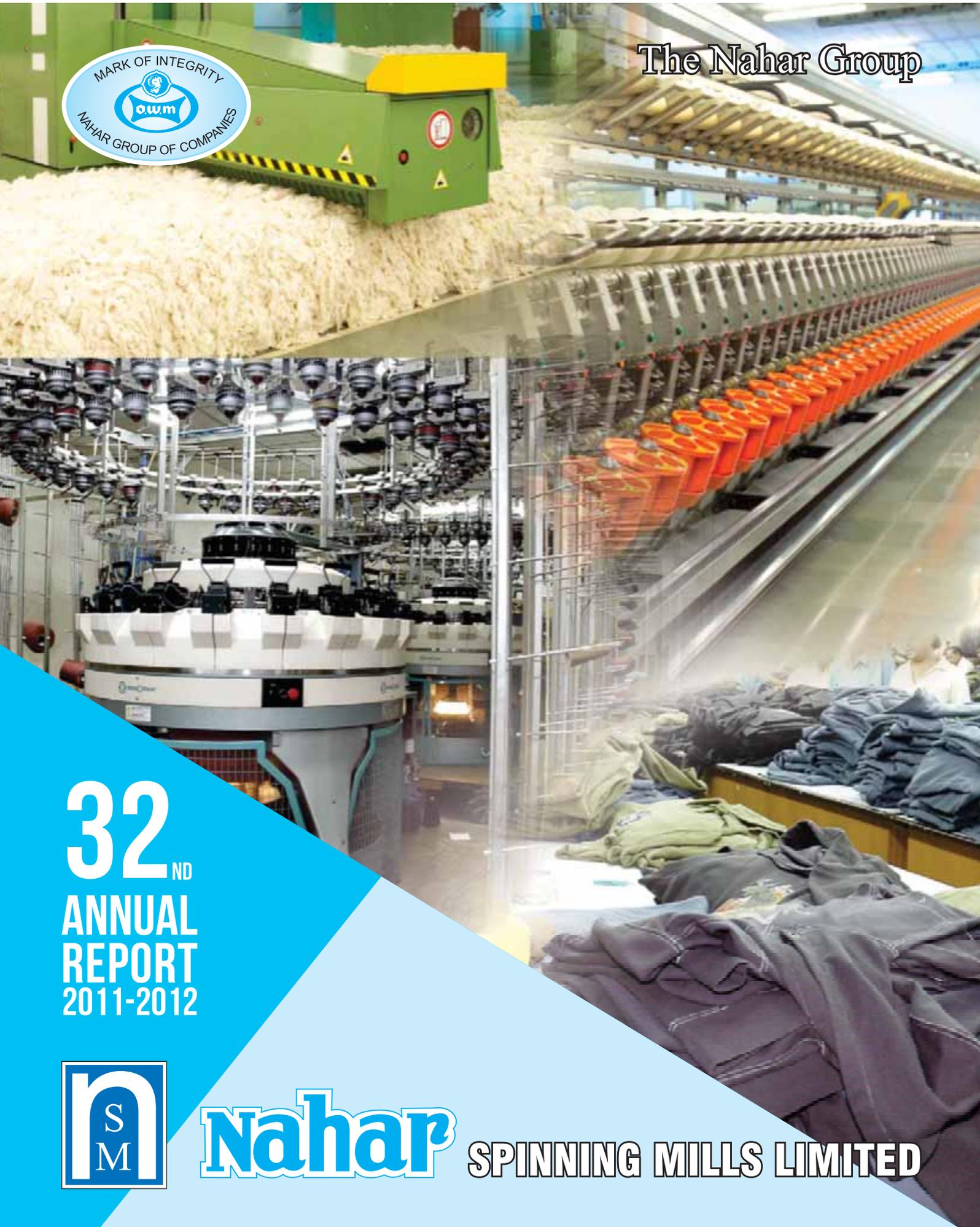


The Nahar Group



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

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@owmnaahar.com or gredressalnsml@owmnaahar.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.

l) 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 Member Chairman
4. Oswal Woollen Mills Limited	Audit Shareholders Grievance Remuneration	Member 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 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

BRIJ SHARMA

DATED: 28th July, 2012

(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)**

ANNEXURE-I
INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.
I. CONSERVATION OF ENERGY
a) Measures taken for conservation of energy

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

- i) The company has installed slub yarn system on Ring Frame machine to reduce the power consumption.
- ii) The company has replaced copper chocks with electronic ballast in plant lighting for improved energy efficiency and power saving.
- iii) 2 nos. energy saver of 100 KVA each have been installed for further power saving in the plant lighting and also increase in the life of electronic choke.
- iv) The company has replaced 25 nos. G5.1 LMW R.F's with KTTM Auto Doffer Ring Frames fitted with Energy Efficient motors ultimately saving power.
- v) The company has Replaced old 3 nos LC300 cards from New Technology LC333 cards for improving the energy efficiency and production as well as power saving.
- vi) Remove unnecessary bend in water flow Pipe line of cooling tower for reducing the resistance in water flow so improve the efficiency of cooling tower.
- vii) Company is using energy efficiency spindle oil in Ring Frame machines, which resulted in saving of Power consumption.
- viii) The company replaced the capacitor bank which have 15% reduction in its capacity for improving the power factor which results decrease the losses of power cables.

- ix) The Company installed 200 Liters per day capacity Solar Water Heater for the Yarn Conditioning Machines for saving the Energy.
- x) Minimized the lighting load by replacement with electronic ballast with single tube light of high luminance.
- xi) By installing overhead blowers at Ring Frames machines and A/c machines are parked at both ends for 1 minute for saving the Energy.
- xii) Redesigning and modification of Air Handling unit.
- xiii) In Speed Frame 4 KW Suction motors has been replaced by electronic stop motion for roving breakage.
- xiv) 14 Cards of "C1/3" replaced with 12 Cards of "LC100" from Unit-2, which helped in energy saving.
- xv) 4 Combers of "LK64" are running with advanced technology which is saving energy.

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

- i) Installation of VFD Compressor for compressed air.
- ii) Installation of Automatic voltage control stabilizer for lighting system.
- iii) Modification is done for Yarn conditioning Machine's trolleys, which in turn results in increased production/doff.

c) Impact of measure, consequent to (a) and (b) above

With the measures adopted by the company, there is substantial saving in energy consumption thereby reduction in cost of production.

Total energy consumption and energy consumption per unit of production per Form-A of the Annexure in the rules in respect of Industries specified in the schedule thereto



FORM A

PARTICULARS	CURRENT YEAR 2011-2012	PREVIOUS YEAR 2010-2011
A. POWER & FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
Units (Kwh)	309791409.00	263350801.00
Total amount (Rs.)	1609991024.12	1135608463.23
Rate per Unit (Rs.)	5.20	4.31
(b) Own Generation Through Diesel Generator		
Units produced (KWH)	1326577.00	5049563.00
Total amount (Rs.)	12234677.60	45157902.27
Cost per unit (Rs.)	9.22	8.94
(c) Own Generation through turbine		
Units produced (KWH)	18614571.00	35399322.00
Total amount (Rs.)	68368828.00	125962608.11
Cost per Unit (Rs.)	3.67	3.56
2. Steam Coal	Used in Boiler	Used in Boiler
Quantity (in Tonnes)	--	295.55
Total Cost (Rs.)	--	833344.00
Cost per unit (Rs.)	--	2819.64
3. Furnace Oil		
Quantity (in litres)	247348.00	730392.38
Total cost (Rs.)	6954049.83	18947911.05
Rate/Tonne (Rs.)	28114.44	25942.10
4. Other/Internal Generation		
Rice Husk (Qty. in Tonnes)	28309.62	30311.82
Total Cost (Rs.)	116344066.13	114895924.00
Rate/Tonne (Rs.)	4109.70	3790.47
Steam Coal (in Tonnes)	389.92	93.59
Total Cost (Rs.)	1413266.00	263875.14
Cost per Unit (Rs.)	3624.50	2819.48
B. CONSUMPTION PER UNIT OF PRODUCTION		
GARMENT UNIT		
1. Rice husk used per Kg. of dyed cloth/Yarn	5.96	5.21
2. Electricity consumed per unit of Hosiery Garments Manufactured (From Fabric to Garment)	0.75	0.64
SPINNING UNIT (ALL)		
Product Cotton/Synthetic Yarn	67694691.48	62333332.90
Electricity (Unit/Kg.)	4.54	4.51
Rice husk used per Kg. Of Yarn	--	1.07
Furnace Oil used per kg. of Yarn	0.01	0.02
Steam Coal used per kg. of Yarn	--	0.02
MERCERISING CUM DYEING UNIT (LALRU)		
1. Electricity consumed	3.60	3.48

	per unit of Yarn/Cloth (Unit/Kg.)	
2. Rice husk used per Kg. of Yarn/Cloth	2.45	4.74

FORM B

A) Research & Development (R & D):

i) Specific areas in which Research and Development carried out by the Company.

The R&D efforts in the company are focused not only on productivity, quality improvement with waste reduction but also developing value added products like Multi Slub Yarn, Multi Count with Multi Slub Yarn and Multi Twist Yarn, 100% Organic cotton & Organic cotton blends, mélange yarn in different shades & blends for International & Domestic markets.

The company has the latest on line & off line testing and monitoring equipments from world renowned manufacturers to maintain the product consistency of raw material as well as finished products.

Company is able to procure the improved quality of raw material through R&D monitoring. Thus achieving customer satisfaction by consistently meeting their ever increasing expectation.

ii) Benefits derived as a result of above R & D:

The company has improved its product value and reduction in production cost. It has expanded its market to value added market segments and has been able to maintain its customer requirements. The company has been able to reduce the production cost with improved quality level of finished products, thereby fetching better sales realisation.

iii) Future Plans:

The Company is committed to continue the Upgradation of its R & D facilities which will strive to develop new products, keeping in view the future market requirements and will thus improve its competitiveness.

iv) Expenditure on R & D:

a) Capital (Rs.)	Nil
b) Recurring (Rs.)	Nil
c) Total (Rs.)	Nil

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- i) The company in the process of replacement of existing machineries with latest and technology advanced machines.
The company have further installed Compact Spinning Ring Frames for better quality of yarns. Also "Loptex" and "C.V.T. - 3" machines installed in Blow Room for removal of foreign contaminations and installation of Uster Quantum - 2 latest series yarn clearer to improve further quality of yarns.
- ii) Autoconers machines are under gradual replacement with latest advanced technology machines to improve quality of final yarn and equipped with latest generation of yarn clearer system.
- iii) The company has installed metal detectors & high sensitive spark detectors in Blow Room department.
- iv) The company has installed Uster Tester-5, Uster Quantum Classimat & Uster Quantum Clearer-2 from Uster Technologies, Switzerland. It has installed Neps & Trash indicator from Mesdan, Itlay. In order to improve the working environment the company has installed latest Humidification plant from LUWA. It has installed latest generation of contamination sorter VISION SHIELD from JOSSI, Switzerland.
- v) The company has installed new cards "LC-333", Combers "LK-54", Lap former "LH-10" and 20 latest LR6 AX Ring Frames (equipped with Autodoffing) from LMW.
- vi) The company has installed 6 Autoconers of SAVIO ORION & 5 Autoconers of SCHLAFHORST - 338
- vii) The company has installed continuous waste collection system In carding section (DK-740 Cards).
- viii) The company has increased the capacity of Multi Slub Yarn from 3 Ring Frames to 6 Ring Frames.
- ix) Contamination scanners for removal of coloured contaminations & also white polyethylene / polypropylene installed in all blow room lines.

- x) The autoleveller in Rieter's Draw frames are being replaced with the latest AC Drive from the present DC Drive autolevellers for better quality performance.
- xi) In existing speed frames the drafting system is being modernised by replacing the old with latest 5025 Drafting from Texparts, Germany.
- xii) The company has completed renovation of the existing all LF1400A Speed Frames by installing the latest PK5025 drafting system from TEXPART GERMANY for quality improvement.
- xiii) The company has added 1 no. Reiter C60 Card & 1 no. Reiter R60 Rotor Spinning Machine for increased production of Open end Yarn.

Benefits derived as result of above efforts:

With the above mentioned efforts, the company will enjoy the benefit of improved quality, productivity & saving in manufacturing costs. The company will project its image in the world market as a manufacturer of world class yarn and achieve an excellent share of world market.

