

**Certified True Copy**

**NIWAS SPINNING MILLS LTD.**

**Managing Director**

**24<sup>th</sup>**

# ANNUAL REPORT

**2007-2008**



**NIWAS**  
**SPINNING MILLS LTD.**

## NIWAS SPINNING MILLS LIMITED

## TWENTY FOURTH ANNUAL REPORT AND ACCOUNTS 2007-2008

## BOARD OF DIRECTORS

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

## REGD. &amp; ADMN. OFFICE

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

## AUDITORS

B. M. Gattani & Co.  
 Chartered Accountants  
 301-B, "Shivdham"  
 Satya Nagar Next to Saibaba Nagar  
 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  
 Bank of Baroda  
 Vikas Sahakari Bank Ltd.

## NOTICE

NOTICE is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the shareholders of NIWAS SPINNING MILLS LIMITED will be held at 406 / A, West Mangalwar Peth, Solapur - 413 002 on Tuesday, 30th day of September, 2008 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 2008 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 27-09-2008 to 30-09-2008 (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

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

DATED : 30/08/2008

(V. R. Jaju)  
 Managing Director

## NIWAS SPINNING MILLS LIMITED

**DIRECTORS REPORT**

To the members,

The Directors of the Company have pleasure in presenting the TWENTY FOURTH Annual Report together with the audited statements of accounts for the Company's financial year ended on 31st March 2008.

**OPERATIONAL RESULTS/CURRENT WORKING :**

During the year under report, the Gross Sale is comparatively low as compared to previous financial year due to the impact of certain adverse factors like Hike in Cotton Prices, Shortage of Cotton, Electricity Load Shading and also high absenteeism of Workmen. The Company is confident of achieving good production levels in the Current year.

Due to continuous efforts, scheme of settlement / restructuring of dues is already arrived with most of the major lenders and implementation of it is already started. The Rehabilitation scheme submitted as directed by Hon'ble BIFR is under due-consideration.

**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 raised 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.

**CORPORATE GOVERNANCE :**

Company's philosophy on corporate governance envisages the attainment of the highest levels of

transparency, accountability and equity, in all facts of it 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, 2008, 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 prepared the accounts for the financial year ended 31-03-2008 on a "going concern" basis.

**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.

**COST AUDITORS:**

The Central Government has directed cost audit of the Company for the year ending 31-03-2008 and accordingly M/s T M Rathi, 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/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 : 30/08/2008

For & on behalf of the Board

( R. J. Jaju )  
Chairman

# NIWAS SPINNING MILLS LIMITED

## ANNEXURE TO DIRECTORS REPORT 2007-2008 DISCLOSURE U/S. 217(1)(e) OF THE COMPANIES ACT, 1956 CONSERVATION OF ENERGY FORM-A

	CURRENT YEAR	PREVIOUS YEAR
(a) POWER & FUEL CONSUMPTION		
<b>ELECTRICITY</b>		
a) Purchased Unit	49,88,232	75,63,287
Total Amount	2,63,65,803	3,82,45,051
Rate / Unit	Rs. 5.29	Rs. 5.06
b) Own Generation		
<b>COAL (Specify Quality &amp; Where used)</b>	Nil	Nil
<b>FURNACE OIL</b>	Nil	Nil
<b>OTHER GENERATORS</b>	Nil	Nil
(b) CONSUMPTION PER UNIT OF		
<b>PRODUCTION STANDARDS (IF ANY)</b>		
Products (Yarn)	0.29 Kg	0.23 Kg
Electricity	49,88,232 Units	75,63,287 Units
Furnace Oil/Coal/Others	---	---

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

a) Foreign Exchange Earnings and Outgo		
1) 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	
i) Direct Export	Rs. Nil	
ii) Indirect Export	Rs. 42.14 Lacs	

### ANNEXURE - I

#### Corporate Governance Report for the year 2007-2008

(As required under clause 49 of the Listing Agreements entered into with the Stock Exchanges)

In view of Company's heavy losses and Company being under BIFR, suspended trading from Stock Exchange, few of the provisions of Corporate Governance made applicable w.e.f. 01/01/2006 and subsequent amendments thereto, are yet under compliance. The Company is taking necessary steps to comply the same new Corporate Governance rules as applicable from 01/01/2006 and amended from time to time thereafter.

#### A) MANAGEMENT DISCUSSIONS & ANALYSIS :

Company has set benchmarks in adequate and timely corporate disclosure, to regularly publish the required timely results well within the stipulated period of time.

##### - Corporate Ethics :

Company is always particular about the corporate ethics which includes :

1. Values and Commitments
2. Costs of ethics
3. Business Policy

These policies support the consistent endeavour to enhance the reputation of the Company.

### B) CORPORATE GOVERNANCE DISCLOSURE :

In Compliance with clause 49 of the Listing Agreement with the Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and practice followed by the Company.

#### 1. Company's Philosophy on Code of 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 shareholders including Shareholders, Government and lenders.

#### 2. Board of Directors :

The Board of Directors consist of Three directors ( One promoter director who is a Chairman and Managing Director and Two non - executive directors.) During the year 2007-2008 the Board met 7 times (as against the minimum 4 meetings) on the following dates.

- a. 30th July, 2007
- b. 30th August, 2007
- c. 28th September, 2007
- d. 30th October, 2007
- e. 30th January, 2008
- f. 28th April, 2008
- f. 30th July, 2008

The maximum time gap between any two meetings was not more than three months.

None of the directors acts as a Chairman in any other Company. The proportionate presentation of Independent Directors as per rules on the board is yet under execution and company is for lookout of the same.

#### 3. Audit Committee :

The audit committee of Company performs the following functions :-

- Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements correct, sufficient and credible;
- Reviewing with management the annual financial statements before submission to the board;
- Discussion with external Auditors before the Audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standard;
- Reviewing the Company's financial and risk management policies;

The Audit Committee of Company consists of Two non executive Directors apart from Managing Director. It consists of all Director. There were five meeting of audit committee during the year 2007-2008 (the year of implementation of Corporate Governance).