



The Nahar Group

27th
Annual Report
2010-11



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. O. P. Sahni
Dr. (Mrs.) H.K. Bal
Prof. K. S. Maini
Dr. Y.P. Sachdeva
Dr. A.S. Sohi, *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.

REGISTERED OFFICE

Focal Point, Ludhiana - 141 010

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Save Tree Save Earth

Green Initiative

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies. Your Company has decided to join the MCA in its environmental friendly initiative.

Henceforth Company proposes to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c or send the same to the Company via e-mail at: -msood@owmnahar.com or share@owmnahar.com or niel@owmnahar.com

We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.



The Journey

1983	<i>Incorporated as Oswal Fats & Oils Ltd.</i>
1994	<i>Name changed as Nahar Industrial Enterprises Ltd.</i>
1997	<i>Merged Nahar Fabrics Ltd. (Manufacturer of greige fabrics).</i>
2002	<i>Merged Oswal Cotton Mills Ltd. (Manufacturer of processed fabrics and finished garments).</i>
2004	<i>Launched apparel brand "Cotton County".</i>
2005	<i>Merged Nahar International Ltd. (Manufacturer of yarn) and Nahar Sugar & Allied Industries Ltd. (Manufacturer of sugar & steel).</i>
2006	<i>Created Nahar Retail Ltd. a wholly owned subsidiary of Nahar Industrial Enterprises Ltd.</i>
2008	<i>Nahar Retail Ltd. ceased to be a wholly owned subsidiary of Nahar Industrial Enterprises Ltd.</i>

Performance at a glance

(Rs. in Lacs)

	2006-07	2007-08	2008-09	2009-10	2010-11
Gross sales/operating income	90901.63	88372.85	100678.49	102082.19	124755.56
Exports	3532.75	3223.90	4833.06	6386.38	10316.80
Net Profit	6786.33	236.64	110.67	1947.45	3152.87
Cash Accruals	15697.19	9583.91	8159.34	10183.54	12188.67
Gross Block	117519.36	128162.56	130201.98	137462.47	147195.49
Net Block	66562.57	69615.63	65100.31	65722.58	68375.60
Equity Share Capital	4003.40	4003.40	4003.40	4003.40	4003.40
Net Worth	52473.81	52136.03	57893.50	59372.69	62318.27
Capital Employed	116981.16	121881.95	112823.98	110572.97	120430.33
Debt Equity Ratio	0.94	0.96	0.83	0.74	0.88
Current Ratio	2.24	1.88	1.93	1.70	1.52
Book Value per share (Rs.)	131.07	130.23	144.61	148.31	155.66
Earning per share (Rs.) [Basic]	17.58	0.61	0.27	4.82	7.80



Notice

Notice is hereby given that the **27th Annual General Meeting** of the shareholders of the Company will be held on **Tuesday, the 20th day of September, 2011 at 11.30 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 2011, 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. Dinesh 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 an ordinary resolution:-

"RESOLVED THAT Dr. Amrik Singh Sohi, who was appointed as an Additional Director of the company with effect from 12th August, 2011 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."

By Order of the Board of Directors

Place : Ludhiana
Date : 12th August, 2011

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. The Register of Members and Share Transfer Books of the Company shall remain closed from 10th September, 2011 to 20th September, 2011 (both days inclusive).
3. The dividend on equity shares as recommended by the Board of Directors, if approved at the Annual General Meeting will be paid to the members whose names shall appear in the Register of Members as on 20th September, 2011 or Register of Beneficial owners maintained by the depositories at the close of 9th September, 2011.
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.

Statement sets out all material facts relating to aforesaid Special Business.

Item No.7

Pursuant to the provisions of Section 260 of the Companies Act, 1956 Dr. Amrik Singh Sohi was appointed as an additional director of the company on 12th August, 2011 to hold office up to the next Annual General Meeting. 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 Dr. Amrik Singh Sohi as a director. The Company has also received consent from Dr. Amrik Singh Sohi under the Companies Act, 1956 to act as director of the company, if appointed. Dr. Amrik Singh Sohi is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Companies Act, 1956 and has obtained Director Identification Number in terms of Section 266(A) of the said Act.

Dr. Amrik Singh Sohi is 64 years of age. He is M.Sc, Phd. and has over 36 years of experience in the field of teaching and entomology research. He was Sr. Entomologist (Professor) Retd., PAU, Ludhiana. 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. At present he is a director on the board of Nahar Poly Films Ltd. & Nahar Spinning Mills Ltd.

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

None of the directors except Dr. Amrik Singh Sohi is in any way, concerned or interested in the proposed resolution.

EXPLANATORY STATEMENT

In conformity with the provisions of section 173(2) of the Companies Act, 1956, the following Explanatory

By Order of the Board of Directors

Place : Ludhiana
Date : 12th August, 2011

Mukesh Sood
Company Secretary



Directors
Report

Dear Members,

Your directors have pleasure in presenting their 27th Annual Report together with audited accounts for the financial year ended 31st March, 2011 and Auditors' Report thereon.

FINANCIAL RESULTS

Particulars	(Rs. In lacs)	
	Current Year	Previous Year
Operating Income	124,755.56	102,082.19
Less: Excise Duty Recovered on Sales	313.48	336.02
Add: Other Income	525.48	1,517.16
Total	124,967.56	103,263.33
Profit before Financial Expenses,	22,043.82	15,649.09
Depreciation, Non-cash Expenditure & Tax		
Less:		
i) Financial Expenses	9,855.15	5,465.55
ii) Depreciation and Non-cash Expenditure	7,455.63	7,231.29
Profit before Tax	4,733.04	2,952.25
Less:		
i) Provision for Income Tax	931.00	498.00
ii) Provision for Wealth Tax	2.17	1.64
iii) Deferred Tax	647.00	505.16
Profit after Tax	3,152.87	1,947.45
Less: Income Tax Liability /Refund of Earlier Years (Net)	---	0.04
Add : Income Tax Liability /Refund of Earlier Years (Net)	257.95	---
Add : Transfer from Contingent Liability Reserve	2,935.16	417.95
Less: Transfer to FCCBs periodic Cost Reserve	---	219.03
Add : Transfer from FCCBs Periodic Cost Reserve	1,272.91	---
Less: Proposed Dividend on Equity Shares	400.34	400.34
Less: Corporate Dividend Tax	64.95	68.04
Transfer to General Reserves	7,153.60	1,677.95

PERFORMANCE REVIEW

The company operates in three main business segments viz. Yarn, Fabric and Sugar. The textile's division (comprises of yarn and fabrics) accounts for 96.69 % of the total turnover (including inter-segment) of the company for the year ended 31st March, 2011. Sugar and others also accounts for 3.31 % of the total turnover of the company for the year ended 31st March, 2011.

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

- **Yarn:** The Company has produced 63,423 MTs. of yarn as against 65,066 MTs. in the previous year. The total turnover of this segment (including inter-segment) has increased to Rs. 1,154.57 crores as against Rs. 827.73 crores in the previous year showing an increase of 39.49 %.
- **Fabric:** The Company has produced 62,298,331 meters of fabric (both grey and processed) as against 61,161,735 meters in the previous year. The total turnover of this segment (including



inter-segment) has increased to Rs. 658.44 crores as against Rs. 536.41 crores in the previous year showing an increase of 22.75 %.

- **Sugar:** The Company has produced 305,672 Qtls. of sugar as against 155,530 Qtls. in the previous year. The total turnover of this segment is Rs. 61.35 crores as against Rs. 100.54 crores in the previous year.

There was no activity in the steel division during the year.

During the year the company has achieved operational income of Rs. 1,247.56 crores as against Rs. 1,020.82 crores showing an increase of 22.21% over the previous year. The company has earned profit before financial expenses, depreciation, non-cash expenditure and tax of Rs. 220.44 crores as against Rs. 156.49 crores in the previous year. After providing for depreciation and non-cash expenditure of Rs. 74.56 crores (previous year Rs. 72.31 crores), Financial expenses of Rs. 98.55 crores (previous year Rs. 54.66 crores) and provision for current tax of Rs. 15.80 crores (previous year Rs. 10.05 crores), the profit after tax comes to Rs. 31.53 crores as against Rs. 19.47 crores in the previous year showing an increase of 61.94% over the previous year.

To keep you update, we would also like to share with you the prevailing textile scenario. Though the performance of the textile industry was excellent during the last year but things are not moving in the right direction in the current year. The consequential effects of negative threats of yester year are still continuing and its effects has already been witnessed in the financial results of the first quarter of the current year. The company suffered a heavy loss of Rs.51.93 crores because of the sudden crash in the

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

Your Management is putting whole heartedly all its efforts in cost reduction, quality management, better product mix etc. so as to improve the efficiencies which in turn will help the company in meeting the challenges ahead. Besides your Management also expect that the Government through its policies will take some urgent initiatives in the form of some relief packages so that the industry could survive in this challenging period.

DIVIDEND

The board of directors of your company has proposed dividend @ 10% (i.e. Re. 1/- per share) on the Paid-up Equity Share Capital of the company for the financial year 2010-11. The dividend will be paid when declared by the shareholders in accordance with the requirements of law.

CREDIT RATING

The rating committee of ICRA Limited (ICRA) has reaffirmed the long term rating at "LBBB+" (pronounced as L triple B plus) to the Cash Credit limit/Rupee term loan limit. The long term rating has



been assigned 'positive' outlook. The rating committee of ICRA has upgraded the short term rating to "A2+" (pronounced as A two plus) to non-fund based limits.

REDEMPTION OF FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

The US \$ 9.7 Million outstanding FCCBs, which were due for redemption on maturity date i.e. 16.2.2011, have been redeemed in full along with redemption premium as per the terms & conditions of the bonds. Thus, the FCCBs issued by the company in February, 2006 have been extinguished in full and there are no outstanding bonds as on date.

