

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 2012-13, four meetings of the Board of Directors were held on 08.05.12, 04.08.12, 02.11.12 and 24.01.13.

The 20th Annual General Meeting of the Company was held on 26.09.2012.

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 26.09.12	Directorship in other Public Ltd. Companies	No. of Board Committees in which Chairman Member (Other than Nitin Spinners Ltd.)	
					Chairman	Member
Sh. R.L. Nolkha	Promoter Executive Director	4	Yes	Nil	Nil	Nil
Sh. Dinesh Nolkha	Promoter Executive Director	4	Yes	Nil	Nil	Nil
Sh. Nitin Nolakha	Promoter Executive Director	4	No	Nil	Nil	Nil
Sh. Bhagwan Ram	Independent Non-Executive Director	3	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	3	No	Nil	Nil	Nil

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

Board Meeting Procedure

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

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

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

3. AUDIT COMMITTEE

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

Broad terms of reference

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

Composition

The Audit Committee was constituted on 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 26th September, 2012. 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 2012-13. The dates on which Audit Committee Meetings were held are 08.05.12, 04.08.12, 02.11.12 and 24.01.13. 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	3
Dr. S. S. Banerjee	3

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 2012-13, one meeting of the remuneration committee was held on 04.08.2012.

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. 55000/- was paid during the financial year 2012-13. The details of remuneration paid to Executive Directors during the financial year 2012-13 are as under:-

Details of Remuneration paid to Executive Directors

(Rs. in Lacs)

S. No.	Name of Directors	Category of Directors	Basic Salary	Contribution to P.F.	Commission	Others	Total
1	Sh. R.L. Nolkha	Promoter & Executive Director	26.50	3.18	13.99	1.93	45.60
2	Sh. Dinesh Nolkha	Promoter & Executive Director	19.50	2.34	13.99	0.90	36.73
3	Sh. Nitin Nolakha	Promoter & Executive Director	16.50	1.98	13.99	0.48	32.95

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	17,500
2.	Sh. Y. R. Shah	Independent Non-Executive Director	22,500
3.	Sh. S. S. Banerjee	Independent Non-Executive Director	15,000

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 2012-13 no meeting of the committee was held.

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

Composition

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

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

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

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

Details of Complaints received and status thereof :-

Four complaints received from Investors during the financial year 2012-13, were resolved.

6. General Body Meeting :-

(i) Location and Time of General Body Meetings:

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

AGM	Date	Time	Place	Special Resolution(s) passed
18 th AGM	25.09.10	3.00 PM	16.17 K. M. Stone, Chittor Road, Hamirgarh, Bhilwara - 311025	Nil
19 th AGM	19.09.11	3.30 PM	-Do-	Nil
20 th AGM	26.09.13	3.30 PM	-Do-	Re-appointment of Sh. R. L. Nolkha, Chairman & Managing Director

No Resolution was subject to Postal Ballot at last AGM.

7. OTHER DISCLOSURES:

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

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed at point number 12 of the Note No. 23 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 2012-13

GENERAL SHAREHOLDER INFORMATION

Shareholder Information :-

- A. Date of AGM & Time & Venue : 18.09.2013 at 3.30 PM at the Registered office
B. Date of Book Closure : 11.09.2013 to 18.09.2013 (both the days Inclusive)
C. Dividend Payment date : No dividend recommended on Equity Shares.
D. Tentative Financial Calendar for next Year : Financial Year -April 1, 2013 to March 31,2014

Period	Date of Board Meeting
1 st Quarter ending June,13	Last week of July,13
2 nd Quarter ending September,13	Last week of October,13
3 rd Quarter ending December,13	Last week of January,14
Year ending 31 st March, 14	April/May 2014
AGM for year ending 31 st March, 14	August/September 2014

- 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

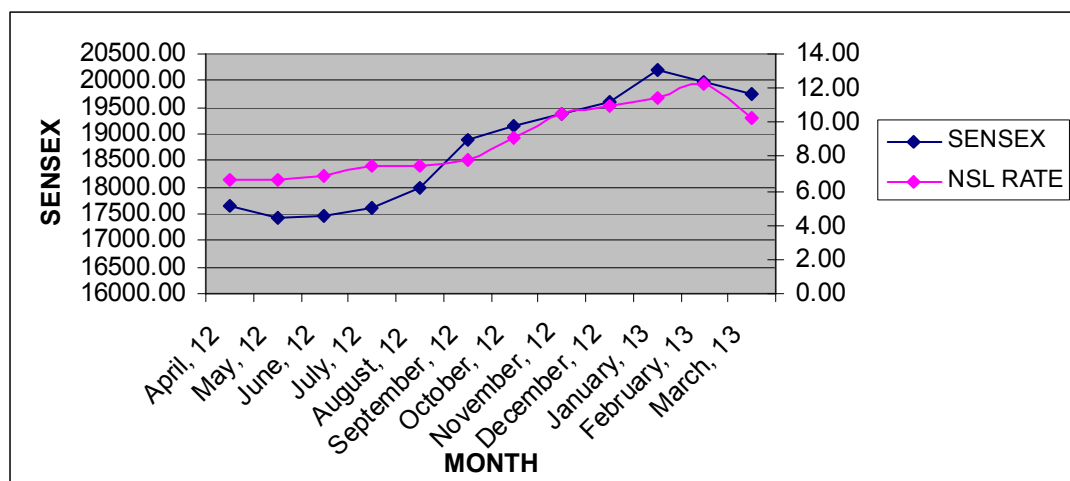
The applicable listing fee for the Financial Year 2013-14 has already been paid to both the Stock Exchanges.

