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THE NAHAR GROUP

23rd Annual Report
2002-2003

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Nahar SPINNING MILLS LIMITED

ONE OF THE PREMIER RECOGNISED GOLDEN TRADING HOUSE OF INDIA

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NAHAR SPINNING MILLS LIMITED

Annual Report 2003

MANAGEMENT

BOARD OF DIRECTORS	:	**Sh. Jawahar Lal Oswal**	**Chairman**
		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	Director
		Dr. O.P Sahni	Director
		Prof. K.S Maini	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)	

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23rd ANNUAL GENERAL MEETING

DAY : MONDAY

DATE : 29TH SEPTEMBER,2003

TIME : 10.00 A.M.

PLACE : AT THE PREMISES OF NAHAR INTERNATIONAL LIMITED FOCAL POINT, LUDHIANA

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NOTICE

Notice is hereby given that the **Twenty Third Annual General Meeting** of the members of NAHAR SPINNING MILLS LIMITED will be held on **Monday, the 29th day of September, 2003 at 10.00 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, 2003 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 Dr. (Mrs.) H. K. Bal, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Sh. Kamal Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sh. S.K. Sharma, 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 a SPECIAL RESOLUTION :

   "RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification(s), or re-enactments thereof for the time being in force and as may be enacted hereinafter), SEBI (De-listing of Securities) Guidelines 2003, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof), consent and approval of the company be and is hereby accorded to the Board to get the securities of the company de-listed from The Delhi Stock Exchange Association Limited and The Ludhiana Stock Exchange Association Limited."

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 provisions of Section 198, 309 and 310 and other applicable provisions of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII of the said Act and in partial modification of the resolution passed by

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the members at their Annual General Meeting held on 28th Sept., 2001, consent and approval of the Company be and is hereby accorded to the increase in remuneration payable to Sh. Dinesh Oswal, Managing Director w.e.f. 01 August,2003 for the remaining period of his present term i.e. upto 31 Dec.,2006, in the manner and to the extent set out below.

Salary	:	Rs. 10,00,000/- per month.
Commission	:	1.5% of the net profit, subject to maximum of Annual Salary.

All other terms and conditions of the service agreement will remain the same."

"RESOLVED FURTHER THAT the Board of Directors are hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc. as payable to Sh. Dinesh Oswal, Managing Director without any further reference to the Company in the General Meeting so as not to exceed the limits or ceilings specified in Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT wherein any financial year the company has no profit or its profits are inadequate the company may pay Sh. Dinesh Oswal, Managing Director, remuneration by way of salary, commission, perquisites and allowances not exceeding the ceiling limits specified under section II of the part II of the schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable in order to give effect to the above resolution."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Article of Association of the Company be and is hereby altered in the manner and to the extent as given herein below :

The following Article be inserted after Article No. 66A in the Articles of Association of the Company :

(66B) Notwithstanding anything contained in these Articles, pursuant to Section 192A of the Companies Act, 1956, the Company may and in the case of matters relating to such business as the Central Government may, by notification, declare or any other statutory authority stipulate to be conducted only by postal ballot (including voting by electronic mode), shall get any resolution passed by means of a postal ballot (including voting by electronic mode) instead.

If a resolution is assented by the stipulated majority of the shareholders by means of postal ballot (including voting by electronic mode), it shall be deemed to have been duly passed at a General Meeting in that behalf."

BY ORDER OF THE BOARD

PLACE : LUDHIANA
DATED : 31st JULY, 2003

BRIJ SHARMA
(COMPANY SECRETARY)

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NOTES :

1. The information required to be provided under the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed and the relative Explanatory Statement pursuant to section 173(2) of the Companies Act,1956 in respect of special business under item no(s).7 to 9 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 DEPOSITED 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, 2003 to 29th September, 2003 (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 September, 2003 or Register of Beneficial Owners, maintained by the Depositories at the close of 19th September, 2003.
5. Pursuant to Section 205 A of the Companies Act, 1956 all unclaimed dividends upto the financial year 1994-95 have been transferred to General Revenue Account of the Central Government/Investor Education and Protection Fund. Further unpaid dividend for the year 1995-96 is to be transferred to the Investor Education and Protection Fund pursuant to section 205-C of the Companies Act, 1956 on or before November, 2003. Shareholders who have not encashed their dividend warrants relating to the said period are requested to claim the amount from the company at the earliest.

