



The Nahar Group



# 30<sup>th</sup> Annual Report

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**Nahar**

**SPINNING MILLS LIMITED**

## BOARD OF DIRECTORS

### Sh. Jawahar Lal Oswal

Sh. Dinesh Oswal  
Sh. Kamal Oswal  
Sh. Dinesh Gogna  
Dr. (Mrs.) H.K. Bal  
Sh. Amarjeet Singh  
Dr. Om Parkash Sahni  
Prof. Kanwar Sain Maini  
Sh. Satish Kumar Sharma  
Dr. Suresh Kumar Singla

### Chairman

Managing Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director

### FINANCE CONTROLLERS

Sh. Anil Garg & Sh. P. K. Vashishth

### COMPANY SECRETARY

Sh. Brij Sharma

### AUDITORS

M/s. Gupta Vigg & Co., Chartered Accountants  
101, Kismat Complex, G.T. Road, Miller Ganj, Ludhiana-141 003.

**PRINCIPAL BANKERS** : Punjab National Bank, State Bank of India  
**REGD. OFFICE** : 373, Industrial Area- 'A', Ludhiana-141 003  
**WORKS** : 427, Industrial Area - 'A', Ludhiana (Punjab)  
Dhandari Kalan, G.T. Road, Ludhiana (Punjab)  
Village Simrai, Mandideep, Distt. Raisen (M.P.)  
Village Lalru and Lehli, Distt. S.A.S. Nagar (Punjab)  
Village Jalalpur, Distt. S.A.S. Nagar (Punjab)  
Rishab Spinning Mills, Village Jodhan, Distt. Ludhiana  
Nahar Fibres, Jitwal Kalan, Malerkotla, Distt. Sangrur

### 30th ANNUAL GENERAL MEETING

Day : Thursday  
Date : 30th September, 2010  
Time : 10.00 A.M.  
Place : At the Premises of  
Nahar Industrial Enterprises  
Limited, Focal Point, Ludhiana

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**NOTICE**

Notice is hereby given that the **Thirtieth Annual General Meeting** of the members of **NAHAR SPINNING MILLS LIMITED** will be held on **Thursday the 30th day of September, 2010 at 10.00 A.M.** at the premises of M/s Nahar Industrial Enterprises Limited, Focal Point, Ludhiana to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Dr. O.P. Sahni, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. K.S. Maini, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr.(Mrs.) H.K. Bal, who retires by rotation and being eligible, offers herself for re-appointment.
6. To appoint a Director in place of Sh. Kamal Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors who shall hold Office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Gupta Vigg & Co., Chartered Accountants, the retiring Auditors of the company being eligible, offer themselves for re-appointment.

**BY ORDER OF THE BOARD**

PLACE : LUDHIANA  
DATED: 28<sup>th</sup> July, 2010

**BRIJ SHARMA**  
(Company Secretary)

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING. THE BLANK PROXY FORM IS BEING ENCLOSED.

2. The Register of Members and Share Transfer Register of the Company shall remain closed from 18.09.2010 to 30.09.2010 (both days inclusive).
3. The dividend on equity shares as recommended by the Board of Directors, if approved at the Annual General Meeting will be paid to the members, whose names appear in the Register of members as on 30th Sept., 2010 or Register of beneficial owners, maintained by the Depositories at the close of 17th Sept., 2010.
4. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends upto the financial year 2001-2002 have been transferred to Investor Education and Protection Fund. Further unpaid dividend for the year 2002-2003 is to be transferred to Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956 in November, 2010. Shareholders who have not encashed their dividend warrants relating to the said period are requested to claim the amount from the company at the earliest.

Further we may also inform that once the amount is deposited with Central Government, it cannot be claimed later on as per the Companies (Amendment) Act, 1999.

5. The bank account particulars of the members will be printed on the dividend warrants. Members holding shares in physical form are requested to immediately notify change in their address/Bank details to the Company's Share Transfer Agent M/s Alankit Assignments Limited or to the Company's Registered Office at 373, Industrial Area-A, Ludhiana - 141 003.  
  
Members holding shares in electronic form are requested to notify change in their address/Bank details to their Depository Participants before 17th Sept., 2010.
6. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialise their shares at the earliest.
7. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B)
8. Members seeking any information with regard to Annual Accounts at the time of meeting are requested to send their queries to the Company at least 7 days before the date of meeting so as to enable the management to keep the relevant information ready.
9. Members are requested to bring the copy of Annual Report alongwith them, at the meeting.
10. The information required to be provided under clause 49 of the Listing Agreement entered into with the Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed is given hereunder and forms part of the notice.



## Information pursuant to Corporate Governance Clause of the Listing Agreement regarding Director seeking appointment/re-appointment.

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below:

- I. Name : Dr. O.P. Sahni  
Age : 69 years  
Qualification : Ph.D  
Expertise : Having more than 30 years experience in teaching Management and Administration.

## Directorships/membership in the committee of the Board in other Companies:

Name of the Company	Committee	Status
1. Midland International Ltd.	--	--
2. Nahar Poly Films Limited	--	--
3. Nahar Capital and Financial Services Ltd.	Shareholders Grievances	Member
4. Nahar Industrial Enterprises Ltd.	Shareholders Grievances Remuneration Audit	Member Member Member Chairman
5. Oswal Woollen Mills Limited	Audit Shareholders Grievances Remuneration	Member Member Member Member

II. Name : Prof. K.S. Maini  
Age : 70 years  
Qualification : Post-graduate in Commerce  
Expertise : Having more than 31 years experience in teaching Commerce, Management and Administration.

## Directorships/membership in the committee of the Board in other Companies:

Name of the company	Committee	Status
1. Nahar Capital and Financial Services Ltd.	Audit Remuneration	Chairman Chairman
2. Nahar Poly Films Limited	Audit	Member
3. Nahar Industrial Enterprises Ltd.	Shareholders Grievance Remuneration	Member Chairman
4. Oswal Woollen Mills Ltd.	Audit	Member

III. Name : Dr. (Mrs.) H.K. Bal  
Age : 71 years  
Qualification : Ph.D  
Expertise : Having more than 30 years of experience in Teaching Management and Administration.

## Directorships/membership in the committee of the Board in other Companies:

Name of the company	Committee	Status
1. Shreyans Industries Ltd.	Audit	Member
2. Nahar Poly Films Limited	Remuneration Shareholders Grievance	Member Chairperson
3. Nahar Industrial Enterprises Ltd.	Remuneration Audit	Member Member
4. IOL Chem & Pharmaceuticals Ltd.	Audit Shareholders Grievance Remuneration	Member Chairperson Member
5. Nahar Capital and Financial Services Ltd.	Remuneration	Member
6. Oswal Woollen Mills Limited	Remuneration	Member
7. Sportking India Ltd.	Audit Remuneration	Member Member

- IV. Name : Sh. Kamal Oswal  
Age : 48 years  
Qualification : Commerce Graduate  
Expertise : Having business experience of more than 28 years in the Industry.

## Directorships/membership in the committee of the Board in other Companies:

Name of the company	Committee	Status
1. Nahar Capital and Financial Services Ltd.	--	--
2. Nahar Poly Films Limited	--	--
3. Nahar Indl. Infrastructure Corpn. Ltd.	--	--
4. Oswal Woollen Mills Limited	--	--
5. Oswal Leasing Ltd.	--	--
6. Sankeshwar Holding Co. Ltd.	--	--
7. Vardhman Investment Ltd.	--	--
8. Girnar Investment Ltd.	--	--
9. Atam Vallabh Financiers Ltd.	--	--
10. J.L. Growth Fund Ltd.	--	--
11. Abhilash Growth Fund Pvt. Ltd.	--	--
12. Neha Credit & Invest. Pvt. Ltd.	--	--
13. Monte Carlo Fashion Ltd.	--	--
14. Nahar Growth Fund Pvt. Ltd.	--	--
15. Nagdevi Trdg. & Invest. Co. Ltd.	Audit	Chairman
16. Nahar Industrial Enterprises Ltd.	--	--
17. Crown Star Ltd. (UK)	--	--
18. Cotton County Retail Ltd.	Remuneration	Member

Sh. Kamal Oswal being the son of Sh. Jawahar Lal Oswal is related to him. He is also related to Sh. Dinesh Oswal being his brother.

BY ORDER OF THE BOARD

PLACE : LUDHIANA  
DATED: 28<sup>th</sup> July, 2010

BRIJ SHARMA  
(Company Secretary)



## *Directors Report*

Dear Members,

Your Directors have pleasure in presenting the **THIRTIETH ANNUAL REPORT** on the affairs of the company for the year ended 31st March, 2010.

### **FINANCIAL PERFORMANCE**

Your Company's Financial Performance during the year is summarised below:

	(Rs. In lacs)	
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>PROFIT FOR THE YEAR BEFORE TAX &amp; DEPRECIATION</b>	<b>15046.62</b>	5103.64
Less: Depreciation	6986.11	7611.30
Provision for Taxation	1685.00	40.00
Provision for Deferred Tax	1016.50	(826.00)
	<b>9687.61</b>	6825.30
<b>Profit/Loss after tax</b>	<b>5359.01</b>	-1721.66
Adjustment of Income Tax of Earlier years	- 9.79	58.59
<b>Amount available for appropriation</b>	<b>5349.22</b>	- 1663.07
Transfer from General Reserve	—	2797.67
	<b>5349.22</b>	1134.60
<b>APPROPRIATION</b>		
Proposed Dividend	540.98	180.33
Tax on Distributed profits	89.85	30.65
Transfer to General Reserve	4569.12	—
Foreign Exchange contingent liability Reserve	149.27	923.62
	<b>5349.22</b>	1134.60

### **PERFORMANCE REVIEW**

We would like to inform you that as per the disclosure requirements of Accounting Standard AS17 issued by the Institute of Chartered Accountants of India, company's activities can be classified under two segments namely "Yarn Segment" and "Garment Segment". Before reviewing overall performance of the company we would like to brief you regarding the working performance of each Segment which is as under:-

#### **YARN SEGMENT**

During the year under review, Yarn Segment performed reasonably well. The recovery in the U.S., Europe and Asian economies enabled the Segment to achieve a revenue of Rs.988.35 crores showing an increase of 10.56% over the previous year. The export at Rs. 584.97 crores has also shown an impressive increase of 11.31% over previous year. The financial performance

too, improved significantly and it earned a profit before interest and tax of Rs.95.88 crores as against 5.5 crores, showing an impressive increase of 1627.57% over the previous year.

Having regard to the good prospects for the Yarn Industry, your Management has decided to expand its spindlage capacity by installing 90000 spindles at a capital outlay of Rs.350 crores (approx.). The said expansion is to be financed through Term Loan from the Banks under the TUFF Scheme and the Internal accruals of the company. The Civil construction work has already started and the orders for the machineries have also been placed. The said expansion is likely to be completed by July, 2011. On its completion, the company's spindlage capacity will stand increased to 4.36 lacs spindles.

#### **GARMENT SEGMENT**

We are pleased to inform you that Garment Segment too, improved its performance during the year under



review. The recovery in the U.S. and European Economies enabled the segment to achieve a revenue of Rs.191.20 crores showing an impressive increase of 18.92% over previous year. Likewise the exports at Rs.146.20 crores has also shown an impressive increase of 20.95%. The Company has been awarded Golden Trophy by the Apparel Export Promotion Council for achieving highest Export of Cotton Garments for the year 2007-2008. It also improved its financial performance and earned a profit before interest and tax of Rs.22.44 crores, showing an impressive increase of 173.87% over the previous year.

### **OVERALL PERFORMANCE**

From the above, it is apparent that company's performance has been excellent on all parameters. The company's net operating income at Rs.1110.47 crores has shown an increase of 11% over the previous year. Likewise the exports at Rs.731.17 crores has also shown an impressive increase of Rs.11.69%. The company's continued excellent export performance has been recognised by the Ministry of Commerce and Industry by conferring the status of STAR TRADING HOUSE and Gold Trophy by The Cotton Textiles Export Promotion Council (TEXTROCIL) for Highest Exports of Cotton Yarn (Counts 50s and below) for the year 2008-2009 respectively.

On profitability front too, the company substantially improved its performance and earned a pre-tax profit of Rs.80.61 crores as against a loss of 25.08 crores in the previous year. After providing for Income tax and deferred tax, the company earned a net profit of Rs.53.49 crores as against loss of 16.63 crores in the previous year. After appropriation of profits as per detail hereinabove, an amount of Rs.45.69 crores has been transferred to General Reserve thereby increasing Company's Reserves to Rs.536.57 crores as on 31st March, 2010.

### **DIVIDEND**

Your Directors are pleased to recommend a dividend @30% (i.e. Rs.1.50 per equity share of Rs.5/- each) on paid up equity share capital for the year ended 31st March, 2010.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of the profits of the company for the year under reference to all those shareholders whose names shall appear in the Register of Members on 30th September, 2010 or Register of beneficial owners, maintained by the Depositories as at the close of 17th September, 2010.

### **DIRECTORS**

Pursuant to article 91 of the Articles of Association of the company Dr. O.P. Sahni, Prof. K.S. Maini, Dr.(Mrs.) H.K. Bal and Sh. Kamal Oswal will be retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

In terms of clause 49 of the Listing Agreement with the Stock Exchanges, the details of Directors to be appointed/re-appointed are contained in the accompanying Notice of the forthcoming Annual General Meeting.

### **CREDIT RATING**

The Credit Rating Information Services of India Ltd. (CRISIL) has re-confirmed the credit rating "P1+" (Pronounced "P one plus") to the Company for short term loan upto Rs.23.50 Crores. This indicate that the degree of safety with regard to timely payment of interest and principal on the instrument is very strong.

### **LISTING OF SECURITIES**

The securities of the company are presently listed on the following Stock Exchanges:

- i. The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
- ii. The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai

The Company has paid listing fee to both the Stock Exchanges for the financial year 2010-2011.

### **DEMATERIALISATION OF SECURITIES**

As the members must be aware that company's securities are tradable compulsorily in electronic form w.e.f. 21st March, 2000. Your Company has already



established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository services (India) Limited (CDSL) to facilitate the holding and trading of securities in electronic form. As on date 94% of the share capital of the company has been dematerialised. The shareholders who have not gone in for dematerialisation of shares till date, are requested to opt for dematerialisation of the shares at the earliest.

Further as per SEBI circular no. D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, Company has appointed M/s Alankit Assignments Ltd. as Registrar for Share Transfer and Electronic Connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of Share Transfer, Demat/Remat, Change of Address etc. to our Registrar at below mentioned address:

M/s Alankit Assignments Limited  
(Unit: Nahar Spinning Mills Limited)  
Alankit House  
2E/21, Jhandewalan Extension  
New Delhi - 110 055  
Telephone No. : (011) 23541234  
Fax No. : (011) 41540064  
E-mail address : rta@alankit.com

In case any query/complaint remains unresolved with our Registrar please write to Company Secretary at the Registered Office of the Company.

#### **AUDIT COMMITTEE**

Pursuant to Section 292A(1) of the Companies Act, 1956, Company has already constituted Audit Committee consisting of Sh. Amarjeet Singh as Chairman, Sh. Dinesh Gogna and Dr. O.P. Sahni as members. The committee held four meeting during the year under review.

#### **REPORT ON THE CORPORATE GOVERNANCE**

Your Company continues to follow the principles of good Corporate Governance. The company has al-

ready constituted several committees of directors to assist the Board in good Corporate Governance. The Corporate Governance Report alongwith the Auditors Certificate regarding compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchange, is attached herewith as Annexure-III.

