



The Nahar Group

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

2012



**Nahar Capital and Financial Services Ltd.**

## BOARD OF DIRECTORS

### Sh. Jawahar Lal Oswal

Sh. Dinesh Oswal

Sh. Kamal Oswal

Sh. Dinesh Gogna

Dr. (Mrs.) H.K. Bal

Dr. Om Parkash Sahni

Prof. Kanwar Sain Maini

Sh. Satish Kumar Sharma

Dr. Suresh Kumar Singla

Dr. Yash Paul Sachdeva

### Chairman

Managing Director

Director

Director

Director

Director

Director

Director

Director

Director

## PRINCIPAL OFFICERS

Sh. Hans Raj Kapoor

Mr. Preet Kanwar Singh

General Manager

Company Secretary

## REGISTERED OFFICE

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

## BANKERS

Punjab National Bank  
ICICI Bank Limited  
HDFC Bank Limited

## AUDITORS

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

## 7TH ANNUAL GENERAL MEETING

Day : Saturday

Date : 29th September, 2012

Time : 11.15 A.M.

Place : At the Premises of  
Nahar Industrial Enterprises  
Limited, Focal Point, Ludhiana

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# Save Tree Save Earth

## *Green Initiative*

*The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies. Your Company has decided to join the MCA in its environmental friendly initiative.*

*Henceforth, the Company proposes to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c or send the same to the Company via e-mail at: -secncfs@owmnahar.com or gredressalncfsl@owmnahar.com.*

*We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.*

**NOTICE**

Notice is hereby given that the **Seventh Annual General Meeting** of the Members of **Nahar Capital and Financial Services Limited** will be held on Saturday, the **29th day of September, 2012 at 11:15 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, 2012, Statement of Profit and Loss 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. Jawahar Lal Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. Kamal Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sh. Dinesh Gogna, who retires by rotation and being eligible, offers himself for re-appointment
6. To appoint a Director in place of Dr. Om Parkash Sahni, who retires by rotation and being eligible, offers himself for re-appointment
7. To appoint Statutory Auditors of the Company 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: 28TH JULY, 2012**

**PREET KANWAR SINGH**  
**(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 TO BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and Share Transfer Register of the Company shall remain closed from 21st September, 2012 to 29th September, 2012 (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 29th September, 2012 or Register of Beneficial Owners, maintained by the Depositories at the close of 20th September, 2012.
4. 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-141 003.
5. Members holding shares in electronic form are requested to notify change in their address/Bank details to their Depository Participants before 20th September, 2012.
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 dematerialize 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 are open for inspection at the Registered Office of the company on any working day (except Sunday and holiday) 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 re-appointed are annexed hereto and form part of the notice.

**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/reappointed are given below:

- I. Name : Sh. Jawahar Lal Oswal**  
 Age : 69 Years  
 Qualification : Graduate  
 Expertise : Having 48 years of business in the Textile and Woollen Industry.

**His Directorship/Membership in the committee of the Board in other companies is as under:**

Name of the Company	Committee	Status
1. Oswal Woollen Mills Ltd.	-	-
2. Nahar Spinning Mills Ltd.	-	-
3. Nahar Poly Films Ltd	-	-

4. Nahar Industrial Enterprises Ltd. - -
5. J.L. Growth Fund Ltd. - -
6. Atam Vallabh Financiers Ltd. - -
7. Girnar Investment Ltd. - -
8. Ludhiana Holdings Ltd. - -\
9. Vanaik Investors Ltd. - -
10. Vardhman Investments Ltd. - -
11. Palam Motels Ltd. - -
12. Sankheshwar Holdings Co. Ltd. - -
13. Monte Carlo Fashions Ltd. - -
14. Nagdevi Trading & Investment Co. Ltd.- -
15. Crown Star Ltd. (U.K.) - -
16. Abhilash Growth Fund (P) Ltd. - -
17. Nahar Growth Fund (P) Ltd. - -
18. Monica Growth Fund (P) Ltd. - -
19. Ruchika Growth Fund (P) Ltd. - -
20. Neha Credit and Invt. (P) Ltd. - -

**II. Name : Sh. Kamal Oswal**

- Age : 50 Years  
 Qualification : B.Com.  
 Expertise : Having Good Experience of Managing Business.

