



The Nahar Group

29th
ANNUAL
REPORT
2012-13



NAHAR INDUSTRIAL ENTERPRISES LIMITED



BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal, Chairman
Sh. Kamal Oswal, Vice Chairman-cum-Managing Director
Sh. Dinesh Oswal
Sh. Dinesh Gogna
Sh. N.D.Jain
Dr. (Mrs) H.K.Bal
Prof. K.S.Maini
Dr. Y.P.Sachdeva
Dr. A.S.Sohi
Sh. A.S.Chatha, IAS (Retd.), Additional Director

PRESIDENT (CORPORATE FINANCE & ACCOUNTS)

Sh. B. Bhushan Gupta

COMPANY SECRETARY

Sh. Mukesh Sood

AUDITORS

M/s. Raj Gupta & Co., Chartered Accountants,
549/10, Sutlej Tower, Opp. Petrol Pump,
Near Fountain Chowk, Ludhiana-141001

BANKERS

State Bank of Patiala	Canara Bank
Punjab National Bank	Allahabad Bank
Punjab & Sind Bank	State Bank of India
Indian Overseas Bank	IDBI Bank Ltd.
Corporation Bank	

REGISTERED OFFICE

Focal Point, Ludhiana -141010

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Performance at a glance

(₹ in Lacs)

	2008-09	2009-10	2010-11	2011-12	2012-13
Gross sales/operating income	100,678.49	102,082.19	124,755.56	141,196.74	171,631.39
Exports	4,833.06	6,386.38	10,316.80	13,033.58	25,673.24
Net Profit	110.67	1,947.45	3,152.87	(8,075.56)	4,184.48
Cash Accruals	8,159.34	10,183.54	12,188.62	(2,479.14)	17,247.74
Gross Block including CWIP	130,201.98	137,462.47	147,039.21	165,084.74	173,708.08
Net Block including CWIP	65,100.31	65,722.58	68,219.32	78,992.57	77,881.62
Equity Share Capital	4,003.40	4,003.40	4,003.40	4,003.42	4,003.42
Net Worth	57,893.50	59,372.69	62,318.27	53,917.47	57,638.98
Capital Employed	112,823.98	110,572.97	120,430.33	120,314.26	128,666.43
Debt Equity Ratio	0.83	0.74	0.75	1.01	0.96
Current Ratio	1.93	1.70	1.35	1.25	1.31
Book Value per share (₹)	144.61	148.31	155.66	135.35	144.69
Earning per share (₹) [Basic]	0.27	4.82	7.80	(19.99)	10.50

The Journey

1983	Incorporated as Oswal Fats and Oils Ltd.
1994	Name changed as Nahar Industrial Enterprises Ltd.
1997	Merged Nahar Fabrics Ltd. (Manufacturer of greige fabrics)
2002	Merged Oswal Cotton Mills Ltd. (Manufacturer of Processed fabrics and finished garments).
2005	Merged Nahar International Ltd. (Manufacturer of yarn) and Nahar Sugar & Allied Industries Ltd. (Manufacturer of sugar).

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:-msood@ownnahar.com or share@ownnahar.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 **29th Annual General Meeting** of the shareholders of the Company will be held on **Monday, the 30th day of September, 2013 at 11.45 a.m.** at the Registered Office of the company situated at Focal Point, Ludhiana (Punjab) – 141 010 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2013, Statement of Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Sh. Jawahar Lal Oswal, 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. Y.P.Sachdeva, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration. M/s. Raj Gupta & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS:

7. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force and as may be enacted from time to time), approval of the members be and is hereby accorded regarding payment of education expenses, (including tuition fees, boarding expenses, travelling expenses and all other incidental expenses relating to studies) of

Mr. Abhinav Oswal, who is relative of Mr. Kamal Oswal, Managing Director of the company upon the terms and conditions as mentioned in the explanatory statement attached to this notice.”

8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:-

“RESOLVED THAT Sh. Ajit Singh Chatha who was appointed as an Additional Director of the Company w.e.f. 27th March, 2013 and who holds such office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

9. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:-

“RESOLVED THAT in supersession of the resolution passed by the shareholders of the company in the 22nd Annual General Meeting held on 30th day of September, 2006, consent of the company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the creation by the board of directors of the company of such mortgages, charges or hypothecations in addition to the mortgages, charges, and hypothecations already created by the company, as the board may deem fit with such ranking as may be agreed by the existing mortgages/charges holders on the whole or substantially the whole of the company's undertaking including present and / or future properties, whether moveable or immovable comprised in any undertaking of the company wheresoever situated as the case may be in favour of consortium of banks / banks / financial institutions / overseas institutions / foreign banks etc. for ₹2500 crores (Rupees two



thousand five hundred crores only) together with interest thereon or any other charges or expenses of the aforesaid consortium of banks / banks / financial institutions / overseas institutions / foreign banks etc. in respect of various working capital facilities / rupee term loans / foreign currency loans / any other financial assistance etc. sanctioned by them."

"RESOLVED FURTHER THAT the board of directors of the company be and is hereby authorized to finalize the method or manner of creating the aforesaid mortgage and / or charge and to do all such things as may be required for implementing this resolution."

10. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:-

"RESOLVED THAT in supersession of the resolution passed by the shareholders of the company in the 22nd Annual General Meeting held on 30th day of September, 2006 and pursuant to section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 consent of the company be and is hereby accorded to the board of directors of the company and / or such other officers / committee to whom the board of directors may empower for borrowing from time to time any sum or sums of money which together with the money already borrowed by the company (apart from the temporary loans obtained or to be obtained from the company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the company and its free reserves that is to say reserves not set apart for any specific purpose, provided that the maximum amount of money borrowed shall not at any time exceed the limit of ₹2500 crores (Rupees two thousand five hundred crores only)."

By Order of the Board of Directors

Place: Ludhiana
Date: 10th August, 2013

Mukesh Sood
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 should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid meeting.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the aforesaid special business is annexed hereto and forms part of the notice.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 21st September, 2013 to 30th September, 2013 (both days inclusive).
4. Members holding equity shares in physical form are requested to notify the change of their address, if any, at the earliest to the Company's Share Department or Registrar & Transfer Agent (RTA). However, members holding equity shares in dematerialized form may notify the change in their address, if any, to their respective depository participants.
5. Members are informed to send all documents and communications pertaining to equity shares to M/s. Alankit Assignments Limited, RTA Division, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110 055, the Share Transfer Agent for both physical and demat segment of equity shares. Please quote on all correspondence – Unit: Nahar Industrial Enterprises Limited.
6. Members are hereby informed that dividends, which remain unclaimed / unpaid over a period of seven years, have to be transferred by the company to the Investor Education & Protection Fund constituted by the Central Government under section 205(A) and 205(C) of the Companies Act, 1956. The unclaimed/unpaid amount of dividend for the financial year 2005-06 onwards will be transferred to the above mentioned fund from 4.10.2013 onwards.
7. Members seeking any information with regard to the accounts at the time of the meeting are requested to write to the Company at least 10 days before the date of the meeting so as to enable the management to keep the relevant information ready.
8. The Company provides the facility of Electronic Clearing Service (ECS) for payment of Dividend. The shareholders holding equity shares in physical form and who wish to avail ECS facility may intimate ECS mandate to the Company's Share Department / RTA immediately.



9. The members are requested to bring the copy of Annual Report along with them at the meeting.
10. Information relating to the directors proposed to be re-appointed at Sr. No. 3 to 5 of the ordinary business is given in the Corporate Governance Report.

EXPLANATORY STATEMENT

In conformity with the provisions of section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to aforesaid Special Business.

Item No. 7

Mr. Abhinav Oswal, who is relative of Mr. Kamal Oswal, Managing Director of the company has joined the company as Management Trainee in April 2012. He got selected for higher education at University of Miami (USA). He had executed an agreement with the company for pursuing his higher studies, copy of which is available for inspection at the registered office of the company on any working day till the date of meeting. Approval of the members by way of Special Resolution is required regarding payment of education expenses of appointee. Hence, your directors recommend the resolution.

Apart from Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, none of the other directors of the company is in any way concerned or interested in the proposed resolution.

Item No. 8

Pursuant to the provisions of Section 260 of the Companies Act, 1956 Sh. Ajit Singh Chatha was appointed as an Additional Director of the Company on 27th March, 2013 to hold office up to the next Annual General Meeting of the Company. The company has also received a notice under Section 257 of the Companies Act, 1956 from a member of the Company along with requisite deposit signifying his intention to propose the appointment of Sh. Ajit Singh Chatha. The company has also received consent from Sh. Ajit Singh Chatha under the Companies Act, 1956 to act as a Director of the Company, if appointed. Sh. Ajit Singh Chatha is 77 years of age. He is retired IAS officer. He has worked as Chief Secretary to the Government of Punjab during his last tenure of service besides holding several different assignments and positions during his service. The directors are of the opinion that having regard to his knowledge and experience, it will be in the interest of the Company to appoint him as a Director of the Company. His directorship / membership of the committees of the board is as under:

Name of the Company	Committee	Status
Nahar Industrial Enterprises Ltd.	--	--
Cotton County Retail Ltd.	Audit Committee	Member
WWWICS Ltd.	--	--
Indian Acrylics Ltd.	--	--

Your directors, therefore, recommend this resolution for your approval.

None of the directors of the Company except Sh. Ajit Singh Chatha is in any way concerned or interested in the proposed resolution.

Item No. 9

In the 22nd Annual General Meeting of the Company held on 30th September, 2006, the members had given consent to the Board of directors to create mortgage or charge up to an amount of ₹2000 crores (Rupees two thousand crores only). In view of the increase in the volume and growth of business, your directors seek your approval to create mortgage or charge on all or any of moveable and immoveable properties of the Company, both present and future, as the board may decide in favour of consortium of banks / banks/ financial institutions / overseas institutions / foreign banks etc. for securing them in respect of various working capital facilities / Rupee term Loans / Foreign Currency Loans/ Any other financial assistance etc. sanctioned / to be sanctioned to the tune of ₹2500 crores (Rupees two thousand five hundred crores only) together with interest thereon or any other charges or expenses.

Your directors, therefore, recommend the resolution for your approval.

None of the directors of the Company is in any way concerned or interested in the proposed resolution.

Item No. 10

As per section 293(1)(d) of the Companies Act, 1956 members approval is required for borrowings exceeding paid up capital and free reserves of the Company. In the 22nd Annual General Meeting of the Company held on 30th September, 2006 members had sanctioned the borrowing limits up to ₹2000 crores (Rupees two thousand crores only). In view of increase in the volume of business the demand for funds is expected to increase. Therefore, it is considered desirable to raise the present limit of borrowings to ₹2500 crores (Rupees two thousand five hundred crores only).

Your directors, therefore, recommend the resolution for your approval.

None of the directors of the Company is in any way concerned or interested in the proposed resolution.

By Order of the Board of Directors

Place: Ludhiana
Date: 10th August, 2013

Mukesh Sood
Company Secretary



Directors Report

Dear Members,

Your directors have pleasure in presenting their 29th Annual Report together with audited accounts for the financial year ended 31st March, 2013 and Auditors' Report thereon.

FINANCIAL RESULTS

(₹ in Lacs)

Particulars	Current Year	Previous Year
Revenue from Operations (Gross)	171,631.39	141,196.74
Less: Excise Duty	587.54	414.40
Revenue from operations (Net)	171,043.85	140,782.34
Add: Other Income	790.02	698.55
Total Revenue	171,833.87	141,480.89
Profit before Finance Cost, Depreciation & Tax	30,350.36	7,265.41
Less:		
i) Finance Cost	13,102.62	9,744.55
ii) Depreciation	11,048.26	8,074.45
Profit/(Loss) before Tax	6,199.48	(10,553.59)
Less Tax Expense:		
i) Current Tax	751.50	1.97
ii) Deferred Tax	1,263.50	(2,480.00)
Profit/(Loss) for the year	4,184.48	(8,075.56)
Add : Income Tax (liability)/Refund of earlier years (net)	--	(362.18)
Add : Transfer from Contingent Liability Reserve	55.12	--
Less : Proposed Dividend on Equity shares	398.35	--
Less : Corporate Dividend Tax	64.62	--
Less : Transfer to General Reserve	3,776.63	(8,437.74)

PERFORMANCE REVIEW

The company operates in three main business segments viz. Yarn, Fabrics and Sugar. The textile division (comprises of yarn and fabrics) accounts for 93.25% of the total turnover (including inter-segment) of the company for the year ended 31st March, 2013. Sugar and others also accounts for 6.75% of the total turnover of the company for the year ended 31st March, 2013.

