



The Nahar Group



34TH

Annual Report
2013-14



Nahar

SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal

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

Chairman

Managing Director
Director
Director
Director
Independent Director
Independent Director
Independent Director
Independent Director
Independent Director

FINANCIAL 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

34th ANNUAL GENERAL MEETING

Day : Tuesday
Date : 30th September, 2014
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, the Company proposes to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c or send the same to the Company via e-mail at: -secnsm@owmnaahar.com or gredressalnsml@owmnaahar.com.

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



NOTICE

Notice is hereby given that the **Thirty Fourth Annual General Meeting** of the members of **NAHAR SPINNING MILLS LIMITED** will be held on **Tuesday, the 30th day of September, 2014 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 Financial Statements of the Company for the financial year ended 31st March, 2014 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Sh. Jawahar Lal Oswal (DIN 00463866), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Sh. Satish Kumar Sharma (DIN 00402712), who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and in this regard 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 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Gupta Vigg & Co., Chartered Accountants (Firm Registration No. 001393N), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, at such remuneration as shall be fixed by the Board in consultation with the Auditors.”

SPECIAL BUSINESS:

6. **To appoint Dr. (Mrs.) Harbhajan Kaur Bal (DIN: 00008576) as an Independent Director and in this regard 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 Sections 149, 152 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time

being in force) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Dr. (Mrs.) Harbhajan Kaur Bal (DIN 00008576) Director of the Company, whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years for a term up to the conclusion of 37th Annual General Meeting in the calendar year 2017.”

7. **To appoint Dr. Suresh Kumar Singla (DIN: 00403423) as an Independent Director and in this regard 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 Sections 149, 152 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Dr. Suresh Kumar Singla (DIN 00403423), Director of the Company whose period of office is liable to determination by retirement of directors by rotation 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 an Independent Director of the Company to hold office for three consecutive years for a term up to the conclusion of 37th Annual General Meeting in the calendar year 2017.”

8. **To appoint Dr. Yash Paul Sachdeva (DIN: 02012337) as an Independent Director and in this regard 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 Sections 149, 152 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing



Agreement, Dr. Yash Paul Sachdeva (DIN 02012337), Director of the Company whose period of office is liable to determination by retirement of directors by rotation 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 an Independent Director of the Company to hold office for three consecutive years for a term up to the conclusion of 37th Annual General Meeting in the calendar year 2017.”

9. To appoint Dr. Amrik Singh Sohi (DIN 03575022) as an Independent Director and in this regard 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 Sections 149, 152 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Dr. Amrik Singh Sohi (DIN 03575022), Director of the Company whose period of office is liable to determination by retirement of directors by rotation 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 an Independent Director of the Company to hold office for three consecutive years for a term up to the conclusion of 37th Annual General Meeting in the calendar year 2017.”

10. To appoint Prof. Kanwar Sain Maini (DIN 00454686) as an Independent Director and in this regard 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 Sections 149, 152 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Prof. Kanwar Sain Maini (DIN 00454686), Director of the Company whose period of

office is liable to determination by retirement of directors by rotation 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 an Independent Director of the Company to hold office for three consecutive years for a term up to the conclusion of 37th Annual General Meeting in the calendar year 2017.”

11. To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of resolution dated 29th day of September, 2007 passed at the Annual General Meeting and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions of Companies Act, 2013, consent and approval of the Company, be and is hereby accorded to the Board of Directors (hereinafter referred to as the 'Board' which expression shall also include a committee thereof) to borrow any sum and sums of money from time to time in rupee currency and/or foreign currency, as they may deem necessary or expedient for the purpose of business of the Company, upon such terms and conditions as the Board may in its absolute discretion think fit, notwithstanding the monies to be borrowed, together with monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) at any time, may exceed from the aggregate of the paid up Share Capital of the Company and its Free Reserves, not set apart for any specific purpose, provided that total amount up to which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs. 1500 Crores (Rupees One Thousand Five Hundred Crores) only.”

12. To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of resolution dated 29th day of September, 2007 passed at the Annual General Meeting and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions of Companies Act, 2013, consent and approval of the Company, be and is



hereby accorded to the Board of Directors (hereinafter referred to as the 'Board' which expression shall also include committee thereof) for the creation of mortgage and/or charge in addition to the mortgages/charges created/to be created by the Company in such form and manner and with such ranking and at such times and on such terms as the Board may determine on all or any of the movable and immovable properties of the Company, both present and future and/or on the whole or any part of the undertaking(s) of the Company for securing the borrowings and financial assistance not exceeding Rs. 1500 Crores (Rupees One Thousand Five Hundred Crores) only by way of loans (in foreign currency and/or rupee currency) and the securities and/or other debt instruments issued/to be issued by the Company from time to time together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment charges and expenses including any increase as a result of devaluation/revaluation/fluctuations in the rates of exchange and all other moneys payable by the Company in terms of loan agreement(s), Heads of agreement(s), or any other document entered into/to be entered into between the Company and the Lender(s)/Agent(s) in respect of the said loan/borrowing/financial assistance."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."

13. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies

(Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting, be and are hereby approved and adopted in substitution and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;"

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution"

14. To approve the payment of minimum remuneration to Mr. Dinesh Oswal, Managing Director in case of inadequacy or no profits and in this regard to consider and if thought fit to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 197 and 198 read together with Schedule V and the rules framed thereunder and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act"), (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the requisite approval of the Central Government and subject to such conditions and modifications as may be prescribed or imposed by the Central Government while granting such approval, the approval of the members be and is hereby accorded to the payment of the following remuneration as minimum remuneration to Mr. Dinesh Oswal, Managing Director in case of no profits or inadequacy of profits in any financial year during three financial years commencing from April 1, 2014:

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

1) Housing

Sh. Dinesh Oswal shall be entitled to House Rent Allowance @60% of the salary.

Explanation

i) The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as



per Income Tax Rules, 1962. This shall however be subject to a ceiling of 10% of the salary of Sh. Dinesh Oswal.

- ii) **Medical Reimbursement:** Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months salary over a period of five years.
- iii) **Leave Travel Concession:** Leave travel concession for self and family twice in a year incurred by him.
- iv) **Club Fees:** Fees of the club 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 the leave at the end of the 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 the Board of Directors or a Committee thereof of the Board, be and is hereby authorized to take such steps as may be necessary for obtaining necessary approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

15. To Consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of

the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent and approval of the Company be and is hereby accorded to the Board of Directors to enter into an agreement for sale and purchase of Yarns, Fabrics, Garments and job work of manufacturing of garments with M/s. Monte Carlo Fashions Limited, sale and purchase of Yarns with M/s. Nahar Industrial Enterprises Limited and sale and purchase of Yarns, Garments and waste etc. with M/s. Oswal Woollen Mills Limited, for a period of three years w.e.f. 1st April, 2014, which may be renewed with the mutual consent of parties thereto."

"RESOLVED FURTHER THAT any acts / transactions done under this Agreement after 1st April, 2014 and upto the date of passing of this resolution be and are hereby approved and ratified."

"RESOLVED FURTHER THAT the Board of Directors, be and are hereby authorized to do all such acts, deeds or things as may be necessary to give effect to the above resolution."

BY ORDER OF THE BOARD

PLACE : LUDHIANA

BRIJ SHARMA

DATED: 11th August, 2014 (Company Secretary)

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE 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. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto and form a part of this Notice.



4. The Register of Members and Share Transfer Register of the Company shall remain closed from 15th September, 2014 to 20th September, 2014 (both days inclusive).
 5. 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 Register of members as on 15th September, 2014 or Register of beneficial owners, maintained by the Depositories at the close of 13th September, 2014.
 6. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends up to the financial year 2005-06 have been transferred to Investor Education and Protection Fund. Further unpaid dividend for the year 2006-07 is to be transferred to Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 in November, 2014. 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.
 7. 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 13th September, 2014.
 8. 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 dematerialize their shares at the earliest.
 9. The documents referred to in the Explanatory Statement are open for inspection at the Registered Office of the Company on any working day (except Saturday and Holiday) between 10:00 A.M. To 12:00 Noon upto the date of Annual General Meeting.
 10. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
 11. Electronic copy of the Annual Report for the year 2013-2014 is being sent to all the members whose email Ids are registered with the Company / Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
 12. 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.
 13. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form No. SH-13)
 14. 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.
 15. The Register under Section 189 (4) of the Companies Act, 2013 shall be produced at the commencement of the meeting and shall remain open and accessible during the continuance of the meeting.
 16. In compliance with the provisions of Clause 35B of the Listing Agreement as well as Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is offering E-voting facility to all the shareholders of the Company. For this purpose, the Company has entered into an agreement with M/s. Central Depositories Services (India) Ltd. (CDSL) for providing e-voting facility to enable the shareholders to cast their votes electronically.
- 17. Instructions for Voting through electronic mode:-**
1. Members may choose to cast their vote electronically by logging on to the e-voting website (www.evotingindia.com)
 2. Click on "Shareholders" tab.
 3. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 character DP ID followed by 8 digits Client ID,
 - c. Members holding shares in physical form should enter Folio Number registered with the Company.
 4. Next enter the Image Verification as displayed and Click on Login.
 5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.



6. If you are a first time user, follow the steps given below:-

	For members holding shares in demat and physical form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the Client Id/Folio Number in the PAN field. In case the Folio Number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with Folio Number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by the member on the cut off date in the Dividend Bank details field as mentioned in Note 5.</p>

7. After entering these details appropriately, click on "SUBMIT" tab.

8. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

9. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice of ensuing Annual General Meeting of the Company.

10. Click on the EVSN for <NAHAR SPINNING MILLS LIMITED> to vote.

11. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

12. Click on the "RESOLUTION FILE LINK" if you wish to view the entire Resolution details.

13. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

14. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

15. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

16. If Demat account holders has forgotten the same password then Enter the User Id and the image verification code and click on Forgot Password & enter the details as prompted by the system.

