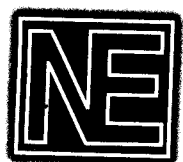




The Nahar Group

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15th ANNUAL REPORT **2002-2003**



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
 Dr. Suresh Kumar Singla

Chairman-cum-Managing Director

Managing Director
 Director
 Director
 Executive Director
 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

AUDITORS

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

REGD. OFFICE

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

WORKS

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

15TH ANNUAL GENERAL MEETING

DAY : MONDAY
 DATE : 29TH SEPTEMBER, 2003
 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 **Fifteenth Annual General Meeting** of the Members of Nahar Exports Limited, will be held on **Monday, the 29th day of September, 2003 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, 2003 and the Profit and 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 who shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Gupta Vigg & Co., Chartered Accountants, the retiring Auditors of the company being eligible, offer themselves for re-appointment.

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 subject to the provisions of the Companies Act, 1956 (including any statutory modification (s), or re-enactments thereof for the time being in force and as may be enacted hereinafter), SEBI (Delisting of Securities) Guidelines 2003, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority 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" which term shall be deemed to include any Committee thereof), consent and approval of the company be and is hereby accorded to the Board to get the securities of the company de-listed from The Delhi Stock Exchange Association Ltd., The Ludhiana Stock Exchange Association Ltd. and The Stock Exchange, Ahmedabad."

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, 309 and 310 and other applicable provisions of the Companies Act, 1956 read with and in accordance with the conditions specified in Schedule XIII of the said Act, and in partial modification of the resolution passed by the members at their Annual General Meeting held on 30th Sept., 2002, consent and approval of the Company be

ar hereby accorded to the increase in the remuneration payable to Sh. Jawahar Lal Oswal, Chairman cum Managing Director w.e.f. 1st August, 2003 for the remaining period of his present term i.e. upto 31st January, 2008 in the manner and to the extent set out below :

Salary : Rs. 7,00,000/-per month.
Commission : 1.5 % of the net profit, subject to maximum of Annual Salary.

All other terms and conditions of the service agreement will remain the same."

"RESOLVED FURTHER THAT the Board of Directors are hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc. as payable to Sh. Jawahar Lal Oswal, Chairman cum Managing Director without any further reference to the Company in the General Meeting so as not to exceed the limits or ceilings specified in Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT wherein any financial year the company has no profit or its profits are inadequate, the company may pay Sh. Jawahar Lal Oswal, Chairman cum Managing Director, remuneration by way of salary, commission, perquisites and allowances not exceeding the ceiling limits specified under section II of the part II of the schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable in order to give effect to the above resolution."

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, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered in the manner and to the extent as give herein below :

The following Article be inserted after Article No. 80A in the Articles of Association of the Company.

(80B) Notwithstanding anything contained in these Articles, pursuant to Section 192A of the Companies Act, 1956, the Company may and in the case of matters relating to such business as the Central Government may, by notification, declare or any other statutory authority stipulate to be conducted only by postal ballot (including voting by electronic mode), shall get any resolution passed by means of a postal ballot (including voting by electronic mode) instead.

If a resolution is assented by the stipulated majority of the shareholders by means of postal ballot (including voting by electronic mode), it shall be deemed to have been duly passed at a General Meeting in that behalf. "

By Order of the Board

Place : Ludhiana
Dated : 31st July, 2003

RAJESH KUMAR
(SECRETARY)



