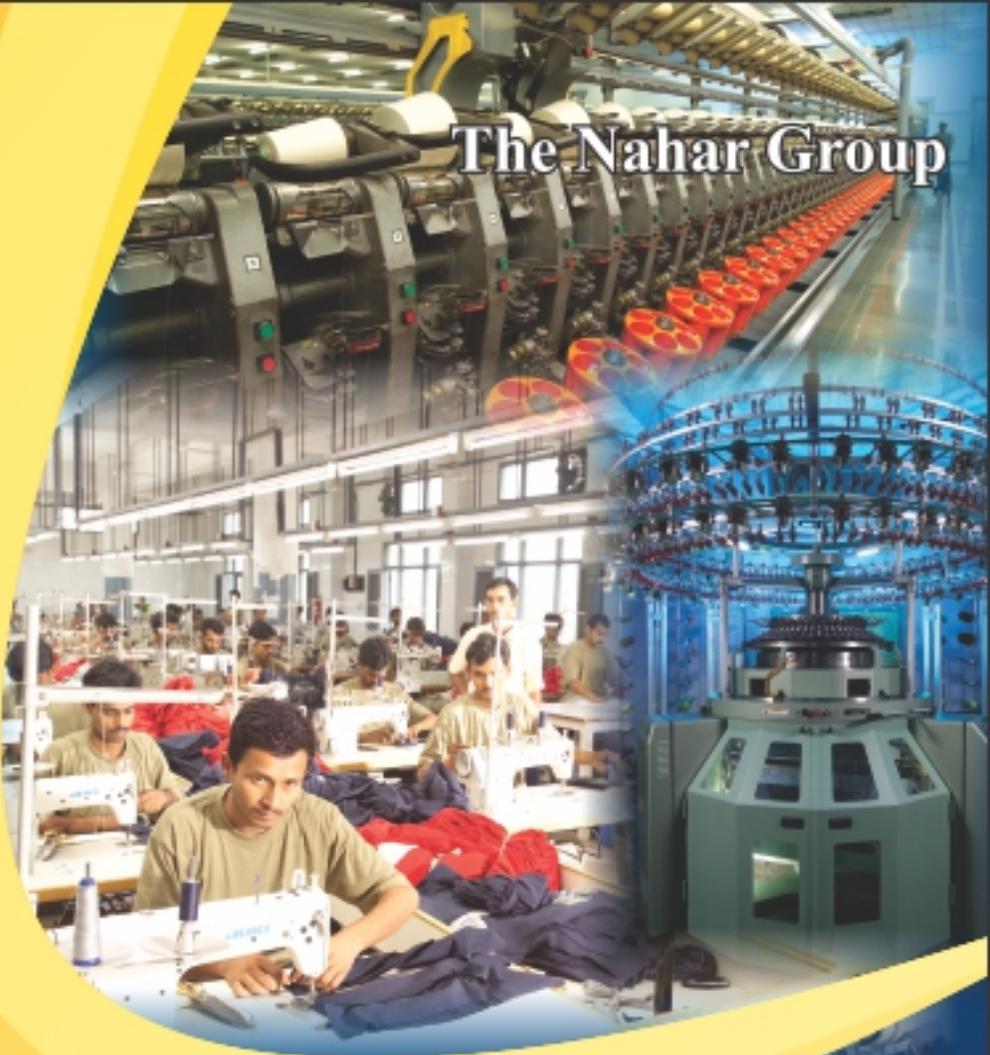




The Nahar Group



31st Annual Report 2010 - 2011



Nahar

SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal

Sh. Dinesh Oswal
Sh. Kamal Oswal
Sh. Dinesh Gogna
Dr. (Mrs.) H.K. Bal
Dr. Om Parkash Sahni
Prof. Kanwar Sain Maini
Sh. Satish Kumar Sharma
Dr. Suresh Kumar Singla
Dr. Amrik Singh Sohi
Dr. Yash Paul Sachdeva

Chairman

Managing Director
Director
Director
Director
Director
Director
Director
Director
Additional Director
Additional Director

FINANCE CONTROLLERS

Sh. Anil Garg & Sh. P. K. Vashishth

COMPANY SECRETARY

Sh. Brij Sharma

AUDITORS

M/s. Gupta Vigg & Co., Chartered Accountants
101, Kismat Complex, G.T. Road, Miller Ganj, Ludhiana-141 003.

PRINCIPAL BANKERS	:	Punjab National Bank, State Bank of India
REGD. OFFICE	:	373, Industrial Area- 'A', Ludhiana-141 003
WORKS	:	427, Industrial Area - 'A', Ludhiana (Punjab) Dhandari Kalan, G.T. Road, Ludhiana (Punjab) Village Simrai, Mandideep, Distt. Raisen (M.P.) Village Lalru and Lehli, Distt. S.A.S. Nagar (Punjab) Village Jalalpur, Distt. S.A.S. Nagar (Punjab) Rishab Spinning Mills, Village Jodhan, Distt. Ludhiana Nahar Fibres, Jitwal Kalan, Malerkotla, Distt. Sangrur

31st ANNUAL GENERAL MEETING

Day : Tuesday
Date : 20th September, 2011
Time : 10.00 A.M.
Place : At the Premises of
Nahar Industrial Enterprises
Limited, Focal Point, Ludhiana

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Save Tree Save Earth

Green Initiative

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

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

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

**NOTICE**

Notice is hereby given that the **Thirty First Annual General Meeting** of the members of **NAHAR SPINNING MILLS LIMITED** will be held on **Tuesday, the 20th day of September, 2011 at 10.00 A.M.** at the premises of M/s Nahar Industrial Enterprises Limited, Focal Point, Ludhiana to transact the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Dr. Suresh Kumar Singla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. S.K. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sh. J.L. Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors who shall hold Office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Gupta Vigg & Co., Chartered Accountants, the retiring Auditors of the Company being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, for the time being in force and Article 78 of the Articles of Association of the Company, Dr. Amrik Singh Sohi who was appointed as Additional Director of the Company w.e.f. 10th Aug., 2011 and who holds such office up to the date of forthcoming Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, for the time being in force and Article 78 of the Articles of Association of the Company, Dr. Yash Paul Sachdeva, who was appointed as Additional Director of the Company

w.e.f. 10th Aug., 2011 and who holds such office up to the date of forthcoming Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to the Provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII (including any statutory modification or re-enactment thereof, for the time being in force), consent and approval of the Company be and is hereby accorded for the re-appointment of Sh. Dinesh Oswal, as Managing Director of the Company, for a period of 5 years w.e.f. 1st January 2012 on the remuneration & perquisites set out below:

Salary	:	Rs. 30,00,000/- per month
Commission	:	1.5% of the Net Profit.
Perquisites	:	Following perquisites shall be allowed in addition to salary and commission.

- i) Housing
- a) The expenditure by the Company on hiring furnished accommodation will be subject to the ceilings of 60% of the salary over and above, 10% payable by Sh. Dinesh Oswal.
- b) If the Company does not provide accommodation to Sh. Dinesh Oswal, he shall be entitled to House Rent Allowance @ 60% of salary.
- c) If the accommodation in the Company owned house is provided to Sh. Dinesh Oswal, a deduction @ 10% shall be made from his salary.

Explanation

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

- ii) **Medical reimbursement:** Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months salary over a period of five years.
- iii) **Leave travel concession:** Leave travel concession for self and family twice in a year incurred by him.
- iv) **Club fees:** Fees of clubs subject to a maximum of four clubs. No admission and life membership fee will be paid.
- v) **Personal Accident Insurance:** Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4000/-.



- vi) **Provident fund and super-annuation fund:** Contribution to Provident fund, Super-annuation fund or Annuity fund in accordance with the rules specified by the Company.
- vii) **Gratuity:** Gratuity payable shall not exceed half month's salary for each completed year of service.
- viii) **Leave Encashment:** Encashment of leave at the end of tenure, as per rules of the Company.
- ix) **Car and Telephone:** Free use of Company's car for official work and telephone at residence.

Note : For the purpose of perquisites stated herein above, family means the spouse, the dependent children and dependent parents of the appointee.

"RESOLVED FURTHER THAT wherein any Financial year, the Company has no profits or its profits are inadequate, the Company may pay Sh. Dinesh Oswal, remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit of Rs. 24 Lacs per annum or Rs.2.00 Lacs per month in addition thereto the perquisites not exceeding the limits, specified under Section II of the Part II of Schedule XIII of the Companies Act, 1956".

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to take all such steps as may be necessary to give effect to above resolution."

BY ORDER OF THE BOARD

PLACE : LUDHIANA
DATED: 10th Aug, 2011

BRIJ SHARMA
(Company Secretary)

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. The Explanatory Statement pursuant to Section 173(2) of the companies Act, 1956 in respect of Special Business under item no.7 to 9 is annexed hereto and form part of the notice.
3. The Register of Members and Share Transfer Register of the Company shall remain closed from 10.09.2011 to 20.09.2011 (both days inclusive).
4. The dividend on equity shares as recommended by the Board of Directors, if approved at the Annual General Meeting will be paid to the members, whose names appear in the Register of Members as on 20th Sept., 2011 or Register of Beneficial Owners, maintained by the Depositories at the close of 9th Sept., 2011.
5. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends upto the financial year 2002-2003 have been transferred to Investor Education and Protection Fund. Further unpaid dividend for the year 2003-2004 is to be transferred to Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956 in November, 2011. Shareholders who have not encashed their dividend warrants relating to the said period are requested to claim the amount from the Company at the earliest.

Further we may also inform that once the amount is deposited with Central Government, it cannot be claimed later on as per the Companies (Amendment) Act, 1999.
6. The bank account particulars of the members will be printed on the dividend warrants. Members holding shares in physical form are requested to immediately notify change in their address/Bank details to the Company's Share Transfer Agent M/s Alankit Assignments Limited or to the Company's Registered Office at 373, Industrial Area-A, Ludhiana - 141 003.

Members holding shares in electronic form are requested to notify change in their address/Bank details to their Depository Participants before 9th Sept., 2011.
7. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialise their shares at the earliest.
8. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B)
9. Members seeking any information with regard to Annual Accounts at the time of meeting are requested to send their queries to the Company at least 7 days before the date of meeting so as to enable the management to keep the relevant information ready.
10. Members are requested to bring the copy of Annual Report alongwith them, at the meeting.
11. The documents referred to in the accompanying Explanatory Statement are open for inspection at the Registered Office of the company on any working day (except Sunday and holiday) between 10.00 A.M. to 12.00 Noon upto the date of Annual General Meeting.



12. The information required to be provided under clause 49 of the Listing Agreement entered into with the Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed is given hereunder and form part of the notice.

Information pursuant to Corporate Governance Clause of the Listing Agreement regarding Director seeking appointment/re-appointment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

Dr. Amrik Singh Sohi is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Companies Act, 1956 and has obtained director Identification Number in terms of Section 266(A) of the said Act.

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

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

ITEM NO.8

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

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

Dr. Yash Paul Sachdeva is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Companies Act, 1956 and has obtained director Identification Number in terms of Section 266(A) of the said Act.

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

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

ITEM NO.9

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

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

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

Your Directors recommend the resolution for your approval.

Sh. Dinesh Oswal is deemed to be concerned or interested in the resolution. Further Sh. Jawahar Lal Oswal and Sh. Kamal Oswal being relatives of Sh. Dinesh Oswal may also be deemed to be concerned or interested in the said Resolution.

The resolution as given in the notice may also be treated as an abstract of the terms of contract of appointment under the provision of Section 302 of the Companies Act, 1956.

The terms and conditions of appointment as set out in the draft agreement to be entered into between the Company and Sh. Dinesh Oswal, is available for inspection at the Registered Office of the Company.

BY ORDER OF THE BOARDPLACE : LUDHIANA
DATED: 10th Aug, 2011**BRIJ SHARMA**
(Company Secretary)



DIRECTORS REPORT

Dear Members,

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

FINANCIAL PERFORMANCE

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

(Rs. in Lac)

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

PERFORMANCE REVIEW

We would like to inform you that as per the disclosure requirements of Accounting Standard AS17 issued by the Institute of Chartered Accountants of India, company's activities can be classified under two segments namely "Yarn Segment" and "Garment Segment". Before reviewing overall performance of the company we would like to brief you regarding the working performance of each Segment which is as under:-

YARN SEGMENT

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

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

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

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

GARMENT SEGMENT

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

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

OVERALL PERFORMANCE

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

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

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



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

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

DIVIDEND

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

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of the profits of the company for the year under reference to all those shareholders whose names shall appear in the Register of Members on 20th September, 2011 or Register of beneficial owners, maintained by the Depositories as at the close of 9th September, 2011.

DIRECTORS

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

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

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

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

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

CREDIT RATING

The Credit Rating Information Services of India Ltd. (CRISIL) has re-confirmed the credit rating "P1+" (Pronounced "P one plus") to the Company for short term loan upto Rs.23.50 Crores. This indicate that the degree of safety with regard to timely payment of interest and principal on the instrument is very strong.

GREEN INITIATIVE

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

Accordingly, company propose to send documents such as notices of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c. or send the same to the Company via e-mail at:- secnsm@owmnahar.com or gredressalnsm@owmnahar.com. We solicit your valuable co-operation and support in our endeavour to contribute our bit to the environment.

OPEN OFFER FOR NAHAR POLY FILMS LIMITED

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

LISTING OF SECURITIES

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

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

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

DEMATERIALISATION OF SECURITIES

As the members must be aware that company's securities are tradable compulsorily in electronic form w.e.f. 21st March, 2000. Your Company has already established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the holding and trading of securities in electronic form. As on date 94.37% of the share capital of the company has been dematerialised. The shareholders who have not gone in for dematerialisation of shares till date, are requested to opt for dematerialisation of the shares at the earliest.

