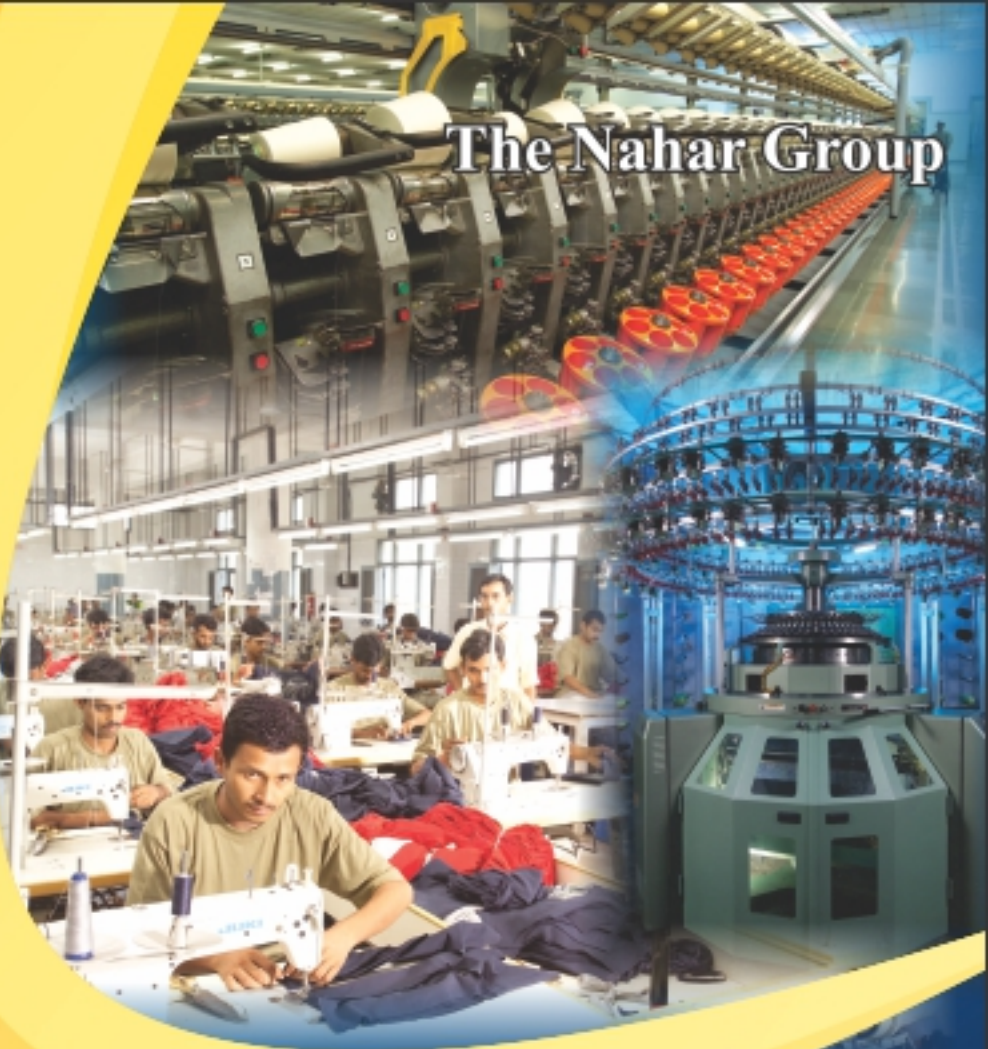




The Nahar Group



31st Annual Report 2010 - 2011



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

Additional Director

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

: 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

31st ANNUAL GENERAL MEETING

Day : Tuesday

Date : 20th September, 2011

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 First Annual General Meeting** of the members of **NAHAR SPINNING MILLS LIMITED** will be held on **Tuesday, the 20th day of September, 2011 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, 2011 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 Dr. Suresh Kumar Singla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. S.K. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sh. J.L. 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. Amrik Singh Sohi who was appointed as Additional Director of the Company w.e.f. 10th Aug., 2011 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."

