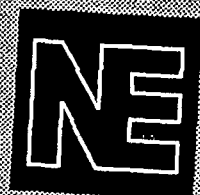




MD	✓	BKC	✓
CS	✓	DPY	ND
RO	✓	DIV	ND
TRA	MA	AC	✓
AGM	✓	SH	✓
VE	✓		

THE NAHAR GROUP



Nahar Exports Limited



ANNUAL REPORT 1997-98

BOARD OF DIRECTORS

CHAIRMAN CUM MANAGING DIRECTOR

SH. JAWAHAR LAL OSWAL

DIRECTORS

SH. KAMAL OSWAL
SH. DINESH OSWAL
SH. KOMAL JAIN
SH. DINESH GOGNA
SH. SATPAUL NIJHAWAN
SH. SARDARI LAL SEHGAL
SH. VIJAY GUPTA
DR. (MRS.) H.K.BAL
DR. OM PARKASH SAHNI

FINANCE CONTROLLER

SH. PREM KISHORE VASHISHTH

SECRETARY CUM MANAGER (ACCOUNTS & FINANCE)

SH. RAJESH KUMAR

BANKERS

PUNJAB NATIONAL BANK
IBB BRANCH, INDUSTRIAL AREA,
LUDHIANA

STATE BANK OF INDIA
MILLER GANJ, LUDHIANA

AUDITORS

GUPTA VIGG & CO.
CHARTERED ACCOUNTANTS
G.T.ROAD, MILLER GANJ, LUDHIANA.

REGISTERED OFFICE

376, INDUSTRIAL AREA-'A' LUDHIANA

WORKS

1. RSM, VILLAGE JODHAN, DISTT. LUDHIANA
2. NEL, 100% EOU VILLAGE LEHLI/LALRU
DISTT. PATIALA
3. NEL, 425, INDUSTRIAL AREA-'A' LUDHIANA
4. NEL, 376, INDUSTRIAL AREA-'A' LUDHIANA
5. NEL, B-XXX, 1743/3, DHANDARI, LUDHIANA

10TH ANNUAL GENERAL MEETING	CONTENTS	PAGE NO.
DAY : TUESDAY	NOTICE	1
DATE : 29TH SEPTEMBER 1998	DIRECTORS' REPORT	4
TIME : 3.00 P.M.	AUDITORS' REPORT	7
PLACE : AT THE PREMISES OF	BALANCE SHEET	8
NAHAR INTERNATIONAL LIMITED	PROFIT AND LOSS ACCOUNT	9
FOCAL POINT, LUDHIANA	NOTES ON ACCOUNTS	16
	BALANCE SHEET ABSTRACT	21
	CASH FLOW	22



ANNUAL REPORT 1997-98

NOTICE

Notice is hereby given that the 10th Annual General Meeting of the Members of Nahar Exports Limited, will be held on Tuesday, the 29th day of September, 1998 at 3.00 P.M. at the Premises of Nahar International Limited, Focal Point, Ludhiana-141 010, to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance sheet as at 31st March, 1998 and the Profit & 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 Oswal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. (Mrs.) H.K. Bal who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Dr. O.P. Sahni who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modifications or re-enactment thereof, for the time being in force) consent and approval of the Shareholders of the Company be and is hereby accorded for the appointment of Sh. Jawahar Lal Oswal as Managing Director of the Company as defined in Section 2 (26) of the Companies Act, 1956 for a period of 5 years w.e.f. 1st February, 1998 on the terms & conditions set out below :

1) Salary:

Salary of Rs. 2,00,000/- (Rs. Two lakh only) per month but so long as he functions as such, he shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

2) Commission :

One percent commission on the net profits of the Company, subject to maximum of half of the Annual Salary.

3) Perquisites as mentioned below:

i) **House Rent Allowance :** 30% of the Salary.

ii) **Medical Reimbursement:**

Reimbursement of the medical expenses incurred for self and family subject to a ceiling of one month's salary in a year. However this medical entitlement can be accumulated for the period of 5 years.

iii) **Leave Travel Concession:**

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

iv) **Club Fees:**

Fees of club subject to a maximum of two clubs. (No admission and life membership fees will be paid).

v) **Personal Accident Insurance & Medical Insurance:**

Personal Accident Insurance and Medical Insurance of an amount, the annual premium of which shall not exceed Rs. 10,000/-p.a.

vi) Gratuity payable should not exceed half month's salary for each completed year of service.

Note : For the purpose of perquisites stated herein above, family means the spouse, the dependent children and the dependent parents of the appointee.