   Further we may also inform that once the amount is deposited in the above said account, it cannot be claimed later on as per the Companies (Amendment) Act, 1999.
6. The Bond holders who have not surrendered the Letter of Allotment/Bond Certificates for redemption/ conversion till date are requested to surrender the Letter of Allotment/Bond Certificates immediately to enable the Company to send share certificate(s) / redemption warrant to them.
7. Members holding shares in physical form are requested to immediately notify change in their address/ Bank details to the Company's Share Transfer Agents i.e. 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 the Depository Participants before 15th September 2003.
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. 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 a.m to 12 Noon upto the date of AGM.
10. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B).
11. Members seeking any information with regard to Annual Accounts at the time of meeting are requested to sent 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 their copy of Annual Report alongwith them, at the meeting.

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Information Required to be furnished under the Listing Agreement :

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

1. Name : Dr. (Mrs.) H. K. Bal
   Age : 64 years
   Qualification : Ph.d
   Expertise : *More than 30 years of experience in* teaching Management and Statistics.

Directorships in Other Companies

Name of the Company	Committee	Status
1. Nahar International Ltd.	Audit	Chairperson
2. Nahar Exports Limited	Shareholders	Chairperson
	Grievance	
	Remuneration	Member
3. Shreyans Industries Ltd.	Audit	Member
4. Nahar Sugar & Allied Inds. Ltd.	Audit	Member
5. Nahar Indl. Enterprises Ltd.	Audit	Member
6. Trident Alco-Chem Ltd.	--	--
7. Bhandari Exports Limited	--	--

2. Name : Sh. Kamal Oswal
   Age : 41 years
   Qualification : B. Com.
   Expertise : Having business experience of more than 21 years in the industry.

Directorships in Other Companies

Name of the Company	Committee	Status
1.Nahar Indl. Enterprises Ltd.		
2.Nahar International Limited.		
3.Nahar Sugar & Allied Inds. Ltd.		
4.Nahar Exports Limited	Share Transfer	Member
5.Nahar Overseas Ltd.		
6.Nahar Indl. Infrastructure Corpn. Ltd.		
7.Oswal Woollen Mills Ltd.		
8.Oswal Leasing Ltd.		
9.Sankeshwar Holding Co. Ltd.		
10.Vardhaman Investment Ltd.		
11.Girnar Investment Ltd.		
12.Palam Motels Ltd.		
13.Michel Investments Ltd.		
14.J. L. Growth Fund Pvt. Ltd.		
15.Abhilash Growth Fund Pvt. Ltd.		
16.Neha Credit & Invest Pvt. Ltd.		
17.Interpace Trdg. & Inv. Co. Ltd.		
18.Ogden Trading & Inv. Co. Ltd.		
19.Kulu Investment Trdg. Pvt. Ltd.		
20.Nahar Growth Fund Pvt. Ltd.		
21.Nagdevi Trdg. & Invest Co. Ltd.	Audit	Chairman

3. Name : Sh. S. K. Sharma
   Age : 50 years
   Qualification : M.B.A
   Expertise : Having experience of more than 22years in Textile Industry

Directorships in Other Companies : Nil

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

ITEM NO. 7

The Securities of the company are presently listed on the following four Stock Exchanges in India :

i) The Ludhiana Stock Exchange Association Limited (LSE)

ii) The Bombay Stock Exchange Ltd. (BSE)

iii) The National Stock Exchange of India Ltd. (NSE)

iv) The Delhi Stock Exchange Association Limited (DSE)

With extensive networking of BSE and NSE and extension of BSE/NSE Terminals to other cities as well, the members of the Company have access to online dealing in the company's securities across the country. Further more, the bulk of trading in the Company's securities generally take place on BSE and NSE and the volume of trading in company's securities on DSE and LSE is almost NIL. The Ludhiana Stock Exchange and Delhi Stock Exchange have confirmed that there was no trading during the period March, 2002 to Feb., 2003. The bulk of the trading in company's shares in any case take place on the BSE and NSE.

