



6th Annual Report

2011

The Nahar Group



Nahar Capital and Financial Services Ltd.

BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal

Sh. Dinesh Oswal

Sh. Kamal Oswal

Sh. Dinesh Gogna

Dr. (Mrs.) H.K. Bal

Dr. Om Parkash Sahni

Prof. Kanwar Sain Maini

Sh. Satish Kumar Sharma

Dr. Suresh Kumar Singla

Dr. Yash Paul Sachdeva

Chairman

Managing Director

Director

Director

Director

Director

Director

Director

Director

Additional Director

PRINCIPAL OFFICERS

Sh. Hans Raj Kapoor

Mrs. Anjali Modgil

General Manager

Company Secretary

REGISTERED OFFICE

375, Industrial Area-A,
Ludhiana-141 003, Punjab

BANKERS

Punjab National Bank
HDFC Bank Limited
State Bank of Patiala

AUDITORS

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

6TH ANNUAL GENERAL MEETING

Day : Tuesday

Date : 20th September, 2011

Time : 11.00 A.M.

Place : At the Premises of
Nahar Industrial Enterprises
Limited, Focal Point, Ludhiana

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Save Tree Save Earth

Green Initiative

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies. Your Company has decided to join the MCA in its environmental friendly initiative.

Henceforth, the Company proposes to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c or send the same to the Company via e-mail at: -secncfs@owmnahar.com or gredressalncfsl@owmnahar.com.

We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.

**NOTICE**

Notice is hereby given that the **Sixth Annual General Meeting** of the Members of **Nahar Capital and Financial Services Limited** will be held on **Tuesday, the 20th day of September, 2011 at 11:00 a.m.** at the premises of M/s. Nahar Industrial Enterprises Limited, Focal Point, Ludhiana to transact the following businesses:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2011, 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 Dr. Suresh Kumar Singla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. (Mrs.) Harbhajan Kaur Bal, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Prof. Kanwar Sain Maini, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors of the Company 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 an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, for the time being in force and Article 108 of the Articles of Association of the Company, Dr. Yash Paul Sachdeva, who was appointed as an Additional Director of the Company w.e.f. 30th May, 2011 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 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 and 310 and other applicable provisions of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII (including any statutory modification or re-enactment thereof, for the time being in force), consent and approval of the Company be and is hereby accorded for the re-appointment of Sh. Dinesh Oswal, as Managing Director of the Company, for a period of 5 years w.e.f. 1st January, 2012 on the remuneration and perquisites set out below:

- A. Salary: Rs. 1000000/- per month.
- B. Perquisites: Following perquisites shall be allowed in addition to salary:
 1. **Medical Reimbursement:** Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year.
 2. **Leave Travel Concession:** Leave Travel Concession for self and family once in a year incurred by him.
 3. **Club Fees:** Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.
 4. **Personal Accident Insurance:** Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 4000/-.
 5. **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.
 6. **Gratuity:** Gratuity payable shall not exceed half month's salary for each completed year of service.
 7. **Leave Encashment:** Encashment of leave at the end of the tenure, as per rules of the Company.
 8. **Car and Telephone:** Free use of Company's car for official work and telephone at residence.

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

"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 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 of the Company, be and are hereby authorized to take all such steps as may be deemed necessary 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 the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, consent and approval of the Company, be and is hereby accorded for commencing and undertaking the Real Estate Business as enumerated in sub clause 22 (a & b) of the Object Clause of the Memorandum of Association of the Company, namely:

22. a) To purchase, sell, develop, take in exchange, or on lease, hire or otherwise acquire, whether for investment or sale or working the same, any real or personal estate, including land mines, houses, cottages, shops, deposits and ware-houses, in consideration for a gross sum or rent or partly in one way and partly in the other or for any other consideration.
- b) To carry on the business as proprietors of flats and buildings and to let on lease or otherwise apartments therein and to provide for the convenience commonly provided in flats, suites and residential quarters."