NAHAR EXPORTS LIMITED

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 9 is annexed hereto and form 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. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING.
3. **The Register of Members and Share Transfer Register of the company shall remain closed from 20th Sept, 2003 to 29th September, 2003 (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 Register of Members as on 29th Sept., 2003 or Register of Beneficial owners maintained by the Depositories at the close of 19th Sept, 2003.
5. Pursuant to Section 205 A of the Companies Act, 1956, all unclaimed dividends and interest up to the financial year 1994-95 have been transferred to General Revenue Account of the Central Government/Investor Education and Protection Fund. Further unpaid dividend for the year 1995-96 is to be transferred to the Investor Education and Protection Fund pursuant to section 205-C of the Companies Act, 1956, on or before November, 2003. Shareholders who have not encashed their Dividend warrants relating to the said period are requested to claim the amount from the company at the earliest.
Further we may also inform that once the amount is deposited in the above said account, it cannot be claimed later on as per the Companies (Amendment) Act, 1999.
6. 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.
7. Members holding shares in physical form are requested to immediately notify change in their address/Bank details to the Company's Share Transfer Agent M/s Alankit Assignments Limited or to the Company's Registered Office at 376, Industrial Area-A, Ludhiana-141 003.
Members holding shares in electronic form are requested to notify change in their address/Bank details to their Depository participant before 15th Sept., 2003.
8. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialise their shares at the earliest.
9. The documents referred to in the accompanying explanatory statement are open for inspection at the Registered office of the company on any working day (except Sunday and Holiday) between 10 a.m to 12 Noon upto the date of AGM.
10. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B).

11. 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.
12. Members are requested to bring their 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. Kamal Oswal |
| Age | : | 41 years |
| Qualification | : | B. Com |
| Expertise | : | Having business experience of more than 21 years in the Industry. |

Directorships in other Companies

Name of the company	Committee	Status
1. Nahar Indl. Enterprises Ltd.	---	---
2. Nahar International Limited	---	---
3. Nahar Sugar & Allied Inds. Ltd.	---	---
4. Nahar Spinning Mills Limited	---	---
5. Nahar Overseas Ltd.	---	---
6. Nahar Indl. Infrastructure Corpn. Ltd.	---	---
7. Oswal Woollen Mills Ltd.	---	---
8. Oswal Leasing Ltd.	---	---
9. Sankeshwar Holding Co. Ltd.	---	---
10. Vardhman Investment Ltd.	---	---
11. Girnar Investment Ltd.	---	---
12. Palam Motels Ltd.	---	---
13. Michel Investment Ltd.	---	---
14. J. L. Growth Fund Pvt. Ltd.	---	---
15. Abhilash Growth Fund Pvt. Ltd.	---	---
16. Neha Credit & Invest. Pvt. Ltd.	---	---
17. Interpace Trdg. & Inv. Co Ltd.	---	---
18. Ogden Trading & Inv. Co. Ltd.	---	---
19. Kulu Investment Trdg. Pvt. Ltd.	---	---
20. Nahar Growth Fund Pvt. Ltd.	---	---
21. Nagdevi Trdg. & Invest Co. Ltd.	Audit	Chairman
2. Name	:	Sh. Dinesh Gogna
Age	:	50 years
Qualification	:	B.A. LL.B.
Expertise	:	Having more than 26 years experience in Corporate Finance & Taxation.

Directorships in other Companies

Name of the company	Committee	Status
1. Nahar Spinning Mills Limited	Remuneration	Member
	Audit	Member
	Share Transfer	Member
2. Nahar Sugar & Allied Inds. Ltd	Audit	Member
	Shareholders	Chairman
	Grievance	
3. Nahar Indl. Enterprises Ltd.	Audit	Member
	Shareholders	Chairman
	Grievance	
4. Nahar International Limited	Audit	Member
	Shareholders	Chairman
	Grievance	
	Remuneration	Member



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5. Oswal Leasing Limited --- ---
 6. E. Textile Point.com Ltd. --- ---
 7. Girnar Investment Ltd. --- ---
 8. Nahar Overseas Ltd. --- ---
3. Name : Dr. O. P. Sahni
 Age : 62 years
 Qualification : Ph. D
 Expertise : Having more than 30 years experience in teaching Management and Administration.

