



**THE NAHAR GROUP**

*13<sup>th</sup>*  
*Annual Report*  
*2000-2001*

reportjunction.com



**NAHAR EXPORTS LIMITED**  
(Golden Trading House)



# NAHAR EXPORTS LIMITED

## BOARD OF DIRECTORS

### Sh. Jawahar Lal Oswal

Sh. Dinesh Oswal  
Sh. Kamal Oswal  
Sh. Dinesh Gogna  
Sh. Sardari Lal Sehgal  
Sh. Komal Jain  
Dr. (Mrs.) H.K. Bal  
Dr. Om Parkash Sahni  
Sh. Gursharan Singh Dhiman  
Sh. Amarjeet Singh  
Sh. Vinod Kumar Khanna  
Sh. Kanwar Sain Maini

### Chairman-cum-Managing Director

Managing Director  
Director  
Director  
Executive Director  
Director  
Director  
Director  
Addl. Director  
Addl. Director  
Addl. Director

## FINANCE CONTROLLERS

Sh. Prem Kishore Vashishth  
Sh. Anil Kumar Garg

## COMPANY SECRETARY

Sh. Rajesh Kumar

## BANKERS

PUNJAB NATIONAL BANK  
STATE BANK OF INDIA  
CANARA BANK  
ALLAHABAD BANK

## REGD. OFFICE

376, Industrial Area-A,  
Ludhiana-141 003, Punjab.

## AUDITORS

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

## WORKS

1. **Rishab Spinning Mills**  
Village Jodhan, Distt. Ludhiana
2. **Nahar Exports Ltd.**  
B-XXX, 1743/3, Dhandari, Ludhiana
3. **Nahar Exports Ltd. 100% EOU**  
Village Lehli/Lalru, Distt. Patiala
4. **Nahar Fibres Unit-I**  
Jitwal Kalan, Malerkotla.
5. **Nahar Fibres 100% EOU**  
Jitwal Kalan, Malerkotla.

## 13TH ANNUAL GENERAL MEETING

DAY : FRIDAY  
DATE : 28TH SEPTEMBER  
TIME : 10.45 A.M.  
PLACE : AT THE PREMISES OF  
NAHAR INTERNATIONAL LIMITED  
FOCAL POINT, LUDHIANA

## CONTENTS

## PAGE NO.

|                                |    |
|--------------------------------|----|
| NOTICE                         | 1  |
| DIRECTORS' REPORT              | 3  |
| REPORT ON CORPORATE GOVERNANCE | 6  |
| AUDITORS' REPORT               | 9  |
| BALANCE SHEET                  | 10 |
| PROFIT & LOSS ACCOUNT          | 11 |
| NOTES ON ACCOUNTS              | 19 |
| BALANCE SHEET ABSTRACT         | 23 |
| CASH FLOW STATEMENT            | 24 |



## ANNUAL REPORT 2000-2001

### NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of Nahar Exports Limited, will be held on Friday, the 28th day of September, 2001 at 10.45 a.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, 2001 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. Kamal Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. Dinesh Gogna, who retires by rotation and being eligible, offers himself 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 an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Sh. Vinod Kumar Khanna, who was appointed by the board as an Additional Director of the company w.e.f. 30th June, 2001 and who holds such office upto 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."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Sh. Amarjeet Singh, who was appointed by the board as an Additional Director of the company w.e.f. 30th June, 2001 and who holds such office upto 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."

9. 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 Sh. Kanwar Sain Maini, who was appointed by the board as an Additional Director of the company w.e.f. 30th June, 2001 and who holds such office upto 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  
Dated : 31st July, 2001