Further as per SEBI circular no. D&CC/FITC/CIR-15/2002 dated 27th December, 2002, Company has appointed M/s Alankit Assignments Ltd.



as Registrar for Share Transfer and Electronic Connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of Share Transfer, Demat/Remat, Change of Address etc. to our Registrar at below mentioned address:

M/s Alankit Assignments Limited
(Unit: Nahar Spinning Mills Limited)
Alankit House
2E/21, Jhandewalan Extension
New Delhi - 110 055
Telephone No. : (011) 23541234
Fax No. : (011) 41540064
E-mail address : rta@alankit.com

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

AUDIT COMMITTEE

Pursuant to Section 292A(1) of the Companies Act, 1956, Company constituted Audit Committee consisting of Sh. Amarjeet Singh as Chairman, Sh. Dinesh Gogna and Dr. O.P. Sahni as members. Because of the sad demise of Sh. Amarjeet Singh on 30th May, 2011, Sh. K.S. Maini was appointed as Member as well as Chairman of Audit Committee on the same day itself. The committee held four meeting during the year under review.

REPORT ON THE CORPORATE GOVERNANCE

Your Company continues to follow the principles of good Corporate Governance. The company has already constituted several committees of directors to assist the Board in good Corporate Governance. The Corporate Governance Report alongwith the Auditors Certificate regarding compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchange, is attached herewith as Annexure-III.

ENVIRONMENT FRIENDLY CORPORATE ENTITY

As a responsible corporate entity, your company is sensitive to environment also and is contributing a bit to improve the ecological balance by introducing Organic Cotton yarns & Fair Trade Cotton Yarns certified by Control Union Certificate of Netherlands & F.L.O. of Germany. The company is Registered with Clean Development Mechanism (CDM) Executives Board and United Nations Framework Conventions on Climate Change (UNFCCC) Secretariat, Bonn, Germany.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year under review, conform in their entirety to the requirements of the Companies Act, 1956.

The Directors confirm :

- i) that in preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanations relating to material departures;
- ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that they had prepared the Annual Accounts on a going concern basis.

COST AUDITORS

The Company appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors for the year 2010-2011. The Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi have approved their appointment. The Cost Audit Report of the year ended 31st March, 2011 would be submitted to the Ministry of Corporate Affairs, Cost Audit Branch, in accordance with the requirements of Law.

AUDITORS

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

The Audit Committee has recommended their re-appointment.

PUBLIC DEPOSITS

During the year the company has neither accepted nor intend to accept any Public deposit within the meaning of Section 58-A of the Companies Act, 1956 and the rules made there under. There are no outstanding/unclaimed deposit from the public.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 205C of the Companies Act, 1956 the company has transferred an amount of Rs.16,40,854/- (Rupees Sixteen lacs forty thousand eight hundred fifty four only) being the amount of unclaimed Dividend for the year 2002-2003 to the Investor Education and Protection Fund.

PARTICULARS OF EMPLOYEES

Information regarding employees in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 is given in Annexure - I and forms part of this report.

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

The detailed information as required under section 217(1)(e) of the companies Act, 1956 read with Companies (Disclosure of Particulars in Report of the Board of Directors) Rules 1988, is enclosed as per Annexure-II and forms part of this report.

INDUSTRIAL RELATIONS

The industrial relations remained cordial throughout the year and the excellent results were achieved with the whole hearted co-operation of employees at all levels.

ACKNOWLEDGEMENT

The Board of Directors of the company wish to place on record their thanks and appreciation to all workers, staff members and executives for their contribution to the operations of the company. The Directors are thankful to the Bankers, Financial Institutions for their continued support to the company. The Directors also place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the Management of the Company.

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA

JAWAHAR LAL OSWAL

DATED: 10th Aug, 2011

(Chairman)

**ANNEXURE-I****PARTICULARS OF EMPLOYEES AS PER THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2011**

Sr. No.	Name	Designation	Nature of duties	Remuneration (Amt.in Lacs)	Nature of Employment	Qualification	Experience in years	Date of Employment	Age (Years)	Last Employment held	%age of Equity Capital held
1.	Sh. Dinesh Oswal	Managing Director	Overall company's administration	605.86	Contractual	B.Com	26	01.01.1987	46	Oswal Woollen Mills Ltd.	0.066%

NOTES:

1. Remuneration includes salary, ex-gratia, leave encashment, monetary value of perquisites as per Income Tax Rules, employers contribution to provident fund and commission, where applicable.
2. Sh. Dinesh Oswal, is related to Sh. Jawahar Lal Oswal, Chairman and Sh. Kamal Oswal, Director of the Company.

ANNEXURE-II**INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.****I. CONSERVATION OF ENERGY****a) Measures taken for conservation of energy**

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

- i) The Company has installed Slub yarn system on Ring Frame machine to reduce the power consumption.
- ii) The Company has replaced old 3 nos LC300 cards from New Technology LC333 cards for improving the energy efficiency and production as well as power saving.
- iii) Remove unnecessary bend in water flow Pipe line of cooling tower for reducing the resistance in water flow so improve the efficiency of cooling tower.
- iv) Company is using energy efficiency spindle oil in Ring Frame machines, which resulted saving in Power consumption.
- v) The Company replaced ordinary chocks with electronics ballast for improving energy efficiency.
- vi) The Company replaced the capacitor bank which have 15% reduction in its capacity for improving the power factor which results decrease the losses of power cables.

- vii) Replacement of 30 Nos. 250 Watt Sodium Lamps with 90 Watt CFL Lamps.
- viii) By installing 200 Liters per day capacity Solar Water Heater for the Yarn Conditioning Machines for saving the Energy.
- xi) Replacement of 300 Nos. ordinary Chokes with the Electronic Chokes.
- x) Minimized the lighting load by replacement with electronic ballast with single tube light of high luminance.
- xi) By installing overhead blowers at Ring Frames machines and A/c machines are parked at both ends for 1 minute for saving the Energy.
- xii) Replacement of incandescent lamps with capacitive sodium vapour and LED lamps.
- xiii) Redesigning and modification of Air Handling unit.
- xiv) In Speed Frame 4 KW Suction motors has been replaced by electronic stop motion for roving breakage.
- xv) 14 Cards of "C1/3" replaced with 12 Cards of "LC100" from Unit-2
- xvi) 4 Combers of "LK64" are running with advanced technology.
- xvii) 2 "DO/6" machines are replaced with 1 "Id-2" from LMW.
- xviii) 2 Old Autoconers of "MURATEC" are replaced with "SAVIO ESPERO-L"



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

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

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

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

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

	FORM A	
	CURRENT YEAR PREVIOUS YEAR	
	2010-2011	2009-2010
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Units (Kwh)	263350801.00	223785034.00
Total amount (Rs.)	1135608463.23	989392259.50
Rate per Unit (Rs.)	4.31	4.42
b) Own Generation		
Through Diesel Generator		
Units produced (KWH)	5049563.00	25083427.00
Total amount (Rs.)	45157902.27	160407161.42
Cost per unit (Rs.)	8.94	6.39
c) Own Generation through turbine		
Units produced (KWH)	35399322.00	41936530.00
Total amount (Rs.)	125962608.11	132067370.00
Cost per Unit (Rs.)	3.56	3.15
2. Steam Coal	Used in Boiler	Used in Boiler
Quantity (in Tonnes)	295.55	6003.97
Total Cost (Rs.)	833344.00	17943647.12
Cost per unit (Rs.)	2819.64	2988.63
3. Furnace Oil		
Quantity (in litres)	730392.38	5082463.00
Total cost (Rs.)	18947911.05	124498062.55
Rate/Tonne (Rs.)	25942.10	24495.62
4. Other/Internal Generation		
Rice Husk (Qty. in tonnes)	30311.82	53489.96
Total Cost (Rs.)	114895924.00	164171043.15
Rate/Tonne (Rs.)	3790.47	3069.19
Steam Coal (in Tonnes)	93.59	713.20
Total Cost (Rs.)	263875.14	2131487.93

	Cost per Unit (Rs.)	2819.48	2988.63
B. CONSUMPTION PER UNIT OF PRODUCTION			
GARMENT UNIT			
1.	Rice husk used per Kg. of dyed cloth/Yarn	5.21	5.73
2.	Electricity consumed per unit of Hosiery Garments Manufactured (From Fabric to Garment)	0.64	0.71
SPINNING UNIT (ALL)			
	Product Cotton/Synthetic Yarn	62333332.90	64024386.03
	Electricity (Unit/Kg.)	4.92	4.59
	Rice husk used per Kg. Of Yarn	1.07	1.38
	Furnace Oil used per kg. of Yarn	0.02	0.20
	Steam Coal used per kg. of Yarn	0.02	0.33
MERCERISING CUM DYEING UNIT (LALRU)			
1.	Electricity consumed per unit of Yarn/Cloth (Unit/Kg.)	3.48	3.19
2.	Rice husk used per Kg. of Yarn/Cloth	4.74	2.49
3.	Furnace Oil used per Kg. of Yarn (Ltr/Kg.)	0.02	0.39

II. TECHNOLOGY ABSORPTION

FORM B

A) Research & Development (R & D):

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

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

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

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

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

The company has improved its product value and reduction in production cost. It has expanded its market to value added market segments and has been able to maintain its customer requirements.

The company has been able to reduce the production cost with improved quality level of finished products, thereby fetching better sales realisation.

iii) Future Plans:

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



iv) Expenditure on R & D:

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

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- i) The company in the process of replacement of existing machineries with latest and technology advanced machines.

The company have further installed Compact Spinning Ring Frames for better quality of yarns. Also "Loptex" and "C.V.T. - 3" machines installed in Blow Room for removal of foreign contaminations and installation of Uster Quantum - 2 latest series yarn clearer to improve further quality of yarns.

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

- x) The autoleveller in Rieter's Draw frames are being replaced with the latest AC Drive from the present DC Drive autolevellers for better quality performance.

- xi) In existing speed frames the drafting system is being modernised by replacing the old with latest 5025 Drafting from Texparts, Germany.

- xii) Fully automatic cots buffing machine installed for consistent & improved quality with better life.

Benefits derived as result of above efforts:

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

Information regarding Technology imported during the last five years

NIL

III FOREIGN EXCHANGE EARNINGS AND OUTGO

- (I) Activities relating to Exports, initiative taken to increase exports, Development of New Export Markets for products and export plans
- With the opening of Global Trade company has taken effective steps to increase its exports Markets. Company continues to make efforts to provide quality products at a very competitive rates so that it can compete with International suppliers and maintain a steady growth of exports.

	Current Year	Previous Year
(II) Total Foreign Exchange used and earned		
a) Foreign Exchange earned (Rs. in Lacs)	95264.16	70990.62
b) Foreign Exchange Outgo (Rs. in Lacs)	7703.09	3753.09

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA
DATED : 10th Aug, 2011

JAWAHAR LAL OSWAL
(Chairman)



ANNEXURE - III

CORPORATE GOVERNANCE REPORT

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

Company's philosophy on Corporate Governance

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

I. BOARD OF DIRECTORS

1. The Board of the Company is well structured with adequate blend of professional Executives and Independent Directors.
2. The present strength of Board is Eleven Directors. The Board comprises of Executive and Non Executive Directors. Sh. J.L. Oswal is a Non Executive Chairman and Sh. Dinesh Oswal is Managing Director of the Company. Thus the post of Chairman and Managing Director are held by different persons.
3. Sh. Amarjeet Singh, Independent Director left for heavenly abode on 30.05.2011. The vacancy caused by his death was filled up by the appointment of Dr. Amrik Singh Sohi and Dr. Yash Paul Sachdeva as an Additional Directors on 10th Aug., 2011. The present Board consists of more than one-half of the independent Directors as required under Corpo-

rate Governance Rules. Out of Eleven Board Members, five members namely Dr.(Mrs.) H.K. Bal, Dr. O.P. Sahni, Sh. K.S. Maini, Sh. Suresh Kumar Singla, Dr. Amrik Singh Sohi and Dr. Yash Paul Sachdeva are independent Directors. Thus the Company has complied the Corporate Governance Rules regarding structure of the Board.

4. During the year the Board met five times i.e. on 29th May, 2010, 28th July, 2010, 17th September, 2010, 28th October, 2010 and 25th January, 2011 with a clearly defined agenda circulated well in advance of each meeting. The maximum interval between the two Board meetings is not more than four months.
5. None of the directors is a member of more than 10 Board level committees or is Chairman of more than 5 such Board level committees as required under Clause 49 of the Listing Agreement. None of the Director is a Director in more than 15 companies as prescribed under the Act.
6. Participation of Non Executive Directors has been active in the Board Meetings. The Attendance record of Directors in the Board meeting and the Annual General Meeting during the year 2010-2011 is given herein under:
7. Non Executive Directors are paid a sitting fee of Rs.5000/- per meeting of the Board.
8. Sh. Jawahar Lal Oswal is the father of Sh. Kamal Oswal and Sh. Dinesh Oswal. Sh. Dinesh Oswal and Sh. Kamal Oswal are brothers. No other Director is related to any other Director of the Company within the meaning of Section 6 of the Companies Act, 1956.

Name of Director	Category of Directors	No. of other Directorship (excluding private companies)	No. of Committee membership		No. of Board Meeting attended	Annual General Meeting Attendance (held on 29.09.2009)	No. of Shares held
			Member	Chairman			
Mr. Jawahar Lal Oswal	Non Executive-Promoter	14	--	--	4	No	---
Mr. Dinesh Oswal	Executive - Promoter	14	--	--	5	Yes	23766
Mr. Kamal Oswal	Non Executive - Promoter	14	--	1	5	Yes	24750
Mr. Dinesh Gogna	Non Executive	8	4	1	5	Yes	550
Dr.(Mrs.) H.K. Bal	Non Executive -Independent	5	2	2	5	Yes	---
Mr. Amarjeet Singh	Non Executive - Independent	10	4	4	5	Yes	---
Mr. S.K. Sharma	Non Executive	2	3	--	5	Yes	---
Dr. O. P. Sahni	Non Executive - Independent	5	8	2	5	Yes	147
Prof. K.S. Maini	Non Executive - Independent	4	2	2	5	Yes	182
Dr. Suresh Kumar Singla	Non Executive - Independent	4	3	2	5	Yes	--
Dr. Amrik Singh Sohi**	Non Executive - Independent	1	-	-	-	-	-
Dr. Yash Paul Sachdeva**	Non Executive - Independent	5	1	-	-	-	-

*The Office of Director held by Sh. Amarjeet Singh stand vacated because of his death on 30.05.2011.

