



The Nahar Group

32ND
ANNUAL
REPORT
2011-2012



Nahar

SPINNING MILLS LIMITED

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. Amrik Singh Sohi

Dr. Yash Paul Sachdeva

Chairman

Managing Director

Director

Director

Director

Director

Director

Director

Director

Director

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

: 427, Industrial Area - 'A', Ludhiana (Punjab)

Dhandari Kalan, G.T. Road, Ludhiana (Punjab)

Village Simrai, Mandideep, Distt. Raisen (M.P.)

Village Lalru and Lehli, Distt. S.A.S. Nagar (Punjab)

Village Jalalpur, Distt. S.A.S. Nagar (Punjab)

Rishab Spinning Mills, Village Jodhan, Distt. Ludhiana

Nahar Fibres, Jitwal Kalan, Malerkotla, Distt. Sangrur

32nd ANNUAL GENERAL MEETING

Day : Saturday

Date : 29th September, 2012

Time : 10.00 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 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:-secnsm@owmnahar.com or gredressalnsml@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 **Thirty Second Annual General Meeting** of the members of **NAHAR SPINNING MILLS LIMITED** will be held on **Saturday, the 29th day of September, 2012 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, 2012 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Dinesh Gogna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. O.P. Sahni, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. K.S. Maini, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr.(Mrs.) H.K. Bal, who retires by rotation and being eligible, offers herself for re-appointment.
6. To appoint Auditors who shall hold Office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Gupta Vigg & Co., Chartered Accountants, the retiring Auditors of the Company being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the Provisions of Section 198, 269, 309, 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 & perquisites set out below:

Salary	:	Rs. 30,00,000/- per month
Commission	:	1.5% of the Net Profit.

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.

Explanation

- i) 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 fee 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 tenure, as per rules of the Company.
- ix) **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 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 authorised to take all such steps as may be necessary to give effect to above resolution."

BY ORDER OF THE BOARD

PLACE : LUDHIANA
DATED : 28th July, 2012

BRIJ SHARMA
(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. THE BLANK PROXY FORM IS ENCLOSED.
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 Company has fixed 29th September, 2012 as the Record Date for the purpose of Annual General Meeting.
4. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends upto the financial year 2003-2004 have been transferred to Investor Education and Protection Fund. Further unpaid dividend for the year 2004-2005 is to be transferred to Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956 in November, 2012. 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.
5. 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.
6. 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.
7. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B)
8. 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.
9. Members are requested to bring the copy of Annual Report alongwith them, at the meeting.

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 and holiday) between 10.00 A.M. to 12.00 Noon upto the date of Annual General Meeting.

11. 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	: Sh. Dinesh Gogna
Age	: 59 years
Qualification	: B.A. LL.B
Expertise	: Having more than 35 years experience in Corporate Finance & Taxation.

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

Name of the Company	Committee	Status
1. Oswal Woollen Mills Limited	Audit	Member
2. Nahar Poly Films Limited	Audit	Member
3. Nahar Industrial Enterprises Ltd.	Audit	Member
	Shareholders Grievance	Chairman
4. Girnar Investment Ltd.	--	--
5. Oswal Leasing Ltd.	--	--
6. Nahar Capital and Financial Ser. Ltd.	--	--
7. Monte Carlo Fashions Ltd.	--	--
8. Cotton County Retail Ltd.	Remuneration	Member
9. Crown Star Ltd. (UK)	--	--

II. Name	: Dr. O.P. Sahni
Age	: 71 years
Qualification	: Ph.D
Expertise	: Having experience of more than 30 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. Nahar Poly Films Ltd.	--	--
2. Nahar Capital and Fin. Ser. Ltd.	Audit Shareholders Grievance	Member Chairman
3. Nahar Industrial Enterprises Ltd.	Shareholders Grievance Remuneration Audit	Member Member Chairman
4. Oswal Woollen Mills Limited	Audit Shareholders Grievance Remuneration	Member Member Member

III. Name	: Prof. K.S. Maini
Age	: 72 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 Capital and Fin. Ser. Ltd.	Audit Remuneration	Chairman Chairman
2. Nahar Poly Films Ltd.	Audit	Member
3. Nahar Industrial Enterprises Ltd.	Shareholders Grievance Remuneration	Member Chairman
4. Oswal Woollen Mills Ltd.	Audit	Member

