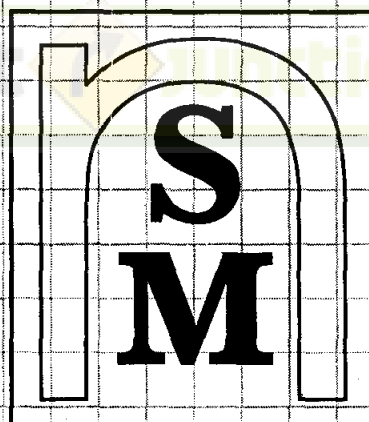




**THE NAHAR GROUP**

# ***21st Annual Report 2000-2001***



**Nahar**

**SPINNING MILLS LIMITED**

**ONE OF THE PREMIER RECOGNISED GOLDEN TRADING HOUSE OF INDIA**



# NAHAR SPINNING MILLS LIMITED

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<b>BOARD OF DIRECTORS</b>	:	<b>Sh. Jawahar Lal Oswal</b>	<b>Chairman</b>
		Sh. Dinesh Oswal	Managing Director
		Sh. Kamal Oswal	Director
		Sh. Dinesh Gogna	Director
		Sh. S.K. Sharma	Director
		Dr. (Mrs.) H.K. Bal	Director
		Sh. Amarjeet Singh	Addl. Director
		Sh. Vinod Kumar Khanna	Addl. Director

**FINANCE CONTROLLER** : Sh. Hans Raj Kapoor

**COMPANY SECRETARY** : Sh. Brij Sharma

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

**BANKERS** : Punjab National Bank  
State Bank of India  
ICICI Bank Ltd.

**REGD. OFFICE** : 373, Industrial Area-A, Ludhiana-141003

**WORKS** : Industrial Area-A, Ludhiana (Punjab)  
Dhandari Kalan, G.T. Road, Ludhiana (Punjab)  
Village Simrai, Mandideep, Distt. Raisen (M.P.)  
Village Lalru, Distt. Patiala (Punjab)  
Village Jalalpur, Distt. Patiala, (Punjab)

## 21<sup>ST</sup> ANNUAL GENERAL MEETING

DAY : FRIDAY  
DATE : 28TH SEPTEMBER  
TIME : 10.00 A.M.  
PLACE : AT THE PREMISES OF  
NAHAR INTERNATIONAL LIMITED  
FOCAL POINT, LUDHIANA

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# NAHAR SPINNING MILLS LIMITED

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## NOTICE

Notice is hereby given that the **Twenty First Annual General Meeting** of the members of NAHAR SPINNING MILLS LIMITED will be held on **Friday, the 28th day of September, 2001 at 10 a.m.** at the Premises of M/s 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, 2001 and the Profit & Loss Account for the year ended on that date and Reports of 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. S.K. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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

6. 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 & all other applicable provisions, if any, of the Companies Act, 1956 Mr. Vinod Kumar Khanna, who was appointed by the board as an Additional Director of the company w.e.f. 30th June, 2001 and who holds such office upto the date of forthcoming Annual General Meeting in terms of section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

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 & all other applicable provisions, if any, of the Companies Act, 1956 Mr. Amarjeet Singh, who was appointed by the board as an Additional Director of the company w.e.f. 30th June, 2001 and who holds such office upto the date of forthcoming Annual General Meeting in terms of section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), consent and approval be and is hereby accorded for the re-appointment of Sh. Dinesh Oswal, as Managing Director of the company, for a period of 5 years w.e.f. 1st January, 2002 on the remuneration and perquisites set out below:



# NAHAR SPINNING MILLS LIMITED

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A. **Salary** : Rs. 5,00,000/- per month

B. **Commission** : 1% of the net profit, subject to maximum of Annual Salary. The total remuneration being within the limits as prescribed in part II of Schedule XIII of the Act.

