AUTHORISED : | | |
| 4,60,00,000 (Previous Year : 4,60,00,000) | 4600.00 | 4600.00 |
| Equity Shares of Rs. 10/- Each | | |
| 4,00,00,000 (Previous Year : 4,00,00,000) | 400.00 | 400.00 |
| Preference Shares of Rs. 100/- Each | | |
| TOTAL | 5000.00 | 5000.00 |
| ISSUED, SUBSCRIBED & FULLY PAID - UP : | | |
| 4,58,33,945 (Previous Year : 4,58,33,945) | 4583.39 | 4583.39 |
| Equity Shares of Rs. 10/- Each fully paid up ranking pari passu | | |
| | 4583.39 | 4583.39 |

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

| | No. of Shares (% of Holding) | No. of Shares (% of Holding) |
|---|---------------------------------|---------------------------------|
| Redial Trading & investment Pvt. Ltd. | 6609310 (14.42%) | 6609310 (14.42%) |
| Prasham Corporate services (India) Pvt. Ltd. | 6197527 (13.52%) | 6197527 (13.52%) |
| Ratan Lal Nolkha | 5367405 (11.71%) | 5367405 (11.71%) |

b. 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 31.03.2012 (Rs. in lacs) | As at 31.03.2011 (Rs. in lacs) |
|--|--------------------------------------|--------------------------------------|
| a. Capital Redemption Reserve | | |
| Opening Balance | 150.00 | 150.00 |
| Additions during the year | — | — |
| Deductions during the year | — | — |
| Net Balance | 150.00 | 150.00 |
| b. Securities Premium Reserve | | |
| Opening Balance | 2766.73 | 2766.73 |
| Additions during the year | — | — |
| Deductions during the year | — | — |
| Net Balance | 2766.73 | 2766.73 |
| c. General Reserve | | |
| Opening Balance | 393.82 | 393.83 |
| Additions during the year | — | — |
| Deductions during the year | — | — |
| Net Balance | 393.82 | 393.83 |
| d. Surplus in Profit & Loss Statement | | |
| Opening Balance | 741.71 | 67.93 |
| Additions during the year | 30.31 | 673.78 |
| Deductions during the year | — | — |
| Net Balance | 772.02 | 741.71 |
| TOTAL (a to d) | 4082.57 | 4052.27 |

NOTE 3 : LONG TERM BORROWINGS

| | As at 31.03.2012 (Rs. in lacs) | As at 31.03.2011 (Rs. in lacs) |
|---|--------------------------------------|--------------------------------------|
| a. Term Loan from Banks (Secured) | 20853.36 | 23012.03 |
| Less : Taken to Other Current Laibilities being Current Maturities | 2505.79 | 2158.57 |
| Total (a) | 18347.57 | 20853.46 |
| b. Vehicle Loan From Bank (Secured) | 26.00 | - |
| Less : Taken to Other Current Laibilities being Current Maturities | 5.27 | - |
| Total (b) | 20.73 | - |
| TOTAL (a+b) | 18368.30 | 20853.46 |

Explanations

- Term Loans of Rs.17448.36 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. 3405.00 Lacs are secured by way of Ilfrd 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
- Vehicle Loan is secured by hypothecation of the specific vehicle
- Terms of Repayment
 - Term loans of Rs. 1705.80 Lacs are Repayable in 8 variable quartely Instalments upto 31st March 2014 (Applicable rate of interest 11% p.a.)
 - Term loans of Rs. 1345.16 Lacs are Repayable in 17 variable quarterly Instalments upto 30th June 2016 (Applicable rate of interest 11% p.a.)
 - Term loans of Rs. 14397.40 Lacs are Repayable in 27 variable quarterly Instalments upto 31st December 2018 (Applicable rate of interest 11% p.a.)
 - Term loans of Rs. 3405.00 Lacs are Repayable in 27 variable quarterly Instalments upto 31st December 2018 (Applicable rate of interest 8.36% p.a.)
 - Vehicle loans of Rs. 26.00 Lacs is Repayable in 50 variable monthly Instalments upto 7th May 2016 (Applicable rate of interest 10.40% p.a.)