Information regarding Technology imported during the last five years

NIL

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

(I) Activities relating to Exports, initiative taken to increase exports, Development of New Export Markets for products and export plans	With the opening of Global Trade company has taken effective steps to increase its exports and diversified export Markets. Company continues to make efforts to provide quality products at a very competitive rates so that it can compete with International suppliers and maintain a steady growth of exports.		
	<table border="0"> <tr> <td style="text-align: right;">Current Year</td> <td style="text-align: right;">Previous Year</td> </tr> </table>	Current Year	Previous Year
Current Year	Previous Year		
(II) Total Foreign Exchange used and earned			
a) Earnings (FOB value of Exports etc.)	112154.12 95264.16		
b) Outgo (CIF value of Imports, expenditure in foreign currency and other payments)	9456.01 7714.29		

FOR AND ON BEHALF OF THE BOARD
PLACE: LUDHIANA
DATED: 28th July, 2012
JAWAHAR LAL OSWAL
(Chairman)

ANNEXURE - II

CORPORATE GOVERNANCE REPORT

This report of Corporate Governance form part of the Annual Report.

Company's philosophy on Corporate Governance

Your Company continues to practice the principle of good Corporate Governance. It is Company's firm belief that good CORPORATE GOVERNANCE is key to success of business. The Company's philosophy envisage an attainment of highest level of the transparency and accountability in its operations so that Company's goal of creation and maximisation of wealth of the shareholders/stakeholders could be achieved. Clause 49 of the Listing Agreement with Stock Exchanges incorporates certain mandatory disclosure requirements with regard to Corporate Governance. In pursuance to the requirements of corporate governance rules, we are pleased to report the following :-

I. BOARD OF DIRECTORS

1. The Board of the Company is well structured with adequate blend of professional Executives and Independent Directors.
2. The present strength of Board is Eleven Directors. The Board comprises of Executive and Non Executive Directors. Sh. J.L. Oswal is a Non Executive Chairman and Sh. Dinesh Oswal is Managing Director of the Company. Thus the post of Chairman and Managing Director are held by different persons.

3. More than one-half of the Board consist of independent Directors as required under Corporate Governance Rules. Out of Eleven Board Members, six members namely Dr.(Mrs.) H.K. Bal, Dr. O.P. Sahni, Prof. K.S. Maini, Dr.Suresh Kumar Singla, Dr. Amrik Singh Sohi and Dr. Yash Paul Sachdeva are independent Directors. Thus the Company has complied the Corporate Governance Rules regarding structure of the Board.
4. During the year the Board met four times i.e. on 30th May, 2011, 10th Aug., 2011, 14th November, 2011 and 14th February, 2012 with a clearly defined agenda circulated well in advance of each meeting. The maximum interval between the two Board meetings is not more than four months.
5. None of the directors is a member of more than 10 Board level committees or is Chairman of more than 5 such Board level committees as required under Clause 49 of the Listing Agreement. None of the Director is a Director in more than 15 companies as prescribed under the Act.
6. Participation of Non Executive Directors has been active in the Board Meetings. The Attendance record of Directors in the Board meeting and the Annual General Meeting during the year 2011-2012 is given herein under:

Name of Director	Category of Directors	No. of other Directorship (excluding private company)	No. of Committee membership		No. of Board Meeting attended	AGM Attendance (held on 20.09.2011)	No. of Shares held
			Member	Chairman			
Mr.Jawahar Lal Oswal	Non Executive-Promoter	14	--	--	2	No	--
Mr. Dinesh Oswal	Executive - Promoter	14	--	--	4	Yes	23766
Mr. Kamal Oswal	Non Executive - Promoter	14	1	1	3	Yes	24750
Mr. Dinesh Gogna	Non Executive	8	5	1	4	Yes	550
Dr.(Mrs.) H.K. Bal	Non Executive -Independent	5	8	2	4	Yes	--
Mr. S.K. Sharma	Non Executive	2	4	1	4	Yes	--
Dr. O. P. Sahni	Non Executive - Independent	4	10	2	3	Yes	147
Mr. K.S. Maini	Non Executive - Independent	4	3	4	4	Yes	182
Mr. Suresh Kumar Singla	Non Executive - Independent	5	3	5	4	Yes	--
Dr. Amrik Singh Sohi	Non Executive - Independent	1	--	--	3	Yes	--
Dr. Yash Paul Sachdeva	Non Executive - Independent	5	1	--	3	Yes	--

7. Non Executive Directors are paid a sitting fee of Rs.5000/- per meeting of the Board.
8. Sh. Jawahar Lal Oswal is the father of Sh. Kamal Oswal and Sh. Dinesh Oswal. Sh. Dinesh Oswal and Sh. Kamal Oswal are brothers. No other Director is related to any other Director of the Company within the meaning of Section 6 of the Companies Act, 1956.
9. Code of conduct: The Company is committed to conduct its business in accordance with applicable laws, rules and regulations and highest standards of transparency. Accordingly the Company has laid down a Code of conduct for all its Board members and Senior Managerial/Personnel so that conflict of interest could be avoided. All the Board members and Senior Managerial Personnel are complying with the said code of conduct. The code of conduct is also available on Company's website i.e. www.owmnahar.in
10. The Company ensures compliance of various statutory requirements by all its business units.
11. All the Statutory Registers that are required to be maintained, particularly, Register of Director's Shareholding, Register of Investments etc. are properly maintained and continuously updated.

II. AUDIT COMMITTEE

The Board has already constituted an independent and qualified Audit Committee. The Committee consists of three Non Executive Directors under the chairmanship of Prof. K.S. Maini. Dr. O.P. Sahni and Sh. Dinesh Gogna are the two other members of the Audit Committee. Prof. K.S. Maini is Post Graduate in Commerce. He retired as Head of Commerce Department (Post Graduate), Government College, Ludhiana. He is well versed with Accounting and Financial Matter. Sh. Dinesh Gogna is a Company Executive having 35 years of experience in Corporate Finance, Taxation and Financial and

Accounting matters. Likewise Dr. O.P. Sahni who is Ph.D, is also having requisite expertise in Financial and Accounting matters. The Company Secretary is the Secretary of the committee. The Finance Controller is permanent invitee of the committee. The statutory auditors, the internal auditors and cost auditors are also invited to attend the meetings, as per relevant provisions of the applicable laws/rules, as and when felt necessary.

The term of reference of the Audit Committee are as per clause-49 of the Listing Agreement with the Stock Exchanges, SEBI Guidelines and Companies Act, 1956. Since 1st April, 2011 the committee met four times i.e. on 30th May, 2011, 10th Aug., 2011, 14th Nov., 2011 and 14th Feb., 2012 and at these meetings, the quarterly un-audited financial results as well as the financial statement during the year ended 31st March, 2011 were reviewed and examined by the members of the audit committee before recommendation of the same to the Board of Directors for their perusal and adoption.

The attendance record of the Audit committee members is as under:

Name of the Member	No. of meetings held	No. of meetings
	Upto 31.03.2012	attended
Prof. K.S. Maini	4	4
Sh. Dinesh Gogna	4	4
Dr. O.P. Sahni	4	4

Prof. K.S. Maini, Chairman of the Audit Committee, attended the last Annual General Meeting of the Company held on 20th September, 2011 and replied/clarified the queries raised at the Annual General Meeting.

III. REMUNERATION COMMITTEE

The Remuneration Committee was set up by Board in its meeting held on 31st Jan., 2002. The committee comprises of three Non Executive Directors. Dr. S.K. Singla is the Chairman and Sh. S.K. Sharma and Dr.(Mrs.) H.K. Bal are the other two member of the committee. Dr. A.S. Sohi has been appointed as Member of the Committee in place of

Sh. S.K. Sharma w.e.f. 14.02.2012.

The Broad term of reference of the Remuneration Committee is to ensure that the Company's Remuneration policies in respect of Managing Director/Working Directors, Senior Executives are competitive so as to recruit and retain best talent in the Company and to ensure appropriate disclosure of remuneration paid to said persons.

The Committee met two times during the year. The attendance record of the meeting held is as follows :-

Name of the Member	No. of meetings held Upto 31.03.2012	No. of meetings attended
Dr. S.K. Singla	2	2
Sh. S.K. Sharma	2	2
Dr.(Mrs.) H.K. Bal	2	2

The details of Director's remuneration paid for the year ended 31st March, 2012 is as under:

	Salary (Rs. In lacs)	Sitting Fee (Rs.)
Sh. Jawahar Lal Oswal		10000.00
Sh. Kamal Oswal		15000.00
Sh. Dinesh Oswal	22.84 lacs	
Sh. Dinesh Gogna		20000.00
Sh. S.K. Sharma		20000.00
Dr.(Mrs.) H.K. Bal		20000.00
Dr. O.P. Sahni		15000.00
Sh. K.S. Maini		20000.00
Sh. S.K. Singla		20000.00
Dr. Amrik Singh Sohi		15000.00
Dr. Yash Paul Sachdeva		15000.00

IV. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Company is having Shareholders'/Investors' Grievance Committee consisting of three Non Executive Directors under the Chairpersonship of Dr.(Mrs.) H.K. Bal. Sh. O.P. Sahni and Sh. S.K. Sharma are the other members of the committee. Sh. Brij Sharma, Company Secretary is the compliance Officer of the Company. The committee look into the complaints/grievances of shareholders in respect of transfer of shares, Non receipt of

dividend/share certificates, Demat problems etc.

The committee met four times from April, 2011 to March, 2012 i.e. on 30.05.2011, 30.07.2011, 14.11.2011 and 14.02.2012 and the attendance record of the meetings held is as follows:-

Name of the Member	No. of meetings held Upto 31.03.2012	No. of meetings attended
Dr.(Mrs.) H.K. Bal	4	4
Sh. O.P. Sahni	4	4
Sh. S.K. Sharma	4	4

The Company has been quick in the redressal of the grievances of the shareholders and has attended to most of the investors correspondence/grievances within a period of 7 to 15 days from the date of receipt of the same.

The details regarding the same is as under:

No. of complaints received during the year* : 44

No. of complaints resolved during the year* : 44

No. of complaints pending as on 31st March, 2012 : NIL

*Complaint received from BSE, NSE and SEBI.

The Company has also received some request/complaint from shareholders regarding non receipt of dividend/re-validation of dividend and the Company replied/resolved the said request/complaint. None of the complaints during the year remained pending for more than 30 days.

Further the Company has also constituted a share transfer committee comprising 4 members under the Chairmanship of Sh. Dinesh Oswal. The committee is responsible for approving the transfer and transmission of securities, dematerialisation of shares, issuance of duplicate certificates and other shareholders related issues. The committee generally meets once in a month. During the period April, 2011 to March, 2012 the committee held 12 meetings i.e. on 30.04.2011, 31.05.2011, 30.06.2011, 30.07.2011, 31.08.2011, 20.09.2011, 31.10.2011, 30.11.2011, 31.12.2011, 31.01.2012, 29.02.2012 and 31.03.2012 and the attendance record of the members is as follows :-



Name of the Member	No. of meetings held Upto 31.03.2011	No. of meetings attended
Sh. Dinesh Oswal	12	12
Sh. Dinesh Gogna	12	12
Sh. S.K. Sharma	12	12
Sh. Brij Sharma	12	12

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 whose address and telephone no. etc. has already been mentioned in the Directors Report.

V. GENERAL BODY MEETINGS

(I) The details of the last three Annual General Meetings are as under:-

Financial year	Location	Date	Time
2008-2009	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	30.09.2009	10.00 A.M.
2009-2010	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	30.09.2010	10.00 A.M.
2010-2011	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	20.09.2011	10.00 A.M.

(II) Special Resolutions passed in the previous three Annual General Meetings:

2008-2009

No Special resolution was passed

2009-2010

No Special resolution was passed

2010-2011

No Special resolution was passed

(iii) Special Resolution passed last year through postal ballot.

No Special resolution was passed during the financial year ended 31.03.2012 through postal ballot.

iv) Proposal of Special Resolution through postal ballot

Presently, no special resolution is proposed to be conducted through postal ballot.

VI. DISCLOSURES

- i) There have been no materially significant related party transactions that may have potential conflict with the interest of the Company at large. Transaction with related party are disclosed at Note No. 28, Subheading xvii in the Notes of Account.
- ii) The Company continues to comply with the requirement of Stock Exchange, SEBI or any statutory authority on all matters related to capital market during the last three years. No penalty or strictures have been imposed on the Company by the said authorities relating to the above.
- iii) The Company does not have any Whistle Blower policy as of now but no personnel are being denied any access to the Audit Committee.
- iv) The Company complied with not only the mandatory requirements but has also complied with non mandatory requirements in respect of Remuneration Committee. The Company is yet to comply with the other non mandatory requirements of the Listing Agreement on Corporate Governance.

VII. MEANS OF COMMUNICATION

The Company's quarterly results in the format prescribed by the Stock Exchanges are approved and taken on record by the Board within the prescribed time frame and sent immediately to all

Stock Exchanges on which the Company's shares are listed. These results are published in leading news papers i.e. Business Standard / Financial Express in English and Desh Sewak/Jagran in vernacular. Our Quarterly, Half yearly and Annual results are also displayed on the website of the Company i.e. www.ownahar.com. Whenever any Official news is released the same is also displayed on the aforesaid Website of the Company. Likewise whenever any presentation about Company's working is made to Financial Institutional Investors or to the analysts, the same is displayed on Company's Website.