**Perquisites** : Following perquisites shall be allowed in addition to salary and commission.

i) **Housing** :

- a) The expenditure by the company on hiring furnished accommodation will be subject to the ceilings of 60% of the salary over and above, 10% payable by Sh. Dinesh Oswal.
- b) If the company does not provide accommodation to Sh. Dinesh Oswal, he shall be entitled to House Rent Allowance @ 60% of salary.
- c) If accommodation in the company owned house is provided to Sh. Dinesh Oswal, a deduction @10% shall be made from his salary.

**Explanation** :

The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of Sh. Dinesh Oswal.

- ii) **Medical Reimbursement** : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months salary over a period of five years.
- iii) **Leave travel concession** : Leave travel concession for self and family twice in a year incurred by him.
- iv) **Club Fees** : Fees of clubs subject to a maximum of four clubs. No admission and life membership fees will be paid.
- v) **Personal Accident Insurance** : Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 4000/-
- vi) **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.
- vii) **Gratuity** : Gratuity payable shall not exceed half month's salary for each completed year of service.
- viii) **Leave Encashment** : Encashment of leave at the end of the tenure, as per rules of the company.
- xi) **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, perquisites and other allowances not exceeding the ceiling limit of Rs. 24 Lacs per annum or Rs. 2.00 Lacs per month in addition thereto the perquisites 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 is hereby authorised to take all such steps as may be necessary to give effect to above resolution."

BY ORDER OF THE BOARD

PLACE : LUDHIANA  
DATED : 31<sup>ST</sup> JULY, 2001

BRIJ SHARMA  
(COMPANY SECRETARY)



# NAHAR SPINNING MILLS LIMITED

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## NOTES :

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business under item no. 6 to 8 are 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 TO BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DELIVERED 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 September, 2001 to 28th September, 2001, (Both days inclusive)**
4. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the Financial year 1993-94 have been transferred to General Revenue Account of the Central Government. Shareholders who have not encashed their Dividend Warrants relating to the said period are requested to claim the amount from Registrar of Companies, 286, Defence Colony, Jalandhar. In case of any assistance required, please write to the attention of Company Secretary of the company.
5. Members are hereby informed that Dividend which remain unclaimed/unencashed over a period of seven years, has to be transferred by the company to Investor Education and Protection Fund which shall be constituted by the Central Govt. Under section 205-A and 205C of the Companies Act, 1956.
6. 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, 2001 or Register of beneficial owners, maintained by the Depositories at the close of 19th Sept. 2001.
7. Members are requested to :
  - (i) Quote their Folio Number (s) in all correspondence with the company.
  - (ii) Notify/send immediately to the company's Regd. Office at 373, Industrial Area-A, Ludhiana - 141003.
    - a) Change, if any, in their registered address alongwith Pin Code Number.
    - b) For consolidation of their share holding, if registered in identical name(s) in more than one folio, a request letter alongwith relative share certificates.
8. The document referred to in the accompanying Explanatory Statement are open for inspection at the Registered Office of the company on any working day (except Sunday & Holiday) between 10.00 AM to 12.00 Noon up to the date of Annual General Meeting.
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.




**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**
**ITEM NO. 6**

The Board of Directors of the company appointed Mr. Vinod Kumar Khanna as an Additional Director of the company w.e.f. 30th June, 2001 pursuant to article 78 of the Articles of Association of the Company. In terms of sections 260 of the Companies Act, 1956 read with article 78 of the Articles of Association of the Company, Mr. Vinod Kumar Khanna will hold office of the Additional Director upto the date of Annual General Meeting. The company has also received a notice in writing alongwith requisite deposit from a member under section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Vinod Kumar Khanna as a Director, liable to retire by rotation. The company has also received consent in writing from Mr. Vinod Kumar Khanna to act as a Director of the company, if appointed.

Mr. Vinod Kumar Khanna is a Chartered Accountant, and is having 20 years of experience in Accounts, Income-tax and Audit Work. Your Directors consider that having regard to his wide knowledge and experience, it will be in the interest of the company to appoint him as a Director of the Company. Mr. Vinod Kumar Khanna is also on the board of Nahar Exports Ltd.