BY ORDER OF THE BOARD

PLACE : LUDHIANA
DATED: 30th July, 2011

ANJALI MODGIL
(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 TO 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 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.
3. The Register of Members and Share Transfer Register of the Company shall remain closed from 10th September, 2011 to 20th September, 2011 (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 20th September, 2011 or Register of Beneficial Owners, maintained by the Depositories at the close of 9th September, 2011.
5. The bank account particulars of the members will be printed on the dividend warrants. 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 375, Industrial Area - A, Ludhiana-141 003.
6. Members holding shares in electronic form are requested to notify change in their address/Bank details to their Depository Participants before 9th September, 2011.
7. To ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialize 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. 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 10.00 A.M. to 12.00 Noon up to the date of Annual General Meeting.
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 information ready.
11. Members are requested to bring the copy of Annual Report alongwith them at the meeting.
12. The information required to be provided under clause 49 of the Listing Agreement entered into with Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed are annexed hereto and form part of the Notice.

Information pursuant to Corporate Governance Clause of the Listing Agreement regarding Directors seeking appointment/re-appointment:

I. Name	:	Dr. Suresh Kumar Singla
Age	:	62 Years
Qualification	:	M.A. (Economics & Statistics) & Ph. D in Statistics
Expertise	:	Having more than 32 years of experience in teaching Business Management and Administration



His Directorship/Membership in the committee of the Board in other companies is as under:

Name of the Company	Committee	Status
1. Oswal Woollen Mills Ltd.	Audit Committee	Chairman
	Shareholders	Member
	Grievance Committee	
2. Nahar Poly Films Ltd.	Audit Committee	Chairman
3. Nahar Spinning Mills Ltd.	-	-
4. Metro Tyres Limited	Audit Committee	Member
II Name :	Dr. (Mrs.) Harbhajan Kaur Bal	
Age :	72 Years	
Qualification :	M.A. Ph.D.	
Expertise :	Having Experience of more than 34 years in Teaching Management and Administration	

Her Directorship/Membership in the Committees of the Board in other companies is as under:

Names of the Company	Committee	Status
1. Nahar Spinning Mills Ltd	Share Holders	Chairman
	Grievance Committee	
2. Nahar Poly Films Ltd.	Share Holders	Chairman
	Grievance Committee	
3. Oswal Woollen Mills Ltd.	-	-
4. Nahar Industrial Enterprises Ltd.	Audit Committee	Member
5. Sportking India Ltd.	Audit Committee	Member
III. Name :	Prof. Kanwar Sain Maini	
Age :	72 Years	
Qualification :	M. Com.	
Expertise :	Having more than 33 years of experience in teaching Commerce, Management and Administration	

His Directorship/Membership in the Committees of the Board in other companies is as under:

Names of the Company	Committee	Status
1. Nahar Industrial Enterprises Ltd.	Share Holders	Member
	Grievance Committee	
2. Oswal Woollen Mills Ltd.	Audit Committee	Member
3. Nahar Spinning Mills Ltd.	Audit Committee	Chairman
4. Nahar Poly Films Ltd.	-	-

IV. Name :	Dr. Yash Paul Sachdeva
Age :	49 Years
Qualification :	MBA, Ph.D
Expertise :	Having more than 29 years of experience in teaching Business Management and Administration

His Directorship/Membership in the Committees of the Board in other companies is as under:

Names of the Company	Committee	Status
1. Nahar Industrial Enterprises Ltd.	-	-
2. Nahar Poly Films Ltd.	-	-
3. Cotton County Retail Ltd.	Audit Committee	Member
4. Oswal Spinning & Weaving Mills Ltd.	-	-

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

ITEM NO. 7

The Board of Directors at their meeting held on 30th May, 2011 appointed Dr. Yash Paul Sachdeva, as an Additional Director of the Company, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company. Dr. Yash Paul Sachdeva shall hold the office of the Director upto the ensuing Annual General Meeting of the Company.

The Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 alongwith requisite deposit signifying his intention to propose the appointment of Dr. Yash Paul Sachdeva as Director liable to retire by rotation. Dr. Yash Paul Sachdeva is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Companies Act, 1956 and has obtained Director Identification Number in terms of Section 266(A) of the said Act. The Company has also received consent in writing from Dr. Yash Paul Sachdeva to act as a Director of the Company, if appointed.

Dr. Yash Paul Sachdeva is 49 years of age. He is MBA, Ph. D (Business Administration) and is having more than 29 years of teaching experience in the field of Business Management. Presently he is the Professor in the Business Management Department of Punjab Agricultural University, Ludhiana.

Board considers that having regard to his knowledge and experience, it will be in the interest of the Company to appoint him as a Director of the Company.



His Directorship/Membership in the committee of the Board in other companies is as under:

Name of the Company	Committee	Status
1. Nahar Industrial Enterprises Ltd.	---	---
2. Nahar Poly Films Ltd.	---	---
3. Cotton County Retail Ltd.	Audit Committee	Member
4. Oswal Spinning & Weaving Mills Ltd.	---	---

The Board recommend the resolution for your approval.

None of the Director except Dr. Yash Paul Sachdeva may be deemed to be concerned or interested in the resolution.

ITEM NO. 8

Sh. Dinesh Oswal was appointed as Managing Director of the Company on 29th December, 2007 for a period of 5 years. His period of office shall expire on 31st December, 2011. Sh. Dinesh Oswal is 46 years of age. He is a commerce graduate and is having more than 26 years of experience in Textile & Finance Industry. The Board, keeping in view the overall growth of the Company under his able and dynamic leadership, has decided (subject to the approval of shareholders), to re-appoint him as Managing Director for a further period of 5 years commencing from 1st January, 2012. Sh. Dinesh Oswal, is eligible for re-appointment as Managing Director and his remuneration and perquisites as set out in the resolution are in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

Sh. Dinesh Oswal is having Directorship/ Membership in the Committees of the Board in following Companies:

Name of the Company	Committee	Status
1. Nahar Spinning Mills Ltd.	---	---
2. Nahar Poly Films Limited	---	---
3. Nahar Industrial Enterprises Ltd.	---	---
4. Nahar Industrial Infrastructure Corp. Ltd.	---	---
5. Oswal Wollen Mills Limited	---	---
6. Sankheshwar Holding Co. Ltd.	---	---
7. Palam Motels Limited	---	---
8. Atam Vallabh Financiers Ltd.	---	---

9. Ludhiana Holding Ltd.	---	---
10. Vardhman Investments Ltd.	---	---
11. Vanaik Investors Ltd.	---	---
12. J L Growth Fund Ltd.	---	---
13. Monte Carlo Fashion Ltd.	---	---
14. Cotton County Retail Ltd.	---	---
15. Crown Star Ltd. (UK)	---	---
16. Abhilash Growth Fund Pvt. Ltd.	---	---

Your Directors recommend the resolution for your approval.

Sh. Dinesh Oswal is deemed to be concerned and interested in the Resolution. Further Sh. Jawahar Lal 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 provision 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. 9

The Board of your Company has been considering proposals for diversifying the activities into new line of business. They are of the opinion that Real Estate business offer good business opportunities. Accordingly, the Board decided to bring sub clause 22 (a & b) of Clause - III-C of the "Other Object" to the "Main Object" of Memorandum of Association of the Company.

As per Section 149(2A) of the Companies Act, 1956, the Members of the Company should approve, by a Special Resolution, the commencement of new business by the Company which is not germane to the business which it was carrying on as on that date. Hence your Directors propose and recommend the Special Resolution for your approval.

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

BY ORDER OF THE BOARD

PLACE : LUDHIANA
DATED: 30th July, 2011

ANJALI MODGIL
(COMPANY SECRETARY)



Directors Report

Dear Members,

Your Directors have immense pleasure in presenting the **SIXTH ANNUAL REPORT** on the affairs of the Company for the year ended 31st March, 2011.

