

**NIWAS SPINNING MILLS LIMITED**  
**CIN – L17110PN1984PLC032702**

**THIRTY SECOND ANNUAL REPORT AND ACCOUNTS 2015-2016**

**BOARD OF DIRECTORS**

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

**REGISTERED & ADMINISTRATIVE OFFICE**

406/A, West Mangalwar Peth, Solapur – 413 002.

**FACTORIES**

**Unit – I**

B-2/2, & A-5, A-8  
M.I.D.C.  
Solapur – 413 006.

**AUDITORS**

B. M. Gattani & Co.  
Chartered Accountants  
B-303, 3rd Floor  
B-702, Om Sai Sharvan CHS,  
Opp Shimpoli Telephine Exchange,  
Shimpoli, Borivali (W)  
Mumbai – 400 092.

**BANKERS**

Bank of India  
Vikas Sahakari Bank Ltd.  
IDBI Bank

---

## **NOTICE**

NOTICE is hereby given that the THIRTY SECOND 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 30th September, 2016 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, 2016, the Statement of Profit & Loss of the Company for the year ended 31<sup>st</sup> March 2016 and the Reports of the Auditors and Directors thereon.
2. To appoint Director in place of Mr. Aditya Jaju (DIN: 02625781) who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint Auditors and authorize Board to fix their remuneration.

### **NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, vote instead of himself/herself. A Proxy need not be a member of the Company. Proxies in order to be effective must received by the Company not later than forty-eight hours before the commencement of the Meeting.
2. The Register of Members and Transfer Books of the Company will remain closed from 26-09-2016 to 30-09-2016 (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.

FOR NIWAS SPINNING MILLS LTD.

PLACE : SOLAPUR

DATED :30-07-2016

(V. R. Jaju)  
Managing Director  
DIN : 00081475

**NIWAS SPINNING MILLS LIMITED**  
**CIN – L17110PN1984PLC032702**  
**REGISTERED OFFICE: 406/A, (W) MANGALWAR PETH, CHATI GALLI**  
**SOLAPUR – 413 002.**

**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting their 32<sup>nd</sup> Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31st, 2016.

**1. FINANCIAL SUMMARY /PERFORMANCE OF THE COMPANY:**

The sale during the year under report is **509.27 Lacs**, the profit before interest, depreciation is decreased compared to previous year. It is due to shortage of working capital, adverse impact of uncertain 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.

	<b>(Amt. in Lacs)</b>	
	<b>Current Period 2015-16</b>	Previous Period 2014-15
Sales	<b>509.27</b>	<b>409.89</b>
Other Income	<b>13.72</b>	<b>14.17</b>
Total Income	<b>522.99</b>	<b>424.06</b>
Profit / (Loss) before interest, depreciation, exceptional item & tax	<b>(84.83)</b>	<b>(8.41)</b>
Less :		
• Financial Cost	<b>43.02</b>	<b>95.05</b>
• Depreciation	<b>68.45</b>	<b>74.08</b>
Profit / (Loss) before exceptional items & taxes	<b>(196.33)</b>	<b>(177.54)</b>
Less : Exceptional items (Net)	<b>Nil</b>	<b>Nil</b>
Profit/(Loss) before tax (A)	<b>(196.33)</b>	<b>(177.54)</b>
Tax Provision	<b>Nil</b>	<b>Nil</b>
Profit / (Loss) after tax	<b>(196.33)</b>	<b>(177.54)</b>
Profit/(Loss) from discontinuing operations	<b>733.21</b>	<b>--</b>
Tax expense of discontinuing operations	<b>--</b>	<b>--</b>
Profit/(Loss) from Discontinuing operations (B)	<b>733.21</b>	<b>--</b>
Net Profit/(Loss) for the period (C) = (A)+(B)	<b>536.88</b>	<b>(177.54)</b>

• **Debt Restructuring:**

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

**2. DIVIDEND:**

In view of the accumulated losses and loss for the year, the Board decided not to recommend any dividend for the year under review.

### **3 RESERVES:**

In view of the accumulated losses and loss for the year, your Company do not transfer any amount to the Reserves.

### **4. BRIEF DISCRIPTION OF COMPANY'S WORKING:**

Company operates in one segment i.e. Textiles. There is no division of the Company.

- **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 **509.27 Lacs**, the profit before interest, depreciation is decreased compared to previous year. It is due to shortage of working capital, adverse impact of uncertain 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.

- **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 and it's registration:**

The Company is registered with BIFR. Hon'ble Board has declared the Company as a Sick Industrial Company in terms of section 3(1) (o) of SICA and appointed Bank of India as the Operating Agency. Preparation of Draft Rehabilitation Scheme (DRS) is under process. Company has filed an appeal before appellate authority against the order passed by Hon'ble BIFR. The appeal is still pending.

### **5. NUMBER OF MEETINGS OF THE BOARD:**

During the year, Five Board Meetings were convened and held on 30/04/2015, 30/05/2015, 30/07/2015, 30/10/2015 and 30/01/2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

---

**6. MATERIAL CHANGES & COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

In terms of the information required under Sub-section (3)(l) of Section 134 of the act it is to be noted that no material Changes and commitments affecting the financial position of the company have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

**7. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status and the Company's future operations.

**8. DETAILS ABOUT DIRECTORS AND KMPs WHO WERE APPOINTED/RESIGNED DURING THE FINANCIAL YEAR:**

During the year under review, none of the Directors and KMPs were appointed/resigned.