The business wise performance of each segment is as under: -

- **Yarn:** The Company has produced 67,960 MTs of yarn as against 61,331 MTs in the previous year. The total

turnover of this segment (including inter-segment) has increased to ₹1,428.06 crores as against ₹1,218.71 crores in the previous year showing an increase of 17.18%.

- **Fabrics:** The Company has produced 74,431,448 meters of fabrics (both grey and processed) as against 62,392,988 meters in the previous year. The total turnover of this segment (including inter-segment) has increased to ₹946.03 crores as against ₹773.35 crores in the previous year showing an increase of 22.32%.
- **Sugar:** The Company has produced 402,040 Qtls. of sugar as against 400,415 Qtls. in the previous year.



The total turnover of this segment has increased to ₹169.85 crores as against ₹94.55 crores in the previous year showing an impressive increase of 79.64%.

During the year the company has achieved operational income of ₹1,716.31 crores as against ₹1,411.97 crores showing an increase of 21.55% over the previous year. The company has earned Profit before finance cost, Depreciation and tax of ₹303.50 crores as against ₹72.65 crores in the previous year. After providing for Finance Cost of ₹131.03 crores (previous year ₹97.45 crores), Depreciation of ₹110.48 crores (previous year ₹80.74 crores) and Tax Expenses of ₹20.15 crores (previous year ₹(24.78) crores) the Profit for the year comes to ₹41.84 crores as against Loss of ₹(80.76) crores in the previous year.

The Indian Textile Industry has shown considerable improvement in Financial Year 2012-13 as compared to last year. The industry as a whole witnessed a tough and challenging 2011-12 due to sluggish demand caused by domestic fall in yarn prices and piling up of high cost of inventory. With growing demand, recovery in export markets, better realizations, stable cotton prices and better planning, your company has achieved satisfactory performance.

Your management is hopeful that the Company shall be able to meet the challenges ahead and further improve its performance in the coming periods.

DIVIDEND

The Board of Directors of your company has proposed dividend @ 10% (i.e. ₹1/- per share) on the Paid-up Equity Share Capital of the Company for the Financial Year 2012-13. The dividend will be paid when declared by the Share holders in accordance with the requirements of Law.

CREDIT RATING

The rating committee of ICRA Limited has upgraded the long term rating from [ICRA]BBB (pronounced ICRA triple B) to [ICRA]BBB+ (pronounced ICRA triple B plus). The outlook on the long term rating is stable. The rating committee of ICRA has also upgraded the short term rating from [ICRA]A2 (pronounced ICRA A two) to [ICRA]A2+ (pronounced ICRA A two plus).

GREEN INITIATIVE

The members are informed that in accordance with Circulars issued by Ministry of Corporate Affairs, Government of India, the company proposes to send documents like notice of general meetings, audited accounts, Directors Report, Auditors Report and other documents/communications to the members in electronic form by Email. Members holding shares in dematerialized form are requested to register/update their Email addressed with their depository participants. Members holding shares in physical form are requested to register/update their Email address with the company by sending an Email at: msood@ownnahar.com or share@ownnahar.com

PUBLIC DEPOSITS

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

DIRECTORS

Sh. Jawahar Lal Oswal, Prof. K.S. Maini and Dr. Y.P. Sachdeva, Directors of the Company shall retire by rotation and being eligible offer themselves for re-appointment. During the year the company has co-opted Sh. A.S. Chatha, IAS Retd., as an Additional Director of the Company. He holds office up to the date of this Annual General Meeting at which his appointment would be regularized subject to the approval of the shareholders. Dr.O.P. Sahni, a Director of the Company, who was associated with the company since 30.6.2001 was expired on 24.10.2012. The Board prays to the God to give peace to the departed soul.

AUDIT COMMITTEE

The company has constituted an Audit Committee pursuant to the provisions of section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement. During the year the Audit Committee was re-constituted due to the death of Dr. O.P.Sahni, Chairman of the Audit Committee. Presently the Audit Committee consists of Sh. Dinesh Gogna and Dr. (Mrs) H.K.Bal as members and Prof. K.S.Maini is the Chairman of the committee.

**DIRECTORS RESPONSIBILITY STATEMENT**

The Board of Directors of your Company state:

- a) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the directors 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 profits/losses of the Company for that period.
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the directors had prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT

M/s. Raj Gupta & Co., Chartered Accountants, Auditor of the Company retires at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from the Auditors as required under Section 224 (1B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the limits specified in the said section. The Auditors' Report on the accounts of the Company is self-explanatory and requires no comments.

COST AUDITORS

M/s. Ramanath Iyer & Co., Cost Accountants, New Delhi have been appointed as Cost Auditor for the year 2013-14 and their reports will be submitted to Government of India, Ministry of Corporate Affairs, Cost Audit Branch in accordance with the requirements of law.

LISTING

The equity shares of the company are listed on BSE Ltd. and National Stock Exchange of India Ltd. The company has already paid listing fee for the financial year 2013-14 to both Stock Exchanges.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in **Annexure-I** to this report.

PARTICULARS OF EMPLOYEES

None of the employees of the company is covered under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

CORPORATE GOVERNANCE REPORT

Your Company continues to follow the principles of good corporate governance. The corporate governance report along with auditor's certificate regarding compliance of the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement with the stock exchanges is attached herewith as **Annexure-II** to this report.

INDUSTRIAL RELATIONS

Industrial relations throughout the year continued to be very cordial and satisfactory.

ACKNOWLEDGMENT

Your directors would like to express their appreciation for the assistance and co-operation received from financial institutions, banks and shareholders. They also place on record their appreciation for the co-operation of employees at all levels.

By Order of the Board of Directors

Place: Ludhiana
Date: 10th August, 2013

Jawahar Lal Oswal
Chairman



ANNEXURE - I TO DIRECTORS' REPORT

Information as per section 217(l)(e) read with Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013.

1. CONSERVATION OF ENERGY:

The Company has taken several steps to conserve energy. This is a key area lot of study, analysis and discussions are undertaken regularly for improvement

a) Measures taken for conservation of energy:

- Use of high efficiency motors and energy saving devices.
 - Technical up-gradation and modernization of various machines.
 - Organized training programmes on different aspect of energy conservation.
 - Company has installed Biomass/multifuel Co-generation power plant at Lalru & Amloh, Punjab which enable the company to produce electricity at lower rate.
 - Re-arrangement of distribution system to avoid system load.
- b) Impact of measures consequent to (a) above: The above mentioned measures have resulted in energy saving and subsequent reduction in energy cost and thereby reduction in cost of production.
- c) Total energy consumption and energy consumption per unit of production is given below in Form A.

FORM A

Form for disclosure of particulars with respect to conservation of energy.

A) POWER & FUEL CONSUMPTION:

	CURRENT YEAR	PREVIOUS YEAR
1. Electricity		
a) Purchased (Units KWH)	194,902,350	203,548,546
Total amount (₹ in '000)	1,124,566	1,016,193
Rate per unit (₹)	5.77	4.99
b) Own generation		
i) Through Diesel generation		
Units produced (KWH)	711,637	706,221
Total amount (₹ in '000)	7,270	6,575
Rate per unit (₹)	10.22	9.31
ii) Through Steam Turbine		
Units produced (KWH)	144,191,600	95,866,712
2. a) Coal		
Quantity (Kgs.)	89,647,419	81,735,989
Total amount (₹ in '000)	508,585	395,574
Rate per unit (₹)	5.67	4.84
b) Rice Husk		
Quantity (Kgs.)	116,578,321	80,059,841
Total amount (₹ in '000)	503,096	288,626
Rate per unit (₹)	4.32	3.61
c) Furnace Oil/HSD/others		
Quantity (Ltrs.)	96,620	97,998
Total amount (₹ in '000)	2,570	2,652
Rate per unit (₹)	26.60	27.06

d) Fire wood/Others

Quantity (Kgs.)	2,894,992	2,304,804
Total amount (₹ in '000)	9,791	3,676
Rate per unit (₹)	3.38	1.60
Total (₹ in '000)	2,155,878	1,713,296

B) CONSUMPTION PER UNIT OF PRODUCTION:

Electricity

Yarn (per Kgs.)	3.70	3.47
Fabrics (per Mtrs.)	1.07	1.20
Sugar (per Qtls.)	43.90	49.14

2. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption are given below in Form B.

FORM B

Form for disclosure of particulars with respect to Technology Absorption and Research & Development (R & D).

A RESEARCH & DEVELOPMENT (R & D):

i) Specific Areas in which (R & D) was carried out:

The Company's R&D Laboratories at works continuously monitors and controls the quality of products and processes.

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

The Company has been able to identify factors which with some adjustments can improve efficiency of machines.

iii) Future Plans:

The Company plans to further strength the R&D efforts by adding latest facilities & expert manpower.

(₹ In Lacs)

Current Year Previous Year

iv) Expenditure on R & D

a) Capital	14.42	39.10
b) Recurring	41.90	11.28
Total	56.32	50.38

B TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

i) Efforts, in brief made, towards Technology Absorption, Adoption and Innovation:

All efforts being made to adopt the technology. The Company has a team of well qualified and experienced Engineers who are committed to absorbing and adapting latest technology.

ii) Benefit derived as a result of above efforts:

Due to adoption of latest technology there has been improvement in quality.

iii) Information regarding technology imported during the last five years: Nil

3 FOREIGN EXCHANGE EARNING & OUTGO:

- a) Export have continued to be a major thrust area for the company. New Markets are being explored. The company exported cotton yarn and fabrics to various countries like Hongkong, South Korea, Cambodia, Mauritius, Bangladesh, Egypt, China, Srilanka, Brazil, Indonesia etc.

b) Total Foreign Exchange Earnings & Outgo:

	Current Year	Previous Year
Earnings	25,065.26	12,640.23
Outgo	3,183.81	9,513.15


ANNEXURE -II TO DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT
A. Company's Philosophy on Corporate Governance

It is Nahar Industrial Enterprises Ltd.'s (NIEL) firm belief that good corporate governance provides a basis by which the rights and responsibilities amongst different participants in the organization are transparently known. It helps to ensure that the Company's objectives are well defined and performance against those objectives are adequately measured and monitored. Your company is committed to conduct business in accordance with the highest ethical standards and sound corporate governance practices. In compliance with the requirements of corporate governance NIEL continue to follow procedures and practices in conformity with Clause 49.

B. Board of Directors

1. As on 31st March, 2013 the Board of the Company consisted of ten directors. The Board at NIEL has an optimum combination of Executive, Non-Executive and Independent Directors. Sh Jawahar Lal Oswal is non-executive chairman and the composition of the Board is in conformity with clause 49 of Listing Agreement.
2. The Board met 5 (five) times during the period April, 2012 to March, 2013 on – 30.05.2012, 01.08.2012, 06.08.2012, 10.11.2012 & 09.02.2013 with a clearly defined agenda. The maximum time gap between any two board meetings was less than four months.

3. Information relating to directors:

The details relating to composition and categories of directors on the Board, their attendance at the Board Meeting during the year and at the last Annual General Meeting, Number of Directorship, Committee Membership and Chairmanship/Chairpersonship held by them in other public limited companies incorporated in India, as on 31.03.2013 are presented below:

Name of Directors	Designation	Category	Attendance Particulars			Directorship held in other Public Ltd. Companies/ Committee Membership and Chairmanship/ Chairpersonship		
			No. of Board Meetings		Last AGM	Directorship	Committee Membership	Committee Chairmanship/ Chairpersonship
			Held	Attended				
Sh. Jawahar Lal Oswal	Chairman	Promoter Non Executive Director	5	2	No	14	--	--
Sh. Kamal Oswal	Vice Chairman cum Mg. Director	Promoter Executive Director	5	5	No	14	1	1
Sh. Dinesh Oswal	Director	Promoter Non Executive Director	5	5	No	14	--	--
Sh. Dinesh Gogna	Director	Non Executive Director	5	5	Yes	8	5	4
Sh. N D Jain	Director	Non Executive Director	5	5	No	3	--	--
Dr. (Mrs.) H K Bal	Director	Independent Director	5	5	No	5	8	2
Dr. O P Sahni*	Director	Independent Director	5	3	Yes	--	--	--
Prof. K S Maini	Director	Independent Director	5	5	Yes	4	5	3
Dr. Y P Sachdeva	Director	Independent Director	5	5	Yes	5	4	--
Dr. A.S.Sohi	Director	Independent Director	5	4	No	3	4	1
Sh. Ajit Singh Chatha**	Additional Director	Independent Director	--	--	No	3	1	--

* Dr. O.P. Sahni, Director of the Company demised on 24.10.2012.