The Quarterly and Annual Financial Statement alongwith the Report on Segment Revenue, Segment Results and Capital Employed, Balance Sheet, Profit & Loss Account, Director's Report, Auditors' Report, Cash Flow Statement, Corporate Governance Report, Report on Management Discussion and Analysis and Shareholding Pattern, etc. can also be retrieved by investors from the website of Bombay Stock Exchange Limited and National Stock Exchange of India Ltd.

VIII. GENERAL SHAREHOLDERS INFORMATION

1. **Annual General Meeting** : September, 29, 2012
Date, Day, time and Venue : at 10.00 A.M.
 Premises of Nahar Industrial Enterprises Limited, Focal Point, Ludhiana.
2. **Financial Calendar** : The Financial year of the Company covers 1st April, to 31st March.
3. **Date of Record Date** : 29th September, 2012
4. **Dividend Payment** : Because of the Loss no dividend Has been declared for the year Ended 31st March, 2012.
- a) **Unclaimed/Unpaid Dividend** : All unclaimed / unpaid dividend upto the financial year ended March, 31, 2004 have been transferred to the Investor Education Protection Fund of the Central Government pursuant to Section 205 of the Companies Act, 1956.
 Further the dividend for the financial year ended 31st March, 2005 will be transferred to the said fund in November, 2012. All the members who have not encashed their dividend warrants for the aforesaid year may approach the Company for obtaining duplicate dividend warrants/revalidation of dividend warrants.
- b) **Change of address** : Members may kindly note that the R&T Agent and/or the Company will not entertain requests for noting of change of address/bank details/ECS Mandate in case of accounts with demat holding. For this purpose, the shareholders should approach their Depository Participant.
5. **Listing on Stock Exchanges** : The National Stock Exchange of India Ltd (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai. The Bombay Stock Exchange Limited (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai - 40001. The listing fees payable to BSE and NSE for 2012-13 have been paid in full by the Company.
6. **Stock Code** : for trading at NSE: NAHARSPING
 for trading at BSE: 500296
7. **Demat ISIN number** : INE290A01027
 The annual custodian fees for the financial year 2012-13 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
8. **Dedicated e-mail for Investor Grievance**
 To enable investors to register their grievances, the Company has designated an exclusive e-mail id i.e. gredressalnsml@ownahar.com

9. Registration/updation of e-mail address

The Ministry of Corporate Affairs 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. The Companies can now send various notices and documents, including Annual Report, 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@owmahar.com or gredressalnsml@owmahar.com".

10. Compliance Officer

Sh. Brij Sharma, Company Secretary is the Compliance Officer of the Company.

IX. Market Price Data

The month High, Low stock prices during the financial year 2011-2012 are as follows:

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April, 2011	118.35	98.40	130.00	96.10
May, 2011	108.90	82.60	108.50	83.95
June, 2011	93.85	74.00	92.90	74.00
July, 2011	90.00	67.00	85.40	77.70
August, 2011	82.90	53.05	80.95	53.55
September, 2011	69.30	52.00	69.80	58.15
October, 2011	70.00	58.00	67.00	58.10
November, 2011	64.50	46.65	61.35	46.75
December, 2011	55.00	45.05	56.00	45.00
January, 2012	65.00	50.70	60.90	50.20
February, 2012	74.00	51.05	67.75	52.75
March, 2012	65.00	48.00	59.00	48.10

Source:- Data has been taken from the Website of the Bombay Stock Exchange and National Stock Exchanges. The Company does not have any other sources for verification of data.

X. Performance in comparison to broad based indices such as BSE Sensex:

Comparison between Nahar Spinning Mills Limited closing price variation and BSE Sensex Variation in percentage is as under.

Year	Share price of Nahar Spinning Mills Ltd.				BSE Sensex			
	Highest (Rs)	Lowest (Rs)	Closing (Rs)	%age Change over last Month's Closing	Highest (Rs)	Lowest (Rs)	Closing (Rs)	%age Change over last Month's Closing
2011-2012								
April	118.35	98.40	106.40	8.90	19811.14	18976.19	19135.96	(1.59)
May	108.90	82.60	88.90	(16.44)	19253.87	17786.13	18503.28	(3.31)
June	93.85	74.00	81.10	8.77	18873.39	17314.38	18845.87	1.85
July	90.00	67.00	78.15	3.64	19131.70	18131.86	18197.20	(3.44)
August	82.90	53.05	59.65	(23.67)	18440.07	15765.53	16676.75	(8.36)
September	69.30	52.00	60.40	1.26	17211.80	15801.01	16453.76	(1.34)
October	70.00	58.00	60.05	0.58	17908.13	15745.43	17705.01	7.60
November	64.50	46.65	52.40	12.74	17702.26	15478.69	16123.46	(8.93)
December	55.00	45.05	49.90	4.77	17003.71	15135.86	15454.92	(4.15)
January	65.00	50.70	57.50	15.23	17258.97	15358.02	17193.54	11.25
February	74.00	51.05	56.50	1.74	18523.78	17061.55	17852.68	3.25
March	65.00	48.00	48.90	13.45	18040.69	16920.61	17404.20	(1.96)

Source:- Data has been taken from the Website of the Bombay Stock Exchange Limited. The Company does not have any other sources for verification of data.

XI. Registrar and Transfer agents

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 whose address and telephone nos. etc. have already been mentioned in the Director's Report.

In case any query/complaint remains unresolved with our Registrar please write to Company Secretary at the Registered Office of the Company.

XII. Share Transfer System

The Company has constituted share transfer committee consisting of four members, namely Sh. Dinesh Oswal, Managing Director, Sh. Dinesh Gogna and Sh. S.K. Sharma, Directors and Sh. Brij

Sharma, Company Secretary of the Company. The share transfer committee meets once/twice in a month to approve the transfer/ transmission /transposition, issue of duplicate share certificates and duly transferred shares are generally despatched within the prescribed period under the Companies Act, 1956/Guidelines of the Stock Exchanges.

As required under clause 47(c) of the listing agreements entered into by the Company with the Stock Exchanges, a certificate is obtained every six months from a practicing Company Secretary with regard to inter alia, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares within one month of their lodgement. The certificates are forwarded to BSE and NSE, where the equity shares are listed.

XIII. Nomination facility

Individual shareholders holding physical shares can nominate any person for the shares held by them. This will save the nominee from going through the lengthy process of getting the shares later on transmitted to his/her name. For further details, shareholders may write to the RTA of the Company.

XIV. Distribution of Shareholding as on March 31, 2012:

As on March 31, 2012 your Company had 43986 shareholders having a total of 36065303 equity shares. The following is the distribution of Shareholding.

No. of Shares held	No. of Share Holders	%of Share Holders	Aggregate Share Held	% of Share Holding
1-500	40748	92.64	5105496	14.15
501-1000	1834	4.17	1355724	3.76
1001-2000	752	1.71	1085238	3.01
2001-3000	254	0.58	641826	1.78
3001-4000	98	0.22	342703	0.95
4001-5000	73	0.17	338188	0.94
5001-10000	125	0.28	886773	2.46
10000 and above	102	0.23	26309355	72.95
TOTAL	43986	100.00	36065303	100.00

XV. The Shareholding pattern as on March 31, 2012 as follows:

Shares held by	No. of Shares	% of shareholding
Banks and Mutual Funds	582371	1.61
Foreign holdings (FIIs, NRIs, OCBs)	169918	0.47
Bodies Corporate	1450764	4.02
Directors/Relatives of Directors	904	0.01
General Public	10772833	29.87
Promoters	23088513	64.02
	36065303	100.00

XVI. Dematerialisation of Shares and liquidity.

The Securities and Exchange Board of India (SEBI) has included Company's scrip in compulsory demat settlement for all type of investors. Thus the dealing in Company's equity shares can be in demat form only. To facilitate holding and trading of securities in electronic form, your Company has established connectivity with both the Depositories i.e National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The investors have an option to dematerialise their equity shares with either of the Depositories. As on date 94.61% of the total equity capital of the Company have been dematerialised.

XVII. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity

The Company does not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments which is likely to have any impact on the equity of the Company.

XVIII. Plant Locations :

373, Industrial Area-A, Ludhiana

427, Industrial Area-A, Ludhiana



Dhandari Kalan, G.T. Road, Ludhiana
Village Simrai, Mandideep, Distt. Raisen (M.P.)
Village Lalru and Lehli, Distt. S.A.S. Nagar (Pb.)
Village Jalalpur, Distt. S.A.S. Nagar (Pb.)
Village Jodhan, Distt. Ludhiana
Village Jitwal Kalan, Tehsil Malerkotla,
Distt. Sangrur

XIX. Address for : NAHAR TOWER
Correspondence 373, Industrial Area-A,
Ludhiana - 141 003 (Pb.)
Phone No. : 0161-2600701 to 2600705
Fax No. : 0161-2601956, 2222942
E-mail address : secnsm@owmnahar.com
Website : www.owmnahar.com

XX. CEO/CFO Certification

As required under Clause 49 of the Listing Agreement, a Certificate duly signed by the Finance Controller was placed at the meeting of Board of Directors held on 30.05.2012.

XXI. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

The Securities and Exchange Board of India has directed vide Circular No.D&CC/FITTC/CIR-16/2002 dated 31st December, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total share held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/paid-up capital. The said certificate duly certified by a practicing Company Secretary is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of the each quarter.

FOR AND ON BEHALF OF THE BOARD

PLACE: LUDHIANA

JAWAHAR LAL OSWAL

DATED: 28th July, 2012

(Chairman)

MANAGING DIRECTOR'S DECLARATION

Pursuant to the requirement of Clause of 49 of the listing agreement, I hereby confirm that all Board Members and Senior Management personnel (as defined in the asbovesaid Clause 49) of the Company have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2012.

Place: Ludhiana

Dated: 28th July 2012

Dinesh Oswal
Managing Director

ANNEXURE - III
MANAGEMENT DISCUSSION AND ANALYSIS
Industry Structure and Developments

Though Indian Textile Industry is one of the oldest manufacturing Industry but it is one of the major sector of the Indian economy contributing towards the growth of the Country's Industrial Sector. It occupies a unique place in the economy as it is a self relied industry from production of raw material to fabrics and garments and provides direct employment to about 35 millions people. The Textile is the second highest industry after the agriculture sector and contribute about 14% of industrial production, 4% of National GDP and 10.63% of Country's export earnings (source Textile magazine).

The Textile industry's growth started galloping after the opening of the sector through liberalization policies as initiated by the Government of India. In a short span, Textile industry successfully made its place in the World as the second largest producer of Textile and Garments after China. To attain this position the Industry took full advantages of the several policies initiated by the Central Government and modernized as well as expanded its capacities so as to become a global player and achieve economies of scale which in turn helped the industry to achieve competitive edge in terms of cost as well as quality. In globally competitive environment, these crucial factors play an important role in determining the sourcing base for the International buyers. These developments lead to India becoming a sourcing hub for several reputed Global buyers.

In line with the Global trends and to remain competitive, your company too expanded its capacities both in Yarns as well as in Garments. Presently the company has 432256 spindles and 1080 Rotors for the manufacturer of Cotton, synthetic and blended yarns. The Company's garment manufacturing capacity has increased to 125 Million Pcs. per annum. The company has positioned itself as India's one of the leading integrated textile player.

We would also like to share with you that last year has been the worst year for the textile industry. Though the fact regarding the recession through out the World was the common knowledge for every one but the effect of the same to the respective industries was known to the respective sectors only. The overall World recession has the worst effect in the Textile industry as it was coupled with the Currency fluctuations as well as sudden downward trend in the prices of finished products. 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 of the same in the Textile industry in the succeeding year. Though the Industry will take some more time to come back on the same path of growth but growth in the industry is imperative.

In addition, the Textile industry has always got proper attention from the Central Government because of its importance in the economy. To give further push for the revival of the industry, the Union Minister of Commerce, Industry and Textile Sh. Anand Sharma announced the Annual supplement 2012-13 to the Foreign Trade policy 2009-2014 whereby a series of measures including extension of interest rate subvention scheme till 31st March, 2013 and expansion of the scheme covering more products to boost exports, were offered to the Industry. The addition of items, products and rates under the Focus Market Scheme has also enabled the industry to tap the new export markets. These measure have provided a little bit of relief to the Industry and we are quite hopeful that the said measures would ease the pressure on the industry and will help in facing the challenges ahead.

Opportunities and Threats

The opening of Global Trade provided a good opportunity to the Indian Textile industry to increase its share in the Global Textile Markets except for the last year. There is no denying the fact that the Industry recorded excellent growth but still there is a big scope for the growth as India's share in the Global Textile Trade is only 3.5% as against 28% of China. The industry has started tapping this opportunity by modernizing and building large capacities so that it can cater to the ever increasing demand of textile products from Overseas buyers. The Industry efforts coupled with the Government policies has enabled the Industry to become a sourcing hub for the reputed International brands such as Wallmart, JC Penny, Gap, Marks and spencers. The industry must focus its strategies and efforts so that it can further increase its share in the Global Trade.

