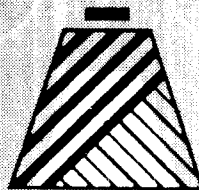


[Signature]
Managing Director.

ANNUAL REPORT

2003-2004



NIWAS
SPINNING MILLS LTD.

NIWAS SPINNING MILLS LIMITED

TWENTIETH ANNUAL REPORT AND ACCOUNTS 2003-2004

BOARD OF DIRECTORS:

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

REGD. & ADMN. OFFICE:

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

AUDITORS

Shrigondekar & Associates
 Chartered Accountants
 114, Modi, Bhimpure Complex
 F-1, First Floor, Near Dak Bungalow
 Solapur-413003.

FACTORIES:

<u>Unit - I</u>	<u>Unit - II</u>
M.I.D.C.	M.I.D.C.
Akkalkot Road	Chincholi
Solapur-413006.	Solapur-413255.

BANKERS:

Bank of India
 Bank of Baroda
 Vikas Sahakari Bank Ltd.

NOTICE

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the shareholders of NIWAS SPINNING MILLS LIMITED will be held at 406 / A, West Mangalwar Peth, Solapur - 413 002 on Thursday, 30th day of September, 2004 at 3.30 p.m. to transact the following business.

ORDINARY BUSINESS:

1. To consider and adopt the audited Profit & Loss Account of the Company for the year ended 31st March 2004 and Balance Sheet as on that date and to consider Report of the Auditors and Directors thereon.
2. To appoint Director in Place of Mr.H J Jaju who retires by rotation and being eligible offers himself for re-election.
3. To appoint Auditors and 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 be 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 27-09-2004 to 30-09-2004 (both days inclusive).
3. Shareholders intending to require 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.

PLACE : SOLAPUR

DATED : 31/08/2004

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

(V. R. Jaju)
 Managing Director

NIWAS SPINNING MILLS LIMITED

DIRECTORS REPORT

To the members,

The Directors of the Company have pleasure in presenting the TWENTIETH Annual Report together with the audited statements of accounts for the Company's financial year ended on 31st March 2004.

OPERATIONAL RESULTS / CURRENT WORKING :

During the year under report, there remain uncertainty due to impact of CENVAT in Power Loom Industry for considerable period. As also there was some adverse impact on productivity due to increase in cotton prices in international market. In such critical situation also, there is an increase of 50% in turn-over and before appropriation of Depreciation and Interest. Your Company could gain Gross Profit of Rs. 92.19 Lacs during the year.

Your Directors are continuously following the cost reduction for the sale and could therefore curtail the losses to the present level. So also due to adding of some balancing equipments, planned to install during ensuing year, to make value addition in products, your directors are confident to achieve better productivity to fetch better realisation.

The efforts are also being made to arrive at an one time settlement/rescheduling of present dues and Company is in process of the same and is hopeful of getting an amicable outcome.

The current financial year 2004-05 has just begun and your directors look forward for better results in this year.

DIVIDEND :

In view of the operating losses, Company regrets its inability to declare the dividend.

AUDITOR'S REPORT :

The comments of Auditors are dealt with by the notes on accounts which are self explanatory. Wherever required the explanation is given in the notes of account.

DIRECTORS :

Mr H J Jaju director of the Company retire by rotation and being eligible offer himself for re-appointment.

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.

FIXED DEPOSITS :

The Company has not accepted any deposits from the public.

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. Other Particulars are not given since they are not applicable.

CURRENT YEAR :

The Company has plans to install few of the balance equipment to make value-addition to the Companies product. This will fetch better realisation.

CORPORATE GOVERNANCE :

Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facts of its operations and in all interactions with its stockholders including the shareholder, employees, government and lenders. Company is committed to achieving the highest standards of corporate governance. Company believes that all its operations & actions must serve the underlying goal of enhancing overall corporate value.

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, 2004, 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 judgements 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 prepare the accounts for the financial year ended 31-03-2004 on a "going concern" basis.

AUDITORS :

M/s Shrigondekar & Associates, Chartered Accountants, Solapur Auditors of the company are retiring at the ensuing General Meeting and are eligible for the re-appointment and have offered themselves for re-appointment. The Board recommends the re-appointment of the Auditors.

COST AUDITORS :

The Central Government has directed cost audit of the Company for the year ending 31-03-2004 and accordingly M/s T M Rath, Cost Accountant has been appointed as cost auditors of the Company.

ACKNOWLEDGEMENT :

The Director wish to place on record their sincere appreciation to the Company's employees at all levels for their dedicated hard-work and also to the Bankers, Mutual Fund ICICI, SICOM and other 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.

PLACE : SOLAPUR
DATED : 31/08/2004

For & on behalf of the Board
(V. R Jaju)
Managing Director

ANNEXURE TO DIRECTORS REPORT 2003-2004

DISCLOSURE U/S. 217(1)(e) OF THE COMPANIES ACT, 1956

CONSERVATION OF ENERGY FORM-A :

	CURRENT YEAR	PREVIOUS YEAR
(a) POWER & FUEL CONSUMPTION		
ELECTRICITY		
a) Purchased Unit	53,91,582	41,49,283
Total Amount	2,07,60,379	1,65,80,224
Rate / Unit	Rs. 3.85	Rs. 3.99
b) Own Generation	NIL	NIL
COAL (Specify Quality & Where used)	NIL	NIL
FURNACE OIL	NIL	NIL
OTHER GENERATORS	NIL	NIL
(b) CONSUMPTION PER UNIT OF PRODUCTION STANDARDS (IF ANY)		
Products (Yarn)	0.26 Kg	0.31 Kg
Electricity	53,91,582 Units	41,49,283 Units
Furnace Oil/Coal/Others	---	---

B. OTHER INFORMATIONS ABOUT TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

- 1) Foreign Exchange Earnings and Outgo
Foreign Exchange used Value of
Direct Import on CIF basis;
Capital goods, Stores & Spare parts Rs. Nil
Travelling Expenses Rs. Nil
- 2) Earning in Foreign Exchange Rs. Nil