** Sh. Ajit Singh Chatha, has been appointed as an Additional Director of the Company w.e.f. 27.03.2013.

**4. Shareholding of Non Executive/Independent Directors**

Sr. No.	Name of the Directors	No. of Shares held
1.	Sh. Dinesh Oswal	30
2.	Sh. Dinesh Gogna	106
3.	Sh. ND Jain	185

5. Remuneration to Directors:

The details of remuneration paid to the Directors for the financial year 2012-13 are given below:

Name of the Directors'	Sitting Fee (₹)	Salary Allowance & Perquisites (₹)	Performance Incentive	Commission (₹)	Total (₹)
Sh. Jawahar Lal Oswal	10,000/-	Nil	Nil	Nil	10,000/-
Sh. Kamal Oswal	Nil	2,688,000/-	Nil	Nil	2,688,000/-
Sh. Dinesh Oswal	25,000/-	Nil	Nil	Nil	25,000/-
Sh. Dinesh Gogna	25,000/-	Nil	Nil	Nil	25,000/-
Sh. ND Jain	25,000/-	Nil	Nil	Nil	25,000/-
Dr. O P Sahni	15,000/-	Nil	Nil	Nil	15,000/-
Dr. (Mrs.) H K Bal	25,000/-	Nil	Nil	Nil	25,000/-
Prof. K S Maini	25,000/-	Nil	Nil	Nil	25,000/-
Dr. Yash Paul Sachdeva	25,000/-	Nil	Nil	Nil	25,000/-
Dr. Amrik Singh Sohi	20,000/-	Nil	Nil	Nil	20,000/-
Sh. A.S. Chatha	--	Nil	Nil	Nil	-

The Non executive directors are paid sitting fees for attending the Board Meetings. The remuneration paid to Managing Director is as approved by the Remuneration Committee, Board of Directors and Shareholders.

6. Directors with Materially significant pecuniary relationship or business transaction with the Company

Sh. Kamal Oswal, Managing Director who is also the Managing Director of Oswal Woolen Mills Ltd. receive salary, allowances, perquisites and commission, while all non executive directors receive sitting fee for attending the Board Meeting. There has been no materially pecuniary relationship or transaction between the Company and its Directors in the financial year under review.

7. Information to the Board

The Board has complete access to all information with the Company. The agenda papers are presented to the Board or directly tabled at the Board Meeting to facilitate meaningful deliberation on issues concerning the Company.

8. Code of Conduct

NIEL's Board has laid down a code of conduct for all board members and senior management of the Company. All Board members and designated senior management personnel affirm compliance with this code of conduct. The code of conduct is displayed on the website of the Company i.e. www.owmnahar.com. A declaration to this effect signed by Sh. Kamal Oswal, Vice Chairman-cum-Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management an affirmation that they have complied with the Code of Conduct in Financial Year 2012-13.

Place : Ludhiana
Dated : 10th August, 2013

Kamal Oswal
Vice Chairman cum Managing Director


C. Board Level Committees

NIEL has three Board Committees – Audit Committee, Remuneration Committee and Shareholder's Grievance Committee besides Share Transfer Committee. Details regarding role and composition of the Board Committees, including the number of meetings held during the financial year 2012-13 and attendance of the members thereat are provided below:

i) Audit Committee

Dr. O P Sahni, an Independent Director and Chairman of the Audit Committee demised on 24.10.2012. Therefore, the Board of Directors have re-constituted the Audit Committee of Directors on 29.10.2012 and nominated Prof.K.S. Maini, an Independent Director of the Company, as member to the Audit Committee, to exercise its powers and discharge functions as stipulated in Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement. The committee consists of three non executive Directors namely Sh. Dinesh Gogna, Prof. K S Maini & Dr. (Mrs.) H K Bal. Prof. K S Maini, an Independent non executive director is the Chairman of the Committee. The President (Corporate Finance & Accounts) and Auditors are invitees to the committee. Mr. Mukesh Sood, Company Secretary acts as Secretary to the Audit Committee. The Committee met 4 (four) times during the period April 2012 to March, 2013 i.e. 30.05.2012, 06.08.2012, 10.11.2012 & 09.02.2013 and the attendance of each member is as under:

Name of the Members	Status	No. of Meetings Held	No. of Meetings Attended
Sh. Dinesh Gogna	Member	4	4
Dr. O P Sahni	Chairman	2	2
Dr. (Mrs.) H K Bal	Member	4	4
Prof. K S Maini	Chairman	2	2

ii) Remuneration Committee

The remuneration Committee of the Directors deals with remuneration package of directors. It recommends to the Board the compensation terms of executive directors. Dr. O P Sahni, an Independent Director and Member of the Remuneration Committee demised on 24.10.2012. Therefore, the Board of Directors have re-constituted the Remuneration Committee of Directors on 29.10.2012 and nominated Dr. Yash Paul Sachdeva, an Independent Director of the Company, as member to the Remuneration Committee. The Committee consists of three independent non executive directors namely Prof. K S Maini as Chairman, Dr. Y.P. Sachdeva and Dr. (Mrs.) H K Bal as members. The Committee met on 06.08.2012 in the Financial year 2012-13 and all the members were present in the meeting.

iii) Shareholders/Investor's Grievance Committee

Shareholder's Grievance Committee reviews redressal of shareholders and investors complaints like non receipt of dividend on shares, non receipt of shares whether in demat or physical form, non receipt of annual report etc., besides complaints received from SEBI, Stock Exchanges, Court and various investor forums. The Committee also oversees the performance of Registrar and Transfer Agent. Dr. O P Sahni, an Independent Director and Member of the Shareholder's Grievance Committee demised on 24.10.2012. Therefore, the Board of Directors have re-constituted the Shareholder's Grievance Committee of Directors on 29.10.2012 and nominated Dr. Yash Paul Sachdeva, an Independent Director of the Company, as member to the Shareholder's Grievance Committee. The shareholders grievance committee consists of three non-executive directors namely Sh. Dinesh Gogna, Prof. K S Maini and Dr. Y P Sachdeva. Mr. Mukesh Sood, Company Secretary is the compliance officer of the Company. The Committee met 4 (four) times during the period April 2012 to March, 2013 i.e. 30.05.2012, 06.08.2012, 10.11.2012 & 09.02.2013 in the financial year 2012-13 and the attendance of each member is as under:

Name of the Members	Status	No. of Meetings Held	No. of Meetings Attended
Sh. Dinesh Gogna	Chairman	4	4
Prof. K S Maini	Member	4	4
Dr. O P Sahni	Member	2	2
Dr. Y P Sachdeva	Member	2	2


Status of Shareholder's queries/grievance

Nature of Complaints	Pending at the beginning of the year	Received and redressed during the year	Pending at the end of the year
Non Receipt of Dividend on shares	Nil	31	Nil
Non Receipt of Shares whether in demat or physical form	Nil	58	Nil
Non Receipt of Annual Reports etc.	Nil	4	Nil
Total		93	

D. Management
i) Management discussion and analysis report

This annual report has a detailed chapter on Management Discussion and Analysis.

ii) Disclosure by Management to the Board

There was no materially significant transactions with management, their relatives that have any potential conflict with the interest of the Company at large.

E. Disclosures
i) Details of related party transactions

As required by the accounting standard AS-18 the details of related party transactions are given in Note No. 35 of the Notes to Financial statements.

ii) Disclosure of accounting treatment in preparation of financial statements

The Company has followed the guidelines of accounting standards laid down by the Institutes of Chartered Accountants of India (ICAI) in preparation of its Financial statements.

iii) Risk Management

The Company manages risks as an integral part of its decision making process and has a structured framework for risk assessment and minimization procedures.

iv) Details of non compliance by the Company

NIEL has complied with all the mandatory requirements of the Corporate Governance. No penalties/stricture was imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

v) Compliance with clause 49

The Company is fully compliant with the applicable mandatory requirements of clause 49 of the Listing Agreement. The Company may also take up the non mandatory requirements of clause 49 in due course of time.

F. Shareholders
Disclosure regarding appointment/re-appointment of directors

In terms of the provisions of the Companies Act, 1956 and Articles of Association of the Company Sh. A.S.Chatha was appointed as an Additional Director of the Company on 27th March, 2013. Information pursuant to Corporate Governance clause of the Listing Agreement in respect of his appointment is given at Item No. 8 of Explanatory Statement. Sh.Jawahar Lal Oswal, Prof. K S Maini & Dr. Y P Sachdeva, Directors of the Company shall retire at the forthcoming Annual General Meeting of the Company, and being eligible offer themselves for re-appointment. Information pursuant to Corporate Governance clause of the Listing Agreement regarding Director's seeking re-appointment is appended below:-

Sh. Jawahar Lal Oswal

Sh. Jawahar Lal Oswal, aged 70 years, is an Industrialist with 49 years of business experience. He is Chairman cum Managing Director of Oswal Woollen Mills Limited and Monte Carlo Fashions Limited and Chairman of Nahar Industrial Enterprises Limited, Nahar Spinning Mills Limited, Nahar Poly Films Limited and Nahar Capital & Financial Services Limited. He is Director of J L Growth Fund Limited, Sidhant and Mannat Company Ltd., Girnar Investment Limited, Ludhiana Holdings Limited, Vanaik Investors Limited, Simran and Shanaya Company Limited, Palam Motels Limited, Sankheshwar Holding Co. Ltd., Nagdevi Trading & Investment Co. Limited, Abhilash Growth Fund Pvt. Limited, Nahar Growth Fund Pvt. Limited, Monica Growth Fund Pvt. Limited, Ruchika Growth Fund Pvt. Limited, Neha Credit & Investment Pvt. Limited & Crown Stars Limited (UK).

Prof. K S Maini

Prof. K S Maini, aged 74, is a retired educationist having more than 31 years of experience in teaching commerce, management and administration. He is Director of Nahar Industrial Enterprises Limited, Oswal Woollen Mills Limited, Nahar Spinning Mills Limited, Nahar Poly Films Limited, Nahar Capital & Financial Services Ltd. He is chairman of Remuneration Committee & Audit Committee of Nahar Industrial Enterprises Limited and Nahar Capital & Financial



Services Ltd. and Chairman of Audit Committee of Nahar Spinning Mills Ltd. He is member of Shareholder's Grievance Committee of Nahar Industrial Enterprises Limited and member of Audit Committee of Oswal Woollen Mills Limited & Nahar Poly Films Limited.

Dr. Y P Sachdeva

Dr. Y P Sachdeva, aged 51 years, is Professor-cum-Head of Department of Business Management, Punjab Agricultural University, Ludhiana. He is Director of Nahar Spinning Mills Limited, Nahar Poly Films Ltd., Nahar Industrial Enterprises Limited, Cotton County Retail Ltd., Nahar Capital and Financial Services Limited & Oswal Spinning & Weaving Mills Ltd. He is member of Audit Committee of Cotton County Retail Limited, member of Remuneration Committee of Nahar Industrial Enterprises Limited and Oswal Spinning Mills Limited and member of Shareholder's Grievance Committee of Nahar Industrial Enterprises Limited.

G. Means of Communication

The Company's quarterly results are approved and taken on record by the Board within the prescribed time and sent immediately to BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). These results are published in leading newspapers i.e. Business Standard / Financial Express (English) and Desh Sewak (Punjabi). These results are also posted on the Company's website at: www.ownnahar.com.

H. Website

Website address of the company is www.ownnahar.com. Relevant information under Clause 54 of the Listing Agreement is regularly updated on our website.

