

NIWAS SPINNING MILLS LIMITED

**TWENTY NINTH ANNUAL REPORT AND ACCOUNTS 2012-2013**

**BOARD OF DIRECTORS**

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

**REGD. & ADMN. OFFICE**

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

**AUDITORS**

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

**FACTORIES**

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

**BANKERS**

Bank of India  
Vikas Sahakari Bank Ltd.  
IDBI Bank

**NOTICE**

NOTICE is hereby given that the TWENTY NINENTH ANNUAL GENERAL MEETING of the shareholders of NIWAS SPINNING MILLS LIMITED will be held at B-2/2, M.I.D.C., Akkalkot Road, Solapur - 413 006 on Friday, the 27<sup>th</sup> September, 2013 at 10.00 a.m. to transact the following business.

**ORDINARY BUSINESS:**

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

**SPECIAL BUSINESS :**

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

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

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

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

## NIWAS SPINNING MILLS LIMITED

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

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

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

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

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

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

### NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, vote instead of himself/herself. A Proxy need not be a member of the Company. Proxies in order to be effective must received by the Company not later than forty-eight hours before the commencement of the Meeting.
2. The Register of Members and Transfer Books of the Company will remain closed from 25-09-2013 to 27-09-2013 (both days inclusive).
3. Shareholders intending to acquire any information to be explained in the Meeting are requested to inform the Company at least 7 days in advance in order to enable the Company to make available the required information, with the permission of the Chairman of the Meeting.
4. Members are requested to intimate any change in their address to the Company at the earliest, quoting their Folio Numbers.
5. Members are requested to bring the copy of Annual Report sent to them.

**PLACE: SOLAPUR**

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

**DATE: 30-05-2013**

**(V. R. Jaju)**  
**Managing Director**

# NIWAS SPINNING MILLS LIMITED

## ANNEXURE TO NOTICE

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

### Item No. 4 of Notice:

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

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

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

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

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

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

PLACE: SOLAPUR

DATE: 30-05-2013

(V. R. Jaju)  
Managing Director

### DIRECTORS' REPORT

To the Members,

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

#### 1. OPERATIONAL RESULTS/ CURRENT WORKING:

The sale during the year under report is **Rs. 1416.03 Lacs**, the profit before interest, depreciation is increased compared to previous year. It is due to adverse impact of un-certain government policies, export policies and international market un-certainty. So also, sudden steady upward / downward revision in cotton prices, disturbed the overall situation of textile industry. However, due to corrective measures taken by the management, the company succeeded to minimize its losses.

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

### FINANCIAL HIGHLIGHTS (Amt. in Lacs)

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

## NIWAS SPINNING MILLS LIMITED

- **DEBT RESTRUCTURING:**

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

### 2. Management Discussion & Analysis:

- **Industry Structure and Business Overview:**

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

- **Risk Management:**

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

- **Segment-wise Performance:**

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

- **Financial Performance:**

The sale during the year under report is Rs. 1416.03 Lacs, the profit before interest, depreciation is increased compared to previous year. It is due to adverse impact of un-certain government policies, export policies and international market un-certainty. So also, sudden steady upward / downward revision in cotton prices, disturbed the overall situation of textile industry. However, due to corrective measures taken by the management, the company succeeded to minimize its losses.

- **Internal Control Systems:**

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

- **Human Resources:**

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

- **Health & Safety:**

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

- **Cautionary Statement:**

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

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

The Company is registered with BIFR. Hon'ble Board has declared the Company as a Sick Industrial Company in terms of section 3(1) (o) of SICA and appointed Bank of India as the Operating Agency. Preparation of Draft Rehabilitation Scheme (DRS) is under process.

### 3. DIVIDEND:

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

### 4. AUDITOR'S REPORT:

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

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

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### 5. DIRECTORS:

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

### • DIRECTORS RESPONSIBILITY STATEMENT:

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

- i) that in the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the accounts for the financial year ended 31-03-2013 on a "on-going concern" basis.

### 6. CORPORATE GOVERNANCE:

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

### 7. PARTICULARS OF EMPLOYEES:

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

### 8. INSURANCE:

The Company has taken adequate insurance cover the assets.

### 9. FIXED DEPOSITS:

The Company has not raised any deposits from the public.

### 10. ADDITIONAL INFORMATION:

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

### 11. AUDITORS:

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

### 12. COST AUDITORS:

As directed by the Audit Branch, Ministry of Law, Justice & Company Affairs, New Delhi vide its order 52/26/CAB/2010 dated 24/01/2012 and in pursuance of clause (d), sub clause (i) of Section 29 of the Companies Act, 1956, M/s T. M. Rathi of Mumbai was appointed as the Cost Auditor to conduct the Cost Audit for the year 2012-13.

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

### 13. ACKNOWLEDGEMENT:

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

For & on behalf of the Board,

PLACE : SOLAPUR

DATED : 30-05-2013

(R. J. Jaju)  
Chairman