



THE NAHAR GROUP

14th Annual Report 2001-2002

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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. Kanwar Sain Maini

Chairman-cum-Managing Director

Managing Director

Director

Director

Executive Director

Director

Director

Director

Director

Director

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.

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/Lairu, Distt. Patiala

4. Nahar Fibres Unit-I

Jitwal Kalan, Malerkotla.

5. Nahar Fibres 100% EOU

Jitwal Kalan, Malerkotla.

AUDITORS

M/s Gupta Vigg & Co.

Chartered Accountants

101, Kismat Complex,

G.T. Road, Miller Ganj, Ludhiana-141 003.

14TH ANNUAL GENERAL MEETING

DAY : MONDAY

DATE : 30TH SEPTEMBER, 2002

TIME : 10.45 A.M

PLACE : AT THE PREMISES OF

NAHAR INTERNATIONAL LIMITED

FOCAL POINT, LUDHIANA

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NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of Nahar Exports Limited, will be held on Monday, the 30th day of September, 2002 at 10.45 a.m. at the Premises of Nahar International Limited, Focal Point, Ludhiana, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 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. Komal Jain, 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 Sh. G.S. Dhiman, 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 Dr. Suresh Kumar Singla, who was appointed by the Board as an Additional Director of the company w.e.f. 31st July, 2002 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 the provisions of section 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), consent and approval be and is hereby accorded for the re-appointment of Sh. Jawahar Lal Oswal, as Managing Director of the company for a period of 5 years w.e.f. 1st Feb., 2003 on the remuneration & perquisites set out below :

- A. Salary : Rs. 350000/- per month but so long as he functions as such, he shall not be paid any sitting fee for attending meetings of the Board of Directors or Committees thereof.
 - B. Commission : 1% of the net profit, subject to maximum of Annual Salary.
 - C. Perquisites : Following perquisites shall be allowed in addition to salary and commission:
 - i) House rent Allowance : 30% of salary.
 - ii) Medical Reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months salary over a period of five years.
 - iii) Leave Travel Concession : For self and family once in a year incurred by him.
 - iv) Club Fee : Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.
 - v) Personal Accident Insurance : Premium not to exceed Rs. 10000/- per annum.
 - vi) Car and Telephone : Free use of company's car for office work and telephone at residence.
 - vii) Provident fund and Super-annuation fund: Contribution to Provident fund, Super-annuation fund or Annuity fund in accordance with the rules specified by the company.
 - viii) Leave Encashment : Encashment of leave at the end of the tenure, as per rules of the company.
 - ix) Gratuity : Gratuity payable shall 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



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children and the dependent parents of the appointee.

MINIMUM REMUNERATION :

"RESOLVED FURTHER THAT wherein any Financial year, the company has no profits or its profits are inadequate, the company may pay Sh. Jawahar Lal Oswal, remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limits, specified under section II of the Part II of Schedule XIII of the Companies Act, 1956,"

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 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), consent and approval be and is hereby accorded for the re-appointment of Sh. Dinesh Oswal, as Managing Director of the company, not liable to retire by rotation, for a period of 5 years w.e.f. 1st February, 2003 on the remuneration & perquisites set out below :

- A. Salary : Rs. 3,00,000/- per month.
- B. Commission : 1% of the net profit, subject to maximum of Annual Salary.
- C. Perquisites : Following perquisites shall be allowed in addition to salary and commission:
 - i) Medical Reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months salary over a period of five years.
 - ii) Leave Travel Concession : For self and family once in a year any where, as per Company's policy.
 - iii) Personal Accident Insurance : Premium not to exceed Rs. 10000/- per annum.
 - iv) Car and Telephone : Free use of company's car for office work and telephone at residence.
 - v) Provident fund and Super-annuation fund : Contribution to Provident fund, Super-annuation fund or Annuity fund in accordance with the rules specified by the company.
 - vi) Leave Encashment : Encashment of leave at the end of the tenure, as per rules of the company.
 - vii) Club Fee : Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.