#### **ENVIRONMENT FRIENDLY CORPORATE ENTITY**

As a responsible corporate entity, your company is sensitive to environment also and is contributing a bit to improve the ecological balance by introducing Organic Cotton yarns & Fair Trade Cotton Yarns certified by Control Union Certificate of Netherlands & F.L.O. of Germany. The company is Registered with Clean Development Mechanism (CDM) Executives Board and United Nations Framework Conventions on climate change (UNFCCC) Secretariat, Bonn, Germany.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

The Directors would like to assure the Members that the financial statements for the year under review, conform in their entirety to the requirements of the Companies Act, 1956.

#### **The Directors confirm :**

- i) that in preparation of the Annual Accounts, the applicable Accounting Standards had been followed alongwith proper explanations relating to material departures;
- ii) that they had 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 profit or loss of the company for that period;
- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that they had prepared the Annual Accounts on a going concern basis.



**COST AUDITORS**

The Company appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors for the year 2009-2010. The Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi have approved their appointment. The Cost Audit Report of the year ended 31st March, 2010 would be submitted to the Ministry of Corporate Affairs, Cost Audit Branch, in accordance with the requirements of Law.

**AUDITORS**

M/s Gupta Vigg & Co., the Auditors of your Company shall be retiring at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The company has obtained from auditors, a certificate as required under Section 224(1-B) of the Companies Act, 1956 to the effect that their reappointment, if made, would be within the limits specified in the said section.

The Audit Committee has recommended their re-appointment.

**PUBLIC DEPOSITS**

During the year the company has neither accepted nor intend to accept any Public deposit within the meaning of Section 58-A of the Companies Act, 1956 and the rules made there under. There are no outstanding/unclaimed deposit from the public.

**INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to Section 205-C of the Companies Act, 1956 the company has transferred an amount of Rs.9,64,886.74 (Rupees Nine lacs sixty four thousand eight hundred eighty six and paise seventy four only) being the amount of unclaimed Dividend for the year 2001-2002 to the Investor Education and Protection Fund.

**PARTICULARS OF EMPLOYEES**

Information regarding employees in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules 1975 is given in Annexure - I and forms part of this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The detailed information as required under section 217(1)(e) of the companies Act, 1956 read with Companies (Disclosure of Particulars in Report of the Board of Directors) Rules 1988, is enclosed as per Annexure-II and forms part of this report.

**INDUSTRIAL RELATIONS**

The industrial relations remained cordial throughout the year and the excellent results were achieved with the whole hearted co-operation of employees at all levels.

**ACKNOWLEDGEMENT**

The Board of Directors of the company wish to place on record their thanks and appreciation to all workers, staff members and executives for their contribution to the operations of the company. The Directors are thankful to the Bankers, Financial Institutions for their continued support to the company. The Directors also place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the Management of the Company.

**FOR AND ON BEHALF OF THE BOARD****PLACE : LUDHIANA****JAWAHAR LAL OSWAL****DATED: 28<sup>th</sup> July, 2010****(Chairman)**




**ANNEXURE-I**
**PARTICULARS OF EMPLOYEES AS PER THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2009**

Sr. No.	Name	Designation	Nature of duties	Remuneration (Amt.in Lacs)	Nature of Employment	Qualification	Experience in years	Date of Employment	Age (Years)	Last Employment held	%age of Equity Capital held
1.	Sh. Dinesh Oswal	Managing Director	Overall company's administration	180.10	Contractual	B.Com	25	01.01.1987	45	Oswal Woollen Mills Ltd.	0.066%

**NOTES:**

1. Remuneration includes salary, ex-gratia, leave encashment, monetary value of perquisites as per Income Tax Rules, employers contribution to provident fund and commission, where applicable.
2. Sh. Dinesh Oswal, is related to Sh. Jawahar Lal Oswal, Chairman and Sh. Kamal Oswal, Director of the Company.

**ANNEXURE-II**
**INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.**
**I. CONSERVATION OF ENERGY**
**a) Measures taken for conservation of energy**

Energy conservation is an ongoing process in our organization. The company carries out continuous monitoring, planning, development and modification in our all units to conserve energy. The company always select latest machinery and equipment having low energy consumption. The company has taken following measures for energy conservation :

- i) The company installed slub yarn system on ring frame machine which is giving extra value in yarn, improving the profitability of yarn without extra process which inturn reduce the power consumption.
- ii) The company is using taper mixing system in place of traditional lot mixing system which gives better quality of Raw Cotton mixing as well as for removing the lotwise change system in Ring Frame Section. This reduce the depute man power in Ring frame section.
- iii) The company has replaced old 3 nos LC300 cards from New Technology LC333 cards for improving the energy efficiency and production as well as power saving.

- iv) The company doubled the suction pipe in Savio Autoconer blowers for better cleaning efficiency.
- v) The company Removed the unnecessary bend in water flow Pipe line of cooling tower for reducing the resistance in water flow thus improved the efficiency of cooling tower and saved energy.
- vi) The company using the energy efficiency spindle oil in Ring Frame machines, resulted in saving of Power consumption.
- vii) The company replaced ordinary chocks with electronics ballast for improving energy efficiency which resulted in saving power.
- viii) The company replaced the capacitor bank which have 15% reduction in its capacity for improving the power factor which results decrease the losses of power cables.
- ix) The company minimized the lighting load by replacing with electronic ballast with single tube light of high luminance which saved energy consumption.



- x) The company replaced incandescent lamps with capacitive sodium vapour and LED lamps which reduces energy consumption.

**b) Additional investment & proposal for reduction of consumption of energy**

Energy conservation is an ongoing process in our company. It will continue to make additional investment as per our requirement for reducing the consumption of energy.

**c) Impact of measure, consequent to (a) and (b) above**

With the measures adopted by the company, there is substantial saving in energy consumption there by reduction in cost of production.

**FORM A**

CURRENT YEAR PREVIOUS YEAR

2009-2010 2008-2009

**A. POWER & FUEL CONSUMPTION**

1. Electricity		
a) Purchased		
Units (Kwh)	223785034.00	241043542.00
Total amount (Rs.)	989392259.50	1006399741.60
Rate per Unit (Rs.)	4.42	4.18
b) Own Generation		
Through Diesel Generator		
Units produced (KWH)	25083427.00	10279508.00
Total amount (Rs.)	160407161.42	72147367.74
Cost per unit (Rs.)	6.39	7.02
c) Own Generation through turbine		
Units produced (KWH)	41936530.00	31198310.00
Total amount (Rs.)	132067370.00	111091791.00
Cost per Unit (Rs.)	3.15	3.56
2. Steam Coal	Used in Boiler	Used in Boiler
Quantity (in Tonnes)	6003.97	12735.06
Total Cost (Rs.)	17943647.12	45642340.00
Cost per unit (Rs.)	2988.63	3583.99
3. Furnace Oil		
Quantity (in litres)	5082463.00	2149960.00
Total cost (Rs.)	124498062.55	50856936.00
Rate/Tonne (Rs.)	24495.62	23654.83
4. Other/Internal Generation		
Rice Husk (Qty. in tones)	53489.96	28973.71
Total Cost (Rs.)	164171043.15	101522583.00
Rate/Tonne (Rs.)	3069.19	3503.96

**B. CONSUMPTION PER UNIT OF PRODUCTION**

**GARMENT UNIT**

1. Rice husk used per Kg. of dyed cloth/Yarn	5.73	5.68
2. Electricity consumed per unit of Hosiery Garments Manufactured (From Fabric to Garment)	0.71	0.80

**SPINNING UNIT (ALL)**

Product Cotton/Synthetic Yarn	64024386.03	64689225.71
Electricity (Unit/Kg.)	4.59	4.25
Rice husk used per Kg. of Yarn	1.38	0.26

**MERCERISING CUM DYEING UNIT (LALRU)**

1. Electricity consumed per unit of Yarn/Cloth (Unit/Kg.)	3.19	3.68
2. Rice husk used per Kg. of Yarn/Cloth	2.49	0.60
3. Furnace Oil used per Kg. of Yarn (Ltr/Kg.)	0.39	0.02

**II. TECHNOLOGY ABSORPTION**

**FORM B**

**A) Research & Development (R & D):**

**i) Specific areas in which Research and Development carried out by the Company.**

The R&D efforts in the company are focused not only on productivity, quality improvement with waste reduction but also developing value added products like Multi Slub Yarn, Multi Count with Multi Slub Yarn and Multi Twist Yarn, 100% Organic cotton & Organic cotton blends, mélange yarn in different shades & blends for International & Domestic markets.

The company has the latest on line & off line testing and monitoring equipments from world renowned manufacturers to maintain the product consistency of raw material as well as finished products.

**ii) Benefits derived as a result of above R & D:**

The company has improved its product value and reduction in production cost. It has expanded its market to value added market segments.

**iii) Future Plans:**

The Company is committed to continue the Upgradation of its R & D facilities which will strive to develop new products, keeping in view the future market requirements and will thus improve its competitiveness.

**iv) Expenditure on R & D:**

a) Capital (Rs.)	Nil
b) Recurring (Rs.)	Nil
c) Total (Rs.)	Nil



## B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- i) The company in the process of replacement of existing machineries with latest and technology advanced machines.

The company have installed Compact Spinning Ring Frames for better quality of yarns. Also "Loptex" and "C.V.T. - 3" machines installed in Blow Room for removal of foreign contaminations and installation of Uster Quantum - 2 latest series yarn clearer to improve further quality of yarns.

- ii) Autoconers machines are under gradual replacement with latest advanced technology machines to improve quality of final yarn and equipped with latest generation of yarn clearer system.
- iii) The company has installed metal detectors & high sensitive spark detectors in Blow Room department.
- iv) The company has installed Uster Tester-5, Uster Quantum Classimat & Uster Quantum Clearer-2 from Uster Technologies, Switzerland. It has installed Neps & Trash indicator from Mesdan, Italy. In order to improve the working environment the company has installed latest Humidification plant from LUWA. It has installed latest generation of contamination sorter VISION SHIELD from JOSSI, Switzerland.
- v) The company has installed new cards "LC-333", Combers "LK-54", Lap former "LH-10" and 20 latest LR6 AX Ring Frames (equipped with Autodoffing) from LMW.
- vi) The company has installed 6 Autoconers of SAVIO ORION & 5 Autoconers of SCHLAFHORST - 338
- vii) The company has installed continuous waste collection system from Batli boi Ltd. In carding section (DK-740 Cards).
- viii) The company has increased the capacity of Multi Slub Yarn from 3 Ring Frames to 6 Ring Frames.
- ix) Contamination scanners for removal of coloured contaminations & also white polyethylene / polypropylene installed in all blow room lines.

- x) The autoleveller in Rieter's Draw frames are being replaced with the latest AC Drive from the present DC Drive autolevellers for better quality performance.
- xi) In existing speed frames the drafting system is being modernised by replacing the old with latest 5025 Drafting from Texparts, Germany.
- xii) Fully automatic cots buffing machine installed for consistent & improved quality with better life.

### Benefits derived as result of above efforts:

With the above mentioned efforts, the company will enjoy the benefit of improved quality, productivity & saving in manufacturing costs. The company will project its image in the world market as a manufacturer of world class yarn and achieve an excellent share of world market.

### Information regarding Technology imported during the last five years

NIL

## III FOREIGN EXCHANGE EARNINGS AND OUTGO

- (I) Activities relating to Exports, initiative taken to increase exports, Development of New Export Markets for products and export plans
- With the opening of Global Trade company has taken effective steps to increase its exports Markets. Company continues to make efforts to provide quality products at a very competitive rates so that it can compete with International suppliers and maintain a steady growth of exports.

	Current Year	Previous Year
(II) Total Foreign Exchange used and earned		
a) Foreign Exchange earned (Rs. in Lacs)	70990.62	65227.13
b) Foreign Exchange Outgo (Rs. in Lacs)	3753.09	3926.11

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA  
DATED : 28<sup>th</sup> July, 2010

JAWAHAR LAL OSWAL  
(Chairman)


**ANNEXURE - III**
**CORPORATE GOVERNANCE REPORT**

This report of Corporate Governance form part of the Annual Report.

**Company's philosophy on Corporate Governance**

Your company continues to practice the principle of good Corporate Governance. It is company's firm belief that good CORPORATE GOVERNANCE is key to success of business. The company's philosophy envisage an attainment of highest level of the transparency and accountability in its operations so that company's goal of creation and maximisation of wealth of the shareholders/stakeholders could be achieved. Clause 49 of the Listing Agreement with Stock Exchanges incorporate certain mandatory disclosure requirements with regard to Corporate Governance. In pursuance to the requirements of corporate governance rules, we are pleased to report the following:-

**I. BOARD OF DIRECTORS**

1. The Board of the company is well structured with adequate blend of professional Executives and Independent Directors.
2. The present strength of Board is Ten Directors. The Board comprises of Executive and Non Executive Directors. Sh. J.L. Oswal is a Non Executive Chairman and Sh. Dinesh Oswal is Managing Director of the Company. Thus the post of Chairman and Managing Director are held by different persons.
3. The Board consist of one-half of the independent Directors as required under Corporate Governance Rules. Presently out of ten Board Members, five members are independent Directors, namely Dr.(Mrs.) H.K. Bal, Sh. Amarjeet Singh, Dr. O.P. Sahni, Sh. K.S. Maini and Sh. Suresh Kumar Singla. Thus the company has complied the Corporate Gover-

nance Rules regarding structure of the Board.

4. During the year the Board met five times i.e. on 25th April, 2009, 15th June, 2009, 30th July, 2009, 28th Oct., 2009 and 30th January, 2010 with a clearly defined agenda circulated well in advance of each meeting. The maximum interval between the two Board meetings is not more than four months.
5. None of the directors is a member of more than 10 Board level committees or is Chairman of more than 5 such Board level committees as required under Clause 49 of the Listing Agreement. None of the Director is a Director in more than 15 companies as prescribed under the Act.
6. Participation of Non Executive Directors has been active in the Board Meetings. The Attendance record of Directors in the Board meeting and the Annual General Meeting during the year 2009-2010 is given here in under:
7. Non Executive Directors are paid a sitting fee of Rs.2000/- per meeting of the Board.
8. Sh. Jawahar Lal Oswal is the father of Sh. Kamal Oswal and Sh. Dinesh Oswal. Sh. Dinesh Oswal and Sh. Kamal Oswal are brothers. No other Director is related to any other Director of the company within the meaning of Section 6 of the Companies Act, 1956.
9. **Code of conduct:** The company is committed to conduct its business in accordance with applicable laws, rules and regulations and highest standards of transparency. Accordingly the company has laid down a Code of conduct for all its Board members and Senior Managerial/Personnel so that conflict

Name of Director	Category of Directors	No. of other Directorship (excluding private companies)	No. of Committee membership		No. of Board Meeting attended	Annual General Meeting Attendance (held on 29.09.2008)	No. of Shares held
			Member	Chairman			
Mr.Jawahar Lal Oswal	Non Executive-Promoter	14	--	--	5	No	---
Mr. Dinesh Oswal	Executive - Promoter	14	--	--	4	Yes	23766
Mr. Kamal Oswal	Non Executive - Promoter	14	--	1	5	Yes	24750
Mr. Dinesh Gogna	Non Executive	8	4	1	5	Yes	550
Dr.(Mrs.) H.K. Bal	Non Executive -Independent	7	4	3	5	Yes	541
Mr. Amarjeet Singh	Non Executive - Independent	10	4	4	5	Yes	239
Mr. S.K. Sharma	Non Executive	2	1	--	5	Yes	142
Dr. O. P. Sahni	Non Executive - Independent	5	5	1	5	Yes	147
Mr. K.S. Maini	Non Executive - Independent	4	3	1	5	Yes	182
Mr. Suresh Kumar Singla	Non Executive - Independent	4	1	1	5	Yes	--





of interest could be avoided. All the Board members and Senior Managerial/ Personnel are complying the said code of conduct. The code of conduct is also available on company's website i.e. [www.ownahar.in](http://www.ownahar.in)

10. The Company ensures compliance of various statutory requirements by all its business units.
11. All the Statutory Registers that are required to be maintained, particularly, Register of Director's Shareholding, Register of Investments etc. are properly maintained and continuously updated.