FINANCIAL PERFORMANCE

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

(Rs. In lacs)		
Particulars	Current Year	Previous Year
Profit before Tax	1765.21	2299.58
Add : Adjustment of Income Tax of Earlier Years	-17.32	1.24
Less: Provision for Taxation	245.00	330.00
Profit after Tax	1502.88	1970.82
Surplus of last year brought forward	282.91	0.00
Profit for appropriation	1785.79	1970.82
APPROPRIATION		
Proposed Dividend	251.19	251.19
Tax on Distributed Profits	40.75	41.72
Statutory Reserve Fund	301.00	395.00
Transfer to General Reserve	900.00	1000.00
Surplus carried to Balance Sheet	292.85	282.91
	1785.79	1970.82

SEGMENT REPORTING

The disclosure requirement of Accounting Standard -17 (AS-17), issued by the Institute of Chartered Accountant of India (ICAI) are not applicable to the Company as the main business activities of Company falls under single segment namely 'Investment Activities' which comprise of (i) Investment Portfolio consisting of securities held as Capital Assets and (ii) Trading Portfolio consisting of securities held as stock in trade.

FINANCIAL REVIEW

The Company's performance was reasonable during the year under review. It earned operating/other income of Rs. 1972.72 Lacs in current year as against Rs. 2505.11 Lacs in previous year. Because of adverse capital markets and also due to rising interest rate scenario, the profitability of the Company was affected. Accordingly, the Company could earn pre-tax profits of Rs. 1765.21 Lacs as against Rs. 2299.59 Lacs in previous year. After providing tax of Rs. 245.00 Lacs and adjustment of Income Tax of earlier years, the Company earned a Net Profit of Rs. 1502.88 Lacs.

After appropriations of profits as detailed herein above, an amount of Rs. 900 Lacs transferred to Company's General Reserve thereby increasing the Reserve to Rs. 27624.62 Lacs as on March 31, 2011.

DIVIDEND

Your Directors are pleased to recommend a dividend @ 30% i.e. Rs.1.50/- per Equity Share of Rs. 5/- each for the year 2010-11

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of profits of the Company for the year under reference to all those shareholders whose name shall appear in the Register of Members on 20th September, 2011 or Register of Beneficial Owners, maintained by the Depositories as at the close of 9th September, 2011.

DIRECTORS

Sh. Amarjeet Singh, who was a Director of the Company since 2007, left for heavenly abode on 30th May, 2011. To fill the vacancy caused by death of Sh. Amarjeet Singh, Dr. Yash Paul Sachdeva was appointed as an Additional Director on 30th May, 2011 to hold office upto the ensuing Annual General Meeting. The necessary resolution is being proposed for your approval in accompanying Notice of the Annual General Meeting.

Pursuant to Article 112 of the Articles of Association of the Company, Dr. Suresh Kumar Singla, Dr. (Mrs.) Harbhajan Kaur Bal and Prof. Kanwar Sain Maini will be retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The period of office of Sh. Dinesh Oswal as Managing Director shall be expiring on 31st December, 2011. As per the recommendations of Remuneration Committee, the Board has approved the re-appointment (subject to the approval of shareholders) as Managing Director for a further period of 5 years commencing from 1st January, 2012. The resolution for his re-appointment has been proposed for your necessary approval in the accompanying Notice of the Annual General Meeting.

In terms of Clause 49 of the Listing Agreement entered 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.

NEW LINE OF BUSINESS

Your management is proposing to diversify Company's activities into new line of business. Having regard to good business opportunities in Real Estate, your management is proposing to bring the proposed business of Real Estate as stated under sub clause 22 (a & b) of Clause - III-C of the "Other Objects" to the "Main Objects" of the Memorandum of Association of the Company.



The Special Resolution is being proposed (for your necessary approval) in the accompanying Notice of the Annual General Meeting.