Your Directors recommend the resolution for your approval.

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

**ITEM NO. 7**

The Board of Directors of the company appointed Mr. Amarjeet Singh as an Additional Director of the company w.e.f. 30th June, 2001, pursuant to article 78 of the Articles of Association of the Company. In terms of section 260 of the Companies Act, 1956 read with article 78 of the Articles of Association of the Company, Mr. Amarjeet Singh will hold office of the Additional Director upto the date of Annual General Meeting. The company has received a notice in writing alongwith requisite deposit from a member under section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Amarjeet Singh as a Director, liable to retire by rotation. The company has also received consent in writing from Mr. Amarjeet Singh to act as a Director of the Company, if appointed.

Mr. Amarjeet Singh is a Bachelor of Law (LL.B), and is having 40 years experience in Taxation and Legal Matters. Your Directors consider that having regard to his wide knowledge and experience, it will be in the interest of the company to appoint him as a Director of the company. Mr. Amarjeet Singh is also on the Board of Nahar Exports Ltd., Nahar International Ltd., Vanaik Investors Ltd., Oswal Leasing Ltd. & Oswal Woollen Mills Ltd.

Your Directors recommend the resolution for your approval.

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

**ITEM No. 8**

Sh. Dinesh Oswal was appointed as Managing Director of the company on 1st January, 1997 for a period of 5 years. His period of office shall expire on 31st December, 2001. The Board, keeping in view the overall growth of the company under the able and dynamic leadership of Sh. Dinesh Oswal, has decided (subject to the approval of the shareholders), to re-appoint him as Managing Director for a period of 5 years commencing from 1st January, 2002. In terms of Schedule XIII of the Companies Act, Sh. Dinesh Oswal, is eligible for re-appointment as Managing Director.

Your Directors recommend the resolution for your approval.

Sh. Dinesh Oswal is deemed to be concerned or interested in the resolution. Further, Sh. 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 Sections 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.

BY ORDER OF THE BOARD

PLACE : LUDHIANA  
DATED : 31<sup>ST</sup> JULY, 2001

BRIJ SHARMA  
(COMPANY SECRETARY)



# NAHAR SPINNING MILLS LIMITED

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## DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the TWENTY FIRST ANNUAL REPORT on the affairs of the company for the year ended 31<sup>st</sup> March, 2001.

## FINANCIAL RESULTS

(Rs. in Lacs)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Profit for the year before Tax & Depreciation	7275.03	5030.64
Less : Depreciation	2691.59	2048.79
Provision for Taxation	650.00	300.00
	<b>3933.44</b>	<b>2348.79</b>
		2681.85
Income Tax Adjustment & Excess prov. for earlier years	(-) 28.72	(-) 413.37
Depreciation for earlier years	(-) 180.05	—
Transfer from General Reserve	—	8239.70
	<b>3724.67</b>	<b>10538.18</b>
<b>APPROPRIATION</b>		
Proposed Dividend	672.44	672.33
Tax on Dividend	68.59	96.14
Transfer to Bond Redemption Reserve	100.00	100.00
Transfer to General Reserve	1445.01	—
Diminution in value of long term Investment	1438.63	9669.71
	<b>3724.67</b>	<b>10538.18</b>

## COMPANY'S PERFORMANCE

Before reviewing the overall performance of the company, we would like to brief you about the working of each division separately.

### Spinning Division

We are pleased to report that company has added 9072 spindles in the 100% E.O.U. unit at village Jalalpur, Distt. Patiala, Punjab thereby increasing the spindlage capacity to 25200 spindles as on date. This will add up in company's spindlage capacity to 91488 spindles and thus company can reap the benefits of economies of scale.