## II. AUDIT COMMITTEE

The Board has already constituted an independent and qualified Audit Committee. The committee consists of three Non Executive Directors under the Chairmanship of Sh. Amarjeet Singh. Dr. O.P. Sahni and Sh. Dinesh Gogna are the two other members of the Audit Committee. Sh. Amarjeet Singh is a Senior Advocate having 56 years of experience in Corporate Taxation and Finance. Sh. Dinesh Gogna is a company Executive having 33 years of experience in Corporate Finance, Taxation and Financial and Accounting matters. Likewise Dr. O.P. Sahni who is Ph.D, is also having requisite expertise in Financial and Accounting matters. The Company Secretary is the Secretary of the committee. The Finance Controller is permanent invitee of the committee. The statutory auditors, the internal auditors and cost auditors are also invited to attend the meetings, as per relevant provisions of the applicable laws/ rules, as and when felt necessary.

The term of reference of the Audit Committee are as per clause-49 of the Listing Agreement with the Stock Exchanges, SEBI Guidelines and Companies Act, 1956. Since 1st April, 2009 the committee met four times i.e. on 15th June, 2009, 30th July, 2009, 28th Oct., 2009 and 30th Jan., 2010 and at these meetings, the quarterly un-audited financial results as well as the financial statement during the year ended 31st March, 2010 were reviewed and examined by the members of the audit committee before recommendation of the same to the Board of Directors for their perusal and adoption.

The attendance record of the Audit committee members is as under:

Name of the Member	No. of meetings held Upto 31.03.2010	No. of meetings attended
Sh. Amarjeet Singh	4	4
Sh. Dinesh Gogna	4	4
Dr. O.P. Sahni	4	4

Sh. Amarjeet Singh, Chairman of the Audit Committee attended the last Annual General Meeting of the company held on 30th September, 2009 and replied/clarified the queries raised at the Annual General Meeting.

## III. REMUNERATION COMMITTEE

The Remuneration Committee was set up by Board in its meeting held on 31st Jan., 2002. The committee comprises Sh. Amarjeet Singh as Chairman, Sh. S.K. Sharma and Dr.(Mrs.) H.K. Bal as members.

The Broad term of reference of the Remuneration Committee is to ensure that the Company's Remuneration policies in respect of Managing Director/Working Directors, Senior Executives are competitive so as to recruit and retain best talent in the Company and to ensure appropriate disclosure of remuneration paid to said persons.

The Committee met once during the year i.e. on 15th June, 2009. The attendance record of the meeting held is as follows :-

Name of the Member	No. of meetings held Upto 31.03.2010	No. of meetings attended
Sh. Amarjeet Singh	1	1
Sh. S.K. Sharma	1	1
Dr.(Mrs.) H.K. Bal	1	1

The details of Director's remuneration paid for the year ended 31st March, 2010 is as under:

	Salary (Rs.)	Sitting Fee(Rs.)
Sh. Jawahar Lal Oswal		10000.00
Sh. Kamal Oswal		10000.00
Sh. Dinesh Oswal	18010155.00	
Sh. Dinesh Gogna		10000.00
Sh. S.K. Sharma		10000.00
Dr.(Mrs.) H.K. Bal		10000.00
Sh. Amarjeet Singh		10000.00
Dr. O.P. Sahni		10000.00
Sh. K.S. Maini		10000.00
Sh. S.K. Singla		10000.00



#### IV. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Company is having Shareholders'/Investors' Grievance Committee consisting of three Non Executive Directors under the Chairpersonship of Dr.(Mrs.) H.K. Bal. Sh. Amarjeet Singh and Sh. S.K. Sharma are the other members of the committee. Sh. Brij Sharma, Company Secretary is the compliance Officer of the company. The committee look into the complaints/grievances of shareholders in respect of transfer of shares, Non receipt of dividend/share certificates, Demat problems etc. The committee met four times from April, 2009 to March, 2010 i.e. on 15th June, 2009, 30th July, 2009, 28th Oct., 2009 and 30th Jan., 2010 and the attendance record of the meetings held is as follows:-

Name of the Member	No. of meetings held Upto 31.03.2010	No. of meetings attended
Dr.(Mrs.) H.K. Bal	4	4
Sh. Amarjeet Singh	4	4
Sh. S.K. Sharma	4	4

The company has been quick in the redressal of the grievances of the shareholders and has attended to most of the investors correspondence/grievances within a period of 15 to 30 days from the date of receipt of the same. The details regarding the same is as under:

No. of complaints received during the year \* : 5  
No. of complaints resolved during the year\* : 5  
No. of complaints pending as on 31st March, 2010 : NIL

\*Complaint received from BSE, NSE and SEBI.

The company has also received 44 request/complaint from shareholders regarding non receipt of dividend/ re-validation of dividend and the company replied/resolved the said request/complaint. None of the complaints during the year remained pending for more than 30 days.

Further the Company has also constituted a share transfer committee comprising 4 members under the Chairmanship of Sh. Dinesh Oswal. The committee is responsible for approving the transfer and transmission of securities, dematerialisation of shares, issuance of duplicate certificates and other shareholders related issues. The committee generally meets once in a month. During the period April, 2009 to March, 2010 the committee held 12 meetings i.e. on 30.04.2009, 30.05.2009, 30.06.2009, 31.07.2009, 31.08.2009, 30.09.2009, 31.10.2009, 30.11.2009, 31.12.2009, 30.01.2010, 27.02.2010 and 31.03.2010 and the attendance record of the members is as follows :-

Name of the Member	No. of meetings held Upto 31.03.2010	No. of meetings attended
Sh. Dinesh Oswal	12	10
Sh. Dinesh Gogna	12	12
Sh. S.K. Sharma	12	12
Sh. Brij Sharma	12	12

As per SEBI circular no.D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, Company has appointed M/s Alankit Assignments Ltd. as Registrar for Share Transfer and Electronic Connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of Share Transfer, Demat/Remat, Change of Address etc. to our Registrar whose address and telephone no. etc. has already been mentioned in the Directors Report.

#### V. GENERAL BODY MEETINGS

- (I) The details of the last three Annual General Meetings are as under:-

Financial year	Location	Date	Time
2006-2007	Premises Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	29.09.2007	10.00 A.M.
2007-2008	Premises Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	29.09.2008	10.00 A.M.
2008-2009	Premises Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	30.09.2009	10.00A.M.

- (II) **Special Resolutions passed in the previous three Annual General Meetings:**

##### 2006-2007

No Special resolution was passed.

##### 2007-2008

No Special resolution was passed.

##### 2008-2009

No Special resolution was passed.

- (III) **Special Resolution passed last year through postal ballot.**

No Special resolution was passed during the financial year ended 31.03.2010 through postal ballot.

- iv) **Proposal of Special Resolution through postal ballot**

Presently, no special resolution is proposed to be conducted through postal ballot.

#### VI. DISCLOSURES

- i) There have been no materially significant related party transactions that may have potential conflict with the interest of the company at large. Transaction with related party are disclosed in schedule 24 in the Notes of Account.
- ii) The company continues to comply with the requirements of Stock Exchange, SEBI or any statutory authority on all matters related to capital market during the last three years. No penalty or strictures have been imposed on the company by the said authorities relating to the above.



- iii) The company does not have any Whistle Blower policy as of now but no personnel is being denied any access to the Audit Committee.
- iv) The company complied with not only the mandatory requirements but has also complied with non mandatory requirements in respect of Remuneration Committee. The company is yet to comply with the other non mandatory requirements of the Listing Agreement on Corporate Governance.

## VII. MEANS OF COMMUNICATION

The Company's quarterly results in the format prescribed by the Stock Exchanges are approved and taken on record by the Board within the prescribed time frame and sent immediately to all Stock Exchanges on which the company's shares are listed. These results are published in leading news papers i.e. Business Standard/Economic Times in English and Punjabi Tribune in vernacular. Our Quarterly, Half yearly and Annual results are also displayed on the website of the company i.e. [www.ownahar.in](http://www.ownahar.in). Whenever any Official news is released the same is also displayed on the aforesaid Website of the company. Likewise whenever any presentation about company's working is made to Financial Institutional Investors or to the analysts, the same is displayed on company's Website.

The Quarterly and Annual Financial Statement alongwith the Report on Segment Revenue, Segment Results and Capital Employed, Balance Sheet, Profit & Loss Account, Director's Report, Auditors' Report, Cash Flow Statement, Corporate Governance Report, Report on Management Discussion and Analysis and Shareholding Pattern, etc. can also be retrieved by investors from the website of Bombay Stock Exchange Limited and National Stock Exchange Ltd.

## VIII. GENERAL SHAREHOLDERS INFORMATION

- 1. **Annual General Meeting** : September, 30, 2010  
**Date, Day, time and Venue** : Thursday at 10.00 A.M.  
Premises of Nahar Industrial Enterprises Limited, Focal Point, Ludhiana
- 2. **Financial Calendar** : The Financial year of the company covers 1st April, to 31st March.
- 3. **Date of Book Closure** : 18th Sept., 2010 to 30th Sept., 2010 (both days inclusive)

## 4. Dividend Payment

- a) **Payment Date** : Before 20th Oct., 2010
- b) **Mode of payment of dividend** : The Company provide the facility of paying dividend through Electronic clearing system (ECS). The members desirous of availing the facility of electronic credit of dividend are requested to ensure that their correct bank details alongwith 9 digit MICR code of their bank, is noted in the records of the Depository Participant (DP), Members who hold shares in physical form, should contact the R&T Agent or the Company in this regard.

In order to prevent fraudulent encashment of dividend warrants, members are requested to provide their correct bank account details, to their DP in case of electronic holding, and to the R&T Agent or the company in case of physical holding.

- c) **Unclaimed/Unpaid Dividend** : All unclaimed/unpaid dividend upto the financial year ended March, 31, 2002 have been transferred to the Investor Education Protection Fund of the Central Government pursuant to Section 205C of the Companies Act, 1956.

Further the dividend for the financial year ended 31st March, 2003 will be transferred to the said fund in November, 2010. All the members who have not encashed their dividend warrants for the aforesaid year may approach the company for obtaining duplicate dividend warrants/re-validation of dividend warrants.

- d) **Change of address** : Members may kindly note that the R&T Agent and/or the Company will not entertain requests for noting of change of address/bank details/ECS Mandate in case of accounts with demat holding. For this purpose, the shareholders should approach their Depository Participant.

- 5. **Listing of Equity Shares** : The National Stock Exchange of India Ltd (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai.

The Bombay Stock Exchange Limited (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai - 400 001.

The listing fees payable to BSE and NSE for 2010-11 have been paid in full by the company.

- 6. **Stock Code** : for trading at NSE-NAHARSPING  
for trading at BSE: 500296
- 7. **Demat ISIN number** : INE290A01027
- 8. **Dedicated e-mail for Investor Grievance**

To enable investors to register their grievances, the Company has designated an exclusive e-mail id i.e. [gredressalnsml@ownahar.com](mailto:gredressalnsml@ownahar.com)



## 9. Compliance Officer

Sh. Brij Sharma, Company Secretary is the Compliance Officer of the Company.

## IX. Market Price Data

The month High, Low stock prices during the financial year 2009-2010 are as follows :

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April, 2009	31.80	22.20	31.40	22.75
May, 2009	54.00	25.00	53.80	22.00
June, 2009	53.00	38.65	53.00	38.50
July, 2009	45.40	32.05	45.20	32.35
August, 2009	48.40	40.00	48.90	40.25
September, 2009	62.40	45.50	62.75	45.20
October, 2009	63.05	50.60	63.10	50.05
November, 2009	79.40	51.90	79.70	52.00
December, 2009	86.00	71.05	85.90	71.15
January, 2010	97.85	76.65	97.00	77.10
February, 2010	84.70	70.50	84.40	72.60
March, 2010	83.00	70.00	81.00	71.15

Source:- Data has been taken from the Website of the Bombay and National Stock Exchanges. The company does not have any other sources for verification of data.

## X. Performance in comparison to broad based indices such as BSE Sensex:

Comparison between Nahar Spinning Mills Limited closing price variation and BSE Sensex Variation in percentage is as under.

Financial Year	Share Prices of Nahar Spinning Mills Limited				BSE Sensex			
	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	%age change over last month's closing	Highest	Lowest	Closing	%age change over last month's closing
2009-10								
April	31.80	22.20	24.85	6.65	11492.10	9546.29	11403.25	17.46
May	54.00	25.00	51.75	108.25	14930.54	11621.30	14625.25	28.26
June	53.00	38.65	42.25	-18.36	15600.30	14016.95	14493.84	-0.90
July	45.40	32.05	43.25	2.37	15732.81	13219.99	15670.31	8.12
August	48.40	40.00	47.30	9.36	16002.46	14684.45	15666.64	-0.02
September	62.40	45.50	58.80	24.31	17142.52	15356.72	17126.84	9.32
October	63.05	50.60	57.55	-2.13	17493.17	15805.20	15896.28	-7.18
November	79.40	51.90	74.55	29.54	17290.48	15330.56	16926.22	6.48
December	86.00	71.05	77.15	3.49	17530.94	16577.78	17464.81	3.18
January	97.85	76.65	83.75	8.55	17790.33	15982.08	16357.96	-6.34
February	84.70	70.50	74.50	-11.04	16669.25	15651.99	16429.55	0.44
March	83.00	70.00	76.25	2.35	17793.01	16438.45	17527.77	6.68

Source:- Data has been taken from the Website of the Bombay Stock Exchange Limited. The company does not have any other sources for verification of data.

## XI. Registrar and Transfer agents

As per SEBI circular no. D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, Company has appointed M/s Alankit Assignments Ltd. as Registrar for Share Transfer and Electronic Connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are re-

quested to send all communication in respect of Share Transfer, Demat/Remat, Change of Address etc. to our Registrar whose address and telephone nos. etc. have already been mentioned in the Director's Report.

In case any query/complaint remains unresolved with our Registrar please write to Company Secretary at the Registered Office of the Company.

## XII. Share Transfer System

The company has constituted share transfer committee consisting of four members, namely Sh. Dinesh Oswal, Managing Director, Sh. Dinesh Gogna and Sh. S.K. Sharma, Directors and Sh. Brij Sharma, Company Secretary of the Company. The share transfer committee meets once/twice in a month to approve the transfer/transmission/transposition, issue of duplicate share certificates and duly transferred shares are generally despatched within the prescribed period under the Companies Act, 1956/Guidelines of the Stock Exchanges.

As required under clause 47(c) of the listing agreements entered into by the Company with the Stock Exchanges, a certificate is obtained every six months from a practicing Company Secretary with regard to inter alia, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares within one month of their lodgement. The certificates are forwarded to BSE and NSE, where the equity shares are listed.

## XIII. Nomination facility

Individual shareholders holding physical shares can nominate any person for the shares held by them. This will save the nominee from going through the lengthy process of getting the shares later on transmitted to his/her name. For further details, shareholders may write to the RTA of the Company.

## XIV. Distribution of Shareholding as on March 31, 2010:

As on March 31, 2010 your Company had 47203 shareholders having a total of 36065303 equity shares. The following is the distribution of Shareholding.