NOTE 4 : LONG TERM PROVISIONS

| | As at 31.03.2012 (Rs. in lacs) | As at 31.03.2011 (Rs. in lacs) |
|---------------------------------|--------------------------------------|--------------------------------------|
| Provision for Employee Benefits | 109.27 | 77.18 |
| TOTAL | 109.27 | 77.18 |

NOTE 5 : SHORT TERM BORROWINGS

| | | |
|---|----------------|---------|
| Loans repayable on demand : | | |
| Working Capital Loan from Banks (Secured) | 4009.32 | 5382.18 |
| Security Deposits (Unsecured) | 3.06 | 8.66 |
| TOTAL | 4012.38 | 5390.84 |

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.



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NOTE 6 : TRADE PAYABLES

| | As at 31.03.2012 (Rs. in lacs) | As at 31.03.2011 (Rs. in lacs) |
|---------------------|--------------------------------------|--------------------------------------|
| Trade | 186.49 | 115.59 |
| Expenses and Others | 219.59 | 222.58 |
| TOTAL | 406.08 | 338.17 |

NOTE 7 : OTHER CURRENT LIABILITIES

| | | |
|--|----------------|----------------|
| Current Maturities of Long Term Debt | 2511.06 | 2158.57 |
| Interest accrued but not due on borrowings | 13.45 | 10.46 |
| Share Application Money Refundable | 5.06 | 5.06 |
| Advances from Customers | 116.62 | 95.52 |
| Statutory Dues | 88.13 | 105.83 |
| Employee Related Dues | 152.39 | 140.12 |
| Other Payables | 203.77 | 231.70 |
| TOTAL | 3090.48 | 2747.26 |

NOTE 8 : SHORT TERM PROVISIONS

| | | |
|----------------------------------|--------------|--------------|
| Provisions for Employee Benefits | 77.36 | 63.93 |
| TOTAL | 77.36 | 63.93 |

NOTE 9 : FIXED ASSETS

(Rs. in lacs)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|-------------------|---------------|-------------|-------------------|-------------------|-----------------|-------------|-------------------|-------------------|-------------------|
| | As at 01-04-11 | Additions | Deductions | As at 31-03-12 | As at 01-04-11 | For the Year | Deductions | As at 31-03-12 | As at 31-03-12 | As at 31-03-11 |
| Freehold Land | 178.99 | - | - | 178.99 | - | - | - | - | 178.99 | 178.99 |
| Buildings | 6031.71 | - | - | 6031.71 | 911.32 | 195.37 | - | 1106.69 | 4925.02 | 5120.39 |
| Plant & Machinery | 29365.81 | 211.54 | - | 29577.35 | 10885.71 | 2077.65 | - | 12963.36 | 16613.99 | 18480.10 |
| Electric Installation | 1438.31 | 13.01 | 0.23 | 1451.09 | 412.40 | 103.24 | 0.22 | 515.42 | 935.67 | 1025.91 |
| Furniture & Fixtures | 78.97 | - | - | 78.97 | 31.28 | 5.00 | - | 36.28 | 42.69 | 47.69 |
| Office Equipments | 129.01 | 4.68 | 0.60 | 133.09 | 77.70 | 8.35 | 0.12 | 85.93 | 47.16 | 51.31 |
| Vehicles | 41.99 | 49.65 | - | 91.64 | 18.33 | 7.94 | - | 26.27 | 65.37 | 23.66 |
| Total | 37264.79 | 278.88 | 0.83 | 37542.84 | 12336.74 | 2397.55 | 0.34 | 14733.95 | 22808.89 | 24928.05 |
| Previous Year | 37510.38 | 79.32 | 324.91 | 37264.79 | 8002.67 | 4533.86 | 199.78 | 12336.74 | 24928.05 | 29507.72 |
| Capital Work in Progress | | | | | | | | | 338.03 | |

NOTE 10 : NON CURRENT INVESTMENT

| | As at 31.03.2012 (Rs. in lacs) | As at 31.03.2011 (Rs. in lacs) |
|-----------------------------|--------------------------------------|--------------------------------------|
| National Saving Certificate | — | 0.03 |
| TOTAL | — | 0.03 |