I. General Body Meetings

The details of the last three Annual General Meetings are as under:

Financial Year	Location	Date	Time	No. of Special Resolutions
2009-10	Registered Office	30.09.2010	11.30 A.M.	--
2010-11	Registered Office	20.09.2011	11.30 A.M.	--
2011-12	Registered Office	29.09.2012	11.45 A.M.	1

J. General Shareholder Information

- Annual General Meeting
Day, Date, Time and Venue
Monday, 30th September, 2013 at 11.45 A.M. at the Registered Office at Focal Point, Ludhiana - 141010 (Punjab)
- Financial Year
Financial Results for the financial year 2013-14 will be announced tentatively in
July-August, 2013
October-November, 2013
January-February, 2014
April-May, 2014
First Quarter Results
Second Quarter Results
Third Quarter Results
Fourth quarter & Annual audited results
- Book Closure
21st September, 2013 to 30th September, 2013 (both days inclusive).
- Dividend
The Board of Directors has recommended dividend @ 10% i.e. ₹1/- per equity share.
Unclaimed/Unpaid Dividend
The Company had paid dividend @ 10% on equity shares of the Company for the financial year 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11. Members who have not claimed the dividend for the aforesaid period may approach to the Share Department of the Company.
Unpaid/unclaimed dividend for 2005-06 is due to transfer to the Investor Education and Protection Fund after the expiry of seven years i.e. 04.10.2013.



5. Listing on Stock Exchange The equity shares of the Company are listed on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).
6. Stock Code BSE – 519136, NSE – NAHARINDUS
ISIN- INE289A01011

7. Distribution of Shareholding as on 31.03.2013

No. of Shares held	No. of Shareholders	% shareholders	Aggregate Shares held	% of Shareholding
1-500	84903	98.16	5416801	13.60
501-1000	948	1.10	675769	1.70
1001-2000	306	0.35	448357	1.12
2001-3000	121	0.14	295211	0.74
3001-4000	46	0.05	163130	0.41
4001-5000	29	0.03	136239	0.34
5001-10000	57	0.07	412680	1.04
10001 & above	83	0.10	32286954	81.05
Total	86493	100.00	39835141	100.00

8. Shareholding Pattern as on 31.03.2013

Shares held by	No. of Shares	% of shareholding
Promoters	26677039	66.97
Mutual Funds & UTI	18552	0.05
Bank & Financial Institutions	9635	0.02
Foreign Holding (FII's, NRIs, OCBs)	331407	0.83
Private Bodies Corporate (Others)	842053	2.11
Indian Public	11956455	30.02
Total	39835141	100.00

9. Dematerialisation of Shares

As on 31.03.2013, 90.73% of equity share capital is held in dematerialized form under ISIN-INE289A01011.

10. Outstanding GDRs/ADRs/Warrants/Options or any other convertible instruments

The Company has not issued any GDRs/ADRs/Warrants during the year.

11. Stock Market Data :

Month	NSE		BSE	
	High	Low	High	Low
April-2012	38.00	29.15	36.90	29.35
May-2012	35.50	30.10	34.75	29.00
June-2012	35.50	30.50	37.50	30.10
July-2012	36.55	30.75	36.50	30.50
August-2012	37.00	27.00	38.80	28.70
Sept. – 2012	37.00	27.00	41.95	31.05
October-2012	37.00	31.60	37.80	29.00
November-2012	39.50	30.25	41.80	34.65
December-2012	39.50	34.00	41.50	34.80
January-2013	46.50	32.70	50.20	35.00
February-2013	41.00	30.00	41.00	32.30
March-2013	38.85	28.60	38.00	31.50

Source: The aforesaid information has been downloaded from the websites of NSE and BSE. The Company has no other source for verification of data.

**12. Investor Correspondence**

Investor correspondence should be addressed to:

Share Transfer Agent

Alankit Assignments Ltd.

Alankit House, 2E/21, Jhandewalan Extension,

New Delhi 110055

Phone: 011-23531234, 23541234

Fax No.: 011-51540064

E-mail: rta@alankit.com

Company Secretary

Nahar Industrial Enterprises Ltd.

Regd. Office: Focal Point, Ludhiana - 141010

Phone : 0161-2672590-591

Fax No.: 0161-2674072

Email : msood@ownnahar.com

13. Share Transfer System

Share Transfers are registered and returned within prescribed period if the documents are complete in all respects. Officers of the Company and Share Transfer Agent have been authorized to attend share transfers regularly. The Share Transfer Committee meets regularly to approve the transfer/transmission/transposition/issue of duplicate share certificates etc.

14. Plant Locations

- i) Nahar Industrial Enterprises Ltd. (Unit: Arham Spinning Mills) Vill. Udaipur/Khijuriwas, Bhiwadi, Dist. Alwar (Rajasthan)
- ii) Nahar Industrial Enterprises Ltd. (Spinning Unit) Vill. Jalalpur, Chandigarh-Ambala Road, Lalru, Distt. Mohali (Punjab).
- iii) Nahar Industrial Enterprises Ltd. (Spinning Unit- II) Vill. Jalalpur, Chandigarh-Ambala Road, Lalru, Distt. Mohali (Punjab)
- iv) Nahar Industrial Enterprises Ltd. (Spinning Unit-III) Vill Jalalpur, Chandigarh-Ambala Road, Lalru, Distt. Mohali (Punjab)
- v) Nahar Industrial Enterprises Ltd. (Spinning Unit-IV) Vill Jalalpur, Chandigarh-Ambala Road, Lalru, Distt. Mohali (Punjab)
- vi) Nahar Industrial Enterprises Ltd. (Unit: Sambhav Spinning Mills) Industrial Focal Point, Phase VIII, Mundian Kalan, Distt. Ludhiana (Punjab)
- vii) Nahar Industrial Enterprises Ltd. (Fabrics Unit) Village Jalalpur, Chandigarh-Ambala Road, Lalru, Distt. Mohali (Punjab)
- viii) Nahar Industrial Enterprises Ltd. (New Process & Dyeing) Village Jalalpur, Chandigarh-Ambala Road, Lalru, Dist. Mohali (Punjab)
- ix) Nahar Industrial Enterprises Ltd. (Unit: Nahar Sugar) Village Salan Jeon Singh Wala, Tehsil Amluh, Distt. Fatehgarh Sahib (Punjab)



**CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE
LISTING AGREEMENT**

To,

**The Members of
Nahar Industrial Enterprises Limited**

We have examined the compliance of conditions of Corporate Governance by Nahar Industrial Enterprises Limited for the year ended on 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the above Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor's Grievance Committee.

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

For Raj Gupta & Co.,
Chartered Accountants
FRN: 000203N

Place : Ludhiana
Dated : 10th August, 2013

R K Gupta
Partner
M. No. 017039



Management discussion and Analysis Report 2013

Industry Structure/Development (Textile)

Indian Textile and clothing industry was predominantly unorganized industry, even a few years back, but the scenario started changing after the economic liberalization of Indian economy in 1991. The opening up of economy gave the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world. The textiles sector is the second largest provider of employment after agriculture. Textile industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the Indian economy. The textile industry, an industry with economic importance has always been an important sector for the government. For the development and to keep the textile sector competitive, the government has been supporting the textile and clothing industry through various policies initiatives from time to time.

The global economy has been passing through prolonged phase of uncertainty. The recovery in the advanced economies has been uneven and fragile. India's GDP growth remained low for the second year in a row as against expectations due to abysmal performance in all sectors, particularly in manufacturing sector. The lower growth of global economy and other problems faced by Indian textile industry had a notable dampening effect on growth and business confidence in India over the last 2 to 3 years. Continuing high inflation, lackluster performance on the export front as well as fall in the rate of growth in Industrial production, high prices of crude in International markets in all these have added to the reasons for low economic growth.

Cotton yarn production in India has increased during the year 2012-13 because of improved demand from domestic market as well as export market, mainly from china. According to Organization for Economic Co-operation and Development (OECD) and Food and Agriculture Organization (FAO) report, China's cotton production is expected to decline 17 per cent while production in India is projected to increase 25 per cent, positioning it as the world's largest producer by 2022. China, a major textile products producer for about two decades is now focusing on other sectors, which should open up opportunities for other textile producing countries such as India, Bangladesh and Vietnam. The Global buyers, therefore are looking at India as one of the major sourcing destinations. Leading global brands have increased their sourcing from India following greater stability in output and factory compliance compared with other Asian regions. The Indian textile Industry is competitively placed vis-a vis competitors. As a measure of growing interest in the Indian textiles and clothing sector, a number of reputed houses opened their sourcing / liaison office in India. Indian manufacturers are also pro-actively working towards enhancing their Capacities to fulfill this increased demand. The depreciation of Rupee against Foreign Currencies especially US Dollar have also provided a favourable opportunity to the textile industry. This will definitely give a big push to the textile exports which in turn help the country to put the economy on the growth track.

Management perception of Risk/concern/threat

The major challenge that the textile and apparel industry is facing is increased cost of production, arising out of rising wages, high power and interest costs. Further, non-availability of skilled labour together with continued



inflation is a cause of concern. Government policies are critical to the success of the textile industry and need to be aimed towards the long term sustainability of the Indian Textile Industry. High volatility in raw material prices has become a hindrance to long term planning and will be an ongoing concern which will need to be regularly addressed. The growth of the Indian textile industry is linked to the growth of India. It can be assumed that as India will see steady growth so will the consumption of textiles. The fiscal tightening in developed markets has slowed down investment activity across the textile value chain in 2012 due to uncertain demand and volatile raw material prices. The spinning industry had been hit in the past few years with sluggish demand, surging cotton prices and flip-flops in the government's export policy.

Though Rupee depreciation against US Dollar provided a favourable opportunity for the exporters in short term but this situation is not likely to continue in the future. The Reserve Bank of India (RBI) and Central Government has started taking the remedial measures to stabilize the Rupee as the stable currency is good not only for the industry but for the country as well. To contain the inflationary conditions prevailing in the economy, RBI has taken certain steps by tightening the Monetary Policy which has resulted into High Interest Rate regime. Higher cost of funds may impact the financial performance of the industry, as the textile industry is a capital intensive industry.

The management of company is making all efforts to meet the prevailing concern by focusing its efforts on improving operational parameters and effective raw material procurement and marketing strategies to reduce the cost pressure. The company keeps reviewing its strategy in the light of changes.

Outlook

According to research firm Tecnopark's Textile and Apparels Compendium 2012 the domestic textile and apparel market in India is worth USD 58 billion and has the potential to grow at a CAGR of 9.5 per cent, to reach USD 141 billion by 2021. India's share of the world's textile and apparel exports stands at 4.5%. With an increasing shift of textile and apparel production to Asian nations and declining Chinese competitiveness, this figure is expected 8 per cent by 2020.

Growing domestic demand coupled with growing penetration of organized retail and increasing local sourcing by global brands and retailers in India offer attractive avenues to the textile industry to grow further. Removal of excise duty on garments has provided much needed relief. Foreign Direct Investment, relaxations of the investment policy relating to the multi brand retailers open up greater horizons. The Indian textile industry is on a comeback trail due to an improved US economy, recovering demand from European Union and favorable raw material prices. Supportive policy regime and the absolute commitment of private enterprise would add strength to Indian textile industry.

Industry Structure/Development (Sugar)

The Indian sugar industry is characterized by the co-existence of private, cooperative and public sector, supporting over 50 million farmers and their families. It is second largest agro-based industry after textiles. The growth of sugar industry has powerful impact on the rural economy. Recently, the Government of India has implemented the recommendations of Dr C. Rangarajan Committee to reform the sugar sector. It took the positive step of abolition of the levy sugar obligation of the sugar mills. This would help in removing the substantial burden



of levy subsidy from the mills. Simultaneously the Central Government has done away with the free sale sugar release mechanism, thereby freeing mills to sell sugar without any limitation of periodic quotas as in the past.