**Dr. Amrik Singh Sohi and Dr. Yash Paul Sachdeva were appointed as Additional Directors by the Board on 10.08.2011



9. Code of conduct: The Company is committed to conduct its business in accordance with applicable laws, rules and regulations and highest standards of transparency. Accordingly the Company has laid down a Code of conduct for all its Board members and Senior Managerial/Personnel so that conflict of interest could be avoided. All the Board members and Senior Managerial Personnel are complying with the said code of conduct. The code of conduct is also available on Company's website i.e. www.ownahar.in
10. The Company ensures compliance of various statutory requirements by all its business units.
11. All the Statutory Registers that are required to be maintained, particularly, Register of Director's Shareholding, Register of Investments etc. are properly maintained and continuously updated.

II. AUDIT COMMITTEE

The Board has already constituted an independent and qualified Audit Committee. As at 31st March, 2011, the Committee consisted of three Non Executive Directors under the chairmanship of Sh. Amarjeet Singh. Dr. O.P. Sahni and Sh. Dinesh Gogna are the two other members of the Audit Committee. Because of the sad demise of Sh. Amarjeet Singh, the vacancy so caused was filled up with the appointment of Prof. K.S. Maini as Member as well as Chairman of Audit Committee on 30.05.2011. Prof. K.S. Maini is Post Graduate in Commerce. He retired as Head of Commerce Department (Post Graduate), Government College, Ludhiana. He is well versed with Accounting and Financial Matter. Sh. Dinesh Gogna is a Company Executive having 34 years of experience in Corporate Finance, Taxation and Financial and Accounting matters. Likewise Dr. O.P. Sahni who is Ph.D, is also having requisite expertise in Financial and Accounting matters. The Company Secretary is the Secretary of the committee. The Finance Controller is permanent invitee of the committee. The statutory auditors, the internal auditors and cost auditors are also invited to attend the meetings, as per relevant provisions of the applicable laws/rules, as and when felt necessary.

The term of reference of the Audit Committee are as per clause-49 of the Listing Agreement with the Stock Exchanges, SEBI Guidelines and Companies Act, 1956. Since 1st April, 2010 the committee met four times i.e. on 29th May, 2010, 28th

July, 2010, 28th October, 2010 and 25th January, 2011 and at these meetings, the quarterly un-audited financial results as well as the financial statement during the year ended 31st March, 2010 were reviewed and examined by the members of the audit committee before recommendation of the same to the Board of Directors for their perusal and adoption.

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

Name of the Member	No. of meetings held Upto 31.03.2011	No. of meetings attended
Sh. Amarjeet Singh	4	4
Sh. Dinesh Gogna	4	4
Dr. O.P. Sahni	4	4

Late Sh. Amarjeet Singh, past Chairman of the Audit Committee, attended the last Annual General Meeting of the Company held on 30th September, 2010 and replied/clarified the queries raised at the Annual General Meeting.

III. REMUNERATION COMMITTEE

The Remuneration Committee was set up by Board in its meeting held on 31st Jan., 2002. The committee comprises Sh. Amarjeet Singh as Chairman, Sh. S.K. Sharma and Dr.(Mrs.) H.K. Bal as members. Because of the demise of Sh. Amarjeet Singh on 30.05.2011, Dr. S.K. Singla was appointed as Member as well as Chairman of Remuneration Committee on the same day itself. The Broad term of reference of the Remuneration Committee is to ensure that the Company's Remuneration policies in respect of Managing Director/Working Directors, Senior Executives are competitive so as to recruit and retain best talent in the Company and to ensure appropriate disclosure of remuneration paid to said persons. The Committee met once during the year i.e. on 28th July, 2010. The attendance record of the meeting held is as follows :-

Name of the Member	No. of meetings held Upto 31.03.2011	No. of meetings attended
Sh. Amarjeet Singh	1	1
Sh. S.K. Sharma	1	1
Dr.(Mrs.) H.K. Bal	1	1

The details of Director's remuneration paid for the year ended 31st March, 2011 is as under:

	Salary (Rs.)	Sitting Fee(Rs.)
Sh. Jawahar Lal Oswal		20000.00
Sh. Kamal Oswal		25000.00
Sh. Dinesh Oswal	60586245.25	
Sh. Dinesh Gogna		25000.00
Sh. S.K. Sharma		25000.00



Dr.(Mrs.) H.K. Bal	25000.00
Sh. Amarjeet Singh	25000.00
Dr. O.P. Sahni	25000.00
Sh. K.S. Maini	25000.00
Sh. S.K. Singla	25000.00

IV. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Company is having Shareholders'/Investors' Grievance Committee consisting of three Non Executive Directors under the Chairpersonship of Dr.(Mrs.) H.K. Bal. Sh. Amarjeet Singh and Sh. S.K. Sharma are the other members of the committee. Because of the death of Sh. Amarjeet Singh on 30th May, 2011 the vacancy so caused was filled up with the appointment of Sh. O.P. Sahni as Member of Shareholders'/Investors' Grievance Committee on the same day itself. Sh. Brij Sharma, Company Secretary is the Compliance Officer of the Company. The committee look into the complaints/grievances of shareholders in respect of transfer of shares, Non receipt of dividend/share certificates, Demat problems etc. The committee met four times from April, 2010 to March, 2011 i.e. on 29th May, 2010, 28th July, 2010, 28th October, 2010 and 25th January, 2011 and the attendance record of the meetings held is as follows:-

Name of the Member	No. of meetings held Upto 31.03.2011	No. of meetings attended
Dr.(Mrs.) H.K. Bal	4	4
Sh. Amarjeet Singh	4	4
Sh. S.K. Sharma	4	4

The Company has been quick in the redressal of the grievances of the shareholders and has attended to most of the investors correspondence/grievances within a period of 15 to 30 days from the date of receipt of the same. The details regarding the same is as under:

No. of complaints received during the year * : 9
No. of complaints resolved during the year* : 9
No. of complaints pending as on 31.03.2011 : NIL

*Complaint received from BSE, NSE and SEBI.

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

Further the Company has also constituted a share transfer committee comprising 4 members under the Chairmanship of Sh. Dinesh Oswal. The committee is responsible for approving the transfer and transmission of securities, dematerialisation of shares, issuance of duplicate certificates and other shareholders related issues. The committee generally meets once in a month. During the period April, 2010 to March, 2011 the committee held 12 meetings i.e. on 30.04.2010, 31.05.2010, 30.06.2010, 31.07.2010, 31.08.2010, 30.09.2010, 30.10.2010, 30.11.2010, 31.12.2010, 31.01.2011, 28.02.2011 and

31.03.2011 and the attendance record of the members is as follows :-

Name of the Member	No. of meetings held Upto 31.03.2011	No. of meetings attended
Sh. Dinesh Oswal	12	11
Sh. Dinesh Gogna	12	12
Sh. S.K. Sharma	12	12
Sh. Brij Sharma	12	12

As per SEBI circular no.D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, Company has appointed M/s Alankit Assignments Ltd. as Registrar for Share Transfer and Electronic Connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of Share Transfer, Demat/Remat, Change of Address etc. to our Registrar whose address and telephone no. etc. has already been mentioned in the Directors Report.

V. GENERAL BODY MEETINGS

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

Financial year	Location	Date	Time
2007-2008	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	29.09.2008	10.00 A.M.
2008-2009	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	30.09.2009	10.00 A.M.
2009-2010	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	30.09.2010	10.00 A.M.

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

2007-2008

No Special resolution was passed.

2008-2009

No Special resolution was passed.

2009-2010

No Special resolution was passed.

(III) **Special Resolution passed last year through postal ballot.**

No Special resolution was passed during the financial year ended 31.03.2011 through postal ballot

iv) **Proposal of Special Resolution through postal ballot**

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

VI. DISCLOSURES

i) There have been no materially significant related party transactions that may have potential conflict with the interest of the Company at large. Transaction with related party are disclosed in schedule 24 in the Notes of Account.



- ii) The Company continues to comply with the requirement of Stock Exchange, SEBI or any statutory authority on all matters related to capital market during the last three years. No penalty or strictures have been imposed on the Company by the said authorities relating to the above.
- iii) The Company does not have any Whistle Blower Policy as of now but no personnel are being denied any access to the Audit Committee.
- iv) The Company complied with not only the mandatory requirements but has also complied with non mandatory requirements in respect of Remuneration Committee. The Company is yet to comply with the other non mandatory requirements of the Listing Agreement on Corporate Governance.

VII. MEANS OF COMMUNICATION

The Company's quarterly results in the format prescribed by the Stock Exchanges are approved and taken on record by the Board within the prescribed time frame and sent immediately to all Stock Exchanges on which the Company's shares are listed. These results are published in leading news papers i.e. Business Standard/Economic Times in English and Punjabi Tribune in vernacular. Our Quarterly, Half yearly and Annual results are also displayed on the website of the Company i.e. www.ownahar.in. Whenever any Official news is released the same is also displayed on the aforesaid Website of the Company. Likewise whenever any presentation about Company's working is made to Financial Institutional Investors or to the analysts, the same is displayed on Company's Website.

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

VIII. GENERAL SHAREHOLDERS INFORMATION

1. **Annual General Meeting** : September 20, 2011
Date, Day, time and Venue : Tuesday at 10.00A.M
. Premises of Nahar Industrial Enterprises Limited,
Focal Point,
Ludhiana
2. **Financial Calendar** : The Financial year of the company covers 1st April to 31st March.
3. **Date of Book Closure** : 10th Sept., 2011 to 20th Sept., 2011 (both days inclusive)
4. **Dividend Payment**
 - a) **Payment Date** : Before 10th Oct., 2011

b) Mode of payment of dividend : The Company provides the facility of paying dividend through Electronic Clearing System (ECS). The members desirous of availing the facility of electronic credit of dividend are requested to ensure that their correct bank details alongwith 9 digit MICR code of their bank, is noted in the records of the Depository Participant (DP), Members who hold shares in physical form, should contact the R&T Agent or the Company in this regard.

In order to prevent fraudulent encashment of dividend warrants, members are requested to provide their correct bank account details, to their DP in case of electronic holding and to the R&T Agent or the Company in case of physical holding.

c) Unclaimed/Unpaid Dividend : All unclaimed/unpaid dividend upto the financial year ended March 31, 2003 have been transferred to the Investor Education Protection Fund of the Central Government pursuant to Section 205C of the Companies Act, 1956.

Further the dividend for the financial year ended 31st March, 2004 will be transferred to the said Fund in November, 2011. All the members who have not encashed their dividend warrants for the aforesaid year may approach the Company for obtaining duplicate dividend warrants/revalidation of dividend warrants.

d) Change of address : Members may kindly note that the R&T Agent and/or the Company will not entertain requests for noting of change of address/bank details/ECS Mandate in case of accounts with demat holding. For this purpose, the shareholders should approach their Depository Participant.

5. **Listing of Equity Shares** : The National Stock Exchange of India Ltd (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai.

The Bombay Stock Exchange Limited (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai - 400 001.

The listing fees payable to BSE and NSE for 2011-12 have been paid in full by the Company.

6. **Stock Code** : for trading at NSE-NAHARSPING
for trading at BSE: 500296
7. **Demat ISIN number** : INE290A01027

The annual custodian fees for the financial year 2011-12 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

8. **Dedicated e-mail for Investor Grievance**
To enable investors to register their grievances, the Company has designated an exclusive e-mail id i.e. gredressalnsml@ownahar.com
9. **Registration/updation of e-mail address**

The Ministry of Corporate Affairs vide Circular No.17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 has taken a "Green Initiative in the Corporate Governance" by allow-



ing paperless compliances by the companies. The Companies can now send various notices and documents, including Annual Report, to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c. or send the same to the Company via e-mail at "secnsm@owmnaahar.com OR gredressalnsmi@owmnaahar.com".

10. Compliance Officer

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

IX. Market Price Data

The month wise High, Low stock prices during the financial year 2010-2011 are as follows

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April, 2010	94.80	76.50	94.90	75.40
May, 2010	95.00	73.50	87.00	72.15
June, 2010	95.00	76.35	94.60	72.00
July, 2010	116.85	83.75	116.75	90.00
August, 2010	130.00	89.00	123.70	106.00
September, 2010	140.00	111.00	140.00	111.35
October, 2010	144.00	105.00	143.00	116.00
November, 2010	152.40	112.10	160.00	112.00
December, 2010	134.90	97.00	144.50	96.00
January, 2011	137.40	104.40	137.80	96.00
February, 2011	118.70	91.05	118.90	91.25
March, 2011	99.90	88.00	99.70	80.10

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

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

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

Financial Year	Share Prices of				BSE Sensex			
	Nahar Spinning Mills Limited							
	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	%age change over last month's closing	Highest	Lowest	Closing	%age change over last month's closing
2010-11								
April	94.80	76.50	85.40	12.00	18047.86	17276.80	17558.71	0.17
May	95.00	73.50	82.05	3.92	17536.86	15960.15	16944.63	(3.49)
June	95.00	76.35	92.95	13.28	17919.62	16318.39	17700.90	4.46
July	116.85	83.75	109.40	17.70	18237.56	17395.58	17868.29	0.95
August	130.00	89.00	111.00	1.46	18475.27	17819.99	17971.12	0.57
September	140.00	111.00	118.20	6.49	20267.98	18027.12	20069.12	11.67
October	144.00	105.00	136.10	15.14	20854.55	19768.96	20032.34	(0.18)
November	152.40	112.10	121.00	11.09	21108.64	18954.82	19521.25	(2.55)
December	134.90	97.00	123.00	1.65	20552.03	19074.57	20509.09	5.06
January	137.40	104.00	114.70	6.75	20664.80	18038.48	18327.76	(10.63)
February	118.70	91.05	93.45	18.53	18690.97	17295.62	17823.40	(2.75)
March	99.90	88.00	97.70	4.55	19575.16	17792.17	19445.22	9.10

Source:- Data has been taken from the Website of the

Bombay Stock Exchange Limited. The Company does not have any other sources for verification of data.