Apart from the above, Rupee depreciation against US Dollars provided favourable opportunity for the exporters in short term but this situation is not likely to continue in future because the overseas buyers have started asking for decrease in the prices of goods for future orders.

The peaceful business environment of the Country is also proving to be blessing in disguise for the Textile industry. Seeing the friendly business environment, Global buyers have started moving their Orders to the Indian markers and thus India has become a preferred vendor for the Overseas Global buyers. The industry must continues its efforts to increase share in the global markets so as to achieve a target of \$50 billion of Textile Exports by 2013-14.

The textile industry's future though appears to be bright but it is not free from the threats. Though the overall recession in the World is passing and the effects of the same, to some extent, have been observed in the current year also nevertheless as on today, the economy cannot be said without any after effect turbulence of major

recession. Therefore in the Textile industry, the Entrepreneurs has to be on its guard to eradicate or face the turbulence caused by any headwind in view of after effect of recession.

Besides, to overcome the over dependence of exports to US and European Union, the Industry should continue its efforts to explore new export markets. We are pleased to inform you that your company has made a good beginning in this regard and has successfully penetrated into new emerging markets of Brazil, Egypt, South Africa, Canada and Japan. Your management is quite hopeful that company will be able to meet the challenges ahead.

Segment wise or Product wise performance

As per the disclosure requirement of Accounting Standard A.S. 17, issued by the Institute of Chartered Accountants of India, New Delhi, Company's activities can be classified under two segments namely Yarn segment and Garment segment. The detailed performance has already been discussed in the Director's Report.

Future Outlook

During the year under review, several factor like volatile Cotton prices, High rate of interest, tightening of the monetary policy, Exchange Rate fluctuations and power crisis adversely affected the textile industry.

Besides economic slow down in the US, European Union and Asia has lowered the demand for the textile products resulting fall in the International prices. The global buyers have resorted to a system similar to Global Tendering which is taking its toll on Indian Garments Export. The orders are gained or lost by very thin margin. Unless the manufacturers are able to compete by overall cost competitiveness, orders goes to other countries. Thus earning a reasonable margins has become a challenging task. The continuous presence of several adverse factors, as mentioned in para above, has made the industry strong enough to face all the turbulence and learn to survive in a competitive environment.

We are looking at the future with optimism and hope that revival of economy in U.S. and European Union will propel the growth of the Textile industry. We also expect that the Government through its Policies will take suitable remedial measures to strengthen the hands of the textile industry. Last year the export of huge quantity of raw cotton, during the peak season, pushed the prices of cotton to higher levels which severely impacted the textile industry. In the current year it is estimated that the availability of raw cotton will be in short supply by 50 lacs bales, as compared to the last year, because of delay in the monsoon. The delayed as well as shortfall of monsoon has resulted into lower area under cotton cultivation and low yield of crop which in turn will affect the supply of raw cotton for the textile industry.

In view of the above, we expect that the Government will take a cautious approach in allowing the export of raw cotton and will take the industry into confidence before devising a policy of export for raw cotton.

Risk and Concerns

We would like to share with you some of the risks and concerns associated with the Textile Industry. The relative competitiveness of the Indian textile industry is dependent on raw cotton prices and rupee exchange rate fluctuations. Raw cotton, an agriculture product is the key raw materials used for the manufacturer of cotton yarn and is dependent on monsoon. Availability of raw cotton at the reasonable prices is crucial for the spinning industry. Any significant change in the raw cotton prices can affect the performance of the Industry, both ways. Likewise significant exchange rate fluctuation can affect the performance of the Industry. Both the abovesaid factors severally impacted the performance of the industry, during the year under review and resulted heavy losses to the Spinning Industry.

Moreover, the Indian economy is facing inflationary conditions which has resulted frequent increase in the rate of interest on borrowings from the Banks and Financial Institutions. The spinning industry which requires long term working capital finance because of its nature of business, suffered heavily on account of higher outgo of interest because of high rate of interest. Therefore continuation of High Rate of interest may partially impact the company's financial performance in the current year also.

In addition to the above, the other concerns are higher transaction cost, inadequate draw back rates which do not fully refund the taxes, high cost of power and labour. Besides, the slow recovery of the economies of US and European Union and other countries of the world are worrisome concern as the demand for the textile products is not picking up significantly.

Internal Control Systems and their adequacy

The Company is committed to maintaining an effective system of internal control for facilitating accurate, reliable and speedy compilation of financial information, safe guarding the assets and interests of the company and ensuring compliance with all laws and regulations. The company's internal control system and procedures commensurate with the nature of its business and the size of its operations. In order to further strengthen the internal control system and to automate the various processes of the business, Company is making use of Enterprises Resource Planning (ERP).

The company is also having internal audit department which carries out audit work throughout the year. The main objective of such audit is to test the adequacy and effectiveness of internal control systems laid down by the Management and to suggest improvement in the systems.



Besides an audit committee consisting of three non executive directors has been constituted. All the significant audit observation and follow up action thereon are taken care of by the audit committee. The audit committee met four times during the financial year under review.

Financial/operation performance

The year 2012 has been the worst year for the spinning industry. In spite of difficult year, the company has been able to increase its topline to Rs.1691.42 crores but its bottom line suffered because of the several factors which have already been mentioned above. The company suffered a heavy loss of 117.20 crores during the year. The detailed performance has already been discussed in the Directors Report under the column 'Company's performance'.

Human Resources/Industrial Relations

Beyond Balance Sheet lies company's singly biggest Asset Human Resources. The Company is of firm belief that the Human Resources are the driving force that propels a company towards progress and success. The

Company continued its policy of attracting and recruiting best available talent so that it can face business challenges ahead. The company also offers attractive compensation package to retain and motivate its professionals so that they can give their best. The total permanent employees strength of the Company was 10590 as on 31st March, 2012. The Industrial relation continued to remain cordial during the year.

Cautionary Statement

Though the statement and views expressed in the abovesaid report are on the basis of best judgment but the actual future results might differ from whatever is stated in the report.

FOR AND ON BEHALF OF THE BOARD

PLACE: LUDHIANA

JAWAHAR LAL OSWAL

DATED: 28th July, 2012

(Chairman)

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Nahar Spinning Mills Limited

We have examined the compliance of conditions of Corporate Governance by Nahar Spinning Mills Limited for the year ended on 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company, for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor Grievance received during the year ended 31st March, 2012 is un-attended/pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors' Grievance Committee.

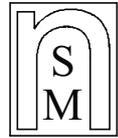
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Gupta Vigg & Co.,
Chartered Accountants
Firm Reg. No. 001393N

VIPAN KUMAR GUPTA
(Partner)
M.No.502737

Place: Ludhiana

Dated: 28th July, 2012



AUDITORS' REPORT

The Members of
M/s Nahar Spinning Mills Limited,
LUDHIANA.

We have audited the attached Balance Sheet of M/s Nahar Spinning Mills Limited, Ludhiana (the Company) as at 31st March, 2012, Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 {as amended by the Companies (Auditor's Report) (Amendment) Order, 2004} issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a Statement on the matters specified in Paragraph 4 of the said Order.

Further to our comments in the Annexure referred to in Paragraph above, we report that:-

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of

Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- e) On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies & notes to the financial statement, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair in conformity with the accounting principles generally accepted in India:-

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (ii) in the case of the Statement of Profit and Loss, of the Loss of the company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, the Cash Flows of the Company for the year ended on that date.

For GUPTA VIGG & CO.
Chartered Accountants
Firm Regn.No.001393N

Place: LUDHIANA.

Dated: 30.05.2012

VIPAN KUMAR GUPTA
PARTNER
M.NO.502737

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph (3) thereof]

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
- (c) No substantial part of Fixed Assets has been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the

frequency of verification is reasonable.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) On the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of the inventory. As explained to us, no material discrepancies were noticed on physical verification of inventories as compared to book records.

(iii) According to the explanations and information given to us, the Company has neither granted nor taken any loan from the parties covered in the Register maintained under section 301 of the Companies Act, 1956. Hence, the clause 4(iii)(a) to (g) of the Companies (Audit Report) Order, 2003 are not applicable in the case of the company.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchase of inventory and fixed assets. The provisions regarding sale of goods and services are not applicable to the Company. During the course of our audit, we have not observed any major weakness in internal control.

(v) According to the information and explanation given to us, we are of the opinion that there are no transactions that need to be entered in register maintained u/s 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposits from the public. Hence, the clause 4(vi) of the Order is not applicable to the Company.

(vii) In our opinion, the Company has internal audit system commensurate with its size and nature of its business.

(viii) We have broadly reviewed the books of accounts and records of cost maintained by the Company pursuant to the rules made by Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not done a detailed examination of the records with a view to determine whether they are accurate and complete.

(ix) (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund,

income tax, wealth tax, service tax and other material statutory dues applicable to the Company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012, for a period of more than six months from the date they became payable.

(b) According to the records of the Company, no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty, cess and Service Tax which have not been deposited on account of any dispute except those mentioned below :-

Sr. No.	Statutes	Forum before Whom pending	(Rs. in lacs)	Nature of Dues
1.	Finance Act	High court of Jabalpur	7.01	Service Tax
2.	Central Excise Act	High court of Jabalpur	23.09	Cenvat
3.	Custom/Central Excise Act	CESTAT	6.28	Service Tax/Cenvat
4.	Custom/Central Excise Act	Comm. Appeal	78.06	Custom/Service Tax/Cenvat
5.	Central Excise Act	At joint Secretary	11.00	Drawback
6.	M.P. Electricity Act	Supreme Court	129.19	Cess of Electricity

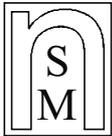
(x) The Company does not have any accumulated losses at the end of the financial year but has incurred cash loss in the financial year and there was no cash loss in the financial year immediately preceding such financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans taken from banks and financial institutions.

(xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

(xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In respect of investments made, in our opinion and according to the information and explanations given to us, proper records have been maintained



of the investments and timely entries have been made therein. The investments have been held by the company in its own name.

(xv) As per the information and explanations given to us, we are of the opinion that the terms and conditions at which guarantees have been given by the company for loans taken from financial institutions and/or banks by other, are not prejudicial to the interest of the Company

(xvi) Based on the information & explanations given to us by the management, we are of the opinion that the loans taken were applied for the purpose they are obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.

(xviii) During the year, the Company has not made any preferential allotment of shares to parties and

companies covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, clause 4(xviii) of the order is not applicable.

(xix) The Company has not issued debentures during the year. Therefore, the provisions of Clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

(xx) The Company has not raised money by way of public issue during the year. Therefore, the provisions of Clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For GUPTA VIGG & CO.
Chartered Accountants
Firm Regn.No.001393N

Place: LUDHIANA.
Dated: 30.05.2012

VIPAN KUMAR GUPTA
PARTNER
M.NO.502737



BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. In Lacs)

PARTICULARS	NOTE NO.	Current Year	Previous Year
I. Equity and Liabilities			
(1) Shareholder's Funds			
(a) Share Capital	1	1805.31	1805.31
(b) Reserves and Surplus	2	53071.23	64791.35
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	40379.33	37042.99
(b) Deferred tax liabilities (Net)	4	65.00	5680.00
(3) Current Liabilities			
(a) Short-term borrowings	5	73190.43	90224.08
(b) Trade payables	6	4286.37	5612.80
(c) Other current liabilities	7	14239.99	13235.48
(d) Short-term provisions	8	6.25	6363.32
TOTAL		<u>187043.91</u>	<u>224755.33</u>
II. Assets			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	9	83749.73	74823.48
(ii) Intangible assets	9	4.45	8.11
(iii) Capital work-in-progress		3957.58	5567.37
(b) Non-current investments	10	825.80	1112.11
(c) Long term loans and advances	11	2976.54	4526.08
(2) Current Assets			
(a) Current investments	12	597.49	594.06
(b) Inventories	13	46893.45	80526.49
(c) Trade receivables	14	38178.50	37229.69
(d) Cash and Bank Balances	15	1177.77	1111.52
(e) Short-term loans and advances	16	8682.60	19256.42
TOTAL		<u>187043.91</u>	<u>224755.33</u>

As per our report of even date annexed
For **GUPTA VIGG & COMPANY**
Chartered Accountants
Firm Reg.No.001393N

For & On behalf of the Board

VIPAN KUMAR GUPTA
Partner
(M.No.502737)

BRIJ SHARMA
Company Secretary

ANIL GARG
Finance Controller

S.K.SHARMA
Director

DINESH OSWAL
Managing Director

Place: Ludhiana
Date : 30.05.2012



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. In Lacs)

