



The Nahar Group

10th *Annual* REPORT 2015



Nahar Capital
and Financial Services Ltd.

BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal

Sh. Dinesh Oswal

Sh. Kamal Oswal

Sh. Dinesh Gogna

Sh. Satish Kumar Sharma

Dr. (Mrs) H.K. Bal

Prof. Kanwar Sain Maini

Dr. Suresh Kumar Singla

Dr. Yash Paul Sachdeva

Dr. Amrik Singh Sohi

Chairman

Managing Director

Director

Director

Director

Independent Director

Independent Director

Independent Director

Independent Director

Independent Director

CHIEF FINANCIAL OFFICER

Sh. Hans Raj Kapoor

COMPANY SECRETARY

Mrs. Anjali Modgil

REGISTERED OFFICE

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

BANKERS

Standard Chartered Bank
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

10TH ANNUAL GENERAL MEETING

Day : Wednesday

Date : 30th September, 2015

Time : 3.30 P.M.

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

CONTENTS

PAGE NO.

| | |
|----------------------------------|----|
| NOTICE | 1 |
| INSTRUCTIONS FOR E-VOTING | 2 |
| DIRECTORS' REPORT | 5 |
| CORPORATE GOVERNANCE REPORT | 27 |
| MANAGEMENT DISCUSSION & ANALYSIS | 34 |
| INDEPENDENT AUDITORS' REPORT | 37 |
| BALANCE SHEET | 40 |
| STATEMENT OF PROFIT & LOSS | 41 |
| NOTES ON FINANCIAL STATEMENTS | 42 |
| CASH FLOW STATEMENT | 65 |



NOTICE IS HEREBY GIVEN THAT THE **10TH ANNUAL GENERAL MEETING** of the members of **NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED** will be held on **Wednesday, the 30th day of September, 2015 at 03:30 P.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 Financial Statements of the Company for the financial year ended 31st March, 2015 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Sh. Dinesh Gogna (DIN 00498670), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sh. Satish Kumar Sharma (DIN 00402712), who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and in this regard 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 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, M/s. Gupta Vigg & Co., Chartered Accountants (Firm Registration No. 001393N), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, at such remuneration as shall be fixed by the Board of Directors of the Company.”

BY ORDER OF THE BOARD

ANJALI MODGIL

(COMPANY SECRETARY)

DATE: 5TH AUGUST, 2015

Regd. Office:

**375, Industrial Area-A,
Ludhiana-141003**

CIN: L45202PB2006PLC029968

E-mail: secncfs@owmnaahar.com

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL 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 ENCLOSED.

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. A Route Map to reach the venue of the Annual General Meeting, including prominent land mark for easy location, has been provided at the end of the Annual Report.
4. The Register of Members and Share Transfer Register of the Company shall remain closed from Saturday, 12th September, 2015 to Tuesday, 22nd September, 2015 (both days inclusive).
5. 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 shall appear in Register of Members as on 11th September, 2015 or Register of Beneficial Owners, maintained by the Depositories at the close of 11th September, 2015.
6. Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividend up to the financial year 2006-07 has been transferred to Investor Education and Protection Fund. Further, unpaid dividend for the year 2007-08 is to be transferred to Investor Education and Protection Fund in January, 2016. Shareholders who have not encashed their dividend warrants relating to said period are requested to claim the amount from the Company at the earliest.
7. 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. Members holding shares in electronic form are requested to notify change in their address/Bank details to their Depository Participants before 11th September, 2015.

8. 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.
9. The relevant documents are open for inspection at the Registered Office of the Company on any working day (except Saturday and Holiday) between 10:00 A.M. to 12:00 Noon upto the date of Annual General Meeting.
10. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
11. Electronic copy of the Annual Report for the year 2014-2015 is being sent to all the members whose email Ids are registered with the Company/ Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
12. 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.
13. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form No. SH-13).
14. 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 re-appointed, is given hereto and form part of the Notice.
15. The Register under Section 189 (4) of the Companies Act, 2013 shall be produced at the commencement of the Meeting and shall remain open and accessible during the continuance of the Meeting.
16. In compliance with provision of Clause 35B of the Listing Agreement as well as Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company is providing facility to members to exercise their right to vote at the 10th Annual General Meeting by electronic means and the business contained in this Notice shall be transacted through such voting. For this purpose, the Company has engaged the services of M/s. Central Depositories Services (India) Ltd. (CDSL) for providing e-voting facility to enable the shareholders to cast their votes electronically.
17. Notice of the 10th Annual General Meeting and the Annual Report for the financial year 2014-15 will also be available on the Company's website i.e. www.ownahar.com. The above said Notice will also be available on the website of CDSL i.e. www.cdslindia.com.
18. The facility for e-voting via ballot or polling paper shall also be made available at the meeting and the members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
19. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
20. **The instructions for voting through electronic mode:**
 - (i) The voting period begins on 27th September, 2015 (9:00 a.m.) and ends on 29th September, 2015 (5:00 p.m.) During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on "Shareholders" tab.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (vii) If you are a first time user follow the steps given below:



| | For Members holding shares in Demat Form and Physical Form |
|--|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence number is printed on Attendance Slip. In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the <NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION

DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote or cast the vote again.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be e-mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date 23rd September, 2015 may follow the same instructions as mentioned above for e-Voting.



(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com. The helpdesk can also be contacted at 1800-200-5533.

(xxi) Name, designation, address, e-mail ID and phone number of the person responsible to address the grievances connected with the e-voting:

MRS. ANJALI MODGIL
(Company Secretary and Compliance Officer)
375, Industrial Area-A, Ludhiana-141003
0161-2665000
secncfs@owmnahar.com

Other instructions:

21. Voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on cut off date.
22. Mr. P.S. Bathla, Practising Company Secretary (Membership No. FCS 4391), will act as a Scrutinizer to the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e-voting process).
23. The Scrutinizer shall immediately after the conclusion of Annual General Meeting first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in the favor or against, if any, forthwith to the Chairman of the Company.
24. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.owmnahar.com and on the website of CDSL i.e. www.cdslindia.com. The results shall simultaneously be communicated to the Stock Exchanges.
25. Subject to the receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of the 10th Annual General Meeting i.e. 30th September, 2015.
26. A person who is not a Member as on the cut off date i.e. 23rd September, 2015 should treat this Notice for information purposes only.

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

As required under the Listing Agreement, the particulars of

Directors who are proposed to be re-appointed are given below:

1. Name : Sh. Dinesh Gogna
Age : 62 Years
Qualification : BA, LLB
Expertise : Having more than 38 years of experience in Corporate Finance and Taxation

Shareholding : Nil

His Directorship/membership in the Committees of the Board in other companies:

| Name of the Company | Committee | Status |
|--------------------------------------|----------------------------|----------|
| 1. Oswal Woollen Mills Ltd. | Audit | Member |
| | Shareholders | Member |
| 2. Nahar Poly Films Ltd. | Audit | Member |
| 3. Nahar Spinning Mills Ltd. | Audit | Member |
| 4. Nahar Industrial Enterprises Ltd. | Audit | Member |
| | Stakeholders' Relationship | Chairman |
| 5. Monte Carlo Fashions Ltd. | Audit | Member |
| | Stakeholders' Relationship | Chairman |
| | Nomination & Remuneration | Member |
| 6. Cotton County Retail Ltd. | - | -- |
| 7. Oswal Leasing Ltd. | - | - |
| 8. Girnar Investment Ltd. | - | - |
| 9. Crown Star Ltd. (UK) | - | - |

2. Name : Sh. Satish Kumar Sharma
Age : 62 Years
Qualification : MBA
Expertise : Having more than 34 years of experience in Textile Industry

Shareholding : Nil

His Directorship/membership in the Committees of the Board in other companies:

| Name of the Company | Committee | Status |
|------------------------------|----------------------------|--------|
| 1. Nahar Poly Films Ltd. | - | - |
| 2. Nahar Spinning Mills Ltd. | Stakeholders' Relationship | Member |

BY ORDER OF THE BOARD

ANJALI MODGIL
(COMPANY SECRETARY)

DATE : 5TH AUGUST, 2015

Regd. Office:
375, Industrial Area-A,
Ludhiana-141003
CIN: L45202PB2006PLC029968
E-mail: secncfs@owmnahar.com



DIRECTORS' REPORT

Dear Members,

Your Directors have immense pleasure in presenting the **TENTH ANNUAL REPORT** on the affairs of the Company for the financial year ended 31st March, 2015.