Management perception of Risk/concern/threat

The Indian sugar industry is highly cyclical in nature and is sensitive to government policies and weather conditions. Sugarcane is the sole principal raw material, its availability; quality and cost are impacted by monsoon, less production or diversion of crop and Government controls. Sugar industry has been largely liberated by Centre government recently but it is still under several controls of state government. Reforms in sugar sector will bring relief to all stakeholders and in long run will be benefited by more stable industry. The Government's focus to give high cane price to farmer and to maintain low sugar price for the consumer is economically unsustainable for miller. The intrinsic imbalance between sugar and cane price often leads to infamous Indian sugar cycle. A long term pricing formula for cane price-sugar price, based on global model, which is also strongly recommended by Rangarajan Committee, would result in win-win situations for the farmers, consumer, Government and industry.

Outlook

Growth in sugar demand is driven by the rising consumption in sectors such as confectionaries, sweets and soft-drinks. CRISIL research expects industrial demand to grow at a CAGR of around 4% while household demand increase is expected at 2.5% over the next 5 years. It has tremendous transformational opportunities to meet food, fuel and power needs and earn carbon credit. Your company is making all efforts for sugarcane development in the cane area allotted to it by providing Pesticides, Tissue Culture Plants and Tricho-gramma Cards at subsidized rates, supply of disease free seeds

and interest free crop loan to the farmers of the area. The Company has undertaken necessary maintenance program so that the plants fully equipped to crush higher quantity of sugarcane in the ensuing crushing season and to prevent breakdown during the season.

Segment wise/Financial/operational performance

The company operates in three main business segments i.e. Yarn, Fabrics and sugar. Please refer Director's report on the performance review.

Internal control system and their adequacy

The company is having adequate internal control systems and procedures which commensurate with the size of the company. The Company is having internal audit department which ensures that the internal control systems are properly followed by all concerned departments of the company.

Material development in human resources/industrial relation front

The company is of firm belief that the human resources are the driving force that propels a company towards progress and success and the company is committed to the development of its people. The total permanent employee's strength was 11107 as on 31.03.2013. The industrial relations were cordial and satisfactory.

Cautionary Statement

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

For and on behalf of the Board of Directors

Place: Ludhiana

Dated: 10th August, 2013

**Jawahar Lal Oswal
Chairman**

**Independent Auditors' Report****To the Members of****Nahar Industrial Enterprises Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Nahar Industrial Enterprises Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Raj Gupta & Co.
Chartered Accountants
FRN: 000203N

Raj Kumar Gupta
(Partner)
M.No. : 017039

Place : Ludhiana
Dated : 30th May, 2013

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements."

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, most of the fixed assets have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable having regard to the size of the company. No material discrepancies were noticed on such verification.
- (c) The company has not disposed off a substantial part of its fixed assets during the year.
- (ii) (a) According to the information and explanations given to us, physical verification of inventories has been conducted at reasonable intervals by the management during the year.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of its inventory. As explained to us, the discrepancies noticed on physical verification were not material. The discrepancies noticed have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence clause 4 (iii)-(b), (c) and (d) of the order are not applicable.
- (b) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence clause 4(iii)-(f) and (g) are not applicable.
- (iv) In our opinion, based on our observations and the information and explanations given to us, the company has in place an adequate internal control system commensurate with its size and the nature of its business, with regard to purchases of inventory, fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) Based on the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions exceeding Rupees five lacs made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, Investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess have generally been deposited by the company in time with the appropriate authorities. Based on our examination of the records of the company and information and explanations given



to us, there were no arrears of undisputed statutory dues as on 31st March, 2013 that remained payable for more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no disputed dues outstanding in the books of account for income tax / sales tax / wealth tax / service tax / custom duty / excise duty / cess. However, following demands have been raised on account of disputed matters pending before various authorities:

Name of the Statute	Nature of the dues	Amount (₹ In lacs)	Forum where dispute is pending
The Income Tax Act	Income Tax	552.00	CIT (Appeals), Ludhiana
Tamil Nadu General Sales Tax Act, 1956	Sales tax Demand	62.72	Tamil Nadu Taxation Special Tribunal
Punjab VAT Act, 2005	Sales Tax demand	57.74	Sales Tax Tribunal, Chandigarh
The Central Excise Act, 1944	Excise Duty Demand	590.30	Commissioner Appeals, Chandigarh
	Excise Duty Demand	22.64	Commissioner Appeals, Ludhiana
	Excise Duty Demand	47.54	Commissioner Appeals, Jaipur
	Excise Duty Demand	13.39	Joint Commissioner, Jaipur
Finance Act, 1994	Service Tax Demand	10.09	Commissioner Appeals, Ludhiana
	Service Tax Demand	9.27	The Supreme Court of India
	Service Tax Demand	33.74	Joint Commissioner, Jaipur
	Service Tax Demand	22.32	Commissioner Appeals, Chandigarh

- (x) The company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by the audit. The company had incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks or debenture holders.
- (xii) As explained to us, the company has not granted 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. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the company.
- (xiv) Based on the information and explanations given to us and the records of the company examined by us, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the order are not applicable to the company.
- (xv) Based on our examination of the records of the company and information and explanations given to us, the company has not given any guarantee for loans taken by others from banks. Accordingly, the provisions of 4 (xv) of the order are not applicable to the company.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which the loans were obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.



(xix) According to the information and explanations given to us, the company has not issued debentures during the year. Accordingly, the provisions of clause 4(xix) of the order are not applicable to the company.

(xx) According to the information and explanations given to us, the company has not raised any money by way of public issue during the year. Accordingly the provisions of clause 4(xx) of the order are not applicable to the company.

(xxi) According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported by the company during the year.

For Raj Gupta & Co.
Chartered Accountants
FRN: 000203N

Place : Ludhiana
Dated : 30th May, 2013

Raj Kumar Gupta
(Partner)
M.No. : 017039

**NAHAR INDUSTRIAL ENTERPRISES LIMITED****Annual Report 2012-13****BALANCE SHEET AS AT 31st MARCH, 2013**

PARTICULARS	NOTE NO.	As At 31st March, 2013 (₹ In '000)	As At 31st March, 2012 (₹ In '000)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	400,342	400,342
Reserves and Surplus	3	5,363,556	5,763,898
			4,991,405
			5,391,747
Non-Current Liabilities			
Long Term Borrowings	4	5,516,430	5,448,254
Deferred Tax Liability (net)	5	189,126	62,776
Other Long Term Liabilities	6	160,445	245,990
Long Term Provisions	7	34,864	5,900,865
			9,942
			5,766,962
Current Liabilities			
Short Term Borrowings	8	5,089,751	4,443,514
Trade Payables	9	722,490	771,388
Other Current Liabilities	10	1,718,939	1,360,985
Short Term Provisions	11	106,173	7,637,353
			62,792
			6,638,679
TOTAL		19,302,116	17,797,388
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	7,663,857	6,554,717
Capital Work-in-Progress		124,305	1,344,540
Non-Current Investments	13	1,390,598	1,408,600
Long Term Loans and Advances	14	124,374	9,303,134
			189,802
			9,497,659
Current Assets			
Inventories	15	6,765,201	5,291,123
Trade Receivables	16	1,696,489	1,557,912
Cash and Cash Equivalents	17	21,925	29,257
Short Term Loans and Advances	18	633,590	660,797
Other Current Assets	19	881,777	9,998,982
			760,640
			8,299,729
TOTAL		19,302,116	17,797,388
Notes Forming Part of the Financial Statements			
	1 to 39		

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,

Chartered Accountants

FRN : 000203N

R.K.Gupta

Partner

M.No. : 017039

Place : Ludhiana

Dated : 30th May, 2013**Mukesh Sood**

Company Secretary

B.Bhushan Gupta

President (Corporate

Finance & Accounts)

Dinesh Gogna

Director

Kamal Oswal

Vice Chairman Cum-

Managing Director

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013**

PARTICULARS	NOTE NO.	Current Year (₹ In '000)	Previous Year (₹ In '000)
INCOME			
Revenue from Operations (gross)	20	17,163,139	14,119,674
Less: Excise Duty		58,754	41,440
Revenue from Operations (net)		17,104,385	14,078,234
Other Income	21	79,002	69,855
Total Revenue		17,183,387	14,148,089
EXPENSES			
Cost of Material Consumed	22	8,719,351	9,165,716
Purchases of Stock-in-Trade	23	171,239	360,176
Changes in Inventories of Finished Goods, Work-in Progress and Stock-in-Trade	24	(64,847)	(348,878)
Employee Benefits Expense	25	1,240,943	958,219
Finance Costs	26	1,310,262	974,455
Depreciation	12	1,104,826	807,445
Other Expenses	27	4,081,665	3,286,315
Total Expenses		16,563,439	15,203,448
Profit /(Loss) Before Tax		619,948	(1,055,359)
Tax Expenses			
- Current Tax		75,150	197
- Deferred Tax		126,350	(248,000)
Profit /(Loss) for the Year		418,448	(807,556)
Basic and diluted earnings per equity share (Face value of equity share ₹10 each)	33	10.50	(19.99)

Notes Forming Part of the Financial Statements**1 to 39**

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,

Chartered Accountants

FRN : 000203N

R.K.Gupta

Partner

M.No. : 017039

Place : Ludhiana

Dated : 30th May, 2013**Mukesh Sood**

Company Secretary

B.Bhushan Gupta

President (Corporate

Finance & Accounts)

Dinesh Gogna

Director

Kamal Oswal

Vice Chairman Cum-

Managing Director

**NAHAR INDUSTRIAL ENTERPRISES LIMITED**

Annual Report 2012-13

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

PARTICULARS	2012-13 (₹ In '000)	2011-12 (₹ In '000)
(A) Cash Flow from Operating Activities		
Net Profit / (Loss) before Tax	619,948	(1,055,359)
Adjustment for:		
Depreciation	1,104,826	807,445
Sundry balances written back (Net)	(2,558)	(8,559)
Profit on sale of Fixed Assets (Net)	(28,757)	(18,448)
Profit on sale of investment (Net)	(6,914)	--
Dividend Received	(2,677)	(7,203)
Interest Income	(19,148)	(18,117)
Interest Expense	1,310,262	974,455
Operating Profit before Working Capital Changes	2,974,982	674,214
Adjustment for:		
Trade & other receivable	(148,622)	502,640
Inventories	(1,474,078)	2,016,445
Trade Payables	(73,366)	176,148
Cash Generated from operations	1,278,916	3,369,447
Direct Taxes Paid	(94,053)	1,474
Net Cash from Operating Activities	1,184,863	3,370,921
(B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,017,054)	(1,888,337)
Sale of Fixed Assets	52,080	22,166
Sale of Investments	44,133	--
Purchase of Investments	(19,217)	--
Interest Received	19,148	18,117
Dividend Received	2,677	7,203
Net cash used in Investing Activities	(918,233)	(1,840,851)
(C) Cash Flow from Financing Activities		
Increase in Share Capital	--	2
Unpaid Securities Premium received	--	22
Interest paid	(1,310,262)	(974,455)
Dividend paid	(39)	(38,184)
Corporate dividend tax	--	(6,649)
Proceeds from Long Term Borrowings (Net)	390,102	1,024,186
Changes in Working Capital Borrowings	646,237	(1,529,323)
Net Cash used in Financing Activities	(273,962)	(1,524,401)
Net Change in Cash & Cash Equivalents (A+B+C)	(7,332)	5,669
Opening Cash & Cash Equivalents	29,257	23,588
Closing Cash & Cash Equivalents	21,925	29,257

Notes :

- 1 Previous year's figures have been regrouped/rearranged wherever considered necessary, to make them comparable with current year's figures.
- 2 Figures in brackets represent deduction.