RAJESH KUMAR  
SECRETARY



# NAHAR EXPORTS LIMITED

## NOTES

1. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business under item No. 7 to item No. 9 is annexed hereto and forms part of the Notice.
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 TO 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 28th Sept. 2001 or Register of Beneficial owners maintained by the Depositories at the close of 19th Sept., 2001.
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 en-cashed 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.
5. Change of address, if any, to be effective, must reach the company's office by 20th Sept., 2001 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 if already not provided, their Bank Account Number, Name & 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 20th Sept., 2001 to 28th Sept., 2001 (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.
9. Members of erstwhile Nahar Fibres Limited (which has been amalgamated into the company) who have not surrendered the shares of Nahar Fibres Limited are again requested to surrender the shares of Nahar Fibres Limited to the company for getting the shares of the company in exchange.
10. While opening a depository account with participants of depository, you may have given your bank account details, which will be used by your company for printing on dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the account specified on the dividend warrants. This ensures safety for investors. However, you may want to receive dividend in an account other than the one specified, while opening the depository account. If so, you may change/correct bank account details with your depository participant. We also request you to kindly give MICR code of your bank to your depository participant.

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

#### ITEM NO. 7

The Board of Directors of the company appointed Sh. Vinod Kumar Khanna as an Additional Director of the company w.e.f. 30th June, 2001 pursuant to article 109 of the Articles of Association of the company. In terms of section 260 of the Companies Act, 1956 read with article 109 of the Articles of Association of the company, Sh. Vinod Kumar Khanna will hold office of the Additional Director upto the date of ensuing Annual General Meeting. The company has received a notice in writing alongwith requisite

deposit from a member under section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Sh. Vinod Kumar Khanna as a Director, liable to retire by rotation. The company has also received consent in writing from Sh. Vinod Kumar Khanna to act as a Director of the company, if appointed.

Sh. Vinod Kumar Khanna is a Chartered Accountant, and is having 20 years of experience in Accounts, Taxation and Audit work. He is also the Director of Nahar Spinning Mills Ltd. Your Directors considers that having regard to his wide knowledge and experience, it will be in the interest of the company to appoint him as a Director of the company.

Your Directors recommend the resolution for your approval.

None of the Directors except Sh. Vinod Kumar Khanna is, in any way, concerned or interested in the resolution.

#### ITEM NO. 8

The Board of Directors of the company appointed Sh. Amarjeet Singh as an Additional Director of the company w.e.f. 30th June, 2001 pursuant to article 109 of the Articles of Association of the company. In terms of section 260 of the Companies Act, 1956 read with article 109 of the Articles of Association of the company, Sh. Amarjeet Singh will hold office of the Additional Director upto the date of ensuing Annual General Meeting. The company has received a notice in writing alongwith requisite deposit from a member under section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Sh. Amarjeet Singh as a Director, liable to retire by rotation. The company has also received consent in writing from Sh. Amarjeet Singh to act as a Director of the company, if appointed.

Sh. Amarjeet Singh is a Bachelor of Law (LL.B), and is having wide experience in Taxation and Legal work. He is also the Director of Nahar Spinning Mills Ltd., Nahar International Ltd., Vanaik Investors Ltd, Oswal Woollen Mills Ltd. and Oswal Leasing Ltd. Your Directors considers that having regard to his wide knowledge and experience, it will be in the interest of the company to appoint him as a Director of the company.

Your Directors recommend the resolution for your approval.

None of the directors except Sh. Amarjeet Singh is, in any way, concerned or interested in the resolution.

#### ITEM NO. 9

The Board of Directors of the company appointed Sh. Kanwar Sain Maini as an Additional Director of the company w.e.f. 30th June, 2001 pursuant to article 109 of the Articles of Association of the company. In terms of section 260 of the Companies Act, 1956 read with article 109 of the Articles of Association of the company, Sh. Kanwar Sain Maini will hold office of the Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing alongwith requisite deposit from a member under section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Sh. Kanwar Sain Maini as a Director, liable to retire by rotation. The company has also received consent in writing from Sh. Kanwar Sain Maini to act as a Director of the company, if appointed.

Sh. Kanwar Sain Maini is M.Com and Retired as P.E.S.-1, Punjab Education, as Head of Commerce Department (Post Graduate), Govt. College, Ludhiana. He is Co-Author of many Books on Book Keeping & Accountancy and Business Statistics. He is also associated with Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. Your Directors considers that having regard to his wide knowledge and experience, it will be in the interest of the company to appoint him as a Director of the company. He is also the director of Nahar Industrial Enterprises Ltd.