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

| | | |
|---------------------------------------|---------------|---------------|
| Capital Advances | 229.82 | 18.28 |
| Advance Income Tax (Net of provision) | 218.57 | 189.93 |
| Security Deposits | 27.89 | 4.05 |
| TOTAL | 476.28 | 212.26 |

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

| | | |
|-------------------|----------------|----------------|
| Raw Material | 6028.29 | 5786.77 |
| Work-In-Process | 429.21 | 376.32 |
| Finished Goods | 298.64 | 1365.02 |
| Stores and Spares | 382.90 | 278.02 |
| Fuel | 522.92 | 297.91 |
| Saleable Waste | 50.44 | 79.77 |
| TOTAL | 7712.40 | 8183.81 |

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

| | | |
|----------------------------------|----------------|----------------|
| Outstanding exceeding Six months | 12.00 | — |
| Other Debts | 1838.15 | 3533.83 |
| TOTAL | 1850.15 | 3533.83 |

NOTE 14 : CASH AND CASH EQUIVALENTS

| | | |
|---|-------------|--------------|
| Cash in Hand | 1.85 | 1.56 |
| Balance with Banks in : | | |
| Current Accounts | 1.56 | 1.52 |
| Fixed Deposits (Earmarked as margin for LC) | — | 6.00 |
| Interest Accrued on Fixed Deposits | — | 0.04 |
| Application Money Refund Account (Earmarked against application money refunds) | 5.06 | 5.06 |
| TOTAL | 8.47 | 14.18 |



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

| | As at 31.03.2012 (Rs. in lacs) | As at 31.03.2011 (Rs. in lacs) |
|---|--------------------------------------|--------------------------------------|
| Advances to Suppliers | 86.81 | 126.07 |
| Other Advances | 88.19 | 45.38 |
| (Recoverable in cash or in kind or for value to be received) | | |
| TOTAL | 175.00 | 171.45 |

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

| | | |
|----------------------------------|----------------|----------------|
| Amount Receivable under TUFs | 510.51 | 675.72 |
| Export Incentive Receivable | 298.84 | 35.56 |
| VAT and Other Credit Receivables | 527.04 | 327.64 |
| TOTAL | 1336.39 | 1038.92 |

NOTE 17 : REVENUE FROM OPERATIONS

| | Period ended 31.03.2012 (Rs. in lacs) | Period ended 31.03.2011 (Rs. in lacs) |
|------------------------------------|---|---|
| Sales | 42295.37 | 40589.30 |
| Job Receipts | 68.48 | 115.96 |
| Foreign Exchange Fluctuation (Net) | 469.37 | 386.83 |
| TOTAL | 42833.22 | 41092.09 |
| Less : Excise Duty | 3.19 | 1.25 |
| TOTAL | 42830.03 | 41090.84 |

NOTE 18 : OTHER INCOME

| | | |
|----------------------|--------------|--------------|
| Miscellaneous Income | 0.66 | 2.81 |
| Interest Received | 12.01 | 20.72 |
| TOTAL | 12.67 | 23.53 |

NOTE 19 : COST OF MATERIALS CONSUMED

| | | |
|----------------------------|-----------------|-----------------|
| Stock at Opening | 5786.77 | 6168.08 |
| Add : Purchases & Expenses | 28245.21 | 25712.29 |
| | 34031.98 | 31880.37 |
| Less : Stock at Closing | 6028.29 | 5786.77 |
| TOTAL | 28003.69 | 26093.60 |

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

| | Period ended 31.03.2012 (Rs. in lacs) | Period ended 31.03.2011 (Rs. in lacs) |
|----------------------|---|---|
| Opening Stock | | |
| Finished Goods | 1365.02 | 637.15 |
| Saleable Waste | 79.77 | 58.97 |
| Work-In-Progress | 376.33 | 246.17 |
| | 1821.12 | 942.29 |
| Closing Stock | | |
| Finished Goods | 298.64 | 1365.02 |
| Saleable Waste | 50.44 | 79.77 |
| Work-In-Progress | 429.22 | 376.32 |
| | 778.30 | 1821.11 |
| Changes | | |
| Finished Goods | 1066.38 | (727.87) |
| Saleable Waste | 29.33 | (20.80) |
| Work-In-Progress | (52.89) | (130.15) |
| TOTAL | 1042.82 | (878.82) |

