

NAHAR SPINNING MILLS LIMITED
Regd. Office: 373, INDUSTRIAL AREA-A
LUDHIANA

**MINUTES OF 31ST ANNUAL GENERAL MEETING OF THE COMPANY
HELD ON TUESDAY, THE 20TH DAY OF SEPTEMBER, 2011 AT THE
PREMISES OF NAHAR INDUSTRIAL ENTERPRISES LIMITED, FOCAL
POINT, LUDHIANA.**

PRESENT

DIRECTORS

1. SH. KAMAL OSWAL
2. SH. DINESH GOGNA
3. PROF. K. S MAINI
4. DR. A.S. SOHI
5. DR. S.K. SINGLA

MEMBERS

(AS PER ATTENDANCE REGISTER)

111 Shareholders holding 22450385
Equity Shares attended the meeting.

BY INVITATION : Mr. Vinod Khanna, Partner of M/s Gupta Vigg & Co.,
Auditors of the company.

CHAIRMAN OF THE MEETING

In the absence of the Chairman Sh. J.L. Oswal, the members unanimously elected Sh. Kamal Oswal, Director of the company, as Chairman to preside over the meeting. The Chairman welcomed the members present and introduced the Board members sitting on the dias to the shareholders.

On being informed by Sh. Brij Sharma, Company Secretary that the quorum for the meeting is present, the Chairman called the meeting to order so that formal proceedings of the meeting could commence. But before the commencement of the official business of the meeting, Chairman mentioned that Sh. Amarjeet Singh who was associated with the Company as a Director since 2001 expired on 30th May, 2011. Thereafter one minute silence was observed as a mark of respect to the departed soul.

Thereafter the Chairman drew the attention of the members that statutory books were available for inspection at the meeting. He further informed that the company received 7 proxies and 14 Authorisation from the Corporate Shareholders holding totaling 22442282 equity shares of the company, equivalent to 62.23% of the total share capital. Thereafter he asked Sh. Brij Sharma, Company Secretary to read out the Auditor's report. The report was read out at the meeting.

Thereafter the Chairman gave a brief speech highlighting the performance as well as achievements of the company during the year.

With the consent of the members present, the notice convening the meeting was taken as read. Thereafter, the meeting proceeded as per the items specified in the notice.

ORDINARY BUSINESS

1. ADOPTION OF ANNUAL ACCOUNTS

The Chairman drew the attention of the members to the 1st item of the Notice of the Annual General Meeting, Sh. P.K. Vashishth proposed and Sh. Surinder Singh seconded the following resolution as an Ordinary Resolution.

"RESOLVED that the Audited Profit & Loss Account for the year ended 31st March, 2011 and Balance Sheet as on date together with the Report of Auditors and Directors thereon, as laid before the members, be and are hereby approved and adopted."

Before putting the resolution to vote, the Chairman invited the members to offer their comment or seek clarification, if any, on the reports and Annual Accounts. Thereupon some members asked questions regarding the working of the company. The Chairman thanked the shareholders for showing keen interest in the working of the company. Thereafter Prof. K.S. Maini, Chairman of the Audit Committee replied to the queries of the members to their satisfaction.

Thereafter the chairman put the resolution to vote on a show of hands. He declared the resolution carried unanimously by show of hands.

2. DECLARATION OF DIVIDEND ON EQUITY SHARES.

The Chairman drew the attention of the members to the second item of the notice. He informed that the Board has recommended equity dividend @40% i.e. Rs.2.00 per Equity Share for the year ended on 31st March, 2011. Sh. H.R. Kapoor

proposed and Sh. Anil Garg seconded the following resolution as an Ordinary resolution:

"RESOLVED that a dividend @40% (i.e. Rs. 2.00 per share) on equity share capital of the company for the year ended 31st March, 2011 be and is hereby declared out of the current years profits."

"RESOLVED FURTHER THAT dividend in respect of physical shares be paid to those shareholders whose names appear in the Register of Members on 20th September, 2011 & in respect of shares held in Electronic form, the dividend be paid on the basis of beneficial ownership data as at the close of 9th September, 2011 as furnished by the Depositories and the dividend warrants be posted within prescribed period under the Companies Act, 1956, to all the shareholders who are entitled to receive the payment."

Thereafter the chairman put the resolution to vote on a show of hands. He declared the resolution carried unanimously by show of hands.

3. APPOINTMENT OF DIRECTOR

The Chairman drew the attention of the members to the 3rd item of the notice regarding reappointment of Dr. Suresh Kumar Singla, who was retiring by rotation pursuant to Section 256 of the Companies Act, 1956 and seeking re-appointment. Sh. Anil Garg proposed and Sh. Mukesh Sood seconded the following resolution as an Ordinary resolution:

"RESOLVED that Dr. Suresh Kumar Singla who retires by rotation and being eligible offer himself for re-appointment be and is hereby re-appointed as a director of the Company liable to retire by rotation."

Thereafter the chairman put the resolution to vote on a show of hands. He declared the resolution carried unanimously by show of hands.

4. APPOINTMENT OF DIRECTOR

The Chairman drew the attention of the members to the 4th item of the notice regarding reappointment of Sh. S.K. Sharma who was retiring by rotation pursuant to Section 256 of the Companies Act, 1956 and seeking re-appointment. Ms. Anjali Modgil proposed and Sh. Atul Sud seconded the following resolution as an Ordinary resolution:

"RESOLVED that Sh. S.K. Sharma who retires by rotation and being eligible offer himself for re-appointment be and is hereby re-appointed as a director of the Company liable to retire by rotation."

Thereafter the chairman put the resolution to vote on a show of hands. He declared the resolution carried unanimously by show of hands.

5. APPOINTMENT OF DIRECTOR

The Chairman drew the attention of the members to the 5th item of the notice regarding reappointment of Sh. J.L. Oswal who was retiring by rotation pursuant to Section 256 of the Companies Act, 1956 and seeking re-appointment. Sh. Dharam Paul proposed and Sh. Surinder Singh seconded the following resolution as an Ordinary resolution:

"RESOLVED that Sh. J.L. Oswal who retires by rotation and being eligible offer himself for re-appointment be and is hereby re-appointed as a director of the Company liable to retire by rotation."

Thereafter the chairman put the resolution to vote on a show of hands. He declared the resolution carried unanimously by show of hands.

6. APPOINTMENT OF AUDITORS TO FIX THEIR REMUNERATION.

The Chairman drew the attention of the members to the 6th item of the notice. He informed that period of appointment of M/s Gupta Vigg & Co., Chartered Accountants, Ludhiana, the Statutory Auditors of the Company is expiring today and they have given certificate under section 224A and other applicable provisions of the Companies Act, 1956. Sh. H.R. Kapoor proposed and Sh. P.K. Vashishth seconded the following resolution as an Ordinary resolution:

"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s Gupta Vigg. & Co. Chartered Accountants, Ludhiana, the retiring auditors of the company be and are hereby re-appointed as Auditors of the Company for a further period of one year, to hold office until the conclusion of the Next Annual General Meeting of the Company at a remuneration to be decided by Sh. Dinesh Oswal, Managing Director and Audit Committee/Board in consultation with the auditors."

Thereafter the chairman put the resolution to vote on a show of hands. He declared the resolution carried unanimously by show of hands.

SPECIAL BUSINESS

7. TO APPOINT DR. AMRIK SINGH SOHI AS DIRECTOR OF THE COMPANY.

The Chairman drew the attention of the members to the 7th item of the notice and informed the shareholders that the Board of Directors appointed Dr. Amrik Singh Sohi, as Additional Director of the company on 10th August, 2011. His period of office expires on the Annual General Meeting. The company received a notice in writing alongwith requisite deposit from a member under Section 257 of the Companies Act, 1956 for the appointment of Dr. Amrik Singh Sohi as a director, liable to retire by rotation. The company has also received consent in writing from Dr. Amrik Singh Sohi to act as a Director of the company, if appointed. Thereafter Mr. Dharam Paul proposed and Sh. H.R. Kapoor seconded the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, for the time being in force and Article 78 of the Articles of Association of the company, Dr. Amrik Singh Sohi, who was appointed by the Board as an Additional Director of the company w.e.f. 10th August, 2011 and who holds such office up to the date of forthcoming Annual General Meeting in terms of section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

Thereafter the chairman put the resolution to vote on a show of hands. He declared the resolution carried unanimously by show of hands as an Ordinary Resolution.