XI. Registrar and Transfer agents

As per SEBI circular no. D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, Company has appointed M/s Alankit Assignments Ltd. as Registrar for Share Transfer and Electronic Connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of Share Transfer, Demat/Remat, Change of Address etc. to our Registrar whose address and telephone nos. etc. have already been mentioned in the Director's Report.

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

XII. Share Transfer System

The Company has constituted share transfer committee consisting of four members, namely Sh. Dinesh Oswal, Managing Director, Sh. Dinesh Gogna and Sh. S.K. Sharma, Directors and Sh. Brij Sharma, Company Secretary of the Company. The share transfer committee meets once/twice in a month to approve the transfer/transmission/transposition, issue of duplicate share certificates and duly transferred shares are generally despatched within the prescribed period under the Companies Act, 1956/Guidelines of the Stock Exchanges.

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

XIII. Nomination facility

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

XIV. Distribution of Shareholding as on March 31, 2011:

As on March 31, 2011 your Company had 44577 shareholders having a total of 36065303 equity shares. The following is the distribution of Shareholding.

No. of No. of %of Aggregate %age



No. of shares held	No. of Share holders	% of Share holders	Aggregate shares held	%age share holding
1-500	41330	92.72	5138837	14.25
501-1000	1838	4.12	1359247	3.77
1001-2000	753	1.69	1086010	3.01
2001-3000	249	0.56	633641	1.75
3001-4000	98	0.22	341537	0.95
4001-5000	75	0.17	349945	0.97
5001-10000	127	0.28	904630	2.51
10000 and above	107	0.24	26251456	72.79
TOTAL	44577	100.00	36065303	100.00

XV. The Shareholding pattern as on March 31, 2011 is as follows:

Shares held by	No. of Shares	% of shareholding
Banks and Mutual Funds	599461	1.66
Foreign holdings (FIIs, NRIs, OCBs)	198763	0.55
Bodies Corporate	1599338	4.44
Directors/Relatives of Directors	3883	0.01
General Public	10575345	29.32
Promoters	23088513	64.02
	36065303	100.00

XVI. Dematerialisation of Shares and liquidity.

The Securities and Exchange Board of India (SEBI) has included Company's scrip in compulsory demat settlement for all type of investors. Thus the dealing in Company's equity shares can be in demat form only. To facilitate holding and trading of securities in electronic form, your Company has established connectivity with both the Depositories i.e National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The investors have an option to dematerialise their equity shares with either of the Depositories. As on date 94.37% of the total equity capital of the Company have been dematerialised.

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

The Company does not have any outstanding

GDRs/ADRs/Warrants or any Convertible Instruments which is likely to have any impact on the equity of the Company.

XVIII. Plant Locations :

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

XIX. Address for : NAHAR TOWER

Correspondence 373, Industrial Area-A, Ludhiana - 141 003 (Pb.)

Phone No. : 0161-2600701 to 2600705

Fax No. : 0161-2601956, 2222942

E-mail address : secnsm@owmnaahar.com

Website : www.owmnaahar.in

XX. CEO/CFO Certification

As required under Clause 49 of the Listing Agreement, a Certificate duly signed by the Finance Controller was placed at the meeting of Board of Directors held on 30.05.2011.

XXI. RECONCILIATION OF SHARE CAPITAL AUDIT

The Securities and Exchange Board of India has directed vide Circular No.D&CC/FITTC/CIR-16/2002 dated 31st December, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total share held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/paid-up capital.

The said certificate duly certified by a practicing Company Secretary is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of the each quarter.

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA
DATED: 10th Aug, 2011

JAWAHAR LAL OSWAL
(Chairman)

MANAGING DIRECTOR'S DECLARATION

Pursuant to the requirement of Clause of 49 of the listing agreement, I hereby confirm that all Board Members and Senior Management personnel (as defined in the asbovesaid Clause 49) of the Company have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2011.

PLACE : LUDHIANA
DATED: 10th Aug, 2011

Dinesh Oswal
(Managing Director)



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The Indian Textile sector is characterized by mainly small scale, nonintegrated spinning, weaving, cloth finishing and apparel enterprises, many of which uses outdated technology. These firms are in un-organised sector where Government regulations regarding labor and taxation are less stringent. On the other hand there are some large firms/Corporates which operates in the organized sector but they have to comply with numerous government labor and tax regulations. This unique structure of the Indian Textile Industry is due to the legacy of tax, labor and other regulatory policies that have favoured small scale, labor-intensive enterprises, while discriminating against large scale, more capital intensive operations.

The Textile Industry is one of the oldest Industry and has formidable presence in the national economy in as much as it contributes to about 14 per cent of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. It occupies a unique place in our economy as it contributes to nearly 27% of our total export and is the second largest employment generator after agriculture. The Textile Industry is providing one of the most basic needs of people and thus its sustained growth is necessity for improving quality of life of people and also the economy of the country.

On global front, the Indian Textile Industry is the second largest producer of Textile and Garment after China. It is also the world's largest producer of cotton and the second largest cotton consumer after China. To make the industry globally competitive, the Central Government initiated several Policy reforms which enabled the Industry to modernize and expand its capacities and also improve its technical efficiencies. In tune with the Government Policies of reimbursing 5% interest subsidy for modernization and expansion of textile Industry, the Union Budget for 2011-2012 provided an allocation of 2980 Crores for the Technology Upgradation Fund Scheme (TUFS).

In line with the Global trends and to remain competitive, your company went in for expansion of its capacities both in Yarns as well as in Garments.

The company's expansion plans of 90,000 spindles is progressing as per schedule and the company has already installed 56640 spindles 360 Rotors till 30th July, 2011 and the balance are likely to be completed by December, 2011. After expansion the company's spindlage capacity will increase to 4.36 lacs spindles and 1080 rotors. The company has positioned itself as one of the leading integrated textile player to reap the benefits of economies of scale and become globally competitive in terms of cost and quality.

Opportunities and Threats

The National Textile Policy 2000 alongwith Regulatory Policies of the Central Government helped the industry to modernise and expand its capacities to become a Global player. The Industry efforts coupled with the Government policies has enabled the Industry to become a sourcing hub for the reputed International brands. Presently big international brands such as Walmart, JC Penny, Gap, Marks and spencers and others are sourcing more and more textile products from India. Besides the Comprehensive Economic Partnership Agreement (CEPA) between India and Japan w.e.f. 1st August, 2011 is likely to benefit the Indian Textile Industry as the import of textile products have come under the Zero import duty category. Thus Japan under the Zero duty regime has become a lucrative market for export of Yarns as well as Garments.

Inspite of the above, the Indian Textile Industry is in a cross roads. One road could lead to the prosperity and the other to the opposite, based on the decision it opt for. On positive front, the industry is gaining competitive edge over its arch rival China for several internal and external factors. The size of the industry is growing rapidly to meet the requirements of large International buyers who are gaining confidence on made in India products. The domestic demand for textile products is also getting stronger with the increased purchasing power of the people, which definitely angurs well for the industry.

Besides, the political/economic situation in our neighbouring country 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 Indian Textile industry and rigorous efforts must be made to raise India's share in the global textile trade.

Though it appears from the above that textile industry made excellent progress but when compared with China, the progress achieved by the industry seems to be negligible. Even small countries like Vietnam, Bangladesh, Pakistan, Sri Lanka, Egypt, Turkey and others are posing serious challenges to the Industry and are ready to fill the demands as they have demonstrated in the past.

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

Segment wise or Product wise performance

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

Future Outlook

Though the Textile Industry performance has been 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 current financial results of most of the spinning mills. The textile industry suffered heavy losses 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. Most of the mills had purchased the cotton at the high prices and are 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. The textile industry has been struck with

heavy piling of finished goods stock at mills level. The decline in yarn export has raised serious concerns among the Industry stake holders and calls for some serious introspection by the Government. The Government through its prudent policies should take bold initiatives and announce a relief package immediately to save the Industry. otherwise large number of units shall become non performing leading to their closure.

Risk and Concerns

We would like to share with you some of the risks and concerns associated with the Textile Industry. The relative competitiveness of the Indian textile industry is dependent on rupee exchange rate fluctuations and raw cotton prices. The raw cotton which is a natural fibre continues to depend on the nature i.e. monsoon. A good monsoon results in bumper crop but any shortfall can play a havoc for the textile industry as 65% of the cost of the end products of the industry is cotton. The textile industry shall always be prone to such type of risks. Any significant change in the above said factors can affect the performance of the Industry, both ways.

Besides, the slow recovery of the economies of US and European Union and other countries of the world are worrisome concern as the demand for the textile product is not picking up significantly.

Internal Control Systems and their adequacy

The Company maintains adequate internal control system and procedures which commensurate with the nature of its business and the size of its operations. In order to further strengthen the internal control system and to automate the various processes of the business, Company is making use of Enterprises Resource Planning (ERP).

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

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

**Financial/operation performance**

During the year under review company's performance has been excellent on all parameter. The company's operating income at Rs.52 crores has shown increase of 25.31% over the previous year. Likewise the exports at Rs.975.09 crores has also shown an increase of 33.36%. On profitability front too, the company substantially improved its performance and earned a pre-tax profit of Rs.177.93 crores as against Rs.80.61 crores showing an impressive increase of 120.28% over the previous year. After providing for Income tax, FBT and deferred tax, the company earned a net profit of Rs.119.73 crores as against Rs.53.49 crores in the previous year. The detailed performance has already been discussed in the Directors Report under the column 'Company's performance'.

Human Resources/Industrial Relations

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

that propels a company towards progress and success. The Company continued its policy of attracting and recruiting best available talent so that it can face business challenges ahead. The company also offers attractive compensation package to retain and motivate its professionals so that they can give their best. The total permanent employees strength of the Company was 10305 as on 31st March, 2011. The Industrial relation continued to remain cordial during the year.

Cautionary Statement

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

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA

JAWAHAR LAL OSWAL

DATED: 10th Aug, 2011

(Chairman)

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members
Nahar Spinning Mills Limited

We have examined the compliance of conditions of Corporate Governance by Nahar Spinning Mills Limited for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

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

We state that no investor Grievance received during the year ended 31st March, 2011 is un-attended/pending for a period exceeding one month against the company as per the records maintained by the Shareholders/ Investors' Grievance Committee.

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

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

PLACE : LUDHIANA
DATED: 10th Aug, 2011

VINOD KHANNA
(Partner)
M.No. 81585

**AUDITOR'S REPORT**

To the Members of
Nahar Spinning Mills Limited
Ludhiana

We have audited the attached Balance Sheet of M/s Nahar Spinning Mills Limited, Ludhiana (the Company) as at 31st March, 2011 and also Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & 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, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- e) On the basis of written representations received from the Directors as on 31st March, 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.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Schedule-24 of Notes on Accounts thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair in conformity with the accounting principles generally accepted in India:-

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- (ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, the Cash Flows of the Company for the year ended on that date.

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

PLACE : Ludhiana
DATED : 30.05.2011

Vinod Khanna
(Partner)
M. No. 81585

ANNEXURE TO AUDITORS' REPORT
[Referred to in paragraph (3) thereof]

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of physical



- verification is reasonable and no material discrepancies were noticed on such verification.
- (c) No substantial part of Fixed Assets has been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of the inventory. As explained to us, no material discrepancies were noticed on physical verification of inventories as compared to book records.
- (iii) According to the explanations and information given to us, the Company has neither granted nor taken any loan from the parties covered in the Register maintained under section 301 of the Companies Act, 1956. Hence, the clause 4(iii)(a) to (g) of the Companies (Audit Report) Order, 2003 are not applicable in the case of the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchase of inventory and fixed assets. The provisions regarding sale of goods and services are not applicable to the Company. During the course of our audit, we have not observed any major weakness in internal control.
- (v) According to the information and explanation given to us, we are of the opinion that there are no transactions that need to be entered in register maintained u/s 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public. Hence, the clause 4(vi) of the Order is not applicable to the Company.
- (vii) In our opinion, the Company has internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of accounts and records of cost maintained by the Company pursuant to the rules made by Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not done a detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, income tax, wealth tax, service tax and other material statutory dues applicable to the Company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011, for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty, cess and Service Tax which have not been deposited on account of any dispute except those mentioned below :-

Sr. No.	Statutes	Forum before Whom Pending	Amount (Rs.)	Nature of Dues
1.	Finance Act	Comm. Appeal	2321766	Service Tax
2.	CEA	High Court of Jabalpur	1170485	Excise Duty
3.	Customs/Central Excise Act	Comm. Appeal	9993678	Custom/Excise Duty
4.	M.P.Electricity Act	Supreme Court	12918635	Cess of electricity

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.



- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans taken from banks and financial institutions.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- (xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In respect of investments made, in our opinion and according to the information and explanations given to us, proper records have been maintained of the investments and timely entries have been made therein. The investments have been held by the company in its own name.
- (xv) As per the information and explanations given to us, we are of the opinion that the terms and conditions at which guarantees have been given by the company for loans taken from financial institutions and/or banks by other, are not prejudicial to the interest of the Company
- (xvi) Based on the information & explanations given to us by the management, we are of the opinion that the loans taken were applied for the purpose they are obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, clause 4(xviii) of the order is not applicable.
- (xix) The Company has not issued debentures during the year. Therefore, the provisions of Clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xx) The Company has not raised money by way of public issue during the year. Therefore, the provisions of Clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

PLACE : Ludhiana
DATED : 30.05.2011

Vinod Khanna
(Partner)
M. No. 81585

**BALANCE SHEET AS AT 31ST MARCH, 2011**

Rs. in Lacs

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
SOURCES OF FUNDS			
1 SHAREHOLDER'S FUNDS			
A) Capital	1	1805.31	1805.31
B) Reserves and Surplus	2	<u>64791.35</u>	<u>53656.97</u>
		66596.66	55462.28
2 LOAN FUNDS			
A) Secured Loans	3	133549.65	84598.75
B) Unsecured Loans	4	<u>0.00</u>	<u>992.80</u>
		133549.65	85591.55
3 DEFERRED TAX LIABILITY		5680.00	5557.50
	Total	<u>205826.31</u>	<u>146611.33</u>
APPLICATION OF FUNDS			
1 FIXED ASSETS			
Gross Block		153679.15	137649.07
Less : Depreciation		<u>78550.07</u>	<u>72937.05</u>
Net Block	5	75129.08	64712.02
Capital Work in Progress	6	8649.79	4117.50
Pre-Operative Expenses			
Pending Capitalisation	7	<u>12.20</u>	<u>12.28</u>
		83791.07	68841.80
2 INVESTMENTS	8	1408.68	1094.51
3 CURRENT ASSETS, LOANS & ADVANCES			
A) Inventories	9	80526.49	48847.36
B) Sundry Debtors	10	37229.69	24541.48
C) Cash & Bank Balances	11	1111.52	1826.33
D) Loans & Advances	12	<u>20687.88</u>	<u>13401.62</u>
		139555.58	88616.79
LESS : CURRENT LIABILITIES & PROVISIONS			
A) Liabilities	13	12565.70	9625.94
B) Provisions	14	<u>6363.32</u>	<u>2315.83</u>
		18929.02	11941.77
Net Current Assets		120626.56	76675.02
	Total	<u>205826.31</u>	<u>146611.33</u>

As per our report of even date annexed

FOR GUPTA VIGG & COMPANY

Chartered Accountants

Firm Regd. No. 001393N

For & On behalf of the Board

VINOD KHANNA

Partner

(M. No. 81585)

BRIJ SHARMA

Company Secretary

ANIL GARG

Finance Controller

DINESH GOGNA

Director

DINESH OSWAL

Managing Director

Place : Ludhiana

Date : 30.05.2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011** Rs. in Lacs

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR	
INCOME				
Operating Income	15	139156.15	111048.65	
Less: Excise Duty		3.70	1.70	
Net Operating Income		139152.45	111046.95	
Other Income	16	1469.07	1035.39	112082.34
EXPENDITURE				
Cost of Material	17	68837.98	54615.69	
Manufacturing Expenses	18	21596.53	20964.88	
Personnel Expenses	19	8557.05	7776.42	
Financial Expenses	20	5221.04	4503.97	
Administrative Expenses	21	1859.07	1156.61	
Selling Expenses	22	8061.86	7132.33	
Other Expenses	23	653.04	885.82	
Difference of Excise Duty on Stocks		5.41	0.00	
Depreciation	5	6977.94	6986.11	104021.83
		18851.60	8060.51	
Amount of Foreign Exchange				
Hedging Loss Settled During the year	-	1058.46	0.00	
PRE-TAX PROFITS		17793.14	8060.51	
Adjustment of Income Tax Earlier Years	-	172.94	9.79	
Provision for Taxation	-	5525.00	1685.00	
Deferred Tax Assets / Liabilities	-	122.50	1016.50	
PROFIT AFTER TAX		11972.70	5349.22	
APPROPRIATION				
Transfer from Foreign Exchange Contingent (Disputed) Liability Reserve		1072.90	0.00	
Proposed Dividend		721.31	540.98	
Tax on Dividend		117.01	89.85	
Foreign Exchange Contingent (Disputed) Liability Reserve		0.00	149.27	
General Reserve		12207.28	4569.12	
		11972.70	5349.22	
Earning Per Share (Basic & Diluted)		33.20	14.83	
Face value (paid up)		Rs. 5/-	Rs. 5/-	

NOTES ON ACCOUNTS 24

As per our report of even date annexed

FOR GUPTA VIGG & COMPANY

Chartered Accountants

Firm Regd. No. 001393N

For & On behalf of the Board

VINOD KHANNA

Partner

(M. No. 81585)

BRIJ SHARMA

Company Secretary

ANIL GARG

Finance Controller

DINESH GOGNA

Director

DINESH OSWAL

Managing Director

Place : Ludhiana

Date : 30.05.2011

**SCHEDULES TO THE ACCOUNTS**

Rs. in Lacs

SCHEDULE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. SHARE CAPITAL			
A) AUTHORISED			
	60000000 Equity Shares of Rs.5/- each (Previous Year 60000000 Equity Shares of Rs.5/- Each)	<u>3000.00</u>	<u>3000.00</u>
B) ISSUED SUBSCRIBED & PAID UP			
	36065303 Equity Shares of Rs.5/- Each Fully Paid Up (Previous Year 36065303 of Rs.5/- Each)	<u>1803.27</u>	<u>1803.27</u>
	Add : Share Forfeited Account (Amount originally paid up)	<u>2.04</u>	<u>2.04</u>
	TOTAL	<u>1805.31</u>	<u>1805.31</u>
2. RESERVE AND SURPLUS			
A) CAPITAL RESERVE			
	Balance as per Last Balance Sheet	<u>1363.86</u>	<u>1363.86</u>
B) Capital Subsidy			
	Balance as per Last Balance Sheet	<u>150.00</u>	<u>150.00</u>
C) Share Premium			
	Balance as per Last Balance Sheet	<u>20959.85</u>	<u>20959.85</u>
D) Foreign Exchange Contingent (Disputed) Liability Reserve			
	Balance as per Last Balance Sheet	<u>1072.90</u>	<u>923.63</u>
	Add : Transferred from Profit and Loss Appropriation A/c	<u>0.00</u>	<u>149.27</u>
	Less : Transferred to Profit & Loss Appropriation A/c (Refer Note No. A-7)	<u>1072.90</u>	<u>0.00</u>
		<u>0.00</u>	<u>1072.90</u>
E) General Reserve			
	Balance as per Last Balance Sheet	<u>30110.36</u>	<u>25541.24</u>
	Add : Transferred from Profit and Loss App. A/C	<u>12207.28</u>	<u>4569.12</u>
	TOTAL	<u>64791.35</u>	<u>53656.97</u>



				Rs. in Lacs
SCHEDULE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	
3.	SECURED LOANS			
	A) TERM LOAN			
	I. FROM ICICI BANK LTD.	0.00	156.25	
	Secured by movable and immovable assets of Ludhiana unit, subject to charge created in favour of the company's bankers for working capital Borrowings and also personally guaranteed by Managing Director of the Company.			
	II. FROM STATE BANK OF INDIA	10318.93	9903.54	
	The Term Loans of Nahar Spinning Mills Limited are secured by first charge by way of Hypothecation on the entire fixed assets of the units situated at Mandideep, Lalru (except of unit - III at Lalru) and Ludhiana on pari -passu basis with member consortium banks. The Term Loan of Textile units of erstwhile Nahar Exports Limited is secured by first charge by way of hypothecation on the entire fixed assets of said units. The charge referred above rank Pari-Passu basis with existing charge holders. Further Term Loan of Rs. 190 Crores is secured by first charge by way of hypothecation on the entire fixed assets of the company on pari - passu basis with member consortium banks. The Term loans are personally guaranteed by three Directors of the company.			
	III. FROM STATE BANK OF PATIALA	1136.26	1438.03	
	Secured by hypothecation of movable & immovable assets of units at Mandideep / Ludhiana / Lalru (except of unit - III at Lalru) Pari-passu with the company's bankers for working capital Borrowings and also personally guaranteed by three Directors of the Company.			
	IV. FROM PUNJAB NATIONAL BANK	5948.87	7201.73	
	Sanctioned Term Loan of Rs. 24 Crores from PNB is secured by first Charge by way of hypothecation of entire block of assets of the company's unit situated at Jodhan. The charged referred above rank Pari-Passu with the other term lenders of erstwhile Nahar Exports Ltd. Further Sanctioned Term Loan of Rs.75.50 Crore from PNB is secured by first Pari-passu Charge on the units of Mandideep, Lalru (except unit - III) and Ludhiana and also personally guaranteed by three Directors of the Company.			
	V. FROM ORIENTAL BANK OF COMMERCE	14895.70	11376.83	
	Sanctioned Term Loan of Rs.124 Crores of erstwhile Nahar Exports Limited is secured by first charge on specific fixed assets i.e. Hypothecation of Plant & Machinery to be Purchased under the project of estimated cost of Rs. 155.71 Crores of the units situated at Jodhan and Jitwal Kalan. Sanctioned Term Loans is personally guaranteed by a Director of the Company. Sanctioned Term Loan of Rs.75 crore is secured by first Pari-Passu charge on the Units of Mandideep, Lalru (except unit - III) and Ludhiana. Further term loan of Rs.130 Crores is secured by first charge on fixed assets of the company (Except assets exclusively financed by State Bank of India) on pari - passu basis with member consortium banks. The Term Loans are personally guaranteed by three Directors of the Company.			
	VI. FROM CANARA BANK	3503.81	4282.44	
	Sanctioned Term Loan of Rs.70 Crores From Canara Bank is secured by first charge on specific fixed assets of the units situated at Jodhan. It is further secured by Pari-Passu second charge on existing fixed assets of erstwhile Nahar Exports Ltd. alongwith other banks. The Term Loan is personally guaranteed by three Directors of the Company.			
	VII. FROM IDBI BANK LTD	7522.00	625.00	
	Sanctioned Term Loan of Rs.110 Crores of IDBI Bank is secured by first Pari passu Charge (hypothecation) on fixed assets on all fixed movable assets and Negative Lien on Immovable fixed assets (land & Building) The Term Loan is personally guaranteed by three Directors of the Company.			
	B) WORKING CAPITAL BORROWINGS FROM BANKS	90224.08	49614.93	
	Secured by (I) Hypothecation of entire present and future movable assets of the company such as Stock of Materials, Work in process, Finished Goods, Goods in transit, Stores and Spares, Book Debts etc. (II) 2nd Charge (on pari-passu basis) over entire plant and machinery, present or future, of all the units of the company and also personally Guaranteed by Chairman, Managing Director and one Director of the Company.			
	* Term Loans Due for repayment within one year Rs.6282.58 Lacs (Previous Year 6788.87 Lacs)			
	TOTAL	133549.65	84598.75	
4.	UNSECURED LOANS			
	SHORT TERM			
	From Body Corporates	0.00	992.80	
	TOTAL	0.00	992.80	



5. FIXED ASSETS FOR THE YEAR 2010-2011 (Rs. in lacs)

Name of the Assets	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK		
	As on 01.04.2010	Addition During the year	Sale/Adjustment During the year	As on 31.03.2011	As on 01.04.2010	Addition for the year	Written back During the year	AS ON 31.03.2011	As on 31.03.2011	As on 31.03.2010
(A) LAND AND BUILDING										
Free hold Land	11,203.09	659.32	237.34	11,625.07	-	-	-	-	11,625.07	11,203.09
Building	26,685.32	3,562.61	-	30,247.93	7,769.06	852.95	-	8,622.01	21,625.92	18,916.26
Sub Total (A)	37,888.41	4,221.93	237.34	41,873.00	7,769.06	852.95	-	8,622.01	33,250.99	30,119.35
(B) PLANT AND MACHINERY										
Machinery	96,671.68	12,964.93	1,379.59	108,257.02	63,174.55	5,881.30	1,297.77	67,758.08	40,498.94	33,497.13
Vehicles	1,087.96	324.85	113.26	1,299.55	476.61	139.28	66.69	549.20	750.35	611.35
Other Equipments	1,267.54	218.73	1.02	1,485.25	938.37	71.28	0.46	1,009.19	476.06	329.17
Sub Total (B)	99,027.18	13,508.51	1,493.87	111,041.82	64,589.53	6,091.86	1,364.92	69,316.47	41,725.35	34,437.65
(C) FURNITURE & FIXTURES	717.15	28.87	-	746.02	571.92	29.47	-	601.39	144.63	145.23
(D) INTANGIBLE ASSETS										
SOFTWARE	16.33	1.98	-	18.31	6.54	3.66	-	10.20	8.11	9.79
Grand Total (A+B+C+D)	137,649.07	17,761.29	1,731.21	153,679.15	72,937.05	6,977.94	1,364.92	78,550.07	75,129.08	64,712.02
Previous year	132,480.39	7,283.66	2,114.98	137,649.07	67,605.52	6,986.11	1,654.58	72,937.05	64,712.02	64,874.87