GREEN INITIATIVE

The members are informed that in accordance with Circular Nos. 17/2011 dated 21.4.2011 and 18/2011 dated 29.4.2011 issued by Ministry of Corporate Affairs, Government of India, henceforth, the company is proposing 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 addresses with their depository participants. Members holding shares in physical form are requested to register/update their Email addresses with the company via Email at: msood@owmnahar.com or share@owmnahar.com or niel@owmnahar.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. Dinesh 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 current year the company has co-opted Dr. Amrik Singh Sohi 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 consent of the shareholders. Sh. Amarjeet Singh, a Director of the company, who was associated with the company since 26.05.2009, was expired on 30.5.2011. The Board pray 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. The Audit Committee consists of Sh. Dinesh Gogna and Dr. (Mrs) H.K.Bal as members and Dr. O.P.Sahni 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 and Co., Cost Accountants, New Delhi have been appointed as Cost Auditor for the year 2011-12 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 Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The company has already paid listing fee for the financial year 2011-12 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

The statement showing particulars of employees under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is given in **Annexure-II** to this report.

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-III** to this report.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

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.

For and on behalf of the Board of Directors

Place : Ludhiana
Date : 12th August, 2011

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, 2011

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:
 - i) Use of high efficiency motors and energy saving devices.
 - ii) Technical up-gradation and modernization of various machines.
 - iii) Organized training programmes on different aspect of energy conservation.
 - iv) Company has installed Biomass/multifuel Co-generation power plant at Laru & Amloh, Punjab which enable the company to produce electricity at lower rate.
 - v) 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 there by 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)	200,867,998	165,558,281
Total amount (Rs. in '000)	854,938	720,083
Rate per unit (Rs.)	4.26	4.35
b) Own generation		
i) Through Diesel generation		
Units produced (KWH)	3,355,943	9,082,754
Total amount (Rs. in '000)	24,909	55,733
Rate per unit (Rs.)	7.42	6.14
ii) Through Steam Turbine		
Units produced (KWH)	83,992,515	97,286,306
2 a) Coal		
Quantity (Kgs.)	110,275,175	124,724,012
Total amount (Rs. in '000)	407,088	392,432
Rate per unit (Rs.)	3.69	3.15
b) Rice Husk		
Quantity (Kgs.)	79,777,103	65,083,896
Total amount (Rs. in '000)	193,441	206,530
Rate per unit (Rs.)	2.42	3.17

c) Furnace Oil/HSD/others		
Quantity (Ltrs.)	220,593	145,277
Total amount (Rs. in '000)	6,672	5,653
Rate per unit (Rs.)	30.25	38.91
d) Fire wood/Others		
Quantity (Kgs.)	991,717	1,478,708
Total amount (Rs. in '000)	3,675	3,758
Rate per unit (Rs.)	3.71	2.54
Total (Rs. in '000)	<u>1,490,723</u>	<u>1,384,189</u>

B) CONSUMPTION PER UNIT OF PRODUCTION :

Electricity		
Yarn (per Kgs.)	3.22	2.90
Fabrics (per Mtrs.)	1.15	1.21
Sugar (per Qtls.)	40.10	51.80

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.

(Rs. In Lacs)

	Current Year	Previous Year
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iv) Expenditure on R & D

a) Capital	1.39	8.34
b) Recurring	53.02	29.16
Total	<u>54.41</u>	<u>37.50</u>

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, Australia, Mauritius, U.K. Belgium, USA etc.

b) Total Foreign Exchange Earnings & Outgo :

	Current Year	Previous Year
Earnings	9,077.79	6,235.24
Outgo	6,230.55	2,301.42

**ANNEXURE-II TO DIRECTORS' REPORT***

Particulars of employees as per provisions of section 217(2A) of the Companies Act, 1956 and forming part of the Directors Report for the year ended 31st March, 2011

Sr. No.	Name	Designation/ Nature of Duties	Remuneration (Rs. In lacs)	Nature of Employment	Qualification	Experience (Years)	Date of Employment	Age (Years)	Last Employment Held
1.	Sh. Kamal Oswal	Vice Chairman- cum-Managing Director	227.39	Contractual	B.Com	29	01.02.1998	49	Vice Chairman- cum- Managing Director of erstwhile Nahar International Ltd. since merged with the company.

Notes :

1. Remuneration paid/payable includes salary, monetary value of perquisites as per Income Tax Rules and employees contribution to provident fund.
2. Sh. Kamal Oswal is related to Sh. Jawahar Lal Oswal, Chairman and Sh. Dinesh Oswal, Director of the company.

For and on behalf of the Board of Directors

Place : Ludhiana

Date : 12th August, 2011

JAWAHAR LAL OSWAL
Chairman

*Read with Note No.10 of Notes on Accounts of this Annual Report.

ANNEXURE-III 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, 2011 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 the clause 49.
2. The Board met 5 (five) times during the period April, 2010 to March, 2011 on - 29.05.2010, 26.06.2010, 31.07.2010, 30.10.2010 & 02.02.2011 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 31.03.2011 are presented below:



Name of Directors	Designation	Category	Attendance Particulars			Directorship held in other Public Limited 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	3	No	14	-	-
Sh. Kamal Oswal	Vice Chairman cum Managing Director	Promoter Executive Director	5	4	Yes	14	1	1
Sh. Dinesh Oswal	Director	Promoter Non Executive Director	5	4	Yes	14	-	-
Sh. Dinesh Gogna	Director	Non Executive Director	5	5	Yes	8	5	1
Sh. N D Jain	Director	Non Executive Director	5	5	No	2	-	-
Sh. Amarjeet Singh *	Director	Independent Director	5	5	Yes	10	6	5
Dr.(Mrs.) HK Bal	Director	Independent Director	5	5	No	7	8	3
Dr. OP Sahni	Director	Independent Director	5	4	Yes	5	4	1
Prof. K S Maini	Director	Independent Director	5	5	Yes	4	3	3
Dr. YP Sachdeva	Director	Independent Director	5	5	No	3	1	-
Dr. A.S.Sohi **	Additional Director	Independent Director	-	-	-	2	-	-

*Expired on 30.05.2011.

** Appointed as an Additional Director of the company w.e.f. 12.8.2011. The information relating to him is as on 12.8.2011.

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. N D Jain	185
4.	Dr. O P Sahni	50

5 Remuneration to Directors:

The details of remuneration paid/payable to the Directors for the financial year 2010-2011 are given below:

Name of the Director	Sitting Fee (Rs.)	Salary, Allowance & Perquisites (Rs.)	Performance Incentive	Commission (Rs.)	Total (Rs.)
Sh. Jawahar Lal Oswal	15,000/-	Nil	Nil	Nil	15,000/-
Sh. Kamal Oswal	Nil	2,27,39,000/-	Nil	Nil	2,27,39,000/-*
Sh. Dinesh Oswal	20,000/-	Nil	Nil	Nil	20,000/-
Sh. Dinesh Gogna	25,000/-	Nil	Nil	Nil	25,000/-
Sh. N D Jain	25,000/-	Nil	Nil	Nil	25,000/-
Sh. Amarjeet Singh	25,000/-	Nil	Nil	Nil	25,000/-
Dr. O P Sahni	20,000/-	Nil	Nil	Nil	20,000/-
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/-

*Read with Note No.10 of Notes on Accounts of this Annual Report.

The Non executive directors are paid sitting fees for attending the Board Meetings. The remuneration paid/payable of 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**

Managing Director 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.ownahar.in. 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 2010-11.

Place : Ludhiana
Dated : 12.08.2011

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 2010-2011 and attendance of the members thereat are provided below:

i) Audit Committee

An Audit Committee of Directors was constituted 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, Dr. O.P. Sahni & Dr. (Mrs.) H K Bal. Dr. O P Sahni, 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 the Secretary to the Audit Committee. The Committee met 4 (four) times during the period April 2010 to March, 2011 i.e. 29.05.2010, 31.07.2010, 30.10.2010 & 02.02.2011 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	4	4
Dr. (Mrs.) H K Bal	Member	4	4

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. The Committee consists of three independent non executive directors namely Prof. K S Maini as Chairman, Dr. O P Sahni and Dr. (Mrs.) H K Bal as members. The Committee met on 31.07.2010 in the Financial year 2010-11 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. The shareholder's grievance committee consists of three non-executive directors namely Sh. Dinesh Gogna, Prof. K S Maini and Dr. O P Sahni. Mr. Mukesh Sood, Company Secretary, is the compliance officer of the Company. The Committee met 4 (four) times during the period April 2010 to March 2011 i.e. 29.05.2010, 31.07.2010, 30.10.2010 & 02.02.2011 in the financial year 2010-11 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	4	4

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	25	Nil
Non Receipt of Shares whether in demat or physical form	Nil	93	Nil
Non Receipt of Annual Reports etc.	Nil	4	Nil
Total		122	

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. 12 of Annexure -XX to the annual accounts.

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. Dinesh Oswal, Prof. K S Maini and 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. Dr. A.S. Sohi, was appointed as an additional Director of the Company w.e.f. 12.08.2011. Information pursuant to Corporate Governance clause of the Listing Agreement regarding appointment of director and seeking re-appointment is appended below:-

Sh.Dinesh Oswal

Sh. Dinesh Oswal, aged 46 years, is an industrialist with 26 years of business experience. He is Managing Director of Nahar Spinning Mills Ltd. and Nahar Capital & Financial Services Ltd and Director of Oswal Woollen Mills Ltd., Nahar Industrial Enterprises Ltd., Nahar Poly Films Ltd., Nahar Industrial Infrastructure Corp. Ltd., Palm Motels Ltd., Vardhman Investments Ltd., Vanaik Investors Ltd., J L Growth Fund Ltd., Atam Vallabh Financiers Ltd., Sankheshwar Holding Co. Ltd., Monte Carlo Fashion Ltd., Cotton County Retail Ltd., Crown Star Ltd. (UK), Abhilash Growth Fund Pvt. Ltd. and Ludhiana Holdings Ltd.