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,

Chartered Accountants

FRN : 000203N

R.K.Gupta

Partner

M.No. : 017039**Place : Ludhiana****Dated : 30th May, 2013****Mukesh Sood**

Company Secretary

B.Bhushan GuptaPresident (Corporate
Finance & Accounts)**Dinesh Gogna**

Director

Kamal OswalVice Chairman Cum-
Managing Director

**Notes to Financial Statements for the year ended 31st March, 2013****1. SIGNIFICANT ACCOUNTING POLICIES****a) Accounting Convention:**

The financial statements, other than the cash flow statement, are prepared on accrual basis under the historical cost convention treating the entity as a going concern and in accordance with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

b) Fixed Assets:

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost comprises purchase price/construction cost, including non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. The borrowing costs in respect of qualifying assets incurred till the asset is ready for its intended use and adjustments arising out of exchange rate variations attributable to fixed assets are capitalized.

c) Depreciation:

1. Depreciation on fixed assets is charged on the written down value method, except in case of Arham Spinning Mills, Lalru. In case of new projects and major expansion of the existing units undertaken by the Company after 01.04.2005 till 31.03.2012, depreciation is charged on the straight line method, at the rates prescribed under Schedule XIV to the Companies Act, 1956.
2. The cost of Computer software capitalized is amortised over a period of 4 years.

d) Impairment of Assets:

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired in terms of Accounting Standard 28 issued by Institute of Chartered Accountants of India (ICAI). 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 account and charged to the Statement of Profit & Loss. The impairment loss recognized in prior accounting periods is reversed if there is a change in the estimate of recoverable amount of an asset.

e) Revenue Recognition:

- Revenue from sale of goods is recognized at the point of passing of title of the goods to the customer which generally coincides with delivery.
- Sale value is inclusive of excise duty paid at the time of clearance of goods but exclusive of sales tax.
- Export sales are accounted for on the basis of date of bill of lading.
- Revenue in respect of export incentives is recognized when such incentives accrue upon export of goods.

f) Inventories:

Inventories are valued at cost or net realizable value, whichever is lower after providing for obsolescence, if any. The cost in respect of various items of inventory is determined as under :-

- In case of raw materials and stores & spares, at weighted average cost.
- In case of work-in-progress, at the raw material cost plus conversion cost depending upon the stage of completion of goods.
- In case of finished goods, at the raw material cost, conversion cost and other overheads incurred to bring the goods to their present location and condition plus excise duty, wherever applicable.

g) Investments:

Long-term investments are carried at cost less provisions, if any, for permanent diminution in value. Current investments are carried at lower of cost or fair value.

**Notes to Financial Statements for the year ended 31st March, 2013****h) Foreign Exchange Transactions:**

Transactions in foreign currency are recorded at the exchange rates prevalent at the time of transaction. Foreign currency assets and liabilities are stated at the exchange rates prevailing at the date of Balance Sheet or at forward contract rates, wherever so covered. Realized gains or losses on foreign exchange transactions, other than those relating to fixed assets, are recognized in the Statement of Profit and Loss. The difference in foreign exchange rates in the case of fixed assets is adjusted to the cost of fixed assets.

i) Accounting for taxes on Income:

Provision for current tax is made on the basis of aggregate amount of income tax actually payable for the year on the estimated taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from the timing differences between book profit and tax profit is accounted for at the enacted rate of tax to the extent that the timing differences are expected to reverse in future. Deferred Tax Assets are recognized only to the extent there is virtual certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

j) Employee benefits:**1. Short-term employee benefits:**

Short-term employee benefits are recognized as an expense in the Statement of Profit & Loss in the year in which the related services are rendered by the employees.

2. Retirement benefits:**Defined contribution plans:**

Contributions to the employees' provident fund are made in accordance with the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Such contributions are charged to the Statement of Profit & Loss of the year in which the related services are rendered by the employees.

Defined benefit plans:**Gratuity:**

Liability in respect of gratuity is accounted for on the basis of an independent actuarial valuation. The present value of defined benefit obligation as at the end of the year is determined using the Projected Unit Credit method i.e. each period of service rendered by the employee is considered to give rise to an additional unit of benefit entitlement, gradually building up the final obligation.

The company funds its gratuity liability through a qualifying group gratuity policy taken from the Life Insurance Corporation of India by an approved gratuity trust formed for the purpose. The difference between the present value of the obligation and the fair value of plan assets as at the end of the year is recognized in the financial statements.

k) Contingent Liabilities:

No provision is made for liabilities that are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the balance sheet date and a reasonable estimate of the resulting loss can be made. However, all known, material contingent liabilities are disclosed by way of separate notes.

l) Miscellaneous Expenditure to the extent not written off:

Issue expenses are written off over a period of ten years.


Notes to Financial Statements for the year ended 31st March, 2013

PARTICULARS	As At 31st March, 2013 (₹ In '000)		As At 31st March, 2012 (₹ In '000)	
2. Share Capital				
Authorized:				
65,000,000 Equity Shares of ₹ 10/- each (Previous Year 65,000,000)		650,000		650,000
Total		<u>650,000</u>		<u>650,000</u>
Issued, Subscribed and Fully Paid up :				
39,835,141 Equity Shares of ₹ 10 each (Previous Year 39,835,141)	398,351		398,351	
Add: Share Forfeited Account (Amount originally paid up)	<u>1,991</u>	<u>400,342</u>	<u>1,991</u>	<u>400,342</u>
Total		<u>400,342</u>		<u>400,342</u>
		As At 31st March, 2013		As At 31st March, 2012
a. Reconciliation of the number of equity shares outstanding :				
At the beginning of the period		39,835,141		40,395,865
Less : Shares Forfeited		--		<u>560,724</u>
Outstanding at the end of period		<u>39,835,141</u>		<u>39,835,141</u>
b. Terms/rights attached to equity shares :				
The company has only one class of Equity Shares having Face value of ₹ 10/- each. Each holder of equity share is entitled to only one vote per share.				
c. Detail of Shareholders holding more than 5% shares :				
		As At 31st March, 2013		As At 31st March, 2012
Shareholders	Number	% of holding	Number	% of holding
Nahar Capital & Financial Services Ltd.	9,336,745	23.44	9,336,745	23.44
J L Growth Fund Ltd.	3,421,836	8.59	3,421,836	8.59
Nahar Poly Films Ltd.	2,708,800	6.80	2,708,800	6.80
Vardhman Investments Ltd.	2,277,955	5.72	2,277,955	5.72
Ashish Dhawan	2,590,124	6.50	2,590,124	6.50


Notes to Financial Statements for the year ended 31st March, 2013

PARTICULARS	As At 31st March, 2013 (₹ In '000)	As At 31st March, 2012 (₹ In '000)
3. Reserves and Surplus		
Capital Subsidy Reserve		
Balance as per last Balance Sheet	21,000	21,000
(Received from Central/State Government under Subsidy Scheme)		
Capital Reserve		
Balance as per last Balance Sheet	947,486	943,819
Add : Amount received against pending allotment money transferred on forfeiture of shares	--	3,667
	947,486	947,486
Capital Redemption Reserve		
Balance as per last Balance Sheet	192,500	192,500
Securities Premium Account		
Balance as per last Balance Sheet	3,345,408	3,384,917
Less : Securities Premium Cancelled (on forfeiture of shares)	--	39,509
	3,345,408	3,345,408
General Reserve		
Balance as per last Balance Sheet	324,107	1,167,881
Add: Transfer from surplus/(deficit) in the Statement of Profit & Loss	377,663	(843,774)
	701,770	324,107
Contingent Liability Reserve		
Balance as per last Balance Sheet	160,904	160,904
Less: Transfer to surplus/(deficit) in the Statement of Profit & Loss	5,512	--
	155,392	160,904
Surplus/(Deficit) in the Statement of Profit and Loss		
Balance as per last Balance Sheet	--	--
Add : Profit/ (Loss) for the year	418,448	(807,556)
Add : Income Tax (liability)/refund of earlier years (net)	--	(36,218)
Add : Transfer from Contingent Liability Reserve	5,512	--
Less : Proposed Dividend on Equity shares	39,835	--
Less : Corporate Dividend Tax	6,462	--
Less : Transfer to General Reserve	377,663	(843,774)
Total	5,363,556	4,991,405



Notes to Financial Statements for the year ended 31st March, 2013

PARTICULARS	As At 31st March, 2013 (₹ In '000)	As At 31st March, 2012 (₹ In '000)
4. Long Term Borrowings		
Term Loans (Secured)		
From Banks	5,125,824	5,391,272
Others (Unsecured)		
Deferred Payment Liabilities	9,180	26,982
Loans And Advances from Related Parties	381,426	30,000
Total	5,516,430	5,448,254

4.1 Terms of repayment of long term borrowings :

i) Terms of repayment of term loans*

As At 31st March, 2013 (₹ In Thousands)	Repayment Period from origination (years)	Installments outstanding as on 31st March, 2013	
		No.	Periodicity
166,512	3	8	Quarterly
333,333	3	8	Quarterly
325,000	4	16	Quarterly
300,000	4	16	Quarterly
2,250	5	1	Half yearly
286,400	6	21	Quarterly
307,194	8	12	Quarterly
9,405	8	3	Quarterly
35,007	8	7	Quarterly
75,000	8	8	Quarterly
352,000	8	12	Quarterly
32,616	8	17	Quarterly
158,204	8	25	Quarterly
1,097,993	8	28	Quarterly
174,652	8	28	Quarterly
338,893	8	29	Quarterly
25,157	8	4	Quarterly
37,687	8	9	Quarterly
202,807	8	17	Quarterly
475,000	8	32	Quarterly
133,799	8	12	Quarterly
15,867	8	7	Quarterly
203,217	8	11	Quarterly
534,209	8	18	Quarterly
62,445	8	16	Quarterly
8,887	8	2	Quarterly
101,677	8	27	Quarterly
60,000	8	10	Quarterly
400,000	3	8	Quarterly
250,000	3	24	Monthly
6,505,211			

* Figures of term loan stated in para 4.1 (i) includes current maturities of long term debt shown separately in Note no 10.


Notes to Financial Statements for the year ended 31st March, 2013

PARTICULARS	As At 31st March, 2013 (₹ In '000)	As At 31st March, 2012 (₹ In '000)
ii) Deferred payment liabilities will be paid during the period from July, 2013 to October, 2014.		
iii) Loans and Advances from related parties will be paid after three years.		
4.2 Term loan from ICICI Bank Limited, IDBI Bank Limited, Canara Bank, State Bank of Patiala, State Bank of India, Indian Overseas Bank, Allahabad Bank, Punjab National Bank, Axis Bank, State Bank Of Mysore, Punjab & Sind Bank, Corporation Bank and Government of India, Ministry of Consumer Affairs are secured by hypothecation as pari-passu first charge on whole of the immovable properties of the Company situated at Village Jalalpur, Chandigarh Ambala Road, Lalru, Distt. Mohali, Industrial Focal Point, Phase VIII, Village Mundian, Distt. Ludhiana, Village Jalaldiwal, Near Raikot, Distt. Ludhiana (Punjab), Village Udaipur / Khijuriwas, Bhiwadi, Distt. Alwar (Rajasthan), Focal Point Phase IV Ludhiana (Punjab) and Village Salana Jeon Singh Wala, Tehsil Amlah, Distt. Fatehgarh Sahib (Punjab) including the Company's movable Plant and Machinery, Machinery Spares and other moveables both present and future and subject to the charge or charges created or to be created by the Company in favour of its Bankers on its movables and also personally guaranteed by some of the Directors of the Company.		
5. Deferred Tax Liability (net)		
Deferred tax liability		
Relating to fixed assets	456,144	449,250
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act, 1961	46,627	36,067
Business Losses (Unabsorbed)	220,391	350,407
Total	189,126	62,776
6. Other Long Term Liabilities		
Security deposits	44,780	44,164
Other liabilities	115,665	201,826
Total	160,445	245,990
7. Long Term Provisions		
Provision for Employee Benefits		
Provision for gratuity	34,864	9,942
Total	34,864	9,942
8. Short Term Borrowings		
Loans repayable on demand		
Working capital borrowings from banks (Secured)	5,089,751	4,443,514
Total	5,089,751	4,443,514

8.1 Working Capital Borrowings are secured by hypothecation of stock of Raw Materials, Work-in-Progress, Finished Goods, Stores and Book Debts and further secured by 2nd charge on Fixed Assets of the Company and also personally guaranteed by some of the Directors of the Company.

**Notes to Financial Statements for the year ended 31st March, 2013**

PARTICULARS	As At 31st March, 2013 (₹ In '000)	As At 31st March, 2012 (₹ In '000)
9. Trade Payables		
Micro, Small and Medium Enterprises	--	--
Others	722,490	771,388
Total	722,490	771,388

9.1 In response to the letters sent to the suppliers seeking to know the status of their coverage under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act) the Company has received replies from some of the suppliers.