Rs. in Lacs			
SCHEDULE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
6.	CAPITAL WORK IN PROGRESS		
	Building under Construction	1320.12	440.68
	Machinery and Equipment under Installation	3074.17	204.02
	Advances on Capital Account	4255.50	3472.80
		8649.79	4117.50
7.	PRE OPERATIVE EXPENSES (PENDING ALLOCATION)		
	Bank Charges	12.20	10.48
	Interest on Term Loans	0.00	1.06
	Others Miscellaneous Expenses	0.00	0.74
		12.20	12.28
8.	INVESTMENTS		
	LONG TERM (Others)		
	a) Quoted (At Cost)		
	i) Nil Units of Rs. 10/- each fully paid up of DWS Fixed Term Fund - series-59 institutional - Growth.(Previous Year 2500000 units)	--	250.00
	ii) Nil units of Rs.10/-each fully paid up of Principal Income Fund Short Term plan Institutional Growth An Open ended Income Scheme (Previous Year 1281320.272 units)	--	200.00
	iii) Nil units of Rs. 10/- each fully paid up, of Templeton India Short Term Income Plan Growth An open ended income scheme(Previous Year 11357.538 units)	--	200.00
	iv) 2000000 units of Rs.10/-each fully paid up of Reliance Fixed Horizon Fund XV-Growth (Previous year Nil)	200.00	--
	v) 1940600 units of Rs.10/-each fully paidup of Kotak FMP 370 Days S-7 Growth (Previous Year Nil)	194.06	--
	vi) 2000000 units of Rs.10/-each fully paid up of ICICI Prudential FMP S-53 one year plan D-Growth (previous year Nil)	200.00	--
	vii) 567656 Equity Shares of Rs. 5/- each fully paid up of Nahar Capital & Financial Services Ltd. (Previous Year 567656 Equity shares)	247.62	247.62
	viii) 1892 Equity Shares of Rs.10/-each fully paid up of MOIL Ltd. (previous Year Nil)	7.10	--
	ix) 4893 Equity Shares of Rs.10/- each fully paid up of Punjab & Sindh Bank (Previous Year Nil)	5.87	--
	x) 685094 Equity shares of Rs.5/- each fully paid up of Nahar Poly Films Ltd. (Previous Year Nil)	357.14	--
	b) Unquoted (At Cost)		
	i) 10 equity shares of Rs.50/- each fully paid up of Shree Panchvati Co-Operative Housing Society Ltd. (Previous year 10 Equity Shares)	0.005	0.005
	ii) 250000 Equity Share 1GBP fully paid up of Crown Star Ltd. (Previous Year 250000 Equity Shares)	196.89	196.89
		1408.68	1094.51
	Book value of quoted investment	1211.79	897.62
	Book value of unquoted investment	196.89	196.89
	Market Value of Quoted Investments	1435.71	1129.99



Rs. in Lacs			
SCHEDULE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
9. INVENTORIES			
	(As Valued & Certified by the management)		
	Stores & Spares	1732.92	2434.66
	Raw Material	56982.70	37932.36
	Work in Process	4248.82	2472.02
	Finished Goods	16569.33	5663.33
	Waste and Rejections	984.21	324.44
	Goods in Transit	8.51	20.55
	TOTAL	80526.49	48847.36
10. SUNDRY DEBTORS			
	(Unsecured Considered Good Unless Otherwise Stated)		
	Debts Outstanding for a Period Exceeding Six Months (Out of above Rs.394.41 Lacs Considered Doubtful Of Recovery) (Previous year Rs.69.96 Lacs)	417.02	398.12
	Other Debts	36812.67	24143.36
	TOTAL	37229.69	24541.48
11. CASH & BANK BALANCES			
	i) Cash in Hand	123.22	74.53
	ii) With Scheduled Banks		
	a) In Current Accounts	684.98	542.26
	b) In Fixed Deposits (Including Rs. 182.71 Lacs Under Lien Previous year Rs.183.00 Lacs)	183.91	1080.72
	c) In Dividend Accounts	119.41	988.30
	TOTAL	1111.52	1826.33
12. LOANS AND ADVANCES			
	(Unsecured Considered Good Unless Otherwise Stated)		
	a) Advances Recoverable in Cash or in Kind or for value to be received		
	i. Balance with Customs, Port Trusts, Excise Authorities etc.	1.13	3.82
	ii. Modvat / Cenvat Credit Unutilised	555.19	389.83
	iii. Others	14379.88	10815.42
	b) Advance Taxes	5751.68	2192.55
	TOTAL	20687.88	13401.62
13. CURRENT LIABILITIES			
	Sundry Creditors (Refer note no. 17 Regarding information on Micro Small & Medium Enterorises)	5612.80	1694.94
	Advances from Customers	636.05	621.91
	Tax Deducted at Source Payable	71.23	77.67
	Statutory Liabilities	156.01	144.16
	Other Liabilities	5705.35	6759.48
	Due to Directors	240.43	106.98
	Unclaimed Dividend	119.41	128.82
	Interest Accrued But Not Due	24.42	91.98
	TOTAL	12565.70	9625.94
14. PROVISIONS			
	Provision for Taxation	5525.00	1685.00
	Proposed Dividend	721.31	540.98
	Tax on Proposed Dividend	117.01	89.85
	TOTAL	6363.32	2315.83



SCHEDULE NO.	PARTICULARS	Rs. in Lacs	
		CURRENT YEAR	PREVIOUS YEAR
15. OPERATING INCOME			
	Export Sales	97508.81	73116.95
	Domestic Sales	38596.19	31738.14
	Export Incentives	2309.98	5535.94
	Services Rendered (Tax Deducted at Sources Rs.14.52 Lacs) (Previous Year Rs.19.92 Lacs)	741.17	657.62
	TOTAL	139156.15	111048.65
16. OTHER INCOME			
	Dividend Income (Other Investments)	9.17	1.85
	Interest Gross (Tax Deducted at Sources Rs.43.60 Lacs Previous Year Rs.37.29 Lacs)	400.79	255.52
	Rebate and Discount Received	44.06	42.34
	Profit on Sale of Fixed Assets	411.79	246.85
	Profit on Sale of Investments	94.42	136.64
	Previous Year Expenses Written Back	60.69	36.56
	Previous Year Income	112.76	45.47
	Claims Received	42.15	59.83
	Miscellaneous Receipts	227.48	137.69
	Rental Income (Tax Deducted at sources Rs. 0.99 Lacs previous year Rs. 0.15 Lacs)	52.45	37.01
	Balance Written Back	13.31	35.63
	TOTAL	1469.07	1035.39
17. COST OF MATERIAL			
	OPENING STOCK		
	Raw Material	37932.36	9997.93
	Work In Process	2472.02	1967.48
	Finished Goods	5987.77	6930.10
	Add : Purchases	101230.89	82112.33
	Less : Closing Stock		
	Raw Material	56982.70	37932.36
	Work In Process	4248.82	2472.02
	Finished Goods	17553.54	5987.77
	TOTAL	68837.98	54615.69
18. MANUFACTURING EXPENSES			
	Power and Fuel	14544.86	14012.27
	Dyes & Chemicals	2301.92	2337.42
	Fabrication Charges	1671.94	1585.80
	Machinery Repair and Maintenance	1781.83	1660.57
	Other Manufacturing Expenses	1295.98	1368.82
	TOTAL	21596.53	20964.88
19. PERSONNEL EXPENSES			
	Wages Salary and Bonus	7475.83	6633.50
	Contribution to PF, ESI and Gratuity Fund	947.34	1010.24
	Employee Welfare Exp.	133.88	132.68
	TOTAL	8557.05	7776.42
20. FINANCIAL EXPENSES			
	Interest to Bank on Cash Credit	2805.21	1817.15
	Interest on Term Loan	1946.30	2048.68
	Interest to Others	63.66	158.42
	Bank Commission	405.87	479.72
	TOTAL	5221.04	4503.97



SCHEDULE NO.	PARTICULARS	Rs. in Lacs	
		CURRENT YEAR	PREVIOUS YEAR
21. ADMINISTRATIVE EXPENSES			
	Vehicle Maintenance and Conveyance	311.25	252.67
	Rent	36.53	41.81
	Fees and Taxes	130.68	89.20
	Insurance	180.84	145.48
	Legal and Professional Expenses	156.74	136.57
	Printing and Stationery	55.36	46.45
	Subscription	18.12	13.47
	Postage and Telegraph	24.76	35.18
	Electricity	16.28	14.46
	Miscellaneous Expenses	213.09	91.79
	Directors Sitting Fees	2.15	0.90
	Entertainment	13.79	14.69
	Travelling Expenses		
	Directors	6.19	5.35
	Others	23.87	29.90
	Auditors Remuneration		
	Audit Fees	15.16	12.44
	Tax Audit Fees	2.65	2.53
	Certification Charges	0.97	0.88
	Out of Pocket Expenses	0.86	0.55
	Telephone Expenses	30.91	35.70
	Managerial Remuneration	605.86	180.10
	Guest House Expenses	13.01	6.49
	TOTAL	1859.07	1156.61
22. SELLING EXPENSES			
	Advertisement	5.60	2.06
	Brokerage / Commission on Sale	1554.00	1342.49
	Export Development and Sale Promotion	58.08	69.31
	Forwarding Charges	6164.94	5195.09
	Sale Tax / VAT / Service Tax Paid	77.05	361.75
	Foreign Travelling Exp		
	Directors	19.74	13.73
	Others	19.00	21.40
	Rebate and Discount	84.14	63.12
	Other Selling Expenses	79.31	63.38
	TOTAL	8061.86	7132.33
23. OTHER EXPENSES			
	Building Maintenance	312.90	198.45
	Donations	102.93	101.79
	General Repair and Maintenance	89.18	53.96
	Fine & Penalty	0.68	0.03
	Previous Year Expenses	9.49	15.18
	Previous Year Income Written Off	7.31	7.53
	Amount Written Off	46.02	122.91
	Horticulture Exp	3.51	2.60
	Loss On Sale Of Fixed Assets	9.46	26.94
	Loss On Short Terms Debt	-	0.55
	Exchange Rate Diff.(Net)	71.56	355.88
	TOTAL	653.04	885.82

**24. NOTES ON ACCOUNTS, ACCOUNTING POLICIES AND CONTINGENT LIABILITIES****A. CONTINGENT LIABILITIES NOT PROVIDED FOR:**

1. Estimated amount of Contracts remaining to be executed on capital account, net of advances Rs.16034.73 Lacs (Previous Yr. Rs7258.19 Lacs)
2. Bank guarantees outstanding Rs.1665.89 Lacs (Previous Yr. 1665.89Lacs)
3. The Company has executed legal agreement/bonds for the sum of Rs.4663.32 Lacs (Previous Year Rs. 3514.32 Lacs) with the Central Government, undertaking to export Hosiery Knitwear, yarn and other goods of F.O.B. value of Rs.60326.36 Lacs (Previous Year Rs. 6699.88 Lacs) against the issuance by the Government of Advance Licenses/E.P.C.G. Licenses with Duty Exemption entitlement Certificates/Pass books for the Import of Raw Materials, Machinery and Components etc. for the aggregate C.I.F./duty saved value of Rs.6685.43Lacs Previous Year Rs. 5537.41 Lacs)
4. The Company has bound itself unto the President of India for Rs.138.00 Lacs (Previous Year Rs.138.00 Lacs) under Central Excise Act, 1944 for clearance of goods without payment of excise duty, in respect of export of various types of yarn and for storage of various commodities manufactured within factory premises.
5. Letter of Credits outstanding in favour of Suppliers Rs.17.53 Lacs (PreviousYear Rs.22.91 Lacs)
6. Excise/Sales Tax/ Other Government Authorities have raised demands of Rs.153.35 Lacs (Previous Year Rs.52.43 Lacs) out of which a sum of Rs.18.49 Lacs(Previous Year Rs. 13.92 Lacs) has been deposited as security deposit, the same are being contested in appeal and no provision has been made
7. Foreign exchange hedging contracts which were under dispute with ICICI Bank Ltd. have been settled during the year . Accordingly hedging loss of Rs.1058.46 Lacs have been paid during the year. As reserve created to meet out such liability is no more required, hence the same has been written back.
8. Electricity demand raised by Madhya Pradesh Electricity board

There is an electricity demand of Rs 3041.90 Lacs (Previous year Rs.2673.13Lacs) raised by MPMK VV Co Ltd. in spite of surrender of electricity connection by the company and the same was being contested in the Hon'ble High court of Jabalpur. Against this company has deposited Rs. 561.92 Lacs with the MPMK VV CO. Limited. and has also furnished a bank guarantee for Rs. 1662.54 Lacs.

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

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

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

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

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

9. The Company has given the following Guarantees in respect of loans granted by the banks
 - (a) Rs.2500 Lacs (previous year Rs. Nil) to Oriental Bank of Commerce and Rs. 1500 Lacs (previous year Nil) to Bank of Maharashtra in respect of financial assistance granted by the said banks to M/s. Nahar Poly Films Limited, Ludhiana.

B. NOTES ON ACCOUNTS AND ACCOUNTING POLICIES**1. SIGNIFICANT ACCOUNTING POLICIES:****i) ACCOUNTING CONVENTION:**

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

ii) REVENUE RECOGNITION:

- a) Sale of goods is recognized at the point of dispatch of finished goods to the customers. The sale value is inclusive of excise duty wherever applicable paid on the clearance of finished goods.
- b) Revenue in respect of benefit under Duty Entitlement Pass Book Scheme/Duty Drawback Scheme is recognized on post export basis.