Your Directors recommend the resolution for your approval.

None of the directors except Sh. Kanwar Sain Maini is, in any way, concerned or interested in the resolution.

**By Order of the Board**

**Place : Ludhiana  
Dated : 31st July, 2001**

**RAJESH KUMAR  
SECRETARY**





# ANNUAL REPORT 2000-2001

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **Thirteenth Annual Report** together with Audited Accounts of the company for the year ended 31st March, 2001.

## FINANCIAL RESULTS

FINANCIAL RESULTS

(Rs. in Lacs)

| PARTICULARS  | CURRENT YEAR | PREVIOUS YEAR |
|--|--------------|---------------|
| Profit before Interest & Depreciation                        | 7108.22      | 6366.29       |
| Less : Interest  | 1676.50      | 1731.25       |
| Depreciation   | 2426.74      | 2276.42       |
| Provision for tax  | 249.96       | 193.71        |
| Profit after tax   | 2755.02      | 2164.91       |
| Add : Adjustment of Income Tax/Depreciation of earlier years | (-) 141.00   | (-) 40.76     |
| Balance of Surplus brought forward                           | 17.63        | 19.91         |
| Amount transferred from General Reserve                      | —            | 123.37        |
| Amount available for appropriation                           | 2631.65      | 1540.00       |
| APPROPRIATION  |              | 1519.15       |
| Proposed Dividend (Including Tax on Dividend)                | 577.87       | 639.70        |
| Transferred to General Reserve                               | 1640.00      | —             |
| Diminution in long term investment                           | 396.42       | 3026.73       |
| Balance carried to Balance Sheet                             | 17.36        | 17.63         |
|  | 2631.65      | 3684.06       |

## OPERATIONS REVIEW

Notwithstanding the general slowdown in the economy, your company has been successful in improving its performance on all fronts. The operating income at Rs. 44463.47 lacs has shown an increase of 6.59% over the previous year. Likewise on export front too, the company has improved its performance. The export at Rs. 28713.73 lacs has shown an impressive increase of 13.52% over the previous year. Your company continues to enjoy the status of GOLDEN TRADING HOUSE in recognition of its continued outstanding export performance.

We are pleased to inform you that the company's efforts has been recognised by the Texprocil by awarding Silver Trophy for Highest Global Export of Yarn under mill exporting category for the year 1999-2000.

Your management by putting its best efforts & by optimum utilisation of available resources, has also been able to improve company's profitability. The gross profit at Rs. 5431.72 lacs and profit after tax at Rs. 2755.02 lacs has shown an impressive increase of 17.19% and 27.26% respectively over the previous year.

In line with company's policy to reflect true and fair view, the fall in market value of company's long term investments, has been accounted for and accordingly a sum of Rs. 396.42 lacs has been appropriated from the profits for the year.

After appropriation of profits as per details here in above, an amount of Rs. 1640.00 lacs has been transferred to General Reserve of the company and the company's reserves has risen to Rs. 18778.37 lacs as on 31st March, 2001.

## DIVIDEND

Your Directors are pleased to recommend a dividend @ 15% (i.e. Rs. 1.50 per share) on the paid up value of equity shares. The equity shares allotted to 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 2000-2001.

The dividend, if approved, at the forthcoming Annual General Meeting, will be paid out of the profits of the Company for the year under reference to all those shareholders whose names shall appear in the Register of Members on 28th September, 2001 or Register of Beneficial Owners maintained by the Depositories as on the close of 19th September, 2001.

## DIRECTORS

During the year, Sh. Vijay Gupta and Sh. Sat Paul Nijhawan resigned from the Directorship of the Company. The Board place on record their appreciation for the valuable services rendered by them during their tenure with the company.

Pursuant to article 112 of the Articles of Association of the company Sh. Kamal Oswal, Sh. Dinesh Gogna and Dr. O.P. Sahni will be retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the period under review, Sh. Vinod Kumar Khanna, Sh. Amarjeet Singh and Sh. Kanwar Sain Maini were appointed as Additional Directors to hold office upto the ensuing Annual General Meeting. The Company has received notices U/S 257 of the Companies Act, 1956 from members proposing candidature of Sh. Vinod Kumar Khanna, Sh. Amarjeet Singh and Sh. Kanwar Sain Maini as Directors of the Company.