No. of shares held	No. of Share holders	%of Share holders	Aggregate shares held	%age share holding
1-500	43769	92.73	5537443	15.35
501-1000	1969	4.17	1447230	4.01
1001-2000	814	1.73	1167385	3.24
2001-3000	242	0.51	609560	1.69
3001-4000	99	0.21	348188	0.96
4001-5000	73	0.15	338595	0.94
5001-10000	132	0.28	936083	2.60
10000 and above	105	0.22	25680819	71.21
<b>TOTAL</b>	<b>47203</b>	<b>100.00</b>	<b>36065303</b>	<b>100.00</b>



**XV. The Shareholding pattern as on March 31, 2010 as follows:**

Shares held by	No. of Shares	% of shareholding
Banks and Mutual Funds	896165	2.49
Foreign holdings (FIIs, NRIs, OCBs)	211177	0.59
Bodies Corporate	1678563	4.65
Directors/Relatives of Directors	4652	0.01
General Public	10586551	29.35
Promoters	22688195	62.91
	<b>36065303</b>	<b>100.00</b>

**XVI. Dematerialisation of Shares and liquidity.**

The Securities and Exchange Board of India (SEBI) has included company's scrip in compulsory demat settlement for all type of investors. Thus the dealing in company's equity shares can be in demat form only. To facilitate holding and trading of securities in electronic form, your company has established connectivity with both the Depositories i.e National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The annual custodian fees for the financial year 2009-10 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The investors have an option to dematerialise their equity shares with either of the Depositories. As on date 94% of the total equity capital of the company have been dematerialised.

**XVII. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity**

The company does not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments which is likely to have any impact on the equity of the company.

**XVIII. Plant Locations :**

373, Industrial Area-A, Ludhiana  
427, Industrial Area-A, Ludhiana  
Dhandari Kalan, G.T. Road, Ludhiana  
Village Simrai, Mandideep, Distt. Raisen (M.P.)

Village Lalru and Lehli, Distt. S.A.S. Nagar (Pb.)  
Village Jalalpur, Distt. S.A.S. Nagar (Pb.)  
Village Jodhan, Distt. Ludhiana  
Village Jitwal Kalan, Tehsil Malerkotla,  
Distt. Sangrur

**XIX. Address for Correspondence :** NAHAR TOWER  
373, Industrial Area-A,  
Ludhiana - 141 003 (Pb.)

Phone No. : 0161-2600701 to 2600705  
Fax No. : 0161-2601956, 2222942  
E-mail address : secnsm@owmnahar.com  
Website : www.owmnahar.in

**XX. CEO/CFO Certification**

As required under Clause 49 of the Listing Agreement, a Certificate duly signed by the Finance Controller was placed at the meeting of Board of Directors held on 29.05.2010.

**XXI. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL**

The Securities and Exchange Board of India has directed vide Circular No.D&CC/FITTC/CIR-16/2002 dated 31st December, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total share held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/paid-up capital.

The said certificate duly certified by a practicing Company Secretary is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of the each quarter.

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA  
DATED: 28<sup>th</sup> July, 2010

JAWAHAR LAL OSWAL  
(Chairman)

**MANAGING DIRECTOR'S DECLARATION**

Pursuant to the requirement of Clause 49 of the listing agreement, I hereby confirm that all Board Members and Senior Management personnel (as defined in the asbovesaid Clause 49) of the company have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2010.

PLACE : LUDHIANA  
DATED: 28<sup>th</sup> July, 2010

Dinesh Oswal  
(Managing Director)



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Industry Structure and Developments**

The Indian Textile Industry is one of the leading textile Industries having significant presence in the domestic as well as global textile economy. Though the industry was predominantly unorganised but with the economic liberalisation and the termination of quota system, the textile scenario started changing. The opening of Indian economy gave the much needed thrust to the textile industry and today it has successfully become one of the largest industry in the world. The Indian textile industry plays a prominent role in the economy by contributing nearly 14% of the total industrial production, 17% of country's Foreign Exchange and 4% to the GDP of the Country (Source Annual Report 2009-2010 of the Ministry of Textile). It is also the largest industry providing not only direct employment to over 35 million peoples but also to various support industries like agriculture.

Taking advantage of the available opportunities, the Indian textile industry expanded its capacities and upgraded the decades old textile manufacturing technology. This strengthen the position of the industry as an International sourcing hub for the large number of International buyers. Most of the international brands like Marks & Spencer, JC Penny, Gap, Walmart, Levis have started procuring textile products from India. The golden phase of the Indian textile industry has just begun.

The Central Government has also extended a helping hand to the industry by initiating several Policies like Technology Upgradation Fund Scheme (TUFS), Scheme for Integrated Textile Park (SITP), Technology Mission on Cotton (TMC) and 2% interest subvention scheme for exports. Besides the stimulus package by the Central Government, given in the wake of slowing down of economy, has put the textile industry on the path of recovery. It is expected that the above said measures coupled with India's inherent strength in the form of abundant availability of raw cotton and skilled manpower shall enable the industry to increase its share in the global markets.

In line with the Global trends, your company too, has positioned itself as one of the leading integrated textile

player. Presently the company has 3.46 lacs spindles for the manufacturer of cotton, synthetic and blended yarn alongwith garment manufacturing capacity to 125 million Pcs. per annum. The company has decided to add further 90000 spindles thereby enhancing the total spindlage capacity to 4.36 lacs spindles. We are pleased to report that the company has been awarded Golden Trophy by the Apparel Export Promotion Council for achieving highest Export of Cotton Garments for the year 2007-2008 and Gold Trophy by The Cotton Textiles Export Promotion Council (TEXTROCIL) for Highest Exports of Cotton Yarn (Counts 50s and below) for the year 2008-2009.

### **Opportunities and Threats**

Taking advantage of the available opportunities, the textile industry has recorded excellent growth in the past few years. The performance when compared with the China seems to be a negligible. Evidently we have to go a long way to catch up with China. The Government initiatives, as mentioned in para above, has enabled the industry to modernize and build large capacities to cater ever increasing demands of textile products from overseas buyers. Several internationally known brands have started sourcing more and more textile products from India. Thus there is ample scope for growth of the industry.

Apart from the above, appreciation of Chinese currency Yuan have made Indian Textile products cheaper than China. This has provided a huge opportunity to the industry to increase its global market share. The political/economic situation in our neighbouring country is proving to be a blessing in disguise, as many International buyers have moved to Indian markets. The changed equation in global trade is working in favour of Indian Textile industry and has provided a golden opportunity to the industry to strengthen its position and increase its exports.

Though it appears that textile industry's future is bright but India's share in global export is only 3% compared to China's 13.7%. In addition to China, other developing countries are emerging as serious competitive threat to India. The Korea and Taiwan are already ahead of India while Turkey, Thailand,



Indonesia, Bangladesh, Vietnam, Pakistan, Srilanka, Egypt are not far behind. The competitive advantage that India had in terms of labour cost has been eroding slowly and smaller nations such as Bangladesh, Srilanka and Vietnam due to cheaper labour and Trade Agreement with the US and Europe are gaining advantageous position.

We are quite hopeful that your company being a large integrated composite unit will be able to withstand the challenges of expected threats and emerge as a winner. The company has successfully penetrated into new emerging markets of Brazil, Egypt, South Africa, Canada and Japan to overcome the dependence of exports to US and European Union. Your management is quite hopeful that company will be able to meet the challenges ahead.

#### **Segment wise or Product wise performance**

As per the disclosure requirement of Accounting Standard A.S. 17, issued by the Institute of Chartered Accountants of India, New Delhi, Company's activities can be classified under two segments namely Yarn segment and Garment segment. The detailed performance has already been discussed in the Director's Report.

#### **Future Outlook**

During the year under review, the textile industry has performed reasonably well. The industry is on the way to recovery from the global turmoil of the last year. The future outlook for the industry looks promising. The ever growing retailing sector and increased purchasing power of both urban and rural markets will lead to the growth of the Industry. We are quite optimistic that industry's efforts coupled with the fiscal and non-fiscal support, comparable to the competing countries like China, Pakistan, Bangladesh etc., from the Government will provide an opportunity to the industry to emerge as the clothier of the globe in the coming periods.

#### **Risk and Concerns**

We would like to share with you some of the risks and concerns associated with the Textile Industry.

The relative competitiveness of the Indian textile industry is dependent on rupee exchange rate fluctuations and raw cotton prices. Any significant change in the above said factors can affect the performance of the Industry, both ways.

Besides, even though the global recovery is being led by the emerging markets from the Asian region but the conditions of the Western economies particularly of US and European Union are still not clear. This is a worrisome concern for the textile industry.

The industry however can heave a sign of relief from the fact that appreciation of China currency Yuan and increased labour wages has started eroding the competitive edge enjoyed by China in comparison to India which will help the industry in the coming periods.

#### **Internal Control Systems and their adequacy**

The Company maintains adequate internal control system and procedures which commensurate with the nature of its business and the size of its operations. In order to further strengthen the internal control system and to automate the various processes of the business, Company is making use of Enterprises Resource Planning (ERP).

The company is also having internal audit department which carries out audit work throughout the year. The main objective of such audit is to test the adequacy and effectiveness of internal control systems laid down by the Management and to suggest improvement in the systems.

Besides an audit committee consisting of three non executive directors has been constituted. All the significant audit observation and follow up action thereon are taken care of by the audit committee. The audit committee met four times during the financial year under review.

#### **Financial/operation performance**

The company has performed reasonably well during the year under review. The company achieved a topline of Rs.1110.47 crores showing an increase of 11%



over the previous year. Likewise the exports at Rs.731.17 crores has also shown an impressive increase of Rs.11.69%. The company also substantially improved its financial performance and earned a pre-tax profit of Rs.80.61 crores as against a loss of 25.08 crores in the previous year. The detailed performance has already been discussed in the Directors Report under the column Company's performance.

#### **Human Resources/Industrial Relations**

Beyond Balance Sheet lies company's singly biggest Asset Human Resources. The Company is of firm belief that the Human Resources are the driving force that propels a company towards progress and success. The Company continued its policy of attracting and recruiting best available talent so that it can face business challenges ahead. The company

also offers attractive compensation package to retain and motivate its professionals so that they can give their best. The total permanent employees strength of the Company was 8902 as on 31st March, 2010. The Industrial relation continued to remain cordial during the year.

#### **Cautionary Statement**

Though the statement and views expressed in the abovesaid report are on the basis of best judgment but the actual future results might differ from whatever is stated in the report.

**FOR AND ON BEHALF OF THE BOARD**

**PLACE : LUDHIANA**

**JAWAHAR LAL OSWAL**

**DATED: 28<sup>th</sup> July, 2010**

**(Chairman)**

## **CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members

Nahar Spinning Mills Limited

We have examined the compliance of conditions of Corporate Governance by Nahar Spinning Mills Limited for the year ended on 31<sup>st</sup> March, 2010, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company, for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor Grievance received during the year ended 31<sup>st</sup> March, 2010 is un-attended/pending for a period exceeding one month against the company as per the records maintained by the Shareholders/ Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Gupta Vigg & Co.,**  
Chartered Accountants

**PLACE : LUDHIANA**  
**DATED: 28<sup>th</sup> July, 2010**

**VINOD KHANNA**  
**(Partner)**



**AUDITOR'S REPORT**

To the Members of  
Nahar Spinning Mills Limited  
Ludhiana

We have audited the attached Balance Sheet of M/s Nahar Spinning Mills Limited, Ludhiana (the Company) as at 31st March, 2010 and also Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 {as amended by the Companies (Auditor's Report) (Amendment) Order, 2004} issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a Statement on the matters specified in Paragraph 4 of the said Order.

Further to our comments in the Annexure referred to in Paragraph above, we report that:-

- i We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- v On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Schedule-24 of Notes on Accounts thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair in conformity with the accounting principles generally accepted in India:-
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - (ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of Cash Flow Statement, the Cash Flows of the Company for the year ended on that date.

**For GUPTA VIGG & CO.**  
Chartered Accountants  
Firm Regn.No.001393N

PLACE : Ludhiana  
DATED : 29.05.2010

**Vinod Khanna**  
(Partner)  
M. No. 81585

**ANNEXURE TO AUDITORS' REPORT**  
**[Referred to in paragraph (3) thereof]**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) All the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.  
(c) No substantial part of Fixed Assets has been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.



- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of the inventory. As explained to us, no material discrepancies were noticed on physical verification of inventories as compared to book records.
- (iii) According to the explanations and information given to us, the Company has neither granted nor taken any loan from the parties covered in the Register maintained under section 301 of the Companies Act, 1956. Hence, the clause 4(iii)(a) to (g) of the Companies (Audit Report) Order, 2003 are not applicable in the case of the company
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchase of inventory and fixed assets. The provisions regarding sale of goods and services are not applicable to the Company. During the course of our audit, we have not observed any major weakness in internal control.
- (v) (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the Register maintained under section 301 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public. Hence, the clause 4(vi) of the Order is not applicable to the Company.
- (vii) In our opinion, the Company has internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of accounts and records of cost maintained by the Company pursuant to the rules made by Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not done a detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, income tax, wealth tax, service tax and other material statutory dues applicable to the Company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010, for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty, cess and Service Tax which have not been deposited on account of any dispute except those mentioned below :-
- | Sr. No. | Statutes             | Forum before Whom Pending | Amount (Rs.) | Nature of Dues      |
|---------|----------------------|---------------------------|--------------|---------------------|
| 1.      | Finance Act          | Comm. Appeal              | 2229480      | Service Tax         |
| 2.      | CEA                  | High Court of Jabalpur    | 969765       | Excise Duty         |
| 3.      | Finance Act          | High Court of Jabalpur    | 700720       | Service Tax         |
| 4.      | M.P. Electricity Act | Supreme Court             | 12918635     | Cess of electricity |
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans taken from banks and financial institutions.
- (xii) According to the information and explanations given to us, the Company has not granted any



loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

(xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In respect of investments made, in our opinion and according to the information and explanations given to us, proper records have been maintained of the investments and timely entries have been made therein. The investments have been held by the company in its own name.

(xv) As per the information and explanations given to us, we are of the opinion that the terms and conditions at which guarantees have been given by the company for loans taken from financial institutions and/or banks by others, are not prejudicial to the interest of the company.

(xvi) Based on the information & explanations given to us by the management, we are of the opinion that the loans taken were applied for the purpose they are obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the

opinion that there are no funds raised on short-term basis that have been used for long-term investment.

(xviii) During the year, the Company has not made any preferential allotment of shares, Hence, clause 4(xviii) of the order is not applicable.