Minimum Remuneration :

Wherein any financial year, the Company has no profit or its profits are inadequate, the Company may pay Sh. Jawahar Lal Oswal, remuneration by way of salary, perquisites and other allowances as per the limits, specified under Section II of the Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER that Sh. Jawahar Lal Oswal, Managing Director be entrusted herewith substantial powers for Managing the affairs of the Company and his duties shall include the overall supervision of the functioning and Administration of the affairs of the Company subject to the superintendence, control and direction of the Board of Directors and to perform all other duties that the Board may delegate to the Managing Director from time to time other than the powers which are to be specifically exercised by the Board of Directors of the Company as per the provisions of the Companies Act, 1956.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to alter & vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof, for the time being in force or any amendments or modifications that may hereafter be made thereto by the Central Government), as may be agreed to between the Board of Directors and Sh. Jawahar Lal Oswal.



NAHAR EXPORTS LIMITED

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

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL Resolution :

"(i) RESOLVED that pursuant to Section 94(1) of the Companies Act, 1956 the Authorised Capital of the Company be increased from 300 lacs Equity Shares of Rs 10/- each (i.e. Rupees Thirty Crores only) to 450 lacs Equity Shares of Rs. 10/- each (i.e. Rupees Forty Five Crores only).

(ii) RESOLVED FURTHER that clause V of the Memorandum of Association of the Company be amended and substituted by the following :

The Authorised Share Capital of the Company is Rs. 45,00,00,000 (Rs. Forty Five Crore only) divided into 4,50,00,000 (Four Crore Fifty Lacs only) Equity Shares of Rs. 10/-each with power to increase or to reduce its Capital and divide the shares in the new Capital into several classes and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to modify or abrogate any such rights, privileges or conditions and to purchase/buy-back any of its own fully paid / partly paid shares for cancellation or otherwise in such manner as may be permitted by the Companies Act, 1956 or provided by the regulations of the Company for the time being in force."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL Resolution :

"RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 the Articles of Association of the Company be altered in the following manner :

Existing Article No. 4 be amended and substituted by the following :

The Authorised Share Capital of the Company is Rs. 45,00,00,000 (Rs. Forty Five Crores only) divided into 4,50,00,000 (Four Crore Fifty lacs only) Equity Shares of Rs. 10/- each with power to increase or to reduce its Capital and divide the shares in the new Capital into several classes and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to modify or abrogate any such rights, privileges or conditions and to buy-back its equity shares from the existing holders of equity shares of the Company, on a proportionate basis or otherwise and/or from the open market and/or from the lots smaller than market lot of the equity shares (odd lot) from out of its free reserves or out of the Share Premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose or from such other sources and on such terms, conditions and in such manner as may be permitted by the Companies Act, 1956 or provided by the regulations of the Company for the time being in force."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL Resolution.

"RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 the Articles of Association of the Company be and is hereby altered as under :

In existing Article No. 3, the word "Section 77 of" appearing in the first line be deleted."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL Resolution.

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof and any ordinance promulgated in this regard for the time being in force and as may be enacted/ promulgated from time to time) and subject to such other approvals, and permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the Board) the consent of the shareholders is hereby accorded to the Board to buy-back its equity shares from the existing holders of Equity Shares of the Company, on a proportionate basis or otherwise and/or from the open market and/or from the lots smaller than market lot of Equity Shares (odd-lot) from out of its free reserves or out of the Share Premium Account or out of the proceeds of any issue made by the company specifically for the purpose or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time provided that the aggregate Equity Shares so bought back shall not exceed such percentage of the Equity Shares of the Company as may be prescribed by law from time to time.

RESOLVED FURTHER that Board be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as they may in their absolute discretion deem necessary, fit or proper."

By Order of the Board

Place: Ludhiana
Dated : 25th August, 1998

RAJESH KUMAR
SECRETARY

NOTES:

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business under item No.7 to item No.11 is annexed hereto and forms part of the Notice.