- viii) Gratuity : Gratuity payable shall 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 dependent parents of the appointee.

MINIMUM REMUNERATION :

"RESOLVED FURTHER THAT wherein any Financial year, the company has no profits or its profits are inadequate, the company may pay Sh. Dinesh Oswal, remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limits specified under section II of the Part II of Schedule XIII of the Companies Act, 1956,"

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 all other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the company be and is hereby altered as follows:

In the Article 65 the word "370" appearing in second line be deleted and substituted by word "372A".

11. 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 all other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the company be and is hereby altered as follows:

In the Article 147 the word "forty-two days" appearing in second line be deleted and substituted by word "thirty days".

12. 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 all other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the company be and is hereby altered as follows:

In the Article 160 (h) the word "372" appearing in second line be deleted and substituted by word "372A".

By Order of the Board

Place : Ludhiana
Dated : 31st July, 2002

RAJESH KUMAR
(SECRETARY)



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NOTES

1. The information required to be provided under the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed and 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. 12 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 MUST BE DEPOSITED WITH THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING.
3. **The Register of Members & Share Transfer Register of the company will remain closed from 23rd Sept, 2002 to 30th Sept, 2002 (both days inclusive).**
4. The Dividend on Equity shares as recommended by the Board of Directors, if approved at the Annual General Meeting, will be paid to the Members whose names appear in the company's Register of Members as on 30th Sept., 2002 or Register of Beneficial owners maintained by the Depositories at the close of 21st Sept, 2002 (22nd being Sunday).
5. No tax will be deducted at source if the dividend amount payable to an individual shareholder does not exceed Rs. 2,500/-. Shareholders who are entitled to receive dividend in the aggregate not exceeding Rs. 50,000/- during the Financial Year 2002-2003 and who desire to receive dividend without deduction of tax may file with the company a declaration in Form 15 G, in duplicate on or before 21st Sept., 2002.
6. 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. Further unpaid dividend for the year 1994-95 is to be transferred to Investor Education and Protection Fund pursuant to section 205-C of the Companies Act, 1956.
7. 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.
8. While opening a depository account with Depository participants you may have given your bank account details, which will be used by your company for printing on dividend warrants.
9. Change of address and Change in bank account details, if any, to be effective, must reach the company's office by 20th Sept., 2002 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 not provided earlier, their Bank Account Number, Name & Address of the Bank/Branch to enable the company to incorporate the same on the Dividend Warrants.
10. 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.
11. Members are requested to bring the copy of Annual Report alongwith them at the meeting.

Information Required to be furnished under the listing agreement :

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below :

1. Name : Sh. Komal Jain
 Age : 47 years
 Qualification : M.A.
 Expertise : Business experience of 20 years

Directorships in other companies :
 1. Girmar Investment Ltd.
 2. Vanaik Investors Ltd.
 3. Bermuda Investment Co. Ltd.
 4. Cannanore Investment Co. Ltd.
 5. Dundee Investment Co. Ltd.
 6. Oswego Spinning Mills Pvt. Ltd.

Chairman/Member of Committees in other companies : Nil

2. Name : Dr. (Mrs.) H. K. Bai
 Age : 63 years
 Qualification : Ph.d
 Expertise : More than 30 years of experience in Teaching, Management and Statistics.

Directorships in other companies :

Name of the Company	Committee	Status
1. Nahar International Limited	Audit	Chairperson
2. Nahar Spinning Mills Ltd	Shareholders Grievances	Chairperson
	Remuneration	Member



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3. Shreyans Industries Ltd.	Audit	Member
4. Nahar Sugar and Allied Inds. Ltd.	Audit	Member
5. Nahar Inds. Enterprises Ltd.	Remuneration	Member
	Audit	Member
	Remuneration	Member
6. Trident Alco-Chem Ltd.	—	—
7. Bhandari Exports Ltd.	—	—

3. Name : Sh. G.S. Dhiman
 Age : 54 years
 Qualification : M.B.A., L.L.B.
 Expertise : Cotton Expert having 25 years experience in domestic and international markets.