(xix) The Company has not issued debentures during the year. Therefore, the provisions of Clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

(xx) The Company has not raised money by way of public issue during the year. Therefore, the provisions of Clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For GUPTA VIGG & CO.**

Chartered Accountants  
Firm Regn.No.001393N

PLACE : Ludhiana  
DATED : 29.05.2010

**Vinod Khanna**  
**(Partner)**  
**M. No. 81585**

**NAHAR SPINNING MILLS LIMITED**Annual Report  
2009-2010**BALANCE SHEET AS AT 31ST MARCH, 2010**

Rs. in Lacs

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<b>SOURCES OF FUNDS</b>			
<b>1 SHAREHOLDER'S FUNDS</b>			
A) Capital	1	1805.31	1805.31
B) Reserves and Surplus	2	53656.97	48938.58
		55462.28	50743.89
<b>2 LOAN FUNDS</b>			
A) Secured Loans	3	84598.75	63448.68
B) Unsecured Loans	4	992.80	627.55
		85591.55	64076.23
<b>3 DEFERRED TAX LIABILITY</b>		5557.50	4541.00
<b>Total</b>		<b>146611.33</b>	<b>119361.12</b>
<b>APPLICATION OF FUNDS</b>			
<b>1 FIXED ASSETS</b>			
Gross Block		137649.07	132480.39
Less : Depreciation		72937.05	67605.52
Net Block	5	64712.02	64874.87
Capital Work in Progress	6	4117.50	2390.06
Pre-Operative Expenses			
Pending Capitalisation	7	12.28	--
		68841.80	67264.93
<b>2 INVESTMENTS</b>	8	1094.51	1702.48
<b>3 CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
A) Inventories	9	48847.36	20172.60
B) Sundry Debtors	10	24541.48	23716.10
C) Cash & Bank Balances	11	1826.33	935.85
D) Loans & Advances	12	13401.62	11427.14
		88616.79	56251.69
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
A) Liabilities	13	9625.94	5607.00
B) Provisions	14	2315.83	250.98
		11941.77	5857.98
Net Current Assets		76675.02	50393.71
<b>Total</b>		<b>146611.33</b>	<b>119361.12</b>

As per our report of even date annexed

**FOR GUPTA VIGG & COMPANY**

Chartered Accountants

Firm Regd. No. 001393N

For &amp; On behalf of the Board

**VINOD KHANNA**

Partner

(M. No. 81585)

**BRIJ SHARMA**

Company Secretary

**ANIL GARG**

Finance Controller

**DINESH GOGNA**

Director

**DINESH OSWAL**

Managing Director

Place : Ludhiana

Date : 29.05.2010



**NAHAR SPINNING MILLS LIMITED**Annual Report  
2009-2010**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010** Rs. in Lacs

PARTICULARS	SCHEDULE	CURRENT YEAR		PREVIOUS YEAR	
INCOME					
Operating Income	15	111048.65		100061.73	
Less: Excise Duty		1.70		23.81	
Net Operating Income		111046.95		100037.92	
Other Income	16	1035.39	112082.34	671.98	100709.90
EXPENDITURE					
Cost of Material	17	54615.69		51126.29	
Manufacturing Expenses	18	20964.88		19566.81	
Personnel Expenses	19	7776.42		7070.59	
Financial Expenses	20	4503.97		4139.30	
Administrative Expenses	21	1156.61		1346.06	
Selling Expenses	22	7132.33		7320.07	
Other Expenses	23	885.82		5037.14	
Depreciation	5	6986.11	104021.83	7611.30	103217.56
PRE-TAX PROFITS			8060.51		-2507.66
Adjustment of Income Tax / Excess					
Provision for Earlier Years		-	9.79	+	58.59
Provision for Taxation (Including FBT in Previous year)		-	1685.00	-	40.00
Deferred Tax Assets / Liabilities		-	1016.50	+	826.00
PROFIT AFTER TAX			5349.22		-1663.07
APPROPRIATION					
Transfer from General Reserves			--		-2797.67
Proposed Dividend			540.98		180.32
Tax on Dividend			89.85		30.65
Foreign Exchange Contingent (Disputed) Liability Reserve			149.27		923.63
General Reserve			4569.12		--
			5349.22		-1663.07
Earning Per Shere ( Basic & Diluted )			Rs. 14.83		Rs. -4.61
Face value (paid up)			Rs. 5/-		Rs. 5/-
NOTES ON ACCOUNTS	24				

As per our report of even date annexed  
**FOR GUPTA VIGG & COMPANY**  
Chartered Accountants  
Firm Regd. No. 001393N

For &amp; On behalf of the Board

**VINOD KHANNA**  
Partner  
(M. No. 81585)

**BRIJ SHARMA**  
Company Secretary

**ANIL GARG**  
Finance Controller

**DINESH GOGNA**  
Director

**DINESH OSWAL**  
Managing Director

**Place : Ludhiana**  
**Date : 29.05.2010**



# NAHAR SPINNING MILLS LIMITED

Annual Report  
2009-2010

## SCHEDULES TO THE ACCOUNTS

Rs. in Lacs

SCHEDULE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>1. SHARE CAPITAL</b>			
<b>A) AUTHORISED</b>			
60000000 Equity Shares of Rs.5/- each			
(Previous Year 60000000 Equity Shares of Rs.5/- Each )		<b>3000.00</b>	3000.00
<b>B) ISSUED SUBSCRIBED &amp; PAID UP</b>			
36065303 Equity Shares of Rs.5/- Each			
Fully Paid Up (Previous Year 36065303 of Rs.5/- Each )	<b>1803.27</b>		1803.27
Add : Share Forfeited Account (Amount originally paid up)	<b>2.04</b>	<b>1805.31</b>	<b>2.04</b> 1805.31
<b>TOTAL</b>		<b>1805.31</b>	<b>1805.31</b>
<b>2. RESERVE AND SURPLUS</b>			
<b>A) CAPITAL RESERVE</b>			
Balance as per Last Balance Sheet		<b>1363.86</b>	1363.86
<b>B) Capital Subsidy</b>			
Balance as per Last Balance Sheet	<b>150.00</b>		70.00
Add : Addition During the Year	<b>--</b>	<b>150.00</b>	<b>80.00</b> 150.00
<b>C) Share Premium</b>			
Balance as per Last Balance Sheet		<b>20959.85</b>	20959.85
<b>D) Foreign Exchange Contingent (Disputed) Liability Reserve</b>			
Balance as per Last Balance Sheet	<b>923.63</b>		--
Add : Transferred from Profit and Loss Appropriation A/c (Refer Note No. A-8)	<b>149.27</b>	<b>1072.90</b>	923.63 923.63
<b>E) General Reserve</b>			
Balance as per Last Balance Sheet	<b>25541.24</b>		28338.91
Add : Transferred from Profit and Loss Appropriation A/c	<b>4569.12</b>		--
Less : Transferred to Profit & Loss Appropriation A/c	<b>--</b>	<b>30110.36</b>	2797.67 25541.24
<b>TOTAL</b>		<b>53656.97</b>	<b>48938.58</b>



## 3. SECURED LOANS

### A) TERM LOAN

<b>I. FROM ICICI BANK LTD.</b>	<b>156.25</b>	<b>468.75</b>
Secured by moveable and immoveable assets of Ludhiana unit, subject to charge created in favour of the company's bankers for working capital Borrowings and also personally guaranteed by Managing Director of the Company.		
<b>II. FROM STATE BANK OF INDIA</b>	<b>9903.54</b>	<b>12419.80</b>
The Term Loans of Nahar Spinning Mills Limited are secured by first charge on the entire fixed assets of the units situated at Mandideep, Lalru (except of unit - III at Lalru) and Ludhiana on pari-passu basis with member consortium banks. The Term Loan of Textile units of erstwhile Nahar Exports Limited is secured by first charge by way of hypothecation on the entire fixed assets of said units. The charge referred above rank Pari-Passu basis with existing charge holders. The Term loans are personally guaranteed by three Directors of the company.		
<b>III. FROM STATE BANK OF PATIALA</b>	<b>1438.03</b>	<b>1741.12</b>
Secured by hypothecation of moveable & immoveable assets of units at Mandideep / Ludhiana / Lalru (except of unit - III at Lalru) Pari-pasu with the company's bankers for working capital Borrowings and also personally guaranteed by three Directors of the Company.		
<b>IV. FROM PUNJAB NATIONAL BANK</b>	<b>7201.73</b>	<b>8464.72</b>
Term Loan of Rs.24 Crores is secured by first Charge by way of hypothecation of entire block of assets of the company's unit situated at Jodhan. The charge referred above rank Pari-Passu with the other term lenders of erstwhile Nahar Exports Ltd. Further Sanctioned Term Loan of Rs.75.50 Crore from PNB is secured by first Pari-passu Charge on the units of Mandideep, Lalru (except unit - III) and Ludhiana and also personally guaranteed by three Directors of the Company.		
<b>V. FROM ORIENTAL BANK OF COMMERCE</b>	<b>11376.83</b>	<b>8461.78</b>
Term Loan of Rs.124 Crores of erstwhile Nahar Exports Limited is secured by first charge on specific fixed assets i.e. Hypothecation of Plant & Machinery to be Purchased under the project of estimated cost of Rs. 155.71 Crores of the units situated at Jodhan and Jitwal Kalan. Term Loans is personally guaranteed by a Director of the Company. Further Term Loan of Rs.75 crore is secured by first Pari-Passu charge on the Units of Mandideep, Lalru (except unit - III) and Ludhiana. The Term Loan is personally guaranteed by three Directors of the Company.		
<b>VI. FROM CANARA BANK</b>	<b>4282.44</b>	<b>5061.06</b>
Term Loan of Rs.70 Crores is secured by first charge on specific fixed assets of the units situated at Jodhan. It is further secured by Pari-Passu second charge on existing fixed assets of erstwhile Nahar Exports Ltd. alongwith other banks. The Term Loan is personally guaranteed by three Directors of the Company.		
<b>VII. FROM IDBI BANK LTD</b>	<b>625.00</b>	<b>--</b>
Term Loan of Rs.110 Crores is secured by first Pari passu Charge (hypothecation) on fixed assets on all fixed movable assets and Negative Lien on Immoveable fixed assets (land & Building) The Term Loan is personally guaranteed by three Directors of the Company.		
<b>B) WORKING CAPITAL BORROWINGS FROM BANKS</b>	<b>49614.93</b>	<b>26831.45</b>
Secured by ( I ) Hypothecation of entire present and future moveable assets of the company such as Stock of Materials, Work in process, Finished Goods, Goods in transit, Stores and Spares, Book Debts etc. ( II ) 2nd Charge (on pari-passu basis) over : (a) Entire plant and machinery, present or future, of units situated at Mandideep, Lalru (except unit - III at Lalru) and Ludhiana. (b) Entire fixed assets of Textile Units of erstwhile Nahar Exports Limited. (III) And also personally Guaranteed by Chairman, Managing Director and one Director of the Company.		
<b>TOTAL</b>	<b>84598.75</b>	<b>63448.68</b>

## 4. UNSECURED LOANS

### SHORT TERM

From Body Corporates	<b>992.80</b>	<b>627.55</b>
<b>TOTAL</b>	<b>992.80</b>	<b>627.55</b>



**5. FIXED ASSETS FOR THE YEAR 2009-2010** (Rs. in lacs)

Name of the Assets	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As on 01.04.2009	Addition During the year	Sale/Adjustment During the year	As on 31.03.2010	As on 01.04.2009	Addition for the year	Written back During the year	AS ON 31.03.2010	As on 31.03.2010	As on 31.03.2009
<b>(A) LAND AND BUILDING</b>										
Free hold Land	8,082.10	3,293.43	172.44	11,203.09	-	-	-	-	11,203.09	8,082.10
Building	26,485.47	297.99	98.14	26,685.32	6,913.35	859.15	3.44	7,769.06	18,916.26	19,572.12
Sub Total (A)	34,567.57	3,591.42	270.58	37,888.41	6,913.35	859.15	3.44	7,769.06	30,119.35	27,654.22
<b>(B) PLANT AND MACHINERY</b>										
Machinery	94,937.87	3,303.95	1,570.14	96,671.68	58,782.24	5,882.57	1,490.26	63,174.55	33,497.13	36,155.63
Vehicles	1,053.62	304.31	269.97	1,087.96	484.16	149.38	156.93	476.61	611.35	569.46
Other Equipments	1,221.75	50.08	4.29	1,267.54	879.07	63.25	3.95	938.37	329.17	342.68
Sub Total (B)	97,213.24	3,658.34	1,844.40	99,027.18	60,145.47	6,095.20	1,651.14	64,589.53	34,437.65	37,067.77
(C) FURNITURE & FIXTURES	683.25	33.90	-	717.15	543.43	28.49	-	571.92	145.23	139.82
(D) INTANGIBLE ASSETS										
SOFTWARE	16.33	-	-	16.33	3.27	3.27	-	6.54	9.79	13.06
Grand Total (A+B+C+D)	132,480.39	7,283.66	2,114.98	137,649.07	67,605.52	6,986.11	1,654.58	72,937.05	64,712.02	64,874.87
Previous year	125,910.27	8,006.38	1,436.26	132,480.39	60,977.00	7,611.30	982.78	67,605.52	64,874.87	64,933.27





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Rs. in Lacs			
SCHEDULE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>6. CAPITAL WORK IN PROGRESS</b>			
	Building under Construction	440.68	92.59
	Machinery and Equipment under Installation	204.02	257.70
	Advances on Capital Account	3472.80	2039.77
		<u>4117.50</u>	<u>2390.06</u>
<b>NOTES :-</b>			
<b>Capital Advances</b>			
Including Rs.452.36 lacs (Previous year Rs.452.15 lacs) paid to Nahar Industrial Infrastructure Corporation Ltd. as advance towards Land and Infrastructure. Against this advance 71.33 acres of Land allotted to us, and possession taken by us, further possessions of 29 acres of land has been given to Oswal Woollen Mills Ltd. and Nahar Industrial Enterprises Ltd. but other land transfer formalities and pricing for both are yet to be completed.			
<b>7. PRE OPERATIVE EXPENSES (PENDING ALLOCATION)</b>			
	Bank Charges	10.48	--
	Interest on Term Loans	1.06	--
	Others Miscellaneous Expenses	0.74	--
		<u>12.28</u>	<u>--</u>
<b>8. INVESTMENTS</b>			
<b>LONG TERM (Others)</b>			
<b>a) Quoted (At Cost)</b>			
i)	Nil Units of Rs. 10/- each fully paid up of FORTIS Fixed term plan - Series 11 - Plan A - Institutional - Growth. (Previous year 2000000 units)	--	200.00
ii)	Nil Units of Rs. 10/- each fully paid up of Canara Robeco Fixed Maturity plan - Series 2-13 Months plan- Institutional-Growth.(Previous year 1000000 units)	--	100.00
iii)	Nil Units of Rs. 10/- each fully paid up of DSP BLACK ROCK FMP -12.5 M-Series 1 - Institutional - Growth. (Previous year 1000000 units)	--	100.00
iv)	Nil Units of Rs. 10/- each fully paid up of HDFC FMP 370 D March 2008 - 2 (7) - Wholesale plan - Growth. (Previous year 3000000 units)	--	300.00
v)	Nil Units of Rs. 10/- each fully paid up of Templeton Fixed Horizon Fund - series 7 - Plan D - Institutional - Growth. (Previous year 2000000 units)	--	200.00
vi)	2500000 Units of Rs. 10/- each fully paid up of DWS Fixed Term Fund - series-59 institutional - Growth. (Previous year 2500000 units)	250.00	250.00
vii)	Nil Units of Rs. 10/- each fully paid up of SBI debt fund series - 18 months institutional - Growth (Previous Year 3000000 units)	--	300.00
viii)	567656 Equity Shares of Rs. 5/- each fully paid up of Nahar Capital & Financial Services Ltd. (Previous Year 287116 Equity Shares)	247.62	55.59
ix)	1281320.272 units of Rs.10/-each fully paid up of Principal Income Fund Short Term plan Institutional Growth An Open ended Income Scheme (Previous Year nil)	200.00	--
x)	11357.538 units of Rs. 10/- each fully paid up, of Templeton India Short Term Income Plan Growth An open ended income scheme (Previous Year nil)	200.00	--



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Rs. in Lacs			
SCHEDULE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>b) Unquoted (At Cost)</b>			
i)	10 equity shares of Rs.50/- each fully paid up of Shree Panchvati Co-Operative Housing Society Ltd. (Previous year 10 Equity Shares)	0.005	0.005
ii)	250000 Equity Share 1GBP fully paid up of Crown Star Ltd. (Previous Year 250000 Equity Shares)	196.89	196.89
		<b>1094.51</b>	<b>1702.48</b>
	<b>Book Value of Quoted Investment</b>	<b>897.62</b>	<b>1505.59</b>
	<b>Book Value of Unquoted Investment</b>	<b>196.89</b>	<b>196.89</b>
	<b>Market Value of Quoted Investments</b>	<b>1129.99</b>	<b>1636.91</b>
<b>9. INVENTORIES</b>			
(As valued & certified by the management)			
	Stores & Spares	2434.66	1269.47
	Raw Material	37932.36	9997.93
	Work in Process	2472.02	1967.48
	Finished Goods	5663.33	6780.09
	Waste and Rejections	324.44	150.01
	Goods in Transit	20.55	7.62
	<b>TOTAL</b>	<b>48847.36</b>	<b>20172.60</b>
<b>10. SUNDRY DEBTORS</b>			
(Unsecured Considered Good Unless Otherwise Stated)			
	Debts Outstanding for a Period Exceeding Six Months (Out of above Rs.69.96 lacs Considered Doubtful of Recovery) (Previous year Rs 113.03 lacs)	398.12	610.17
	Other Debts	24143.36	23105.93
	<b>TOTAL</b>	<b>24541.48</b>	<b>23716.10</b>
<b>11. CASH &amp; BANK BALANCES</b>			
i)	Cash in Hand	74.53	57.84
ii)	With Scheduled Banks		
a)	In Current Accounts	542.26	554.31
b)	In Fixed Deposits	1080.72	185.66
	(Including Rs.183.00 lacs Under Lien of the Bank as margin money) (Previous year Rs.185.66 lacs)		
c)	In Dividend Accounts	128.82	138.04
	<b>TOTAL</b>	<b>1826.33</b>	<b>935.85</b>
<b>12. LOANS AND ADVANCES</b>			
(Unsecured Considered Good Unless Otherwise Stated)			
a)	Loan/Deposits with Other Bodies Corporate	--	1251.18
b)	Advances Recoverable in Cash or in Kind or for value to be received		
i.	Balance with Customs, Port Trusts, Excise Authorities etc.	3.82	3.82
ii.	Modvat / Cenvat Credit Unutilised	389.83	716.49
iii.	Others	10815.42	8982.73
c)	Advance Taxes	2192.55	472.92
	<b>TOTAL</b>	<b>13401.62</b>	<b>11427.14</b>



