



THE NAHAR GROUP



17th

Annual Report

2004-2005



NAHAR EXPORTS LIMITED

[GOLDEN TRADING HOUSE]

"LALA VIDYA SAGAR OSWAL"



(1908-2005)

"Founder Nahar Group"



NAHAR EXPORTS LIMITED

BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal	Chairman-cum-Managing Director
Sh. Dinesh Oswal	Managing Director
Sh. Kamal Oswal	Director
Sh. Dinesh Gogna	Director
Sh. Sardari Lal Sehgal	Executive Director
Sh. Komal Jain	Director
Dr. (Mrs.) H.K. Bal	Director
Dr. Om Parkash Sahni	Director
Sh. Gursharan Singh Dhiman	Director
Sh. Amarjeet Singh	Director
Prof. Kanwar Sain Maini	Director
Dr. Suresh Kumar Singla	Director

FINANCE CONTROLLER

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
Citi Bank

REGISTERED OFFICE

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

AUDITORS

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

WORKS :

- Rishab Spinning Mills**
Village Jodhan, Distt. 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.

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NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of NAHAR EXPORTS LIMITED, will be held on Wednesday, the 28th day of September, 2005 at 10.45 a.m. at the premises of M/s. Nahar Industrial Enterprises Limited, Focal Point, Ludhiana 141010, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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. Gursharan Singh Dhiman, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Suresh Kumar Singla, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sh. Kamal Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Sh. Dinesh Gogna, who retires by rotation and being eligible, offers himself for re-appointment.
7. 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 :

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 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) Sh. S.L. Sehgal the Executive Director of the Company be and is hereby re-appointed as Executive Director of the Company for a period of one year, w.e.f. 1st July 2006, on the terms and conditions mentioned hereunder.

A. Salary :

Salary Rs. 80,000/- (Rs. Eighty Thousand only) per month.

B. Perquisites and other Allowances :

- i) Housing : The company will provide furnished accommodation. In case no accommodation is provided by the Company, the House Rent Allowance will be paid @30% of the salary.
- ii) Medical Reimbursement : Expenses incurred for Sh. S.L. Sehgal and his family subject to ceiling of one month's salary.
- iii) Ex-gratia/bonus : One month's salary for year.
- iv) Provident Fund : Company's contribution to provident fund shall be in accordance with rules and regulations of the company.
- v) Gratuity : As per rules of the Company payable at the rate of half month's salary for each completed year of service.
- vi) Leave with wages : As per Company's rules.
- vii) Provision of car for use on Company's business and telephone at residence will be provided by the Company. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.
- viii) Personal Accident Insurance : Premium not to exceed Rs. 4000/- p.a.
- ix) Other perquisites will be provided as per company's rules.

RESOLVED FURTHER THAT wherein any financial year during the currency of tenure of the Executive Director, the Company has no profits or its profits are inadequate, the company will pay Sh. S.L. Sehgal remuneration by way of salary, perquisites and other allowances etc. not exceeding the limits specified under Section II of the Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to alter and vary the terms and conditions of the said re-appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force or



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any amendments or modifications that may hereafter be made thereto by the Central Government), as may be agreed to between the Board of Directors and Sh. S.L. Sehgal.

RESOLVED FURTHER THAT the board of Directors of the Company be and are hereby authorised to take all such steps as may be necessary, to give effect to this resolution."

By Order of the Board

Place : Ludhiana

RAJESH KUMAR

Dated : 30th July, 2005 (COMPANY SECRETARY)

NOTES

1. 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.
2. The Register of Members and Share Transfer Register of the Company shall remain closed from 16th September, 2005 to 28th September, 2005 (both days inclusive).
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 in the Register of members as on 28th September, 2005 or Register of beneficial owners, maintained by the Depositories at the close of 15th September, 2005
4. Pursuant to Section 205 A of the Companies Act, 1956 all unclaimed dividends upto the financial year 1996-97 have been transferred to Investor Education and Protection Fund. Further unpaid dividend for the year 1997-98 is to be transferred to Investor Education and Protection Fund pursuant to section 205-C of the Companies Act, 1956, by end October, 2005. 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 Investor Education and Protection Fund, it cannot be claimed later on as per the Companies (Amendment) Act, 1999.

5. 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.

6. 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 Participants before 15th September, 2005.

7. 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.
8. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B).
9. 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.
10. Members are requested to bring the copy of Annual Report alongwith them, at the meeting.
11. The information required to be provided under clause 49 of the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be re-appointed are annexed hereto and form part of the notice.