Directorships in other Companies

Name of the company	Committee	Status
1. Nahar International Limited	Shareholders Grievance	Member
2. Nahar Sugar & Allied Inds. Ltd	Remuneration Audit Shareholders Grievance	Member Chairman Member
3. Nahar Indl. Enterprises Ltd.	Remuneration Audit Shareholders Grievances	Member Chairman Member
4. Nahar Spinning Mills Ltd.	Remuneration Audit	Member Member
5. Eastman Forge & Casting Ltd.	---	---
6. Midland International Ltd.	---	---
7. The L.S.E. Securities Limited	---	---
8. National Fertilizers Limited	---	---

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

ITEM NO. 7

The securities of the Company are presently listed on the following five Stock Exchanges in India :

- The Ludhiana Stock Exchange Association Limited (LSE)
- The Bombay Stock Exchange Ltd. (BSE)
- The National Stock Exchange of India Ltd. (NSE)
- The Delhi Stock Exchange Association Limited (DSE)
- The Stock Exchange, Ahmedabad (ASE)

With extensive networking of BSE and NSE, and the extension of BSE/NSE Terminals to other cities as well, the members of the Company have access to online dealing in the company's securities across the country. Further more, the bulk of tradings in the company's securities generally take place on BSE and NSE and the volume of trading in company's securities on DSE, LSE & ASE is almost NIL. The Ludhiana Stock Exchange and Delhi Stock Exchange have confirmed that there was no trading during the period March, 2002 to Feb., 2003. The bulk of the trading in company's shares in any case take place on the BSE and NSE.

In view of the above, there is no justification for payment of Annual Listing fee to the said Stock Exchanges as no corresponding benefits are accruing to the Company or its members. Accordingly, the Board of Directors in their meeting held on 31st May, 2003 have decided to apply for voluntary de-listing of Company's Equity Shares from the Delhi Stock Exchange Association Limited, The Ludhiana Stock Exchange Association Limited and The Stock Exchange, Ahmedabad. The proposed delisting will not adversely affect the members as the company's shares will continue to be listed on the BSE and NSE. The delisting will take effect after all approvals,

permissions and sanctions are received from appropriate authorities.

In Line with the SEBI (Delisting of Securities) Guidelines, 2003, members approval is being sought by a Special Resolution for enabling voluntary delisting of Company's securities from DSE, LSE & ASE.

Your Directors recommend the Special Resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the said Resolution.

ITEM NO. 8

Sh. Jawahar Lal Oswal has been working with the company as Chairman cum Managing Director w.e.f 1st Feb., 1998. The members of the Company reappointed him as Chairman cum Managing Director for a further period of 5 years w.e.f from 1st Feb., 2003 till 31st Jan., 2008. He has been drawing remuneration as per Schedule XIII and shareholders approval vide resolution dated 30th September, 2002.

Sh. Jawahar Lal Oswal is a renowned Industrialist having business experience of 39 years in the Industry. He has contributed significantly to the Company's growth and development.

The remuneration committee, keeping in view his leadership quality, vision and overall growth of the Company under his able and dynamic leadership has decided to revise his remuneration package so as to align the remuneration package prevalent in the Corporate world and Industry. The Board, subject to your approval, has also approved the said increase in remuneration. Your Directors recommended the resolution for your approval.

Sh. Dinesh Oswal and Sh. Kamal Oswal, being relative and Sh. Jawahar Lal Oswal may be deemed to be concerned or interested in the said resolution. None of the remaining Directors is/are concerned or interested in the 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 supplementary draft agreement to be entered into between the company and Sh. Jawahar Lal Oswal, is available for inspection at the Registered Office of the Company.

ITEM NO. 9

A New Section 192A has been inserted in the Companies Act, 1956 empowering the Central Government to declare that certain matters can be transacted by the Company through a resolution passed by a Postal Ballot only. SEBI has also stipulated as Non-Mandatory Requirements for certain resolutions to be passed by Postal Ballot under the Corporate Governance clause of the Listing Agreement with the Stock Exchanges for making possible the wider participation of shareholders in taking key decisions of the Company.