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		Rs. in Lacs	
SCHEDULE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>13. CURRENT LIABILITIES</b>			
	Sundry Creditors (Refer note no. 16 Regarding information on Micro Small & Medium Enterprises)	1694.94	1525.06
	Advances from Customers	621.91	195.22
	Tax Deducted at Source Payable	77.67	65.40
	Statutory Liabilities	144.16	105.74
	Other Liabilities	6759.48	3535.48
	Due to Directors	106.98	4.67
	Unclaimed Dividend	128.82	138.04
	Interest Accrued But Not Due	91.98	37.39
	<b>TOTAL</b>	<b>9625.94</b>	<b>5607.00</b>
<b>14. PROVISIONS</b>			
	Provision for Taxation	1685.00	40.00
	Proposed Dividend	540.98	180.33
	Tax on Proposed Dividend	89.85	30.65
	<b>TOTAL</b>	<b>2315.83</b>	<b>250.98</b>
<b>15. OPERATING INCOME</b>			
	Export Sales	73116.95	64565.75
	Domestic Sales	31738.14	31180.49
	Export Incentives	5535.94	3834.80
	Services Rendered (Tax Deducted at Sources Rs 19.92 Lacs) (Previous Year Rs. 10.19 Lacs)	657.62	480.69
	<b>TOTAL</b>	<b>111048.65</b>	<b>100061.73</b>
<b>16. OTHER INCOME</b>			
	Dividend Income (Other Investments)	1.85	0.54
	Interest Gross (Tax Deducted at Sources Rs.37.29 Lacs ) (Previous Year Rs.23.68 Lacs )	255.52	230.28
	Rebate and Discount Received	42.34	40.25
	Profit on Sale of Fixed Assets	246.85	120.48
	Profit on Sale of Investments	136.64	--
	Previous Year Expenses Written Back	36.56	60.03
	Previous Year Income	45.47	30.27
	Claims Received	59.83	64.07
	Miscellaneous Receipts	137.69	54.90
	Rental Income	37.01	43.04
	Balance Written Back	35.63	28.12
	<b>TOTAL</b>	<b>1035.39</b>	<b>671.98</b>
<b>17. COST OF MATERIAL</b>			
	<b>OPENING STOCK</b>		
	Raw Material	9997.93	29252.40
	Work In Process	1967.48	2276.54
	Finished Goods	6930.10	7532.22
	<b>Add : Purchases</b>	<b>82112.33</b>	<b>30960.64</b>
	<b>Less : Closing Stock</b>		
	Raw Material	37932.36	9997.93
	Work In Process	2472.02	1967.48
	Finished Goods	5987.77	6930.10
	<b>TOTAL</b>	<b>54615.69</b>	<b>51126.29</b>



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			Rs. in Lacs
SCHEDULE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>18. MANUFACTURING EXPENSES</b>			
	Power and Fuel	14012.27	12998.61
	Dyes & Chemicals	2337.42	2179.56
	Fabrication Charges	1585.80	1441.85
	Machinery Repair and Maintenance	1660.57	1767.48
	Other Manufacturing Expenses	1368.82	1179.31
	<b>TOTAL</b>	<b>20964.88</b>	<b>19566.81</b>
<b>19. PERSONNEL EXPENSES</b>			
	Wages Salary and Bonus	6633.50	6093.41
	Contribution to PF, ESI and Gratuity Fund	1010.24	855.84
	Employee Welfare Exp.	132.68	121.34
	<b>TOTAL</b>	<b>7776.42</b>	<b>7070.59</b>
<b>20. FINANCIAL EXPENSES</b>			
	Interest to Bank on Cash Credit	1817.15	1604.78
	Interest on Term Loan	2048.68	2051.35
	Interest to Others	158.42	80.78
	Bank Commission	479.72	402.39
	<b>TOTAL</b>	<b>4503.97</b>	<b>4139.30</b>
<b>21. ADMINISTRATIVE EXPENSES</b>			
	Vehicle Maintenance and Conveyance	252.67	260.12
	Rent	41.81	51.44
	Fees and Taxes	89.20	88.91
	Insurance	145.48	172.26
	Legal and Professional Expenses	136.57	126.17
	Printing and Stationery	46.45	40.48
	Subscription	13.47	13.76
	Postage and Telegraph	35.18	39.44
	Electricity	14.46	13.35
	Miscellaneous Expenses	91.79	71.32
	Directors Sitting Fees	0.90	0.84
	Entertainment	14.69	11.84
	<b>Travelling Expenses</b>		
	Directors	5.35	6.12
	Others	29.90	29.25
	<b>Auditors Remuneration</b>		
	Audit Fees	12.44	13.44
	Tax Audit Fees	2.53	2.53
	Certification Charges	0.88	0.96
	Out of Pocket Expenses	0.55	1.03
	Telephone Expenses	35.70	37.28
	Managerial Remuneration	180.10	359.57
	Guest House Expenses	6.49	5.95
	<b>TOTAL</b>	<b>1156.61</b>	<b>1346.06</b>





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			Rs. in Lacs
SCHEDULE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>22. SELLING EXPENSES</b>			
	Advertisement	2.06	2.07
	Brokerage / Commission on Sale	1342.49	1315.13
	Export Development and Sale Promotion	69.31	44.73
	Forwarding Charges	5195.09	5670.20
	Sale Tax / VAT / Service Tax Paid	361.75	112.06
	<b>Foreign Travelling Exp</b>		
	Directors	13.73	13.78
	Others	21.40	24.45
	Rebate and Discount	63.12	83.67
	Other Selling Expenses	63.38	53.98
	<b>TOTAL</b>	<b>7132.33</b>	<b>7320.07</b>
<b>23. OTHER EXPENSES</b>			
	Building Maintenance	198.45	247.70
	Donations	101.79	0.73
	General Repair and Maintenance	53.96	50.06
	Fine & Penalty	0.03	0.39
	Previous Year Expenses	15.18	33.10
	Previous Year Income Written Off	7.53	53.87
	Amount Written Off	122.91	106.36
	Horticulture Exp	2.60	3.98
	Loss On Sale Of Fixed Assets	26.94	7.71
	Loss on Sale of Investments	0.55	--
	Exchange Rate Diff.(Net)	355.88	4533.24
	<b>TOTAL</b>	<b>885.82</b>	<b>5037.14</b>

**24. NOTES ON ACCOUNTS, ACCOUNTING POLICIES AND CONTINGENT LIABILITIES****A. CONTINGENT LIABILITIES NOT PROVIDED FOR:**

1. Estimated amount of Contracts remaining to be executed on capital account, net of advances Rs.7258.19 Lacs (Previous Yr. Rs.6435.00 Lacs )
2. Bank guarantees outstanding Rs.1665.89 Lacs ( Previous Yr. 1665.89Lacs )
3. The Company has executed legal agreement/bonds for the sum of Rs.3514.32 Lacs (Previous Year Rs. 6148.80 Lacs) with the Central Government, undertaking to export Hosiery Knitwear, yarn and other goods of F.O.B. value of Rs.6699.88 Lacs (Previous Year Rs. 22895.72 Lacs) against the issuance by the Government of Advance Licenses/E.P.C.G. Licenses with Duty Exemption entitlement Certificates/Pass books for the Import of Raw Materials, Machinery and Components etc. for the aggregate C.I.F./duty saved value of Rs.5537.41Lacs Previous Year Rs. 5866.73 Lacs)
4. The Company has bound itself unto the President of India for Rs.138.00 Lacs (Previous Year Rs.138.00 Lacs) under Central Excise Act,1944 for clearance of goods without payment of excise duty, in respect of export of various types of yarn and for storage of various commodities manufactured within factory premises.
5. Letter of Credits outstanding in favour of Suppliers Rs.22.91 Lacs (PreviousYear Rs. 64.13 Lacs )
6. Claims lodged against Company amounting Rs.NIL ( Previous Year Rs.12.36 Lacs), but not acknowledged as debt.
7. Excise/Sales Tax/ Other Government Authorities have raised demands of Rs.51.37 Lacs (Previous Year Rs.114.80 Lacs) out of which a sum of Rs.12.86 Lacs(Previous Year Rs. 10.39 Lacs) has been deposited as security deposit, the same are being contested in appeal.
8. As per statement sent by ICICI, they have computed interest liability of Rs. 374 Lacs till 31.03.2010 on disputed derivative loss. Since derivative transactions have already been challenged by the company in Civil Court, thus no liability has been provided for or acknowledged by the company. However, because of abundant precaution, the company has created a special reserve to meet out un-acknowledged liability on account of loss computed by bank on derivative transactions. During the year the company has created additional reserve of Rs. 149.27 lacs (Previous Year Rs. 923.63 ) on account of such transactions matured during the year
9. The M.D. Remuneration as per Shareholders Resolution dated 29th Sept., 2007 comes to Rs.446.51 lacs. However the company has paid a remuneration of 285.10 lacs (Rs. 180.10 lacs from Nahar Spinning Mills Limited and Rs. 105.00 lacs from Nahar Capital and Financial Services Limited) for the year ended 31st March, 2010 as per the net profit under section 198 read with section 349 of the companies Act, 1956 and applicable provisions of the said Act.  
The company's application to the Central Government for approval to pay M.D. Remuneration as per the shareholders approval is pending with the Ministry of Corporate Affairs, New Delhi. As such the differential amount of Rs. 161.41 lacs is payable by the company and the same will be paid as and when the company receives Central Government approval.

10. Electricity demand raised by Madhya Pradesh Electricity board

There is an electricity demand of Rs 2673.13 Lacs (Previous year Rs.2418.23Lacs) raised by MPMK VV Co Ltd. in spite of surrender of electricity connection by the company and the same was being contested in the Hon'ble High court of Jabalpur. Against this company has deposited Rs. 561.92 Lacs with the MPMK VV CO. Limited and has also furnished a bank guarantee for Rs. 1662.54 Lacs.

During the period, the matter came up for hearing and the Hon'ble High Court, Jabalpur after hearing, passed the following order on dated 16th December 2009.

- i) "As a consequence the company is granted permission to set up captive power plant of 4.1 MW capacity in its Unit No.1 and 2"
- ii) "As a further consequence, we direct the Board to redetermine the tariff/minimum charges on the basis of reduced contract demand of 1000 KVA in case of Unit No. 1 and 0 KVA in case of Unit No.2 w.e.f. 01/08/1999 and raise bills. If any, with a further direction that in case if the company found to be owing certain arrears to the Board pursuant to redetermination as directed hereinabove, the same be adjusted from SD of Rs. 110.85 Lacs"
- iii) "We further direct the Board to issue correct electricity bills of the period after 01.08.1999 on the basis of reduced contract demand as aforesaid and settle the accounts with the Company keeping in view the aforesaid directions within 6 months"

The above order has been contested by MPMKV Co. Ltd. by way of SLP in the Hon'ble Supreme Court and the following interim order has been passed by Hon'ble Supreme Court on dated 29.03.2010

"responded No. 1 (M/s Nahar Spinning Mills Ltd.) restrained from taking steps for recovering amount of Rs. 561.92 Lacs or from return the Bank Guarantee given for Rs. 1662.54 Lacs There will be a further direction upon the respondent No.1 to keep the Bank Guarantee renewed during the pendency of the matter in this court."

" The matter is pending for final decision with the Hon'ble Supreme Court." No provision for the same has been made.

11. The Company has given the following guarantees in respect of loans made and /or other borrowing and non-borrowing facilities granted by the financial institutions and banks.
  - a) Rs. NIL ( Previous Year. Rs. 3000 Lacs) to ICICI Bank Limited and Rs. NIL( Previous Year Rs. 1000 Lacs) to Industrial Development Bank of India Ltd. and Rs. NIL ( Previous Year Rs. 500 Lacs) to Canara Bank in respect of financial assistance granted by the said financial institutions to Nahar Industrial Enterprises Limited, Ludhiana

**B. NOTES ON ACCOUNTS AND ACCOUNTING POLICIES****1. SIGNIFICANT ACCOUNTING POLICIES:****i) ACCOUNTING CONVENTION:**

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act 1956.

**ii) REVENUE RECOGNITION:**

- a) Sale of goods is recognized at the point of dispatch of finished goods to the customers. The sale value is inclusive of excise duty wherever applicable paid on the clearance of finished goods.
- b) Revenue in respect of benefit under Duty Entitlement Pass Book Scheme/Duty Drawback Scheme is recognized on post export basis.
- c) Revenue in respect of Insurance and other claims is recognized when no significant uncertainty exists with regard to the amount to be realized.
- d) Scrap (i.e. Empties, Wastages etc. Other than Production) is accounted for on sale basis.

**iii) FIXED ASSETS AND DEPRECIATION:**

A. Tangible assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Depreciation is charged on following basis.

- a) In Garment Division at Ludhiana depreciation is charged on W.D.V. basis at the rates prescribed in SCHEDULE - XIV of the Companies Act, 1956,
- b) In Units at Mandideep, Jalalpur, Lalru and Jodhan depreciation is charged on Straight Line basis as per rates specified in schedule XIV of the Companies Act 1956.
- c) In unit at Nahar Fibres, Jitwal Kalan, Depreciation on Fixed Assets is charged on Straight Line basis as per rates specified in SCHEDULE XIV of the Companies act, 1956, except on Other Equipments, Furniture and Fixtures and Vehicles where depreciation is provided on W.D.V. basis as per rates specified in Schedule XIV of the Companies Act, 1956.
- d) Assets below Rs. .05 Lacs are depreciated at rate of 100%

B. Intangible assets are stated at cost less accumulated amount of amortization. Such assets are amortized on Straight Line Basis on the estimated useful life.

**iv) INVESTMENT:**

Long Term Investments are stated at cost. Diminution in value of Investment if any is not considered because of temporary nature. Market value of Mutual Funds is taken on NAV basis.

**v) INVENTORIES:**

Inventories are valued at cost or net realizable value, whichever is lower. However to determine the cost, the following methods are adopted:-

- For Raw Material on moving weighted average method.
- For Stores and Spares on moving weighted average method.
- For Work - in - Process, cost of Raw Material plus appropriate share of manufacturing expenses/relevant Overheads.
- For Finished goods, cost of raw material plus conversion costs, packing cost and other overheads incurred to bring the inventories to their present condition and location.
- Further Wastage and Rejections are valued at net realizable value only.

**vi) RETIREMENT BENEFITS:****a) Gratuity**

The Company has taken a Group Gratuity Policy from LIC of India to discharge its liability for Gratuity. The calculation of premium under the policy is made on the basis of actuarial valuation done by LIC.

**b) Provident Fund:**

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to Profit and Loss account.