**9. INTERNAL CONTROLS SYSTEM AND THE ADEQUACY:**

In order to attain the corporate objectives, strict internal controls systems were implemented across the organisation. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations on regular basis. The audit function maintains its independence and objectivity while carrying out assignments. It evaluates on a continuous basis, the adequacy and effectiveness of internal control mechanism. The function also proactively recommends improvement in policies and processes, suggests streamlining of controls against various risks. Your Company has laid down set of standards, processes and structure, which enables it to implement internal financial control across the Company and ensure that the same are adequate and operating effectively.

**10. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS**

The Company is a Sick Company and it is registered with Board for Industrial and Financial Reconstruction (BIFR). Without BIFR directions, the constitution of Board cannot be changed. Hence the Company has not appointed any Independent Director during the year under review.

**11. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178 relating to the remuneration for the Directors, key managerial personnel, and other employees. As required by rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the prescribed details are annexed as **Annexure 1** to this report.

**12 INFORMATION IN TERMS OF RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:**

During the year under review no employee was employed who was in receipt of aggregate remuneration exceeding Rupees One Crore and two Lakh for the year or exceeding Rupees Eight Lakhs and Fifty Thousand per month for any part of the year.

The ratio of the remuneration of each director to the median remuneration of the employees of the Company and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report and is annexed as "**Annexure 2**" to this Report.

---

**13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

During the year, the Company has not given any loans or guarantees or has made any investments u/s 186 of the Companies Act, 2013

**14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All the Transactions entered with Related Parties for the year under review are strictly done on arm's length basis and in the ordinary course of business. The Company presents full details of transactions of all related party before the Audit Committee, Specifying the nature, value and terms & conditions of the transactions. Transactions with related parties are conducted in a transparent manner with the interest of the Company and stakeholders as utmost priority.

The details of transaction with Related party in Form AOC-2 is annexed herewith as “Annexure 3”

**15. SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANY**

The Company does not have any subsidiary/joint venture/associate company.

**16. RISK MANAGEMENT POLICY:**

The Board of Directors of the Company has not designed any Risk Management Policy. However, the Company has in place mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

**17. COMPANY'S POLICY FOR PREVENTION OF SEXUAL HARASSMENT:**

The Company is committed to provide a safe and conducive work environment to all women employees. During the year under review Company had not received any Complaints in respect of Sexual Harassment

**18. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:**

The Company has not developed and implemented any Corporate Social Responsibility Policy pursuant to the Provisions of Section 135 of the Companies Act 2013 and relevant Rules framed there under as the said provisions were not applicable to the Company as Company had incurred losses during the relevant period.

**19. ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE:**

Pursuant to the provisions of the Companies Act, 2013 the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration committee by filling a structured questionnaire.

**20. SECRETARIAL AUDIT REPORT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Suhas Ganpule, Proprietor of M/s SG & Associates, Company Secretaries, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed as “Annexure 4” to this report.

**21. EXPLANATION ON REMARKS OR DISCLAIMER MADE BY SECRETARIAL AUDITOR IN HIS REPORT:**

Looking at the Company's BIFR Status and continuous losses for past few years, no one was interested in getting appointed as Internal Auditor, CFO, Company Secretary & Independent Director. Few e forms which were not filed with the Registrar of Companies due to inadvertence, the same are being filed. Further, due to financial crunch & as all shares are held in physical mode, e voting facility was not provided. There was inadvertent delay in informing Stock Exchange about Voting results at the AGM.

---

**22. PUBLIC DEPOSITS:**

The Company has not raised any deposits from the public.

**23. 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.

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 2015-16.

**24. RESERVATION AND QUALIFICATION ON AUDITOR'S REPORT:**

With regard to Auditors' observations/remarks, the Board states that the Company is a sick company. The necessary steps / actions are being taken to approve the Rehabilitation Scheme. As the settlements with lenders are already made, no interest is provided on Secured Loans. The Directors are taking appropriate steps for obtaining formal de-listing letters from Ahmedabad & Pune Stock Exchanges. The Company has already made an application to NSDL & CDSL for dematerialization of Company's listed securities. However 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.

**25. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS PURSUANT TO SECTION 143(12) OF THE COMPANIES ACT, 2013:**

During the year under review there were no incidences of fraud reported by the Auditors.

**26. COMMITTEES:****I. Audit Committee:**

The Audit Committee of Company consists of two non-executive Directors apart from Managing Director. It consists of all Directors. During the year under review Four (4) meetings were held of the audit committee ) and attended by all.

**II. Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee of the Company consists of two non-executive Directors apart from Managing Director. It consists of all Directors. During the year under review four meetings were held of the committee held during the year 2015-2016 (the year of implementation of Corporate Governance) and attended by all.