IV. Name	: Dr.(Mrs.) H.K. Bal
Age	: 73 years
Qualification	: Ph.D
Expertise	: Having more than 30 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. Nahar Poly Films Ltd.	Shareholders Grievance Remuneration	Chairperson Member
2. Nahar Industrial Enterprises Ltd.	Audit Remuneration	Member Member
3. Nahar Capital and Fin. Ser. Ltd.	Remuneration	Member

4. Oswal Woollen Mills Ltd.	Remuneration	Member
5. Sportking India Ltd.	Audit Remuneration	Member Member

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
ITEM NO.7

The Shareholders vide their Ordinary Resolution passed at their Annual General Meeting held on 20.09.2011 approved the payment of Salary to Sh. Dinesh Oswal who was appointed as Managing Director of the Company w.e.f. 1st January, 2012 for a period of 5 years. Now it is proposed to pass the said Resolution as a Special Resolution. Sh. Dinesh Oswal is 47 years of age. He is a Commerce graduate and is having more than 27 year business experience in Textile Industry. The remuneration and perquisites as set out in the resolution are in accordance with the provisions of schedule XIII read with 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
Oswal Woollen Mills Ltd.	--	--
Nahar Industrial Enterprises Ltd.	--	--
Nahar Poly Films Limited	--	--
Nahar Capital and Financial Services Ltd.	--	--
Nahar Industrial Infrastructure Corpn. Ltd.	--	--
Palam Motels Ltd.	--	--
Vardhman Investments Ltd.	--	--
Vanaik Investors Ltd.	--	--
J.L. Growth Fund Ltd.	--	--
Atam Vallabh Financiers Ltd.	--	--
Sankheshwar Holding Co. Ltd.	--	--
Monte Carlo Fashion Ltd.	--	--
Cotton Country Retail Ltd.	--	--
Crown Star Ltd.(U.K.)	--	--
Abhilash Growth Fund Pvt. Ltd.	--	--
Ludhiana Holding Ltd.	--	--

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 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.

BY ORDER OF THE BOARD

PLACE: LUDHIANA

DATED: 28th July, 2012

BRIJ SHARMA

(COMPANY SECRETARY)

DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the **THIRTY SECOND ANNUAL REPORT** on the affairs of the company for the year ended 31st March, 2012.

FINANCIAL PERFORMANCE

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

PARTICULARS	(Rs. In crores)	
	CURRENT YEAR	PREVIOUS YEAR
Profit/Loss before tax	(-) 173.45	177.93
Tax expenses/Adjustment		
i) Current Tax	0.06	55.25
ii) Deferred Tax	(-) 56.15	1.22
iii) Adjustment	0.16	1.73
Profit/Loss for the period	(-) 117.20	119.73

PERFORMANCE REVIEW

We would like to inform you as per the disclosure requirements of Accounting Standard AS17 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

We are pleased to inform you that during the year under review the company fully implemented expansion plans and thus increased its spindlage capacity to 432256 spindles and 1080 Rotors.

Yarn Segment though achieved a Revenue of 1583.11 crores as against 1273.20 crores showing an increase of 24.34 % over the previous year but it suffered a heavy loss of 86.25 crores as against profit (before Tax and Interest) of 222.05 crores in the previous year. The sudden crash of Raw cotton prices in the first quarter of the Financial year 2011-2012 coupled with decline in the prices of finished goods in the domestic and overseas markets severely affected the financial performance of the segment. Moreover untimely restrictions by the Government, in the last few months of the immediate

preceding year affected the circle of demand and supply and thus resulted piling up of finished stocks at Mills level. Though this embargo on export was lifted after a short span of time but it had the turbulences in the Textile industry. The accumulated stock of finished goods at Mill's level, when entered into the markets caused a crash of cotton yarn prices by more than 30% within a span of month. In order to remain in the Global markets and to clear piling of finished goods inventory, company had to sell its products at prevailing cheap prices resulting heavy losses to the company.

However in the Current Financial Year things have started moving in the right direction and it is expected that the segment will improve its performance in the current year.