In view of the above, there is no justification for payment of Annual Listing fee to the said Stock Exchanges as no corresponding benefits are accruing to the Company or its

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members. Accordingly the Board of Directors in their meeting held on 31st May, 2003 have decided to apply for voluntary de-listing of Company's Equity Shares from the Delhi Stock Exchange Association Limited and The Ludhiana Stock Exchange Association Limited. The proposed delisting will not adversely affect the members as the company's shares will continue to be listed on the BSE and NSE. The delisting will take effect after all approvals, permissions and sanctions are received from appropriate authorities.

In Line with the SEBI (De-listing of Securities) Guidelines, 2003, members approval is being sought by a Special Resolution for enabling voluntary delisting of Company's securities from DSE and LSE.

Your Directors recommend the Special Resolution for your approval.

None of the Directors of the Company is any way concerned or interested in the said resolution.

ITEM NO. 8

Sh. Dinesh Oswal has been working with the Company as Managing Director w.e.f. 1st January, 1987. The Members of the Company reappointed him as Managing Director for a further period of 5 years w.e.f 1st January, 2002 till 31st Dec. 2006. He has been drawing remuneration as per Schedule XIII and shareholders approval vide resolution dated 28th September 2001.

Sh Dinesh Oswal is a renowned industrialist having 18 years experience in Textile Industry. Under his able leadership and guidance, company has successfully commissioned three spinning units, having total spindleage capacity of 93408 spindles and one Mercerising cum dyeing unit with a capacity of 2040 M.T. During his association with the Company, the operating income of the Company has risen to Rs. 460.68 crores from Rs. 24.74 crores. Thus he has contributed significantly to the company's growth and development.

The remuneration committee of the Board of Directors reviewed remuneration package of Sh. Dinesh Oswal, Managing Director and to align with the remuneration package prevalent in the Corporate world and Industry, revised the remuneration payable to him, w.e.f 1st Aug. 2003

Your Directors recommend the resolution for your approval.

Sh. Jawahar Lal Oswal and Sh. Kamal Oswal, being relative and Sh. Dinesh Oswal may be deemed to be concerned or interested in the said resolution. None of the remaining Directors is/are concerned or interested in the resolution.

The resolution as given in the notice may also be treated as an abstract of the terms of contract appointment under the provisions of section 302 of the Companies Act, 1956. The supplementary draft agreement to be entered into between the company and Sh. Dinesh Oswal, is available for inspection at the Registered Office of the Company.

ITEM NO. 9

A New Section 192A has been inserted in the Companies Act, 1956 empowering the Central Government to declare that certain matters can be transacted by the Company through a resolution passed by a Postal Ballot only. SEBI has also stipulated as Non-Mandatory Requirements for certain resolutions to be passed by Postal Ballot under the Corporate Governance clause of the Listing Agreement with the Stock Exchanges for making possible the wider participation of shareholders in taking key decisions of the Company. Accordingly a new Article 66B is proposed to be inserted to meet the foregoing requirements for passing of certain resolution by Postal Ballot only. Pursuant to Section 31 of the Companies Act, 1956, it is necessary to pass a Special Resolution to amend any of the provisions of the Articles of Association.

Accordingly, your Directors recommend the resolution for your approval.

None of the Directors is concerned or interested in the proposed resolution.

BY ORDER OF THE BOARD

PLACE : LUDHIANA **BRIJ SHARMA**

DATED : 31st JULY, 2003 **(COMPANY SECRETARY)**

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the TWENTY THIRD ANNUAL REPORT on the affairs of the company for the year ended 31st March, 2003.