Prof. K S Maini

Prof. K S Maini, aged 72 years, is a retired educationist having more than 31 years of experience in teaching commerce, management and administration. He is Director of Nahar Industrial Enterprises Ltd., Oswal Woollen Mills Ltd., Nahar Spinning Mills Ltd., Nahar Poly Films Ltd. & Nahar Capital & Financial Services Ltd. He is chairman of Remuneration Committee of Nahar Industrial Enterprises Ltd. and Nahar Capital & Financial Services Ltd., Chairman of Audit Committee of Nahar Capital & Financial Services Ltd. He is member of Shareholder's Grievance Committee of Nahar Industrial Enterprises Ltd. and member of Audit Committee of Oswal Woollen Mills Ltd. & Nahar Poly Films Ltd.

Dr. Y P Sachdeva

Dr. Y P Sachdeva, aged 49 years, is Head of Department of Business Management, Punjab Agricultural University, Ludhiana. He is Director of Nahar Poly Films Ltd., Nahar Industrial Enterprises Ltd., Cotton County Retail Ltd. & Oswal Spinning & Weaving Mills Ltd. He is member of Audit Committee of Cotton County Retail Ltd.

Dr. Amrik Singh Sohi

Dr. Amrik Singh Sohi, aged 64 years, having more than 36 years of experience in the field of teaching and entomology research, is a retired Sr. Entomologist (Professor) from PAU, Ludhiana. He has been appointed as an Additional Director of the company w.e.f. 12th August, 2011 as a non-executive independent director. He is also director of Nahar Poly Films Ltd. and Nahar Spinning Mills Ltd.

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 Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Limited (NSE). These results are published in leading newspapers i.e. Business Standard/Financial express and Desh Sewak (Punjabi). These results are also posted on the Company's website at: www.owmnahar.in .

H. Website

Website address of the company is www.owmnahar.in. Relevant information under clause 54 of the listing agreement are 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
2007-08	Registered Office	29.09.2008	11.15 A.M.	--
2008-09	Registered Office	30.09.2009	11.30 A.M.	--
2009-10	Registered Office	30.09.2010	11.30 A.M.	--

J. General Shareholder Information

- Annual General Meeting
Day, Date, Time and Venue
Tuesday, 20th September, 2011 at 11.30 A.M. at the Registered Office at Focal Point, Ludhiana - 141010 (Punjab)
- Financial Year
Financial Results for the financial year 2011-2012 will be announced
April to March



- | | |
|----------------------------------|--|
| tentatively in July-August, 2011 | First Quarter Results |
| October-November, 2011 | Second Quarter Results |
| January-February, 2012 | Third Quarter Results |
| April-May 2012 | Fourth quarter and Annual audited results. |
| 3. Book Closure | 10th September 2011 to 20th September, 2011 (both days inclusive). |
| 4. Dividend | Dividend @ Re. 1/- per equity share on 40395865 equity shares of Rs. 10/- each shall be paid within the stipulated time, if approved by the shareholders. |
| 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. Members who have not claimed the dividend for the aforesaid period may approach to the Share Department of the Company.
Unpaid/unclaimed dividend for the aforesaid financial years is due to transfer to the Investor Education and Protection Fund after the expiry of seven years i.e. year 2013 onwards. |
| 5. Listing on Stock Exchange | The equity shares of the Company are listed on Bombay Stock Exchange 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 31.03.2011

No. of Shares held	No. of Shareholders	% of shares holders	Aggregate Shares held	% of Shareholding
1-500	92506	98.19	6254278	15.48
501-1000	1027	1.09	725086	1.79
1001-2000	346	0.37	509042	1.26
2001-3000	120	0.13	297329	0.74
3001-4000	44	0.04	157270	0.39
4001-5000	32	0.03	150051	0.37
5001-10000	56	0.06	400206	0.99
10001 & above	83	0.09	31902603	78.98
Total	94214	100.00	40395865	100.00

8. Shareholding Pattern as on 31.03.2011

Shares held by	No. of Shares	% of shareholding
Promoters	25591243	63.35
Mutual Funds & UTI	18552	0.05
Bank & Financial Institutions	18819	0.05
Foreign Holding (FIL's, NRIs, OCBs)	336456	0.83
Private Bodies Corporate (Others)	1871881	4.63
Indian Public	12558914	31.09
Total	40395865	100.00

9. Dematerialisation of Shares

As on 31.03.2011, 88.76% 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. The US \$ 9.7 Million outstanding FCCBs, which were due for redemption on maturity date i.e. 16.2.2011, have been redeemed in full along with redemption premium as per the terms & conditions of the bonds. Thus, the FCCBs issued by the company in February, 2006 have been extinguished in full and there are no outstanding bonds as on date.

**11. Stock Market Data :**

Month	NSE		BSE	
	High	Low	High	Low
April-2010	77.00	64.20	76.00	64.35
May-2010	71.75	60.30	71.50	60.00
June-2010	68.00	55.80	67.95	57.10
July-2010	74.80	60.05	74.80	65.05
August-2010	81.55	66.50	81.00	67.05
Sept. - 2010	95.00	79.00	94.80	79.60
October-2010	103.00	80.60	102.60	80.50
November-2010	99.70	69.50	104.85	71.00
December-2010	83.80	62.30	84.90	63.00
January-2011	79.50	63.25	79.35	63.00
February-2011	69.70	63.05	69.15	55.30
March-2011	60.75	52.65	61.00	53.10

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 Limited
Alankit House, 2E/21, Jhandewalan Extension,
New Delhi 110055
Phone : 011-23531234, 23541234
Fax No.: 011-51540064
Email : rta@alankit.com

Company Secretary

Nahar Industrial Enterprises Limited
Regd. Office: Focal Point, Ludhiana - 141010
Phone : 0161-2672590-591
Fax No.: 0161-2674072
E-mail: msood@owmnahar.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. (Spinning Unit) Vill. Jalalpur, Chandigarh-Ambala Road, Lalru, Distt. Mohali (Punjab).
- ii) Nahar Industrial Enterprises Ltd. (Spinning Unit- II) Vill. Jalalpur, Chandigarh-Ambala Road, Lalru, Distt. Mohali (Punjab)
- iii) Nahar Industrial Enterprises Ltd. (Unit: Arham Spinning Mills) Vill. Udaipur/Khijuriwas, Bhiwadi, Dist. Alwar (Rajasthan)
- iv) Nahar Industrial Enterprises Ltd. (Spinning Unit-III) Vill Jalalpur, Chandigarh-Ambala Road, Lalru, Distt. Mohali (Punjab)
- v) Nahar Industrial Enterprises Ltd. (Unit: Sambhav Spinning Mills) Industrial Focal Point, Phase VIII, Mundian Kalan, Distt. Ludhiana (Punjab)
- vi) Nahar Industrial Enterprises Ltd. (Fabrics Unit) Village Jalalpur, Chandigarh-Ambala Road, Lalru, Distt. Mohali (Punjab)
- vii) Nahar Industrial Enterprises Ltd. (New Process & Dyeing) Village Jalalpur, Chandigarh-Ambala Road, Lalru, Dist. Mohali (Punjab)
- viii) 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 2011, 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

R K Gupta
Partner
M. No. 017039

Place : Ludhiana
Dated : 12th August, 2011



Management Discussion and Analysis Report

Industry Structure/Development

Although in recent years the economic slowdown in the US and EU did have adverse impact on the overall trade of many economies, yet India and other South Asian economies continued to see their textile and garment sector steady growth. The textile sector has played an important role in the overall growth of South Asian economies. The Indian textile & clothing industry is one of the oldest and largest sector in India. It is most important sector in Indian economy in terms of output, foreign exchange earnings and employment. To make the industry globally competitive, the central government initiated several policies, reforms which enabled the industry to modernize and expand its capacities and also improve its technical efficiencies. The Indian economy is growing at an estimated rate of 8% p.a and it is expected that Indian textile industry would reach US\$ 110 billion by 2015 with an export constituent of US\$ 45 billion. To sustain its growth, it is estimated that Indian textile industry would require an investment of \$24 billion by 2015.

The textile and apparel industry has witnessed very tough 2010-11 year struggling with the surging and fluctuating prices of raw cotton. In 2010-11 the prices of cotton was increased due to damaged cotton crop in china and Pakistan and fall in global production. The speculative trading in commodities also contributed for the unprecedented increase in prices of cotton. The Government of India in September 2010, announced a cap of 5.5 million bales of cotton for exports. With this lesser cotton for trade was available. With high import demand from China, international prices soared during the month and so as prices in India also increased. In line with cotton prices, cotton yarn prices also continued to remain high. This increase was in fact more than the increase in cotton prices. In order to check the rise in cotton yarn prices, the Indian Government had imposed a limit of 720 mln kgs on cotton yarn to be exported in FY 2010-11.

With ban on exports of cotton yarn and a declining trend in domestic demand had resulted in a huge unsold stock of cotton yarn with the spinning mills all over the country. When exports were allowed from April 2011, the accumulated stock caused a crash of cotton yarn prices in the global and domestic markets. Consumers started shying away from the markets, because of their perception that prices would decline further since mills are flush with stocks and have to sell them at any cost.

Post withdrawal of restrictions on export of cotton yarn from 01 April 2011, exports have been very tardy since restriction on exports of Indian cotton yarn for over two months have diverted several regular importers of the Indian cotton yarn to other sources.