Accordingly a new Article 80B is proposed to be inserted to meet the foregoing requirements for passing of certain resolution by Postal Ballot only. Pursuant to Section 31 of the Companies Act, 1956, it is necessary to pass a Special Resolution to amend any of the provisions of the Articles of Association.

Your Directors recommend the resolution for your approval.

None of the Directors is concerned or interested in the proposed resolution.

By Order of the Board

Place : Ludhiana
 Dated : 31st July, 2003

RAJESH KUMAR
 (SECRETARY)



NAHAR EXPORTS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **FIFTEENTH Annual Report** on the affairs of the company for the year ended 31st March, 2003.

FINANCIAL RESULTS

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

PARTICULARS	(Rs. in Lacs)	
	CURRENT YEAR	PREVIOUS YEAR
PROFIT BEFORE INTEREST & DEPRECIATION	6091.93	5201.03
Less : Interest	631.26	963.92
Depreciation	2248.33	2307.22
Provision for tax (Net of Deferred tax)	829.02	327.29
Profit after tax	2383.32	1602.60
Add: Adjustment of Income		
Tax/Depreciation of earlier years	137.62	0.63
Balance of Surplus brought forward	17.09	17.36
Write back of Diminution in value of Long term investment of Earlier years	4396.03	17.99
Amount available for appropriation	6934.06	1620.59
APPROPRIATION		
Proposed Dividend	525.66	525.62
Tax on Distributed profits	67.35	—
Transfer to General Reserve	6331.10	105.00
Diminution in value of long term investment	—	972.88
Balance carried to Balance Sheet	9.95	17.09
	6934.06	1620.59

SEGMENT REPORTING

We wish to inform you that the disclosure requirement of Accounting Standard 17 issued by the Institute of Chartered Accountants of India, are not applicable as the main business activities of the company falls under single segment namely Yarns.

OPERATIONS REVIEW

Your Company has performed reasonably well during the year under review. The Company achieved an operating income of Rs. 383.67 crores as against Rs. 421.68 crores showing a down fall of 9.01% during the year. The fall in Income is mainly on account of lower overseas demand which adversely affected Company's exports. The Company's export at Rs. 224.91 crores has shown a downfall of 18.16% as compared to the previous year. In spite of lower turnover/exports, your company has improved its financial performance and earned a

gross profit (before interest and depreciation) of Rs. 60.92 crores showing an impressive increase of 17.13% over the previous year. After providing Rs. 22.48 crores for depreciation and Rs. 8.29 crores for Tax (Net of deferred tax) the Net profit comes to Rs. 23.83 crores. Thus the profitability has shown an impressive increase of 48.72% over the previous year. The falling interest rates coupled with cost effective borrowings, better export realisation and optimal utilisation of resources has enabled the Company to improve its operational performance during the year.

Your Company has been following the policy of valuation of its long term investment in equity/debt on cost basis. However in the year 1999-2000 company decided to provide for fall in the market value of its long term investment in the books of accounts. Now on the basis of expert advise, wherein it has been pointed out that the quoted price of the shares at the stock exchanges does not indicate fair market price vis-a-vis promoters, company decided to write back the diminution in the value of long term investment of earlier years. Accordingly an amount of Rs. 43.96 crores has been written back during the year. After appropriation of profit as per detail herein above, an amount of Rs. 63.31 crores has been transferred to General Reserve thereby increasing the Reserve of the Company at Rs. 227.32 crores on 31st March, 2003.

We are pleased to inform you that because of its excellent export performance, your Company continues to enjoy the status of **GOLDEN TRADING HOUSE**. The Export performance has also enabled your Company to win two Trophies for the year 2000-2001. The first one **GOLD TROPHY** for highest export of Cotton Yarn in non quota category and the second one **SILVER TROPHY** for second highest export of Cotton Yarn as Manufacturer Exporter. Both these trophies were received by Sh. Dinesh Oswal, Managing Director of the Company from the Hon'ble Minister of Textile, Govt of India.