**His Directorship/Membership in the committee of the Board in other companies is as under:**

Name of the Company	Committee	Status
1. Oswal Woollen Mills Ltd	-	-
1. Nahar Industrial Enterprises Ltd.	Share Transfer Committee	Chairman
2. Nahar Poly Films Ltd.	Share Transfer Committee	Member
3. Nagdevi Trading & Investment Co. Ltd.	Audit Committee	Chairman
4. Cotton County Retail Ltd.	Remuneration Committee	Member
5. Nahar Spinning Mills Ltd.	-	-
6. Oswal Woollen Mills Ltd.	-	-
7. Oswal Leasing Ltd.	-	-
8. Vardhman Investments Ltd.	-	-
9. Girnar Investment Ltd.	-	-
10. J L Growth Fund Ltd.	-	-
11. Atam Vallabh Financiers Ltd.	-	-
12. Nahar Industrial Infrastructure Corp.Ltd.-	-	-
13. Monte Carlo Fashion Ltd.	-	-
14. Sankeshwar Holding Co. Ltd.	-	-



15. Crown Star Ltd. (U.K.)	-	-	Qualification	: M. Sc. and Ph. D.
16. Abhilash Growth Fund (P) Ltd.	-	-	Expertise	: 30 years experience in teaching of
17. Nahar Growth Fund (P) Ltd.	-	-		Business Management and
18. Neha Credit and Invst. (P) Ltd.	-	-		Administration.

**III. Name : Sh. Dinesh Gogna**

Age : 59 Years

Qualification : B.A., L.L.B.

Expertise : Having more than 33 years experience  
in Corporate Finance and Taxation.

**His Directorship/Membership in the committee of the Board in other companies is as under:**

**His Directorship/Membership in the Committees of the Board in other companies is as under:**

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

**BY ORDER OF THE BOARD**

**IV. Name : Dr. Om Parkash Sahni**

Age : 71 Years

**PLACE: LUDHIANA  
DATED: 28TH JULY, 2012**

**PREET KANWAR SINGH  
(COMPANY SECRETARY)**



**DIRECTORS' REPORT**

Dear Members,

Your Directors have immense pleasure in presenting the **SEVENTH ANNUAL REPORT** on the affairs of the Company for the year ended 31st March, 2012.

**FINANCIAL PERFORMANCE**

Your Company's financial performance during the year is summarized below:

Particulars	(Rs. in Lacs)	
	Current Year	Previous Year
Profit before Tax	<b>1844.26</b>	1765.20
Less: Provision for Taxation	<b>254.00</b>	245.00
<b>Profit after Tax</b>	<b>1590.26</b>	1520.20
Add: Surplus of last year brought forward	292.85	282.91
	<u>1883.11</u>	<u>1803.11</u>
<b>APPROPRIATION</b>		
Proposed Dividend	<b>251.19</b>	251.19
Tax on Distributed Profits	<b>40.75</b>	40.75
Statutory Reserve Fund	<b>318.10</b>	301.00
Income Tax adjustments for prior periods	<b>18.55</b>	17.32
Transfer to General Reserve	<b>1000.00</b>	900.00
Surplus carried to Balance Sheet	<b>254.52</b>	292.85
	<u>1883.11</u>	<u>1803.11</u>

**PERFORMANCE REVIEW**

In spite of difficult Economic Scenario, your Company has been able to maintain its performance during the year under review. It earned operating/other income of Rs.2029.72 Lacs as against Rs. 1972.72 Lacs in the previous year. The Company's pre tax profit of Rs.1844.26 Lacs has shown an increase of 4.48% over the previous year. The Company earned a Net Profit of Rs. 1590.26 Lacs.

After the appropriations as detailed herein above, an amount of Rs.1000 Lacs transferred to General Reserve thereby increasing the Reserve to Rs. 44021.60 Lacs as on March 31, 2012.

Your Company's performance is slightly improved despite the volatile financial scenario due to increased lending operations, higher exposure to debt and gold instruments etc. During the year, company has taken exposure in new Real Estate business by way of Joint Venture with reputed developer in Chennai. For that, Land has been procured necessary approvals are almost completed and soft launch for selling of residential units is started.

**DIVIDEND**

Your Directors are pleased to recommend a dividend @ 30% i.e. of Rs. 1.50/- per Equity Share of Rs. 5/- each for the year 2011-12.

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 29th September 2012 or Register of Beneficial Owners, maintained by the Depositories as at the close of 20th September 2012.

**DIRECTORS**

Pursuant to Article 112 of the Articles of Association of the Company Sh. Jawahar Lal Oswal, Sh. Kamal Oswal, Sh. Dinesh Gogna and Dr. Om Parkash Sahni 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 entered 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**

We are pleased to inform that M/s. ICRA Limited has re-affirmed A1 (pronounced "A One") Credit Rating to the proposed Short Term Debt / Commercial Paper Programme of the Company for ₹25 Crores. This is the highest Credit quality rating by the ICRA to the short term Debt/ Commercial Paper and it reflects the Company's financial discipline and prudence.

**SEGMENT REPORTING**

The disclosure requirement of Accounting Standard -17 (AS-17), issued by the Institute of Chartered of India (ICAI) are not applicable to the Company as the main business activities of Company falls under single segment namely 'Investment Activities' which comprise of (i) Investment Portfolio consisting of securities held as Capital Assets and (ii) Trading Portfolio consisting of securities held as stock in trade.