Disclosures as required under Section 22 of the MSMED Act, 2006 are given below:

Particulars	Current year	Previous year
The Principal amount and the interest due thereon unpaid to any supplier		
- Principal Amount		
- Interest thereon	--	--
The amount of interest paid by the buyer in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day	--	--
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	--	--
The amount of interest accrued and remaining unpaid.	--	--
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	--	--

**Notes to Financial Statements for the year ended 31st March, 2013**

PARTICULARS	As At 31st March, 2013 (₹ In '000)	As At 31st March, 2012 (₹ In '000)
10. Other Current Liabilities		
Current maturities of long-term debt	1,379,387	1,057,461
Interest accrued but not due on borrowings	11	74,125
Unclaimed dividend	12,305	12,344
Other Payables		
- Statutory dues	56,263	34,695
- Advance from customers/others	30,354	33,784
- Due to Employees	130,674	101,514
- Others	109,945	47,062
Total	<u>1,718,939</u>	<u>1,360,985</u>

10.1 Unclaimed Dividend do not include any amount due and outstanding to be credited to Investors' Education and Protection Fund

11. Short Term Provisions**Provision for Employee Benefits**

Leave encashment	18,720	15,715
Other provisions		
Proposed dividend	39,835	--
Corporate dividend tax	6,462	--
Excise duty on closing stock	41,156	47,077
Total	<u>106,173</u>	<u>62,792</u>



Notes to Financial Statements for the year ended 31st March, 2013

12. FIXED ASSETS

(₹ In '000)

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK	
	As at 1.4.2012	Additions During the Year	Sale/ Adjustment During the Year	As at 31.3.2013	Upto 31.3.2012	Provided during the year	Adjusted/ Written back during the year	Total Upto 31.3.2013	As at 31.3.2013 As at 31.03.2012
TANGIBLE ASSETS									
Leasehold Land	31,122	--	--	31,122	--	--	--	--	31,122 31,122
Freehold Land	632,461	17,009	--	649,470	--	--	--	--	632,461 632,461
Building	2,634,611	630,151	4,488	3,269,274	956,427	115,291	2,627	1,069,091	1,678,184 1,678,184
Plant & Machinery	11,678,918	1,527,747	135,479	13,071,186	7,512,600	978,086	116,756	8,373,930	4,166,318 4,166,318
Furniture & Fixtures	33,430	38,310	399	71,341	25,075	1,745	206	26,614	8,355 8,355
Office Equipment	68,293	20,210	245	88,258	53,813	5,058	40	58,831	14,480 14,480
Vehicles	61,018	3,862	14,109	50,771	37,221	4,646	11,768	30,099	23,797 23,797
TOTAL(A)	15,139,853	2,237,289	154,720	17,222,422	8,585,136	1,104,826	131,397	9,558,565	7,663,857 6,554,717
INTANGIBLE ASSETS									
Computer Software	24,081	--	--	24,081	24,081	--	--	24,081	-- --
TOTAL(B)	24,081	--	--	24,081	24,081	--	--	24,081	-- --
TOTAL(A+B)	15,163,934	2,237,289	154,720	17,246,503	8,609,217	1,104,826	131,397	9,582,646	7,663,857 6,554,717
Previous Year	14,320,110	927,608	83,784	15,163,934	7,881,989	807,445	80,217	8,609,217	6,554,717 6,438,121

**Notes to Financial Statements for the year ended 31st March, 2013**

PARTICULARS	As At 31st March, 2013 (₹ In '000)	As At 31st March, 2012 (₹ In '000)
13. NON-CURRENT INVESTMENTS		
I. TRADE INVESTMENTS		
INVESTMENT IN EQUITY SHARES		
Investment in Associates (Quoted)		
2,356,930-Fully paid up Equity Shares of ₹ 5/- each of Nahar Spinning Mills Limited (Previous Year 2,356,930)	241,003	241,003
1,264,720-Fully paid up Equity Shares of ₹ 5/-each of Nahar Poly Films Limited (Previous Year 1,264,720)	63,525	63,525
1,363,221-Fully paid up Equity Shares of ₹ 5/-each of Nahar Capital and Financial services Limited (Previous Year 1,363,221)	190,820	190,820
II. OTHER INVESTMENTS		
(i) INVESTMENT IN EQUITY SHARES		
(a) Investment in Others (Quoted)		
30,900-Fully paid up Equity Shares of ₹ 10/- each of BPL Engineering Limited (Previous Year 30,900).	280	280
22,500-Fully paid up Equity Shares of ₹ 10/- each of Pertech Computer Limited (Previous Year 22,500)	23	23
12,555-Fully paid up Equity Shares of ₹ 10/- each of Pasupati Acrylon Limited (Previous year 12,555)	94	94
7,700-Fully paid up Equity Shares of ₹ 10/- each of R.S.Petro Chemical Limited (Previous Year 7,700)	8	8
Nil-Fully paid up Equity Shares of ₹ 5/- each of Nirma Limited (Previous year 200)	--	11
50-Fully paid up Equity Shares of ₹ 10/- each of Malwa Cotton & Spinning Mills Limited (Previous year 50)	2	2
(b) Investment in Associates (Unquoted)		
180,000- Fully Paid Up Equity Shares of ₹ 100/- each of J.L.Growth Fund Limited (Previous Year 180,000)	168,480	168,480


Notes to Financial Statements for the year ended 31st March, 2013

PARTICULARS	As At 31st March, 2013 (₹ In '000)	As At 31st March, 2012 (₹ In '000)
250,000 Fully Paid Up Equity Shares of ₹ 100/- each of Vardhman Investment Limited (Previous Year 250,000)	147,500	147,500
164,000-Fully Paid Up Equity Shares of ₹ 100/- each of Atam Vallabh Financers Limited (Previous Year 164,000)	106,600	106,600
3,360-Fully Paid Up Equity Shares of ₹ 100/- each of Nagdevi Trading & Investment Co. Limited. (Previous year 3,360)	51	51
10,729,474-Fully Paid Up Equity Shares of ₹ 10/- each of Cotton County Retail Limited (Previous year 11,463,240)	397,892	425,100
100,000 - Fully Paid Shares of GBP 1.00 Per Share of Crown Star Limited (Previous year 100,000)	7,162	7,162
(c) Investment in Others (Unquoted)		
3,558,786 -Fully Paid Up Class-'A' Equity Shares of ₹ 10/- each of VS Lignite Power Pvt Ltd (Previous year 1,637,042)	35,588	16,371
One Fully Paid Up Equity Share of ₹ 100 of Punjab State Co-operative Bank Limited (Previous Year One) (Cost ₹ 100)	--	--
(ii) INVESTMENT IN CUMULATIVE REDEEMABLE PREFERENCE SHARES IN OTHERS (Unquoted)		
3,156,958 Fully Paid Up Class 'A' 0.01% Cumulative Redeemable Preference Shares of ₹ 10/- each of VS Lignite Power Pvt Ltd (Previous year 3,156,958)	31,570	31,570
(iii) INVESTMENT IN MUTUAL FUNDS (Quoted)		
Nil -Units of ₹ 10/- each of Sundram BNP Paribas Mutual Fund (Previous Year 1,000,000)	--	10,000
TOTAL	1,390,598	1,408,600
1. Aggregate amount of Quoted Investments	495,755	505,766
2. Market Value of Quoted Investments	241,720	213,211
3. Aggregate amount of Unquoted Investments	894,843	902,834


Notes to Financial Statements for the year ended 31st March, 2013

PARTICULARS	As At 31st March, 2013 (₹ In '000)	As At 31st March, 2012 (₹ In '000)
14. Long Term Loans and Advances (Unsecured considered good)		
Capital advances	11,770	82,578
Security deposits	112,604	107,224
Total	124,374	189,802
15. Inventories (As Taken, Valued and Certified By The Management)		
Raw Materials	3,703,249	2,297,517
Work-in-Progress	498,270	473,070
Finished Goods	2,323,790	2,284,143
Stores and Spares	239,892	236,393
Total	6,765,201	5,291,123
15.1 Detail of Inventory-Finished Goods		
Yarn	423,604	339,012
Fabrics	930,482	841,059
Sugar	820,924	972,346
Other	148,780	131,726
Total	2,323,790	2,284,143
16. Trade Receivables (Unsecured Considered Good)		
Outstanding for a period exceeding six months from the date they are due for payment	87,324	54,108
Others	1,609,165	1,503,804
Total	1,696,489	1,557,912
17. Cash and Cash Equivalents		
Balance with banks:		
In current accounts	2,346	6,117
In unpaid dividend accounts	12,305	12,344
Deposit with more than 3 months but less than 12 months maturity	1,022	444
Cash in hand	6,252	10,352
Total	21,925	29,257
18. Short Term Loans and Advances (Unsecured considered good)		
Prepaid expenses	20,930	7,394
Advances to suppliers	598,707	641,200
Loans and advances to employees	12,952	11,132
Others	1,001	1,071
Total	633,590	660,797
19. Other Current Assets (Unsecured considered good)		
Advance Income tax(Net of Provision)	53,902	34,999
Balances with government authorities	314,472	327,971
Others	513,403	397,670
Total	881,777	760,640


Notes to Financial Statements for the year ended 31st March, 2013

PARTICULARS		Current Year (₹ In '000)	Previous Year (₹ In '000)
20. Revenue from Operations			
Sale of Products		16,984,043	14,004,239
Other Operating Income		42,927	56,800
Export Incentives		136,169	58,635
Revenue from Operations (gross)		17,163,139	14,119,674
Less: Excise Duty		58,754	41,440
Revenue from Operations (net) Total		17,104,385	14,078,234
20.1 Details of Products Sold			
Yarn		8,146,078	7,370,140
Fabrics		6,641,073	5,328,139
Sugar		1,613,785	810,566
Others		583,107	495,394
Total		16,984,043	14,004,239
21. Other Income			
Interest income		19,148	18,117
Dividend Income		2,677	7,203
Profit on sale of investment		9,932	--
Other non-operating income		47,245	44,535
Total		79,002	69,855
22. Cost of Material Consumed			
Opening Stock		2,297,517	4,565,235
Add : Purchases		10,125,083	6,897,998
Less: Closing Stock		3,703,249	2,297,517
Total		8,719,351	9,165,716
22.1 Detail of cost of Material Consumed			
Fibres		7,280,153	7,866,826
Yarn		380,300	319,645
Sugarcane		1,045,971	971,327
Others		12,927	7,918
Total		8,719,351	9,165,716
23. Detail of Purchase of Stock-in-Trade			
Fibres		104,342	155,815
Yarn		52,168	155,187
Fabric		14,713	47,862
Garments		16	1,312
Total		171,239	360,176
24. Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade			
Opening Stock			
Work-in-progress	473,070		502,874
Finished goods	2,284,143	2,757,213	1,905,461
			2,408,335
Closing Stock			
Work-in-progress	498,270		473,070
Finished goods	2,323,790	2,822,060	2,284,143
			2,757,213
Total		(64,847)	(348,878)


Notes to Financial Statements for the year ended 31st March, 2013

PARTICULARS	Current Year (₹ In '000)	Previous Year (₹ In '000)
25. Employee Benefits Expense		
Salary, Wages and Other Allowances	1,088,856	855,260
Contribution to provident and other funds	129,518	88,536
Staff welfare expenses	17,245	13,275
Staff Recruitment & Development expenses	5,324	1,148
Total	1,240,943	958,219
25.1 Employee benefits		
The detail of employee benefits with regard to gratuity, a funded defined benefit plan, are given here :		
Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of year	98,993	79,656
Current Service Cost	16,851	14,636
Acquisition Cost/(Credit)	2,223	--
Interest Cost	8,152	6,133
Actuarial Loss	24,653	4,557
Benefits paid	(8,406)	(5,989)
Present value of obligation at the end of the year	142,466	98,993
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	89,051	84,394
Expected return of plan assets	8,462	7,461
Contributions	18,343	2,995
Benefits paid	(8,406)	(5,989)
Actuarial gain	152	190
Fair value of plan assets at the end of the year	107,602	89,051
Net (Liability) / Asset recognised in the Balance Sheet		
Projected benefit obligation at the end of the year	142,466	98,993
Fair value of plan assets at the end of the year	107,602	89,051
Net (Liability) / Asset recognised in the Balance Sheet	(34,864)	(9,942)
Expense recognised in the Statement of Profit and Loss		
Current service cost	16,851	14,636
Interest cost on benefit obligation	8,152	6,133
Expected return on plan assets	(8,462)	(7,461)
Net Actuarial Loss recognised in the year	24,501	4,367
Net gratuity cost	41,042	17,675
Actuarial assumptions		
Discount rate	8.00%	8.60%
Expected rate of return on plan assets	9.00%	9.00%
Long term rate of compensation increase	10.00%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. Discount rate is based on market yields prevailing on government bond as at 31 March 2013 for the estimated term of defined benefit obligation.