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, 12	6.65	5.91	6.95	5.85
May, 12	6.70	5.86	6.80	5.80
June, 12	6.85	6.10	6.95	6.10
July, 12	7.50	6.40	8.20	6.20
August,12	7.50	6.60	7.35	6.30
September,12	7.85	6.95	7.90	6.80
October,12	9.05	7.31	10.00	7.25
November,12	10.50	8.10	10.00	8.05
December,12	11.00	8.50	11.25	8.15
January,13	11.39	9.80	11.40	8.55
February,13	12.25	9.80	12.25	9.80
March,13	10.30	8.75	10.65	8.50

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	31 st March, 2013		31 st March, 2012	
	No. of Shares	%	No. of Shares	%
No. of Shares Dematerialised				
- NSDL	4,01,76,935	87.66	3,99,17,650	87.09
- CDSL	56,53,950	12.33	59,13,235	12.90
No. of Shares in Physical Mode	3,060	0.01	3,060	0.01
Total	4,58,33,945	100.00	4,58,33,945	100.00

J. Outstanding GDRs/ADRs/Warrants Etc.

Nil

K. Registrar & Share Transfer Agent :-

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

Unit : M/s Bigshare Services Private Limited
 Address : Nitin Spinners Limited
 E-2/3 , Ansa Industrial Estate, Saki Vihar Road, Saki Naka,
 Andheri (E), Mumbai – 400072
 Phone No. : 022 – 28470652, 28470653
 Fax No. : 022 – 28475207
 Email : ipo@bigshareonline.com
 Web Site : www.bigshareonline.com

Share Transfer System

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

L. Distribution Schedule as on 31st March, 2013 :

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% to Shares
Up to 500	10775	73.19	26,61,527	5.81
501 to 1000	1919	13.03	17,04,423	3.72
1,001 to 2,000	893	6.07	14,47,652	3.16
2,001 to 3,000	334	2.27	8,71,889	1.90
3,001 to 4,000	195	1.32	7,16,096	1.56
4,001 to 5,000	160	1.09	7,70,639	1.68
5,001 to 10,000	221	1.50	16,85,258	3.68
10,001 & above	225	1.53	3,59,76,461	78.49
Total	14722	100	4,58,33,945	100

M. Shareholding pattern as on 31st March 2013 :

S.No	Category	No of shares Held	Percentage of Shareholding
A.	Promoters Holding		
	(a) Indian Promoters	2,87,12,607	62.64
	(b) Foreign Promoters	-	-
	Total Promoters' Holdings	2,87,12,607	62.64
B.	Non-Promoters Holding		
	a. Banks, Financial Institutions, Insurance Companies	4,93,029	1.08
	b. Private Corporate Bodies	17,11,097	3.73
	c. Indian Public	1,47,41,882	32.16
	d. NRIs / OCBs	1,62,467	0.36
	e. Any other (please specify) Trust	1500	0.01
	Clearing Member	11,363	0.02
	Total Non -Promoters' Holdings	1,71,21,338	37.36
	TOTAL (A) +(B)	4,58,33,945	100.00

N. Directors Seeking Re-appointment

Sh. Nitin Nolkha

Sh. Nitin Nolkha aged about 36 years was appointed Director of the Company on 01.10.1997. He is Bachelor of Commerce and Master of Business Administration. He is one of key Promoters of the Company and has vast experience of 15 years in Textile Industry. His functional experience covers Plant Operations, Procurement/Sourcing, Administration & Management.

Directorship in other Companies :- Greenfield Securities Pvt. Ltd.
Prasham Corporate Services (India) Pvt. Ltd.
Nitin Infra Developers Pvt. Ltd.

Sh. Y. R Shah

Sh. Y R Shah aged about 70 years appointed as Independent Director of the Company on 24.02.2005. He is Bachelor of Engineering in Textiles. He has vast experience more than four decades in the Textile Industry and having expertise in the field of Textile Marketing. He was Director and Jt. Managing Director of Forbes Gokak Ltd. for more than seven years. He has extensively traveled abroad. He does not hold any share in the Company.

Directorship in other Companies :- MW Unitexx Ltd.

Plant Location & Address for Correspondence

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

For and on Behalf of the Board of Directors

Place : Bhilwara
Date : 02.05.2013

**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, 2013.

Place : Bhilwara
Date : 02.05.2013

**DINESH NOLKHA
Managing Director**