Your Management is quite optimistic that in the changed global scenario too, the company will be able to perform better because of its inherent strength and competitive edge achieved through modernisation of its spinning units. We would like to inform you that company implemented a modernisation cum upgradation scheme in the Spinning Unit at Village Jitwal Kalan, Distt. Sangrur and Rishab Spinning Mills at Village Jodhan, Distt. Ludhiana at a total capital outlay of Rs. 19 crores which was financed by way of loan of Rs. 15.00 crores under the Tuff Scheme and 4.00 crores from the internal accruals of the Company.

Besides the Company has also decided to install 2 Gen. Sets with a capacity of 3 M.W. each at its Spinning Units at a capital cost of Rs. 13.00 crores. The Company has already opened Letter of Credit for the same. The delivery/installation of Gen. Sets is expected by September 2003. Your Management is quite confident that installation of Gen. Sets will not only enhance the optimisation of working in the Spinning Units but will also enable the company to save considerably as the cost of power generated will be much cheaper as compared to the electricity purchased from the Electricity Board. Thus Company will be able to improve its bottom line in the coming periods.



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DIVIDEND

Your Directors are pleased to recommend a dividend @ 15% (i.e. Rs. 1.50 per share) on paid up equity share capital for the year ended 31st March, 2003.

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 29th September, 2003 or Register of Beneficial Owners maintained by the Depositories as at the close of 19th September, 2003. The dividend distribution as percentage of Net profit after tax is 22.06%.

DIRECTORS

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.

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges the details of Directors to be appointed/re-appointed are contained in the accompanying Notice of the forthcoming Annual General Meeting.

LISTING OF SECURITIES

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

- i) The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana.
- ii) The Delhi Stock Exchange Association Limited, DSE House, 3/1, Asaf Ali Road, New Delhi.
- iii) The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
- iv) The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad.
- v) The National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai (Listing is effective from 28th July, 2003).

The Company has paid listing fee to Bombay Stock Exchange for the year 2003-2004. The Delhi Stock Exchange has been paid Listing fee for the half year i.e. upto 30th Sept., 2003 as the Company has decided to go in for de-listing of its shares from the Exchange. Further the Company has not paid the listing fee to the Ludhiana Stock Exchange and Ahmedabad Stock Exchange because the Company has already intimated the Stock Exchanges that the Board has decided to go in for de-listing of Company's securities from the Exchanges as there is no Trading at all of company's securities. Moreover there was no clearing house at Ludhiana Stock Exchange acknowledging the transaction thereat.

CREDIT RATING

The Credit Rating Information Services of India Ltd. (CRISIL) has assigned the credit rating "P1+" (Pronounced "P one plus") to the Company for commercial paper/short term loan upto Rs. 10.00 crores.

DEMATERIALISATION OF SECURITIES

As the members must be aware that company's securities are tradable compulsorily 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 securities in electronic form. As on date 76% of the share capital of the company has been dematerialised.

Further as per circular no. D&CC/FITTC/CIR-15/2002 date 27th December, 2002, Company has appointed M/s Alankit Assignments Ltd. as Registrar for Share Transfer and Electronic Connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of Share Transfer, Demat/Remat, Change of Address etc. to our Registrar at below mentioned address.

M/s Alankit Assignments Limited
(Unit : Nahar Exports Limited)
2E/8, Blazeflash House, Jhandewalan Extension
New Delhi - 110055
Telephone No. : (011) 51540060-63
Fax No. : (011) 51540064
E-mail address : nahar@alankit.com

In case any query/complaint remains unresolved with our Registrar please write to Company Secretary at the Registered Office of the Company.

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

AUDIT COMMITTEE

Pursuant to section 292 A (I) of the Companies Act, 1956, Audit Committee consisting of Sh. Amarjeet Singh as Chairman, Sh. Dinesh Gogna and Sh. K.S. Maini as members has already been constituted by the Company. The committee held four meetings during the year under review.