FINANCIAL RESULTS

Your 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		**6790.86**		6343.85
Less : Depreciation	**3525.31**		3241.59	
Provision for Taxation	**650.00**		375.00	
Provision for deferred Tax	**185.00**	**4360.31**	488.00	4104.59
		2430.55		2239.26
Income Tax Adjustment & Excess prov. for earlier years including interest written back		**(+) 54.69**		(–) 41.02
Add : Write back of Diminution in value of Long term investment of Earlier years		**11477.23**		–
		13962.47		2198.24
APPROPRIATION				
Proposed Dividend		**833.59**		676.44
Tax on Distributed profits		**106.80**		–
Transfer to General Reserve		**13022.08**		1152.90
Diminution in value of long term Investment		**–**		368.90
		13962.47		2198.24

COMPANY'S PERFORMANCE

Before reviewing the overall performance of the company, we would like to report you segment wise performance of the company. The company's activities can be classified under two segments namely Yarn Segment and Garment Segment as per the Accounting Standard 17 issued by the Institute of Chartered Accountants of India. The working performance of each Segment is as under:

Yarn Segment

Your Company has 93408 spindles for the manufacture of Cotton/Synthetic/blended Yarns and a mercerising-cum-Dyeing plant with a capacity of 2040 M.T. under the Yarn Segment. The Company's Policy of spending on Technology and modernisation will enable the company to face the quota free business environment, in the coming years. During the year under review, company spent Rs. 15 crores on replacement of old spinning machinery with the Ultra Modern machinery so that it could maintain its competitive edge over others in terms of quality and price.

The Yarn Segment contributed Rs. 281.34 crores towards the revenue of the company showing an impressive increase of 16.06% over the previous year. On Export front too, the company has improved its performance and exported goods worth Rs. 122.91 crores as against Rs.103.44 crores showing an impressive increase of 18.82% over the previous year. The Company earned profit before tax and interest of Rs. 29.99 crores showing an impressive increase of 97.30% over the previous year. Better Export realisation, better Cotton procurement policy, falling interest rates coupled with cost effective borrowings and optimum utilisation of resources has enabled your company to achieve the said performance.

Garment Segment

As informed in our earlier report, your company continues to be one of the leading Exporters to Internationally known brands. Your company's name is reckoned as a strong and reliable exporter by the global Garment traders. This brand image has been built over a period of time by timely supplying good quality Garments at a competitive prices. In tune with the times the Company upgraded and modernised its Garment divison so that it can face the emerging challenges ahead. During the year, company spent Rs. 13.57 Crores on the modernisation of its Garment divison.

The Garment divison contributed Rs. 200.95 crores towards the revenue of the Company as against 168.76 crores showing an increase of 19.07% over the previous year. Likewise the exports at Rs. 115.48 crores has also shown an increase of 30.37% over the previous year. The Company earned a profit before Tax and interest of Rs. 12.67 crores as against Rs. 21.78 crores in the previous year. Because of the stiff competition in the global markets the company was forced to reduce its export prices resulting in squeeze on the margins.

Overall Performance

From the above results it is apparent that the company performed reasonably well during the year under review. The operating income at Rs. 460.68 crores has shown an increase of 16.26% over the previous year. The export turnover at Rs. 238.39 crores has also shown an impressive increase of 24.15% over the previous year. Because of its excellent export performance the company continues to enjoy the status of "GOLDEN TRADING HOUSE". The Company has also improved its financial performance and earned a profit before tax and depreciation of Rs. 67.91 crores showing an increase of 7.05% over the previous year. After providing for depreciation of Rs. 35.25 crores, Income Tax of Rs. 6.50 crores and Deferred tax of Rs. 1.85 crores, the net profit at Rs. 24.31 crores has also shown an increase of 8.54% over the previous year. The tax liability of the company has increased because of reduction in percentage of allowable deduction under section 80HHC of the Income Tax Act, 1961.