In spite of recession in the world economy as a whole, the Spinning Division performed reasonably well during the year. The Spinning Division contributed Rs. 18356.77 lacs towards the operating income of the company as against Rs. 17322.77 lacs the previous year. The company has also been able to maintain its export performance and has exported goods worth Rs. 11950.42 Lacs during the year.

### Mercerising-cum-Dyeing Division

We are also pleased to report that 1<sup>st</sup> phase of Mercerising cum Dyeing Plant at village Lalru, Distt. Patiala was commissioned

as scheduled. The unit commenced commercial production on 15th Sept., 2000. The super fine quality Yarn produced by the unit has been well received in the domestic as well as export markets.

The second phase of expansion of mercerising cum dyeing plant is progressing ahead of schedule. The machinery has already arrived at the site and is under erection. The company expect that the commercial production will start by end September, 2001.

To add further value in the company's products, the company has also installed fabric mercerising machines. The initial production received adequate response from the export houses as well as reputed manufacturing units. The company expects to start commercial production by end September, 2001.

In its first year of operation, the Division contributed Rs. 723.79 lacs towards the operating income of the Company.

### Hosiery Garment Division

In line with the company's policy and to meet the emerging global challenges, your company is continuously upgrading its machinery and technology. The company spent Rs. 16 Crores on the expansion cum modernisation of Garment Division, during the year. This has enabled your company to equip itself to produce highest quality products at lower cost, so that it remain competitive and maintain steady growth in the global markets.

During the year under review, the Garment Division contributed Rs. 18304.03 lacs towards the operating income of the company as against Rs. 16395.57 lacs showing an impressive increase of 11.64% over the previous year. However due to recession in U.S. Market and lower demand from Europe, the exports remained almost stagnant.

Further we are pleased to inform you that company's commitment to quality systems and technological excellence has been recognised by the Bureau of Indian Standards by awarding ISO 9002 Certificate to the Garment Divisions of the company.

### Overall Performance

Thus from the above results, it is evident that your company has been able to face the economic recession with success and could sustain the growth rate upwards during the year. The operating income at Rs. 37384.60 lacs has shown an increase of 10% over the previous year. In spite of Economic slowdown in U.S. and other countries across the world, your company has exported goods worth Rs. 19506.40 lacs during the year. The Company continues to enjoy the status of "GOLDEN TRADING HOUSE" in recognition of its continued outstanding export performance. The Gross Profit and Profit after tax at Rs. 7275.03 lacs and Rs. 3933.44 lacs has shown an impressive increase of 44.61% and 46.67% respectively over the previous year.

In line with company's policy to reflect true and fair view, the fall in market value of company's long term investments, has been accounted for and accordingly a sum of Rs. 1438.63 lacs has been appropriated from the profits for the year. After



# NAHAR SPINNING MILLS LIMITED

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appropriation of profits as per detail hereinabove, an amount of Rs. 1445.01 lacs has been transferred to General Reserve of the company. Thus Company's Reserves has risen to Rs. 36840.95 lacs as on 31st March, 2001.

## DIVIDEND

Your Directors are pleased to recommend a dividend @50% on the paid up value of equity share capital for the year ended 31st March, 2001.

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

## DIRECTORS

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

Pursuant to article 91 of the Articles of Association of the Company, Sh. Kamal Oswal and Sh. S.K. Sharma will be retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Sh. Dinesh Oswal's tenure as Managing Director shall be expiring on 31st December, 2001. The Board has recommended his reappointment for a further period of five years w.e.f. 1st January, 2002, for which required approval of the Shareholders is being sought at the ensuing Annual General Meeting.

Mr. Vinod Kumar Khanna and Sh. Amarjeet Singh were appointed as Additional Directors on 30th June, 2001. They will hold office upto the ensuing Annual General Meeting. The company has received notices U/S 257 of the Companies Act, 1956 from the members proposing candidature of Mr. Vinod Kumar Khanna and Mr. Amarjeet Singh as Directors of the company.