17. Note for Institutional Shareholders

a) Institutional shareholders (i.e. Other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.

b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to: helpdesk.evoting@cdslindia.com.

c) After receiving the login details, they have to create compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

d) A scanned copy of the Board Resolution/ Power of Attorney issued in favour of the Custodian should be uploaded in PDF format



in the system for the scrutinizer to verify the same.

- e) The list of accounts should be e-mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

18. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to: helpdesk.evoting@cdslindia.com.

Other instructions:

19. The login ID and password for e-voting along with process, manner and instruction for e-voting is being sent to the members who have not registered their e-mail Ids with the Company. Those members who have registered their email Ids with the Company / Depository Participant will be forwarded the login ID and password for e-voting along with process, manner and instructions via email by Company.
20. The e-voting period shall commence on 24th September, 2014 (9.00 a.m. onwards) and ends on 26th September, 2014 (6.00 p.m.). During this period, members of the Company holding shares either in physical form or in dematerialised form, as on the cut off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
21. Vote on a resolution, once cast, cannot be changed subsequently.
22. Voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on cut off date.
23. Mr. P.S. Bathla, Practising Company Secretary (Membership No. FCS 4391), will act as a Scrutinizer to the e-voting process in a fair and transparent manner.
24. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in the favor or against, if any, forthwith to the Chairman of the Company.

25. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer Mr. P. S. Bathla, Company Secretary, S.C.O. VI, IIIrd Floor, Feroze Gandhi Market, Ludhiana not later than 26th September, 2014 (6.00 p.m.). The members can also cast their votes at the Annual General Meeting of the company to be held on 30th Sept., 2014.

26. Ballot Form received after this date will be treated as invalid.

27. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and ballot shall be treated as invalid.

28. The results shall be declared on or after the AGM of the Company. Results alongwith Scrutinizer's Report shall be placed on the website of the Company i.e. www.ownahar.com and on the website of CDSL within two days of passing of the resolutions at the 34th Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Pursuant to section 102(1) of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the Special Business mentioned under Item Nos. 6 to 15 of the accompanying Notice:

ITEM NO. 6

Dr. (Mrs.) Harbhajan Kaur Bal is a Non-executive Independent Director of the Company. She joined the Board of Directors on 30th May, 2000. She is Post Graduate and Ph.D. in Statistics. She is an eminent educationist and retired as head of Business Management Department from Punjab Agriculture University, Ludhiana. She has more than 32 years of experience in Teaching Management & Administration.

Dr. (Mrs.) Harbhajan Kaur Bal is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of section 149 and other applicable provisions of the Companies Act, 2013 which came into effect from April 1, 2014, Dr. (Mrs.) Harbhajan Kaur Bal, being eligible and offered herself for appointment, is proposed to be appointed as an Independent Director for three years commencing from this Annual General Meeting upto the conclusion of



37th Annual General Meeting in the calendar year 2017. A notice has been received from a member proposing her candidature for the office of Independent Director.

The Nomination and Remuneration Committee has recommended her appointment as Independent Director for a term of three years upto the conclusion of 37th Annual General Meeting in the calendar year 2017.

Dr. (Mrs.) Harbhajan Kaur Bal does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

The Company has received from Dr. (Mrs.) Harbhajan Kaur Bal (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that she is not disqualified under Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Dr. (Mrs.) Harbhajan Kaur Bal fulfills the conditions for her appointment as Independent Director as specified in the Companies Act, 2013 and the Listing Agreement for appointment as Independent Director and she is independent of the Management. Copy of the draft letter for her appointment as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during the normal business hours on any working day, excluding Saturday.

The Board considers that her continued association would be of immense benefits to the Company and it is desirable to continue to avail services of Dr. (Mrs.) Harbhajan Kaur Bal as an Independent Director. Accordingly, the Board recommends the resolution in relation to her appointment as an Independent Director for approval of the shareholders of the Company.

None of the Directors except Dr. (Mrs.) Harbhajan Kaur Bal, Key Managerial Personnel or their relatives, may be deemed to be concerned or interested in the Resolution.

ITEM NO. 7

Dr. Suresh Kumar Singla is a Non-executive Independent Director of the Company. He joined the Board of Directors on 30th June, 2008. He is M.A. (Economics & Statistics) and Ph. D. in Statistics. He is an eminent educationist and has retired from the post of Professor in the Business Management Department, Punjab Agriculture University,

Ludhiana. Presently, he is a Director of GNA-Institute of Management and Technology, Phagwara. He is a Management expert having wide knowledge and experience of more than 33 years.

Dr. Suresh Kumar Singla is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of section 149 and other applicable provisions of the Companies Act, 2013 which came into effect from April 1, 2014, Dr. Suresh Kumar Singla, being eligible and offered himself for appointment, is proposed to be appointed as an Independent Director for three years commencing from this Annual General Meeting upto the conclusion of 37th Annual General Meeting in the calendar year 2017. A notice has been received from a member proposing his candidature for the office of Independent Director.

The Nomination and Remuneration Committee has recommended his appointment as Independent Director for a term of three years upto the conclusion of 37th Annual General Meeting in the calendar year 2017.