**GREEN INITIATIVE**

The Ministry of Corporate Affairs (MCA) vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 has taken a "Green Initiative in the



Corporate Governance" by allowing paperless compliances by the companies. Your Company has decided to join the MCA in its environmental friendly initiative.

Accordingly, henceforth Company propose to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c. or send the same to the Company via e-mail at secncfs@owmnahar.com or gredressalncfsl@owmnahar.com. We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.

#### **LISTING OF SECURITIES**

The securities of the Company 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, 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 2012-2013.

#### **DEMATERIALISATION OF SHARES**

Your Company has already established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) to facilitate the holding and trading of securities in electronic form. As on 31st March, 2012, 96.61% of the Share Capital has been dematerialized by the members of the Company. The Shareholders, who have not gone for dematerialization of the shares till date, are requested to opt for dematerialization 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 Ltd  
(Unit Nahar Capital and Financial Services Ltd)  
Alankit House,  
2E/21, Jhandelwala Extension  
NEW DELHI-110055  
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 three Non-executive Directors under the Chairmanship of Prof. K.S. Maini, Dr. O.P Sahni and Sh. S.K. Sharma as members. The Committee held four meetings during the year under review.

#### **RISK MANAGEMENT COMMITTEE**

The Company being essentially an Investment Company, its main sources of income is dividend/income receivable on investments in Equity Shares/Debentures/Bonds/deposits made and held by it in other companies and Mutual Funds. The financial business is always prone to risks of capital market fluctuations and economic cycle.

To monitor and manage the risk associated with the investment business and to review the risk management policy of the company, the Company has already constituted Risk Management Committee pursuant to the RBI Circular No. DNBS (PD) CC No. 156/03.10.001 / 2009-10 dated July 1, 2009. The Committee comprises of three non-executive directors under the Chairmanship of Prof. K.S Maini, Sh. Dinesh Gogna and Dr. O.P Sahni as members. The Risk Management Committee met four times during the financial year under review.

#### **ASSET LIABILITY MANAGEMENT COMMITTEE**

The Company has already constituted the Asset Liability Management Committee pursuant to the RBI Circular No. DNBS (PD) CC No. 15/02.01/2000-2001 dated June





27, 2001 to monitor the Asset Liability Mismatch in the books of accounts of the company. The Committee comprises of Sh. Dinesh Oswal as Chairman, Sh. S.K Sharma and Prof. K.S Maini as the members of the committee. The Asset Liability Committee met two times during the financial year under review.

**REPORT ON THE CORPORATE GOVERNANCE**

Your Company continues to follow the principles of good Corporate Governance. The Company has constituted several committees of directors to assist the Board in good Corporate Governance. The Corporate Governance Report along with 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.

**DIRECTORS RESPONSIBILITY STATEMENT**

The Directors would like to assure the Members that the financial statements for the year under review, confirm in their entirety 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 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 maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting any fraud and other irregularities;
- iv) that they had prepared the Annual Accounts on a going concern basis.

**AUDITORS AND AUDITORS' REPORT**

M/s. Gupta Vigg & Co., the Auditors of the 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 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.

The Audit report of the auditors is self explanatory and do not require any explanation from the Board u/s. 217 of the Companies Act, 1956.

**PUBLIC DEPOSITS**

The Company is registered as Non-deposit taking Non-Banking Financial Company with RBI. The Company has not accepted any Public Deposit within the meaning of Section 58-A, of the Companies Act, 1956 and the rules made there under. There is no outstanding/unclaimed deposit from the public.

**PARTICULARS OF EMPLOYEES**

The information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is enclosed as per Annexure-I.

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

Particulars with respect to the Conservation of Energy, Technology Absorption and Foreign Exchange Earning 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, as the company is a Non-Banking Financial 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 gratitude and appreciation to all workers, 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.

**ANNEXURE I**

**PARTICULARS OF EMPLOYEES PURSUANT TO 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, 2012.**

S. N.	NAME OF EMPLOYEE	DESIGNATION	REMUNERATION (IN RS. LAC)	NATURE OF EMPLOYMENT	NATURE OF DUTIES	QUALIFICATION	AGE (YEARS)	EXPERIENCE (YEARS)	DATE OF EMPLOYMENT	PARTICULARS OF LAST EMPLOYMENT	% OF EQUITY CAPITAL HELD
1.	Sh. Dinesh Oswal	Managing Director	65.00	Contractual	Overall Company's Administration	B.Com.	47	27	29.12.2007	Oswal Woollen Mills Limited	NIL

**NOTES:**

1. Sh. Dinesh Oswal is related to Sh. Jawahar Lal Oswal, Chairman and Sh. Kamal Oswal, Director of the Company.
2. Remuneration includes salary and monetary value of perquisites as per Income Tax Rules.

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: LUDHIANA**  
**DATED: 28th July, 2012**

**JAWAHAR LAL OSWAL**  
**(CHAIRMAN)**