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 Clause 49 of the Listing Agreement of the Stock Exchanges, is attached herewith 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 :

- i) that in the preparation of the annual accounts, the applicable Accounting Standards had been followed alongwith proper explanations relating to material departures;



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- ii) that they 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) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) 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 2002-2003. The Government of India, Ministry of Law, Justice and Company Affairs, Department of Company Affairs, New Delhi have approved their appointment vide letter dated 28th May 2002. 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. 6,19,428.12 (Rupees Six lacs nineteen thousand four hundred twenty eight and paise twelve only) being the amount of unclaimed dividend and interest for the year 1994-95 to the Investor Education and Protection Fund.

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 the Board of Directors) Rules, 1988 is enclosed as per Annexure - II

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

JAWAHAR LAL OSWAL

Dated : 31st July, 2003

(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, 2003.

Sr. No.	Name	Designation/ Nature of Duties	Remuneration in Rs.	Nature of Em- plo- y- ment	Qualification	Experience in years	Date of Employment	Age in Years	Last Employment Held
1.	Sh. Jawahar Lal Oswal	Chairman cum Managing Director	5210000.00	Contractual	Graduate	39	01-02-1998	60	Nil
2.	Sh. Dinesh Oswal	Managing Director	5200000.00	Contractual	B.Com	18	01-04-1998	38	Oswal Woollen Mills Ltd.
3.	Sh. S.L. Sehgal	Executive Director	1404285.00	Contractual	Textile Engineering	43	01-01-1990	67	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.



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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, 2003.

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 equipments for its low energy consumption.
The Company has installed energy saver impeller on Ring Frame machine in 100% EOU Unit at Village Jitwal Kalan, Malerkotla.
The Company has also installed energy saver inverter on Savio Autocorners in 100% EOU Unit at Village Jitwal Kalan, Malerkotla.
- b) **Additional Investment & Proposal under Implementation for reduction of consumption of energy.**
i) Old conventional spindles are being replaced with Energy efficient high speed spindles.
ii) Installation of high efficiency air-compressors.
iii) Installation of 28W tube light fitting.
iv) Installation of energy efficient motors in Ring Spinning frames.
- 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.
- d) **Total energy consumption and energy consumption per unit of production as per Form -A, of the Annexure in the rules in respect of industries specified in the schedule thereto.**

FORM A

	CURRENT YEAR	PREVIOUS YEAR
A. POWER & FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
Units (kwh)	96444741	92650996
Total amount (Rs)	349748047	309448970
Rate per Unit (Rs)	3.63	3.34
(b) Own Generation		
Through Diesel Generator		
Units Produced (KWH)	9373386	7364867
Total amount (Rs)	38432617	29211961
Cost per unit (Rs)	4.10	3.97
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)	3.81	3.72
Coal/per Kg. of (Dyed Yarn)	Nil	Nil

2. TECHNOLOGY ABSORPTION

FORM B

A. RESEARCH & DEVELOPMENT (R&D)

- (i) **Specific Areas in which Research and Development carried out by the company :**
The R & D efforts in the company are focused not only on

productivity, quality improvement with waste reduction but also in developing value added products such as CoolMax speciality yarns and Melange Yarns for domestic and International markets. The company has the latest on-line and off-line testing and monitoring equipments to control the product consistency from raw material to finished product.

(ii) **Benefits derived as a result of above R&D :**

The company has broad based its product mix thereby improving the value addition and reduction in production cost. The company has expanded its market.

(iii) **Future Plans**

The company is committed to continue the upgradation of its R&D facilities and shall always strive for board basing its product mix, keeping in view the result requirements and will improve its compliances in the future times.

(iv) **Expenditure on R&D:**

	Current Year	Previous Year
a) Capital (Rs)	7335283	NIL
b) Recurring (Rs)	179020	81447
c) Total (Rs.)	7514303	81447
d) Total R&D expenditure as a %age of total turnover	0.20	0.01

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

The company has replaced manual feeding Blow room machineries with automated blow room lines there by adding Bale Plucker LA23, Vario Cleaner and Flexi Cleaner form M/s LMW, India.