In terms of Clause 49 of the listing Agreement with the Stock Exchanges the details of directors to be appointed are contained in the accompanying notice of the forthcoming Annual General Meeting.

## LISTING

The securities of the company are listed on the following Stock Exchanges:

- The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana
- The Delhi Stock Exchange Association Limited, DSE House, 3/1, Asaf Ali Road, New Delhi
- The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai and
- The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad.

Further the company has paid listing fee to all the aforesaid Stock Exchanges for the financial year 2001-2002.

## DEMATERIALISATION OF SHARES

As already informed in our earlier report that your company has joined hands with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate holding and trading of securities in electronic form.

We would also like to inform you that the Securities and Exchange Board of India (SEBI) has included the company's scrip in compulsory demat settlement for all investors w.e.f. 08th May 2000. Thus the dealing in the company's equity shares in future will be in demat form only. We hope that you will avail this



# NAHAR EXPORTS LIMITED

opportunity and get your holding dematerialised at the earliest. As on date 71.52% of equity Capital of the company has been dematerialised.

## CORPORATE GOVERNANCE

In compliance with the clause 49 of the Listing Agreement with the Stock Exchange(s), the Board, at its meeting held on 30th June, 2001 has constituted/reconstituted the following committees of Directors :

1. Audit Committee : Under the Chairmanship of Sh. Vinod Kumar Khanna.
2. Share Transfer Committee : Under the Chairmanship of Sh. Dinesh Oswal
3. Shareholders Grievance Committee : Under the Chairpersonship of Dr. (Mrs.) H. K. Bal.

These Committees will assist the Board in fulfilling the responsibilities towards Shareholders relating to Corporate Governance. A detailed Corporate Governance report is annexed as Annexure-III.

## 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 that :

- i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) the directors 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 or loss of the company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on a going concern basis.

## COST AUDITORS

The Govt. of India, Ministry of Law, Justice and Company Affairs, Department of Company Affairs has approved the appointment of M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors for the year 2000-2001 and their report would be submitted

to the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, in accordance with the requirements of Law.

## 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.

## FIXED DEPOSITS

During the year the company has not accepted any fixed deposits within the meaning of section 58A of the Companies Act, 1956 and the rules made thereunder.

## PARTICULARS OF EMPLOYEES

The information as required under Section 217(2A) of the Companies Act, 1956 read with the rules framed thereunder, is enclosed as per Annexure-I

## 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 report of Board of Directors) Rules, 1988 is enclosed as per Annexure - II of this report.

## 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.

## ACKNOWLEDGMENT

The Board records its grateful 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 operation of the company.

The Directors also place on record their sincere thanks to the shareholders for their continued support, co-operation & confidence in the management of the company.

For and one behalf of the Board

Place : Ludhiana

JAWAHAR LAL OSWAL

Dated : 30<sup>th</sup> June, 2001

Chairman Cum Managing Director

## 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, 2001.

ANNEXURE - I

| Sr No. | Name                  | Designation/<br>Nature of Duties  | Remuneration<br>in Rs. | Nature<br>of Em-<br>plo-<br>yment | Qualification          | Experience<br>in years | Date of<br>Employment | Age in<br>Years | Last Employment<br>Held             |
|--------|-----------------------|-----------------------------------|------------------------|-----------------------------------|------------------------|------------------------|-----------------------|-----------------|-------------------------------------|
| 1.     | Sh. Jawahar Lal Oswal | Chairman cum<br>Managing Director | 4320000                | Contractual                       | Graduate               | 37                     | 01-02-1998            | 58              | Nil                                 |
| 2.     | Sh. Dinesh Oswal      | Managing Director                 | 4800000                | Contractual                       | B.Com                  | 16                     | 01-04-1998            | 36              | Oswal Woollen<br>Mills Ltd.         |
| 3.     | Sh. S.L. Sehgal       | Executive<br>Director             | 1416929                | Contractua                        | Textile<br>Engineering | 41                     | 01-01-1990            | 65              | Rohtak Textile<br>Mills Ltd. Rohtak |

Notes : 1. Remuneration includes salary, ex-gratia, leave encashment, monetary value of perquisites as per Income Tax Rules, employers contribution to provident fund and commission, where applicable.