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 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. Yash Paul Sachdeva, who was appointed as Additional Director of the Company

w.e.f. 10th Aug., 2011 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."

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

"RESOLVED THAT pursuant to the Provisions of Section 198, 269, 309, 310 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.
- c) If the accommodation in the Company owned house is provided to Sh. Dinesh Oswal, a deduction @ 10% shall be made from his salary.

Explanation

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

- ii) **Medical reimbursement:** Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months salary over a period of five years.
- iii) **Leave travel concession:** Leave travel concession for self and family twice in a year incurred by him.
- iv) **Club fees:** Fees of clubs subject to a maximum of four clubs. No admission and life membership 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 of Rs. 24 Lacs per annum or Rs.2.00 Lacs per month in addition thereto the perquisites not exceeding the limits, specified under Section II of the Part II of Schedule XIII of the Companies Act, 1956".

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and 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: 10th Aug, 2011

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 to 9 is annexed hereto and form part of the notice.
3. The Register of Members and Share Transfer Register of the Company shall remain closed from 10.09.2011 to 20.09.2011 (both days inclusive).
4. The dividend on equity shares as recommended by the Board of Directors, if approved at the Annual General Meeting will be paid to the members, whose names appear in the Register of Members as on

20th Sept., 2011 or Register of Beneficial Owners, maintained by the Depositories at the close of 9th Sept., 2011.

5. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends upto the financial year 2002-2003 have been transferred to Investor Education and Protection Fund. Further unpaid dividend for the year 2003-2004 is to be transferred to Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956 in November, 2011. 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. 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 9th Sept., 2011.

7. 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.
8. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B)
9. Members seeking any information with regard to Annual Accounts at the time of meeting are requested to send their queries to the Company at least 7 days before the date of meeting so as to enable the management to keep the relevant information ready.
10. Members are requested to bring the copy of Annual Report alongwith them, at the meeting.
11. 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.



12. 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	:	Dr. Suresh Kumar Singla
Age	:	62 years
Qualification	:	M.A. (Stats.&Eco.) & Ph.D (Stats.)
Expertise	:	Having more than 32 years experience in teaching Business Management and Administration

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

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

II. Name	:	Sh. S.K. Sharma
Age	:	58 years
Qualification	:	M.B.A.
Expertise	:	Having experience of more than 30 years in Textile Industry.

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

Name of the company	Committee	Status
1. Nahar Capital and Financial Services Ltd.	Shareholders	Member
	Grievance	
	Audit	Member
2. Nahar Poly Films Limited	–	–

III. Name	:	Sh. Jawahar Lal Oswal
Age	:	68 years
Qualification	:	Graduate
Expertise	:	Having 47 years business experience in the Textile and Woollen Industry.

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

Name of the company	Committee	Status
1. Oswal Woollen Mills Limited	–	–
2. Nahar Capital and Financial Services Ltd.	–	–
3. Nahar Poly Films Limited	–	–
4. Nahar Industrial Enterprises Ltd.	–	–
5. J.L. Growth Fund Limited	–	–

6. Atam Vallabh Financiers Ltd.	–	–
7. Girnar Investment Ltd.	–	–
8. Ludhiana Holding Limited	–	–
9. Vanaik Investors Ltd.	–	–
10. Vardhman Investments Ltd.	–	–
11. Palam Motels Limited	–	–
12. Sankheshwar Holding Co. Ltd.	–	–
13. Monte Carlo Fashions Ltd.	–	–
14. Nagdevi Trading & Inv. Co. Ltd.	–	–
15. Ruchika Growth Fund Pvt. Ltd.	–	–
16. Nahar Growth Fund Pvt. Ltd.	–	–
17. Abhilash Growth Fund Pvt. Ltd.	–	–
18. Monica Growth Fund Pvt. Ltd.	–	–
19. Neha Credit & Investment (P) Ltd.	–	–
20. Ogden Trading and Inv.Co.(P) Ltd.	–	–
21. Crown Star Limited (UK)	–	–

IV. Name	:	Dr. Amrik Singh Sohi
Age	:	64 years
Qualification	:	M.Sc. Ph.D
Expertise	:	Having more than 36 years experience in teaching and Entomology Research.

