

NIWAS SPINNING MILLS LIMITED

TWENIY SIXTH ANNUAL REPORT AND ACCOUNTS 2009-2010

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

<u>Unit - I</u>	<u>Unit - II</u>
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.

NOTICE

NOTICE is hereby given that the TWENTY SIXTH ANNUAL GENERAL MEETING of the shareholders of NIWAS SPINNING MILLS LIMITED will be held at B-5, M.I.D.C., Akkalkot Road, Solapur - 413 006 on Thursday, the 30th day of September, 2010 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2010, the Profit & Loss Account of the Company for the year ended 31st March, 2010 and the Reports of the Auditors and Directors thereon.
2. To appoint Director in place of Mr. Aditya 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 01-01-2011 till 31-12-2013 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-imbursement of medical expenses incurred in India or abroad and including hospitalization, nursing home and surgical charges for himself and family.
 - vi Re-imbursement of traveling expenses for proceeding on leave from Solapur to any place

NIWAS SPINNING MILLS LIMITED

- in India and return there from once in a year in respect of himself and family.
- vii. Re-imbursement of servant's salary, subject to a maximum of two servants on a salary of upto Rs. 2000 per servant per month.
 - viii. Re-imbursement 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."

PLACE: SOLAPUR

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

DATE: 28-08-2010

(V. R. Jaju)
Managing Director

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 Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
- 3. The Register of Members and Transfer Books of the Company will remain closed from 27-09-2010 to 29-09-2010 (both days inclusive).
- 4. 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.
- 5. Members are requested to intimate any change in their address to the Company at the earliest, quoting their Folio Numbers.
- 6. The relevant details of Directors seeking appointment/re-appointment under Item Nos. 2 & 4 above, as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, are given under the Corporate Governance Report.
- 7. Members are requested to bring the copy of Annual Report sent to them.

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 31-12-2010. The Board of Directors at its meeting held on 28th August, 2010 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 01-01-2011. 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 30 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.

PLACE: SOLAPUR

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

DATE: 28-08-2010

(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 SIXTH Annual Report together with the Audited Statements of accounts for the Company's financial year ended on 31st March 2010.

OPERATIONAL RESULTS/CURRENT WORKING :

During the year under report, the Gross Sale is higher side as compared to previous financial year due to impact of efforts made by the management, though there were adverse factors like Hike in Cotton Prices, Shortage of Cotton, Electricity Load Shedding and also non availability of skilled workers / technicians. 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 on account.

DIRECTORS :

Mr. Aditya Jaju, Director of the Company, retires by rotation and being eligible, offers 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. There are no foreign exchange earnings and outgo during the year.

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.

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, 2010, 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 31-03-2010 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 31-03-2010 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 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.

PLACE : SOLAPUR

For & on behalf of the Board

DATED : 28/08/2010

(R. J. Jaju)

Chairman

NIWAS SPINNING MILLS LIMITED

ANNEXURE TO DIRECTORS REPORT 2009-2010
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	53,86,712	44,15,977
Total Amount	2,57,76,685	1,91,77,470
Rate / Unit	Rs. 4.78	Rs. 4.34
b) Own Generation		
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)	0.21 Kg	0.24 Kg
Electricity	53,86,712 Units	44,15,977 Units
Furnace Oil/Coal/Others	—	—
B. OTHER INFORMATIONS 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. Nil	

Corporate Governance Report for the year 2009-2010
(As required under clause 49 of the Listing Agreements
entered into with the Stock Exchanges)

In view of Company's heavy losses, Company being under BIFR and suspension of trading of the Company's securities on Stock Exchange, few of the provisions of Corporate Governance made applicable w.e.f. 01/01/2006 and subsequent amendments thereto, are yet under process. The Company is taking necessary steps to comply the same.

CORPORATE GOVERNANCE DISCLOSURE:

In Compliance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company submits the Report on the matters mentioned in the said Clause and practice as 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 stakeholders including inter alia Shareholders, Government and lenders. Company is committed to

achieve the highest standards of corporate governance. Company believes that all its operations & actions must serve the underlying goal of enhancing overall corporate value.

2. Board of Directors :

The details of Board of Directors as required under Clause 49 of the Listing Agreement are given below:

Name	Designation (Executive, Non- Executive, Indepen- dent/ Promoter)	No. of Meet- ings at- tended	No. of Di- rec- tor- ships held*	Members of Committee		Whether Last AGM held on 29.09.2009 Attended (Yes/ No)
				Mem bers	Chair mans	
R. J. Jaju	Director Non- Executive Chairman	6	Nil	1	—	Yes
V. R. Jaju	Managing Director Executive	6	Nil	3	2	Yes
A. V. Jaju	Director Non Executive	4	Nil	1	—	Yes

* Excludes Private Companies, Section 25 Companies, Foreign Companies and Alternate Directorships.

None of the Directors is paid Sitting Fees.

During the year 2009-2010 the Board met 6 (Six) times (as against the minimum requirement of 4 meetings) on the following dates:

- 30th April, 2009
- 29th July, 2009
- 25th August, 2009
- 29th October, 2009
- 25th December, 2009
- 30th January, 2010

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

The proportionate presentation of Independent Directors on the Board as required under the Clause 49 of the Listing Agreement is yet under execution and Company is on lookout for the same.

CHANGES IN COMPOSITION OF BOARD:

Details of Director seeking re-appointment: At the ensuing Annual General Meeting, Shri Aditya Jaju, Director, retires by rotation and being eligible, offers him self for re-appointment. The brief resume, experience, functional expertise and membership on various Board and Committees of the Director proposed to be re-appointed at Item No. 2 of the Notice as per Corporate Governance code defined under Clause 49 of the Listing Agreement are furnished below: