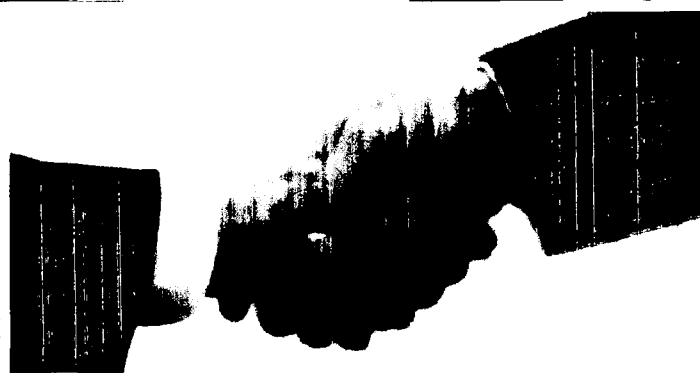




The Nahar Group of Companies

2008



## BOARD OF DIRECTORS

<b>Sh. Jawahar Lal Oswal</b>	<b>Chairman</b>
Sh. Dinesh Oswal	Managing Director
Sh. Kamal Oswal	Director
Sh. Dinesh Gogna	Director
Dr. (Mrs.) H.K. Bal	Director
Sh. Amarjeet Singh	Director
Dr. Om Parkash Sahni	Director
Prof. Kanwar Sain Maini	Director
Sh. Satish Kumar Sharma	Director
Dr. Suresh Kumar Singla	Additional Director

## PRINCIPAL OFFICERS

Sh. Hans Raj Kapoor	General Manager
Sh. Krishan Paul	Dy. Company Secretary

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### REGISTERED OFFICE

375, Industrial Area-A,  
LUDHIANA-141 003, Punjab

### BANKERS

Punjab National Bank  
HDFC Bank Limited

### AUDITORS

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

### 3rd ANNUAL GENERAL MEETING

Day : Saturday  
Date : 29th November, 2008  
Time : 10.00 A.M.  
Place : At the Premises of  
Nahar Industrial Enterprises  
Limited, Focal Point, Ludhiana

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# NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED

## NOTICE

Notice is hereby given that the **Third Annual General Meeting** of the members of Nahar Capital and Financial Services Limited, will be held on **Saturday the 29th day of November, 2008 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 30<sup>th</sup> June, 2008 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 Sh. Dinesh Gogna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Om Parkash Sahni, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sh. Satish Kumar Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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.

### SPECIAL BUSINESS

7. To consider and if thought fit, to pass, with or without modification(s), 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 108 of the Articles of Association of the Company, Dr. Suresh Kumar Singla, who was appointed as an Additional Director of the Company w.e.f. 30<sup>th</sup> April, 2008 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."

BY ORDER OF THE BOARD

PLACE: LUDHIANA

KRISHAN PAUL

DATED: 31<sup>ST</sup> OCTOBER, 2008 (Dy. 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.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business under item no. 7 is annexed hereto and form part of the notice.
3. The Register of Members and Share Transfer Register of the Company shall remain closed from 21<sup>st</sup> November, 2008 to 29<sup>th</sup> November, 2008 (both days inclusive).
4. 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 29<sup>th</sup> November, 2008 or Register of Beneficial owners, maintained by the Depositories at the close of 20<sup>th</sup> November, 2008.
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 375, Industrial Area-A, Ludhiana-141003. Members holding shares in electronic form are requested to notify change in their address/Bank details to their Depository Participants before 20<sup>th</sup> November, 2008.
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. The documents referred to in the accompanying Explanatory Statement are open for inspection at the Registered Office of the company on any working day between 10.00 A.M. to 12.00 Noon up to the date of Annual General Meeting.
9. 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 information ready.
10. Members are requested to bring the copy of Annual Report alongwith them, at the meeting.
11. The information required to be provided under clause 49 of the Listing Agreement entered into with Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed is given hereunder and form part of the notice.



# NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED

## Information pursuant to Corporate Governance Clause of the Listing Agreement regarding Directors 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:

<b>I. Name</b>	:	<b>Sh. Dinesh Gogna</b>
Age	:	55 years
Qualification	:	B.A.L.L.B
Expertise	:	Having experience of more than 31 Years in Corporate Finance and Taxation.

## Directorships/Membership in the committees of the Board in other Companies :

Name of the Company	Committee	Status
1. Nahar Spinning Mills Ltd	Audit	Member
2. Nahar Industrial Enterprises Ltd.	Audit Shareholders Grievance	Member Chairman
3. Girnar Investment Ltd.	---	---
4. Oswal Woollen Mills Ltd.	Audit	Member
5. Oswal Leasing Ltd.	---	---
6. Cotton County Retail Ltd	---	---
7. Crown Star Ltd.	---	---
8. Nahar Poly Films Ltd.	Audit	Member
9. Monte Carlo Fashions Ltd.	---	---

<b>II. Name</b>	:	<b>Dr. Om Parkash Sahni</b>
Age	:	67 Years
Qualification	:	M.Sc., Ph.D
Expertise	:	Having more than 30 years of experience in teaching Management and Administration

## Directorships/Membership in the committees of the Board in other Companies :

Name of the Company	Committee	Status
1. Nahar Spinning Mills Ltd	Audit	Member
2. Nahar Industrial Enterprises Ltd.	Audit Shareholders Grievance Remuneration	Chairman Member Member
3. Midland International Ltd.	---	---
4. Oswal Woollen Mills Ltd.	Audit Shareholders Grievance	Member Member
5. Nahar Poly Films Ltd.	---	---

<b>III. Name</b>	:	<b>Sh. Satish Kumar Sharma</b>
Age	:	55 Years
Qualification	:	MBA

Expertise : Having more than 26 years experience as Corporate Executive.

## Directorships/Membership in the committees of the Board in other Companies:

Name of the Company	Committee	Status
1. Nahar Spinning Mills Ltd	Shareholders Grievance Remuneration	Member Member
2. Nahar Poly Films Ltd.	---	---

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### ITEM NO.7

The Board of Directors at its meeting held on 30<sup>th</sup> April, 2008 appointed Dr. Suresh Kumar Singla as an Additional Director of the company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 108 of Articles of Association of the Company. Dr. Suresh Kumar Singla shall hold the Office of Director upto the ensuing Annual General Meeting of the Company.

The company has received a notice in writing from a Member alongwith the deposit of Rs. 500/- proposing the candidature of Dr. Suresh Kumar Singla for the Office of Director liable to retire by rotation. Dr. Suresh Kumar Singla is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Companies Act, 1956 and has obtained Director Identification Number in terms of Section 266(A) of the said Act.

### A brief resume of Dr. Suresh Kumar Singla is as under:

Dr. Suresh Kumar Singla is 58 years of age. He is M.A. (Economics & Statistics) & Ph. D in Statistics. Presently he is Professor in the Business Management Department, Punjab Agricultural University, Ludhiana. He is a Management expert having wide knowledge and experience. Your directors think that it will be in the interest of the company to appoint him as Director of the Company.

### Dr. Suresh Kumar Singla is having Directorship/ Membership in the Committees of the Board in following Companies:

Name of the Company	Committee	Status
1. Oswal Woollen Mills Ltd.	Audit Shareholders Grievance	Chairman Member
2. Nahar Spinning Mills Ltd.	---	---
3. Nahar Poly Films Ltd.	---	---

The Board recommend the resolution for your approval.

None of the Director except Dr. Suresh Kumar Singla may be deemed to be concerned or interested in the resolution.

BY ORDER OF THE BOARD

PLACE: LUDHIANA

KRISHAN PAUL

DATED: 31<sup>ST</sup> OCTOBER, 2008 (Dy. Company Secretary)





# NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **THIRD ANNUAL REPORT** on the affairs of the company for the year ended 30<sup>th</sup> June, 2008.

### FINANCIAL PERFORMANCE

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

(Rs. in Lacs)		
PARTICULARS	Current Year	Previous Year
<b>Profit before Tax</b>	3242.02	2783.02
Less : Provision for Taxation (including FBT)	312.00	272.00
<b>Profit after tax</b>	2930.02	2511.02
<b>APPROPRIATION</b>		
Proposed Dividend	251.19	418.65
Tax on Distributed Profits	42.69	71.15
Statutory Reserve Fund	625.00	503.00
Transfer to General Reserve	2011.14	1518.22
	2930.02	2511.02

### REGISTRATION AS NBFC AND ISSUE OF CERTIFICATE OF COMMENCEMENT OF BUSINESS

We are pleased to inform you that the Company got itself registered as Non Banking Finance Company (NBFC) with the Reserve Bank of India on 22<sup>nd</sup> January, 2008. Thereafter it also got the certificate of commencement of business from the Registrar of Companies, Jalandhar on 25<sup>th</sup> January, 2008.