FINANCIAL PERFORMANCE

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

| | (₹ in Lacs) | |
|---|----------------|---------------|
| Particulars | Current Year | Previous Year |
| Profit before Tax | 2348.36 | 2693.12 |
| Less: Provision for Taxation | 418.00 | 495.00 |
| Profit after Tax | 1930.36 | 2198.12 |
| Add: Surplus of last year brought forward | 57.79 | 93.55 |
| | 1988.15 | 2291.67 |
| APPROPRIATION | | |
| Proposed Dividend | 251.19 | 251.19 |
| Tax on Distributed Profits | 51.14 | 42.69 |
| Statutory Reserve Fund | 386.00 | 440.00 |
| Income Tax adjustments for prior periods | 20.32 | 0.00 |
| Transfer to General Reserve | 1200.00 | 1500.00 |
| Surplus carried to Balance Sheet | 79.50 | 57.79 |
| | 1988.15 | 2291.67 |

FINANCIAL PERFORMANCE REVIEW AND STATE OF AFFAIRS

We would like to inform you as per the disclosure requirements of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India, Company's activities can be classified under two Segments namely Investment/Financial Activity and Real Estate Activity. Before reviewing overall performance of the company, we would like to brief you regarding the working performance of each segment, which is as under:-

Investment/Financial Segment

The Company's primary business activities are investment activities comprising of (i) Long Term Investment activities i.e. Long Term Securities, Strategic Investments etc. and (ii) Short Term Investment activities i.e. Trading Investment. Besides, the company's business activities also include lending activities. During the year under review, the segment achieved net revenue of ₹ 1707.88 Lacs against ₹1934.27 Lacs in the previous year and earned the Profit before interest and tax of ₹ 1726.67 Lacs against ₹ 1830.26 Lacs in the previous year.

Real Estate Segment

During the year under review, the Real Estate Segment achieved net revenue of ₹ 848.82 Lacs as against ₹ 1018.59 Lacs in the previous year. Likewise, it earned a profit before interest and tax of ₹ 827.61 Lacs as against ₹ 989.01 Lacs in the previous period.

Overall Performance

From the above, it is apparent that the Company has performed reasonably during the year ended 31st March, 2015. The Company earned operating/other income of ₹ 2556.70 Lacs as against ₹ 2952.86 Lacs in the previous year.

It earned a profit before tax of ₹ 2348.36 Lacs as against ₹ 2693.12 Lacs in the previous year. After providing provision for taxation of ₹ 418.00 Lacs, it earned a net profit of ₹ 1930.36 Lacs for the year ended 31.03.2015.

TRANSFER TO RESERVE

After appropriation of Profits as detailed herein above, an amount of ₹ 386 Lacs has been transferred to Statutory Reserve Fund and ₹ 1200 Lacs has been transferred to General Reserve thereby increasing the Company's Reserves to ₹ 489.69 Crores as on March 31, 2015.

DIVIDEND

Your Directors are pleased to recommend a dividend @ 30% i.e. of ₹ 1.50/- per Equity Share of ₹ 5/- each for the year 2014-15 amounting to ₹ 2.51 Crores.

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 11th September, 2015 or Register of Beneficial Owners, maintained by the Depositories as at the close of 11th September, 2015.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 205C of the Companies Act, 1956, the Company has transferred an amount of ₹ 6,89,267.00 (Rupees Six Lakhs Eighty Nine Thousand Two Hundred and Sixty Seven only) being the amount of unclaimed dividend for the year 2006-07 to the Investor Education and Protection Fund. Further, unpaid dividend for the year 2007-08 shall be transferred to Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 in January, 2016.

DECLARATION UNDER SECTION 149(6)

The Independent Directors have submitted their declaration to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the Rules made thereunder.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 152(6) of the Companies Act, 2013 and Article 117 of the Articles of Association of the Company, Sh. Dinesh Gogna (DIN 00498670) and Sh. Satish Kumar Sharma (DIN 00402712), will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board has recommended their re-appointment to the members of the Company at the ensuing Annual General Meeting.

During the year under review, the Members approved the



appointment of Dr. (Mrs.) H.K. Bal, Dr. Y.P. Sachdeva, Dr. A.S. Sohi, Prof. K.S. Maini and Dr. S.K. Singla as Independent Directors not liable to retire by rotation.