8. TO APPOINT DR. YASH PAUL SACHDEVA AS DIRECTOR OF THE COMPANY.

The Chairman drew the attention of the members to the 8th item of the notice and informed the shareholders that the Board of Directors appointed Dr. Yash Paul Sachdeva, as Additional Director of the company on 10th August, 2011. His period of office expires on the Annual General Meeting. The company received a notice in writing alongwith requisite deposit from a member under Section 257 of the Companies Act, 1956 for the appointment of Dr. Yash Paul Sachdeva as a director, liable to retire by rotation. The company has also received consent in

writing from Dr. Yash Paul Sachdeva to act as a Director of the company, if appointed. Thereafter Sh. Anil Garg proposed and Sh. H.R. Kapoor seconded the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, for the time being in force and Article 78 of the Articles of Association of the company, Dr. Yash Paul Sachdeva, who was appointed by the Board as an Additional Director of the company w.e.f. 10th August, 2011 and who holds such office up to the date of forthcoming Annual General Meeting in terms of section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

Thereafter the chairman put the resolution to vote on a show of hands. He declared the resolution carried unanimously by show of hands as an Ordinary Resolution.

9. TO APPOINT SH. DINESH OSWAL, AS MANAGING DIRECTOR

The Chairman drew the attention of the members to the 9th item of the Notice and informed the shareholders that Sh. Dinesh Oswal was appointed as Managing Director as Managing Director of the company on 1st January, 2007 for a period of 5 years. His period of Office shall expire on 31st Dec., 2011. Sh. Dinesh Oswal is 46 years of age and is having 26 years business experience in Textile Industry. The Board keeping in view the overall growth of the company under his able and dynamic leadership, has recommended to re-appoint him as Managing Director for a further period of 5 years commencing from 1st January, 2012. Sh. P.K. Vashishth proposed and Sh. Surinder Singh seconded the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the Provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII (including any statutory modification or re-enactment thereof, for the time being in force), consent and approval of the Company be and is hereby accorded for the re-appointment of Sh. Dinesh Oswal, as Managing Director of the Company, for a period of 5 years w.e.f. 1st January 2012 on the remuneration & perquisites set out below:

Salary : Rs. 30,00,000/- per month

Commission : 1.5% of the Net Profit.

Perquisites : Following perquisites shall be allowed in addition to Salary and commission.

i) Housing

- a) The expenditure by the Company on hiring furnished accommodation will be subject to the ceilings of 60% of the salary over and above, 10% payable by Sh. Dinesh Oswal.
- b) If the Company does not provide accommodation to Sh. Dinesh Oswal, he shall be entitled to House Rent Allowance @60% of salary.
- c) If the accommodation in the Company owned house is provided to Sh. Dinesh Oswal, a deduction @ 10% shall be made from his salary.

Explanation

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962. This shall however, be subject to a ceiling of 10% of the salary of Sh. Dinesh Oswal.

ii) Medical reimbursement:

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months salary over a period of five years.

iii) Leave travel concession:

Leave travel concession for self and family twice in a year incurred by him.

iv) Club fees:

Fees of clubs subject to a maximum of four clubs. No admission and life membership fee will be paid.

v) Personal Accident Insurance:

Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4000/-.

vi) Provident fund and super-annuation fund: Contribution to Provident fund, Super-annuation fund or Annuity fund in accordance with the rules specified by the Company.

vii) Gratuity: Gratuity payable shall not exceed half month's salary for each completed year of service.

viii) Leave Encashment: Encashment of leave at the end of tenure, as per rules of the Company.

ix) Car and Telephone: Free use of Company's car for official work and telephone at residence.

"RESOLVED FURTHER THAT wherein any Financial year, the Company has no profits or its profits are inadequate, the Company may pay Sh. Dinesh Oswal, remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit of Rs. 24 Lacs per annum or Rs.2.00 Lacs per month in addition thereto the perquisites not exceeding the limits, specified under Section II of the Part II of Schedule XIII of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to take all such steps as may be necessary to give effect to above resolution."

Thereafter the chairman put the resolution to vote on a show of hands. He declared the resolution carried unanimously by show of hands as an Ordinary Resolution.

There being no other point for discussion, the meeting concluded with a vote of thanks to the chair.

DATED : 20.09.2011
PLACE : LUDHIANA

sd/-

CHAIRMAN

Certified To Be True Copy

For **Nahar Spinning Mills Ltd.**

Co. Secretary