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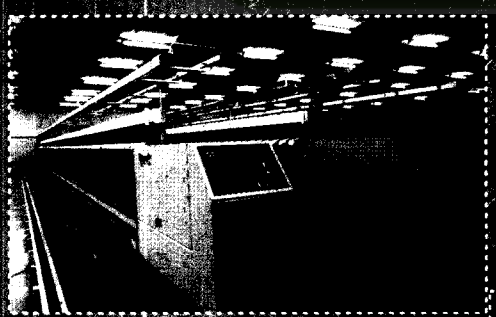
The Nahar Group

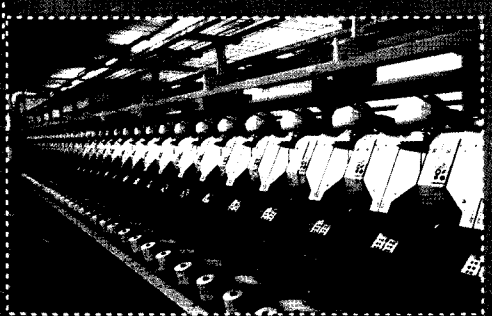
MARK OF INTEGRITY
NAHAR GROUP OF COMPANIES



28th Annual Report

2007-08





Nahar SPINNING MILLS LIMITED

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BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal	**Chairman**
Sh. Dinesh Oswal	Managing Director
Sh. Kamal Oswal	Director
Sh. Dinesh Gogna	Director
Dr. (Mrs.) H.K. Bal	Director
Sh. Amarjeet Singh	Director
Dr. O.P. Sahni	Director
Prof. K.S. Maini	Director
Sh. S. K. Sharma	Director
Dr. Suresh Kumar Singla	Additional Director

FINANCE CONTROLLERS
Sh. Anil Garg & Sh. P.K. Vashishth

COMPANY SECRETARY
Sh. Brij Sharma

AUDITORS

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

PRINCIPAL BANKERS : Punjab National Bank, State Bank of India

REGD. OFFICE : 373, Industrial Area- 'A', Ludhiana-141 003

WORKS :
Industrial Area-'A', Ludhiana (Punjab)
Dhandari Kalan, G.T. Road, Ludhiana (Punjab)
Village Simrai, Mandideep, Distt. Raisen (M.P.)
Village Lalru, Distt. S.A.S. Nagar (Punjab)
Village Jalalpur, Distt. S.A.S. Nagar (Punjab)
Rishab Spinning Mills, Village Jodhan, Distt. Ludhiana
NSML Unit 3, 100% EOU, Village Lehli/Lalru,
Distt. S.A.S. Nagar (Punjab)
Nahar Fibres, Jitwal Kalan, Malerkotla.

28th ANNUAL GENERAL MEETING

Day : Monday

Date : 29th September, 2008

Time : 10.00 A.M.

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

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NOTICE

Notice is hereby given that the **Twenty Eighth Annual General Meeting** of the members of NAHAR SPINNING MILLS LIMITED will be held on **Monday the 29th day of September, 2008 at 10.00 A.M.** at the premises of M/s Nahar Industrial Enterprises 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, 2008 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. K.S. Maini, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr.(Mrs.) H.K. Bal, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Sh. Kamal Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors who shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Gupta Vigg & Co., Chartered Accountants, the retiring Auditors of the company being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, for the time being in force and Article 78 of the Articles of Association of the Company Dr. Suresh Kumar Singla who was appointed as an Additional Director of the Company w.e.f. 30th June, 2008 and who holds such office up to 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."

BY ORDER OF THE BOARD

PLACE: LUDHIANA — **BRIJ SHARMA**

DATED: 31st July, 2008 — **(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. 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.
2. The Explanatory statement pursuant to Section 173 (2) of the companies Act, 1956 in respect of special business under item no. 7 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 21.09.2008 to 29.09.2008 (both days inclusive).
4. The dividend on equity shares as recommended by the Board of Directors, if approved at the Annual General Meeting will be paid to the members, whose names appear in the Register of members as on 29th Sept., 2008 or Register of beneficial owners, maintained by the Depositories at the close of 20th Sept., 2008.
5. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends upto the financial year 1999-2000 (Final) have been transferred to Investor Education and Protection Fund. Further unpaid dividend for the year 2000-2001 is to be transferred to Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956 in October, 2008. 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 with Central Government, it cannot be claimed later on as per the Companies (Amendment) Act, 1999.
6. Pursuant to Section 205C of the Companies Act, 1956, Company is required to transfer the amount of unpaid redemption amount of bond(s) to "Investor Education and Protection Fund" established by the

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Central Government by 4th week of March, 2009. The Bond holders who have not surrendered the Letter of Allotment/Bond Certificates for redemption till date are requested to surrender the Letter of Allotment/Bond Certificates immediately to enable the Company to send Redemption Warrant to them.