Information required to be furnished under clause 49 of the listing agreement :

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

1. Name : Sh. G. S. Dhiman
Age : 57 years
Qualification : M.B.A., LL.B.
Expertise : Cotton Expert having 28 years experience in domestic and international markets.

Directorship/Membership in the Committees of the Board in Other Companies. NIL

2. Name : Dr. Suresh Kumar Singla
Age : 55 years



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Qualification : M.A (Stat.&Eco) & Ph.D (Stats)
Expertise : Having 28 years experience in Teaching, Management and Administration

Directorship/Membership in the Committees of the Board in other Companies.

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

3. Name : Sh. Kamal Oswal
Age : 43 years
Qualification : B.Com.
Expertise : Having business experience of more than 23 years in the industry.

Directorship/Membership in the Committees of the Board in other Companies.

Name of the Company	Committee	Status
1. Nahar Indl. Enterprises Ltd.	—	—
2. Nahar Spinning Mills Ltd.	—	—
3. Nahar Indl. Infrastructure Corp. Ltd.	—	—
4. Oswal Woollen Mills Ltd.	—	—
5. Oswal Leasing Ltd.	—	—
6. Sankeshwar Holding Co Ltd.	—	—
7. Vardhaman Investment Ltd.	—	—
8. Girnar Investment Ltd.	—	—
9. Palam Motels Ltd.	—	—
10. J. L. Growth Fund Ltd.	—	—
11. Abhilash Growth Fund Pvt. Ltd.	—	—
12. Neha Credit & Invest. Pvt. Ltd.	—	—
13. Ogden Trading & Invest. Co. Ltd.	—	—
14. Kulu Investment & Trdg. Pvt. Ltd.	—	—
15. Nahar Growth Fund Pvt. Ltd.	—	—
16. Nagdevi Trdg & Invest. Co. Ltd.	Audit	Chairman
17. Atam Vallabh Financiers Ltd.	—	—
18. Ludhiana Holdings Ltd.	—	—
19. Vanaik Investors Ltd.	—	—

4. Name : Sh. Dinesh Gogna
Age : 52 years
Qualification : B.A., LL.B
Expertise : Having more than 28 years experience in Corporate Finance & Taxation.

Directorship/Membership in the Committees of the Board in other Companies.

Name of the Company	Committee	Status
1. Nahar Spinning Mills Ltd.	Shareholders Audit	Member
	Remuneration	Member
2. Nahar Industrial Ent. Ltd.	Audit	Member
	Shareholders	Member
	Shareholders	Chairman
	Grievance	

3. Oswal Leasing Ltd. ---
4. E. Textile Point.Com Ltd ---
5. Girnar Investment Ltd. ---

5. Name : Sh. Sardari Lal Sehgal
Age : 68 years
Qualification : Textile Engineering
Expertise : Having 45 years experience in textile industry.

Directorship//Membership in the committees of the Board in other Companies : NIL

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

ITEM NO. 7

Sh. S.L. Sehgal was appointed as Executive Director of the Company w.e.f. 01.07.2001 for a period of five years. His period of office will be expiring on 30th June, 2006. Keeping in view his contribution to the overall growth of the company, the Board has decided to re-appoint him, subject to the approval of share holders, as Executive Director for a further period of one year w.e.f. 01.07.2006 on the terms and conditions specified 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.

None of the Directors except the appointee Sh. S.L. Sehgal is concerned or interested in this resolution.

By Order of the Board

Place : Ludhiana
Dated : 30th July, 2005

RAJESH KUMAR
(COMPANY SECRETARY)



NAHAR EXPORTS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **SEVENTEENTH ANNUAL REPORT** on the affairs of the company for the year ended 31st March, 2005.

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	6123.29		7201.92	
Less Interest	434.52		657.63	
Depreciation	2405.88		2299.21	
Provision for Taxation (Net of Deferred Tax)	681.39	3521.79	779.16	3736.00
Profit after tax	2601.50		3465.92	
ADD : Adjustment of Income Tax/Depreciation of earlier Years	(-) 66.25		(+) 99.54	
Balance of surplus brought Forward	14.08		9.95	
Amount available for appropriation	2549.33		3575.41	
APPROPRIATION				
Proposed Dividend	525.99		525.72	
Tax on Distributed profits	73.77		67.36	
Transfer to General Reserve	1935.49		2968.25	
Balance carried to balance sheet	14.08		14.08	
	2549.33		3575.41	

SEGMENT REPORTING

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

OPERATIONS REVIEW

During the year under review company performed reasonably well. The company achieved a net operating income of Rs.455.84 crores as against Rs.452.81 crores in the previous year. The company exported goods worth Rs.274.46 crores which constitute 60.21% of the Operating Income. Because of its excellent export performance the company continues to enjoy the status of GOLDEN TRADING HOUSE.