PARTICULARS	NOTE NO.	Current Year	Previous Year
INCOME			
Revenue from operations	17	169683.10	139469.84
Less: Excise Duty		30.02	3.70
		169653.08	139466.14
Other Income	18	931.61	1155.38
TOTAL REVENUE		170584.69	140621.52
EXPENSES:			
Cost of materials consumed	19.a	109636.58	79974.11
Purchase of Stock-in-Trade	19.b	562.63	1332.19
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	8011.17	-13342.57
Employee benefit expense	21	11171.02	10817.16
Finance costs	22	11012.19	4862.72
Depreciation and amortization expense	9	8444.15	6977.94
Other expenses	23	39085.19	31142.96
Difference of excise duty on Stocks		6.62	5.41
TOTAL EXPENSES		187929.55	121769.92
Profit/(Loss) before exceptional items and tax		-17344.86	18851.60
Exceptional Items			
Amount of Foreign Exchange Hedging Loss Settled During the year		0.00	1058.46
Profit/(Loss) before tax		-17344.86	17793.14
Tax expense:			
(1) Current tax Provision for Taxation		6.25	5525.00
(2) Deferred tax		-5615.00	122.50
		-5608.75	5647.50
Profit/(Loss) for the period		-11736.11	12145.64
Earning per equity share:	27		
(1) Basic		-32.50	33.20
(2) Diluted		-32.50	33.20

Accompanying notes form integral part of the financial statements

As per our report of even date annexed
For **GUPTA VIGG & COMPANY**
Chartered Accountants
Firm Reg.No.001393N

For & On behalf of the Board

VIPAN KUMAR GUPTA
Partner
(M.No.502737)

BRIJ SHARMA
Company Secretary

ANIL GARG
Finance Controller

S.K.SHARMA
Director

DINESH OSWAL
Managing Director

Place: Ludhiana
Date : 30.05.2012



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
1.	SHARE CAPITAL		
	A) AUTHORISED		
	600,00,000 Equity Shares of Rs.5/- each (Previous Year 60000000 Equity Shares of Rs.5/- Each)	<u>3000.00</u>	<u>3000.00</u>
	B) ISSUED SUBSCRIBED & PAID UP		
	36065303 Equity Shares of Rs.5/- Each fully paid up (Previous Year 36065303 of Rs.5/- Each)	<u>1803.27</u>	<u>1803.27</u>
	Add : Share Forfeited Account (Amount originally paid up)	<u>2.04</u>	<u>2.04</u>
	TOTAL	<u>1805.31</u>	<u>1805.31</u>
	a) Terms/rights attached to equity shares		
	The company has only one class of shares having par value at Rs. 5/-per share. Each holder of equity shares is entitled to one vote per share		
	b) Reconciliation of number of shares		
	Number of shares at the begning of the Financial year	36065303	36065303
	Add: Shares Issued During the year	-	-
	Less: Share buy back during the year	-	-
	Number of shares at the end of the Financial year	36065303	36065303
	c) Detail of shareholders holding more than 5% shares		

Name of the Shareholder	No. of Shares Held	%Age	No. of Shares Held	%Age
1. Nahar Capital and Financial services Limited	10257384.00	28.44	10257384.00	28.44
2. Nahar Poly Films Limited	6611332.00	18.33	6611332.00	18.33
3. Nahar Industrial Enterprises Limited	2356930.00	6.54	2356930.00	6.54
d) Forfeited Shares (amount originally paid up)				

Amount Paid Up	No. of Shares	No. of Shares
Rs.2.50 per Share	80298	80298
Rs.5.00 per Share	710	710

2. RESERVES AND SURPLUS		
A) Capital reserve		
Balance as per Last Balance Sheet	1363.86	1363.86
B) Securities premium reserve		
Balance as per Last Balance Sheet	20959.85	20959.85



(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
C)	Capital Subsidy		
	Balance as per Last Balance Sheet	150.00	150.00
D)	Foreign Exchange Contingent (Disputed)		
	Liability Reserve		
	Balance as per Last Balance Sheet	-	1072.90
	Less : Transferred to Surplus	-	1072.90
E)	General Reserve		
	Balance as per Last Balance Sheet	42317.64	30110.36
	Add: Transfer From/ to Surplus	-11720.12	12207.28
F)	Surplus		
	Profit/Loss Transfer From Profit & Loss A/c	-11736.11	12145.64
	Add/less : Adjustment of Income Tax earlier Years	15.99	172.94
	Add: Transfer from Foreign Exchange Disputed Liab Res	-	1072.90
	Less: Proposed Dividend	-	721.31
	Less: Tax on Dividend	-	117.01
	Balance Tranfer to General Reserve	-11720.12	12207.28
	TOTAL	53071.23	64791.35

**3. LONG TERM BORROWINGS
SECURED
TERM LOAN**

I. FROM STATE BANK OF INDIA

3547.43

8129.68

The Term Loans of Nahar Spinning Mills Limited are secured by first charge by way of Hypothecation on the entire fixed assets of the units situated at Mandideep, Lalru (except of unit - III at Lalru) and Ludhiana on pari-passu basis with member consortium banks. The Term Loan of Textile units of erstwhile Nahar Exports Limited is secured by first charge by way of hypothecation on the entire fixed assets of said units. The charge referred above rank Pari Passu basis with existing charge holders. Further Term Loan of Rs. 19000 Lacs is secured by first charge by way of hypothecation on the entire fixed assets of the company on pari - passu basis with member consortium banks. The Term loans are personally guaranteed by three Directors of the company. -Term Loan of Rs. 7000 Lacs is repayable in quarterly installments by 31/12/2014.

(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
	-Term Loan of Rs. 6000 Lacs is repayable in quarterly installments by 31/12/2015.		
II.	FROM STATE BANK OF PATIALA	6944.31	836.26
	Secured by hypothecation of movable & immovable assets of units at Mandideep / Ludhiana / Lalru (except of unit - III at Lalru) Pari-pasu with the company's bankers for working capital Borrowings and also personally guaranteed by three Directors of the Company. Further Term Loan of Rs. 8500 Lacs is secured by first pari passu charge on all the present and future fixed assets of the company along with other term lenders. This loan is also personally guaranteed by three directors of the company.		
	-Term Loan of Rs. 1400 Lacs and 1000 Lacs is repayable in quarterly installments by 01/10/2014.		
	-Term Loan of Rs. 8500 Lacs is repayable in quarterly installments by 01/04/2018.		
III.	FROM PUNJAB NATIONAL BANK	3447.06	4700.68
	Sanctioned Term Loan of Rs. 2400 Lacs from PNB is secured by first Charge by way of hypothecation of entire block of assets of the company's unit situated at Jodhan. The charged referred above rank Pari-Passu with the other term lenders of erstwhile Nahar Exports Ltd. Further Sanctioned Term Loan of Rs.7550 Lacs from PNB is secured by first Pari-passu Charge on the units of Mandideep, Lalru (except unit - III) and Ludhiana and also personally guaranteed by three Directors of the Company.		
	-Term Loan of Rs. 7550 Lacs is repayable in quarterly installments by 31/03/2016.		
	-Term Loan of Rs. 2400 Lacs is repayable in quarterly installments by 31/01/2014.		
IV.	FROM ORIENTAL BANK OF COMMERCE	15543.83	13129.18
	Sanctioned Term Loan of Rs.12400 Lacs of erstwhile Nahar Exports Limited is secured by first charge on specific fixed assets i.e. Hypothecation of Plant & Machinery to be Purchased under the project of estimated cost of Rs. 15571 Lacs of the units situated at Jodhan and Jitwal Kalan. Sanctioned Term Loans is personally guaranteed by a Director of the Company. Sanctioned Term Loan of Rs.7500 Lacs is secured by first Pari-Passu charge on the Units of Mandideep, Lalru (except unit-III) and Ludhiana. Further term loan of Rs.13000 Lacs is secured by first charge on		



(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
	fixed assets of the company (Except assets exclusively financed by State Bank of India) on pari - passu basis with member consortium banks The Term Loans are personally guaranteed by three Directors of the Company. -Term Loan of Rs. 7500 Lacs is repayable in quarterly installments by 30/09/2016. -Term Loan of Rs. 12400 Lacs is repayable in quarterly installments by 01/01/2017. -Term Loan of Rs. 13000 Lacs is repayable in quarterly installments by 01/01/2021.		
V.	FROM CANARA BANK	1946.56	2725.19
	Sanctioned Term Loan of Rs.7000 Lacs From Canara Bank is secured by first charge on specific fixed assets of the units situated at Jodhan. It is further secured by Pari-Passu second charge on existing fixed assets of erstwhile Nahar Exports Ltd. alongwith other banks. The Term Loan is personally guaranteed by three Directors of the Company. -Term Loan is repayable in quarterly installments by 09/09/2015.		
VI.	FROM IDBI BANK LTD	8925.00	7522.00
	Sanctioned Term Loan of Rs.11000 Lacs of IDBI Bank is secured by first Pari passu Charge (hypothecation) on fixed assets on all fixed movable assets and Negative Lien on Immovable fixed assets (land & Building) The Term Loan is personally guaranteed by three Directors of the Company. -Term Loan is repayable in quarterly installments by 01/07/2020.		
VII	FROM ALLAHABAD BANK	25.14	-----
	Sanctioned Term Loan of Rs. 28200 Lacs is secured by first Pari-Passu charge on the entire fixed assets of the Company both present and future and second pari passu charge on the current assets of the Company with other member Bankers. -Term Loan is repayable in quarterly installments & last installment due on 30/09/2019.		
	TOTAL	<u>40379.33</u>	<u>37042.99</u>
4.	DEFERRED TAX LIABILITIES (NET)		
	Timing Difference on account of Depreciation, change in rate of Tax etc.	6069.75	5684.14
	Add/Less: Timing Difference on account of Allowances under section 43B, Loss & Others	<u>6004.75</u>	<u>-4.14</u>
	TOTAL	<u>65.00</u>	<u>5680.00</u>

(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
5.	SHORT TERM BORROWINGS		
	Loans repayable on Demand (Secured)		
	Working Capital Borrowings From Banks	73190.43	90224.08
	Secured by (I) Hypothecation of entire present and future movable assets of the company such as Stock of Materials, Work in process, Finished Goods, Goods in transit, Stores and Spares, Book Debts etc. (II) 2nd Charge (on pari passu basis) over entire plant and machinery, present or future, of all the units of the company and also personally Guarantee by Chairman, Managing Director and one Director of the Company.		
	TOTAL	73190.43	90224.08
6.	TRADE PAYABLES	4286.37	5612.80
	[refer note 28 (xiii)]		
7.	OTHER CURRENT LIABILITIES		
	A) Current Maturities of Long-Term Debt	7269.85	6282.58
	B) Interest accrued but not due on borrowings	18.96	24.42
	C) Unpaid Dividend	111.75	119.41
	D) Others	6839.43	6809.07
	TOTAL	14239.99	13235.48
8.	SHORT TERM PROVISIONS		
	A) Provisions for Employee's Benefits	-	-
	B) Others		
	Provision for Taxation	6.25	5525.00
	Proposed Dividend	-	721.31
	Tax on Proposed Dividend	-	117.01
	TOTAL	6.25	6363.32

(Rs. In Lacs)

9. FIXED ASSETS
NET BLOCK
DEPRECIATION BLOCK
GROSS BLOCK

Name of the Assets	GROSS BLOCK		DEPRECIATION BLOCK				NET BLOCK			
	As on 01.04.2011	Addition Du-ring the Year	Sale/Adj During the year	As on 31.03.2012	As on 01.04.2011	Addition For the Year in the year	Written back 31.03.2012	AS ON 31.03.2012	As on 31.03.2012	As on 31.03.2011
1. TANGIBLE ASSETS :										
Free hold Land	11327.58	976.52	-	12304.10	-	-	-	-	12304.10	11327.58
Building	30247.93	2665.80	-	32913.73	8622.01	955.56	-	9577.57	23336.16	21625.92
Plant & Machinery	108257.02	13395.64	526.90	121125.76	67758.08	7192.98	499.57	74451.49	46674.27	40498.94
Vehicles	1299.55	104.78	79.65	1324.68	549.20	165.36	58.24	656.32	668.36	750.35
Other Equipments	1485.25	192.29	0.71	1676.83	1009.19	90.51	0.62	1099.08	577.75	476.06
Furniture & Fixture	746.02	80.55	0.20	826.37	601.39	36.08	0.19	637.28	189.09	144.63
Total (A)	153363.35	17415.58	607.46	170171.47	78539.87	8440.49	558.62	86421.74	83749.73	74823.48
2. Intangible Assets :										
Software	18.31	-	-	18.31	10.20	3.66	-	13.86	4.45	8.11
Total (B)	18.31	-	-	18.31	10.20	3.66	-	13.86	4.45	8.11
Total (A+B)	153381.66	17415.58	607.46	170189.78	78550.07	8444.15	558.62	86435.60	83754.18	74831.59
Previous Year										
A) Tangible Assets :	137632.74	17461.82	1731.21	153363.35	72930.51	6974.28	1364.92	78539.87	74823.48	64702.23
B) Intangible Assets :	16.33	1.98	-	18.31	6.54	3.66	-	10.20	8.11	9.79
Total (A+B)	137649.07	17463.80	1731.21	153381.66	72937.05	6977.94	1364.92	78550.07	74831.59	64712.02