Further we may also inform that once the amount is deposited with Central Government, it cannot be claimed later on as per the Companies (Amendment) Act, 1999.

7. 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 373, 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 20th Sept., 2008.

8. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialise their shares at the earliest.

9. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B)

10. 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 & holiday) between 10.00 A.M. to 12.00 Noon up to the date of Annual General Meeting.

11. Members seeking any information with regard to Annual Accounts at the time of meeting are requested to send their queries to the Company at least 7 days before the date of meeting so as to enable the management to keep the relevant information ready.

12. Members are requested to bring the copy of Annual Report alongwith them, at the meeting.

13. The information required to be provided under clause 49 of the Listing Agreement entered into with the Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed is given hereunder and form part of the notice.

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

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

I. Name : **Prof. K.S. Maini**
   Age : 68 years
   Qualification : Post-graduate in Commerce
   Expertise : Having more than 31 years experience in teaching Commerce, Management and Administration.

Directorships/membership in the committee of the Board in other Companies:

	Name of the company	Committee	Status
1.	Nahar Poly Films Limited	Audit	Member
2.	Nahar Indl. Enterprises Limited	Shareholders Grievance	Member
		Remuneration	Chairman
3.	Oswal Woollen Mills Limited	Audit	Member
4.	Nahar Capital & Financial Services Ltd.	Audit	Chairman
		Remuneration	Chairman

II. Name : **Dr. (Mrs.) H.K. Bal**
   Age : 69 years
   Qualification : Ph.D
   Expertise : Having more than 30 years of experience in teaching Management and Administration.

Directorships/membership in the committee of the Board in other Companies:

	Name of the company	Committee	Status
1.	Nahar Poly Films Limited	Share holders Grievance	Chairperson
		Remuneration	Member
2.	Nahar Capital and Financial Services Ltd.	Remuneration	Member
3.	Oswal Woollen Mills Ltd.	Remuneration	Member
4.	Nahar Indl. Enterprises Ltd.	Audit	Member
		Remuneration	Member
5.	IOL Chemicals and Pharmaceuticals Limited	Audit	Member
		Remuneration	Member
		Shareholders Grievance	Member
6.	Shreyans Industries Limited	Audit	Member
		Remuneration	Member
7.	Sportking India Limited	Audit	Member

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III. Name : **Sh. Kamal Oswal**
Age : 46 years
Qualification : Commerce Graduate
Expertise : Having business experience of more than 26 years in the Industry.

Directorships/membership in the committee of the Board in other Companies:

	Name of the company	Committee	Status
1.	Nahar Indl. Enterprises Ltd.	--	--
2.	Nahar Poly Films Limited	--	--
3.	Nahar Indl. Infrastructure Corpn. Ltd.	--	--
4.	Oswal Woollen Mills Ltd.	--	--
5.	Oswal Leasing Ltd.	--	--
6.	Sankeshwar Holding Co. Ltd.	--	--
7.	Vardhman 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 & Inv. Co. Pvt. Ltd.	--	--
14.	Kulu Investment Trdg. Pvt. Ltd.	--	--
15.	Nahar Growth Fund Pvt. Ltd.	--	--
16.	Nagdevi Trdg. & Invest. Co. Ltd.	Audit	Chairman
17.	Nahar Capital & Financial Services Ltd.	--	--
18.	Crown Star Limited	--	--
19.	Cotton County Retail Limited	--	--

Sh. Kamal Oswal being the son of Sh. Jawahar Lal Oswal is related to him. He is also related to Sh. Dinesh Oswal being his brother.

IV. Name : **Dr. Suresh Kumar Singla**
Age : 58 years
Qualification : M.A. (Stats. & Eco.) & Ph.D (Stats.)
Expertise : Having more than 31 years experience in teaching Management and Administration.

Directorships/membership in the committee of the Board in other Companies:

	Name of the company	Committee	Status
1.	Oswal Woollen Mills Ltd.	Audit Shareholders Grievance	Chairman Member
2.	Nahar Poly Films Limited	--	--
3.	Nahar Capital and Financial Services Ltd.	--	--

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

ITEM NO.7

The Board of Directors at its meeting held on 30th June, 2008 appointed Dr. Suresh Kumar Singla as an Additional Director of the company pursuant to the provision of Section 260 of the Companies Act, 1956 and Article 78 of Articles of Association of the Company. Dr. Suresh Kumar Singla shall hold the Office of Director upto the ensuing Annual General Meeting of the Company.