Directorships in other companies : Nil

4. Name : Sh. Jawahar Lal Oswal
 Age : 59 years
 Qualification : Graduate
 Expertise : Having 38 years business experience in Textile and Woollen Industry.

Directorships in other companies :	1. Oswal Woollen Mills Ltd.
	2. Nahar Sugar & Allied Industries Ltd.
	3. Nahar International Ltd.
	4. Nahar Industrial Enterprises Ltd.
	5. Nahar Spinning Mills Ltd.
	6. Sankheshwar Holding Co. Ltd.
	7. Vardhman Investment Ltd.
	8. Gimar Investment Ltd.
	9. Palam Motels Ltd.
	10. Nagdevi Trading & Investment Co. Ltd.
	11. Georgian Trading & Inv. Co. Ltd.
	12. Nahar Overseas Ltd.
	13. Atam Vallabh Financiers Ltd.
	14. Vanaik Investors Ltd.
	15. Ludhiana Holdings Ltd.
	16. Monica Growth Fund Pvt. Ltd.
	17. Ruchika Growth Fund Pvt. Ltd.
	18. J.L. Growth Fund Pvt. Ltd.
	19. Abhilash Growth Fund Pvt. Ltd.
	20. Neha Credit & Investment Pvt. Ltd.
	21. Interpace Trading & Inv. Co. (P) Ltd.
	22. Ogden Trading & Investment Co. (P) Ltd.
	23. Nahar Growth Fund Pvt. Ltd.

Chairman/Member of Committees in other companies : Nil

5. Name : Sh. Dinesh Oswal
 Age : 37 years
 Qualification : B.Com
 Expertise : Having business experience of more than 17 years in Textile Industry.

Directorships in other companies :	1. Nahar Spinning Mills Ltd.
	2. Nahar International Ltd.
	3. Nahar Sugar & Allied Industries Ltd.
	4. Nahar Overseas Ltd.
	5. Nahar Industrial Infrastr. Corp. Ltd.
	6. Oswal Woollen Mills Ltd.
	7. Nahar Industrial Enterprises Ltd.
	8. Palam Motels Ltd.
	9. Michel Investment Ltd.
	10. Atam Vallabh Financiers Ltd.
	11. Ludhiana Holdings Ltd.
	12. Vanaik Investors Ltd.
	13. Sankheshwar Holding Co. Ltd.
	14. Georgian Trading & Invst. Co. Ltd.
	15. Interpace Trading & Invst. Co. P Ltd.
	16. Ogden Trading & Invst. Co. (P) Ltd.
	17. Kulu Investment & Trading Pvt. Ltd.
	18. Annedale Investments Pvt. Ltd.
	19. Tahira Investment Pvt. Ltd.
	20. Honanu Invst. & Trading Pvt. Ltd.

Chairman/Member of Committees in other companies : Chairman of Share Transfer Committee of Nahar Spinning Mills Ltd.

6. Name : Dr. Suresh Kumar Singla
 Age : 52 years
 Qualification : M.A (Stats. & Eco.) & Ph.D (Stats.)
 Expertise : Having 25 years experience in Teaching, Management and Administration

Other Directorships :

Name of the Company	Committee	Status
Metro Tyres Ltd.	Audit	Member

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

ITEM NO. 7

The Board of Directors of the company appointed Dr. Suresh Kumar Singla as an Additional Director of the company w.e.f. 31.07.02 pursuant to article 109 of the Articles of Association of the company. In terms of sections 260 of the Companies Act, 1956 read with article 109 of the Articles of Association of the company, Dr. Suresh Kumar Singla will hold office of the Additional Director upto the date of forthcoming 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 Dr. Suresh Kumar Singla as a Director, liable to retire by rotation. The company has also received consent in writing from Dr. Suresh



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Kumar Singla to act as Director of the company, if appointed.

Dr. Suresh Kumar Singla is Head of Business Management Department, Punjab Agriculture University, Ludhiana. He is M.A (Economics & Statistics) & Ph.d in Statistics. He is a Management expert having wide knowledge and experience. Your directors think that it will be in the interest of the company to appoint him as Director of the company.