Management perception of Risk/concern/threat

Short-sighted government policies with reference to both cotton and cotton yarn in the recent past had converted a profitable textile industry to crises ridden sector faced with cash losses. Foreign markets are depressed and domestic demand is deflated. In anticipation of bumper cotton crop this year, the buyers are still playing wait and watch policy. It is hoped that customer will come back as soon as prices are stabilized.

Continued weak demand from developed countries, prospect of higher domestic inflation, fiscal tightening and increased borrowing cost are some of the challenges, the textile industry is facing at large. Main concern to the textile industry is raw material prices mainly cotton prices which has seen steep hike in 2010-11 and the same is still volatile causing uncertainties for textile manufacturer. The continuous increase in power cost adding further pressure on the financial health of textile companies. Non -availability of skilled manpower is also one of the issue faced by the textile industry. Foreign brands have begun sourcing from Vietnam and Indonesia where cost of production is lower than India. Overall this year is proving to be one of the toughest year in the history of textile industry and would have an adverse impact on the operations of industry at large.

The management is making all efforts to meet the prevailing challenges by focusing its efforts on further reduction of cost and by improving operational efficiencies to reduce the cost pressure.

Outlook

In the last 10 years India has added \$930 billion to its economy and it is estimated that it will add almost double that (about \$1700 billion) in the next 10 years. India's domestic demand shall be the driver of growth for Indian textile & clothing Industry in the coming decade. However, as new consumer needs & aspiration emerge, the industry will have to reinvent itself to take advantages of opportunities. Besides, the political / economic situation in our neighboring countries is proving to be a blessing in disguise, as many international buyers have moved to Indian markets. The changed equation in global trade is working in favour of



the Indian textile industry and rigorous efforts must be made to raise India's share in the global textile trade. Nevertheless, we are confident about the bright future of textile industry in long term provided Government policies need to balance the interests of all stake holders across the value chain. The Government envisions building state of the art production capacities and achieving a preeminent global standing in the textile sector by 2020, which includes manufacture and export of all types of textiles. On the global front, India is set to become a bigger participant, both as a consumer and as a producer.

To sum up, the industry needs to take measures, steps and strategize for further sustainability and growth considering the opportunities and challenges. It is apparent that the opportunities are heavier than the challenges and the industry must make most of it.

Sugar industry Overview

The Indian sugar industry is one of the largest agro based industry after textile. The Indian Sugar industry is characterized by the co-existence of private, co-operative and public sector. The growth of sugar industry has powerful impact on the rural economy.

India is the largest consumer and second largest producer of sugar in the world. Sugar is an essential item of mass consumption. India is still lagging behind from many advanced countries in respect of per capita consumption. With an increase in demand and spending power, the consumption pattern of rural India is changing. Its farm productivity has virtually remained stagnant for decades. Thus there are opportunity in production and consumption of higher quantity of sugar. Most drivers of the Indian sugar industry are unpredictable i.e cost, climate, Govt. policies, raw material availability and realizations. The Indian sugar industry is characterized by cycle of high and low sugar production.

Sugar business continues to remain highly regulated. The Government of India fixes levy percentage to meet PDS requirement for the benefit of BPL families. The ratio of levy for the season 2009-10 was increased to 20% from 10% because of lower availability of levy quantity due to lower production. This has since been restored to 10% from 2010-11. The sugar industry is most controlled industry in the country and sugar as commodity continues to be politically sensitive and strictly controlled by Government. The fundamental problem of the Indian sugar Industry is that there is no relation between the price of raw material i.e sugar cane and its finished goods i.e sugar.

Sugar industry is seasonal in nature and directly dependent on monsoon for availability of adequate sugar cane which makes the business more vulnerable to a bad season. Lower cane realization can prompt farmers to shift to alternative crops. Shortage of labour is another concern as NREGA has given chances to rural labour of employment and labour is speedily migrating from agriculture.

Your Company is also making all efforts for sugarcane development in the cane area allotted to it by providing various facilities such as supply of fertilizers and pesticides at subsidized rates. Supply of disease free seeds and free testing of soil etc. to farmers of the area. The Company has undertaken necessary maintenance programme so that the plants fully equipped to crush higher quantity of sugarcane in the ensuing crushing season and to prevent the breakdown during the season.

Segment wise/Financial/Operational performance

The Company operates in three main business segments i.e. Yarn, Fabrics, 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 employees strength was 9132 as on 31.03.2011. The industrial relations were cordial and satisfactory.

Though the view expressed in the above said report are on the basis of certain assumptions and expectations of future events, actual results may differ from whatever is stated in the report.

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
Date : 12th August, 2011

JAWAHAR LAL OSWAL
Chairman

**AUDITORS' REPORT****To the Members of****Nahar Industrial Enterprises Limited**

1. We have audited the attached Balance Sheet of **Nahar Industrial Enterprises Limited**, ("the company") as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) (Amendment) Order, 2004 ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date

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

Place : Ludhiana
Dated : 30th May, 2011

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



ANNEXURE TO THE AUDITORS' REPORT
Re: NAHAR INDUSTRIAL ENTERPRISES LIMITED
(Referred to in paragraph 3 of our report of even date)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. maintained under Section 301 of the Companies Act, 1956. Hence clause 4(iii)-(f) and (g) are not applicable.
- (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 that section.
- (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 the 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, customs 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 due as on 31st March 2011 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 (Rs. In lacs)	Forum where dispute is pending
Tamil Nadu General Sales Tax Act, 1956	Sales tax Demand	62.72	Tamilnadu Taxation Special Tribunal
Punjab VAT Act, 2005	Sales Tax demand	57.74	Sales Tax Tribunal, Chandigarh
The Central Excise Act, 1944	Excise Duty Demand	419.94	Commissioner Appeals, Chandigarh
	Excise Duty Demand	30.33	Commissioner Appeals Ludhiana
	Excise Duty Demand	6.32	CESTAT, Delhi
	Excise Duty Demand	60.49	Commissioner Appeals, Jaipur
	Excise Duty Demand	12.80	Revisionary Authority Delhi
	Excise Duty Demand	13.39	Joint Commissioner, Jaipur
Finance Act, 1994	Service Tax Demand	10.27	Commissioner Appeals, Ludhiana
	Service Tax Demand	9.27	Punjab & Haryana High Court, Chandigarh.
	Service Tax Demand	5.06	Rajasthan High Court, Jaipur
	Service Tax Demand	27.86	Joint Commissioner, Jaipur
	Service Tax Demand	22.32	Commissioner Appeals, Chandigarh
	Service Tax Demand	0.76	Commissioner Appeals, Mandi Gobindgarh
Punjab State Electricity Board Rules	Demand Against Captive Consumption (net)	12.09	Zonal Settlement Committee, Mohali
	Demand Against Captive Consumption (net)	135.42	Zonal Settlement Committee, Ludhiana
	Demand Against Captive Consumption (net)	11.15	Punjab & Haryana High Court, 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 and 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 given a guarantee of Rs 85 crores for loans taken by Cotton County Retail Ltd from banks. In our opinion, the terms and conditions of the said guarantee are not *prima facie* prejudicial to the interests of 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**

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

Place : Ludhiana
Dated : 30th May, 2011



BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	ANNEXURE NO.	AS AT 31st MARCH, 2011 (Rupees in '000)	AS AT 31st MARCH, 2010 (Rupees in '000)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
a) Share Capital	I	400,340	400,340
b) Reserves and Surplus	II	5,831,490	5,536,937
LOAN FUNDS			
a) Secured Loans	III	11,440,780	7,978,539
b) Unsecured Loans	IV	32,487	471,874
DEFERRED TAX LIABILITY (NET)			
Total		18,015,873	14,633,766
APPLICATION OF FUNDS			
FIXED ASSETS			
V			
Gross Block		14,320,110	13,030,110
Less Depreciation		7,881,989	7,173,989
Net Block		6,438,121	5,856,121
Capital Work-in-Progress		399,439	716,137
INVESTMENTS			
		1,408,600	1,411,678
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	VII	7,307,568	4,618,111
Sundry Debtors	VIII	1,745,434	1,393,786
Cash and Bank Balances	IX	23,588	20,678
Loans and Advances	X	1,956,693	1,396,555
Fixed Assets held for Disposal		5,615	9,223
		11,038,898	7,438,353
LESS : CURRENT LIABILITIES AND PROVISIONS			
		1,269,188	788,531
Net Current Assets		9,769,710	6,649,822
MISCELLANEOUS EXPENDITURE			
(To the extent not written off)		3	8
Total		18,015,873	14,633,766

Notes Forming part of Accounts XX

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

Mukesh Sood
Company Secretary

B.Bhushan Gupta
President (Corporate
Finance & Accounts)