The company has received a notice in writing from a Member alongwith the deposit of Rs.500/- proposing the candidature of Dr. Suresh Kumar Singla for the Office of Director liable to retire by rotation. Dr. Suresh Kumar Singla 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.

A brief resume of Dr. Suresh Kumar Singla is as under:

Dr. Suresh Kumar Singla is 58 years of age. He is M.A. (Economics & Statistics) & Ph.D in Statistics. Presently he is Professor in the Business Management Department, Punjab Agriculture University, Ludhiana. He is a Management expert having wide knowledge and experience. Your Directors think that it will be in the interest of the company to appoint him as Director of the Company.

Dr. Suresh Kumar Singla is having Directorship/ Membership in the Committees of the Board in following Companies:

	Name of the Company	Committee	Status
1.	Oswal Woollen Mills Ltd.	Audit Shareholders Grievance	Chairman Member
2.	Nahar Poly Films Limited	--	--
3.	Nahar Capital and Financial Services Ltd.	--	--

The Board recommend the resolution for your approval.

None of the Director except Dr. Suresh Kumar Singla may be deemed to be concerned or interested in the resolution.

BY ORDER OF THE BOARD

PLACE: LUDHIANA
DATED: 31st July, 2008

BRIJ SHARMA
(Company Secretary)

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DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the **TWENTY EIGHTH ANNUAL REPORT** on the affairs of the company for the year ended 31st March, 2008.

FINANCIAL PERFORMANCE

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

(Rs. in Lacs)

PARTICULARS	Current Year		Previous year	
PROFIT FOR THE YEAR BEFORE TAX & DEPRECIATION		**9674.60**		16503.67
Less: Depreciation	**7690.57**		7197.15	
Provision for Taxation	**390.00**		2725.00	
Provision for Deferred Tax	**405.95**	**8486.52**	155.00	10077.15
Profit after tax		**1188.08**		6426.52
Adjustment of Income Tax of earlier years		**14.01**		+2.07
Amount available for appropriation		**1202.09**		6428.59
APPROPRIATION				
Proposed Dividend		**540.98**		901.63
Tax on Distributed profits		**91.94**		153.24
Transfer to General Reserve		**569.17**		5373.58
Dividend including tax thereon		**--**		0.14
Paid for earlier year		**1202.09**		6428.59

PERFORMANCE REVIEW

We would like to inform you that as per the disclosure requirements of Accounting Standard A.S. 17 issued by the Institute of Chartered Accountants of India, company's activities can be classified under two segments namely "Yarn Segment" and "Garment Segment". Before reviewing overall performance of the company we would like to brief you regarding the working performance of each segment which is as under:-

YARN SEGMENT

At the outset, we would like to inform you that the spinning industry has undergone the worst crisis. Its operations were paralysed due to sharp increase in the prices of cotton as well as other input costs. The appreciation of rupee vis-à-vis US Dollar coupled with stiff global competition further aggravated the problems for the industry.

Inspite of the above, Yarn Segment achieved a revenue of Rs. 737.65 crores showing a marginal increase of 3.39% over the previous year. The export at Rs. 472.80 crores has also shown an increase of 8.66% over previous year. However the margins continued to be under severe pressure. The segment could earn profit before interest and tax of Rs. 38.90 cores as against Rs. 86.52 crores in the previous year.

GARMENT SEGMENT

The Garment Segment has also been severely affected because of the reasons stated in para above. Because of the stiff global competition, the export price offering by the international buyers took a reverse beating resulting supply of goods at a bare minimum prices so as to maintain its presence in the global competitive markets. This ultimately affected the performance of the segment.

During the year under review, Garment Segment

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achieved a revenue of Rs.177.13 crores as against Rs. 205.26 crores in the previous year showing a downfall of 13.70%. Likewise the export at Rs.119.23 crores has also shown a downfall of 31.43%. Above all, segment profitability was impacted to such an extent that the company could earn a profit before interest and tax at Rs. 9.45 crores showing a drastic fall of 62.08% when compared with the previous year.