In spite of excellent performance the margin continues to be under strain. The intense global competition resulted fall in export realisation which affected company's operating income as well as operating margins. Moreover

lowering of export incentives and exchange rate also affected company's profitability & thus company earned a gross profit (before interest) of Rs.61.23 crores as against Rs. 72.02 crores in the previous year. After providing Rs.24.06 crores for depreciation, Rs.4.35 for interest and Rs.6.81 crores for tax (Net of Deferred tax) the net profit comes to Rs. 26.01 crores. After appropriation of profits as per detail hereinabove an amount of Rs.19.35 crores has been transferred to General Reserve thereby increasing company's reserves to Rs.276.41 crores as on 31st March, 2005.

The early phase of quota free global trade has witnessed falling product prices because every source wanted to increase its Share in the Global Markets. We feel, this is only a temporary phenomena and the prices will stabilise in near future. In the current year, prices have already started looking up which in-turn will enable the company to further improve its financial performance.

Besides, we are also pleased to inform you that modernisation of the spinning plants, as reported in our previous report, has been completed. We are quite optimistic that the modernisation of the spinning plants will further improve the operational efficiency as well as company's bottom line in the coming periods.

DIVIDEND

Your Directors are pleased to recommend a dividend @15% (i.e. Rs1.50 per share) on paid up equity share capital for the year ended 31st March, 2005.

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 Sept., 2005 or Register of beneficial owners, maintained by the Depositories as at the close of 15th Sept., 2005. The dividend distribution as percentage of net profit after tax is 20.22%.

EXPANSION PLANS

Keeping in view the emerging opportunities arising out of Quota Free Global Trade and favourable Govt. policies, your company has decided to expand the spinning capacity by putting up Ultra Modern Spinning Plant with a capacity of 25000 Spindles at Village Jodhan, Distt. Ludhiana at a capital outlay of Rs. 95 crores. The said expansion will be financed by way of Rs.70 crores Term Loan under Tuff scheme and the balance from the internal accruals of the company. Your Management is quite optimistic that the enhanced capacity will enable the company to further improve its financial performance in the coming years.

DIRECTORS

Pursuant to article 112 of the Articles of Association of the company Sh. Gursharan Singh Dhiman, Dr. Suresh



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Kumar Singla, Sh. Kamal Oswal and Sh. Dinesh Gogna 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 re-appointed are contained in the accompanying Notice of the forthcoming Annual General Meeting.

LISTING OF SECURITIES

Pursuant to the Shareholders approval company applied for voluntary de-listing of its Equity shares from Ludhiana Stock Exchange. The Exchange has confirmed vide their letter No. 2609 dated 09.10.2004 regarding de-listing of Company's Securities, from the Exchange w.e.f. 07.10.2004. Thus company's securities are presently listed on The Stock Exchange, Mumbai & The National Stock Exchange of India Ltd.

The Company has paid listing fee to both the Stock Exchanges for the financial year 2005-2006.

CREDIT RATING

The Credit Rating Information Services of India Ltd. (CRISIL) has reaffirmed 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 83% of the share capital of the company has been dematerialised.

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

M/s Alankit Assignments Limited
(Unit: Nahar Exports Limited)
2E/8, Blazeflash House, Jhandewalan Extension
New Delhi – 110 055
Telephone No. : (011) 52541234
Fax No. : (011) 51540064
E-mail address : rta@alankit.com

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

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.

AUDIT COMMITTEE

Pursuant to Section 292 A(1) of the Companies Act, 1956, Company has already constituted Audit Committee consisting of Sh. Amarjeet Singh as Chairman, Sh. Dinesh Gogna and Prof. K.S. Maini as members. 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 Exchange, is attached herewith.

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 preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanations relating to material departures;
- ii) that they had selected such accounting policies and applied them consistently and made judgments 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 2004-2005. The Government of India, Ministry of Law,



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Justice and Company Affairs, Department of Company Affairs, New Delhi have approved the appointment vide their letter dated 16th August, 2004. 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 reappointment, if made, would be within the limits specified in the said section.

FIXED DEPOSITS

During the year the company has not accepted any fixed deposit within the meaning of Section 58-A of the Companies Act, 1956 and the rules made there under.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 205-C of the Companies Act, 1956 the company has transferred an amount of Rs.762725.61 (Rupees Seven lacs sixty two thousand seven hundred twenty five and paise sixty one only) being the amount of unclaimed dividend for the year 1996-97 to the Investor 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 there under, is enclosed as per Annexure-I

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

The detailed information as required under section 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 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.