- c) Revenue in respect of Insurance and other claims is recognized when no significant uncertainty exists with regard to the amount to be realized.
- d) Scrap (i.e. Empties, Wastages etc. Other than Production) is accounted for on sale basis.
- e) Interest Income is recognized on time basis
- f) Investment Income is accounted for on sale basis
- iii) **FIXED ASSETS AND DEPRECIATION:**
- A. Tangible assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Depreciation is charged on following basis.
- a) In Garment Division at Ludhiana, depreciation is charged on W.D.V. basis at the rates prescribed in SCHEDULE - XIV of the Companies Act, 1956,
- b) In Units at Mandideep, Jalalpur, Lalru and Jodhan depreciation is charged on Straight Line basis as per rates specified in schedule XIV of the Companies Act 1956.
- c) In unit at Nahar Fibres, Jitwal Kalan, Depreciation on Fixed Assets is charged on Straight Line basis as per rates specified in SCHEDULE XIV of the Companies act, 1956, except on other Equipments, Furniture and Fixtures and Vehicles where depreciation is provided on W.D.V. basis as per rates specified in Schedule XIV of the Companies Act, 1956.
- d) Assets below Rs. 5000 are depreciated at rate of 100%
- B. Intangible assets are stated at cost less accumulated amount of amortization. Such assets are amortized on Straight Line Basis on the estimated useful life.
- iv) **INVESTMENT:**
- Long Term Investments are stated at cost. Diminution in value of Investment if any is not considered because of temporary nature. Market value of Mutual Funds is taken on NAV basis.
- v) **INVENTORIES:**
- Inventories are valued at cost or net realizable value, whichever is lower. However to determine the cost, the following methods are adopted:-
- For Raw Material on moving weighted average method.
 - For Stores and Spares on moving weighted average method.
 - For Work - in - Process, cost of Raw Material plus appropriate share of manufacturing expenses/relevant Overheads.
 - For Finished goods, cost of raw material plus conversion costs, packing cost and other overheads incurred to bring the inventories to their present condition and location.
 - Further Wastage and Rejections are valued at net realizable value only.
- vi) **RETIREMENT BENEFITS:**
- a) **Gratuity**
- The Company has taken a Group Gratuity Policy from LIC of India to discharge its liability for Gratuity. The calculation of premium under the policy is made on the basis of actuarial valuation done by LIC.
- b) **Provident Fund:**
- Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to Profit and Loss account.
- vii) **FOREIGN EXCHANGE TRANSACTION:**
- a) The gains or losses on foreign exchange transactions are recognized in the Profit & Loss Account. Monetary assets and liabilities other than those covered by forward contracts have been valued at the exchange rate prevailing at the close of the financial year. The exchange difference on foreign currency transactions relating to fixed assets acquired from a country outside India are being adjusted to revenue.
- b) In respect of Forward contracts, forward premium or discount arising at the inception of forward contract is amortized as expenses or income over the life of contract. Exchange differences on such contracts are recognized in the profit and loss account in the year in which exchange rates change.
- Any Profit and Loss arising on cancellation or renewal of forward exchange contract is recognized as income or expenses in the period in which such income or loss arises.



viii) **EXCISE DUTY:**

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

ix) **WARRANTY CLAIMS:**

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

x) **EXPENDITURE INCURRED DURING CONSTRUCTION PERIOD:**

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

xi) **BORROWING COSTS:**

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

xii) **GOVERNMENT GRANTS/SUBSIDY:**

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

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

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

xiii) **ACCOUNTING FOR TAXES ON INCOME:**

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

xiv) **IMPAIRMENT OF ASSETS:**

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

xv) **PROVISION AND CONTINGENT LIABILITIES:**

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

2. NOTES ON ACCOUNTS:

1. Interunit job work and interunit sales are billed at market price. The closing stock of units is partly comprised of such material lying in finished or semi-finished stage. The mode of valuation referred to 'At Weighted Average Cost' represents costs worked out by taking into account the price charged by such units
2. Salaries & wages incurred during the year on repairs and maintenance of Building and Plant & Machinery etc. have been charged to former accounts and not shown separately.
3. In the opinion of the board, the value of Current Assets, Loans and Advances have a value in the ordinary course of business at least equal to that stated in the balance sheet except in case of those shown as doubtful. No provision have been made for doubtful debts
4. Some balances of Sundry Creditors, Advances and Sundry Debtors are subject to their Confirmation.



5. Borrowing cost amounting Rs. 222.79 Lacs (Previous Year Rs.2.75 Lacs) has been capitalized during the year.
6. Material events occurring after the balance sheet date are taken into cognizance.
7. Prior period and extraordinary changes in accounting policies, having material effect on the financial affairs of the Company (if any) are disclosed.
8. The accounts of the Company have been prepared on going concern basis.
9. Previous year figures have been regrouped/recasted/rearranged to make them comparable.
10. All figures have been rounded off to the nearest Rs.Lacs
11. Impact of prior period items on Profits is as under:

Particulars	Rs. In lacs	
	Current Year	Previous Year
Pre- Tax Profit after adjustment of prior period Item	17,793.14	8,060.51
Add: Prior Period Expenses	16.80	22.71
Less: Prior Period Income	173.45	82.03
Net Profit Before Prior Period Items	17,636.49	8,001.19

12. Income in respect of Carbon Credits is accounted for only on sale as it does not have any cost to the company.
13. In earlier years the company made payments of Rs. 23.45 Crore to M/s. Nahar Industrial Infrastructure Corporation Limited for allocation of 200.79 acres of land at village Ialru(Punjab). During the year M/s. Nahar Industrial Infrastructure Corporation Limited has made final allocation of 148.410 acres land to Nahar Spinning Mills Limited and hence company is entitled for refund of the excess payment of Rs. 6.78 Crore and accordingly necessary entries/adjustments have been made in the books of accounts.
14. As per Accounting Standard 17, issued by the Institute of Chartered Accountants of India regarding Segment Reporting, the detail is as under:

Particulars	Rs. In lacs					
	YARN		GARMENT		TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Total Revenue	127,528.24	98,834.77	21,047.05	19,120.41	148,575.29	117,955.18
Less: Inter Segment Revenue	8,957.82	6,422.07	465.00	486.15	9,422.82	6,908.22
Net Revenue	118,570.42	92,412.70	20,582.05	18,634.26	139,152.47	111,046.96
Results						
Segment Result (Before Tax & Interest)	22,174.79	9,588.18	1,464.88	2,243.88	23,639.67	11,832.06
Less: A. Interest Paid					4,815.17	4,024.25
B. Other Unallocable exp.					382.86	4.67
C. Foreign Exchange Hedging Loss					1,058.46	-
Net of Unallocable Income						
Add: Interest / Dividend Income					409.96	257.37
Profit Before Tax					17,793.14	8,060.51
Less: Income Tax					(5,697.94)	(1,694.79)
Deferred Tax					(122.50)	(1,016.50)
Profit Before Ordinary Activities					11,972.70	5,349.22
Capital Employed						
Segment Assets	188,312.12	129,916.09	16,377.48	16,976.82	204,689.60	146,892.91
Unallocable Assets					20,065.72	11,660.20
Total Assets	188,312.12	129,916.09	16,377.48	16,976.82	224,755.32	158,553.11
Segment Liabilities	10,625.61	7,931.87	2,778.41	2,324.90	13,404.02	10,256.77
Unallocable Liabilities					139,074.64	87,276.54
Total Liabilities	10,625.61	7,931.87	2,778.41	2,324.90	152,478.66	97,533.31
Capital Expenditure	19,780.81	5,866.39	1,730.08	706.24	21,510.89	6,572.63
Depreciation	5,875.44	5,849.22	1,102.50	1,136.89	6,977.94	6,986.11



SEGMENT ACCOUNTING POLICIES:

- a) Segment revenue includes Sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
 - b) Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result. The expenses, which relate to the Company as a whole and not allocable to segments, are included under "other unallocable expenditure."
 - c) No geographical segment is reported as none of the conditions laid down for Geographical segment are satisfied.
 - d) Segment assets include all operating assets i.e. fixed assets and current assets used by segment.
 - e) Segment liabilities consist of creditors and other liabilities directly attributable to segment but does not include tax and financial liabilities.
 - f) Inter segment transfers are valued at prevailing market prices.
15. As per Accounting Standard 20 of the Institute of Chartered Accountants of India, Earning Per Share is calculated below:

Particulars	Rs. in lacs	
	Current Year	Previous Year
Profit after Taxation	11,972.70	5,349.22
Number of Shares Issued	36,065,303	36,065,303
Earning Per Share in Rupees (Basic & Diluted)	33.20	14.83

16. Deferred Tax Liability as per Accounting Standard 22 of the Institute of Chartered Accountants of India, is as under:

Particulars	(Rs. In Lacs)	
	Current Year	Previous Year
Deferred Tax Liability		
Timing Difference on account of Depreciation, change in rate of Tax etc.	5684.14	5551.00
Add/Less: Timing Difference on account of Allowances under section 43B, Others	-4.14	6.50
Deferred Tax Liability (Net)	5680.00	5557.50

17. There are no Micro & Small enterprises covered under Micro, Small and Medium Scale Development Act 2006, to whom the company owes dues, which are outstanding for more than 45 days, hence no disclosure has been given. This information has been determined on the basis of intimation received from such parties
18. Detail of transactions entered into with related parties during the year as required by Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as under:

Particulars	(Rs. in Lacs)							
	Associates		Key Management Personnel (KMP)		Relative of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services	1,803.12	1,353.87	-	-	-	-	1,803.12	1,353.87
Sale of Goods/Services	4,580.78	3,813.87	-	-	-	-	4,580.78	3,813.87
Purchase of Fixed Assets	1.43	-	-	-	-	-	1.43	-
Sale of Fixed Assets	0.34	33.67	-	-	-	-	0.34	33.67
Rent Paid	30.58	36.18	-	-	2.05	1.86	32.63	38.04
Rent Received	11.88	5.40	-	-	-	-	11.88	5.40
Interest Received	117.48	1.27	-	-	-	-	117.48	1.27
Interest Paid	62.36	157.91	-	-	-	-	62.36	157.91
Sale of Export Licence	343.94	1,304.66	-	-	-	-	343.94	1,304.66
Inter-corporate Loans Repaid	2,821.80	4,051.36	-	-	-	-	2,821.80	4,051.36
Inter-corporate Loans Received	1,829.00	4,416.61	-	-	-	-	1,829.00	4,416.61
Inter-corporate Loans Received Back	4,410.07	1,486.93	-	-	-	-	4,410.07	1,486.93
Inter-corporate Loans Given	4,410.07	579.76	-	-	-	-	4,410.07	579.76
Director Sitting Fee	-	-	0.45	0.20	-	-	0.45	0.20
Managerial Remuneration/Perquisites	-	-	605.86	180.10	-	-	605.86	180.10
Balance Receivable	2,366.14	1,023.68	-	-	-	-	2,366.14	1,023.68
Balance Payable	1,152.85	1,383.60	240.43	106.97	-	-	1,393.28	1,490.57

**Note:*****Associates**

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

Key Management Personnel

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

Relatives of Key management Personnel

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

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

19. Computation of Net Profit under Section 198 read with Section 349 of the Companies Act, 1956, for the purpose of remuneration payable to Managing Director, Chairman and Executive Director are given below :-

	(Rs. in Lacs)	
Particulars	Current Year	Previous Year
Net Profit Before Taxation	17,793.14	8,060.51
Add: Managerial Remuneration	605.86	180.10
Add: Loss on Sale of Fixed Assets	9.46	26.94
	18,408.46	8,267.55
Less: Profit on Sale of Fixed Assets U/S 349 of the Companies Act	0.04	-
Net Profit U/S 349 of the Companies Act 1956	18,408.42	8,267.55
Less: Loss brought forward for last year	-	2,499.95
Net Profit for the computation of managerial remuneration	18,408.42	5,767.60
MANAGERIAL REMUNERATION U/S 309		
Maximum payable @ 5% of the above	920.42	288.38
Managerial Remuneration paid to Managing Director	605.86	180.10
Salary, Commission & Other Perquisites	605.86	180.10

Notes:

1. Apart from remuneration drawn from the company, Sh. Dinesh Oswal, Managing Director of the company, also draws remuneration from Nahar Capital and Financial Services Ltd. The total remuneration drawn from both the companies does not exceed the higher maximum limit admissible u/s iii of part II of Schedule XIII of the Companies Act, 1956.
 2. Remuneration includes salary, cash allowances and commission on profit paid or payable to the Managing Director.
20. In accordance with Accounting Standard (AS)-28 on impairment of Assets, which is mandatory for the accounting periods commencing on or after 1st April, 2004, the company has assessed as on Balance Sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the standards) with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account



21. The Employee's Gratuity Fund Scheme is managed by LIC. The following tables set out the funded status of the gratuity plan recognized as per the company's financial statement as at 31.03.2011.

Particulars	Current Year	Rs. in lacs
		Previous Year
1 Reconciliation of opening and closing balances of defined benefit obligation		
Present Value of Obligations as at beginning of year	1,129.53	820.50
Interest Cost	90.36	65.64
Current Service Cost	145.21	99.47
Benefit Paid	124.57	112.72
Actuarial gain/(Loss) on obligation	(41.71)	(256.64)
Present Value of Obligations as at end of year	1,282.24	1,129.53
2 Reconciliation opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of year	963.01	640.85
Expected return on plan assets	91.46	64.22
Contribution	144.40	370.66
Benefit paid	124.57	112.72
Actuarial Gain/(Loss) on Plan Assets		-
Fair Value of plan assets at the end of year	1,074.30	963.01
3 Reconciliation of Fair value of assets and obligations		
Present value of obligations as at the end of year	1,282.24	1,129.53
Fair value of plan assets as at the end of the year	1,074.30	963.01
Net Assets/(Liability) recognized in the Balance Sheet	207.94	166.52
4 Expenses Recognized in statement of Profit & Loss		
Current Service Cost	145.21	99.47
Interest Cost	90.36	65.64
Expected return on plan assets	91.46	64.22
net Actuarial Gain/(Loss) recognized	(41.71)	(256.64)
Expenses Recognized in statement of Profit & Loss	185.82	357.53
5 Assumptions		
Discount Rate	8.00%	8.00%
Salary Escalation	7.00%	7.00%
Mortality table (LIC)	1994-96(Ultimate)	1994-96(Ultimate)

22. Schedule 1 to 24 form an integral part of the Balance Sheet and Profit and Loss Account and have been authenticated as such.