Dr. Suresh Kumar Singla does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

The Company has received from Dr. Suresh Kumar Singla (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Dr. Suresh Kumar Singla fulfills the conditions for his appointment as Independent Director as specified in the Companies Act, 2013 and the Listing Agreement for appointment as Independent Director and he is independent of the Management. Copy of the draft letter for his appointment as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during the normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefits to the Company and it is desirable to continue to avail services of Dr. Suresh Kumar Singla as an Independent Director. Accordingly,



the Board recommends the resolution in relation to his appointment as an Independent Director for approval of the shareholders of the Company.

None of the Directors except Dr. Suresh Kumar Singla, Key Managerial Personnel or their relatives, may be deemed to be concerned or interested in the Resolution.

ITEM NO. 8

Dr. Yash Paul Sachdeva is a Non-executive Independent Director of the Company. He joined the Board of Directors on 10th August, 2011. He is MBA and Ph. D. (Business Administration). He is an eminent educationist and having more than 32 years of experience in the field of Business Management. Presently, he is working as a Professor in the Business Administration Department of Punjab Agriculture University, Ludhiana.

Dr. Yash Paul Sachdeva is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of section 149 and other applicable provisions of the Companies Act, 2013 which came into effect from April 1, 2014, Dr. Yash Paul Sachdeva, being eligible and offered himself for appointment, is proposed to be appointed as an Independent Director for three years commencing from this Annual General Meeting upto the conclusion of 37th Annual General Meeting in the calendar year 2017. A notice has been received from a member proposing his candidature for the office of Independent Director.

The Nomination and Remuneration Committee has recommended his appointment, as Independent Director for a term of three years commencing from this Annual General Meeting upto the conclusion of 37th Annual General Meeting in the calendar year 2017.

Dr. Yash Paul Sachdeva does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

The Company has received from Dr. Yash Paul Sachdeva (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Dr. Yash Paul Sachdeva

fulfills the conditions for his appointment as Independent Director as specified in the Companies Act, 2013 and the Listing Agreement for appointment as Independent Director and he is independent of the Management. Copy of the draft letter for his appointment as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during the normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefits to the Company and it is desirable to continue to avail services of Dr. Yash Paul Sachdeva as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director for approval of the shareholders of the Company.

None of the Directors except Dr. Yash Paul Sachdeva, Key Managerial Personnel or their relatives, may be deemed to be concerned or interested in the Resolution.

ITEM NO. 9

Dr. Amrik Singh Sohi is a Non-executive Independent Director of the Company. He joined the Board of Directors on 10th August, 2011. He is M.Sc. and Ph.D. He is an eminent educationist and having more than 36 years of experience in Teaching and Entomology Research. He retired from Punjab Agriculture University, Ludhiana as Sr. Entomologist (Professor). He was a member of the state level team for evaluation of Bt. Cotton trials in Punjab for the year 2001-02. He has rich experience of research of industrial projects in Bt. Cotton Hybrids in Punjab. Now, he is working as a Consultant in PGR Cell, Sri Rattan Tata Trust, Mumbai.

Dr. Amrik Singh Sohi is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of section 149 and other applicable provisions of the Companies Act, 2013 which came into effect from April 1, 2014, Dr. Amrik Singh Sohi, being eligible and offered himself for appointment, is proposed to be appointed as an Independent Director for three years commencing from this Annual General Meeting upto the conclusion of 37th Annual General Meeting in the calendar year 2017. A notice has been received from a member proposing his candidature for the office of Independent Director.

The Nomination and Remuneration Committee has recommended his appointment, as Independent Director for a term of three years commencing from this Annual



General Meeting upto the conclusion of 37th Annual General Meeting in the calendar year 2017.

Dr. Amrik Singh Sohi does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

The Company has received from Dr. Amrik Singh Sohi (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Dr. Amrik Singh Sohi fulfills the conditions for his appointment as Independent Director as specified in the Companies Act, 2013 and the Listing Agreement for appointment as Independent Director and he is independent of the Management. Copy of the draft letter for his appointment as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during the normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefits to the Company and it is desirable to continue to avail services of Dr. Amrik Singh Sohi as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director for approval of the shareholders of the Company.

None of the Directors except Dr. Amrik Singh Sohi, Key Managerial Personnel or their relatives, may be deemed to be concerned or interested in the Resolution.

ITEM NO. 10

Prof. Kanwar Sain Maini is a Non-executive Independent Director of the Company. He joined the Board of Directors on 31st July, 2002. He is Post Graduate in Commerce. He is an eminent educationist and having more than 33 years of experience in teaching Management and Administration. He retired as Head of Commerce Department (Post Graduate), Govt. College, Ludhiana. He is Co-Author of many books of Book Keeping & Accountancy and Business Statistics. He is also associated with Institute of Chartered Accountants of India and Institute of Company Secretaries of India.