The company has further added latest generation Cards LC300A and Ring spinning frames LR6S from M/s LMW, India.

In order to improve the working environment the company has added AUTOMATIC waste recovery system and humidification plant from M/s BATLIBOI & CO., INDIA.

The company has further installed suitable machines for developing and manufacturing industrial cables and multiplied threads for KITE FLYING.

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

With the above mentioned efforts, the company will enjoy the benefits of improved quality, productivity and saving in manufacturing cost.

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

Nil

3. FOREIGN EXCHANGE EARNINGS & OUTGO

	CURRENT YEAR	PREVIOUS YEAR
a) Foreign exchange earned (Rs.)	2207319633	2695270143
b) Foreign exchange outgo (Rs.)	111801649	413081139

For and on behalf of the Board

Place : Ludhiana

JAWAHAR LAL OSWAL

Dated : 31st July, 2003 (Chairman-cum-Managing Director)



NAHAR EXPORTS LIMITED

ANNEXURE III

CORPORATE GOVERNANCE REPORT

This Report of Corporate Governance form part of the Annual Report.

Your Company continues to practice the principle of good Corporate Governance. It is company's firm belief that good Corporate Governance is key to success of business. The Company's philosophy envisage an attainment of highest level of the transparency and accountability in its operation, so that Company's goal of creation and maximising the value of the Shareholders/Stakeholders could be achieved. Clause 49 of the Listing Agreement with Stock Exchanges incorporate certain mandatory disclosure requirements with regard to Corporate Governance. In pursuance to the requirements of Corporate Governance Rules, we are pleased to report the following.

I. BOARD OF DIRECTORS

- The Company's Board consists of Twelve Directors. The Board comprises of Executive and Non Executive Directors. Sh. J. L. Oswal is a working Chairman-cum-Managing Director and Sh. Dinesh Oswal is Managing Director of the Company.
- Since Sh. J. L. Oswal is Executive Chairman, at least half of the board should comprise of independent Directors as per Corporate Governance rules. The company has already restructured its Board to comply with the said requirement. The company's Board consist of six independent Directors out of Twelve Directors, namely Sh. Amarjeet Singh, Dr. O. P. Sahni, Dr. (Mrs.) H. K. Bal, Prof. K.S. Maini, Dr. S.K. Singla and Sh. S. L. Sehgal. Thus the company has complied the Corporate Governance Rules regarding structure of Board of Directors.
- The Board met five times during the period April, 2002 to March 2003 with a clearly defined agenda circulated well in advance of each meeting. The maximum interval between the two board meetings was not more than four months.
- None of the directors is a member of more than 10 Board level committees or is chairman of more than 5 such committees.
- Participation of Non-Executive Directors has been active in the Board Meetings. The Attendance record of Directors in the Board and Annual General Meeting during the year 2002-2003 is as under :

Name of Director	No. of meetings held upto 31.03.2003	No of meetings attended	Whether attended AGM
Sh. Jawahar Lal Oswal	5	1	No
Sh. Dinesh Oswal	5	5	No
Sh. Kamal Oswal	5	4	Yes
Sh. Dinesh Gogna	5	5	Yes
Sh. Komal Jain	5	5	No
Sh. S.L. Sehgal	5	5	No
Dr. (Mrs.) H. K. Bal	5	5	Yes
Sh. Amarjeet Singh	5	5	Yes
Sh. G.S. Dhiman	5	5	Yes
Dr. O.P. Sahni	5	5	Yes
Prof. K.S. Maini	5	4	No
Dr. S. K. Singla*	5	4*	No

(*Dr. S.K. Singla was appointed as Additional Director on 31.07.2002)

- Non Executive Directors are paid a sitting fee of Rs. 2000/- 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.