Dinesh Gogna
Director

Kamal Oswal
Vice Chairman Cum-
Managing Director

Place : Ludhiana
Date : 30th May, 2011



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	ANNEXURE NO.	Current Year (Rupees in '000)	Previous Year (Rupees in '000)
INCOME			
Operating Income	XII	12,475,556	10,208,219
Less: Excise Duty recovered on sales		31,348	<u>33,602</u>
		12,444,208	10,174,617
Other Income	XIII	52,548	151,716
Total		12,496,756	<u>10,326,333</u>
EXPENDITURE			
Cost of Material	XIV	6,343,102	5,468,728
Manufacturing Expenses	XV	2,629,034	2,375,610
Employment Cost	XVI	823,608	652,038
Administrative & Other Expenses	XVII	178,312	97,840
Financial Expenses	XVIII	985,515	546,555
Selling Expenses	XIX	309,085	181,760
Excise duty on stocks		9,233	(14,552)
Miscellaneous Expenditure Written off		5	5
Depreciation		745,558	<u>723,124</u>
Total		12,023,452	<u>10,031,108</u>
PROFIT BEFORE TAX		473,304	295,225
Less: Provision for Income Tax		93,100	49,800
Less: Provision for Wealth Tax		217	164
Less: Deferred Tax		64,700	<u>50,516</u>
PROFIT AFTER TAX		315,287	194,745
Less: Income Tax liability/refund of earlier years (net)		--	4
Add : Income Tax liability/refund of earlier years (net)		25,795	--
Add : Transfer from Contingent Liability Reserve		293,516	41,795
Less: Transfer to FCCBs Periodic Cost Reserve		--	21,903
Add : Transfer from FCCBs Periodic Cost Reserve		127,291	--
Less: Proposed Dividend on Equity shares		40,034	40,034
Less: Corporate Dividend Tax		6,495	6,804
Transfer to General Reserve		715,360	167,795
Basic Earning Per Share (in Rs.)		7.80	4.82
Diluted Earning Per Share (in Rs.)		7.80	4.82
Notes Forming part of Accounts	XX		

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

Mukesh Sood
Company Secretary

B.Bhushan Gupta
President (Corporate
Finance & Accounts)

Dinesh Gogna
Director

Kamal Oswal
Vice Chairman Cum-
Managing Director

Place : Ludhiana
Date : 30th May, 2011



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	2010-11 (Rupees In '000)	2009-10 (Rupees In '000)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extraordinary items	473,304	295,225
Adjustment for :		
Depreciation & Non Cash expenses	745,563	723,129
Exchange Rate Fluctuation (Notional)	--	(56,454)
Sundry balances written off (Net)	40,912	2,530
(Profit)/Loss on sale/discarding of Fixed Assets (Net)	(18,747)	(5,238)
(Profit)/Loss on sale of investment	(1,189)	(4,249)
Diminution in value of investment	1,397	(593)
Dividend Received	(6,027)	(2,321)
Interest Income	(12,415)	(128,887)
Interest Expense	538,017	524,682
Operating Profit Before Working Capital Changes	1,760,815	1,347,824
Adjustment for :		
Trade & Other Receivable	(931,093)	336,350
Assets held for disposal	3,608	2,477
Inventories	(2,689,457)	(2,161,715)
Trade Payables	479,937	(60,446)
Cash Generated from operations	(1,376,190)	(535,510)
Direct Taxes Paid	(89,999)	(49,968)
Net Cash flow used in Operating Activities	(1,466,189)	(585,478)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,038,298)	(794,827)
Sale of Fixed Assets	46,186	14,714
Sale/Purchase of Investments (Net)	2,870	25,411
Interest Received	12,415	128,887
Dividend Received	6,027	2,321
Net cash flow used in Investing Activities	(970,800)	(623,494)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Unpaid Premium received	--	11
Redemption of FCCBs/Borrowings-others	(440,283)	30,000
Interest paid	(537,121)	(523,091)
Dividend paid	(38,289)	(38,375)
Corporate dividend tax	(6,649)	(6,804)
Proceeds from Long Term Borrowings (Net)	1,065,867	(398,675)
Working Capital Borrowings	2,396,374	834,614
Net Cash from/(Used in) Financing Activities	2,439,899	(102,320)
Net Change in Cash & Cash Equivalents (A+B+C)	2,910	(1,311,292)
Opening Cash and Cash Equivalents	20,678	1,331,970
Closing Cash and Cash Equivalents	23,588	20,678

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

Mukesh Sood
Company Secretary

B.Bhushan Gupta
President (Corporate
Finance & Accounts)

Dinesh Gogna
Director

Kamal Oswal
Vice Chairman Cum-
Managing Director

Place : Ludhiana
Date : 30th May, 2011



PARTICULARS	AS AT 31st MARCH, 2011 (Rupees in '000)	AS AT 31st MARCH, 2010 (Rupees in '000)
ANNEXURE-I		
SHARE CAPITAL		
AUTHORISED		
65,000,000 Equity Shares of Rs. 10/- each. (Previous Year 65,000,000)	650,000	650,000
Total	<u>650,000</u>	<u>650,000</u>
ISSUED, SUBSCRIBED & PAID - UP*		
40,395,865 Equity Shares of Rs. 10/- each. (Previous Year 40,395,865)	403,959	403,959
Less : Allotment Money in Arrear	<u>3,619</u>	<u>3,619</u>
Total	<u>400,340</u>	<u>400,340</u>

* Of the above Shares

- i) 1,599,360 Equity Shares allotted as fully paid up by way of bonus shares during the year 1992-93 by capitalisation of share premium.
- ii) 2,933,280 Equity Shares were allotted as fully paid up during the year 1997-98 pursuant to scheme of amalgamation with Nahar Fabrics Limited without payment received in cash.
- iii) 12,176,625 Equity Shares were allotted as fully paid up during the year 2005-06 pursuant to the scheme of amalgamation of Nahar International Limited and Nahar Sugar & Allied Industries Limited with the Company without payment received in cash.

ANNEXURE-II**RESERVES AND SURPLUS**

i) CAPITAL SUBSIDY RESERVE (Received from Central/State Government under Subsidy Scheme)	21,000	21,000
ii) SHARE PREMIUM ACCOUNT Balance as per last year	3,384,917	3,384,917
Less: Share Premium Unpaid	<u>39,531</u>	<u>39,531</u>
	3,345,386	3,345,386
iii) GENERAL RESERVE Balance as per Last year	452,521	284,726
Add: Transfer from Profit & Loss Account	<u>715,360</u>	<u>167,795</u>
	1,167,881	1,167,881



PARTICULARS	AS AT		AS AT	
	31st MARCH, 2011		31st MARCH, 2010	
	(Rupees in '000)		(Rupees in '000)	
iv) CAPITAL RESERVE		943,819		943,819
v) CAPITAL REDEMPTION RESERVE		192,500		192,500
vi) FCCB'S PERIODIC COST RESERVE				
Balance as per Last Year	127,291		105,388	
Add : Transfer from profit & loss Account	--		21,903	
Less: Transfer to profit & loss Account	127,291	--	--	127,291
vii) CONTINGENT LIABILITY RESERVE				
Balance as per Last Year	454,420		496,215	
Less : Transfer to Profit & Loss Account	293,516	160,904	41,795	454,420
Total		<u>5,831,490</u>		<u>5,536,937</u>

ANNEXURE-III**SECURED LOANS**

i) Working Capital Borrowings from Banks		5,972,837		3,576,463
ii) Term Loans		5,467,943		4,402,076
Total		<u>11,440,780</u>		<u>7,978,539</u>

NOTES:

1. Working Capital Borrowings are secured by hypothecation of stocks of Raw Materials, Work-in-Process, Finished Goods, Stores & 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.
2. Term loan from ICICI Bank Limited, IDBI Bank Ltd., Canara Bank, State Bank of Patiala, 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 Amlon, 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.

ANNEXURE-IV**UNSECURED LOANS**

i) Foreign Currency Convertible Bonds(FCCBs)		--		440,283
ii) Others		32,487		31,591
Total		<u>32,487</u>		<u>471,874</u>



**ANNEXURE V
FIXED ASSETS** (Rs. In '000)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2010	Additions during the year	Sale/ Adjustment during the year	As at 31.03.2011	Upto 31.03.2010	Provided during the year	Adjusted/ Written back during the year	Total Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Lease Hold Land	31,122	--	--	31,122	--	--	--	--	31,122	31,122
Free Hold Land	314,595	130,834	25,536	419,893	--	--	--	--	419,893	314,595
Building	2,391,666	184,489	--	2,576,155	796,245	79,497	--	875,742	1,700,413	1,595,421
Plant & Machinery	10,127,649	1,015,379	34,724	11,108,304	6,254,292	655,187	33,793	6,875,685	4,232,619	3,873,357
Furniture & Fixtures	32,673	1,823	938	33,558	22,153	1,930	454	23,629	9,929	10,520
Office Equipment	59,629	6,319	188	65,760	45,973	3,808	124	49,657	16,103	13,656
Vehicles	48,695	16,152	3,610	61,237	31,310	5,071	3,186	33,195	28,042	17,385
Computer Software	24,081	--	--	24,081	24,016	65	--	24,081	--	65
Total	13,030,110	1,354,996	64,996	14,320,110	7,173,989	745,558	37,557	7,881,989	6,438,121	5,856,121
Previous Year	12,841,099	257,789	68,778	13,030,110	6,510,167	723,124	59,302	7,173,989	5,856,121	6,330,932



PARTICULARS	AS AT 31st MARCH, 2011 (Rupees in '000)	AS AT 31st MARCH, 2010 (Rupees in '000)
ANNEXURE-VI INVESTMENTS		
GOVERNMENT SECURITIES		
National Saving Certificates (Pledged with Govt. Authorities)	--	35
LONG TERM INVESTMENTS		
EQUITY SHARES AND MUTUAL FUND		
TRADE		
QUOTED		
2,356,930-Fully Paid Up Equity Shares of Rs. 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 Rs.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 Rs.5/-each of Nahar Capital and Financial Services Limited (Previous Year 1,363,221)	190,820	190,820
OTHERS		
A) QUOTED		
30,900-Fully Paid Up Equity Shares of Rs. 10/- each of BPL Engineering Limited (Previous Year 30,900)	280	280
22,500-Fully Paid Up Equity Shares of Rs.10/- each of Pertech Computer Limited (Previous Year 22,500)	23	1,350
12,555-Fully Paid Up Equity Shares of Rs.10/- each of Pasupati Acrylon Limited (Previous year 12,555)	94	94
7,700-Fully Paid Up Equity Shares of Rs. 10/- each of R.S.Petro Chemical Limited (Previous Year 7,700)	8	77
200-Fully Paid Up Equity Shares of Rs. 5/- each of Nirma Limited (Previous year 200)	11	11
50-Fully Paid Up Equity Shares of Rs. 10/- each of Malwa Cotton & Spinning Mills Limited (Previous year 50)	2	2
Nil-Fully Paid Up Equity Shares of Rs. 10/- each of Mundra Port and Special Economic Zone Limited (Previous year 4,458)	--	1,962
B) MUTUAL FUND		
1,000,000 -Units of Rs. 10/- each of Sundram BNP Paribas Mutual Fund (Previous Year 1,000,000)	10,000	10,000