Prof. Kanwar Sain Maini is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of section 149 and other applicable provisions of the Companies Act, 2013 which came into effect from April 1, 2014, Prof. Kanwar Sain Maini, being eligible and offered himself for appointment, is proposed to be appointed as an Independent Director for three years commencing from this Annual General Meeting upto the conclusion of 37th Annual General Meeting in the calendar year 2017. A notice has been received from a member proposing his candidature for the office of Independent Director.

The Nomination and Remuneration Committee has recommended his appointment, as Independent Director for a term of three years commencing from this Annual General Meeting upto the the conclusion of 37th Annual General Meeting in the calendar year 2017.

The Company has received from Prof. Kanwar Sain Maini (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Prof. Kanwar Sain Maini fulfills the conditions for his appointment as Independent Director as specified in the Companies Act, 2013 and the Listing Agreement for appointment as Independent Director and he is independent of the Management. Copy of the draft letter for his appointment as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during the normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefits to the Company and it is desirable to continue to avail services of Prof. Kanwar Sain Maini as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director for approval of the shareholders of the Company.

None of the Directors except Prof. Kanwar Sain Maini, Key Managerial Personnel or their relatives, may be deemed to be concerned or interested in the Resolution.

**ITEM NO. 11**

The members of the Company at the Annual General Meeting held on 29th day of September, 2007, had accorded by way of ordinary resolution their approval to the Board of Directors of the Company, for borrowing monies on behalf of the Company, from time to time up to an aggregate amount of Rs.1000.00 Crores (Rupees One Thousand Crores) only, notwithstanding the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed from the aggregate of the paid up share capital of the Company and its free reserve not set apart for specific purpose.

However, pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company can exercise such powers only with the approval of Members of the Company by way of Special Resolution. Having regard to Company's requirement of funds for its growth plans, consent of the shareholders is sought for increasing the said borrowing limit from Rs. 1000.00 Crores (Rupees One Thousand Crores) to Rs. 1500.00 Crores (Rupees One Thousand Five Hundred Crores) only.

Your Directors recommend the resolution as a Special Resolution for your approval under the Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company and/or their relatives may be deemed to be concerned or interested in the proposed resolution.

ITEM NO. 12

Since the borrowings of the Company are generally required to be secured by way of creation of mortgage and/or charge and/or hypothecation and/or pledge and/or assignments and/or lien on all or any other movable and/or immovable properties of the Company both present and/or future. The members of the Company at the Annual General Meeting held on 29th September, 2007, had accorded by way of ordinary resolution their approval to the Board of Directors of the Company for securing the borrowings and financial assistance not exceeding Rs. 1000 crores (Rupees One Thousand Crores) only.

Now, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, the consent of the shareholders is sought for authorising the Board to create mortgage and/or charge and/or hypothecation and/or pledge over the property of the Company, both

present and future to secure the borrowings or financial assistance upto an aggregate amount not exceeding Rs. 1500.00 Crores (Rupees One Thousand Five Hundred Crores) only.

Your Directors recommend the resolution as a Special Resolution for your approval under the Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company and/or their relatives may be deemed to be concerned or interested in the proposed resolution.

ITEM NO. 13

At present, the set of Articles of Association of the Company, is in accordance with the Companies Act, 1956 and several regulations in the existing Articles of Association contain references to specific sections of the Companies Act, 1956 and some regulations in the existing Articles of Association are no longer in conformity with the new Companies Act, 2013. With the applicability of the most of the sections of the Companies Act, 2013 pursuant to the notifications of Ministry of Corporate Affairs dated September 12, 2013 and March 26, 2014, several regulations of the existing Articles of Association of the Company requires alteration/deletion of several Articles. Hence, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles

The new Articles of Association to be substituted in place of the existing Articles of Association are based on Table 'F' of the Act which sets out the model Articles of Association for a Company limited by shares. The draft Article of Association shall be placed before the meeting.

The Board accordingly recommends the special resolution mentioned at item no. 13 of this Notice for your approval.

None of the Directors, Key Managerial Personnel of the Company and/or their relatives may be deemed to be concerned or interested in the proposed resolution.

ITEM NO. 14

The members at their meeting held on 20th September, 2011 by way of Ordinary Resolution and 29th September, 2012 by way of Special Resolution approved the appointment of Mr. Dinesh Oswal as Managing Director for a period of five years w.e.f 1st January, 2012 on terms and conditions including remuneration payable as per Companies Act, 1956.

In the current year, it is expected that Company's profitability will not be sufficient to pay the remuneration to the Managing Director as per the shareholder's approval vide their Special Resolution dated 29th



September, 2012. The slowdown in the economies of the world and slackened demand for yarns and garments in the overseas as well as domestic markets has resulted a drastic fall in the prices of goods i.e. yarns and garments. The scenario is not likely to improve in the coming period. Thus, it is apparent that the prevailing textile scenario is not good for the textile industry. The raw cotton prices has remained at the higher level whereas the prices of the yarns has come down substantially, resulting severe adverse conditions for the yarn industry. Since the Company is exporting seventy percent of its products to the overseas markets and to remain competitive in the Global Markets, company is forced to sell its products at much lower prices which in turn is going to affect the Company's profitability. As per the un-audited financial results for the quarter ended 30th June, 2014, the Company has already suffered a loss of Rs. 11.47 crores and in case the same trend continues in the coming quarters of the current year then Company's profitability will suffer substantially. Thus, the Company will not be in a position to pay the salary to its Managing Director as approved by the shareholders' vide their resolution dated 29th September, 2012.