**27. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

The Company has adopted the code of conduct for employee and directors for the highest degree of transparency, integrity, accountability and corporate social responsibility. Any actual or potential violation of the Code would be a matter of serious concern for the Company. The Company also has Whistle Blower Policy to deal with instance of fraud and mismanagement, if any.

Employees of the Company are encouraged to use guidance provided in the Policy for reporting all allegations of suspected improper activities.

**28. SHARE CAPITAL:**

The paid up equity capital as on March 31, 2016 was Rs. 1408.93 Lakhs. During the year under review, the Company has not raised money by any issues. The company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

---

**29. EXTRACT OF THE ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure 5**.

**30. CONSERVATION OF ENERGY:**

(A) Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, is as follows:

<b>I) CONSERVATION OF ENERGY FORM-A</b>		<b>Current Year</b>	<b>Previous Year</b>
<b>a) POWER &amp; FUEL CONSUMPTION</b>			
<b>ELECTRICITY</b>			
<b>1</b>	<b>TY</b>		
(a)	Purchased : Unit	<b>5,16,546</b>	<b>3,61,910</b>
	Total Amount	<b>67,10,399</b>	<b>54,19,415</b>
	Rate / Unit	<b>Rs. 12.99</b>	<b>Rs. 14.97</b>
(b)	<b>OWN GENERATION</b>		
(i)	Through Diesel Generator	<b>Nil</b>	<b>Nil</b>
	Units		
	Units Per Ltr. Of Diesel		
	Cost / Unit		
(ii)	Through Steam Turbine/Generator	<b>Nil</b>	<b>Nil</b>
	Units		
	Units Per Ltr. Of Fuel		
	Cost / Unit		
<b>2</b>	<b>COAL (Specify Quality &amp; where used)</b>	<b>Nil</b>	<b>Nil</b>
	Quantity		
	Total Cost		
	Average Rate		
<b>3</b>	<b>FURNACE OIL</b>	<b>Nil</b>	<b>Nil</b>
	Quantity		
	Total Cost		
	Average Rate		
<b>4</b>	<b>OTHER GENERATORS</b>	<b>Nil</b>	<b>Nil</b>
	Quantity		
	Total Cost		
	Average Rate		
<b>b)</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION STANDARDS (IF ANY)</b>		
	Products (Yarn & Towel)	0.19 Kg	0.44 Kg
	Electricity	5,16,546 Units	3,61,910 Units
	Furnace Oil	---	---
	Coal	---	---
	Others	---	---
<b>II) OTHER INFORMATION ABOUT TECHNOLOGY ABSORPTION &amp; FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.</b>			
<b>a) Technology Absorption :</b> Technology absorption and R & D efforts are not applicable to the Company.			
<b>b) Foreign Exchange Earnings and Outgo</b>			
<b>1</b>	<b>Foreign Exchange Used</b>		
	Value of Direct Import on CIF Basis		
	Capital - goods, Store & Spare parts	<b>Rs. Nil</b>	
	Travelling Expenses	<b>Rs. Nil</b>	
<b>2</b>	<b>Earning in Foreign Exchange</b>		
	i) Direct Export	<b>Rs. Nil</b>	
	ii) Indirect Export	<b>Rs. Nil</b>	



**31. DIRECTORS:**

Mr. Aditya V. Jaju, DIN 02625781, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

**32. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) the directors 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 loss of the company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors have prepared the annual accounts on a going concern basis; and
- e) The directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**33. CORPORATE GOVERNANCE:**

The Report on Corporate Governance and Management's Discussion & Analysis Report, in terms of Regulation 34(3) and 53(f) of the SEBI (Listing Obligations and Disclosure requirement), Regulations, 2015 are annexed and form part of the Annual Report.

**34. INSURANCE:**

The Company has taken adequate insurance cover for the assets.

**35. ACKNOWLEDGEMENT:**

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

**PLACE : SOLAPUR**

**DATED : 30-07-2016**

**For & on behalf of the Board,**

**(R. J. Jaju)  
Chairman**

**COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**

**APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

The Nomination and Remuneration Committee identifies persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel and Senior Management. The Committee ascertains the qualifications, expertise and experience of the persons to be appointed as Directors, Key Managerial Personnel and Senior Management and recommends their appointment to the Board of Directors.

The Board then takes the final decision based on the said recommendation.

The Committee evaluates the performance of Directors and Senior Management on a yearly basis and recommends their removal, if required.

**REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES**

The remuneration payable to the Managing Director shall be as per the provisions of the Companies Act, 2013 and other relevant provisions.

The remuneration payable to Senior Management shall be approved by the Committee on case to case basis.

**The increments to the existing remuneration structure:**

1. In relation to Board of Directors shall be based on the evaluation of performance.
2. In relation to Key Managerial Personnel and Senior Management the same shall be approved by the Committee based on the recommendation of the Managing Director.
3. In relation to others the same shall be approved by the Managing Director based on the market conditions, performance of the company and other relevant factors from time to time.

**REMUNERATION TO NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

The Non-Executive and Independent Directors of the Company shall only be paid sitting fees (as determined by the Board from time to time) for attending Board/ Committee meetings apart from reimbursement of expenses incurred for attending the meetings.

---