2. Sh. Jawahar Lal Oswal is related to Sh. Dinesh Oswal, Managing Director and Sh. Kamal Oswal, Director of the Company.

3. Sh. Dinesh Oswal is related to Sh. Jawahar Lal Oswal, Chairman cum Managing Director and Sh. Kamal Oswal, Director of the company



## ANNUAL REPORT 2000-2001

## ANNEXURE - II

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001.

## 1. CONSERVATION OF ENERGY

## a) Measures taken for conservation of energy.

Energy conservation is an ongoing process in our organisation. Continuous monitoring, planning, development and modifications for energy conservation are done in all the units. All possible measures have been taken during selection of machinery and equipment's for its low energy consumption. All the new industrial light fittings installed since 1997 have been selected of either with low watt loss or with electronic chokes for minimum power consumption.

## b) Additional Investment &amp; Proposal under implementation for reduction of consumption of energy.

- Replacement of existing pneumafil suction system with the modified low energy consuming system on all Ring Frames.
- Provisions of inverter drive for suction fans in Auto Coners, where ever not provided.
- Re-distribution of compressed air line for effective utilisation of compressor.

## c) Impact of measures consequent to (a) and (b) above.

On account of the foregoing measures adopted by the company substantial saving of energy consumption and reduction in cost of production has been and shall be achieved.

The R & D efforts in the company are focused on productivity, improvement in quality and reduction of waste. The company is able to launch new value added products in the international market. The company has the latest testing equipment in the R&D lab for on-line monitoring from raw material to finished product.

## (ii) Benefits derived as a result of above R&amp;D :

The company has improved the quality of its products achieving higher quality levels and reduced waste and in turn reduced production cost. Company has expanded its market in value added product segment.

## (iii) Future plans of action :

The company is committed to continue the upgradation of its R&D facilities and new value added product development to improve its competitiveness in the times to come.

## (iv) Expenditure on R&amp;D:

|   | Current<br>Year | Previous<br>Year |
|---|-----------------|------------------|
| a) Capital (Rs)   | 142162          | 1829995          |
| b) Recurring (Rs)                                       | 313254          | 384164           |
| c) Total (Rs.)  | 455416          | 2214159          |
| d) Total R&D expenditure<br>as a %age of total turnover | 0.01            | 0.05             |

## FORM A

## A. POWER &amp; FUEL CONSUMPTION

## 1. Electricity

## (a) Purchased

|                    |           |           |
|--------------------|-----------|-----------|
| Units (kwh)        | 104091588 | 95099611  |
| Total amount (Rs)  | 331901974 | 279008279 |
| Rate per Unit (Rs) | 3.19      | 2.93      |

## (b) Own Generation

|                             |          |          |
|-----------------------------|----------|----------|
| Through Diesel<br>Generator |          |          |
| Units Produced ( KWH)       | 10177560 | 18245679 |
| Total amount.(Rs)           | 37433729 | 50997188 |
| Cost per unit ( Rs)         | 3.68     | 2.80     |
| Through steam Turbine       | Nil      | Nil      |

|                              |     |     |
|------------------------------|-----|-----|
| 2. Coal                      | Nil | Nil |
| 3. Furnace oil               | Nil | Nil |
| 4. Other/Internal Generation | Nil | Nil |

## B. CONSUMPTION PER UNIT OF PRODUCTION

## Electricity Consumed per unit

|                                      |      |      |
|--------------------------------------|------|------|
| Cotton Yarn/Synthetic Yarn (Unit/Kg) | 4.10 | 3.97 |
| Coal/per Kg. of (Dyed Yarn)          | Nil  | Nil  |

## 2. TECHNOLOGY ABSORPTION

## FORM B

## A. RESEARCH &amp; DEVELOPMENT (R&amp;D)

- (i) Specific Areas in which Research and Development carried out by the company :

## B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

## (i) Efforts in brief, made towards Technology Absorption, Adaptation and Innovation :

The Company has further added latest carding machines LC300, speed frames LF1400A, Ringframes LR6 from M/s LMW - India, Latest generation comber E62H, Unilap E30 and Draw frame SB2 from Rieter-Switzerland, Autoconer from Savio - Italy with Quantum clearers.