ANNUAL REPORT 1997-98

2. 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. IN ORDER THE PROXY BE EFFECTIVE IT SHOULD BE DEPOSITED WITH THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING.
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 on the Company's Register of Members as on 29th September, 1998.
4. Pursuant to Section 205 A of the Companies Act, 1956, all unclaimed dividends up to the financial year 1993-94 have been transferred to General Revenue Account of the Central Government. Shareholders who have not encashed their Dividend Warrants relating to the said period are requested to claim the amount from the Registrar of Companies, 286, Defence Colony, Jalandhar Pb. In case of any assistance required, please write to the Company. The unpaid dividend for the year 1994-95 is due to be transferred to General Revenue Account of the Central Government in the month of November, 1998.
5. Change of address, if any, to be effective, must reach the Company's office by 29th September, 1998 and if any of these are received later than the said date, the same will not be taken into account for the purpose of payment of dividend declared by the Company. Members are requested to provide their Bank Account Number, Name and Address of the Bank/branch to enable the Company to incorporate the same in the Dividend Warrants.
6. The Register of Members & Share Transfer Register of the Company will remain closed from 26th September, 1998 to 29th September, 1998 (both days inclusive).
7. 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.
8. Members are requested to bring the copy of Annual Report alongwith them at the meeting.

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

Item No. 7

The Board of Directors of the Company at their meeting held on 2nd February, 1998 have unanimously appointed, subject to the approval of the Shareholders of the Company, Sh. Jawahar Lal Oswal as the Managing Director of the Company w.e.f. 1st February, 1998 for a period of 5 years on the remuneration and other terms & conditions as mentioned in the resolution. Sh. Jawahar Lal Oswal is a noted industrialist having more than 34 years of experience in the industry and having a very vast experience in management of Woollen, Cotton Hosiery garments and Cotton yarn industry. He is also Managing Director of M/s Oswal Woollen Mills Limited.

The Directors recommend the resolution for your approval.

Except Sh. Kamal Oswal & Sh. Dinesh Oswal, the Directors of the Company, being appointee's relatives and the appointee himself, none of the other Directors of the Company is, in any way concerned or interested in this resolution.

Item No. 8 to 11

Your Directors are of the view that the existing authorised capital should be increased to enable them to increase the subscribed capital as and when required for the purpose of the Company. Hence it is recommended that authorised capital be increased from Rs.30 Crores to Rs.45 Crores by the creation of further 1,50,00,000/- new equity shares of Rs. 10/- each.

Further buy-back of own Equity Shares is presently not allowed under the Companies Act, 1956. As proposed in the Companies Bill, 1997 and press release issued by the Government, it is expected that shortly the law will be amended to allow such buy-back.

Your Board of Directors is of the opinion that there may be a need to buy-back the shares of the Company for the various reasons in the overall interest of the shareholders of the Company. Such buy-back of Shares, if permitted, is expected to enhance the shareholders value. It is therefore proposed to enable the Company to buy-back shares as set out in the proposed resolutions, subject to necessary enactment in this regard. The Memorandum and Articles of Association of the Company is also to be suitably altered to enable the Company to buy-back own Equity Shares. These resolutions are enabling provisions aimed at facilitating the Company to buy-back the shares as soon as legally premissible. Your directors, therefore recommend these resolutions for your approval.

Since the clause V of the Memorandum of Association of the Company is being altered, it is also necessary to amend Article 3 & Article 4 of the Articles of Association of the Company.

The directors of the Company may be deemed to be interested or concerned in the resolutions to the extent of their shareholding in the Company.

By Order of the Board

Place: Ludhiana
Dated : 25th August, 1998

RAJESH KUMAR
SECRETARY



NAHAR EXPORTS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 10th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS

(Rs. in Lacs)			
PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	
Profit before Interest & Depreciation	3446.95	3268.03	
Less: Interest	704.73	591.75	
Depreciation	862.61	639.03	
Provision for tax	190.76	320.60	1551.38
Profit After Tax	1688.85	1716.65	
Add: Adjustment of Income Tax of earlier years	—	132.18	
Balance of Surplus brought forward	15.46	25.35	157.53
Amount available for appropriation	1704.31	1874.18	
APPROPRIATION			
Proposed Dividend	469.48	468.72	
(Including Tax on Dividend)	1215.00	1390.00	
Transfer to General Reserve	19.83	15.46	
Balance Carried to Balance Sheet	1704.31	1874.18	

OPERATIONS REVIEW

During the year under review the turnover of the Company increased to Rs. 16613.62 lacs as compared to Rs. 13249.12 lacs during the previous year, thereby showing an increase of 25.39 % over the previous year. The Company has achieved the total export turnover of Rs.9710.62 Lacs as compared to Rs. 7868.37 lacs during the last year. However, profit after tax was marginally lower at Rs.1688.85 Lacs as compared to last year figure of Rs 1716.65 lacs. The profit margin remained under pressure due to overall prevalent depressed market conditions both in the domestic and international markets. However, the management of your Company is striving hard to explore the new untapped international markets & better utilisation of the assets to overcome the prevalent circumstances.