NOTE 21 : EMPLOYEE BENEFIT EXPENSES

| | | |
|--|----------------|----------------|
| Salary & Wages | 1400.80 | 1262.57 |
| Contribution to Provident and Other Fund | 102.30 | 88.85 |
| Gratuity and Leave Encashment Expenses | 51.44 | 40.70 |
| Staff Welfare Expenses | 94.95 | 82.92 |
| TOTAL | 1649.49 | 1475.04 |

NOTE 22 : FINANCE COST

| | | |
|-----------------------|----------------|----------------|
| Interest Expenses | | |
| Term Loans | 1444.41 | 1483.63 |
| Others | 521.09 | 520.46 |
| | 1965.50 | 2004.09 |
| Other Borrowing Costs | 124.06 | 99.59 |
| TOTAL | 2089.56 | 2103.68 |



NITIN

NOTE 23 : OTHER EXPENSES

| | Period ended 31.03.2012 (Rs. in lacs) | Period ended 31.03.2011 (Rs. in lacs) |
|--|---|---|
| (a) Manufacturing Expenses | | |
| Power, Fuel & Water charges | 3857.22 | 3513.92 |
| Stores & Spares Consumed | 838.03 | 941.12 |
| Packing Expenses | 604.12 | 534.27 |
| Job Charges paid | — | 34.14 |
| Repair & Maintenance | | |
| Plant & Machinery | 77.15 | 53.15 |
| Building | 32.42 | 30.26 |
| Others | 7.55 | 15.06 |
| TOTAL (a) | 5416.49 | 5121.92 |
| (b) Administrative and Other Expenses | | |
| Printing & Stationery | 7.77 | 8.45 |
| Postage, Telegram & Telephones | 19.41 | 17.11 |
| Subscription & Membership Fees | 3.83 | 1.97 |
| Director's Sitting Fee | 0.45 | 0.58 |
| Rent, Rates & Taxes | 11.62 | 10.05 |
| Travelling Directors | 10.22 | 6.85 |
| Others | 18.20 | 15.55 |
| Vehicle & Conveyance | 11.54 | 9.97 |
| Charity & Donation | 0.67 | 7.11 |
| Legal & Professional | 12.56 | 16.17 |
| Insurance Charges | 50.62 | 44.08 |
| Loss on Sale of Fixed Assets | 0.44 | 7.59 |
| Audit Fees | 2.00 | 1.80 |
| Advertisement | 6.66 | 5.67 |
| Miscellaneous Expenses | 13.63 | 4.94 |
| TOTAL (b) | 169.62 | 157.89 |
| (c) Selling and Distribution Expenses | | |
| Sales Promotion | 4.47 | 6.01 |
| Sales Commission | 543.00 | 556.06 |
| Rebate, Claims & Discount | 47.77 | 19.13 |
| Freight & Forwarding | 807.54 | 870.79 |
| Hank Yarn Obligation Expenses | 13.91 | 88.18 |
| TOTAL (c) | 1416.69 | 1540.17 |
| TOTAL (a to c) | 7002.80 | 6819.98 |

NOTE 24 : ACCOUNTING POLICIES & ADDITIONAL INFORMATION

A. SIGNIFICANT ACCOUNTING POLICIES

1) Basis for preparation of Financial Statement

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

2) Revenue Recognition :

- (a) Sales are recognised when goods are supplied and effective control of goods associated with ownership is transferred to the buyer. Sales are recorded net of Sales Tax, return, discounts and rebates but including Excise Duties.
- (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 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 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 account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

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 in respect of employee benefits are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed unless the possibility of an out flow of resources embodying economic benefit is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

B. ADDITIONAL INFORMATION

- 1) Contingent Liabilities not provided for

(Rs. In Lacs)

| S.No. | Particulars | Current Year | Previous Year |
|-------|---|----------------|---------------|
| a. | Bills discounted with Banks | 3669.94 | 4043.24 |
| b. | Dispute taxation matters for which no provision has been made :- Cenvat, Service Tax and Custom Duty | 814.99 | 794.63 |