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

Name of the company	Committee	Status
1. Nahar Poly Films Limited	–	–

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

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

Name of the company	Committee	Status
1. Nahar Industrial Enterprises Ltd.	–	–
2. Nahar Poly Films Limited	–	–
3. Nahar Capital and Financial Services Ltd.	–	–
4. Cotton County Retail Ltd.	Audit	Member
5. Oswal Spinning & Weaving Mills Ltd.	–	–

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

The Board of Directors at their meeting held on 10th Aug., 2011 appointed Dr. Amrik Singh Sohi as an Additional Director of the Company, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 78 of Articles of Association of the Company. Dr. Amrik Singh Sohi shall hold the Office of Director upto the ensuing Annual General Meeting of the Company.



The Company has received a notice in writing alongwith requisite deposit from a member under section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Dr. Amrik Singh Sohi as a Director, liable to retire by rotation. The Company has also received consent in writing from Dr. Amrik Singh Sohi to act as a Director of the Company, if appointed.

Dr. Amrik Singh Sohi 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.

Dr. Amrik Singh Sohi is 64 years of age. He is M.Sc., Ph.D and is having more than 36 years of experience in teaching and Entomology Research. He retired from Punjab Agricultural University, Ludhiana as Sr. Entomologist (Professor). He is also on the Board of Nahar Poly Films Limited. The Board consider that having regard to his knowledge and experience, it will be in the interest of the Company to appoint him as director of the Company.

The Board recommend the resolution for your approval. None of the Director except Dr. Amrik Singh Sohi may be deemed to be concerned or interested in the resolution.

ITEM NO.8

The Board of Directors at their meeting held on 10th Aug., 2011 appointed Dr. Yash Paul Sachdeva as an Additional Director of the Company, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 78 of Articles of Association of the Company. Dr. Yash Paul Sachdeva shall hold the Office of Director upto the ensuing Annual General Meeting of the Company.

The Company has received a notice in writing alongwith requisite deposit from a member under section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Dr. Yash Paul Sachdeva as a Director, liable to retire by rotation. The Company has also received consent in writing from Dr. Yash Paul Sachdeva to act as a Director of the Company, if appointed.

Dr. Yash Paul Sachdeva is 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.

Dr. Yash Paul Sachdeva is 49 years of age. He is MBA, Ph.D (Business Administration) and is having more than 29 years of teaching experience in the field of Business Management. Presently he is Professor in the Business Department of Punjab Agricultural University, Ludhiana. He is also on the Board of several listed companies as mentioned in the notice. The Board consider that having regard to his knowledge and experience, it will be in the interest of the Company to appoint him as director of the Company.

The Board recommend the resolution for your approval. None of the Director except Dr. Yash Paul Sachdeva may be deemed to be concerned or interested in the resolution.

ITEM NO.9

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

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

Name of the company	Committee	Status
1. Oswal Woollen Mills Ltd.	--	--
2. Nahar Industrial Enterprises Ltd.	--	--
3. Nahar Poly Films Limited	--	--
4. Nahar Capital and Financial Services Ltd.	--	--
5. Nahar Industrial Infrastructure Corpn. Ltd.	--	--
6. Palam Motels Ltd.	--	--
7. Vardhman Investments Ltd.	--	--
8. Vanaik Investors Ltd.	--	--
9. J.L. Growth Fund Ltd.	--	--
10. Atam Vallabh Financiers Ltd.	--	--
11. Sankheshwar Holding Co. Ltd.	--	--
12. Monte Carlo Fashion Ltd.	--	--
13. Cotton Country Retail Ltd.	--	--
14. Crown Star Ltd. (U.K)	--	--
15. Abhilash Growth Fund Pvt. Ltd.	--	--
16. 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: 10th Aug, 2011

BRIJ SHARMA
(Company Secretary)



DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the **THIRTY FIRST ANNUAL REPORT** on the affairs of the company for the year ended 31st March, 2011.