Pursuant to the provisions of Section 197 read with Schedule V of the Companies Act, 2013 in respect of managerial remuneration, in case of no profits or inadequate profits as calculated under section 198 of the Act, the Company may pay such remuneration upto the ceiling limits as specified in the schedule V and the members approval by way of Special resolution is required for the payment of the remuneration for a period not exceeding three years. Any remuneration/minimum remuneration paid/to be paid to the Managing Directors in excess of the prescribed limits shall be subject to the approval of the Central Government.

Having regard to above, it is proposed to obtain Members approval by way of Special Resolution for the payment of minimum remuneration, to Mr Dinesh Oswal for three financial years commencing from 1st April, 2014 to 31st March, 2017.

The Board of Directors as per the recommendations of Nomination and Remuneration Committee, have accorded their approval (subject to the shareholder's approval) to the above. The Board in the interest of the Company has recommended the aforesaid resolution, as set out in the accompanying Notice, for your approval.

Sh. Dinesh Oswal may be deemed to be concerned / interested in the aforesaid resolution. Further Sh. Jawahar Lal Oswal and Sh. Kamal Oswal, being relatives of Sh.

Dinesh Oswal may also deemed to be concerned / interested in the said Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except as stated above, may be deemed to be concerned / interested in the said resolution.

THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013

I. General information:

(1) Nature of Industry

The Company is engaged in the manufacturing of Yarn and Garments under the main head Textile Industry.

(2) Date or expected date of commencement of commercial production

The Company was incorporated on 16th December, 1980 and is working since then.

(3) In case of new companies expected date of commencement of activities as per project approved by the financial institution appearing in the prospectus.

Not Applicable

(4) Financial performance based on the given indicators

Rs. in Lakhs

	FY 2013-14	FY 2012-13	FY 2011-12
Gross Revenue	220420.53	196185.14	169683.10
Profit before Tax	20450.40	13405.37	-17344.86
Profit for the period	14575.40	7839.37	-11736.11

(5) Foreign investments or Collaborators, if any

The Company has not entered into any foreign collaboration and no foreign direct capital investment has been made in the Company. However, the Company has established a wholly owned subsidiary in the name of NSM (FZE) in Sharjah. After the incorporation of the Company on 9th December, 2013, the Company has not carried out any operations so far.

(II) Information about the appointee

(1) Background details

Sh. Dinesh Oswal is 49 years of age. He is commerce graduate and is having more than 29 years business experience in textile industry and financial expertise. He is also a Managing Director of Nahar Capital and Financial Services Ltd. (a Group Company) and drawing a salary of



Rs. 10,00,000 p.m. and perquisites as per company's rules as stated in the resolution dated 20th September, 2011 of the said Company, within the prescribed limit of the Act.

(2) Past Remuneration (last two years) Amount in Rs.

Particulars	Financial year (2013-14)	Financial Year (2012-13)
Salary	36,000,000.00	1,033,410.00
Perquisite and Allowances	954,798.49	1,158,393.39
Commission/bonus	25,000,000.00	-
Retirement Benefits	-	-
Total	61,954,798.49	2,191,803.39

(3) Recognition or Awards

Under the excellent and dynamic leadership of Sh. Dinesh Oswal, Managing Director, Company has been awarded by several awards latest of which are Gold Trophy for achieving Highest Exports of yarn (50 & Below) by the Cotton Textile Export Promotion Council (TEXPROCIL) and Bronze Trophy for achieving Third Highest Export of Processed Yarn by (TEXPROCIL).

(4) Job profile and his suitability

Sh. Dinesh Oswal was reappointed as Managing Director by the Members for a period of five years w.e.f. 1st January, 2012, vide their resolution dated 20th September, 2011 and thereafter by special resolution dated 29th September, 2012. He is overall responsible for operations of the Company under the supervision of the Board of Directors. He is having more than 29 years of experience in Textile Industry. He joined the Company as Director, in the year 1985. Seeing his entrepreneurial skills, leadership qualities and the progress made by the Company, especially in the export business, the Board appointed him as Managing Director of the Company w.e.f. 1st January, 1987. Under his able and dynamic leadership of 29 years, the Company has achieved an operating income of Rs. 22042 million in 2014 as against Rs. 153 million in 1985. He has played a pivotal role in charting the Company's strategy for expanding its operations in the Global as well as Domestic markets. Having regard to his expertise and experience in the textile business, he is best suited person for the responsibilities entrusted to him by the Board of Directors.

(5) Remuneration Proposed

Remuneration proposed is already described above in the resolution at item No. 14 as

minimum remuneration.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).