**vii) FOREIGN EXCHANGE TRANSACTION:**

- a) The gains or losses on foreign exchange transactions are recognized in the Profit & Loss Account. Monetary assets and liabilities other than those covered by forward contracts have been valued at the exchange rate prevailing at the close of the financial year. The exchange difference on foreign currency transactions relating to fixed assets acquired from a country outside India has been adjusted to revenue.
- b) In respect of Forward contracts, forward premium or discount arising at the inception of forward contract is amortized as expenses or income over the life of contract. Exchange differences on such contracts are recognized in the profit and loss account in the year in which exchange rates change.

Any Profit or Loss arising on cancellation or renewal of forward exchange contract is recognized as income or expenses in the period in which such income or loss arises.

**viii) EXCISE DUTY:**

Excise Duty payable on finished goods, if any, is accounted for on clearance of goods from the factory. Cenvat in respect of excise duty paid on Raw Material, Stores and Capital Goods is taken, if any, in accordance with the Cenvat Credit Rules 2004.

**ix) WARRANTY CLAIMS:**

As per the nature of Company's business, the question of warranty claims does not arise. The routine claims on account of quality or quantity lodged with the company other than those which are disputed one, are accounted for as and when accepted by the Company.

**x) EXPENDITURE INCURRED DURING CONSTRUCTION PERIOD:**

In respect of new/major expansion of units, the indirect expenditure incurred during construction period upto the date of commencement of commercial production is capitalized on various categories of fixed assets on proportionate basis.

**xi) BORROWING COSTS:**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred

**xii) GOVERNMENT GRANTS/SUBSIDY:**

Government Grants/ Subsidy are recognized, when there is a reasonable assurance that

- i) The Company will comply with conditions attached to them and
- ii) The Grants/Subsidy will be received.

The Government Grants/Subsidy received for specific asset is reduced from the cost of the asset.

**xiii) ACCOUNTING FOR TAXES ON INCOME:**

Provision for taxation for the year comprises of current taxes and deferred tax. Current taxes consists of Income Tax and Wealth Tax. Current Tax is the amount of Income tax determined to be payable in respect of taxable income for the period. Deferred tax is calculated for timing difference that originates in one period and is capable of reversal in the subsequent period.

**xiv) IMPAIRMENT OF ASSETS:**

At each Balance Sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an Impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

**xv) PROVISION AND CONTINGENT LIABILITIES:**

- a) Provisions are recognized for liabilities that can be measured by using a substantial degree of estimation, if:
  - the company has a present obligation as a result of past event.
  - A probable outflow of resources embodying economic benefits is expected to settle the obligation and
  - the amount of the obligation can be reliably estimated.
- b) Contingent Liability is disclosed in case of :
  - a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
  - a possible obligation, unless the probability of outflow in settlement is remote.
- c) Re-imburement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the re-imburement will be received.


**2. NOTES ON ACCOUNTS:**

- Interunit job work and interunit sales are billed at market price. The closing stock of units is partly comprised of such material lying in finished or semi-finished stage. The mode of valuation referred to 'At Weighted Average Cost' represents costs worked out by taking into account the price charged by such units.
- Salaries & wages incurred during the year on repairs and maintenance of Building and Plant & Machinery etc. have been charged to former accounts and not shown separately.
- In the opinion of the board, the value of Current Assets, Loans and Advances have a value in the ordinary course of business at least equal to that stated in the balance sheet except in case of those shown as doubtful.
- Some balances of Sundry Creditors, Advances and Sundry Debtors are subject to their Confirmation.
- Borrowing cost amounting Rs. 2.75 Lacs (Previous Year Rs.21.53 Lacs) has been capitalized during the year.
- Material events occurring after the balance sheet date are taken into cognizance.
- Prior period and extraordinary changes in accounting policies, having material effect on the financial affairs of the Company (if any) are disclosed.
- The accounts of the Company have been prepared on going concern basis.
- Previous year figures have been regrouped/recasted/rearranged to make them comparable.
- All figures have been rounded off to the nearest Rs.Lac
- Impact of prior period items on Profits is as under:

	<b>Rs. In lacs</b>	
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Pre- Tax Profit after adjustment of prior period Item	<b>8,060.51</b>	(2,507.66)
Add: Prior Period Expenses	<b>22.71</b>	86.97
Less: Prior Period Income	<b>82.03</b>	90.30
<b>Net Profit Before Prior Period Items</b>	<b>8,001.19</b>	(2,510.99)

- Income in respect of Carbon Credits is accounted for only on sale as it does not have any cost to the company.
- As per Accounting Standard 17, issued by the Institute of Chartered Accountants of India regarding Segment Reporting, the detail is as under:

	<b>Rs. In lacs</b>					
<b>Particulars</b>	<b>YARN</b>		<b>GARMENT</b>		<b>TOTAL</b>	
	<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>
Total Revenue	<b>98,834.77</b>	89,382.11	<b>19,120.41</b>	16,078.83	<b>117,955.18</b>	105,460.94
Less: Inter Segment Revenue	<b>6,422.07</b>	4,980.19	<b>486.15</b>	442.79	<b>6,908.22</b>	5,422.98
Net Revenue	<b>92,412.70</b>	84,401.92	<b>18,634.26</b>	15,636.04	<b>111,046.96</b>	100,037.96
<b>Results</b>						
Segment Result (Before Tax & Interest)	<b>9,588.18</b>	555.25	<b>2,243.88</b>	819.32	<b>11,832.06</b>	1,374.57
Less: A. Interest Paid					<b>4,024.25</b>	3,736.91
B. Other Unallocable exp.					<b>4.67</b>	376.15
Net of Unallocable Income						
Add: Interest / Dividend Income					<b>257.37</b>	230.83
Profit Before Tax					<b>8,060.51</b>	(2,507.66)
Less: Income Tax					<b>(1,694.79)</b>	(18.59)
Deferred Tax					<b>(1,016.50)</b>	(826.00)
Profit Before Ordinary Activities					<b>5,349.22</b>	(1,663.07)
<b>Capital Employed</b>						
Segment Assets	<b>129,916.09</b>	100,783.24	<b>16,976.82</b>	16,386.75	<b>146,892.91</b>	117,169.99
Unallocable Assets					<b>9,975.20</b>	8,438.76
Total Assets	<b>129,916.09</b>	100,783.24	<b>16,976.82</b>	16,386.75	<b>156,868.11</b>	125,608.75
Segment Liabilities	<b>7,931.87</b>	4,428.75	<b>2,324.90</b>	1,446.52	<b>10,256.77</b>	5,875.27
Unallocable Liabilities					<b>85,591.54</b>	64,448.60
Total Liabilities	<b>7,931.87</b>	4,428.75	<b>2,324.90</b>	1,446.52	<b>95,848.31</b>	70,323.87
Capital Expenditure	<b>5,866.39</b>	6,100.84	<b>706.24</b>	952.16	<b>6,572.63</b>	7,053.00
Depreciation	<b>5,849.22</b>	6,320.11	<b>1,136.89</b>	1,291.19	<b>6,986.11</b>	7,611.30





## SEGMENT ACCOUNTING POLICIES:

- Segment revenue includes Sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
- Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result. The expenses, which relate to the Company as a whole and not allocable to segments, are included under "other unallocable expenditure."
- No Geographical segment is reported as none of the conditions laid down for Geographical segment are satisfied.
- Segment assets include all operating assets i.e. fixed assets and current assets used by segment.
- Segment liabilities consist of creditors and other liabilities directly attributable to segment but does not include tax and financial liabilities.
- Inter segment transfers are valued at prevailing market prices.

14. As per Accounting Standard 20 of the Institute of Chartered Accountants of India, Earning Per Share is calculated below:

Rs. in lacs		
Particulars	Current Year	Previous Year
Profit after Taxation	5,349.22	(1,663.07)
Number of Shares Issued	36065303	36065303
Earning Per Share in Rupees (Basic & Diluted)	14.83	(4.61)

15. Deferred Tax Liability as per Accounting Standard 22 of the Institute of Chartered Accountants of India, is as under:

(Rs. In Lacs)		
Particulars	Current Year	Previous Year
<b>Deferred Tax Liability</b>		
Timing Difference on account of Depreciation, change in rate of Tax etc.	5551.00	5771.00
<b>Deferred Tax Assets</b>		
Add/Less: Timing Difference on account of Allowances under section 43B, Others	6.50	1230.00
Deferred Tax Liability (Net)	5557.50	4541.00

16. There are no Micro & Small enterprises covered under Micro, Small and Medium Scale Development Act 2006, to whom the company owes dues, which are outstanding for more than 45 days, hence no disclosure has been given. This information has been determined to the extent such parties, which have been identified by the company.

17. Detail of transactions entered into with related parties during the year as required by Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as under:

(Rs. in Lacs)								
Particulars	Associates		Key Management Personnel (KMP)		Relative of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services	1,353.87	1,920.80	--	--	--	--	1,353.87	1,920.80
Sale of Goods/Services	3,813.87	3,812.45	--	--	--	--	3,813.87	3,812.45
Purchase of Fixed Assets	--	472.16	--	--	--	--	--	472.16
Purchase of Investments	--	196.88	--	--	--	--	--	196.88
Sale of Fixed Assets	33.67	134.36	--	--	--	--	33.67	134.36
Rent Paid	36.18	49.59	--	--	1.86	1.69	38.04	51.28
Rent Received	5.40	3.84	--	--	--	--	5.40	3.84
Interest Received	1.27	13.67	--	--	--	--	1.27	13.67
Interest Paid	157.91	80.63	--	--	--	--	157.91	80.63
Sale of Export Licence	1304.66	68.40	--	--	--	--	1304.66	68.40
Inter-corporate Loans Return Back	4,051.36	2,148.25	--	--	--	--	4,051.36	2,148.25
Inter-corporate Loans Received	4,416.61	1,795.80	--	--	--	--	4,416.61	1,795.80
Inter-corporate Loans Received Back	1,486.93	129.00	--	--	--	--	1,486.93	129.00
Inter-corporate Loans Given	579.76	1,036.18	--	--	--	--	579.76	1,036.18
Director Sitting Fee	--	--	0.20	0.16	--	--	0.20	0.16
Managerial Remuneration/Perquisites	--	--	180.10	359.57	--	--	180.10	359.57
Balance Receivable	1,023.68	464.29	--	--	--	--	1,023.68	464.29
Balance Payable	1,383.60	697.26	106.97	4.67	--	--	1,490.57	701.93

**Note:****\*Associates**

Nahar Capital & Financial services Ltd., Nahar Poly Film Ltd., Nahar Industrial Enterprises Ltd., Oswal Woollen Mills Ltd., Vanaik Spinning Mills Ltd., Abhilash Growth Fund(P)Ltd., Atam Vallabh Financers Ltd., Bermuda Insurance Brokers Pvt. Ltd., Kovalam Investment & Trading Co. Ltd., Ludhiana Holdings Ltd., Monica Growth Fund (P) Ltd., Nagdevi Trading & Investment Co. Ltd., Nahar Growth Fund (P) Ltd., Ogden Trading & Investment Co. (P) Ltd., Ruchika Growth Fund (P) Ltd., Sankeshwar Holding Co. Ltd., Vanaik Investors Ltd., Vardhman Investment Ltd., J.L. Growth Fund Ltd., Jawahar Lal & Sons, Crown Star Ltd., Monte Carlo Retail (India) Ltd.

**Key Management Personnel**

Sh. Jawahar Lal Oswal, Sh. Dinesh Oswal & Sh. Kamal Oswal

**Relatives of Key management Personnel**

Mrs. Abhilash Oswal, Mrs. Ruchika Oswal, Mrs. Manisha Oswal, Mrs. Ritu Oswal and Mrs. Monika Oswal

\* Associates includes the Companies in which the Key Management Personnel or their relatives have significant influence, also includes enterprises with whom no transaction has taken place during the period.

18. Computation of Net Profit under Section 198 read with Section 349 of the Companies Act, 1956, for the purpose of remuneration payable to Managing Director, Chairman and Executive Director are given below :-

<b>Particulars</b>	<b>(Rs. in Lacs)</b>	
	<b>Current Year</b>	<b>Previous Year</b>
Net Profit Before Taxation	<b>8,060.51</b>	(2,507.66)
Add: Managerial Remuneration	<b>180.10</b>	359.57
Add: Loss on Sale of Fixed Assets	<b>26.94</b>	7.71
	<b>8,267.55</b>	(2,140.38)
Less: Profit on Sale of Fixed Assets U/S 349 of the Companies Act	--	--
Net Profit U/S 349 of the Companies Act 1956	<b>8,267.55</b>	(2,140.38)
Less: Loss brought forward for last year	<b>2,499.95</b>	
Net Profit for the computation of managerial remuneration	<b>5,767.60</b>	
<b>MANAGERIAL REMUNERATION U/S 309</b>		
Maximum payable @ 5% of the above	<b>288.38</b>	N.A
Managerial Remuneration paid to Managing Director/Chairman	<b>180.10</b>	359.57
Salary, Commission & Other Perquisites	<b>180.10</b>	359.57

**Notes:**

1. Apart from remuneration drawn from the company, Sh. Dinesh Oswal, Managing Director of the company, also draws remuneration from Nahar Capital and Financial Services Ltd. The total remuneration drawn from both the companies does not exceed the higher maximum limit admissible u/s iii of part II of Schedule XIII of the Companies Act, 1956.
  2. The Company's application for approval of M.D. Remuneration is pending before the Government of India, Ministry of Corporate Affairs, New Delhi as on date. Accordingly the company has paid remuneration to Managing Director during the year within the limit prescribed under the Companies Act, 1956 read with schedule XIII of the Act and as per the net profits calculated under section 198 read with section 349 of the Companies Act, 1956 as per detail hereinabove.
  3. Remuneration includes salary, cash allowances and commission on profit paid or payable to the Managing Director.
19. In accordance with Accounting Standard (AS)-28 on impairment of Assets, which is mandatory for the accounting periods commencing on or after 1st April, 2004, the company has assessed as on Balance Sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the standards) with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.



20. The Employee's Gratuity Fund Scheme is managed by LIC. The following tables set out the funded status of the gratuity plan recognized as per the company's financial statement as at 31.03.2010.

Particulars	Current Year	Rs. in lacs Previous Year
1 Reconciliation of opening and closing balances of defined benefit obligation		
Present Value of Obligations as at beginning of year	820.50	700.50
Interest Cost	65.64	56.04
Current Service Cost	99.47	108.77
Benefit Paid	112.72	131.74
Acturial (gain)/Loss on obligation	(256.64)	(86.93)
Present Value of Obligations as at end of year	1,129.53	820.50
2 Reconciliation opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of year	640.85	675.34
Expected return on plan assets	64.22	56.57
Contribution	370.66	40.68
Benefit paid	112.72	131.74
Acturial Gain/(Loss) on Plan Assets	--	--
Fair Value of plan assets at the end of year	963.01	640.85
3 Reconciliation of Fair value of assets and obligations		
Present value of obligations as at the end of year	1,129.53	820.50
Fair value of plan assets as at the end of the year	963.01	640.85
Net Assets/(Liability) recognized in the Balance Sheet	166.52	179.65
4 Expenses Recognized in statement of Profit & Loss		
Current Service Cost	99.47	108.77
Interest Cost	65.64	56.04
Expected return on plan assets	64.22	56.57
net Acturial (Gain)/Loss recognized	(256.64)	(86.93)
Expenses Recognized in statement of Profit & Loss	357.53	195.17
5 Assumptions		
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%
Mortality table (LIC)	1994-96(Ultimate)	1994-96(Ultimate)

21. Schedule 1 to 24 form an integral part of the Balance Sheet and Profit and Loss Account and have been authenticated as such.