- 2) The estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) **Rs. 533.34 Lacs** (Previous Year – Rs. 163.79 Lacs)
- 3) In the opinion of the Board the Current Assets, Loans and Advances are approximately of the value as stated in Financial Statements, if realised in the ordinary course of business. The provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.
- 4) Sundry Creditors include Rs. **Nil** (Previous Year Rs. Nil) amount due to Micro & Small Enterprises as at 31st March 2012. 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.
- 5) During the previous year ended on 31.03.2011 the company had recalculated depreciation for earlier years as per revised estimated useful life of these assets and therefore an amount of Rs. 2131.46 lacs had been provided as Depreciation for the earlier years and was shown as an exceptional item.
- 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 as at 31st March, 2012 is as under :

(Amount Rs. in Lacs)

| Particulars | Current Year | | Previous Year | |
|---|------------------|----------------|------------------|---------|
| | Foreign Currency | INR | Foreign Currency | INR |
| A Forward Contracts outstanding (for Hedging) | | | | |
| USD (Sale) | 89.42 | 4599.76 | 124.06 | 5675.75 |
| EURO (Sale) | 0.86 | 57.17 | — | — |
| Total | 90.28 | 4656.93 | 124.06 | 5675.75 |
| B Foreign currency exposure | | | | |
| 1. Hedged | | | | |
| Export Receivables | | | | |
| USD | 25.77 | 1325.61 | 63.99 | 2927.54 |
| EURO | 0.86 | 57.17 | — | — |
| 2. Unhedged | | | | |
| Import Payable - USD | 0.43 | 22.00 | 0.58 | 25.90 |

- 7) The Deferred Tax Assets/ Liabilities as on 31.3.2012 comprise of following:

| | Particulars | Current Year (Rs. in lacs) | Previous Year (Rs. in lacs) |
|----|---|-------------------------------|--------------------------------|
| A. | Deferred Tax Liability/(Assets) – Depreciation | 2608.58 | 2772.90 |
| B. | Deferred Tax Liability/(Assets) Unabsorbed Depreciation | (2549.39) | (2750.00) |
| C. | Deferred Tax Liability/(Assets) – Employee Benefits & Other Expenses | (83.41) | (46.87) |
| | Net Deferred Tax Liability/(Assets) | (24.22) | (23.97) |

8) Payment to Auditors :-

| | Particulars | Current Year (Rs. in lacs) | Previous Year (Rs. in lacs) |
|----|---------------|-------------------------------|--------------------------------|
| A. | Audit Fee | 1.80 | 1.60 |
| B. | Tax Audit Fee | 0.20 | 0.20 |
| | Total | 2.00 | 1.80 |

9) 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. 90.93 lacs** (Previous Year Rs 78.92 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 | 94.96 | 69.16 |
| Interest cost | 8.07 | 5.88 |
| Current service cost | 25.36 | 20.96 |
| Benefits paid | (3.72) | (4.28) |
| Actuarial (gain)/loss on obligation | 5.13 | 3.24 |
| Present value of obligation at the end of period | 129.80 | 94.96 |

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 | 25.36 | 20.96 |
| Interest cost | 8.07 | 5.88 |
| Net actuarial (gain)/loss recognized in the period | 5.14 | 3.24 |
| Expenses recognized in the Profit & Loss A/c | 38.57 | 30.08 |

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 | 129.80 | 94.96 |
| Fair value of Plan Assets | - | - |
| Liability Recognized in Balance Sheet | 129.80 | 94.96 |

The assumptions used in Actuarial Valuation:-

| Particulars | Current Year (In %) | Previous Year (In %) |
|----------------------------|------------------------|-------------------------|
| i) Discounting Rate | 8.50 | 8.50 |
| ii) Future salary Increase | 6.00 | 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 31.03.2012 is **Rs. 56.84 Lacs.**

(Previous Year Rs. 46.16 lacs)

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

11) **SEGMENT REPORTING**

(a) Primary Segment Reporting (By Business Segments)