GARMENT SEGMENT

During the year, the segment went through a challenging phase due to volatility in the prices of raw material and economic slow down in the US and European Union. But inspite of the above, the segment improved its performance and achieved a revenue of Rs.191.28 crores with a profit (before interest and tax) of Rs.16.95 crores.

We are pleased to inform you that the company has been awarded Golden Trophy by the Apparel Export Promotion Council for the highest export of Cotton Garments for the year 2009-2010. Sh. Anand Sharma, Hon'ble Union Minister of Commerce, Industry and Textile awarded the Golden Trophy on 14th November, 2011 at a function organized by AEPC at New Delhi.

OVERALL PERFORMANCE

From the above it is evident that the year by gone was the worst year for the spinning industry and your company's performance was also affected in the year under review. Though company's operating income increased to Rs.1691.42 crores from Rs.1388.75 crores showing an impressive increase of 17.89% over the previous year but it suffered a heavy loss of Rs.117.20 crores during the year under review. As the members are aware that cotton being a seasonable crop is purchased by the spinning mills for its full year requirements, during the cotton season but the cotton prices went up steeply during the season 2010-2011 due to export of huge quantity of

cotton during the peak cotton season. Thus the Spinning Mills were forced to buy good quality cotton at abnormally higher prices during the season. However in April, 2011 the sudden crash of raw cotton prices coupled with decline in the prices of finished goods in the domestic as well as overseas markets severely affected the financial performance of the company. The mounting pressure of piling up of finished goods at Mills level pushed the companies to sell its yarn at cheaper prices which in turn affected company's financial performance. To add problems for the spinning industry, Reserve Bank of India also tightened the monetary policy resulting increase in the lending and borrowing rates. This measure of Reserve Bank of India resulted into a higher outgo of Rs.110.12 crores towards Finance Cost as against 48.62 crores in the previous year and thus affected company's financial performance during the year.

However in the current year, things have started moving in the right direction. It is expected that revival of economy in U.S. and European Union will propel the growth of the Textile industry. Your Management is putting whole heartedly all its efforts in cost reduction, quality management, better product mix etc. so as to improve the efficiencies which in turn will help the company in meeting the challenges ahead. Beside your Management also expect that the Government will also lend its helping hand through its policies initiatives so that the spinning industry could survive in this difficult period.

DIVIDEND

Due to the heavy loss of Rs. 117.20 crores suffered by the company, the Board of Director do not recommend any dividend for the year ended 31st March, 2012.

DIRECTORS

Pursuant to article 91 of the Articles of Association of the company Sh. Dinesh Gogna, Dr. O.P. Sahni, Prof. K.S. Maini and Dr.(Mrs.) H.K. Bal 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 "A1". The said rating indicates very strong degree of safety regarding timely payment of financial obligation. Such instruments carry lowest credit risk.

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 as in its environmental friendly initiative.

Accordingly, henceforth company propose to send documents such as notices 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:- secnsm@owmnahar.com or gredressalnsml@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 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 2012-2013.

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 94.61% 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.

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 292A(1) of the Companies Act, 1956, Company constituted Audit Committee consisting of Sh. K.S. Maini as Chairman, Sh. Dinesh Gogna and Dr. O.P. Sahni as members. The committee held four meeting 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.

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.

DIRECTORS RESPONSIBILITY STATEMENT

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

The Directors confirm :

- i) that in preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanations relating to material departures;
- ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that they had prepared the Annual Accounts on a going concern basis.

COST AUDITORS

The Company appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors for the year 2011-2012. The Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi have approved their appointment. The Cost Audit Report of the year ended 31st March, 2012 would be submitted to the Ministry of Corporate Affairs, Cost Audit Branch, in accordance with the requirements of Law.

AUDITORS AND AUDITORS' REPORT

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.

The Audit Committee has recommended their re-appointment.

The observations and comments given by Auditors in their Report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

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.18,34,211/- (Rupees Eighteen lacs thirty four thousand two hundred eleven only) being the amount of unclaimed Dividend for the year 2003-2004 to the Investor Education and Protection Fund.

PARTICULARS OF EMPLOYEES

None of the employee is in receipt of emoluments in excess of the limits prescribed under the Companies (Particulars of employees) Rules, 1975.

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-I and forms part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India is enclosed as per Annexure III 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

DATED: 28th July, 2012

JAWAHAR LAL OSWAL

(Chairman)