After getting the abovesaid certificates, your company has started investment activities in its own name. We would also like to inform you that all investment activities stand transferred to the company from Nahar Spinning Mills Limited as per the scheme of demerger and arrangement duly approved by the Hon'ble Punjab and Haryana High Court vide its order dated 21.12.2006.

### SEGMENT REPORTING

The disclosure requirements of Accounting Standard AS-17, issued by the Institute of Chartered Accountants of India are not applicable as the main business activities of company falls under single segment namely 'Investment Activities.'

### FINANCIAL REVIEW

The Company's financial performance has been excellent during the year under review. It achieved an operating and other income of Rs. 3493.47 lacs showing an impressive increase of 21.25% over the previous year. Likewise the pre tax profit at Rs. 3242.02 lacs has also shown an impressive increase of 16.50% over the previous year. After providing Rs. 312.00 lacs towards income tax provision (including FBT), the net profit comes to Rs. 2930.02 lacs showing an impressive increase of 16.69% over the previous year.

After appropriation of 293.88 lacs towards proposed dividend and dividend distribution tax, an amount of Rs. 625.00 lacs has been transferred to statutory reserve fund as per Section 45 IC of the Reserve Bank of India Act, 1934. After transferring the

balance profit of Rs. 2011.14 lacs to general reserve, company's reserves has risen to 38649.57 lacs.

We wish to inform you that company had adopted 1<sup>st</sup> July to 30<sup>th</sup> June of every year as its accounting year. In order to have uniform accounting year under the Income Tax Act, 1961 and RBI Act 1934, company has decided to change its accounting year to financial year i.e. from 1<sup>st</sup> April to 31<sup>st</sup> March every year. Accordingly current accounting year shall be of nine months beginning on 1<sup>st</sup> July, 2008 and ending on 31<sup>st</sup> March, 2009.

### DIVIDEND

Your Directors are pleased to recommend a dividend @ 30 % on paid up equity share capital for the year ended 30<sup>th</sup> June, 2008.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of profits of the company for the year under reference to all those shareholders whose name shall appear in the Register of Members on 29<sup>th</sup> November, 2008 or Register of beneficial owners, maintained by the Depositories as at the close of 20<sup>th</sup> November, 2008.

### DIRECTORS

Dr. Suresh Kumar Singla was appointed as an Additional Director of the company on 30<sup>th</sup> April, 2008. He will hold the office upto the ensuing Annual General Meeting. The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director subject to your approval. The necessary resolution is being proposed for your approval in the accompanying notice of the forthcoming Annual General Meeting.

Pursuant to Article 112 of the Articles of Association of the company Sh. Dinesh Gogna, Dr. Om Parkash Sahni and Sh. Satish Kumar Sharma 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.

### LISTING OF SECURITIES

We wish to inform you that The National Stock Exchange of India Limited vide its letter no. Ref: NSE/LIST/67267-V dated February 20, 2008 gave in principle approval for the listing of Company's 16746167 equity shares of Rs. 5/- each. The Bombay Stock Exchange Limited also gave in principle approval for the listing of company's shares vide its letter no. Ref: DCS/AMAL/AKS/IP/2284/2007-08 dated February 25, 2008. The trading in the Equity Shares at both the stock exchanges started w.e.f. March 11, 2008. Presently the company's equity shares are listed on the following Stock Exchanges:

1. The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
2. The National Stock Exchange of India Ltd., Exchange Plaza, 5<sup>th</sup> 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 2008-2009.

### DEMATERIALISATION OF SECURITIES

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



## NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED

date 95.64% of the share capital has been dematerialised by the members of the company. 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 27<sup>th</sup> 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 Ltd.  
(Unit : Nahar Capital and Financial Services Limited)  
Alankit House,  
2E/21, Jhandelwala 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 Prof. K.S. Maini as Chairman, Sh. S.K. Sharma and Sh. Amarjeet Singh as members. The committee held six meetings during the year under review.

### REPORT ON THE CORPORATE GOVERNANCE

Your company continues to follow the principles of good Corporate Governance. The company has already constituted several committees of directors to assist the Board in good Corporate Governance. The Corporate Governance Report along with 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-I and forms part of this report.

### DIRECTORS RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year under review, confirm 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 judgements 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 and 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.