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

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

(Rs. in lacs)

| S.No. | Particulars | Current Year | Previous Year |
|-------|----------------------|-----------------|---------------|
| 1. | Segment Revenue | | |
| | - Within India | 14413.97 | 12560.77 |
| | - Outside India | 28431.91 | 28554.85 |
| | Total Revenue | 42845.88 | 41115.62 |
| 2. | Segment Assets* | | |
| | - Within India | 33591.34 | 36367.46 |
| | - Outside India | 1138.49 | 1739.04 |
| | Total Assets | 34729.83 | 38106.50 |

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

12) **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

Shri R.L. Nolkha,
Chairman & Managing Director
Shri Dinesh Nolkha, Managing Director

Shri Nitin Nolkha, Executive Director

Relationship

Father of Shri Dinesh Nolkha &
Shri Nitin Nolkha
Son of Shri R.L. Nolkha,
Brother of Shri Nitin Nolkha
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

(b) Associates :-

Redial Trading & Investment Pvt. Ltd

Details of Transactions with related parties :-

(Rs. in lacs)

| S.No. | Particulars | Current Year | Previous Year |
|-------|-------------------------|--------------|---------------|
| 1 | Rent Payment | 3.65 | 1.05 |
| 2 | Managerial Remuneration | 59.64 | 49.02 |

The balance with related parties as on 31.03.2012 was Nil

13) Earning Per Share (EPS) -
(Rs. in lacs)

| S.No. | Particulars | Current Year | Previous Year |
|-------|---|---------------|---------------|
| A | Net Profit available to Equity Shareholders | 30.31 | 673.78 |
| B | Number of Equity Shares of Rs.10 each outstanding during the year (in lacs) | 458.34 | 458.34 |
| C | Basic/Diluted Earning per share (Rs.) | 0.07 | 1.47 |
| D | Face Value of each equity share (Rs.) | 10.00 | 10.00 |

14) Installed Capacity

| | Current Year | Previous Year |
|-------------------------------|--------------|---------------|
| Rotors (Nos.) | 2936 | 2936 |
| Spindles (Nos.) | 77616 | 77616 |
| Knitted Fabric (No. of M/c's) | 31 | 27 |

15) A. Production, Turnover & Stock

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

| S.N. | PARTICULAR | OPENING STOCK | | PRODUCTION/ PURCHASES | | SALES | | CLOSING STOCK | |
|------|------------------------------------|----------------|---------|--------------------------|-----------|------------------|-----------|----------------|---------|
| | | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| A | YARN | | | | | | | | |
| i) | Own Manufacturing | | | | | | | | |
| | Qty. (In Tons) * | 691.599 | 534.889 | 20840.509 | 21902.176 | 19580.220 | 18996.360 | 201.764 | 691.599 |
| | Value (Rs. in Lacs) | 1114.92 | 629.78 | - | - | 35653.75 | 33548.25 | 285.68 | 1114.92 |
| ii) | Trading | | | | | | | | |
| | Qty. (In Tons) | - | - | 370.996 | - | 370.996 | - | - | - |
| | Value (Rs. in Lacs) | - | - | - | - | 638.51 | - | - | - |
| B | Fabric | | | | | | | | |
| | Qty. (In Tons) ** | 162.814 | 5.538 | 1769.344 | 2749.491 | 1924.663 | 2592.215 | 7.495 | 162.814 |
| | Value (Rs. in Lacs) | 250.10 | 7.37 | - | - | 4369.24 | 5921.18 | 12.96 | 250.10 |
| C | Saleable Waste & Others | | | | | | | | |
| | Value (Rs. in Lacs) | 79.77 | 58.98 | - | - | 1633.87 | 1119.87 | 50.44 | 79.77 |
| D | Job Work for Other | | | | | | | | |
| i) | Yarn | | | | | | | | |
| | Qty. (In Tons) | - | - | - | 54.500 | - | 54.500 | - | - |
| | Value (Rs. in Lacs) | - | - | - | - | - | 14.20 | - | - |
| ii) | Fabric | | | | | | | | |
| | Qty. (In Tons) | - | - | 425.145 | 679.731 | 425.145 | 679.731 | - | - |
| | Value (Rs. in Lacs) | - | - | - | - | 68.48 | 101.76 | - | - |

* Production includes 1750.124 Tons. (Previous Year 2749.106 Tons.) transferred for captive consumption