FINANCIAL PERFORMANCE

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

(Rs. in Lac)		
PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Profit for the year before tax & Dep.	24771.08	15046.62
Less: Depreciation	6977.94	6986.11
Provision for Taxation	5525.00	1685.00
Provision for Deferred Tax	122.50	1016.50
Profit after tax	12145.64	5359.01
Adjustment of Income Tax of Earlier years	-172.94	- 9.79
Amount available for appropriation	11972.70	5349.22
Appropriation		
Proposed Dividend	721.31	540.98
Tax on Distributed profits	117.01	89.85
Transfer to General Reserve	12207.28	4569.12
Foreign Exchange contingent liability		
Reserve	--	149.27
Transfer from Foreign Exchange		
Liability Reserves	-1072.90	--
	11972.70	5349.22

PERFORMANCE REVIEW

We would like to inform you that 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, company has installed 37200 spindles and 360 rotors and thus company's spindlage capacity stand increased to 383296 spindles and 1080 rotors. The company's expansion plans of balance spindles is being implemented as per schedule and is likely to be completed by Dec., 2011. On its completion, company's spindlage capacity will increase to 4.36 lacs spindles and 1080 Rotors.

Yarn Segment performed exceedingly well during the year under review. The recovery in the U.S., Europe and Asian economies coupled with higher export realization enabled the Segment to achieve a revenue of Rs.1275.28 crores showing an increase of 29.03% over the previous year. The financial performance too, improved significantly and it earned a profit before interest and tax of Rs.221.74 crores as against Rs. 95.88 Crores showing an impressive increase of 131.27% over the previous year.

The segment could have further improved its performance had the Government not imposed a cap on the export of cotton yarn to 720 Millions Kg. on 30th Nov., 2010, for the financial year ending 31st March, 2011. Thus the Government put the Cotton Yarn export under 'licence category' and because of restrictions company could not export anything from 15th Jan., 2011 to mid March, with the result the stocks of finished goods got piled up in the Mills.

Though the Indian Government lifted the restrictions and put the Cotton Yarn under 'Free list' category w.e.f. 1st April, 2011 but the export orders needs to be registered with the Directorate General. This is hampering the free export of Cotton Yarn. Besides lowering of demand in the International markets has further added to the problems of the spinning industry which in turn will affect the segment performance in the current year significantly.

GARMENT SEGMENT

During the year, the segment went through a tough phase due to unprecedented price hike and volatility in the raw material prices. In spite of the above, segment improved its performance and achieved a revenue of Rs.210.47 crores showing an impressive increase of 10.08% over previous year. However the higher cotton prices, stiff competition in the global markets and ever increasing labour and power cost affected the realization and thus the company could earn only Rs.14.64 crores as against Rs. 22.43 Crores in the previous year.

The Union Budget 2011-2012 levied 10% Excise duty on all branded clothing which in turn may affect the performance of the garment industry in the coming periods.

OVERALL PERFORMANCE

To begin with, company's performance has been excellent in the first nine months as is evident from the excellent results achieved by the company during the said period. The company achieved an operating income of Rs.1043.74 crores with a net profit of Rs.105.40 crores. However the Government changed its view to monitor the workings of textile industry and for that reason, as has been witnessed in the past, this year too, certain measures were taken to have the balance in trade of the textile industry in India. Out of these measures, one particular measure i.e. imposition of cap on export, resulted a severe blow to the Industry having a long term ramifications. Because of export restrictions, company could not export its products from 15th Jan., 2011 to mid March, 2011 which severely affected its performance in the last quarter of the year under reference.

However looking at yearly performance, we would like to inform you that company put up a splendid performance during the year under review. The company achieved an operating income of Rs.1391.52 crores (net) showing an increase of 25.31% over the previous year. Likewise the exports at Rs.975.09 crores has also shown an impressive increase of Rs.33.36% over the previous year. On profitability front, company substantially improved its performance and earned a pre-tax profit of Rs.177.93 crores showing an impressive increase of 120.28%. After providing for Income tax and deferred tax, the company earned a net profit of Rs.119.72 crores showing an impressive increase of 123.82% over the previous year. After appropriation of profits as per detail hereinabove, an amount of Rs.122.07 crores has been transferred to General Reserve thereby increasing Company's Reserves to Rs.647.91 crores as on 31st March, 2011.