2 AUDIT COMMITTEE

The Board has already constituted an independent and qualified Audit Committee. The committee consist of three Non Executive Directors under the Chairmanship of S. Amarjeet Singh, Prof. K.S. Maini and Sh. Dinesh Gogna are the two other members of the Audit Committee. The Company Secretary is the Secretary of the committee. The Finance Controller is permanent invitee of the committee. The term of reference of the Audit Committee are as per clause-49 of

the Listing Agreement with the Stock Exchanges, SEBI Guidelines and Companies Act, 1956.

Since 1st April, 2002 the committee met four times i.e. on 31st May, 2002, 31st July, 2002, 29th Oct., 2002 and 29th Jan. 2003. An Audit Committee meeting was held on 31st May, 2002 where the Annual financial statements for the year ended 31st March, 2002 were reviewed and examined by the members of the Audit Committee before recommendation of the same to the Board of Directors for their perusal and adoption. The Audit Committee also reviewed the quarterly/half yearly unaudited financial results before recommending the same to the Board.

The attendance record of the meetings held is as under :

Name of the Member	No. of meetings held up to 31.03.2003	No. of meetings attended
Sh. Amarjeet Singh	4	4
Sh. Dinesh Gogna	4	4
Prof. K. S. Maini	4	4

Sh. Amarjeet Singh, Chairman of the Audit Committee attended the last Annual General Meeting of the company held on 30th September, 2002 and replied/clarified the queries raised at the Annual General Meeting.

3. REMUNERATION COMMITTEE

The Remuneration Committee was set up by Board in its meeting held on 31.01.2002. The committee comprises Sh. Amarjeet Singh as Chairman, Sh. G.S. Dhiman and Dr. (Mrs.) H.K. Bal as members.

The broad term of reference of the Remuneration Committee is to ensure that the Company's Remuneration policies in respect of Managing Director/Working Directors, Senior Executives are competitive so as to recruit and retain best talent in the company and to ensure appropriate disclosure of remuneration paid to said persons.

The Committee met once during the year. The attendance record of the meetings held is as follows :

Name of the Member	No. of meetings held up to 31.03.2003	No. of meetings attended
Sh. Amarjeet Singh	1	1
Sh. G. S. Dhiman	1	1
Dr. (Mrs.) H. K. Bal	1	1

The details of Director's remuneration paid for the year ended 31st March, 2003 is as under :

	Salary (Rs)	Sitting Fee (Rs.)
Sh. Jawahar Lal Oswal	5210000.00	—
Sh. Kamal Oswal		8000.00
Sh. Dinesh Oswal	5200000.00	—
Sh. Dinesh Gogna		10000.00
Sh. Komal Jain		10000.00
Sh. S. L. Sehgal	1404285.00	—
Dr. (Mrs.) H. K. Bal		10000.00
Sh. Amarjeet Singh		10000.00
Dr. O. P. Sahni		10000.00
Prof. K. S. Maini		8000.00
Dr. S. K. Singla		8000.00
Sh. G. S. Dhiman		10000.00

4. SHAREHOLDER'S COMMITTEES

The Company has already constituted share transfer committee comprising 5 (Five) members under the Chairmanship of Sh. Dinesh Oswal. The committee is responsible for approving the transfer and transmission of securities, dematerialisation of shares, issuance of duplicate certificates and other shareholders related issues. The committee met twelve times during the period April, 2002 to March, 2003 and the attendance record of the members is as follows :

Name of the Member	No. of meetings held up to 31.03.2003	No. of meetings attended
Sh. Dinesh Oswal	12	12
Sh. Kamal Oswal	12	12
Sh. Dinesh Gogna	12	12
Sh. Komal Jain	12	12
Sh. Rajesh Kumar	12	12

As per SEBI circular no. D&CC/FITTC/C4R-15/2002 dated 27th December, 2002, Company has appointed M/s Alankit Assignments Ltd.