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

B. Raw Material consumed

| S.N. | PARTICULAR | OPENING STOCK | | PURCHASES | | CONSUMPTION | | CLOSING STOCK | |
|------|------------------------------|-----------------|----------|------------------|-----------|------------------|-----------|-----------------|----------|
| | | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| A | For Own Manufacturing | | | | | | | | |
| i) | Cotton | | | | | | | | |
| | Qty. (In Tons) | 4026.739 | 8138.312 | 26793.713 | 22310.426 | 24701.589 | 26421.999 | 6118.863 | 4026.739 |
| | Value (Rs. in Lacs) | 5744.02 | 6165.20 | 28089.72 | 25456.91 | 27818.53 | 25878.09 | 6015.21 | 5744.02 |
| ii) | Yarn | | | | | | | | |
| | Qty. (In Tons) | 8.299 | 0.529 | 49.512 | 166.775 | 54.867 | 159.005 | 2.944 | 8.299 |
| | Value (Rs. in Lacs) | 42.75 | 2.89 | 155.48 | 255.37 | 185.16 | 215.51 | 13.07 | 42.75 |
| | Total | | | | | | | | |
| | Qty. (In Tons) | 4035.038 | 8138.841 | 26843.225 | 22477.201 | 24756.456 | 26581.004 | 6121.807 | 4035.038 |
| | Value (Rs. in Lacs) | 5786.77 | 6168.09 | 28245.20 | 25712.28 | 28003.69 | 26093.60 | 6028.28 | 5786.77 |

| S.N. | PARTICULAR | OPENING STOCK | | PURCHASES | | CONSUMPTION | | CLOSING STOCK | |
|-----------|---------------------|---------------|---------|-----------|---------|-------------|---------|---------------|---------|
| | | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| B | For Trading | | | | | | | | |
| i) | Yarn | | | | | | | | |
| | Qty. (In Tons) | - | - | 370.996 | - | 370.996 | - | - | - |
| | Value (Rs. in Lacs) | - | - | 626.74 | - | 626.74 | - | - | - |

C. Value of Imports calculated on CIF basis in respect of (Rs. in lacs)

| S.No. | Particulars | Current Year | Previous Year |
|-------|--|---------------|----------------|
| a. | Components & Spare Parts including Packing Materials | 487.11 | 378.92 |
| b. | Raw Material | 42.68 | 864.72 |
| c. | Capital Goods | 187.81 | - |
| | Total | 717.60 | 1243.64 |

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

| S.No. | Particulars | Current Year (Rs. in lacs) | % | Previous Year (Rs. in lacs) | % |
|-------|---|-------------------------------|---------------|--------------------------------|---------------|
| (i) | Raw Material | | | | |
| a. | Imported | 83.24 | 0.30 | 874.61 | 3.35 |
| b. | Indigenous | 27920.45 | 99.70 | 25218.99 | 96.65 |
| | Total | 28003.69 | 100.00 | 26093.60 | 100.00 |
| (ii) | Components & Spare Parts including Packing Materials | | | | |
| a. | Imported | 553.00 | 38.35 | 391.29 | 26.52 |
| b. | Indigenous | 889.15 | 61.65 | 1084.10 | 73.48 |
| | Total | 1442.15 | 100.00 | 1475.39 | 100.00 |

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

| S.No. | Particulars | Current Year | Previous Year |
|-------|--------------|---------------|---------------|
| i. | Commission | 307.58 | 371.76 |
| ii. | Travelling | 2.58 | 1.70 |
| | Total | 310.16 | 373.46 |

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

| S.No. | Particulars | Current Year | Previous Year |
|-------|------------------------------|--------------|---------------|
| (i) | Export of Goods at FOB value | 27984.33 | 28018.52 |

G. Managerial Remuneration (Rs. in lacs)

| S.No. | Particulars | Current Year | Previous Year |
|-------|--------------------------------|--------------|---------------|
| (i) | Salary | 50.60 | 39.50 |
| (ii) | Contribution to Provident Fund | 6.07 | 4.74 |
| (iii) | Others | 2.97 | 4.78 |
| | Total | 59.64 | 49.02 |