Your Directors recommend the resolution for your approval.

None of the Directors except Dr. Suresh Kumar Singla is, in any way, concerned or interested in the resolution.

ITEM NO. 8

Sh. J.L. Oswal is a renowned Industrialist having experience of over 38 years in Industry. He is also Managing Director of Oswal Woollen Mills Ltd. He was appointed as Managing Director of the company on 01.02.1998 for a period of five years. His period of office shall be expiring on 31st Jan., 2003. The Board, keeping in view his leadership qualities, experience, vision and overall growth of the company under his able and dynamic leadership has decided (subject to the approval of the shareholders), to re-appoint him as Managing Director for a period of five years commencing from 01.02.2003. In terms of Schedule XIII of the Companies Act, 1956, Sh. J.L. Oswal, is eligible for re-appointment as Managing Director.

Your Directors recommend the resolution for your approval.

Sh. J.L. Oswal is deemed to be concerned or interested in the resolution. Further, Sh. Kamal Oswal and Sh. Dinesh Oswal being relatives of Sh. J.L. Oswal may also be deemed to be concerned or interested in the said resolution.

The resolution as given in the notice may also be treated as an abstract of the terms of contract of appointment under the provisions of Section 302 of the Companies Act, 1956.

The terms and conditions of appointment as set out in the draft agreement to be entered into between the Company and Sh. J.L. Oswal, is available for inspection at the Registered Office of the Company.

ITEM NO. 9

Sh. Dinesh Oswal was appointed as Managing Director of Nahar Fibres Limited on 01.02.1998 for a period of five years. With the Amalgamation of Nahar Fibres Limited with company i.e. Nahar Exports Ltd., his services continued as per Amalgamation scheme approved by Punjab and Haryana High Court at Chandigarh. His period of Office shall be expiring on 31st Jan., 2003. Nahar Exports Ltd. has become a large company, having approx. 1.43 lacs spindles at its five manufacturing units at Village Jodhan, Distt. Ludhiana, Jitwal Kalan, Malerkotla, Distt. Sangrur, Village Lehli, Lalru, Distt. Patiala and Dhandari Kalan, Ludhiana. Your Board, is of the opinion that to have effective Management control of a large company he should also be re-appointed as Managing Director (subject to the approval of Shareholders) for a period of five years commencing from 01.02.2003. In terms of Schedule XIII of the Companies Act,

1956, Sh. Dinesh Oswal, is eligible for re-appointment as Managing Director.

Your Directors recommend the resolution for your approval.

Sh. Dinesh Oswal is deemed to be concerned or interested in the resolution. Further, Sh. J.L. Oswal and Sh. Kamal Oswal being relatives of Sh. Dinesh Oswal may also be deemed to be concerned or interested in the said resolution.

The resolution as given in the notice may also be treated as an abstract of the terms of contract of appointment under the provisions of Section 302 of the Companies Act, 1956.

The terms and conditions of appointment as set out in the draft agreement to be entered into between the Company and Sh. Dinesh Oswal, is available for inspection at the Registered Office of the Company.

ITEM NO. 10

The Company's Amendment Act, 1999 has introduced new Section 372 A in place of Section 370 and 372, in the Companies Act 1956. The Section 372 A deals with making of loan to any body corporate, to give guarantee or provide security to any body corporate and to make investments in securities of other body corporate. To bring the Article 65 in consonance with the requirement of law the Articles of Association needs to be amended. Accordingly your directors recommend the resolution for your approval.

None of the directors is/are interested in the resolution.

ITEM NO. 11

The Company's Amendment Act, 2000 has amended Section 205 of the Companies Act 1956 whereby the time frame of 30 days for the payment of interim/final dividend has been fixed. To bring the Article 147 in consonance with the requirement of law the Articles of Association needs to be amended. Accordingly your directors recommend the resolution for your approval.

None of the directors is/are interested in the resolution.