OVERALL PERFORMANCE

From the above, it is apparent that year 2007-08 has not been a good year for the company. But inspite of several adverse factors, your company has been able to maintain its topline and achieved a net sales/ operating income of Rs.916.58 crores out of which Rs.585.73 crores was export turnover. There is no denying the fact that the financial performance was severely affected because of the reasons already explained in the segment performances. Accordingly company could earn a net profit of Rs.19.84 crores only as against Rs.93.07 crores in the previous year. After appropriation of profits as per detail hereinabove, an amount of Rs.5.69 crores has been transferred to General Reserve thereby increasing company's reserves to Rs.507.02 crores as on 31st March, 2008.

We would like to inform you that in the current year too, high cotton prices alongwith other input cost continue to pose pressures on the company's bottom line. The increase in the cost of fuel, dyes and chemicals and high rate of interest are also a cause of concern, in the coming periods. Your management is trying hard to meet the prevailing challenges by focusing its efforts on further reduction of cost by improving operational efficiencies so as to remain globally competitive.

DIVIDEND

Your Directors are pleased to recommend a divided @30% on paid up equity share capital for the year ended 31st March, 2008.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of the profits of the company for the year under reference to all those shareholders whose names shall appear in the Register of Members on 29th September, 2008 or Register of beneficial owners, maintained by the Depositories as at the close of 20th September, 2008.

DIRECTORS

Dr. Suresh Kumar Singla was appointed as an Additional Director on 30th June, 2008. He will hold office upto the ensuing Annual General Meeting. The company has received notice U/s 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director subject to your approval. The necessary resolution is being proposed for your approval in the accompanying notice of the forthcoming Annual General Meeting.

Pursuant to Article 91 of the Articles of Association of the company Prof. K.S. Maini, Dr. (Mrs.) H.K. Bal and Sh. Kamal Oswal will be retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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

CREDIT RATING

The Credit Rating Information Services of India Ltd. (CRISIL) has re-confirmed the credit rating "P1+" (Pronounced "P one plus") to the Company for short term loan upto Rs.23.50 Crores.

LISTING OF SECURITIES

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

i. The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.

ii. 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 2008-2009.

DEMATERIALISATION OF SECURITIES

As the members must be aware that company's securities are tradable compulsorily in electronic form w.e.f. 21st March, 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 93.21% of the share capital of the company has been dematerialised. The shareholders who have not gone in for dematerialisation of shares till date, are requested to opt for dematerialisation of the shares at the earliest.

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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 Spinning Mills Limited)
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 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 Dr. O.P. Sahni 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 as Annexure-III and forms part of this report.

ENVIRONMENT FRIENDLY CORPORATE ENTITY

As a responsible corporate entity, your company is sensitive to environment also and is contributing a bit to improve the ecological balance by introducing Organic Cotton yarns & Fair Trade Cotton Yarns certified by Control Union Certificate of Netherlands & F.L.O. of Germany. The company is registered with Clean Development Mechanism (CDM) Executives Board and United Nations Framework Conventions on climate change (UNFCCC) Secretariat, Bonn, Germany. By installing 8.3 MW Co-Generation Power plant, company has helped in reducing Green House Gases (GHG) emission by implementing Biomass based cogeneration system replacing power supplied by fossil fuel dominated grid and Furnace oil based boilers. Under Kyoto protocol, saving on account of Green House Gases is converted into Carbon Credits which are being traded in International markets and will add to the revenues as well as profitability of the company.

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 have 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 2007-2008. The Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi has approved the appointment vide their letter dated 04.10.2007. The Cost Audit Report of the company would be submitted to the Ministry of Corporate

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Affairs, Cost Audit Branch, 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 re-appointment. 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.

The Audit Committee has recommended their re-appointment.

PUBLIC DEPOSITS

During the year the company has neither accepted nor intend to accept any Public Deposit within the meaning of Section 58-A of the Companies Act, 1956 and the rules made there under. There are no outstanding/unclaimed deposit from the public.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 205C of the Companies Act, 1956 the company has transferred an amount of Rs.3,31,147.12 (Rupees Three lacs thirty one thousand one hundred forty seven and paise twelve only) being the amount of unclaimed Final Dividend for the year 1999-2000 to the Investor Education and Protection Fund.

PARTICULARS OF EMPLOYEES

Information regarding employees in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules 1975 is given in Annexure-I and forms part of this report.

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 and forms part 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: 31st July, 2008 **(Chairman)**

ANNEXURE-I

PARTICULARS OF EMPLOYEES AS PER THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2008

SR. No.	NAME	DESIGNATION	NATURE OF DUTIES	REMUNERATION (AMT. IN Rs.)	NATURE OF EMPLOYMENT	QUALIFICATION	EXPERIENCE IN YEARS	DATE OF EMPLOYMENT	AGE (YEARS)	LAST EMPLOYMENT HELD	%AGE OF EQUITY CAPITAL HELD
1.	Sh. Dinesh Oswal	Managing Director	Overall company's administration	26458690.00	Contractual	B.Com	23	01.01.1987	43	Oswal Woollen Mills Ltd.	0.066%

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, Chairman 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, 2008.