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

For and on behalf of the Board

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

ASHOK MANGAL
Partner
M.No.71714

Place : Bhilwara
Date : 8th May, 2012

R.L. NOLKHA
Chairman & Managing Director

DINESH NOLKHA
Managing Director

NITIN NOLKHA
Executive Director

P. MAHESHWARI
Chief Financial Officer

Y.R. SHAH
Director

BHAGWAN RAM
Director

Dr. S. S. BANERJEE
Nominee Director

SUDHIR GARG
Company Secretary
& DGM (Legal)

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

| | Period Ended 31.3.2012 (Rs. in lacs) | Period Ended 31.3.2011 (Rs. in lacs) |
|--|--|--|
| (A) CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit Before Tax | 30.05 | 967.03 |
| Adjustments for :- | | |
| Depreciation | 2397.55 | 4533.86 |
| Interest Expenditure | 2089.56 | 2103.68 |
| Loss/ (Profit) on sale of Fixed Assets | 0.44 | 7.59 |
| Operating Profit Before Working Capital Changes | 4517.60 | 7612.16 |
| Adjustments for :- | | |
| Decrease/(Increase)Inventories | 471.41 | (580.95) |
| Decrease/ (Increase)Sundry Debtors | 1683.68 | (2593.58) |
| Decrease/ (Increase) Loans and Advances | (353.47) | (172.10) |
| Increase/(Decrease) Current & Non Current Liabilities | 98.56 | 273.88 |
| Total Adjustments | 1900.18 | (3072.75) |
| Cash Generated from Operations | 6417.78 | 4539.41 |
| Less : Taxes Paid | - | - |
| Net Cash Generated from Operating Activities (A) | 6417.78 | 4539.41 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets | (278.88) | (79.32) |
| Capital WIP including Capital Advances | (549.57) | (18.28) |
| Sale of Fixed Assets | 0.05 | 117.57 |
| Net Cash Generated/(used) in Investing Activities (B) | (828.40) | 19.97 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from Equity Share Capital | | |
| Proceeds from /(Repayment) of short term borrowing (Net) | (1372.86) | (684.31) |
| Proceeds from long term borrowing | 30.00 | - |
| Repayment of long term borrowing | (2162.67) | (1772.20) |
| Repayment of Unsecured loan | | |
| Interest Paid | (2089.56) | (2103.68) |
| Net Cash Generated/(used) From Financing Activities (C) | (5595.09) | (4560.19) |
| (D) Net Increase / Decrease in Cash & Cash Equivalent (A+B+C) | (5.71) | (0.81) |
| Closing Balance of Cash & Cash Equivalent | 8.47 | 14.18 |
| Opening Balance of Cash & Cash Equivalent | 14.18 | 14.99 |

In terms of our report of even date attached

For and on behalf of the Board

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

ASHOK MANGAL
Partner
M.No.71714

Place : Bhilwara
Date : 8th May, 2012

R.L. NOLKHA
Chairman & Managing Director

DINESH NOLKHA
Managing Director

NITIN NOLKHA
Executive Director

P. MAHESHWARI
Chief Financial Officer

Y.R. SHAH
Director

BHAGWAN RAM
Director

Dr. S. S. BANERJEE
Nominee Director

SUDHIR GARG
Company Secretary
& DGM (Legal)



NITIN SPINNERS LIMITED

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

PROXY FORM

Full Name of the Shareholder in Block :

DP Id
Client Id

Ledger Folio No.

No. of Shares held :

I/We of in the District of being a Member/Members of the above named Company, hereby appoint of or in the district of or failing him of in the district of as my/our proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held on Wednesday, the 26th September, 2012 at 3.30 P.M and any adjournment thereof.

Signature _____

Affix
Revenue
Stamp

Signed on this day of 2012

Note : The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting



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ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

Full Name & Address of the Shareholder/Proxyholder :

DP Id
Client Id

Ledger Folio No.

No. of Shares held :

I hereby record my presence at the 20th Annual General Meeting of the Company held on 26th September, 2012 at 3.30 P.M at the Registered Office of the Company at 16-17 Km. Stone, Chittor Road, Hamirgarh, Bhilwara

Signature of Shareholder

Note : Only Shareholders of the Company or their proxies will be allowed to attend the Meeting.