ITEM NO. 12

The Company's Amendment Act, 1999 has introduced new Section 372 A in place of Section 370 and 372, in the Companies Act 1956. The Section 372 A deals with making of loan to any body corporate, to give guarantee or provide security to any body corporate and to make investments in securities of other body corporate. To bring the Article 160 (h) in consonance with the requirement of law the Articles of Association needs to be amended. Accordingly your directors recommend the resolution for your approval.

None of the directors is/are interested in the resolution.

By Order of the Board

Place : Ludhiana

Dated : 31st July, 2002

RAJESH KUMAR
(SECRETARY)



NAHAR EXPORTS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **Fourteenth Annual Report** together with Audited Accounts of the company for the year ended 31st March, 2002.

FINANCIAL RESULTS

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

	(Rs. in Lacs)	
PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Profit before Interest & Depreciation	5201.03	7108.22
Less : Interest	963.92	1676.50
Depreciation	2307.22	2426.74
Provision for tax	327.29	249.96
Profit after tax	1602.60	2755.02
Add : Adjustment of Income Tax/Depreciation of earlier years	(+) 0.63	(-) 141.00
Balance of Surplus brought forward	17.36	17.63
Amount available for appropriation	1620.59	2631.65
APPROPRIATION		
Proposed Dividend	525.62	524.38
Dividend Tax	—	53.49
Transferred to General Reserve	105.00	1640.00
Diminution in long term investment	972.88	396.42
Balance carried to Balance Sheet	17.09	17.36
	1620.59	2631.65

SEGMENT REPORTING

We wish to inform you that the disclosure requirement of Accounting Standard 17 is not applicable as the main business activities of the company falls under single segment namely Yarns.

OPERATIONS REVIEW

During the year under review the company achieved an operating income of Rs. 421.68 crores as against Rs.444.63 crores in the previous year. The company sold 341.46 lacs Kgs. of Yarns as against 335.46 lacs Kgs. in the previous year but when compared in value terms the sale value of the Yarns sold during the year is Rs. 380.63 crores as against Rs. 411.11 crores in the previous year. Thus from the above it is evident that though the company has sold more Yarns but its sale value has fallen during the year. This is mainly due to stagnation of exports and intense competition in the global as well as domestic markets which have forced the company to sell its products at a very competitive prices resulting severe squeeze on the margins as well as Exports. The company has exported goods worth Rs. 274.80 crores during the year. Your company continues to enjoy the status of "GOLDEN TRADING HOUSE" because of its export performance.

We are also pleased to report that through cost effective borrowings, close monitoring of cash flows and debtors the company has been able to save considerably i.e. Rs. 7.13 crores, during the year in comparison to the previous year. Likewise saving has also been recorded in other spheres too. But inspite of all these, the profits of the company has fallen from Rs. 26.14 crores to Rs. 16.03 crores due to the reasons explained above.

Thus from the abovesaid performance it is evident that inspite of general economic slow down in the Europe, U.S. and other economies of the world, your company has been able to maintain its performance.

Further 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. 9.73 crores has been appropriated from the Profits for the year. After appropriation of Profit as per details herein above, an amount of Rs. 1.05 crores has been transferred to General Reserve of the company. Further deferred tax liability (As per Accounting Standard 22) of Rs. 25.02 crores upto 31st March, 2001 has been adjusted against general reserve of the company. The company's Reserves even after the abovesaid adjustment, stands at Rs. 164.06 crores as on 31st March, 2002.

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 2001-2002.

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 30th September, 2002 or Register of Beneficial Owners maintained by the Depositories as on the close of 21st September, 2002 (22nd being Sunday).

DIRECTORS

During the year under review, Sh. Vinod Khanna resigned from the Directorship of the company. The Board place on record their appreciation for the valuable services rendered by him during his tenure with the company.