### 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 re-appointment, 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 thereunder. There are no outstanding/unclaimed deposits from the public.

### PARTICULARS OF EMPLOYEES

None of the employee is covered under the statement of particulars of the employees to be given under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Particulars with respect to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo 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, are not applicable to the company.

### 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 staff members and executives for their contribution to the operations of 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  
DATED : 31<sup>ST</sup> OCTOBER, 2008

JAWAHAR LAL OSWAL  
(CHAIRMAN)



# NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED

## ANNEXURE-I

### CORPORATE GOVERNANCE REPORT

This report of Corporate Governance forms 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 envisages 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 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 and independent Directors. The present strength of the Board is of Ten 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.
2. Since Sh. Jawahar Lal Oswal, the Non-Executive Chairman, is a promoter Director as such to comply the SEBI Circular No. SEBI/CFD/DIL/CG/1/2008/08/04

dated 8<sup>th</sup> April, 2008, the company has appointed Dr. Suresh Kumar Singla as an Additional Director of the company on 30<sup>th</sup> April, 2008. Thus the restructured Board consists of one half of the Independent Directors as required under the Corporate Governance Rules. Presently Company's Board consists of Ten Directors out of which Five are Independent Directors, namely Dr. (Mrs.) H.K. Bal, Sh. Amarjeet Singh, Dr. O.P. Sahni, Prof. K.S. Maini and Dr. Suresh Kumar Singla. Thus, the company has already complied with the Corporate Governance Rules regarding composition of Board of Directors.

3. The Board met six times on 30<sup>th</sup> July, 2007, 29<sup>th</sup> October, 2007, 29<sup>th</sup> November, 2007, 31<sup>st</sup> January, 2008, 30<sup>th</sup> April, 2008 and 30<sup>th</sup> June, 2008 during the period 1<sup>st</sup> July, 2007 to 30<sup>th</sup> June, 2008 with clearly defined agenda circulated well in advance of each meeting. The maximum interval between the two board meetings is not more than four months.
4. None of the directors is a member of more than 10 (ten) Board level committees or is Chairman of more than 5 (five) 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.
5. Participation of Non Executive Directors has been active in the Board Meetings. The Attendance record of directors in the Board meetings and the Annual General Meeting during the year 2007-2008 is as under:

Name of Director	Category of Directors	No. of other Directorship (excluding private companies)	No. of Committee		No. of Board Meetings attended	Annual General Meeting Attendance (held on 29 <sup>th</sup> Dec. 2007)	No. of Shares held
			Membership	Chairman			
Mr. Jawahar Lal Oswal	Non Executive Promoter	14	---	---	3	No	Nil
Mr. Dinesh Oswal	Executive Promoter	14	---	---	5	Yes	Nil
Mr. Kamal Oswal	Non Executive Promoter	14	---	1	4	Yes	Nil
Mr. Dinesh Gogna	Non Executive	8	4	1	5	Yes	Nil
Dr. (Mrs.) H.K. Bal	Non Exec. Independent	7	5	2	5	No	Nil
Mr. Amarjeet Singh	Non Exec. Independent	9	3	4	6	Yes	Nil
Mr. S.K. Sharma	Non Executive	2	3	---	4	Yes	Nil
Dr. O.P. Sahni	Non Exec. Independent	5	5	1	6	No	Nil
Prof. K.S. Maini	Non Exec. Independent	4	3	1	5	Yes	Nil
Dr. Suresh Kumar Singla	Non Exec. Independent	3	1	1	2	---	Nil

\*Dr. Suresh Kumar Singla was appointed as Additional Director by the Board on 30<sup>th</sup> April, 2008.



# NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED

6. Non Executive Directors are paid a sitting fee of Rs.2000/- per meeting of the Board.
7. 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.
8. **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 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. [ownnahar.com/ncfs](http://ownnahar.com/ncfs).
9. The Company ensures compliance of various statutory requirements by all its business units.
10. All the Statutory Registers that are required to be maintained, particularly, Register of Directors 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 Prof. K.S. Maini. Sh. Amarjeet Singh and Sh. S.K. Sharma are the two other members of the Audit Committee. Prof. K.S. Maini is M.Com and is also having requisite expertise in Financial and Accounting matters. Sh. Amarjeet Singh is a Senior Advocate having 54 years of experience in Corporate Taxation and Finance. Likewise Sh. S.K. Sharma, who is MBA, is also having requisite expertise in Financial and Accounting Matters. The Company Secretary is the Secretary of the committee. The Finance Controller is the permanent invitee of the committee. The statutory auditors are also invited to attend the meetings, as per relevant provisions of the applicable laws/rules, as and when felt necessary.