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

## CREDIT RATING

The Credit Rating of AA+ (pronounced double A Plus) to the Company's Secured Premium Convertible Bonds, and P1 + (Pronounced P one plus) for the short term loan upto Rs. 200 Million, given by Credit Rating Information Services of India Ltd., are continuing as on date.

## LISTING OF SECURITIES

The securities of the company are listed on The Ludhiana Stock

Exchange Association Ltd, Feroze Gandhi Market, Ludhiana, The Delhi Stock Exchange Association Ltd, D.S.E House, 3/1 Asif Ali Road, New Delhi, The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Bombay and The National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla, Bandra (E), Mumbai. Further, the company has paid the listing fee to all the aforesaid Stock Exchanges for the Financial year 2001-2002.

## DEMATERIALISATION OF SECURITIES

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

We would also like to inform you that the Securities and Exchange Board of India (SEBI) has included the company's scrip in compulsory demat settlement for all investors w.e.f. 21st March, 2000. Thus the dealing in the company's equity shares in future will be in demat form only. We hope that you will avail this opportunity and get your holding dematerialised at the earliest. As on date 80% of equity capital of the company has been dematerialised.

## CORPORATE GOVERNANCE

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

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

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

## DIRECTORS RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year under review, confirm in their entirety to the requirements of the Companies Act, 1956.

The Directors confirm :

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;





# NAHAR SPINNING MILLS LIMITED

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- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the Annual Accounts on a going concern basis.

## COST AUDITORS

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

## AUDITORS

M/s Gupta Vigg & Co., the Auditors of your company shall be retiring at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for 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.

## 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 EARNING 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

## 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  
DATED : 30<sup>th</sup> June, 2001

JAWAHAR LAL OSWAL  
(CHAIRMAN)

## ANNEXURE-1

### PARTICULARS OF EMPLOYEES TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2001

SR. NO.	NAME	DESIGNATION/ NATURE OF DUTIES	REMUNERATION	NATURE OF EMPLOYMENT	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF EMPLOYMENT	AGE (YEARS)	LAST EMPLOYMENT HELD
1.	Sh. Dinesh Oswal	Managing Director	5691299	Contractual	B.Com.	16	01.01.1987	36	Oswal Woollen Mills Ltd.

## 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. Dinesh Oswal, is related to Sh. Jawahar Lal Oswal and Sh. Kamal Oswal, Directors 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, 2001.**

#### CONSERVATION OF ENERGY

##### a) Measures taken for conservation of energy :

Energy conservation is an ongoing process in our organisation. The company has taken following measures for energy conservation :

- All the machine in the 100% E.O.U. at village Jalaipur, Distt. Patiala (Pb.) right from the blow room to finishing are equipped with energy efficient motors and inverter drive. The ring frames are fitted with energy efficient spindles and the TFOs from Volkman GERMANY with their latest developed energy efficient spindles. All the plant light fittings are with lowest watt loss chokes which consumes 19.60% less energy.
- The company has installed Yarn conditioning machines based on steam heating principle which consumes no power for heating purpose. The process of solar heating system in support of diesel fired boiler is in progress. Thus continuous energy is saved.
- Company has installed state of art furnace oil based power plant MB-K8 Major, at Mandideep which has resulted higher power units generated per unit of furnace oil and also the healthy power supply.
- Company has provided gravity ventilators at the roof level in new power plant building, the louvers of which get adjusted according to the pressure with-in-hall. It has resulted in non-installation of exhaust fans in D G shed and thus continuous energy saving is achieved.
- In the humidification plant, after studying the optimum requirement and depending on the ambient atmospheric conditions the capacity of the fans was reduced by reducing the blade angles, which resulted in substantial energy saving.

##### b) Additional investment & proposals for reduction of consumption of energy:

We have taken trial of energy saver impeller on Ring frame machine in Unit-I for pneumafil fan motor and successful results were observed. We are planning to change impeller in our all Ring frame for continuous energy saving.