ACKNOWLEDGEMENT

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 : 30th July, 2005

(Chairman-cum-Managing Director)

ANNEXURE-I

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANY ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2005.

SR. No.	NAME	DESIGNATION	REMUNERATION (in Rs.)	NATURE OF EMPLOYMENT	NATURE OF DUTIES	QUALIFI- CATION	EXPERIENCE IN YEARS	DATE OF EM- PLOYMENT	AGE (IN- YEARS)	LAST EMPLOYMENT HELD	% OF EQUITY CAPITAL HELD
1.	Sh. Jawahar Lal Oswal	Chairman Cum Managing Director	11928000.00	Contractual	General Administration	Graduate	41	01.02.1998	62	NIL	NIL
2.	Sh. Dinesh Oswal	Managing Director	4592000.00	Contractual	Overall Company's administration	B Com.	20	01.04.1998	40	Oswal Woolen Mills Ltd.	0.121
3.	Sh. S.L. Sehgal	Executive Director	1546137.00	Contractual	Production and General Administration of Rishab Spinning Mills	Textile Engineering	45	01.01.1990	68	Rohtak Textile Mills Ltd. Rohtak	0.003

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, 2005.

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 conservations are done in all units. All possible measures have been taken during selection of machinery and equipments for its low energy consumption. All the new industrial light fittings installed since 1997 have been selected with low watt loss or with electronic chokes for minimum power consumption.

New generation of spindles having different blade profile are being replaced with old spindles and this change will result into saving of lot of electrical power.

Installation of high efficiency air compressors.

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) Use of electronic chokes.

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)	76685599	93721183
Total amount (Rs.)	291739325	361849080
Rate per unit (Rs.)	3.80	3.86
(b) Own Generation		
i) Through Diesel Generator		
Units produced (KWH)	1868496	6854665
Total amount (Rs.)	11545043	32540813
Cost per unit (Rs.)	6.18	4.74
ii) Furnace Oil		
Unit Produced (KWH)	44820436	15918730
Total Amount	110764972	32678047
Cost per unit (Rs)	2.47	2.05
2. Coal	NIL	NIL
3. Other / Internal Generation	NIL	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION

Electricity Consumed per unit

Cotton Yarn/Synthetic Yarn (Unit/Kg)	3.99	3.82
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 latest on-line and off-line testing and monitoring equipments to maintain the product consistency of raw-material as well as finished products.

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

The company has improved its products value and reduction in

production cost. The company has expanded its market to value added market segments and has been able to maintain its customer requirements.

The company has been able to reduce the production costs with improved quality level of finished products, thereby fetching better sales realisation.

iii) Future Plans :

The company is committed to continue the upgradation of its R&D facilities and will strive to develop new products keeping in view the future market requirements and will thus improve its competitiveness. In the process of modernization of the factory, the company is going to replace 14 cards, 15 Ring Frames and 4 Autoconers.

iv) Expenditure on R & D :

	Current Year	Previous Year
a) Capital (Rs.)	NIL	NIL
b) Recurring (Rs.)	63461	248527
c) Total (Rs.)	63461	248527
d) Total R&D expenditure as a %age of total turnover	—	0.01

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

i) Efforts in brief made towards technology absorption, adaptation and innovation :

In order to improve the working environment the company has added Automatic waste recovery system in order to reduce the level of hairiness in the yarn, the company has replaced old rings with new imported Titan rings.

ii) Benefits derived as result of above efforts :

With the above mentioned efforts, the company will enjoy the benefits of improved product quality, savings in manufacturing cost.

iii) Information regarding Technology imported during the last five years :

Uster Quantum Clearers and Uster AFIS from Uster Technologies and Titan rings from Bracker Brothers, Zurich, SWITZERLAND SAVIO Orion autoconer and LOPTEx contamination sorter from Italy.

Muratec 21C autoconer from M/s. Murata Machinery Ltd. Japan.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

(I) Activities relating to Exports, initiative taken to increase exports, Development of new Export Markets for products and export plans

With the opening of Global Trade w.e.f 1st Jan., 2005 company has taken effective steps to increase its exports and diversified export Markets. Company continues to make efforts to provide quality products at a very competitive rates so that it can compete with inter-national suppliers and maintain a steady growth of exports.

(II) Total Foreign Exchange used and earned

	Current Year	Previous Year
a) Foreign Exchange earned (Rs.)	2677747054	2978652368
b) Foreign Exchange outgo (Rs.)	168330234	321508589

For and on behalf of the Board

Place : Ludhiana
Dated : 30th July, 2005

JAWAHAR LAL OSWAL
(Chairman-cum-Managing Director)