PARTICULARS	AS AT 31st MARCH, 2011 (Rupees in '000)	AS AT 31st MARCH, 2010 (Rupees in '000)
C) UNQUOTED		
180,000- Fully Paid Up Equity Shares of Rs. 100/- each of J.L.Growth Fund Limited (Previous Year 180,000)	168,480	168,480
250,000 Fully Paid Up Equity Shares of Rs. 100/- each of Vardhman investment Limited (Previous Year 250,000)	147,500	147,500
164,000-Fully Paid Up Equity Shares of Rs. 100/- each of Atam Vallabh Financers Limited (Previous Year 164,000)	106,600	106,600
3,360-Fully Paid Up Equity Shares of Rs. 100/- each of Nagdevi Trading & Investment Co. Limited. (Previous Year 3,360)	51	51
One Fully Paid Up Equity share of Rs 100 of Punjab State Co-operative Bank Limited (Cost Rs. 100) (Previous year one)	--	--
11,463,240-Fully Paid Up Equity Shares of Rs. 10/- each of Cotton County Retail Limited (Previous year 11,463,240)	425,100	425,100
3,156,958 Fully Paid Up Class 'A' - 0.01% Cumulative Redeemable Preference Shares of Rs. 10/- each of VS Lignite Power Pvt Ltd (Previous year 3,156,958)	31,570	31,570
1,637,042-Fully Paid Up Class-'A' Equity Shares of Rs. 10/- each of VS Lignite Power Pvt Ltd (Previous year 1,637,042)	16,371	16,371
100,000 - Fully Paid Shares of GBP 1.00 Per Share of Crown Star Limited (Previous year 100,000)	7,162	6,847
Total	<u>1,408,600</u>	<u>1,411,678</u>
ANNEXURE-VII		
INVENTORIES (AS TAKEN, CERTIFIED AND VALUED BY THE MANAGEMENT)		
i) Raw Material	4,565,235	3,003,358
ii) Stores & Spares	333,998	264,883
iii) Work-in-Process	502,874	269,064
iv) Finished Goods	1,905,461	1,080,806
Total	<u>7,307,568</u>	<u>4,618,111</u>
ANNEXURE-VIII		
SUNDRY DEBTORS (UNSECURED CONSIDERED GOOD)		
i) Over Six Months	47,586	58,618
ii) Others	1,697,848	1,335,168
Total	<u>1,745,434</u>	<u>1,393,786</u>



PARTICULARS	AS AT 31st MARCH, 2011 (Rupees in '000)	AS AT 31st MARCH, 2010 (Rupees in '000)
ANNEXURE-IX		
CASH AND BANK BALANCES		
i) Cash in hand (including Stamps in Hand)	7,255	10,441
ii) With Scheduled Banks		
a) In Current Accounts	16,197	10,111
b) In Fixed Deposit Accounts	136	126
Total	<u>23,588</u>	<u>20,678</u>
ANNEXURE-X		
LOANS AND ADVANCES		
(UNSECURED CONSIDERED GOOD)		
i) Advances Recoverable in cash or in kind or for value to be received.	1,495,999	978,268
ii) Security Deposits	84,076	55,995
iii) Balance with Central Excise Authorities	303,772	311,921
iv) Advance Income Tax (Net of Provision)	72,846	50,371
Total	<u>1,956,693</u>	<u>1,396,555</u>
ANNEXURE-XI		
CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES		
i) Sundry Creditors		
- Micro, Small & Medium Enterprises	--	--
- Others	832,294	364,284
ii) Security Deposits	42,663	42,251
iii) Interest Accrued but not due	53	168
iv) Advances from Customers/Others	25,481	23,595
v) Statutory Liabilities	45,577	41,815
vi) Other Liabilities	265,943	260,831
vii) Unclaimed Dividend	10,494	8,749
B) PROVISIONS		
i) Proposed Dividend	40,034	40,034
ii) Tax on Proposed Dividend	6,649	6,804
Total	<u>1,269,188</u>	<u>788,531</u>

NOTE : Unclaimed Dividend do not include any amount due and outstanding to be credited to Investor's Education and Protection Fund.



PARTICULARS	Current Year (Rupees in '000)	Previous Year (Rupees in '000)
ANNEXURE-XII		
OPERATING INCOME		
Export Sales - Direct	901,081	607,788
Export Sales - Third Party	130,599	30,850
Domestic Sales	11,384,533	9,477,761
Processing Income	6,416	19,995
Other Operating Income	25,556	29,044
Duty Draw Back/DEPB	27,371	42,781
Total	12,475,556	10,208,219
ANNEXURE-XIII		
OTHER INCOME		
Interest Received [Tax deducted at source Rs.1,171 thousands (Previous Year 22,763 thousands)]	12,415	128,887
Sundry Balances written Back	870	971
Dividend received		
- Trade	6,023	2,303
- Other	4	18
Profit on sale of Fixed Assets	18,900	5,907
Profit on sale of investments	1,189	4,249
Exchange rate fluctuation	3,016	--
Misc. Income [Tax deducted at source Rs. 809 thousands on Rental Income (Previous Year Rs. 1273 thousands)]	10,131	9,381
Total	52,548	151,716
ANNEXURE-XIV		
COST OF MATERIAL		
OPENING STOCK		
i) Raw Material	3,003,358	344,137
ii) Work-In-Process	269,064	225,773
iii) Finished Goods	1,080,806	1,540,225
Sub Total	4,353,228	2,110,135
ADD : PURCHASES (INCLUDING TRADING PURCHASE)	8,963,444	7,711,821
LESS : CLOSING STOCK		
i) Raw Material	4,565,235	3,003,358
ii) Work-In-Process	502,874	269,064
iii) Finished Goods	1,905,461	1,080,806
Sub Total	6,973,570	4,353,228
Total	6,343,102	5,468,728
ANNEXURE-XV		
MANUFACTURING EXPENSES		
Power and Fuel	1,490,723	1,384,189
Stores Consumed	1,077,167	944,066
Handling and Restacking	34,116	30,350
Machinery Repairs and Maintenance	27,028	17,005
Total	2,629,034	2,375,610



PARTICULARS	Current Year (Rupees in '000)	Previous Year (Rupees in '000)
ANNEXURE-XVI		
EMPLOYMENT COSTS		
Salary, Wages and Other Allowances	728,829	598,143
Contribution to Provident Fund and Other Funds	80,135	44,188
Workmen and Staff Welfare	13,531	9,321
Staff Recruitment	1,113	386
Total	823,608	652,038
ANNEXURE-XVII		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	2,947	2,840
Rates & Taxes	7,341	6,809
Insurance	16,550	11,702
Legal & Professional Expenses	10,891	9,913
Travelling & Conveyance*	26,823	15,663
Vehicle Repair & Maintenance	10,551	7,357
Auditors Remuneration		
Audit Fees	793	750
Tax Audit Fees	150	150
In Other Capacity	190	95
Out of Pocket Expenses	77	124
Directors Remuneration	1,413	--
Miscellaneous Expenses	21,474	17,129
Director Meeting Fees	205	68
Repairs and Maintenance	24,689	12,144
Sundry Balances Written off	41,782	2,530
Provision for diminution in value of investment	1,397	(593)
Loss on Sale/discard of Fixed Assets	153	669
Advertisement & Publicity	760	375
Charity & Donation	10,126	10,115
Total	178,312	97,840
* Includes Directors Travelling of Rs. 7,174 thousands (Previous year Rs. 3,687 thousand)		
ANNEXURE-XVIII		
FINANCIAL EXPENSES		
Interest Paid		
On Term Loan	251,589	236,834
On Working Capital	283,403	280,152
Others	3,025	7,696
Bank Charges	15,491	10,205
Foreign exchange hedging loss (net of premium receipts)	253,594	--
FCCBs Periodic Cost	178,413	--
Exchange Rate Fluctuation	--	11,668
Total	985,515	546,555
ANNEXURE-XIX		
SELLING EXPENSES		
Forwarding and Octroi	129,373	74,862
Commission & Brokerage	71,539	60,342
Rebate and Discount	33,605	34,449
Other Selling Expenses	74,568	12,107
Total	309,085	181,760

**ANNEXURE - XX****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****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, new projects and major expansion of the existing units undertaken by the Company after 01.04.2005, where 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 an indication exists, an impairment loss i.e. the amount by which carrying amount of an asset exceeds its recoverable amount is provided in the books of account and charged to the Profit & Loss Account. 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 obsolescence, if any. The cost in respect of various items of inventory is determined as under:-

- In case of raw materials & stores and spares, at weighted average cost.
- In case of work in process, 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.

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 Profit and Loss Account. 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 Profit & Loss account 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 Profit & Loss account 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.