Considering the size of the Company, the profile of Sh. Dinesh Oswal, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to him commensurate with the remuneration packages paid to persons appointed at similar level in other companies.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Mr. Dinesh Oswal belongs to promoter category. He is also a relative to Sh. J.L Oswal, Chairman and Mr. Kamal Oswal, Director of the Company. Besides the remuneration proposed, Mr. Dinesh Oswal, does not have any other pecuniary relationship with the Company or with the Managerial Personnel.

III Other Information:**(1) Reasons for loss or inadequate profits**

The slowdown in the economies of the world and slackened demand for company's products i.e. yarns and garments resulted a drastic fall in the prices of finished goods. The scenario is not expected to improve in the coming periods as raw cotton prices has remained at the higher level whereas the prices of the yarns has come down substantially, resulting severe adverse conditions for the yarn industry. Since the Company is exporting seventy percent of its products to the overseas markets and to remain competitive in the Global Markets, company is forced to sell its products at much lower prices which in turn is going to affect the Company's profitability.

(2) Steps taken or proposed to be taken for improvement

The economies of U.S. and European Union has started picking up and it is expected that Asian economies too will start showing sign of improvement in the coming periods. It is also expected that with the overall improvement in the Indian economy as well as economies of the world, the economic environment will improve



which augurs well for the Textile Industry. Seeing the importance of the Textile Industry which is a sunrise industry, the Government too has initiated several measures to give boost to the Textile Industry. It is expected that with the recovery of global economies coupled with Government initiatives will benefit the textile industry in the coming years. The Company's management is also exploring new export markets so that it can expand its reach in the other markets of the world.

(3) Expected increase in the productivity and profits in the measurable terms.

The Textile Industry is witnessing a slowdown because of global slowdown in the economies of the world. In anticipation of revival of the economies of U.S. and European Union in future, the Company expects overall improvement in performance over medium to long term. The global markets are expected to regain its recovery shortly, which will improve the operating margins as well as the profitability of the Company in the coming periods.

ITEM NO. 15

M/s. Monte Carlo Fashions Limited, M/s. Nahar Industrial Enterprises Limited and M/s. Oswal Woollen Mills Limited are the Associate Companies under Section 2(6) of the Companies Act, 2013 and thus are the Related Parties as per Section 2(76) and Section 188 of the Companies Act, 2013. M/s. Monte Carlo Fashions Limited is engaged in the retail business of Garments. M/s. Nahar Industrial Enterprises Limited and M/s. Oswal Woollen Mills Limited, are engaged in the manufacture of yarns and fabrics. These Companies regularly buy/sell garments, yarns and fabrics etc. and also getting job work of manufacturing of garments from the Company. All the transactions are entered with the above said Companies are in the ordinary course of business and are on Arm's length price.

Your Company has entered into an agreement with M/s. Monte Carlo Fashions Limited, M/s. Nahar Industrial Enterprises Limited and M/s. Oswal Woollen Mills Limited for a period of 3 years w.e.f. 1st April 2014 to 31st March, 2017.

Your Directors recommend the resolution as a Special Resolution for your approval under the Companies Act, 2013.

Sh. Jawahar Lal Oswal, Chairman, Sh. Dinesh Oswal, Managing Director and Sh. Kamal Oswal, being the

promoters and directors and Sh. Dinesh Gogna, being the common Director of the said Companies, may be deemed to be concerned/interested in the said resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except as stated above, may be deemed to be concerned / interested in the said resolution.

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:

1. Name	: Sh. Jawahar Lal Oswal
Age	: 71 Years
Qualification	: Graduate
Expertise	: Having more than 50 years experience in Textile and Woollen Industry.

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

Name of the Company	Committee	Status
1. Oswal Woollen Mills Ltd.	-	-
2. Nahar Poly Films Ltd.	-	-
3. Nahar Capital And Financial Services Ltd	-	-
4. Nahar Industrial Enterprises Ltd.	-	-
5. J.L. Growth Fund Ltd.	-	-
6. Palam Motels Ltd.	-	-
7. Sankheshwar Holdings Co. Ltd.	-	-
8. Monte Carlo Fashions Ltd.	-	-
9. Nagdevi Trading & Investment Co. Ltd.	-	-
10. Crown Star Ltd. (U.K.)	-	-
11. Abhilash Growth Fund (P) Ltd.	-	-
12. Nahar Growth Fund (P) Ltd.	-	-
13. Monica Growth Fund (P) Ltd.	-	-
14. Ruchika Growth Fund (P) Ltd.	-	-
15. Neha Credit and Invnt. (P) Ltd.	-	-

2. Name	: Sh. S.K. Sharma
Age	: 61 Years
Qualification	: MBA
Expertise	: Having more than 33 years of experience in Textile Industry.

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

Name of the Company	Committee	Status
1. Nahar Capital & Financial Services Limited	Audit Stakeholders Relationship	Member Member
2. Nahar Poly Films Ltd.	-	-

3. Name	: Dr. (Mrs.) H K BAL
Age	: 75 Years
Qualification	: M.A. & Ph.D (Stats)



Expertise : Having more than 32 years of Experience in Teaching Management & Administration.