Existing Autoconers were upgraded with quantum clearer with contamination clearing channel from Zellweger Uster - Switzerland.

## (ii) Benefits derived as result of above efforts :

With the above mentioned efforts, the company will enjoy the benefits of improved product quality, saving in costs and reduced waste.

## (iii) Information regarding technology imported during the last five years : Nil

## 3. FOREIGN EXCHANGE EARNINGS &amp; OUTGO

|                                  | CURRENT<br>YEAR | PREVIOUS<br>YEAR |
|----------------------------------|-----------------|------------------|
| a) Foreign exchange earned (Rs.) | 2814286306      | 2467687093       |
| b) Foreign exchange used (Rs.)   | 182071930       | 295429278        |

For and on behalf of the Board

Place : Ludhiana

Dated : 30th June, 2001

JAWAHAR LAL OSWAL

(Chairman-cum Managing Director)



# NAHAR EXPORTS LIMITED

## ANNEXURE III

### CORPORATE GOVERNANCE REPORT

#### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The recently introduced Clause 49 of the Listing Agreement with Stock Exchanges incorporates certain disclosure requirements related to Corporate Governance, with the purpose of enhancing statutory compliances and disclosures related thereto. In pursuance of this objective, we are pleased to report the following:

#### I. BOARD OF DIRECTORS

- The strength of the Board was Eleven as on 31st March 2001. The Board comprises Executive and Non-Executive Directors. Sh. J.L. Oswal is the Chairman-cum-Managing Director and Sh. Dinesh Oswal is Managing Director.
- The Board met five times during the period April 2000 to March 2001 with a clearly defined agenda circulated well in advance of each meeting.
- Participation of Non-Executive Directors has been active. Attendance record of the participating Directors is as follow:

| Name of Director           | No. of meetings held upto 31.03.2001 | No. of meetings attended |
|----------------------------|--------------------------------------|--------------------------|
| Sh. Jawahar Lal Oswal      | 5                                    | 3                        |
| Sh. Dinesh Oswal           | 5                                    | 4                        |
| Sh. Kamal Oswal            | 5                                    | 5                        |
| Sh. Dinesh Gogna           | 5                                    | 5                        |
| Sh. Vijay Gupta            | 5                                    | 4*                       |
| Sh. S.L. Sehgal            | 5                                    | 4                        |
| Sh. Komal Jain             | 5                                    | 4                        |
| Dr. O.P. Sahni             | 5                                    | 4                        |
| Sh. Sat Paul Nijhawan      | 5                                    | 3*                       |
| Dr. (Mrs.) H.K. Bal        | 5                                    | 4                        |
| Sh. Gursharan Singh Dhiman | 5                                    | 2**                      |

- Sh. Vijay Gupta & Sh. Sat Paul Nijhawan resigned from the Directorship on 30th June, 2001, and on the same date Sh. Amarjeet Singh, Sh. Vinod Kumar Khanna & Sh. Kanwar Sain Maini were appointed as additional directors.

\*\* Number of meetings attended during the respective tenure of Director.

- Non Executive Directors are paid a sitting fee of Rs. 1000/- per meeting of the Board.
- The company ensures compliance of various statutory requirements by all its business units.
- All the Statutory Registers that are required to be maintained, particularly Register of Director's Shareholding, Register of Investments etc. are properly maintained and continuously updated.
- The Board in their meeting held on 30th June, 2001 has constituted/re-constituted the audit committee, share transfer committee and shareholders grievance committee.

#### 2. AUDIT COMMITTEE

A qualified and independent Audit Committee has been set up having three non executive Directors. The Audit Committee comprises of Sh. Vinod Kumar Khanna as Chairman, Sh. Dinesh Gogna and Sh. Amarjeet Singh as Members. Sh. Rajesh Kumar, will act as Secretary of the Committee.