(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
10.	NON-CURRENT INVESTMENTS		
	A) Investment property	-	297.49
	B) Investment in equity instruments		
	Quoted (At Cost)		
	In Associates		
	i) (567656 Equity Shares of Rs. 5/- each fully paid up of Nahar Capital & Financial Services Ltd. (Previous Year 567656 Equity shares)	247.62	247.62
	ii) (734674 Equity shares of Rs.5/- each fully paid up of Nahar Poly Films Ltd. (Previous Year 685094 Equity shares)	368.32	357.14
	In Others		
	i) 1892 Equity Shares of Rs.10/-each fully paid up of MOIL Ltd. (Previous Year 1892 Equity shares)	7.10	7.10
	ii) 4893 Equity Shares of Rs.10/- each fully paid up of Punjab & Sindh Bank (Previous Year 4893 Equity shares)	5.87	5.87
	Unquoted (At Cost)		
	In Associates		
	i) 250000 Equity Share 1GBP fully paid up of Crown Star Ltd. (Previous Year 250000 Equity Shares)	196.89	196.89
	In Others		
	ii) 10 equity shares of Rs.50/- each fully paid up of Shree Panchvati Co-Operative Housing Society Ltd. (Previous year 10 Equity shares)	0.005	0.005
	TOTAL	825.80	1112.11
	Book value of quoted investment	628.91	617.73
	Book value of unquoted investment	196.89	196.89
	Market Value of Quoted Investments	425.34	625.86
11.	LONG TERM LOANS AND ADVANCES		
	(Unsecured Considered Good)		
	A) Capital Advances	1282.98	3094.62
	B) Security Deposits	1693.56	1431.46
	TOTAL	2976.54	4526.08
12.	CURRENT INVESTMENTS		
	A) Investment property	297.49	-
	B) Investments in Mutual funds		
	Quoted (At Cost)		
	(i) Nil units of Rs.10/-each fully paid up of Reliance Fixed Horizon Fund XV-Growth (Previous year 2000000 units)	-	200.00
	ii) Nil units of Rs.10/- each fully paidup of Kotak FMP 370 Days S-7 Growth (Previous Year 1940600 units)	-	194.06



(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
	iii) Nil units of Rs.10/-each fully paid up of ICICI Prudential FMP S-53 one year plan D-Growth (previous year 2000000 units)	-	200.00
	iv) (1000000 units of Rs.10/- each fully paid up of DSP Blackrock FMP - 12M series 25-Growth (Previous year NIL)	100.00	-
	v) 2000000 units of Rs.10/- each fully paid up of TATA Fixed Maturity Plan series 35 Scheme C-Growth (Previous year NIL)	200.00	-
	TOTAL	597.49	594.06
	Book value of quoted investment	300.00	594.06
	Market Value of Quoted Investments	319.79	612.96
13.	INVENTORIES		
	Stores & Spares	1949.77	1732.92
	Goods in Transit (Store & Spare)	0.11	0.85
	Raw Material	31100.58	56982.70
	Goods in Transit (Raw Material)	51.80	7.66
	Work in Progress	4691.72	4248.82
	Finished Goods	8572.91	16541.77
	Stock in Trade	66.63	27.56
	Waste and Rejections	459.93	984.21
	TOTAL	46893.45	80526.49
14.	TRADE RECEIVABLES		
	(Unsecured Considered Good Unless Otherwise Stated)		
	Trade Receivables Outstanding for a Period Exceeding Six Months		
	(out of above Rs. 396.36 Lacs Previous year 394.41 Lacs Considered Doubt full but not Provided for.)	486.82	417.02
	Other Trade Receivables	37691.68	36812.67
	TOTAL	38178.50	37229.69
15.	CASH AND BANK BALANCES		
	A) Cash and Cash equivalents		
	i) Balances with banks	792.63	684.98
	ii) Cheques, drafts in hand	2.68	59.48
	iii) Cash in Hand	86.68	63.74
	B) Other Bank Balances		
	i) in Dividend Accounts	111.75	119.41
	ii) In Fixed Deposits		
	(a) Under margin money/Lien		
	Maturity period within 12 months	179.35	179.35
	Maturity period more than 12 months	3.65	3.65
	(b) Others	1.03	0.91
	TOTAL	1177.77	1111.52



(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
16.	SHORT TERM LOANS AND ADVANCES (Unsecured Considered Good)		
	A) Loans and advances to related parties	-	-
	B) Others		
	i. Balance with Customs, Port Trusts, Excise Authorities etc.	1.10	1.13
	ii. Modvat / Cenvat Credit Unutilised	560.43	555.19
	iii. Others	7889.19	12948.42
	C) Advance Taxes	231.88	5751.68
	TOTAL	8682.60	19256.42
17.	REVENUE FROM OPERATIONS		
	A) Sale of Products		
	(i) Export Sales	112263.94	97508.81
	(ii) Domestic Sales	49367.36	38318.87
	(iii) Export Incentives	6554.50	2309.98
	B) Sale of Services	986.59	741.17
	C) Other Operating Revenues		
	Sales Miscellaneous	336.50	277.32
	Rebate and Discount Received	66.64	44.06
	Claims Received	85.61	42.15
	Miscellaneous Receipts	21.96	227.48
	TOTAL	169683.10	139469.84
	Detail of Sale		
	(i) Export Sales		
	Hosiery Garments	14055.96	16069.48
	Cotton/ Blended yarn	96909.18	80612.11
	Waste	1298.80	827.22
	TOTAL	112263.94	97508.81
	(ii) Domestic Sales		
	Hosiery Garments	627.99	631.17
	Cotton/ Blended yarn	32458.28	27138.89
	Waste	11649.26	8371.06
	Others	4631.83	2177.75
	TOTAL	49367.36	38318.87
18.	OTHER INCOME		
	A) Interest Income	263.27	400.79
	B) Dividend Income		
	From Non-Current investments	11.13	9.17
	C) Net Gain on sale of Investments		
	From Current investments	1.12	8.31
	From Non-Current investments	50.68	86.11
		51.80	94.42



(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
	D) Gain on sale of Fixed Assets	132.12	411.79
	E) Previous Year Expenses Written Back	264.73	60.69
	F) Previous Year Income	80.03	112.76
	G) Rental Income	74.66	52.45
	H) Balance Written Back	53.87	13.31
	TOTAL	931.61	1155.38
19.a	COST OF MATERIALS CONSUMED		
	Opening Stock	56982.70	37932.36
	Add : Purchases (Net)	83754.46	99024.45
	Less: Closing Stock	31100.58	56982.70
	TOTAL	109636.58	79974.11
	Details of materials Consumed		
	Cotton yarn/ acrylic/blended yarn	11767.02	12547.40
	Cotton fibre/ manmade fibres	97795.98	67395.29
	Others	73.58	31.42
	TOTAL	109636.58	79974.11
	Imported	1236.30	591.49
		1.13%	0.74%
	Indigenous	108400.28	79382.62
		98.87%	99.26%
19.b	PURCHASES OF TRADED GOODS		
	Hosiery Garments	94.26	100.71
	Cotton Yarn	468.37	1231.48
	TOTAL	562.63	1332.19
20.	CHANGES IN INVENTORIES OF FINISHED GOODS/ WORK-IN-PROGRESS/STOCK-IN-TRADE		
	Opening Stock		
	Work-in-Progress	4248.82	2472.02
	Finished Goods/stock-in-trade	17553.54	5987.77
	Less: Closing Stock		
	Work-in-Progress	4691.72	4248.82
	Finished Goods/stock-in-trade	9099.47	17553.54
		8011.17	-13342.57
21.	EMPLOYEE BENEFIT EXPENSES		
	A) Salaries and wages	9853.13	9655.20
	B) Contribution to PF, ESI and Gratuity Fund	1059.78	947.34
	C) Staff Welfare Expenses	258.11	214.62
	TOTAL	11171.02	10817.16
22.	FINANCE COSTS		
	A) Interest Expenses		
	(i) Interest On Term Loan	3691.41	1946.30



(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
	(ii) Interest On Cash Credit	7252.63	2805.21
	(iii) Interest to Others	13.40	63.66
	B) Other Borrowing Costs	54.75	47.55
	TOTAL	11012.19	4862.72
23.	OTHER EXPENSES		
	Consumption of stores & spare parts	938.22	1243.51
	Power and Fuel	18173.86	14544.86
	Dyes & Chemicals	2057.78	2301.92
	Fabrication Charges	6.09	17.69
	Rent	38.65	36.53
	Repair to Buildings	178.37	312.90
	Repair to Machinery	1951.70	1781.83
	Insurance	188.65	180.84
	Rates & Taxes	145.06	130.68
	Auditors Exp		
	Audit Fees	16.16	15.16
	Tax Audit Fees	2.85	2.65
	Certification Charges	1.01	0.97
	Out of Pocket Expenses	0.77	0.86
	Exchange Rate Diff.(Net)	105.65	71.56
	Previous Year Expenses	23.35	9.49
	Previous Year Income Written Off	2.72	7.31
	Brokerage / Commission on Sale	2046.23	1554.00
	Cost of Raw Material Sold	4361.09	874.24
	Forwarding Charges	4065.96	3607.30
	Packing Store Consumed	2893.17	2528.55
	Vehicle Maintenance and Conveyance	323.17	311.25
	Bank Charges	405.92	358.32
	Rebate and Discount	179.14	84.14
	Others	979.62	1166.40
	TOTAL	39085.19	31142.96

24. SIGNIFICANT ACCOUNTING POLICIES:
i) ACCOUNTING CONVENTION:

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act 1956.

ii) REVENUE RECOGNITION:

- a) Sale of goods is recognized at the point of dispatch of finished goods to the customers. The sale value is inclusive of excise duty wherever applicable paid on the clearance of finished goods.
- b) Revenue in respect of benefit under Duty Entitlement Pass Book Scheme/Duty Drawback Scheme etc. is recognized on post export basis.
- c) Revenue in respect of Insurance and other claims is recognized when no significant uncertainty exists with regard to the amount to be realized.
- d) Scrap (i.e. Empties, Wastages etc. Other than Production) is accounted for on sale basis.
- e) Interest Income is recognized on time basis
- f) Investment Income is accounted for on sale basis

iii) FIXED ASSETS AND DEPRECIATION:

- A. Tangible assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Depreciation is charged on following basis.
 - a) In Garment Division at Ludhiana depreciation is charged on W.D.V. basis at the rates prescribed in SCHEDULE - XIV of the Companies Act, 1956,
 - b) In Units at Mandideep, Jalalpur, Lalru and Jodhan depreciation is charged on Straight Line basis as per rates specified in schedule XIV of the Companies Act 1956.
 - c) In unit Nahar Fibres, Jitwal Kalan, Depreciation on Fixed Assets is charged on Straight Line basis as per rates specified in SCHEDULE XIV of the Companies act, 1956, except on other Equipments, Furniture and Fixtures and Vehicles where depreciation is provided on W.D.V. basis as per rates specified in Schedule XIV of the Companies Act, 1956.
 - d) Assets below Rs. 5000 are depreciated at rate of 100%
- B. Intangible assets are stated at cost less accumulated amount of amortization. Such assets are amortized on Straight Line Basis on the estimated useful life.

iv) INVESTMENT:

Non Current Investments are stated at cost. Diminution in value of Investment if any is not considered because of temporary nature. Current Investments are valued at lower of cost or fair value.

v) INVENTORIES:

Inventories are valued at cost or net realizable value, whichever is lower. However to determine the cost, the following methods are adopted:-

- For Raw Material on moving weighted average method.
- For Stores and Spares on moving weighted average method.
- For Work - in - Process, cost of Raw Material plus appropriate share of manufacturing expenses/relevant Overheads.
- For Finished goods, cost of raw material plus conversion costs, packing cost and other overheads incurred to bring the inventories to their present condition and location.
- Further Wastage and Rejections are valued at net realizable value only.
- Goods in Transit are valued at cost.

vi) RETIREMENT BENEFITS:
a) Gratuity

The Company has taken a Group Gratuity Policy from LIC of India to discharge its liability for Gratuity. The calculation of premium under the policy is made on the basis of actuarial valuation done by LIC.

b) Provident Fund:

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to the Statement of Profit and Loss.

vii) FOREIGN EXCHANGE TRANSACTION:

- a) The gains or losses on foreign exchange transactions are recognized in the Statement of Profit and Loss. Monetary assets and liabilities other than those covered by forward contracts have been valued at the exchange rate prevailing at the close of the financial year. The exchange difference on foreign currency transactions relating to fixed assets acquired from a country outside India are being adjusted to revenue.
- b) In respect of Forward contracts, forward premium or discount arising at the inception of forward contract is amortized as expenses or income over the life of contract. Exchange differences on such contracts are recognized in the Statement of profit and loss in the year in which exchange rates change. Any Profit or Loss arising on cancellation or renewal of forward exchange contract is recognized as income or expenses in the period in which such income or loss arises.

viii) EXCISE DUTY:

Excise Duty payable on finished goods, if any, is accounted for on clearance of goods from the factory. Cenvat in respect of excise duty paid on Raw Material, Stores and Capital Goods is taken, if any, in accordance with the Cenvat Credit Rules 2004.

ix) WARRANTY CLAIMS:

As per the nature of Company's business, the question of warranty claims does not arise. The routine claims on account of quality or quantity lodged with the company other than those which are disputed one, are accounted for as and when accepted by the Company.

x) EXPENDITURE INCURRED DURING CONSTRUCTION PERIOD:

In respect of new/major expansion of units, the indirect expenditure incurred during construction period upto the date of commencement of commercial production is capitalized on various categories of fixed assets on proportionate basis.

xi) BORROWING COSTS:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

xii) GOVERNMENT GRANTS/SUBSIDY:

Government Grants/ Subsidy are recognized, when there is a reasonable assurance that

- i) The Company will comply with conditions attached to them and
- ii) The Grants/Subsidy will be received.