25. ADDITIONAL INFORMATION AS REQUIRED UNDER PART II OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956

Rs. in Lacs

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	QUANTITY	VALUE	QUANTITY	VALUE
I. TURNOVER				
Export Sales				
Hosiery Garments/Textiles	5992007 Pcs	16069.48	5834445 Pcs	14620.20
Cotton/Synthetic yarn	40584783 Kgs	80612.11	44071915 Kgs	58411.04
Waste	1331365 Kgs	827.22	152342 Kgs	85.71
Local sales				
Hosiery Garments/Textiles	379832 Pcs	631.17	546315 Pcs	942.72
Knitted Cloth	580842 Kgs	1288.01	374915 Kgs	733.55
Cotton/Synthetic Yarn	11535575 Kgs	27138.89	13171995 Kgs	21458.25
Raw Material	868755 Kgs	889.74	1113669 Kgs	773.64
Wastes	20867032 Kgs	8371.06	20904373 Kgs	7268.22
Stores & Miscellaneous		277.32		484.50
Raw Wool	0.000 Kgs	0.00	44635 Kgs	77.26
		136105.00		104855.09
Note : The above figures does not include quantity of 1192.763 kgs. Yarn Samples issued during the year.				
II. RAW MATERIAL CONSUMED				
Raw Wool of all Kinds	0 Kgs	0.00	87598 Kgs	194.46
Raw Cotton	83801085 Kgs	80266.44	83472640 Kgs	54170.71
Cotton Yarn	7094251 Kgs	12759.10	6495827 Kgs	8576.58
Cloth	10975 Kgs	31.42	67075 Kgs	131.57
Synthetic yarn	462277 Kgs	705.50	536819 Kgs	627.85
Manmade/Synthetic Fibres	774148 Kgs	828.76	917143 Kgs	928.74
		94591.22		64629.91
III. TRADING GOODS PURCHASED				
Hosiery Garmenth	20362 Pcs	100.71	18630 Pcs	78.47
Cotton/Synthetic yarn	624638 Kgs	1231.48	218851 Kgs	306.48
IV. GROSS INCOME DERIVED FROM SERVICES RENDERED				
		741.17		657.62
V. VALUE OF STORES, SPARE PARTS AND COMPONENTS CONSUMED				
		10698.48		11329.56
VI. CIF VALUE OF IMPORTS				
Raw Material		321.41		644.15
Stores & Spares		1082.73		725.51
Capital Goods		5089.40		1323.12
VII. EXPENDITURE IN FOREIGN CURRENCY				
Travelling		30.04		28.37
Export Development Exp.		34.09		38.60
Export Commission/Rebate		1142.38		986.59
Others		3.04		6.75
VIII. EARNING IN FOREIGN EXCHANGE				
Export of Goods/Services on F.O.B. Basis		95088.68		70827.07
Discount/Rent/Interest Received/Others		53.95		30.96
Carbon Credit		121.53		132.59

**IX. OPENING AND CLOSING STOCK OF GOODS PRODUCED AND TRADED IN****OPENING STOCK**

Textile and Hosiery Garments	788268 Pcs	1440.21	933844 Pcs	1709.87
Cotton/Synthetic yarn	3257011 Kgs	4223.12	4527858 Kgs	5070.22
Wastes	800724 Kgs	324.44	503471 Kgs	150.01
		5987.77		6930.10

CLOSING STOCK

Textile and Hosiery Garments	512468 Pcs	1017.59	788268 Pcs	1440.21
Cotton/Synthetic yarn/Fabric	7688847 Kgs	15551.74	3257011 Kgs	4223.12
Wastes	1264187 Kgs	984.21	800724 Kgs	324.44
		17553.54		5987.77

X. LICENCED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION (INCLUDING PRODUCTION ON CONTRACT BASIS)**LICENCED CAPACITY**

Textile and Hosiery Garments	14000000 Pcs	14000000 Pcs
Spindles /Roters	N.A.	N.A.

INSTALLED CAPACITY

Textile & Hosiery Garments	Not Feasible	Not Feasible
Cotton/Synthetic Yarn	383296 Spindles	346096 Spindles
	1080 Rotors	720 Rotors
Gas-Mercerising	2040 M.T.	2040 M.T.
Dyeing & Processing-Lalru Unit	Not Feasible	Not Feasible

ACTUAL PRODUCTION

Textile & Hosiery Garments	7788371 Pcs	7079154 Pcs
Cotton/Synthetic Yarn	60235337 Kgs	61855507 Kgs
Gas-Mercerised Yarn/Fabric	1976407 Kgs	1681865 Kgs
Dyeing & Processing Yarn/Fabric-Lalru Unit	121588 Kgs	487014 Kgs

XI. NET VALUE OF ALL IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED DURING THE FINANCIAL YEAR AND PERCENTAGE THERE OF

PARTICULARS	Value and Percentage of Imported Raw Material, Stores, Spare Parts & Components Consumed		Value and Percentage of indigenous Raw Material, Stores, Spare Parts & Components Consumed	
	Current Year	Previous Year	Current Year	Previous Year
Raw Material Value Rs.	1133.07	706.40	93458.15	63923.51
Percentage	1.20%	1.09%	98.80%	98.91%
Stores & Spares Value Rs.	1021.18	699.09	9677.30	10630.47
Percentage	9.55%	6.17%	90.45%	93.83%

NOTES :

- (1) Inter unit transfer have not been excluded for calculating the value of raw material consumed.
- (2) The Installed Capacities are as certified by the Management but not verified by the Auditors being a technical matter.
- (3) Raw Materials and Stores consumed include the quantity and value of Raw Material and Stores sold.
- (4) Previous year figures have been regrouped/rearranged/recasted to make them comparable with current year figures where ever necessary.

As per our report of even date annexed

For & On behalf of the Board**FOR GUPTA VIGG & COMPANY**Chartered Accountants
Firm Regd. No. 001393N**VINOD KHANNA**
Partner
(M. No. 81585)**BRIJ SHARMA**
Company Secretary**ANIL GARG**
Finance Controller**DINESH GOGNA**
Director**DINESH OSWAL**
Managing DirectorPlace : Ludhiana
Date : 30.05.2011



CASH FLOW STATEMENT FOR THE YEAR 1ST APRIL, 2010 TO 31ST MARCH, 2011 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

Rs. in Lacs

	CURRENT YEAR	PREVIOUS YEAR	
Cash Flow From Operating Activities			
Net Profit Before Tax and Extra ordinary activities	18,851.60		8,060.51
Adjustments for :			
Depreciation	6,977.94	6,986.11	
Interest	4,815.17	4,024.25	
Interest received	(400.79)	(255.52)	
Dividend Income/UTI Income	(9.17)	(1.85)	
Profit/Loss on Sale of Investments	(94.42)	(136.09)	
Profit/ Loss on sale of Fixed Assets	(402.33)	(219.91)	10,396.99
Operating Profit before Working Capital Changes	29,738.00		18,457.50
Adjustment for:			
Trade and other receivables	(12,688.21)	(825.38)	
Inventories	(31,679.13)	(28,674.76)	
Loans & Advances	(3,727.13)	(254.85)	
Increase in Working Capital Limits	40,609.15	22,783.48	
Trade Payables	2,939.76	4,018.94	(2,952.57)
Cash Generated from Operations	25,192.44		15,504.93
Foreign Exchange Hedging Loss	(1,058.46)		
Interest paid	(2,868.87)	(1,975.57)	
Direct Taxes Paid	(5,417.07)	(1,769.42)	(3,744.99)
Net cash flow from operating Activities	15,848.04		11,759.94
Cash Flow from investing activities			
Purchase of Fixed Assets	(17,761.30)	(7,283.66)	
Capital Work in Progress	(4,532.21)	(1,739.72)	
Sale of Fixed Assets	768.62	680.31	
Sale of Investments	744.42	1,336.09	
Interest Received	400.79	255.52	
Dividend/UTI Income	9.17	1.85	
Increase in Investment	(964.16)	(592.03)	(7,341.64)
Net cash used in investing activities	(5,486.63)		4,418.30
Cash Flow from Financing Activities			
Unsecured Loans	(992.80)	365.25	
Proceeds from Long Term Borrowings	15,130.62	5,085.06	
Repayment of Long Term Borrowings	(6,788.87)	(6,718.48)	
Interest Paid	(1,946.30)	(2,048.68)	
Dividend Paid	(540.98)	(180.32)	
Corporate Dividend Tax Paid	(89.85)	(30.65)	(3,527.82)
Net Cash from Financing Activities	(714.81)		890.48
Opening Cash and Cash Equivalents	1,826.33		935.85
Closing Cash and Cash Equivalent	1,111.52		1,826.33

For & On behalf of the Board

Place : Ludhiana
Date : 30.05.2011

BRIJ SHARMA
Company Secretary

ANIL GARG
Finance Controller

DINESH GOGNA
Director

DINESH OSWAL
Managing Director

AUDITOR'S CERTIFICATE

We have checked the above Cash Flow Statement of NAHAR SPINNING MILLS LIMITED, derived from the audited financial statement for the year ended 31st March, 2011 with the books and records maintained in the ordinary course of business and found the same in accordance therewith

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

Place : Ludhiana
Date : 30.05.2011

VINOD KHANNA
Partner
(M.No. 81585)



The information pursuant to part IV of Schedule VI to the Companies Act, 1956 :
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details																					
Registration No.					4	3	4	1	State Code									1	6		
	3	1	-	0	3	-	1	1													
	Date		Month		Year																
II Capital Raised During the Year (Amount in Rs. Thousands)																					
Public Issue								N	I	L	Right Issue								N	I	L
Bonus Issue								N	I	L	Private Placement								N	I	L
Conversion of Bonds In Shares								N	I	L											
III Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)																					
Total Liabilities	2	2	4	7	5	5	3	3	Total Assets	2	2	4	7	5	5	3	3				
Sources of Funds																					
Paid Up Capital			1	8	0	5	3	1	Reserve & Surplus		6	4	7	9	1	3	5				
Secured Loans	1	3	3	5	4	9	6	5	Unsecured Loans								N	I	L		
Deferred Tax Liability			5	6	8	0	0	0													
Application of Funds																					
Net Fixed Assets		8	3	7	9	1	0	7	Investments			1	4	0	8	6	8				
Net Current Assets	1	2	0	6	2	6	5	6	Misc. Expenditure								N	I	L		
Accumulated Losses								N	I	L											
IV Performance of Company (Amount in Rs. Thousands)																					
Turnover & Other Income	1	4	0	6	2	1	5	2	Total Expenditure	1	2	2	8	2	8	3	8				
Profit Before Tax		1	7	7	9	3	1	4	Profit After Tax		1	1	9	7	2	7	0				
Earning Per Share (Rs.)	Basic				3	3	.	2	0	Dividend						4	0	%			
	Diluted				3	3	.	2	0												
V Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)																					
Item Code No. (ITC Code)	6	1	.	0	1																
Product Description	ARTICLES OF APPAREL KNITTED OR CROCHETED																				
Item Code No. (ITC Code)	5	2	.	0	5																
Product Description	COTTON YARN																				
Item Code No. (ITC Code)	5	5	.	0	9																
Product Description	YARN OF SYNTHETIC STAPLE FIBRE																				

As per our report of even date annexed
FOR GUPTA VIGG & COMPANY
Chartered Accountants
Firm Regd. No. 001393N

For & On behalf of the Board

VINOD KHANNA
Partner
(M. No. 81585)

BRIJ SHARMA
Company Secretary

ANIL GARG
Finance Controller

DINESH GOGNA
Director

DINESH OSWAL
Managing Director

Place : Ludhiana
Date : 30.05.2011



NAHAR SPINNING MILLS LIMITED

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

PROXY FORM

I/We.....
of being a member/members of
NAHAR SPINNING MILLS LIMITED hereby appoint.....
or failing him/her.....
of.....
as my/our proxy(s) to attend and vote for me/us and on my/our behalf at the 31st Annual General Meeting of the
Company to be held on Tuesday the 20th September, 2011 at 10.00 a.m. at the Premises of M/s Nahar Industrial
Enterprises Limited, Focal Point, Ludhiana and at any adjournment thereof.

As witness my/our hand(s) this.....day of.....2011.
(Date) (Month)

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

Signature

Affix
Revenue
Stamp of
Rs. 1/-

Note :

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

.....CUT HERE.....

NAHAR SPINNING MILLS LIMITED

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

ATTENDANCE SLIP

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

I hereby record my presence at the 31st Annual General Meeting of the Company to be held on Tuesday the 20th
September, 2011 at 10.00 a.m. at the Premises of M/s Nahar Industrial Enterprises Limited, Focal Point, Ludhiana. .

FULL NAME OF THE MEMBER (IN BLOCK LETTERS)

.....

Name of the Proxy.....

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

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

.....

Member/Proxy's Signature*

No of Shares Held.....

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

* Strike out whichever is not applicable



Performance At A Glance

Rupees in Lacs

SR. NO.	PARTICULARS	2006-07	2007-08	2008-09	2009-10	2010-11
1	OPERATING INCOME	91323	91751	100062	111049	139156
2	EXPORTS	59980	58574	64566	73117	97509
3	OTHER INCOME	860	1004	672	1035	1469
4	GROSS PROFIT	18645	12810	9243	19551	29992
5	PROFIT AFTER TAX	6429	1202	-1663	5349	11973
6	CASH ACCRUALS	16504	9675	5103	15047	24770
7	GROSS BLOCK	110431	125910	132480	137649	153679
8	NET BLOCK	56410	64933	64875	64712	75129
9	SHARE CAPITAL (PAID UP)	1805	1805	1805	1805	1805
10	NET WORTH	51939	52538	50744	55462	66597
11	DEFERRED TAX RESERVE	4961	5367	4541	5557	5680
12	DEBT EQUITY RATIO	0.60	0.80	0.73	0.65	0.65
13	CURRENT RATIO	1.61	1.56	1.72	1.44	1.28
14	BOOK VALUE PER SHARE	144.01	145.67	140.70	153.78	184.66
15	EARNING PER SHARE (BASIC)	17.82	3.33	-4.61	14.83	33.20
16	FACE VALUE (PAID UP)	Rs. 5				
17	DIVIDEND	50%	30%	10%	30%	40%

BOOK POST
(Printed Matter)

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