II) NOTES ON ACCOUNTS:**1) CONTINGENT LIABILITIES NOT PROVIDED FOR:**

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 14,036.28 Lacs (Previous year Rs. 1,570.14 Lacs).
- b) Letter of Credits in favour of suppliers and others Rs. 8,032.67 Lacs (Previous year Rs. 2,074.50 Lacs).
- c) Bank Guarantees in favour of suppliers and others Rs. 113.34 Lacs (Previous Year Rs. 267.69 Lacs).
- d) Corporate guarantee given on behalf of others Rs. 8,500 lacs (Previous year Rs. 8,500 lacs).
- e) Sales tax demands against which the company has preferred appeals Rs. 120.46 Lacs (Previous year Rs. 120.46 Lacs).
- f) The Central Excise Authorities have issued show cause notices to the Company for Rs. 618.81 Lacs on various matters under the Central Excise Rules (Previous Year Rs. 2,129.06 Lacs). The Company has filed suitable replies with the concerned authorities.
- g) Punjab State Electricity Board has raised a net demand of Rs. 158.66 Lacs (Previous Year Rs. 158.66 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.



- h) The Company has executed bonds / legal undertakings for an aggregate amount of Rs. 6,293.03 Lacs (Previous year Rs. 3,166.52 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.
- i) Claims of Rs. 349.67 lacs (Previous Year Rs. 372.56 lacs) lodged against the company on various matters are not acknowledged as debts. The company has filed suitable replies with the concerned authorities.
- j) Foreign Exchange contracts which were under dispute in the Courts, for which contingent liabilities were provided, have been partly settled during the year. The net contingent liability at the end of year 2010-11 come to Rs. 1,609.04 lacs.

Since the liability arising out of the derivative contracts are sub judice before the Civil Courts and has been considered by the company as Contingent liability, thus the interest of Rs. 135.03 lacs computed by the banks on the disputed amount is not acknowledged and accordingly not provided for as status quo order is already in force.

- 2) The Company has undertaken export obligations of Rs. 19,929.98 Lacs (Previous year Rs. 17,793.98 Lacs) to export goods against the issuance of Import Licenses for the Import of Capital Goods. Out of this, export obligations of Rs.18,798.44 Lacs (Previous year Rs. 17,397.65 Lacs) have been fulfilled up to 31st March, 2011.
- 3) The outstanding liability towards Zero Coupon Foreign Currency Convertible Bonds (FCCBs), which were due for redemption on its maturity date i.e. 16th February, 2011 have been redeemed in full alongwith redemption premium for the entire period.

FCCB's periodic cost reserve of Rs. 1,272.91 Lacs Created upto 31st March, 2010 has been transferred to the Profit/Loss Account in the year ended results.

- 4) 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.	--	--

- 5) **Earnings Per Share (EPS)** **(Rs. In Lacs)**
- | | 2010-11 | 2009-10 |
|---|-------------------|------------|
| Profit / Loss after Tax (Rs. in Lacs) | 3,152.87 | 1,947.45 |
| Weighted average no. of ordinary shares | 40,395,865 | 40,395,865 |
| Weighted average no. of diluted shares | 40,395,865 | 40,395,865 |
| Nominal value of ordinary share (Rs.) | 10.00 | 10.00 |
| Basic Earning Per Share (Rs.) | 7.80 | 4.82 |
| Diluted Earning per Share (Rs.) | 7.80 | 4.82 |
- 6) Market value of quoted investments is Rs. 3,742.92 Lacs (Previous Year Rs. 3,242.39 Lacs). Aggregate value of quoted investments is Rs. 5,057.66 Lacs (Previous Year Rs. 5,091.24 Lacs) and unquoted investment is Rs. 9,028.34 Lacs (Previous Year Rs. 9,025.53 Lacs).
- 7) Advances include Rs. 27.76 Lacs (Previous Year Rs. 27.76 Lacs) paid to the machinery suppliers that are under dispute. The matter is pending in the Delhi High Court.



- 8) The balances of Sundry debtors and Sundry creditors are subject to confirmation.
- 9) 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.
- 10) The remuneration paid / payable to the Vice Chairman-Cum-Managing Director is as under:-

	(Rs. In Lacs)	
	Current Year	Previous Year
Salary	14.13	--
Provident Fund Contribution	--	--
Total	14.13	--

Computation of net profit in accordance with section 198 of the Companies Act, 1956:-

	(Rs. In Lacs)	
	Current Year	Previous Year
Net profit before taxation	4,733.04	2,952.25
Add: Managerial Remuneration	14.13	--
Add: Loss on sale of fixed assets	1.51	--
	4,748.68	2,952.25
Less: Profit on sale of investments	11.89	42.49
Less: Profit on sale of Fixed Assets	189.00	---
Net Profit under Section 349 of the, Companies Act, 1956	4,547.79	2,909.76
Maximum Permissible i.e 5% of profits	227.39	145.49

During the financial year 2007-08 the company had paid managerial remuneration of Rs. 464.78 lacs as approved by the shareholders in their meeting held on 29.09.2007. The company moved an application with the Central Government for approval which was denied. Accordingly, the amount of excess remuneration of Rs.358.75 lacs was considered as advance salary in the year of payment and was adjusted in the subsequent years remuneration. Out of this, Rs.145.49 lacs was adjusted in 2009-10 and Rs. 213.26 lacs was adjusted in 2010-11. After adjustment, the remuneration of Rs. 14.13 lacs is paid/payable to the Vice Chairman Cum-Managing Director.

- 11) 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 :-

	(Rs. In Lacs)				
	Yarn	Fabric	Sugar	Others	Total
<u>Segment Revenue</u>					
Total Revenue	115,457.42	65,843.60	6,134.60	64.02	187,499.64
Less: Inter Segment Revenue					63,586.83
Net Revenue					123,912.81
<u>Segment Results</u>					
Profit/(Loss)before exceptional items, interest and tax	13,995.15	958.39	428.65	(794.00)	14,588.19
Less: Interest					5,535.08
Profit Before exceptional items and tax					9,053.11
<u>Capital Employed</u>					
Segment Assets- Segment Liabilities	62,675.57	37,782.66	3,135.57	16,836.53	120,430.33



12) 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)	(Rs. In Lacs)
			Relative of Key Management Personnel
Purchase of Goods	2,781.51	--	--
Sales of Goods	9,209.26	--	--
Purchase of Fixed Assets	1,187.72	--	--
Purchase of DEPB License	68.80	--	--
Dividend received	60.22	--	--
Dividend paid	255.90	--	--
Salary	--	--	0.70
Interest paid	27.63	--	--
Rent received	80.92	--	--
Rent paid	13.20	--	--
Gratuity cost reimbursed	37.65	--	--
Corporate Guarantee	8,500.00	--	--
Remuneration	--	14.13	--
Balance Payable (net) as on 31.03.2011	710.97	--	--

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 Ltd.

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 and Ms Neha 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.

13) Employee benefits

The details of employee benefits with regard to gratuity, a funded defined benefit plan, are as under :

Particulars	(Rs. In '000)	
	Year ended 31.03.2011	Year ended 31.03.2010
<u>Changes in the present value of defined benefit obligation</u>		
Present value of obligation at the beginning of year	64,318	62,213
Current Service Cost	12,546	11,576
Past Service cost	2,984	--
Interest Cost	4,935	4,477
Actuarial Loss/ (Gains)	1,301	(8,913)
Benefits paid	(6,428)	(5,035)
Present value of obligation at the end of the year	79,656	64,318
<u>Changes in the fair value of plan assets</u>		
Fair value of plan assets at the beginning of the year	69,476	63,538
Expected return of plan assets	5,900	5,092
Contributions	14,974	5,260
Benefits paid	(6,428)	(5,035)
Actuarial gain	472	621
Fair value of plan assets at the end of the year	84,394	69,476



Net asset recognised in the Balance Sheet

Projected benefit obligation at the end of the year	79,656	64,318
Fair value of plan assets at the end of the year	84,394	69,476
	4,738	5,158

Net asset recognised in the Balance Sheet

Expense recognised in the Profit and Loss Account

Current service cost	12,546	11,576
Interest cost on benefit obligation	4,935	4,477
Expected return on plan assets	(5,900)	(5,092)
Past Service cost	2,984	--
Net actuarial loss/(Gain) recognised in the year	829	(9,534)
Net gratuity cost	15,394	1,427

Actuarial assumptions

Discount rate	8.00%	7.70%
Expected rate of return on plan assets	9.00%	8.00%
Long term rate of compensation increase	8.00%	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 2011 for the estimated term of defined benefit obligation.

14) **Deferred Tax Liability/ Asset (net) pursuant to Accounting Standard 22 "Accounting for taxes on Income"**
(Rs. In Lacs)

Particulars	As at		As at	
	31.03.11		31.03.10	
Deferred tax liability				
Relating to fixed assets		3,446.20		2,702.34
Deferred tax assets				
Disallowance u/s 43B of the Income Tax Act, 1961	96.76		158.73	
Business Losses (unabsorbed)	241.68	338.44	82.85	241.58
Deferred Tax Liability/(Asset)(net)		3,107.76		2,460.76

15) Export/domestic bills discounted during the year under Letter of Credit outstanding as on 31.03.2011 for Rs. 2,211.88 Lacs (Previous year Rs. 1,639.16 Lacs) have been reduced from Bank Borrowings and correspondingly from Sundry Debtors.

16) Previous year's figures have been regrouped / rearranged wherever considered necessary in order to make them comparable with the current year's figures.

17) Annexure I to XX form integral part of the Balance Sheet and Profit and Loss Account and have been duly authenticated as such.

18) Additional informations as required under paragraph 3 and 4 of Part-II of Schedule VI of the Companies Act, 1956 are as follows :

A. PARTICULARS OF LICENSED AND INSTALLED CAPACITY (1)

CLASS OF GOODS	UNITS	LICENSED CAPACITY		INSTALLED CAPACITY	
		31.03.11	31.03.10	31.03.11	31.03.10
Yarn	Spindles	434,800	323,824	204,288	201,408
Yarn	Rotors	11,808	11,808	7,832	6,680
Grey Fabric	Air jet looms	730	730	453	453
Processed Fabric	Meters Per Annum	107,000,000	107,000,000	58,400,000	58,400,000
Sugar	TCD	5,000	5,000	2,500	2,500
Steel Ingots	MTs per annum	60,000	60,000	50,000	50,000

(1) Installed Capacity has been certified by the Mangement and not verified by the Auditors being a technical matter.