Your Company has been following the policy of valuation of its long term investment in equity/debt on cost basis. However in the year 1999-2000 company decided to provide for fall in the market value of its long term investment, in the books of accounts. However after getting expert advise on the matter, wherein it has been pointed out that the quoted price of the shares at the stock exchanges does not indicate fair market price vis-a-vis

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promoters, the company decided to write back the diminution in the value of long term investment of earlier years. Accordingly an amount of Rs. 114.77 crores has been written back during the year. After appropriation of profit as per detail herein above, an amount of Rs. 130.22 crores has been transferred to General Reserve thereby increasing the Reserves of the Company at Rs. 535.93 crores on 31st March, 2003.

DIVIDEND

Your Directors are pleased to recommend a dividend @50% (i.e. Rs. 5/- per share) on paid up equity share capital for the year ended 31st March, 2003.

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 Sept., 2003 or Register of beneficial owners, maintained by the Depositories as at the close of 19th Sept., 2003. The dividend distribution as percentage of Net profit after tax is 34.30%

DIRECTORS

We wish to inform you that Ms. Monica Oswal has resigned from the Directorship w.e.f 31st July, 2003. The Board place on record their appreciation for the valuable services rendered by her during her tenure with the company.

Pursuant to article 91 of the Articles of Association of the company Dr. (Mrs.) H. K. Bal, 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.

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

CREDIT RATING

The Credit Rating Information Services of India Ltd. (CRISIL) has assigned the credit rating of "P1+" (Pronounced "P one plus") to the Company for commercial paper/short term loan upto Rs. 13.50 Crores.

LISTING OF SECURITIES

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

i) The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana
ii) The Delhi Stock Exchange Association Limited, DSE House, 3/1, Asaf Ali Road, New Delhi
iii) The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai and
iv) 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 Bombay Stock Exchange and National Stock Exchange for the year 2003-2004. The Delhi Stock Exchange has been paid Listing fee for the half year i.e. upto 30th Sept. 2003 as the Company has decided to go in for delisting of its shares from the Exchange. Further the Company has not paid the listing fee to the Ludhiana Stock Exchange because the Company has already intimated the Stock Exchange that the Board has decided to go in for de-listing of Company's securities from the Exchange as there is no trading at all of company's securities. Moreover there was no clearing house at Ludhiana Stock Exchange acknowledging the transaction thereat.

DEMATERIALISATION OF SECURITIES

As the members must be aware that company's securities are tradeable 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 security in electronic form. As on date 80% 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 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)
2E/8, Blazeflash House, Jhandewalan Extension
New Delhi-110055
Telephone No. : (011) 51540060-63
Fax No. : (011) 51540064
E-mail address : nahar@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 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

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49 of the Listing Agreement of the Stock Exchange, is attached herewith 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 alongwith proper explanations relating to material departures;

ii) That they 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;

iii) That they 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 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 2002-2003. The Govt. of India, Ministry of Law, Justice and Company Affairs, Department of Company Affairs, New Delhi have approved their appointment vide letter dated 28.05.2002. The Cost Audit Report of the company would be submitted to the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, in accordance with the requirements of Law.

AUDITORS

M/s Gupta Vigg & Co., the Auditors of your company shall be retiring at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The company has obtained from auditors, a certificate as required under Section 224 (1-B) of the Companies Act, 1956 to the effect that their reappointment, if made, would be within the limits specified in the said section.

FIXED DEPOSITS

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

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to section 205-C of the Companies Act, 1956 the Company has transferred an amount of Rs. 380401.14 (Rupees Three lacs eighty thousand four hundred one and paise fourteen only) being the amount of unclaimed dividend for the year 1994-95 to the Investor Education and Protection Fund.

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

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 : 31st July, 2003

JAWAHAR LAL OSWAL
(Chairman)

ANNEXURE - I

PARTICULARS OF EMPLOYEES PURSUANT TO 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, 2003.

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
1.	Sh. Dinesh Oswal	Managing Director	13123913.00	Contractual	B.Com.	18	01.01.1987	38	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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