The Board approved the inclusion of Sh. Dinesh Oswal, Managing Director under the category of Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013. The Board also appointed Mr. H.R. Kapoor, who is a qualified Chartered Accountant, having Membership No. 85015 of the Institute of Chartered Accountants of India as Chief Financial Officer and Mrs. Anjali Modgil, who is a qualified Company Secretary having Membership No. A27089 of the Institute of Company Secretaries of India, as Company Secretary of the Company under the category of Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013. Ms. Nidhi Khande, Company Secretary of the Company, resigned during the year under review.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out a formal annual performance evaluation of its own performance and that of its Committees and individual Directors as per the criteria laid down by the Nomination and Remuneration Committee of the Company.

The Board evaluation was carried out through structured evaluation process by all the Directors. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board. They were evaluated on parameters such as their education, knowledge, experience, expertise, skills, behaviour, leadership qualities, level of engagement and contribution, independence of judgement, decision making ability for safeguarding the interest of the Company and its stakeholders etc. The performance evaluation of the Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Board was satisfied with the evaluation process and the results thereof.

APPOINTMENT AND REMUNERATION POLICY

The Board, on the recommendation of the Nomination & Remuneration Committee, has framed a policy for Appointment and Remuneration of Directors, Senior Management and other employees as provided under Section 178(3) of the Companies Act, 2013. The Appointment and Remuneration Policy of the Company is annexed hereto as Annexure-I and form part of this Report.

BOARD MEETINGS

During the year under review, the Board of Directors of the Company met four times i.e. 29th May, 2014, 11th August, 2014, 12th November, 2014 and 3rd February, 2015 with a predefined agenda circulated well in advance. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Company's Independent Directors met on 15th December, 2014, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. At the Meeting, they –

- i. Reviewed the performance of Non-Independent Directors and the Board as a whole;
- ii. Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Director and Non-Executive Directors;
- iii. Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

FAMILIARISATION PROGRAMS FOR BOARD MEMBERS

The Company, at the time of appointing a Director, issues a formal letter of appointment which, inter alia, explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. All the Independent Directors are provided with all the Policies/Guidelines as framed by the Company under various statutes and Listing Agreement to familiarize with Company's procedure and practices. Further, to update them on a regular basis, the Company provides copies of all the amendments in Corporate Laws, Corporate Governance Rules and Listing Agreement. The details of Company's Policy on Familiarization Programs for Independent Directors are posted on the website of the Company and can be accessed at:

www.ownahar.com/nahar_cf/pdf/FAMILIARIZATION.pdf

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

During the year under review, only two transactions were entered into with Group Companies/Associate Companies as given in the Note 21 to the Financial Statements which was on an arm's length basis and in the ordinary course of business. No any contract or arrangement was entered into with the Related Parties as per Section 188(1) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement during the financial year ended 31st March, 2015. Thus the requirement for disclosure of particulars of contracts or arrangement with related parties referred to in Section 188(1) is not applicable to the Company.

However, as per the policy of the Company all the Transactions with Group / Associate Companies are entered on arm's length basis and in the ordinary course of business. All transactions with the Group/Associate Companies are placed before the Audit Committee as well as before the Board, for their approval and information.

We would like to inform you that during the year, no material related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the Company at large.

**MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March, 2015 is ₹ 8.31 Crores. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock options or sweat equity.

SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

PARTICULARS OF LOANS, INVESTMENTS, GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note No. 8, 9, 10, 12 and 20(ii)(d) to the Financial Statements. The Company being a Non Banking Financial Company registered under Chapter IIIB of the Reserve Bank of India Act, 1934, thus the provisions of Section 186 (except Sub Section 1) of the Companies Act, 2013 in respect of lending and investment activities, are not applicable to the Company.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Board in its Meeting held on 29th May, 2014 constituted the Corporate Social Responsibility Committee (hereinafter referred to as CSR Committee) comprising of three Directors namely; Sh. Dinesh Oswal, as Chairman, Dr. S.K. Singla and Sh. Dinesh Gogna, as members. The term of reference of CSR Committee are:-

1. To formulate and recommend the Board a CSR Policy which shall indicate the activities to be undertaken by the Company as laid down in Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
2. To recommend the amount of expenditure to be incurred on the CSR activities.
3. To monitor the Company's CSR Policy and implementation of CSR projects from time to time.