Pursuant to article 112 of the Articles of Association of the company Sh. Komal Jain, Dr. (Mrs.) H.K. Bal and Mr. G.S. Dhiman will be retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Dr. Suresh Kumar Singla was appointed as Additional Director of the company on 31st July, 2002. He shall hold office upto the ensuing Annual General Meeting. The company has received a notice U/s 257 of the Companies Act 1956 from a member proposing his candidature for the office of director.

Sh. J.L. Oswal's tenure as Managing Director shall be expiring on 31st January, 2003. Likewise the tenure of Sh. Dinesh Oswal as Managing Director shall also be expiring on 31st January, 2003. The Board has recommended their re-appointment for a further period of five years w.e.f. 1st February, 2003, for which approval of the Shareholders is being sought at the ensuing Annual General Meeting.

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 2002-2003. We would like to inform you that company's securities are being traded at the National Stock Exchange, Mumbai under the permitted category. Your company has decided to enlist the securities at National Stock Exchange also. Effective steps are being taken to enlist the securities at the earliest.



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DEMATERIALISATION OF SHARES

As the members must be aware that company's securities are tradable compulsory in electronic form w.e.f. 8th May, 2000. Your company has already established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the holding and trading of security in electronic form. As on date 74% Shares have been dematerialised.

The Shareholders who have not gone in for dematerialisation of Shares till date are requested to opt for dematerialisation of the Shares at the earliest.

COMPOSITION OF AUDIT COMMITTEE

Pursuant to section 292 A (I) of the Companies Act, 1956, the company constituted Audit Committee consisting of Sh. Vinod Kumar Khanna as Chairman and Sh. Dinesh Gogna & Sh. Amarjeet Singh as Members. Mr. Vinod Kumar Khanna resigned from the Directorship w.e.f. 1st April, 2002 and thus he automatically ceases to be a member/chairman of the Audit committee. Thereafter the board appointed Sh. K.S. Maini as Member of the Committee. The Committee members elected Sh. Amarjeet Singh as Chairman of the committee.

REPORT ON THE CORPORATE GOVERNANCE

Your company continues to follow the Principles of good Corporate Governance. The company has already constituted several committees of Directors to assist the Board in good Corporate Governance. The Corporate Governance Report alongwith the Auditors Certificate regarding compliance of the conditions of the Corporate Governance as stipulated in Clauses 49 of the Listing Agreement of the Stock Exchanges, is enclosed as per 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 in the preparation of the annual accounts, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;
- that they had selected such accounting policies and applied them consistently and made judgement 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 the profit and loss of the company for that period;
- that they 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;
- that they had prepared the annual accounts on a going concern basis.

COST AUDITORS

The company appointed M/s. Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors for the year 2001-2002. The Government of India Ministry of Law, Justice and Company Affairs, Department of

Company Affairs, New Delhi have approved their appointment vide their letter dated 19.07.2001. The Cost Audit Report of the company 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 reappointment. 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 58-A of the Companies Act, 1956 and the rules made thereunder.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to section 205-C of the Companies Act, 1956 the company has transferred an amount of Rs. 22.28 lacs being the amount of unpaid application money, unpaid Debenture Interest etc. to the Investors Education and Protection Fund.

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 of Directors of the company 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.

The Directors are thankful to the Bankers, Financial Institutions for their continued support to the company. The Directors also place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the management of the company.

For and on behalf of the Board

Place : Ludhiana

DINESH OSWAL
(Managing Director)

KAMAL OSWAL
(Director)

Dated : 31st July, 2002

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, 2002.

Sr. No.	Name	Designation/ Nature of Duties	Remuneration in Rs.	Nature of Em- plo- yment	Qualification	Experience in years	Date of Employment	Age in Years	Last Employment Held
1.	Sh. Jawahar Lal Oswal	Chairman cum Managing Director	4320000	Contractual	Graduate	38	01-02-1998	59	Nil
2.	Sh. Dinesh Oswal	Managing Director	4800000	Contractual	B.Com	17	01-04-1998	37	Oswal Woollen Mills Ltd.
3.	Sh. S.L. Sehgal	Executive Director	1404864	Contractual	Textile Engineering	42	01-01-1990	66	Rohtak Textile 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.