The terms 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 1<sup>st</sup> July, 2007 the committee met six times i.e. on 30<sup>th</sup> July, 2007, 29<sup>th</sup> October, 2007, 29<sup>th</sup> November, 2007, 31<sup>st</sup> January, 2008, 30<sup>th</sup> April 2008 and 30<sup>th</sup> June, 2008 and at these meetings, the quarterly un-audited financial results as well as the financial statements during the year ended 30<sup>th</sup> June, 2008 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 meeting is as under:

Name of member	No. of Meetings held upto 30.06.2008	No. of Meetings attended
Prof. K.S. Maini	6	6
Sh. Amarjeet Singh	6	6
Sh. S. K. Sharma	6	6

Prof. K.S. Maini, Chairman of the Audit Committee attended the last Annual General Meeting of the company held on 29<sup>th</sup> December, 2007 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 2<sup>nd</sup> February, 2007. The committee comprises Prof. K.S. Maini as Chairman, Sh. S.K. Sharma and Dr. (Mrs.) H.K. Bal as members.

The broad terms 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 under review, on 29<sup>th</sup> November, 2007. The attendance record of the meeting held is as follows:

Name of member	No. of Meeting held upto 30.06.2008	No. of Meeting attended
Prof. K.S. Maini	1	1
Sh. S.K. Sharma	1	1
Dr. (Mrs.) H.K. Bal	1	1

The details of sitting fee paid to Director(s) for the year ended 30<sup>th</sup> June, 2008 is as under:

	Sitting Fee (Rs.)
Sh. Jawahar Lal Oswal	6000.00
Sh. Kamal Oswal	8000.00
Sh. Dinesh Oswal	---
Sh. Dinesh Gogna	10000.00
Sh. Satish Kumar Sharma	8000.00
Sh. Amarjeet Singh	10000.00
Dr. (Mrs.) H.K. Bal	10000.00
Dr. O.P. Sahni	10000.00
Prof. K.S. Maini	10000.00
Dr. S.K. Singla	4000.00

## IV. SHAREHOLDER'S COMMITTEE

The Company is having a Shareholders/Investors Grievance Committee consisting of three Non Executive Directors under the Chairmanship of Sh. Amarjeet Singh. Sh. S.K. Sharma and Dr. O.P. Sahni are two other members





## NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED

of the committee. Sh. Krishan Paul, Deputy Company Secretary is the compliance officer of the company. The committee looks into the complaints/grievances of shareholders such as transfer of shares, non-receipt of dividend/share certificates, Demat problems etc. The committee met four times from 1<sup>st</sup> July, 2007 to 30<sup>th</sup> June, 2008 i.e. on 29<sup>th</sup> September, 2007, 31<sup>st</sup> December, 2007, 31<sup>st</sup> March, 2008 and 30<sup>th</sup> June, 2008. The attendance record of the meeting held is as under:

Name of member	No. of meetings held upto 30.06.2008	No. of Meetings attended
Sh. Amarjeet Singh	4	4
Sh. S.K.Sharma	4	4
Dr. O.P. Sahni	4	4

The Company's policy is to redress the grievances of the shareholders within a period of 15 to 30 days from the date of the receipt of the correspondence/grievances. However, during the year the company has received no compliant through NSE, BSE or SEBI.

Further the Company has also constituted a share transfer committee comprising four 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 share certificates and other shareholders related issues. The committee generally meets once in a month. The committee met 12 times during the period 1<sup>st</sup> July, 2007 to 30<sup>th</sup> June, 2008 i.e. 31<sup>st</sup> July, 2007, 31<sup>st</sup> August, 2007, 29<sup>th</sup> September, 2007, 31<sup>st</sup> October, 2007, 30<sup>th</sup> November, 2007, 29<sup>th</sup> December, 2007, 31<sup>st</sup> January, 2008, 29<sup>th</sup> February, 2008, 31<sup>st</sup> March, 2008, 30<sup>th</sup> April 2008, 31<sup>st</sup> May, 2008 and 30<sup>th</sup> June, 2008 and the attendance of the members is as follows:-

Name of member	No. of Meetings held upto 30.06.2008	No. of Meetings attended
Sh. Dinesh Oswal	12	11
Sh. Dinesh Gogna	12	12
Prof. K.S. Maini	12	12
Sh. Krishan Paul	12	3

As per SEBI circular no. D&CC/FITTC/CIR-15/2002 dated 27<sup>th</sup> 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 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. have already been mentioned in Directors' Report.