The CSR Committee formulated CSR Policy and recommended to the Board to undertake CSR activities in collaboration with Group Companies under one umbrella i.e. through Oswal Foundation, which is a Registered Society formed in 2006, having its charitable objects in various fields. The Company has

started contributing the sum for the expenditure to be incurred by Oswal Foundation for CSR activities. The Oswal Foundation is undertaking the project to 'maintain the quality of soil and water' on Sidhwan Canal, Ludhiana. Besides, the said Foundation has also adopted two Government Schools situated in Ludhiana District for 'promoting education'. The Company's CSR Policy is available on its website i.e. www.ownahar.com. The disclosure relating to the CSR activities pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 9 of the Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility) Rules, 2014 is annexed hereto as "Annexure II" and form part of this Report.

VIGIL MECHANISM

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2013, the Company established a Vigil Mechanism process as an extension of Company's Code of Conduct whereby any employee, directors, customers, vendors etc., can report the genuine concerns or grievances to the Compliance Officer or members of the Audit Committee about unethical behaviour, actual or suspected, fraud or violation of Company's Code of Conduct so that appropriate action can be taken to safeguard the interest of the Company. The Mechanism also provides for adequate safeguards against victimisation of persons who uses such mechanism. The mechanism provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The Whistle Blower Policy/Vigil Mechanism is also posted on Company's Website. The Company has a dedicated e-mail address i.e. whistleblowerncfsi@ownahar.com for reporting the genuine concerns.

The Audit Committee regularly reviews the working of the Mechanism. No complaint was received during the year under review.

CREDIT RATING

Your Directors are pleased to inform that M/s. ICRA Limited has reaffirmed A1 (pronounced "A One") Credit Rating to the proposed Short Term Debt / Commercial Paper Programme of the Company for ₹ 25 Crores. This is very strong credit quality rating by the ICRA to the Short Term Debt / Commercial Paper and it reflects the company's financial discipline and prudence.

SUBSIDIARIES, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company does not have any subsidiary and joint venture company. No Company has become or ceased to be the Associate Company of the Company during the year under review.

CONSOLIDATED FINANCIAL STATEMENT

As per Companies Act, 2013, the Company has three Associate Companies viz. Nahar Spinning Mills Ltd., Nahar Industrial Enterprises Ltd. and Nahar Poly Films Ltd. as defined under Companies Act, 2013. Since the Company is not having any



subsidiary and joint venture Company, thus, the Company is not required to consolidate the financial statements for the financial year ended 31st March, 2015 as per Ministry of Corporate Affairs (MCA) Notification No. G.S.R. 723(E) dated 14/10/2014.

However, a report on the performance and financial position of each of the Associate Companies as per the Companies Act, 2013 in the Form AOC-1 is annexed to the Financial Statements for the year ended 31.03.2015.

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. Further, as per the provisions of Companies Act, 2013, the Company may send financial statements and other documents by electronic mode to its members. 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 gredressalnfcsl@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., 25th Floor Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.
2. The National Stock Exchange of India Ltd., Exchange Plaza, Plot No.C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051.

The Company has paid listing fee to both the Stock Exchanges for the financial year 2015-16.

DEMATERIALISATION OF SHARES

Your Company has 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, 2015, 97.09% of the total Equity Share Capital of the Company has been dematerialized. 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/FITC/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

As required under Section 177 of the Companies Act, 2013, Company has already constituted an Audit Committee consisting of three Non-executive Directors under the Chairmanship of Prof. K.S. Maini, Dr. S K Singla and Sh. S.K. Sharma as members. Mrs. Anjali Modgil is the Secretary of the Committee. The Committee held four meetings during the year under review.

RISK MANAGEMENT

The Company being essentially an Investment Company, its main sources of income is dividend/income receivable on investments in Equity Shares/Debentures/Bonds 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 the Company has already developed and implemented a Risk Management Policy for the Company including therein identification and risk mitigation measures. The Policy is also posted on Company's website i.e. owmnahar.com. Further, the Company has also 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. S.K. Singla, as members. The main term of reference of the Committee is to review and monitor the risk associated with Company's business and suggest measures for mitigation of the same as per Company's Risk Management Policy. 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