The Committee shall be overseeing the company's financial reports and disclosure of its financial information. It will recommend the appointment of Auditors, fixation of Audit fee and also for payment for any other services. The Committee will also review quarterly unaudited financial results and Annual Accounts of the company.

#### 3. SHARE TRANSFER COMMITTEE

Company has already constituted Share Transfer Committee. The Committee consists of Sh. Dinesh Oswal, Managing Director, Sh. Kamal Oswal, Sh. Dinesh Gogna, Sh. Komal Jain, Directors and Sh. Rajesh Kumar, Secretary of the Company.

The Committee is responsible for approving the transfer and transmission of securities, issuance of duplicate certificates etc. Meeting of the Committee, is held every month to consider and approve the transfer of shares held in physical form. The Board take

note of the transfer of shares approved by the committee in their next meeting.

The Committee met on fifteen occasions during the period April 2000 to March 2001.

#### 4. SHAREHOLDERS GRIEVANCE COMMITTEE

Grievance Committee has been recently set up. It comprises Dr. (Mrs.) H.K. Bal as Chairperson, Sh. Amarjeet Singh and Sh. G.S. Dhiman as Members. Sh. Rajesh Kumar, Secretary is the Compliance Officer of the company. The Committee will ensure that all complaints of the Shareholders are redressed at the earliest.

#### 5. REMUNERATION COMMITTEE

Company is in the process of setting up Remuneration Committee and the same will be set up before 31st March, 2002.

#### 6. GENERAL BODY MEETINGS

The details of the last three Annual General Meetings are as under:

| FINANCIAL YEAR | LOCATION  | DATE       | TIME      |
|----------------|---|------------|-----------|
| 1997-1998      | Premises of Nahar International Ltd., Focal Point, Ludhiana | 29.09.1998 | 3.00 p.m  |
| 1998-1999      | Premises of Nahar International Ltd., Focal Point, Ludhiana | 24.12.1999 | 11.00 a.m |
| 1999-2000      | Premises of Nahar International Ltd., Focal Point, Ludhiana | 25.08.2000 | 11.00 a.m |

Special business transacted at the above said Annual General Meetings:

1997-1998

- To appoint Sh. Jawahar Lal Oswal as Managing Director of the company.
- To increase the authorised share capital of the company to Rs. 45.00 Crores.
- To buy back the equity shares of the company.

1998-1999

- To fix the minimum remuneration payable to Sh. Jawahar Lal Oswal, Managing Director of the Company.
- To insert new Article 13-A in Articles of association regarding dematerialisation of shares.
- To insert new Article 50-A in Articles of association regarding nomination.
- To take approval from the shareholders regarding borrowings of the company generally secured by mortgage or charge.

1999-2000

- To appoint Sh. G.S. Dhiman as Director of the Company.
- To re-appoint Sh. S.L. Sehgal Executive Director of the Company for a further period of 5 years.

#### 7. MEANS OF COMMUNICATION

The Company's quarterly results in the format prescribed by the Stock Exchanges are approved and taken on record by the Board within the prescribed period and sent immediately to all Stock Exchanges on which the company's shares are listed. These results are published in leading news papers i.e., Business Standard in English (all editions) and Punjabi Tribune in vernacular newspaper. Our Quarterly, Half yearly and Annual results are also displayed on the website of the company i.e. www.ownahar.com.

#### 8. GENERAL SHAREHOLDER INFORMATION

- Annual General Meeting : September 28, 2001  
Date, Day, Time and Venue : Friday at 10.45 a.m.  
Premises of Nahar International Ltd. Focal Point, Ludhiana
- Financial Calender (Tentative)
 

|   |                     |
|---|---------------------|
| Financial Reporting for Quarter ending June 30, 2000      | : End July, 2000    |
| Financial Reporting for Quarter ending September 30, 2000 | : End October, 2000 |
| Financial Reporting for Quarter ending December 31, 2000  | : End January, 2001 |