Notes to Financial Statements for the year ended 31st March, 2013

PARTICULARS	Current Year (₹ In '000)	Previous Year (₹ In '000)
26. Finance Costs		
Interest Expense	1,151,629	958,201
Other Borrowings Cost	31,012	21,225
Foreign Exchange Hedging Loss (Net of Premium Receipts)	127,621	--
Net Gain On Foreign Currency -Transaction and Translation	--	(4,971)
Total	1,310,262	974,455
27. Other Expenses		
a. Manufacturing Expenses		
Consumption of Stores, consumables & spare parts	1,309,292	1,081,009
Power and Fuel	2,155,878	1,713,296
Handling and Restacking charges	41,614	34,143
Machinery Repairs and Maintenance	28,880	25,719
Excise duty on stocks	(5,921)	13,080
Sub Total	3,529,743	2,867,247
b. Administrative & Other Expenses		
Rent	2,771	2,785
Rates & Taxes	8,279	8,132
Insurance	27,893	21,744
Legal & Professional Expenses	10,526	10,854
Travelling & Conveyance*	36,206	24,709
Vehicle Repair & Maintenance	10,947	11,070
Payment To Auditor	1,405	1,329
Directors Remuneration	2,688	2,688
Director Meeting Fee	219	195
Repairs and Maintenance	31,997	19,964
Loss on Sale/discard of Fixed Assets	1,039	144
Loss on Sale of Investments	3,018	--
Charity & Donation	5	305
Miscellaneous Expenditure Written off	--	3
Miscellaneous Expenses	26,747	28,501
Sub Total	163,740	132,423
* Include Directors Travelling of ₹ 4,412 thousands (Previous Year ₹ 5,030 thousands)		
c. Selling Expenses		
Forwarding and Octroi	216,298	157,958
Commission & Brokerage	110,053	70,888
Rebate and Discount	38,408	34,927
Other Selling Expenses	23,423	22,872
Sub Total	388,182	286,645
Total (a+b+c)	4,081,665	3,286,315
27.1 Payment to auditor		
As Auditor:		
Audit fee	901	892
Tax audit fee	150	150
In other capacity	269	213
Reimbursement of expenses	85	74
Total	1,405	1,329


Notes to Financial Statements for the year ended 31st March, 2013
28) CONTINGENT LIABILITIES NOT PROVIDED FOR :

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹3,498.34 Lacs (Previous year ₹3,645.75 Lacs).
- b) Letter of Credits in favour of suppliers and others ₹4,852.15 Lacs (Previous year ₹3,505.94 Lacs).
- c) Bank Guarantees in favour of suppliers and others ₹335.57 Lacs (Previous Year ₹128.98 Lacs)
- d) Corporate guarantee given on behalf of others ₹ Nil Lacs (Previous year ₹1,195 Lacs)
- e) Sales tax demands against which the company has preferred appeals ₹120.46 Lacs (Previous year ₹120.46 Lacs).
- f) Income tax demands against which the company has preferred appeals ₹552.00 Lacs (Previous year ₹Nil Lacs).
- g) The Central Excise Authorities have issued show cause notices to the Company for ₹749.29 Lacs on various matters under the Central Excise Rules (Previous Year ₹850.68 Lacs). The Company has filed suitable replies with the concerned authorities.
- h) Punjab State Power Corporation Ltd. has raised a net demand of ₹121.78 Lacs (Previous Year ₹121.78 Lacs) on account of paralleling operation charges for the captive power generation by the Company. The Company has protested the demand in the Hon'ble Courts.
- i) The Company has executed bonds / legal undertakings for an aggregate amount of ₹6,900.39 Lacs (Previous year ₹6,041.87 Lacs) in favour of The President of India for fulfillment of its obligations under the rules made under Central Excise Act, 1944 and Customs Act, 1962.
- j) Claims of ₹437.35 lacs (Previous Year ₹368.06 lacs) lodged against the company on various matters are not acknowledged as debts. The company has filed suitable replies with the concerned authorities.
- k) On the basis of liability under disputed derivative contracts the banks have created interest demand of ₹135.03 lacs so far on account of non payment. Since the derivative contracts are subjudice and disputed, thus the interest liability is contingent and has not been provided for.

29) The Company has undertaken export obligations of ₹38,251.63 Lacs (Previous year ₹26,130.59 Lacs) to export goods against the issuance of Import Licenses / Advance Licenses for the Import of Capital Goods and Raw Materials. Out of this, export obligations of ₹36,671.95 Lacs (Previous year ₹23,046.27 Lacs) have been fulfilled up to 31st March, 2013.

30) Advances include ₹27.76 Lacs (Previous Year ₹27.76 Lacs) paid to the machinery suppliers that are under dispute. The matter is pending in the Delhi High Court.

31) In the opinion of the Board of Directors, the Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the value at which they are stated in the foregoing Balance Sheet, unless stated otherwise.

32) Export/domestic bills discounted during the year under Letter of Credit outstanding as on 31.03.2013 for ₹6,896.92 Lacs (Previous year ₹2,952.57 Lacs) have been reduced from Bank Borrowings and correspondingly from Sundry Debtors.

33) Earnings Per Share (EPS)

(₹ In Lacs)

	2012-13	2011-12
Profit / (Loss) after Tax (₹ in Lacs)	4,184.48	(8,075.56)
Weighted average no. of ordinary shares	39,835,141	40,391,269
Weighted average no. of diluted shares	39,835,141	40,391,269
Nominal value of ordinary share (₹)	10.00	10.00
Basic / Diluted Earning Per Share (₹)	10.50	(19.99)


Notes to Financial Statements for the year ended 31st March, 2013

- 34) Segment Information as required by Accounting Standard 17 "Segment Reporting" issued by the ICAI and compiled on the basis of the financial statements is as under :-

	(₹ In Lacs)				
	Yarn	Fabric	Sugar	Others	Total
Segment Revenue					
Total Revenue	142,805.70	94,603.33	16,984.64	187.14	254,580.81
Less: Inter Segment Revenue					85,327.92
Net Revenue					169,252.89
Segment Results					
Profit / (Loss) before exceptional items, interest and tax	11,070.70	4,991.35	3,448.00	(207.95)	19,302.10
Less: (i) interest					11,826.41
(ii) Exceptional Items					1,276.21
Profit / (Loss) before tax					6,199.48
Capital Employed					
Segment Assets- Segment Liabilities	67,984.37	38,714.40	5,725.86	16,241.80	128,666.43

35) **Related Party Disclosures**

Detail of transactions entered into with related parties during the year as required by Accounting Standard 18 issued by the ICAI are as under: -

Particulars	Associates*	Key Management Personnel (KMP)	Relative of Key Management Personnel
Purchase of goods	3,946.38	--	--
Sales of Goods	20,562.28	--	--
Purchase of Fixed assets	22.37	--	--
Sale of Fixed assets	45.98	--	--
Sale of investment	370.99	--	--
Sale of DEPB license	5.92	--	--
Dividend received	26.77	--	--
Interest paid	208.42	--	--
Rent received	58.25	--	--
Rent paid	15.97	--	--
Processing charges received	236.13	--	--
Corporate Guarantee	1,195.00	--	--
Staff Development Expense	--	--	40.88
Director Meeting Fee	--	0.35	--
Remuneration	--	26.88	6.00
Loan received (Net)	3,514.26	--	--
Gratuity cost reimbursed from CCRL			
for employees transferred from CCRL	22.23	--	--
Balance Payable (net)			
as on 31.03.2013	3,870.96	--	--

Name of related parties and description of relationship:

Associates*

Nahar Spinning Mills Limited , Nahar Poly Films Limited, Nahar Capital and Financial Services Limited, Oswal Woolen Mills Limited, Atam Vallabh Financers Limited, J.L.Growth Fund Limited, Vardhman Investments Limited, Abhilash Growth Fund Pvt. Limited, Kovlam Investment Trading Co. Limited, Ludhiana Holding Limited, Nagdevi Trading Investment Co. Limited, Nahar Growth Fund Pvt. Limited, Neha Credit Investment Pvt. Limited, Sankheshwar Holding Co. Limited, Vanaik Investor Limited, Vinayak Spinning Mills Limited, Nahar Industrial Infrastructure Corporation Limited, Cotton County Retail Limited, Crown Star Limited, Nahar Financial and Investment Limited, Monte Carlo Fashions Limited, Hug Foods Pvt Limited.


Notes to Financial Statements for the year ended 31st March, 2013
Key Management Personnel

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

Relatives of Key management Personnel

Mrs. Abhilash Oswal, Mrs. Manisha Oswal, Mrs. Ritu Oswal, Mr. Rishab Oswal and Mr. Abhinav Oswal

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

36) Expenditure in Foreign Currency

PARTICULARS	2012-13	2011-12
	(₹ In '000)	(₹ In '000)
a) Value of Import on CIF basis		
(i) Raw Material	27,378	64,451
(ii) Capital Goods & Stores	268,616	867,897
b) Expenditure in Foreign Currency		
(i) Travelling	1,908	3,670
(ii) Commission	13,138	8,606
(iii) Others	7,341	6,691

37) Earning in Foreign Currency

PARTICULARS	2012-13	2011-12
	(₹ In '000)	(₹ In '000)
a) Earnings in Foreign Exchange		
i) F.O.B. Value of Exports	2,497,498	1,233,310
ii) Others	9,028	30,713

38) Value of Imported and Indigenous Raw Material, Consumables, Spare Parts, Components & Store Consumed.

PARTICULARS	2012-13		2011-12	
	(₹ In '000)	%age	(₹ In '000)	%age
i) Raw Material				
Imported	24,139	0.28	65,658	0.72
Indigenous	8,695,212	99.72	9,100,058	99.28
ii) Consumables, Stores, Spares Parts & Components				
Imported	161,156	12.31	95,990	8.88
Indigenous	1,148,136	87.69	985,019	91.12

39) The previous year figures have been reclassified to confirm to this year's classification.

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,

Chartered Accountants

FRN : 000203N

R.K.Gupta

Partner

M.No. : 017039

Place : Ludhiana

Dated : 30th May, 2013

Mukesh Sood

Company Secretary

B.Bhushan Gupta

President (Corporate
Finance & Accounts)

Dinesh Gogna

Director

Kamal Oswal

Vice Chairman Cum-
Managing Director

**NAHAR INDUSTRIAL ENTERPRISES LIMITED**

Annual Report 2012-13

ATTENDANCE SLIP**NAHAR INDUSTRIAL ENTERPRISES LIMITED**

Registered Office: Focal Point, Ludhiana-141010

Please complete this Attendance Slip and hand it over at the entrance in the Meeting Hall

I hereby record my presence at the 29th Annual General Meeting of **Nahar Industrial Enterprises Limited** held on Monday, the 30th day of September, 2013 at 11.45 a.m. at the registered office of the company at Focal Point, Ludhiana-141010

Name of Share Holder/Proxy*: _____

Address: _____

No. of Shares held: _____

*Folio No : _____ DP Id: _____ Client Id No.: _____ .

*Strike out whichever is not applicable.

Signature of Shareholders/Proxy*

PROXY FORM**NAHAR INDUSTRIAL ENTERPRISES LIMITED**

Registered Office: Focal Point, Ludhiana-141010

*Folio No: _____ DP Id : _____ Client Id No : _____

I/We _____

of _____

being a member/members of **Nahar Industrial Enterprises Limited** hereby appoint _____

of _____

or failing him/her _____

of _____

as my /our proxy to attend and vote for me /us and on my / our behalf at the 29th Annual General Meeting of the company to be held on Monday, the 30th day of September, 2013 at 11.45 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2013.

Date

Month

Note: The proxy in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid meeting.

The proxy need not be a member of the Company.

* Strike out whichever is not applicable.

Affix
₹1/-
Revenue
Stamp

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