To keep you update, we would also like to share with you the prevailing textile scenario. Though the performance of the textile industry was excellent during the last year but things are not moving in the right direction in the current year. The consequential effects of negative threats of yester year



are still continuing and its effects has already been witnessed in the financial results of the first quarter of the current year. The company suffered a heavy loss of Rs.133.57 crores because of the sudden crash in the prices of raw cotton from Rs.63,000/- per candy in September, 2010 to Rs.34,000/- per candy in June, 2011 because of pure speculative activity in cotton at the commodity markets. The cotton being a seasonable crop is purchased by the spinning mills for its requirement in the cotton season. The company purchased the cotton at the high prices during the season and is currently stuck with the high cost cotton. Besides sharp decline in the yarn prices coupled with lack of demand in US and European countries has put additional pressure on the inventory intensive industry. In case things do not move for betterment the performance of the textile industry will be adversely affected in the coming periods.

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. Besides your Management also expect that the Government through its policies will take some urgent initiatives in the form of some relief packages so that the industry could survive in this challenging period.

DIVIDEND

Your Directors are pleased to recommend a dividend @40% (i.e. Rs.2.00 per equity share of Rs.5/- each) on paid up equity share capital for the year ended 31st March, 2011.

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 20th September, 2011 or Register of beneficial owners, maintained by the Depositories as at the close of 9th September, 2011.

DIRECTORS

Sh. Amarjeet Singh, Director who has been associated with the company since 2001 left for heavenly abode on 30.05.2011. The Board pray to the Almighty to give peace and solace to the departed soul.

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

Besides, Dr. Amrik Singh Sohi and Dr. Yash Paul Sachdeva who were appointed as Additional Directors w.e.f. 10th Aug., 2011, will hold office upto the ensuing Annual General Meeting. The company has received notices U/s 257 of the Companies Act, 1956 from a member proposing their candidature for the office of Director subject to your approval. The necessary resolutions are being proposed for your approval in the accompanying notice of the forthcoming Annual General Meeting.

Further the period of Sh. Dinesh Oswal as Managing Director shall be expiring on 31st Dec., 2011. The Board at the recommendation of the Remuneration Committee has approved (subject to your approval) the re-appointment of Sh. Dinesh Oswal as Managing Director for a further period of 5 years commencing from 1st January, 2012. The necessary resolution is being proposed for your approval in the accompanying Notice of the forthcoming Annual General Meeting.

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. This indicate that the degree of safety with regard to timely payment of interest and principal on the instrument is very strong.

GREEN INITIATIVE

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

Accordingly, 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 endeavour to contribute our bit to the environment.

OPEN OFFER FOR NAHAR POLY FILMS LIMITED

During the year, your company made an Open Offer under the provision of regulation 11(2A) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 1997 and subsequent amendments thereto for the acquisition of 2437251 fully paid up equity shares of Rs.5/- each of Nahar Poly Films Limited representing 9.91% of the total paid up equity share capital of Nahar Poly Films Limited. The company could get only 685094 equity shares representing 2.79% of the equity capital of Nahar Poly Films Limited under the said Offer. The required disclosure/compliances has already been made to the SEBI as well as Stock Exchanges, in this regard.

LISTING OF SECURITIES

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

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

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

DEMATERIALISATION OF SECURITIES

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 94.37% 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. Amarjeet Singh as Chairman, Sh. Dinesh Gogna and Dr. O.P. Sahni as members. Because of the sad demise of Sh. Amarjeet Singh on 30th May, 2011, Sh. K.S. Maini was appointed as Member as well as Chairman of Audit Committee on the same day itself. 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 2010-2011. 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, 2011 would be submitted to the Ministry of Corporate 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 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.

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.16,40,854/- (Rupees Sixteen lacs forty thousand eight hundred fifty four only) being the amount of unclaimed Dividend for the year 2002-2003 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: 10th Aug, 2011

(Chairman)