The Government Grants/Subsidy received for specific asset is reduced from the cost of the asset.

xiii) ACCOUNTING FOR TAXES ON INCOME:

Provision for taxation for the year comprises of current taxes and deferred tax. Current taxes consists of Income Tax and Wealth Tax. Current Tax is the amount of Income tax determined to be payable in respect of taxable income for the period. Deferred tax is calculated for timing difference that originates in one period and is capable of reversal in the subsequent period.

xiv) IMPAIRMENT OF ASSETS:

At each Balance Sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an Impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount, is provided in the books of accounts.

xv) PROVISION AND CONTINGENT LIABILITIES

- a.) Provisions are recognized for liabilities that can be measured by using a substantial degree of estimation, if:
 - the company has a present obligation as a result of past event.
 - A probable outflow of resources embodying economic benefits is expected to settle the obligation and
 - the amount of the obligation can be reliably estimated.
- b) Contingent Liability is disclosed in case of :
 - A present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
 - A possible obligation, unless the probability of outflow in settlement is remote.
- c) Re-imburement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the re-imburement will be received.

25. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- a. Bank guarantees outstanding Rs.1665.89 Lacs (Previous Yr. 1665.89Lacs)
- b. The Company has bound itself unto the President of India for Rs.138.00 Lacs (Previous Year Rs.138.00 Lacs) under Central Excise Act, 1944 for clearance of goods without payment of excise duty, in respect of export of various types of yarn and for storage of various commodities manufactured within factory premises.
- c. Excise/Sales Tax/ Other Government Authorities have raised demands of Rs.185.07 Lacs (Previous Year Rs.153.35 Lacs) out of which a sum of Rs.9.90 Lacs(Previous Year Rs. 18.49 Lacs) has been deposited as security deposit, the same are being contested in appeal and no provision has been made.
- d. Electricity demand raised by Madhya Pradesh Electricity board.

There is an electricity demand of Rs 3212.54 Lacs (Previous year Rs.3041.90 Lacs) raised by MPMK VV Co Ltd. in spite of surrender of electricity connection by the company and the same was being contested in the Hon'ble High court of Jabalpur. Against this company has deposited Rs. 561.92 Lacs with the MPMK VV CO. Limited. and has also furnished a bank guarantee for Rs. 1662.54 Lacs.

The matter was decided by the Hon'ble High Court , Jabalpur vide order dated 16th December 2009 . The order is as follow:

- i) "As a consequence the company is granted permission to set up captive power plant of 4.1 MW capacity in its Unit No.1 and 2"
- ii) "As a further consequence, we direct the Board to redetermine the tariff/minimum charges on the basis of reduced contract demand of 1000 KVA in case of Unit No. 1 and 0 KVA in case of Unit No.2 w.e.f. 01/08/1999 and raise bills, If any, with a further direction that in case if the company found to be owing certain arrears to the Board pursuant to redetermination as directed hereinabove, the same be adjusted from SD of Rs. 110.85 Lacs"
- iii) " We further direct the Board to issue correct electricity bills of the period after 01.08.1999 on the basis of reduced contract demand as aforesaid and settle the accounts with the Company keeping in view the aforesaid directions within 6 months"

The above order has been contested by MPMKV Co. Ltd.by way of SLP in the Hon'ble Supreme Court and the following interim order has been passed by Hon'ble Supreme Court on dated 29.03.2010

"responded No. 1 (M/s Nahar Spinning Mills Ltd.) restrained from taking steps for recovering amount of Rs. 561.92 Lacs or from return the Bank Guarantee given for Rs. 1662.54 Lacs There will be a further direction upon the respondent No.1 to keep the Bank Guarantee renewed during the pendency of the matter in this court."

"The matter is pending for final decision with the Hon'ble Supreme Court." No provision for the same has been made.

- e. The Madhya Pardesh Government's ordinance to collect cess on Captive Power generation was declared ultravires by the Hon'ble Supreme court vide order dated 09/12/2003. But the State Government subsequently enacted an act namely M.P.Upkar (Sanshodhan tatha vidhimanyatakaran) Adhiniyam 2004 on 15th April 2004 which deemed to have come in to force from 29.06.2001.After the above act, the M.P.High Court passed an order dated 31/08/2007 to collect the dues of Cess from Captive Power plant users along with interest. According to this order on the disputed amount, Rs. 124.56 Lacs (Previous year Rs.103.61 Lacs) is payable as interest .The above refered order has been agitated by some actual users in Hon'ble Supreme Court and matter being sub-judice,hence liability has not been provided for .
- f. The Company has given the following Guarantees in respect of loans granted by the banks Rs.2500 Lacs (previous year Rs.2500 Lacs) to Oriental Bank of Commerce and Rs. 1500 Lacs (previous year 1500Lacs) to Bank of Maharashtra in respect of financial assistance granted by the said banks to M/s Nahar Poly Films Limited, Ludhiana.
- g. Levy of Entry Tax on certain items including yarn by the Punjab Government is subjudice before the Hon'ble Punjab & Haryana High Court .The Punjab Government has deferred the same subject to undertaking by the company that if the same is hold valid by the Hon'ble High Court , then company will deosit the same w.e.f the date of undertaking . The amount of such entry tax for the Current Year is Rs. 57.68 Lacs (previous year Rs. Nil) .It has no effect on the profitability of the company since the same will be claimed as Input Tax Credit.

26. Commitments

I. Estimated amount of Contracts remaining to be executed , net of advances		
Particular	Current year	Previous Year
On Capital Accounts	9342.05 Lacs	16034.73 Lacs
On Others	8.38 Lacs	16.01 Lacs

II. Letter of Credits outstanding in favour of Suppliers **57.15 Lacs** 17.53 Lacs

III. The Company has executed legal agreement/bonds/undertakings for the sum of Rs.8124.93 Lacs (Previous Year Rs. 4663.32 Lacs) with the Central Government, undertaking to export Hosiery Knitwear, yarn and other goods of F.O.B. value of Rs.120029.51 Lacs (Previous Year Rs. 60326.36Lacs) against the issuance by the Government of Advance Licenses/E.P.C.G. Licenses with Duty Exemption entitlement Certificates/Pass books for the Import of Raw Materials, Machinery and Components etc. for the aggregate C.I.F./duty saved value of Rs.7273.19 Lacs Previous Year Rs. 6685.43 Lacs)

27. As per Accounting Standard 20 of the Institute of Chartered Accountants of India, Earning Per Share is calculated below:

Particulars	Current Year	Rs.in Lacs Previous Year
Profit/(Loss) after Taxation	(11,720.12)	11,972.70
Number of Shares Issued	36,065,303	36,065,303
Earning Per Share in Rs. (Basic & Diluted) (Face Value of Rs. 5/- Share)	(32.50)	33.20

28. Other Notes

- i. Interunit job work and interunit sales are billed at market price. The closing stock of units is partly comprised of such material lying in finished or semi-finished stage. The mode of valuation referred to 'At Weighted Average Cost' represents costs worked out by taking into account the price charged by such units
- ii. Salaries & wages incurred during the year on repairs and maintenance of Building and Plant & Machinery etc. have been charged to former accounts and not shown separately.
- iii. In the opinion of the board, the value of Current Assets, Loans and Advances have a value in the ordinary course of business at least equal to that stated in the balance sheet except in case of those shown as doubtful. No provision have been made for doubtful debts
- iv. Some balances of Trade Payables , Advances and Trade Receivables are subject to their Confirmation.
- v. Borrowing cost amounting Rs. 285.40 Lacs (Previous Year Rs.222.79 Lacs) has been capitalized during the year.
- vi. Material events occurring after the balance sheet date are taken into cognizance.
- vii. Prior period and extraordinary changes in accounting policies, having material effect on the financial affairs of the Company (if any) are disclosed.
- viii. The accounts of the Company have been prepared on going concern basis.
- ix. Previous year figures have been regrouped/recasted/rearranged/reclassified to make them comparable.
- x. All figures have been rounded off to the nearest Rs.Lacs
- xi. Income in respect of Carbon Credits is accounted for only on sale as it does not have any cost to the company.
- xii. In accordance with Accounting Standard (AS)-28 on impairment of Assets, which is mandatory for the accounting periods commencing on or after 1st April, 2004, the company has assessed as on Balance Sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the standards) with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is

present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

xiii. There are no Micro & Small enterprises covered under Micro, Small and Medium Scale Development Act 2006, to whom the company owes dues, which are outstanding for more than 45 days, hence no disclosure has been given. This information has been determined on the basis of intimation received from such parties.

xiv. The company is eligible for Sales tax incentives/ subsidies from government of Madhya Pradesh. The same is being accounted for on receipt basis as the availability of the above incentives/ subsidies is only on the basis of completion of certain formalities.

xv. Impact of prior period items on Profits/(Loss) is as under:

Particular	Current Year	Rs. In Lacs
		Previous Year
Pre- Tax Profit /(Loss) after adjustment of prior period Item	(17,344.86)	17,793.14
Add: Prior Period Expenses	26.07	16.80
Less: Prior Period Income	344.76	173.45
Net Profit/(Loss) Before Prior Period Items	<u>(17,663.55)</u>	<u>17,636.49</u>

xvi. As per Accounting Standard 17, issued by the Institute of Chartered Accountants of India regarding Segment Reporting, the detail is as under:

PARTICULARS	Rs. In Lacs					
	Yarn		Garment		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Total Revenue	158,311.04	127,320.55	19,128.32	20,977.42	177,439.36	148,297.97
Less: Inter Segment Revenue	8,146.33	8,957.82	150.67	465.00	8,297.00	9,422.82
Net Revenue	150,164.71	118,362.73	18,977.65	20,512.42	169,142.36	138,875.15
Results						
Segment Result (Before Tax & Finance Cost)	(8,625.84)	22,205.62	1,695.79	1,481.60	(6,930.05)	23,687.22
Less:						
A. Finance Cost					11,012.19	4,862.72
B. Other Unallocable exp.					(322.98)	382.86
C. Foreign Exchange Hedging Loss					-	1,058.46
Net of Unallocable Income					274.40	409.96
Add: Interest / Dividend Income						
Profit Before Tax					(17,344.86)	17,793.14
Less: Income Tax					9.74	(5,697.94)
Deferred Tax					5,615.00	(122.50)
Profit from Ordinary Activities					(11,720.12)	11,972.70
Capital Employed						
Segment Assets	165,918.67	195,418.75	15,512.48	16,311.36	181,431.15	211,730.11
Unallocable Assets					5,612.76	13,025.22
Total Assets	165,918.67	195,418.75	15,512.48	16,311.36	187,043.91	224,755.33
Segment Liabilities	9,080.61	10,625.61	2,182.15	2,778.41	11,262.76	13,404.02
Unallocable Liabilities					120,839.60	139,074.64
Total Liabilities	9,080.61	10,625.61	2,182.15	2,778.41	132,102.36	152,478.66
Capital Expenditure	13,854.28	19,780.81	1,962.11	1,378.25	15,816.39	21,159.06
Depreciation	7,395.06	5,875.44	1,049.09	1,102.50	8,444.15	6,977.94

SEGMENT ACCOUNTING POLICIES:

- Segment revenue includes Sales and other income directly identifiable with/allocable to the segment including inter segment revenue.
- Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result. The expenses, which relate to the Company as a whole and not allocable to segments, are included under "other unallocable expenditure."
- No geographical segment is reported as none of the conditions laid down for Geographical segment are satisfied.
- Segment assets include all operating assets i.e. fixed assets and current assets used by segment.
- Segment liabilities consist of Trade payables and other liabilities directly attributable to segment but does not include tax and financial liabilities.
- Inter segment transfers are valued at prevailing market prices.