B. PARTICULARS OF PRODUCTION AND SALES

(Value Rupees In '000)

CLASS OF GOODS	UNIT	PRODUCTION		SALE*			
		QUANTITY	QUANTITY	QUANTITY	QUANTITY	VALUE	VALUE
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Yarn (1)	MTs	63,423	65,066	63,660	68,277	10,979,229	7,870,488
Yarn on Job Work Basis (1)	MTs	14	26	14	26	1,189	2,413
Grey Fabric (2)	Mtrs	20,003,522	21,821,033	21,652,260	23,348,649	1,522,123	1,292,871
Processed Fabric (3)	Mtrs	42,294,809	39,340,702	43,139,684	40,289,812	4,379,122	3,489,599
Readymade Garments	Pcs	--	--	9,310	27,101	5,619	22,451
Cotton Fibre (4)	MTs	--	--	2,014	231	151,663	14,450
Sugar (5)	Qtls	305,672	155,530	188,846	317,223	531,870	1,003,438
Molasses	Qtls	148,788	83,872	181,692	34,930	88,959	28,023
Bagasse(6)	Qtls	888,482	479,304	65,995	13,870	13,199	3,814
Steel Ingots	MTs	--	--	--	28	--	642
Runner & Risers	MTs	--	--	6	--	112	--
Others (7)		--	--	--	--	1,108,227	957,832
TOTAL						18,781,312	14,686,021

*Sales Includes Shortage/Excess During Transit

- 1 Production excludes 517 MTs. material reprocessed (Previous year 115 MTs.) and excludes 3,368 MTs. for captive consumption (Previous year 3,288 MTs.). Sales Includes interunit transfer of 20,761 MTs. amounting to Rs. 4,016,618 thousands (Previous Year 19,820 MTs. amounting to Rs. 2,592,957 thousands).
- 2 Production excludes 633,385 Mtrs. reprocessed (Previous year 361,806 Mtrs.) It also excludes 27,161,755 Mtrs. for captive consumption (Previous Year 21,554,951 Mtrs.). Sales includes interunit transfer of 16,513,629 Mtrs amounting to Rs. 1,204,728 thousands (Previous Year 16,485,423 Mtrs. amounting to Rs. 960,693 thousands).
- 3 Production excludes 1,632,437 Mtrs. material reprocessed (Previous year 1,403,659 Mtrs.) and include 159,935 Mtrs. on Job work basis (Previous year 940,559). Sales Includes interunit transfer of 871,110 Mtrs. amounting to Rs. 76,541 thousands (Previous year 2,177,726 Mtrs. amounting to Rs. 183,216 thousands).
- 4 Sale Includes interunit transfer of 1,625 MTs. amounting to Rs.124,551 thousands (Previous year 76 MTs. amounting to Rs. 4,507 thousands).
- 5 Production excludes 4,720 Qtls. of Brown sugar reprocessed (Previous Year 3,950 Qtls.).
- 6 Production includes 815,387 Qtls. for captive consumption (Previous Year 467,755 Qtls.). Sale include interunit transfer of 65,995 Qtls. amounting to Rs. 13,199 thousands (Previous year 13,870 Qtls. amounting to Rs. 3,814 thousand).
- 7 Other sales includes interunit transfer of Rs. 923,046 thousands (Previous year Rs. 804,440 thousands).



C OPENING AND CLOSING STOCK OF GOODS MANUFACTURED AND TRADED IN

i) OPENING STOCK

CLASS OF GOODS	UNITS	2010-11		2009-10	
		QTY	VALUE	QTY	VALUE
Glycerine	MTs	1	23	1	23
Yarn	MTs	724	79,462	1,417	141,975
Yarn on Job Work Basis	MTs	--	--	--	1
Grey Fabric	Mtrs	4,793,568	278,772	6,017,028	307,513
Processed Fabric	Mtrs	4,731,377	390,787	5,680,487	453,310
Readymade Garments	Pcs	2,744	932	2,279	770
Sugar	Qtls	109,025	199,361	270,718	537,678
Molasses	Qtls	214,642	114,262	165,700	86,961
Bagasse	Qtls	400	110	2,721	272
Steel Ingots	MTs	--	--	28	694
Runner & Risers	MTs	6	95	6	93
Others		--	17,002	--	10,935
Total			1,080,806		1,540,225

ii) CLOSING STOCK

CLASS OF GOODS	UNITS	2010-11		2009-10	
		QTY	VALUE	QTY	VALUE
Glycerine	MTs	--	--	1	23
Yarn	MTs	3,101	531,544	724	79,462
Grey Fabric	Mtrs	3,475,251	300,049	4,793,568	278,772
Processed Fabric	Mtrs	3,886,502	366,253	4,731,377	390,787
Readymade Garments	Pcs	3,036	906	2,744	932
Sugar	Qtls	225,851	549,479	109,025	199,361
Molasses	Qtls	181,738	86,514	214,642	114,262
Bagasse	Qtls	7,500	1,568	400	110
Runner & Risers	MTs	--	--	6	95
Others		--	69,148	--	17,002
Total			1,905,461		1,080,806

D. TRADING GOODS PURCHASED

CLASS OF GOODS	UNITS	2010-11		2009-10	
		QTY	VALUE	QTY	VALUE
Yarn (1)	MTs	689	124,945	612	88,963
Fabric (2)	Mtrs	--	--	--	--
Readymade Garments	Pcs	9,602	5,806	27,566	22,367
Cotton Fibre	MTs	265	19,207	155	9,311
Total			149,958		120,641

(1) Excludes inter unit transfers of 1,925 MTs (Previous Year 1,907 MTs) amounting to Rs.313,426 thousands (Previous year Rs 252,708 thousand).

(2) Excludes inter unit transfers of 330,421 Mtrs amounting to Rs. 20,892 thousands (Previous year 304,157 Mtrs amounting Rs. 15,983 thousands).



E. RAW MATERIAL CONSUMED#

CLASS OF GOODS	UNITS	2010-11		(Value Rupees in '000)	
		QTY	VALUE	QTY	2009-10 VALUE
Oils & Fats	MTs	--	437	--	--
Fibre including Waste (1)	MTs	68,171	6,399,673	68,137	4,362,523
Yarn (2)	MTs	873	98,124	872	104,409
Fabric (3)	Mtrs	448,634	26,088	646,386	28,523
Sugar Cane (4)	Qtls	3,373,127	726,779	1,802,571	435,312
Scrap Steel (5)	MTs	11	508	81	1,192
Total			7,251,609		4,931,959

Includes quantity and value of Raw materials sold.

- (1) Excludes interunit transfer of 4,288 MTs. (Previous Year 3,394 MTs.) amounting to Rs. 270,512 thousands (Previous Year Rs. 143,499 thousands).
- (2) Excludes interunit transfer of 18,836 MTs. (Previous Year 17,908 MTs.) amounting to Rs. 3,703,192 thousands (Previous Year Rs. 2,339,650 thousands).
- (3) Excludes interunit transfer of 17,050,430 Mtrs. amounting to Rs. 1,260,377 thousands (Previous Year excludes interunit transfer of 18,356,313 Mtrs. amounting to Rs. 1,127,748 thousands).
- (4) Includes 4,478.30 Qtls. amounting to Rs. 930 thousands of Sugar Cane Cultivated at Company's own R & D Farms (Previous Year 3,514.90 Qtls. amounting to Rs. 752 thousands).
- (5) Excludes interunit transfer of 154 MTs. amounting to Rs. 2,315 thousands (Previous Year nil MTs. amounting to Rs. nil thousands).

F. OTHER ADDITIONAL INFORMATIONS

PARTICULARS	2010-11 (Rupees In '000)	2009-10 (Rupees In '000)
a) Value of Import on CIF basis		
i) Raw Material	24,102	20,172
ii) Capital Goods & Stores	426,589	199,073
b) Expenditure in Foreign Currency		
i) Travelling	4,154	2,018
ii) Commission	4,896	3,542
iii) Others	4,332	5,337
iv) Fccb Interest	158,982	--
c) Earnings in Foreign Exchange		
i) F.O.B. Value of Exports	882,223	594,480
ii) Others	25,556	29,044
d) Value of Imported and Indigenous Raw Material, Spare Parts, Components & Store Consumed.		

PARTICULARS	2010-11 (Rupees In '000)		2009-10 (Rupees In '000)	
		%age		%age
i) Raw Material				
Imported	47,189	0.65	802	0.02
Indigenous	7,204,420	99.35	4,931,157	99.98
ii) Stores, Spares Parts & Components *				
Imported	112,864	10.48	110,131	11.67
Indigenous	964,303	89.52	833,934	88.33

* Excludes inter unit transfers of Rs. 68,389 thousands (Previous year 61,721 thousands).

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

Mukesh Sood
Company Secretary

B.Bhushan Gupta
President (Corporate
Finance & Accounts)

Dinesh Gogna
Director

Kamal Oswal
Vice Chairman Cum-
Managing Director

Place : Ludhiana
Date : 30th May, 2011



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 27th Annual General Meeting of **Nahar Industrial Enterprises Limited** held on Tuesday, the 20th day of September, 2011 at 11.30 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 27th Annual General Meeting of the Company to be held on Tuesday, the 20th day of September, 2011 at 11.30 A.M. or at any adjournment thereof.

Signed this _____ day of _____ 2011.

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
Rs. 1/-
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Stamp

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