**25. ADDITIONAL INFORMATION AS REQUIRED UNDER PART II OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956**

Rs. in Lacs

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	QUANTITY	VALUE	QUANTITY	VALUE
<b>I. TURNOVER</b>				
Export Sales				
Hosiery Garments/Textiles	5834445 Pcs	14620.20	4397887 Pcs	12087.56
Cotton/Synthetic yarn	44071915 Kgs	58411.04	42062142 Kgs	52478.19
Waste	152342 Kgs	85.71	-- Kgs	--
Local sales				
Hosiery Garments/Textiles	546315 Pcs	942.72	576928 Pcs	922.34
Knitted Cloth	374915 Kgs	733.55	341170 Kgs	672.97
Cotton/Synthetic Yarn	13171995 Kgs	21458.25	14570738 Kgs	21997.74
Raw Material	1113669 Kgs	773.64	336903 Kgs	299.39
Wastes	20904373 Kgs	7268.22	19396955 Kgs	6958.99
Stores & Miscellaneous		484.50		329.06
Raw Wool	44635 Kgs	77.26	-- Kgs	--
		<b>104855.09</b>		<b>95746.24</b>
<b>Note : The above figures does not include quantity of 20452 kgs. of Yarn &amp; 1489 pcs. of Garments samples issued during the year.</b>				
<b>II. RAW MATERIAL CONSUMED</b>				
Raw Wool of all Kinds	87598 Kgs	194.46	56772 Kgs	187.49
Raw Cotton	83472640 Kgs	54170.71	86272604 Kgs	52311.79
Cotton Yarn	6495827 Kgs	8576.58	5331774 Kgs	7125.96
Cloth	67075 Kgs	131.57	58294 Kgs	121.57
Synthetic yarn	536819 Kgs	627.85	477964 Kgs	525.57
Manmade/Synthetic Fibres	917143 Kgs	928.74	1424794 Kgs	1432.36
		<b>64629.91</b>		<b>61704.74</b>
<b>III. TRADING GOODS PURCHASED</b>				
Hosiery Garments	18630 Pcs	78.47	13106 Pcs	44.18
Cotton/Synthetic yarn	218851 Kgs	306.48	385330 Kgs	465.17
<b>IV. GROSS INCOME DERIVED FROM SERVICES RENDERED</b>		<b>657.62</b>		<b>480.69</b>
<b>V. VALUE OF STORES, SPARE PARTS AND COMPONENTS CONSUMED</b>		<b>11329.56</b>		<b>10168.15</b>
<b>VI. CIF VALUE OF IMPORTS</b>				
Raw Material		644.15		622.69
Stores & Spares		725.51		871.24
Capital Goods		1323.12		1191.17
<b>VII. EXPENDITURE IN FOREIGN CURRENCY</b>				
Travelling		28.37		29.10
Export Development Exp.		38.60		33.90
Export Commission/Rebate		986.59		1033.74
Others		6.75		0.92
<b>VIII. EARNING IN FOREIGN EXCHANGE</b>				
Export of Goods/Services on F.O.B. Basis		70827.07		65188.44
Discount/Rent/Interest Received/Others		30.96		38.68
Carbon Credit		132.59		--



# NAHAR SPINNING MILLS LIMITED

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## IX. OPENING AND CLOSING STOCK OF GOODS PRODUCED AND TRADED IN

### OPENING STOCK

Textile and Hosiery Garments	933844	Pcs	1709.87	1041870	Pcs	1838.03
Cotton/Synthetic yarn	4527858	Kgs	5070.22	5055045	Kgs	5540.65
Wastes	503471	Kgs	150.01	570913	Kgs	153.54
			<b>6930.10</b>			<b>7532.22</b>

### CLOSING STOCK

Textile and Hosiery Garments	788268	Pcs	1440.21	933844	Pcs	1709.87
Cotton/Synthetic yarn/Fabric	3257011	Kgs	4223.12	4527858	Kgs	5070.22
Wastes	800724	Kgs	324.44	503471	Kgs	150.01
			<b>5987.77</b>			<b>6930.10</b>

## X. LICENCED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION (INCLUDING PRODUCTION ON CONTRACT BASIS)

### LICENCED CAPACITY

Textile and Hosiery Garments	14000000	Pcs	14000000	Pcs
Spindles /Rotors		N.A.		N.A.

### INSTALLED CAPACITY

Textile & Hosiery Garments	Not Feasible	Not Feasible
Cotton/Synthetic Yarn	346096 Spindles	345952 Spindles
	720 Rotors	720 Rotors
Gas-Mercerising	2040 M.T.	2040 M.T.
Dyeing & Processing-Lalru Unit	Not Feasible	Not Feasible

### ACTUAL PRODUCTION

Textile & Hosiery Garments	7079154	Pcs	5583808	Pcs
Cotton/Synthetic Yarn	61855507	Kgs	62556321	Kgs
Gas-Mercerised Yarn/Fabric	1681865	Kgs	1234117	Kgs
Dyeing & Processing Yarn/Fabric-Lalru Unit	487014	Kgs	896088	Kgs

## XI. NET VALUE OF ALL IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED DURING THE FINANCIAL YEAR AND PERCENTAGE THERE OF

PARTICULARS	Value and Percentage of Imported Raw Material, Stores, Spare Parts & Components Consumed		Value and Percentage of indigenous Raw Material, Stores, Spare Parts & Components Consumed	
	Current Year	Previous Year	Current Year	Previous Year
Raw Material Value Rs.	706.40	956.34	63923.51	60748.40
Percentage	1.09%	2.47%	98.91%	97.53
Stores & Spares Value Rs.	699.09	875.08	10630.47	9293.07
Percentage	6.17%	8.26%	93.83%	91.74%

### NOTES:

- (1) Inter unit transfer have not been excluded for calculating the value of raw material consumed.
- (2) The Installed Capacities are as certified by the Management but not verified by the Auditors being a technical matter.
- (3) Raw Materials and Stores consumed include the quantity and value of Raw Material and Stores sold.
- (4) Previous year figures have been regrouped/rearranged to make them comparable with current year figures where ever necessary.

As per our report of even date annexed

**FOR GUPTA VIGG & COMPANY**

Chartered Accountants

Firm Regd. No. 001393N

**For & On behalf of the Board**

**VINOD KHANNA**

Partner

(M. No. 81585)

**BRIJ SHARMA**

Company Secretary

**ANIL GARG**

Finance Controller

**DINESH GOGNA**

Director

**DINESH OSWAL**

Managing Director

**Place : Ludhiana**

**Date : 29.05.2010**





# NAHAR SPINNING MILLS LIMITED

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## CASH FLOW STATEMENT FOR THE YEAR 1ST APRIL, 2009 TO 31ST MARCH, 2010 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

Rs. in Lacs

	CURRENT YEAR	PREVIOUS YEAR
<b>Cash Flow From Operating Activities</b>		
Net Profit Before Tax and Extra ordinary activities	8,060.51	(2,507.66)
Adjustments for :		
Depreciation	6,986.11	7,611.30
Interest	4,024.25	3,736.91
Interest received	(255.52)	(230.28)
Dividend Income/UTI Income	(1.85)	(0.54)
Profit/Loss on Sale of Investments	(136.09)	--
Profit/ Loss on sale of Fixed Assets	(219.91)	(112.77)
	10,396.99	11,004.62
<b>Operating Profit before Working Capital Changes</b>	18,457.50	8,496.96
Adjustment for:		
Trade and other receivables	(825.38)	(1,760.70)
Inventories	(28,674.76)	20,347.70
Loans & Advances	(254.85)	1,449.60
Increase in Working Capital Limits	22,783.48	(14,044.60)
Trade Payables	4,018.94	(1,574.53)
	(2,952.57)	4,417.47
<b>Cash Generated from Operations</b>	15,504.93	12,914.43
Interest paid	(1,975.57)	(1,685.56)
Direct Taxes Paid	(1,769.42)	(67.75)
	(3,744.99)	(1,753.31)
<b>Net cash flow from operating Activities</b>	11,759.94	11,161.12
<b>Cash Flow from investing activities</b>		
Purchase of Fixed Assets	(7,283.66)	(8,006.38)
Capital Work in Progress	(1,739.72)	4,010.74
Sale of Fixed Assets	680.31	566.26
Sale of Investments	1,336.09	--
Interest Received	255.52	230.28
Dividend/UTI Income	1.85	0.54
Capital Subsidy/Reserve Received	--	80.00
Increase in Investment	(592.03)	(802.48)
	(7,341.64)	(3,921.04)
<b>Net cash used in investing activities</b>	4,418.30	7,240.08
<b>Cash Flow from Financing Activities</b>		
Unsecured Loans	365.25	(1,899.65)
Proceeds from Long Term Borrowings	5,085.06	2,430.00
Repayment of Long Term Borrowings	(6,718.48)	(5,188.02)
Interest Paid	(2,048.68)	(2,051.35)
Dividend Paid	(180.32)	(540.98)
Corporate Dividend Tax Paid	(30.65)	(91.94)
	(3,527.82)	(7,341.94)
<b>Net Cash from Financing Activities</b>	890.48	(101.86)
Opening Cash and Cash Equivalents	935.85	1,037.71
<b>Closing Cash and Cash Equivalent</b>	1,826.33	935.85

For & On behalf of the Board

Place : Ludhiana  
Date : 29.05.2010

BRIJ SHARMA  
Company Secretary

ANIL GARG  
Finance Controller

DINESH GOGNA  
Director

DINESH OSWAL  
Managing Director

### AUDITOR'S CERTIFICATE

We have checked the above Cash Flow Statement of NAHAR SPINNING MILLS LIMITED, derived from the audited financial statement for the year ended 31st March, 2010 with the books and records maintained in the ordinary course of business and found the same in accordance therewith

For GUPTA VIGG & CO.  
Chartered Accountants

Place : Ludhiana  
Date : 29.05.2010

VINOD KHANNA  
Partner



# NAHAR SPINNING MILLS LIMITED

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The information pursuant to part IV of Schedule VI to the Companies Act, 1956 :

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details																							
Registration No.								4	3	4	1	State Code								1	6		
				3	1	-	0	3	-	1	0												
				Date		Month				Year													
II Capital Raised During the Year (Amount in Rs. Thousands )																							
Public Issue									N	I	L	Right Issue								N	I	L	
Bonus Issue									N	I	L	Private Placement								N	I	L	
Conversion of Bonds In Shares									N	I	L												
III Position of Mobilisation and Deployment of funds ( Amount in Rs. Thousands )																							
Total Liabilities				1	5	8	5	5	3	1	0	Total Assets				1	5	8	5	5	3	1	0
Sources of Funds																							
Paid Up Capital						1	8	0	5	3	1	Reserve & Surplus					5	3	6	5	6	9	7
Secured Loans					8	4	5	9	8	7	5	Unsecured Loans							9	9	2	8	0
Deferred Tax Liability						5	5	5	7	5	0												
Application of Funds																							
Net Fixed Assets					6	8	8	4	1	8	0	Investments						1	0	9	4	5	1
Net Current Assets					7	6	6	7	5	0	2	Misc. Expenditure									N	I	L
Accumulated Losses									N	I	L												
IV Performance of Company ( Amount in Rs. Thousands )																							
Turnover & Other Income				1	1	2	0	8	2	3	4	Total Expenditure				1	0	4	0	2	1	8	3
Profit Before Tax						8	0	6	0	5	1	Profit After Tax						5	3	4	9	2	2
Earning Per Share ( Rs. )		Basic				1	4	.	8	3	Dividend									3	0	%	
		Diluted				1	4	.	8	3													
V Generic Names of Three Principal Products/Services of Company ( As per Monetary Terms )																							
Item Code No. ( ITC Code )		6	1	.	0	1																	
Product Description		ARTICLES OF APPAREL KNITTED OR CROCHETED																					
Item Code No. ( ITC Code )		5	2	.	0	5																	
Product Description		COTTON YARN																					
Item Code No. ( ITC Code )		5	5	.	0	9																	
Product Description		YARN OF SYNTHETIC STAPLE FIBRE																					

As per our report of even date annexed

**FOR GUPTA VIGG & COMPANY**

Chartered Accountants

Firm Regd. No. 001393N

**For & On behalf of the Board**

**VINOD KHANNA**

Partner

(M. No. 81585)

**BRIJ SHARMA**

Company Secretary

**ANIL GARG**

Finance Controller

**DINESH GOGNA**

Director

**DINESH OSWAL**

Managing Director

**Place : Ludhiana**

**Date : 29.05.2010**



# NAHAR SPINNING MILLS LIMITED

Annual Report  
2009-2010

## NAHAR SPINNING MILLS LIMITED

Registered Office : 373, Industrial Area-'A', Ludhiana-141003

### PROXY FORM

I/We.....  
of ..... being a member/members of  
NAHAR SPINNING MILLS LIMITED hereby appoint.....  
or failing him/her.....  
of.....

as my/our proxy(s) to attend and vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on Thursday the 30th September, 2010 at 10.00 a.m. at the Premises of M/s Nahar Industrial Enterprises Limited, Focal Point, Ludhiana and at any adjournment thereof.

As witness my/our hand(s) this.....day of.....2010.

(Date)

(Month)

Ledger Folio No. ....

Client I.D. No. ....

D. P. I.D. No. ....

Signature

Affix  
Revenue  
Stamp of  
Rs. 1/-

Note :

The proxy(s) in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the company.

.....CUT HERE.....

## NAHAR SPINNING MILLS LIMITED

Registered Office : 373, Industrial Area-'A', Ludhiana-141003

### ATTENDANCE SLIP

(Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall)

I hereby record my presence at the 30th Annual General Meeting of the Company to be held on Thursday the 30th September, 2010 at 10.00 a.m. at the Premises of M/s Nahar Industrial Enterprises Limited, Focal Point, Ludhiana. .

FULL NAME OF THE MEMBER (IN BLOCK LETTERS)

Name of the Proxy.....

(To be filled in if the Proxy Form has been duly deposited with the Company)

Ledger Folio No. ....

Client I.D. No. ....

D.P.I.D. No. ....

Member/Proxy's Signature\*

No of Shares Held.....

(to be signed at the time of handing over this slip)

\* Strike out whichever is not applicable



## NOTES



## Performance At A Glance

Rupees in Lacs

SR. NO.	PARTICULARS	2005-06	2006-07	2007-08	2008-09	2009-10
1	OPERATING INCOME	48657	91323	91751	100062	111049
2	EXPORTS	30178	59980	58574	64566	73117
3	OTHER INCOME	1733	860	1004	672	1035
4	GROSS PROFIT	7807	18645	12810	9243	19551
5	PROFIT AFTER TAX	2824	6429	1202	-1663	5349
6	CASH ACCRUALS	6751	16504	9675	5103	15047
7	GROSS BLOCK	58800	110431	125910	132480	137649
8	NET BLOCK	32592	56410	64933	64875	64712
9	SHARE CAPITAL ( PAID UP )	1670	1805	1805	1805	1805
10	NET WORTH	59499	51939	52538	50744	55462
11	DEFERRED TAX RESERVE	2859	4961	5367	4541	5557
12	DEBT EQUITY RATIO	0.21	0.60	0.80	0.73	0.65
13	CURRENT RATIO	1.42	1.61	1.56	1.72	1.44
14	BOOK VALUE PER SHARE	356.28	144.01	145.67	140.70	153.78
15	EARNING PER SHARE ( BASIC )	16.91	17.82	3.33	-4.61	14.83
16	FACE VALUE (PAID UP)	Rs. 10	Rs. 5	Rs. 5	Rs. 5	Rs. 5
17	DIVIDEND	50%	50%	30%	10%	30%



# **BOOK POST**

(Printed Matter)

If undelivered, please return to :  
**NAHAR SPINNING MILLS LIMITED**  
Regd. Office : 373, Industrial Area - 'A' Ludhiana-141 003  
Ph. : 091-0161-2600701 to 2600705  
Fax : 091-0161-2222942  
E-mail : [secnsm@owmnahar.com](mailto:secnsm@owmnahar.com)