##### c) Impact of measures, consequent to (a) and (b) above With the measures adopted by the company, there is substantial saving in energy consumption there by reduction in cost of production.

##### d) Total energy consumption and energy consumption per unit of production per Form -A, of the Annexure in the rules in respect of industries specified in the schedule thereto.

#### FORM - A

		Current Year 2000-2001	Previous Year 1999-2000
<b>A. POWER &amp; FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
a) Purchases Unit (KWH)		18856209	24327678
Total amount (Rs.)		38602020	51137915
Rate per Unit (Rs.)		2.05	2.10
b) Own Generation through diesel generator set.			
Units (KWH)		Not workable	Not workable
Total amount (Rs.)		237034850	128250581
Cost per Unit (Rs.)			
<b>2. STEAM COAL</b>		Used in Boiler	Used in Boiler
Quantity (in Tones)		Nil	Nil
Total Cost (Rs.)		Nil	Nil
Average Rate per Tone (Rs.)		Nil	Nil
<b>3. FURNACE OIL</b>			
Quantity (in Litres)		501185	Nil
Total Cost (Rs.)		5788376	Nil
Rate/per Litre (Rs.)		11.51	Nil
<b>4. OTHER/INTERNAL GENERATION</b>			
Rice Husk			
(Quantity in tones)		22736.500	22618.060
Total Cost (Rs.)		28716109	22850691

Rate / Tone (Rs.)	1263.00	1010.28
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
<b>MAIN EXPORT UNIT</b>		
1. Coal used per kg. of dyed cloth.	---	---
2. Rice husk used per kg. of dyed cloth	3.51	3.91
3. Electricity consumed per unit of Hosiery Garment manufactured	5.25	4.19
<b>SPINNING UNIT (MANDIDEEP)</b>		
Product Cotton / Synthetic Yarn Electricity (Unit / kg.)	4.66	4.49
<b>SPINNING UNIT (JALALPUR)</b>		
Product Cotton /Synthetic Yarn Electricity (Unit/kg.)	12.16	---
<b>MERCERISING CUM DYEING UNIT (LALRU)</b>		
Furnace Oil used per kg. of Yarn (Ltr/kg.)	2.20	---
Electricity (Units)	5.45	---

#### II. TECHNOLOGY ABSORPTION

##### FORM B

##### A) Research & Development (R & D)

- Specific areas in which Research and Development carried out by the company :** The R & D efforts in the company are focussed on improvement in quality & productivity with minimum waste. The R & D Lab is equipped with the world renowned testing equipments for process monitoring & control, right from raw material stage to finished product.
- Benefits derived as a result of above R & D :** These facilities enable the company to manufacture quality products meeting international standards and which have found ready acceptance in the international markets. Spinning Unit II of the company has also been awarded certification under ISO 9002 quality system.
- Future Plans :** The company is committed to continue the upgradation of its R & D facilities to improve its competitiveness in the international market.
- Expenditure on R & D**
  - Capital (Rs.) 31055505
  - Recurring (Rs.) Nil
  - Total (Rs.) 31055505

##### B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

- Efforts in brief made towards technology absorption, adoption and innovation :**  
The company is equipped with the most advanced state of the art machines from world renowned manufactures such as Rieter - Switzerland, Savio - Italy, SSM - Switzerland, Volkman - Germany etc.
- Benefits derived as a result of above efforts :**  
The company is hopeful that with the adoption of latest technology there will be reduction in wastage and improvement in quality.
- Information regarding Technology imported during the last five years :**  
Nil

#### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year	Previous Year
a) Foreign Exchange earned (Rs.)	1923934144	1996639971
b) Foreign Exchange Outgo(Rs.)	508199011	459535352

**FOR AND ON BEHALF OF THE BOARD**

**PLACE : LUDHIANA  
DATED : 30<sup>th</sup> JUNE, 2001**

**JAWAHAR LAL OSWAL  
(CHAIRMAN)**