I. CONSERVATION OF ENERGY

a) Measures taken for conservation of energy

Energy conservation is an ongoing process in our organization. The company carries out continuous monitoring, planning, development and modification in our all units to conserve energy. The company always select latest machinery and equipment having low energy consumption. The company has taken following measures for energy conservation:

i) Minimised the lighting load by replacement with electronic ballast with single tube light of high luminance.

ii) Replacement of incandescent lamps with capacitive sodium vapour & LED lamps.

iii) In S/Frame 4 KW suction motors are under gradual replacement by electronic stop motion for roving end.

iv) Old blowroom line has been replaced by new blowroom line including bale plucker. Old low production C1/3 cards have been replaced with latest LC300-V3 cards.

v) New high lumen tubelights are used in place of ordinary tubelights.

vi) The company has converted Crossroll tandem card to single card in order to save energy as well as waste.

vii) By modifying the crossroll waste collection system, we have added the LC300 flat waste pipe to this waste collection system. This has enable us to stop waste collection system with LC300 completely.

viii) New plant with latest state-of-art machinery has been started completely by the end of the year 2007. This plant has latest LC-300A V-3 card, LK-54 combers, LF1660 Simplex, latest LR-6/AXL ring frames with autodoffer and Murata Linc coner 21C.

ix) Old low production C1/3 cards have been replaced with latest LC300-V3 cards.

x) Old E7/4 combers have been replaced with new LK-54 combers.

xi) Pneumatic stop motion S/F has been replaced by optical censors in all the S/frames.

xii) HCC (12kw) in unit no.2 is replaced by ventilation fan (3kw)

xiii) All booster fans for mocro dust are removed and all micro dust pipes/technological air pipes had been joined directly to Filter Plant.

xiv) Replacement of Crossroll Cards with LC-333 New Generation Cards.

xv) Energy audit is regularly being carried out once in a year from reputed Energy Audit Agencies and their suggestions are implemented rigoursly.

b) Additional investment & proposal for reduction of consumption of energy

i) Installation of VFD Compressor for compressed air.

ii) Installation of Automatic voltage control stabilizer for lighting system.

iii) Modification is done for Yarn conditioning Machines trolleys, which in turn results in increased production/doff.

c) Impact of measure, 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 2007-2008	PREVIOUS YEAR 2006-2007
A.	**POWER & FUEL CONSUMPTION**		
	1. Electricity		
	a) Purchased		
	Units (Kwh)	**213414326.00**	157920567.00
	Total amount (Rs.)	**899104239.20**	646002572.18
	Rate per Unit (Rs.)	**4.21**	4.09
	b) Own Generation Through Diesel Generator		
	Units produced (KWH)	**51176799.00**	56221720.00
	Total amount (Rs.)	**254008625.00**	264800225.83
	Cost per unit (Rs.)	**4.96**	4.71
	c) Own Generation through turbine		
	Units produced (KWH)	**16733300.00**	18921340.00
	Total amount (Rs.)	**33308207.00**	31261785.00
	Cost per Unit (Rs.)	**1.99**	1.65
	2. Steam Coal	**Used in Boiler**	Used in Boiler
	Quantity (in Tonnes)	--	--
	Total Cost (Rs.)	--	--
	Cost per unit (Rs.)	--	--
	3. Furnace Oil		
	Quantity (in litres)	**16496862**	11293915
	Total cost (Rs.)	**331438827.00**	184691691.45
	Rate/Tonne (Rs.)	**20091.00**	16353.00
	4. Other/Internal Generation		
	Rice Husk (Qty. in tones)	**32776.367**	35680.453
	Total Cost (Rs.)	**92099685.00**	87471741.65
	Rate/Tonne (Rs.)	**2809.94**	2451.53
B.	**CONSUMPTION PER UNIT OF PRODUCTION**		
	GARMENT UNIT		
	1. Rice husk used per Kg. of dyed cloth/Yarn	**5.90**	5.26
	2. Electricity consumed per unit of Hosiery Garments Manufactured (From Fabric to Garment)	**0.85**	0.73
	SPINNING UNIT (ALL)		
	Product Cotton/Synthetic Yarn Electricity (Unit/Kg.)	**4.46**	4.67

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