### V. GENERAL BODY MEETINGS

#### (i) The details of the last Two Annual General Meetings are as under:

Financial Year	Location	Date	Time
2005-06	Nahar Tower, 375, Industrial Area-A, Ludhiana.	11.12.2006	10.00 a.m.
2006-07	Premises of Nahar Industrial Enterprises Limited, Focal Point, Ludhiana	29.12.2007	10.00 a.m.

#### (ii) Special Resolutions passed in the previous two Annual General Meetings:

##### 2005-2006

No Special Resolution was passed.

##### 2006-2007

No Special Resolution was passed.

#### (iii) Special Resolution passed last year through postal ballot

No Special Resolution was passed during the financial year ended 30.06.2008 through postal ballot

#### (iv) Proposal of Special Resolution through postal ballot.

Presently, no special resolution is proposed to be conducted through postal ballot in the ensuing Annual General Meeting.

### 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. Transactions with related party are disclosed in Point No. 7 of the Notes on Accounts.
- (ii) The company continues to comply with the requirement 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 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/yearly results in the format prescribed by the Stock Exchanges are approved and taken on record by the Board within the prescribed time frame



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and sent immediately to all Stock Exchanges on which the Company's shares are listed. These results are published in leading newspapers i.e. Business Standard 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. [ownnahar.com/ncfs](http://ownnahar.com/ncfs). 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

## VIII. GENERAL SHAREHOLDERS INFORMATION

1. **Annual General Meeting** : November 29, 2008  
**Date, Day, time and venue** : Saturday at 10.00A.M.  
Premises of Nahar Industrial Enterprises Limited, Focal Point, Ludhiana
2. **Financial Calendar** : The Financial year of the company covers 1<sup>st</sup> July to 30<sup>th</sup> June.
3. **Date of Book Closure** : 21<sup>st</sup> November, 2008 to 29<sup>th</sup> November, 2008 (both days inclusive)
4. **Dividend Payment**
  - (a) **Payment Date** : Within the time prescribed under the Act.
  - (b) **Mode of payment** : 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) **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, shareholders should approach their Depository Participant.
5. **Listing of Equity Shares** : The Company's equity shares were listed w.e.f. March 11, 2008 at the National Stock Exchange of India Ltd. and the Bombay Stock Exchange Ltd., Mumbai.
6. **Stock Code** : for trading at NSE- NAHARCAP  
for trading at BSE-532952  
for dematerialisation INE049I01012

## IX. MARKET PRICE DATA

The Company's equity shares were listed at BSE and NSE w.e.f. March 11, 2008. Accordingly the month wise High, Low stock prices from the aforesaid date till June 2008 are as follows :

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
March, 08	151.25	56.00	151.20	57.25
April, 08	63.50	55.00	62.10	53.55
May, 08	61.50	52.50	61.00	50.00
June, 08	58.50	38.75	59.00	38.90

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

The Company's equity shares were listed at BSE and NSE w.e.f. March 11, 2008. Accordingly comparison between Nahar Capital and Financial Services Limited closing price Variation and BSE Sensex Variation in percentage from the aforesaid date till June 2008 is as under:

Financial Share Price of the Company					BSE Sensex			
Year	Highest	Lowest	Closing	%age Change Over last Month's Closing	Highest	Lowest	Closing	%age Change Over last Month's Closing
2007-2008								
March, 08	151.25	56.00	60.05	-	17227.56	14677.24	15644.44	-11.00
April, 08	63.50	55.00	58.80	-2.08	17480.74	15297.96	17287.31	10.50
May, 08	61.50	52.50	53.25	-9.44	17735.70	16196.02	16415.57	-5.04
June, 08	58.50	38.75	39.15	-26.48	16632.72	13405.54	13461.60	-18.00

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 27<sup>th</sup> December 2002, Company has appointed M/s Alankit Assignments Ltd. New Delhi 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 nos. etc. have already been mentioned in the Directors' Report. In case any query/complaint remains unresolved with our Registrar please write to Deputy 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,