xvii. Detail of transactions entered into with related parties during the year as required by Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as under:

Rs. In Lacs

PARTICULARS	Associate		Key Management Personnel (KMP)		Relative of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services	1,042.22	1,803.12	-	-	-	-	1,042.22	1,803.12
Sale of Goods/Services	5,349.17	4,580.78	-	-	-	-	5,349.17	4,580.78
Purchase of Fixed Assets	-	1.43	-	-	-	-	-	1.43
Sale of Fixed Assets	0.96	0.34	-	-	-	-	0.96	0.34
Rent Paid	31.98	30.58	-	-	2.25	2.05	34.23	32.63
Rent Received	13.20	11.88	-	-	-	-	13.20	11.88
Interest Received	-	117.48	-	-	-	-	-	117.48
Interest Paid	-	62.36	-	-	-	-	-	62.36
Purchase of Export Licence	1.43	-	-	-	-	-	1.43	-
Sale of Export Licence	150.85	343.94	-	-	-	-	150.85	343.94
Inter-corporate Loans Repaid	-	2,821.80	-	-	-	-	-	2,821.80
Inter-corporate Loans Received	-	1,829.00	-	-	-	-	-	1,829.00
Inter-corporate Loans Received Back	-	4,410.07	-	-	-	-	-	4,410.07
Inter-corporate Loans Given	-	4,410.07	-	-	-	-	-	4,410.07
Director Sitting Fee	-	-	0.25	0.45	-	-	0.25	0.45
Managerial Remuneration/Perquisites	-	-	22.84	605.86	-	-	22.84	605.86
Balance Receivable	450.97	2,366.14	-	-	-	-	450.97	2,366.14
Balance Payable	1,054.79	1,152.85	1.88	240.43	-	-	1,056.67	1,393.28

Note:
***Associates**

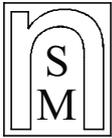
Nahar Capital & Financial services Ltd., Nahar Poly Films Ltd., Nahar Industrial Enterprises Ltd., Oswal Woollen Mills Ltd., Vanaik Spinning Mills Ltd., Abhilash Growth Fund(P)Ltd., Atam Vallabh Financers Ltd., Bermuda Insurance Brokers Pvt. Ltd., Kovalam Investment & Trading Co. Ltd., Ludhiana Holdings Ltd., Monica Growth Fund (P) Ltd., Nagdevi Trading & Investment Co. Ltd., Nahar Growth Fund (P) Ltd., Ruchika Growth Fund (P) Ltd., Sankeshwar Holding Co. Ltd., Vanaik Investors Ltd., Vardhman Investment Ltd., J.L. Growth Fund Ltd. Neha Credit and Investment Pvt. Ltd., Ginar Investment Limited, Crown Star Ltd., Monte Carlo Fashion Ltd.

Key Management Personnel

Sh. Jawahar Lal Oswal, Sh. Dinesh Oswal & Sh. Kamal Oswal

Relatives of Key management Personnel

Mrs. Abhilash Oswal, Mrs. Ruchika Oswal, Mrs. Manisha Oswal, Mrs. Ritu Oswal and Mrs. Monika Oswal



* Associates includes the Companies in which the Key Management Personnel or their relatives have significant influence, also includes enterprises with whom no transaction has taken place during the period.

xviii. The employee's gratuity fund scheme is managed by LIC. The following tables set out the funded status of the gratuity plan recognized as per the company's financial statement as at 31.03.2012.

	Current Year	(Rs.in Lacs) Previous Year
1. Reconciliation of Opening and closing balances of defined benefit obligation		
Present Value of Obligations as at beginning of year	1,282.24	1,129.53
Interest Cost	92.12	90.36
Current Service Cost	142.05	145.21
Benefit Paid	112.36	124.57
Actuarial gain/(Loss) on obligation	(80.34)	(41.71)
Present Value of Obligations as at end of year	1,484.39	1,282.24
2. Reconciliation opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of year	1,074.30	963.01
Expected return on plan assets	106.94	91.46
Contribution	187.49	144.40
Benefit paid	112.36	124.57
Actuarial Gain/(Loss) on Plan Assets		
Fair Value of plan assets at the end of year	1,256.37	1,074.30
3. Reconciliation of Fair value of assets and obligations		
Present value of obligations as at the end of year	1,484.39	1,282.24
Fair value of plan assets as at the end of the year	1,256.37	1,074.30
Net Assets/(Liability) recognized in the Balance Sheet	228.02	207.94
4. Expenses Recognized in statement of Profit & Loss		
Current Service Cost	142.05	145.21
Interest Cost	92.12	90.36
Expected return on plan assets	106.94	91.46
net Actuarial Gain/(Loss) recognized	(80.34)	(41.71)
Expenses Recognized in statement of Profit & Loss	207.57	185.82
5. Assumptions		
Discount Rate	8.00%	8.00%
Salary Escalation	7.00%	7.00%
Mortality table (LIC)	1994-96(Ultimate)	1994-96(Ultimate)

xix. VALUE OF STORES, SPARE PARTS & COMPONENTS CONSUMED

	Current Year	Previous Year
Imported	882.85	1017.54
	8.91%	9.51%
Indigenous	9031.17	9680.94
	91.09%	90.49%
TOTAL	9914.02	10698.48
(it include value of stores sold)		

**xx. CIF VALUE OF IMPORTS**

(Rs.in Lacs)

	Current Year	Previous Year
Raw Material	1384.14	321.41
Stores & Spares	928.35	1082.73
Capital Goods	4916.82	5089.40

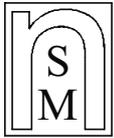
xxi. EXPENDITURE IN FOREIGN CURRENCY

	Current Year	Previous Year
Travelling	37.74	30.04
Export Development Exp.	36.69	34.09
Export Commission/Rebate	1628.38	1142.38
Others	13.65	14.24

xxii. EARNING IN FOREIGN EXCHANGE

	Current Year	Previous Year
Export of Goods/Services on F.O.B Basis	112097.23	95088.68
Discount/Rent/Interest Received/Others	56.89	53.95
Carbon Credit	--	121.53

xxiii. The financial statements for the year ended 31st March, 2012 have been prepared as per the requirements of the Revised Schedule VI to the Companies Act, 1956 as per notification issued by the Central Government. The previous period's figures have been accordingly regrouped/reclassified to confirm to the current year's classification.



**CASH FLOW STATEMENT FOR THE YEAR 1ST APRIL, 2011 TO 31ST MARCH, 2012 PURSUANT TO
CLAUSE 32 OF THE LISTING AGREEMENT** (Rs. In Lacs)

PARTICULARS	Current Year	Previous Year
Cash Flow from Operating Activities		
Net Profit Before Tax and Extra ordinary activities	-17344.86	18,851.60
Adjustments for :		
Depreciation	8,444.15	6,977.94
Finance Cost	11,012.19	4,862.72
Interest received	(263.27)	(400.79)
Dividend Income	(11.13)	(9.17)
Net Gain on Sale of Investments	(51.80)	(94.42)
Profit/ Loss on sale of Fixed Assets	(129.11)	(402.33)
Operating Profit before Working Capital Changes	19,001.03	10,933.95
Adjustment for:		
Trade Receivables	(948.81)	(12,688.21)
Inventories	33,633.04	(31,679.13)
Increase(Decrease) in Short term Loans & Advances	5,054.02	(3,727.13)
Increase(Decrease) in Long Term Loans & Advances	1,549.54	(477.39)
Increase(Decrease) in Short Term Borrowings	(17,033.65)	40,609.15
Increase (Decrease) in Other current liabilities	17.24	(978.11)
Trade Payables	(1,326.43)	3,917.87
Cash Generated from Operations	20,944.95	(5,022.95)
Foreign Exchange Hedging Loss	---	24,762.60
Interest paid	(7,320.78)	(1,058.46)
Direct Taxes Paid	10.79	(2,916.42)
Net cash flow from operating Activities	(7,309.99)	(9,391.95)
Cash Flow from investing activities	15,291.13	15,370.65
Purchase of Fixed Assets	(17,415.58)	(17,761.30)
Capital Work in Progress	1,609.79	(4,054.82)
Sale of Fixed Assets	177.96	1,066.11
Sale of Investments	932.17	446.93
Interest Received	263.27	400.79
Dividend/UTI Income	11.13	9.17
Increase in Investments	(597.49)	(964.16)
Net cash used in investing activities	(15,018.75)	(20,857.28)
Cash Flow from Financing Activities	272.38	(5,486.63)
Unsecured Loans	---	(992.80)
Proceeds from Long Term Borrowings	13,720.60	15,130.62
Repayment of Long Term Borrowings	(9,397.00)	(6,788.87)
Interest Paid	(3,691.41)	(1,946.30)
Dividend Paid	(721.31)	(540.98)
Corporate Dividend Tax Paid	(117.01)	(89.85)
Net Cash from Financing Activities	(206.13)	4,771.82
Opening Cash and Cash Equivalents and other bank balances	66.25	(714.81)
Closing Cash and Cash Equivalents and other bank balances	1,111.52	1,826.33
	1,177.77	1,111.52

For & On behalf of the Board

Place : Ludhiana
Date : 30.05.2012

BRIJ SHARMA
Company Secretary

ANIL GARG
Finance Controller

S.K.SHARMA
Director

DINESH OSWAL
Managing Director

AUDITOR'S CERTIFICATE

We have checked the above Cash Flow Statement of NAHAR SPINNING MILLS LIMITED, derived from the audited financial statement for the year ended 31st March, 2012 with the books and records maintained in the ordinary course of business and found the same in accordance therewith

Place : Ludhiana
Date : 30.05.2012

For **GUPTA VIGG & COMPANY**
Chartered Accountant
Firm Reg.No.001393N

VIPAN KUMAR GUPTA
Partner
(M.No.502737)

NAHAR SPINNING MILLS LIMITED

Registered Office : 373, Industrial Area-'A', Ludhiana-141003

PROXY FORM

I/We.....
of being a member/members of
NAHAR SPINNING MILLS LIMITED hereby appoint.....
or failing him/her.....
of.....

as my/our proxy(s) to attend and vote for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to 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 and at any adjournment thereof.

As witness my/our hand(s) this.....day of.....2012.
(Date) (Month)

Ledger Folio No.
Client I.D. No.
D. P. I.D. No.

Signature

Affix
Revenue
Stamp of
Rs. 1/-

Note :

The proxy(s) in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the company.

CUT HERE

NAHAR SPINNING MILLS LIMITED

Registered Office : 373, Industrial Area-'A', Ludhiana-141003

ATTENDANCE SLIP

(Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall)

I hereby record my presence at the 32nd Annual General Meeting of the Company to 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.

FULL NAME OF THE MEMBER (IN BLOCK LETTERS)

Name of the Proxy.....

(To be filled in if the Proxy Form has been duly deposited with the Company)

Ledger Folio No.
Client I.D. No.
D.P.I.D. No.

Member/Proxy's Signature*

(to be signed at the time of handing over this slip)

No of Shares Held.....

* Strike out whichever is not applicable



Performance At A Glance

Rupees in Lacs

SR. NO.	PARTICULARS	2007-08	2008-09	2009-10	2010-11	2011-12
1	OPERATING INCOME	91751	100062	111049	139470	169683
2	EXPORTS	58574	64566	73117	97509	112264
3	OTHER INCOME	1004	672	1035	1155	932
4	GROSS PROFIT (Before Interest & Dep.)	12810	9243	19551	29992	2111
5	PROFIT AFTER TAX	1202	-1663	5349	11973	-11720
6	CASH ACCRUALS	9675	5103	15047	24770	-8900
7	GROSS BLOCK	125910	132480	137649	153382	170190
8	NET BLOCK	64933	64875	64712	74832	83754
9	SHARE CAPITAL (PAID UP)	1805	1805	1805	1805	1805
10	NET WORTH	52538	50744	55462	66597	54876
11	DEFERRED TAX RESERVE	5367	4541	5557	5680	65
12	DEBT EQUITY RATIO	0.80	0.73	0.65	0.65	0.87
13	CURRENT RATIO	1.56	1.72	1.44	1.35	1.13
14	BOOK VALUE PER SHARE	145.67	140.70	153.78	184.66	152.16
15	EARNING PER SHARE (BASIC)	3.33	-4.61	14.83	33.20	-32.50
16	FACE VALUE (PAID UP)	Rs. 5				
17	DIVIDEND	30%	10%	30%	40%	0%

BOOK POST

(Printed Matter)

If undelivered, please return to :
NAHAR SPINNING MILLS LIMITED
Regd. Office : 373, Industrial Area - 'A' Ludhiana-141 003
Ph. : 091-0161-2600701 to 2600705
Fax : 091-0161-2222942
E-mail : secnsm@owmnaahar.com