OPEN OFFER

During the year, M/s. Oswal Woollen Mills Limited, Group Company, made an Open Offer under the provisions of Regulation 11(2A) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and subsequent amendments thereto for the acquisition of 20,41,813 fully paid up equity shares of Rs.5 each of the Company representing 12.19% of the total paid up equity share capital. M/s. Oswal Woollen Mills Limited, acquired 12,63,693 equity shares representing 7.54% of the total paid up equity share capital of the Company under the said Open Offer. The required disclosure/compliances have already been made to the SEBI as well as Stock Exchanges in this regard.

CREDIT RATING

We are pleased to inform that M/s. ICRA Limited has assigned A1 (pronounced "A One") Credit Rating to the proposed Short Term Debt / Commercial Paper Programme of the Company for Rs.25 Crores. This is the highest-credit-quality rating by the ICRA to the short terms debt instruments and it reflects the Company's financial discipline and prudence.

GREEN INITIATIVE

The Ministry of Corporate Affairs (MCA) vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies. Your Company has decided to join the MCA in its environment friendly initiative.

Accordingly, henceforth Company propose to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c. or send the same to the Company via e-mail at secncfs@owmnahar.com or gredressalnfcsl@owmnahar.com. We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.

LISTING OF SECURITIES

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

1. The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
2. The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai.

The Company has paid listing fee to both the Stock Exchanges for the financial year 2011-2012.

DEMATERIALISATION OF SECURITIES

Your Company has already established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) to facilitate the holding and trading of securities in electronic form. As on 31st March, 2011, 96.44% of the Share Capital has been dematerialized by the members of the Company. The Shareholders, who have not gone for dematerialization of the shares till date, are requested to opt for dematerialization of the shares at the earliest.

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 Capital and Financial Services Ltd)
Alankit House
2E/21, Jhandewalan Extension
New Delhi - 110 055
Telephone No : (011)23541234
Fax No. : (011)41540064
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.

AUDIT COMMITTEE

Pursuant to Section 292A(1) of the Companies Act, 1956, the Company constituted an Audit Committee consisting of three Non Executive Directors under the chairmanship of Prof. K.S. Maini, Sh. Amarjeet Singh and Sh. S.K. Sharma as members. With the sad demise of Sh. Amarjeet Singh, Dr. O.P. Sahni has been appointed as member of Audit Committee as on 30th May, 2011. The Committee held four meetings during the year under review.

**RISK MANAGEMENT COMMITTEE**

The Company being essentially an Investment Company, its main sources of income are dividend/income receivable on investments in Equity Shares/Debentures/Bonds/deposits made and held by it in other companies and Mutual Funds. The financial business is always prone to risks of capital market fluctuations, economic risk, competition risk, interest rate volatility and economic cycle.

To monitor and manage the risk associated with the investment business, the Company has constituted the Risk Management Committee pursuant to the RBI Circular No. DNBS (PD) CC No. 156 / 03.10.001 / 2009-10 dated July 1, 2009. The Committee consisted of three non-executive directors under the chairmanship of Prof. K.S. Maini, Sh. Dinesh Gogna and Dr. O.P. Sahni as members. The Committee met five times during the financial year under review.

REPORT ON THE CORPORATE GOVERNANCE

Your Company continues to follow the principles of good Corporate Governance. The Company has constituted several committees of directors to assist the Board in good Corporate Governance. The Corporate Governance Report along with 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 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, 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 and Loss of the Company for that period;
- iii) that they had taken proper and sufficient care for 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 any fraud and other irregularities;

- iv) that they had prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s. Gupta Vigg & Co., the Auditors of the 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.

PUBLIC DEPOSITS

The Company is registered as Non-deposit taking Non Banking Financial Company with RBI. The Company has not accepted any Public Deposit within the meaning of Section 58-A, of the Companies Act, 1956 and the rules made thereunder. There is no outstanding/unclaimed deposit from the public.

PARTICULARS OF EMPLOYEES

The information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is enclosed as per Annexure-I.

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

Particulars with respect to the Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo 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, are not applicable, as the Company is a Non Banking Financial Company.

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 gratitude and appreciation to all workers, staff members and executives for their contribution to the operations of 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.