EXPANSION PLANS

The total spindleage capacity of the Company's spinning unit at Village Jodhan, Distt. Ludhiana is 64080 spindles. The 100% E.O.U. of the Company being set up at Village Lehli-Lalru, Distt. Patiala, Punjab has already started commercial production on 20.01.98. The installed capacity of 100% E.O.U. of the Company is 12480 spindles as on date. The total spindleage capacity of 100% E.O.U. will be 25000 spindles after the completion of the project. The total installed capacity of the Company as on date is 76560 spindles.

DIVIDEND

Your Directors are pleased to recommend a dividend @ 18% on the amount paid up on the equity share capital. The equity shares allotted on the basis of the positive consent received during the year from the holders of Part-B of 12.5% Secured Fully Convertible Debentures of Rs.200/- each are entitled for full year dividend for the year 1997-98.

PROMISE VS PERFORMANCE

(In terms of clause 43 of Listing Agreement)

During the year 1994, the Company had raised funds by the way of Right Issue & Preferential issue for increasing its spindleage capacity to 65128 spindles. As on 31.03.98 the 71760 spindles have been installed and out of these 64080 spindles have been installed at Village Jodhan, Distt. Ludhiana and balance 7680 spindles have been installed at 100% E.O.U. at Village Lehli-Lalru Distt. Patiala.

DIRECTORS

Mr. Dinesh Oswal, Dr. (Mrs.) H.K. Bal & Dr. O.P. Sahni, retire by rotation and being eligible, offer themselves for re-appointment.



ANNUAL REPORT 1997-98

AUDITORS

M/s Gupta Vigg & Co., Chartered Accountants, the Auditors of your Company shall be retiring at the conclusion of the forthcoming Annual General Meeting and being eligible, offers 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.

COST AUDIT

M/s Ramanath Iyer & Co., Cost Accountants, New Delhi have been appointed as Cost Auditors for the Current Year and their report would be submitted to the Government in accordance with the requirement of Law.

PERSONNEL

The Industrial relations between the employees and the management remained peaceful and cordial throughout the year. The information as required under Section 217 (2A) of the Companies Act, 1956 read with the Rules framed thereunder is given as per Annexure - 1 of this report.

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

The detailed information as required u/s 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given as per Annexure - II of this report.

FIXED DEPOSITS

During the year the Company has not accepted any fixed deposits within the meaning of Section 58-A of the Companies Act, 1956 and the Rules made thereunder.

ACKNOWLEDGEMENT

The Board records its sincere gratitude appreciation for the sincere Company's operation and valuable guidance from Financial Institutions, Banks and Central and State Government authorities. Your Directors also wish to place on record their thanks and appreciation to all workers, staff members and executives for their contribution to the operations of the Company.

For and on behalf of the Board

Place : Ludhiana

Dated : 25th August, 1998

JAWAHAR LAL OSWAL
CHAIRMAN CUM MANAGING DIRECTOR.

ANNEXURE - I

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

SR. NAME NO.	DESIGNATION/ NATURE OF DUTIES	REMUNER- ATION (RS.)	NATURE OF EMPLOYMENT	QUALIFICATION	EXPERIENCE (YEARS)	DATE OF EMPLOY- MENT	AGE (YEARS)	LAST EMPL- OYMENT HELD
1. *Sh. Jawahar Lal Oswal	Managing Director	7,20,000	Contractual	Graduate	34	01.02.98	55	NIL
2. Mr. S. L. Sehgal	Executive Director	7,95,556	Contractual	Textile Engineering	38	01.01.90	62	Rohtak Textile Mills Ltd. Rohtak
3. Mr. T. Chandramohan	General Manager	4,00,482	Non- Contractual	Diploma in Textiles	31	01.01.97	51	Nahar Spinning Mills Ltd.
4. Mr. S.D. Avasthi	G.M. (Tech.)	3,50,094	"	B. Textiles	19	14.05.92	43	M/s Vardhman Polytex Ltd. Bathinda
5. *Mr. R. Balakrishnan	V.P. (Maint.)	1,12,675	"	Dip. in Textiles	14	21.11.97	33	M/s Cheslind Textiles Bagalur Hosur (T.N.)

Notes :

1. Remuneration includes Salary, House Rent Allowance, Medical Reimbursement, Exgratia, Employers contribution to Provident Fund, Commission where applicable and other perquisites.
2. Sh. Jawahar Lal Oswal is related to Sh. Dinesh Oswal and Sh. Kamal Oswal, the Directors of the Company.

* Employed for part of the year.