Her directorship/membership in the committees of the Board in other companies is as under:

Name of the Company	Committee	Status
1. Nahar Poly Films Limited	Stakeholders Relationship Nomination & Remuneration	Chairperson Member
2. Nahar Capital & Financial Services Limited	Nomination & Remuneration	Member
3. Nahar Industrial Enterprises Limited	Audit Nomination & Remuneration	Member Member
4. Oswal Woollen Mills Limited	Remuneration	Member
5. Sportking India Limited	Remuneration Audit	Member Member

4. Name : **Dr. Suresh Kumar Singla**
Age : 65 Years
Qualification : M.A. (Stats. & Eco.) & Ph.D(Stats.)
Expertise : Having more than 33 years experience in Teaching Business Management and Administration.

His directorship/membership in the committees of the Board in other companies is as under:

Name of the Company	Committee	Status
1. Nahar Poly Films Ltd.	Audit Nomination & Remuneration	Chairman Chairman
2. Oswal Woollen Mills Ltd.	Audit Shareholders Remuneration	Chairman Member Chairman
3. Nahar Capital & Financial Services Ltd.	Stakeholders Relationship Audit Nomination & Remuneration	Member Chairman
4. Monte Carlo Fashions Ltd.	Audit Nomination & Remuneration	Chairman Member

5. Name : **Dr. Y.P. Sachdeva**
Age : 52 Years
Qualification : MBA, Ph.D
Expertise : Having more than 32 years experience in teaching Business Management and Administration.

His directorship/membership in the committees of the Board in other companies is as under:

Name of the Company	Committee	Status
1. Nahar Capital and Fin. Ser. Ltd.	-	-

2. Nahar Poly Films Ltd.	-	-
3. Nahar Industrial Enterprises Ltd.	Stakeholders Relationship Nomination & Remuneration	Member Member
4. Cotton County Retail Ltd.	Audit	Member
5. Oswal Spg. & Weaving Mills Ltd.	Remuneration	Member
6. Monte Carlo Fashions Ltd.	Stakeholders Relationship Nomination & Remuneration Audit	Member Chairman Member

6. Name : **Dr. Amrik Singh Sohi**
Age : 67 Years
Qualification : M.Sc. Ph.D
Expertise : Having more than 36 years experience in Teaching and Entomology Research.

His directorship/membership in the committees of the Board in other companies is as under:

Name of the Company	Committee	Status
1. Nahar Poly Films Ltd.	Stakeholders Relationship	Member
2. Nahar Capital and Financial Services Limited	Stakeholders Relationship	Chairman
3. Nahar Industrial Enterprises Limited	-	-

7. Name : **Prof. K S Maini**
Age : 74 Years
Qualification : M.Com
Expertise : Having more than 33 years of experience in teaching Management and Administration.

His directorship/membership in the committees of the Board in other companies is as under:

Name of the Company	Committee	Status
1. Nahar Industrial Enterprises Ltd.	Stakeholders Relationship Nomination & Remuneration Audit	Member Chairman
2. Oswal Woollen Mills Ltd.	Audit Shareholders	Chairman Member
3. Nahar Capital & Financial Services Limited	Nomination & Remuneration	Member
4. Nahar Poly Films Limited	Audit	Chairman Member

BY ORDER OF THE BOARD

PLACE : LUDHIANA
DATED: 11th August, 2014

BRIJ SHARMA
(Company Secretary)



DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the **THIRTY FOURTH ANNUAL REPORT** on the affairs of the Company for the year ended 31st March, 2014.

FINANCIAL PERFORMANCE

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

(Rs. In crores)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Profit for the year before TAX & DEPRECIATION	292.66	221.60
Less: Depreciation	88.16	87.55
Provision for Taxation	43.25	9.96
Provision for Deferred Tax	15.50	45.70
Profit/Loss after tax	145.75	78.39
Adjustment of Income Tax of Earlier years	0.45	0.53
Amount available for appropriation	145.30	77.86
APPROPRIATION		
Proposed Dividend	3.61	3.61
Tax on Distributed profits	0.61	0.61
Transfer to General Reserve	90.00	73.64
Balance at the end	51.08	-
	145.30	77.86

PERFORMANCE REVIEW

As the members are aware that company is engaged in the manufacturing of Yarns and Garments. These business activities fall under the 'Textile' segment. However for the purpose of working performance review, we would like to brief you company's performance under two units namely Yarns and Garments:

YARN UNIT

We are pleased to inform you that Company's expansion cum modernisation plan of 60,000 spindlage is progressing as per schedule. The Company has already installed 52848 spindles. The machineries for remaining spindles have already arrived at the plant site and it is expected that the same will be installed by end September, 2014. On completion of the abovesaid expansion, Company's spindlage capacity will stand increased to five lakh spindles (approx.) and 1080 rotors.

Yarn Segment performed exceedingly well during the year under review. The recovery in U.S., European Union and Asian economies coupled with higher export realization enabled the segment to achieve a net revenue of Rs. 1927.12 crores showing an impressive increase of 12.63% over the previous year. The financial performance too improved significantly and it earned a profit before interest and tax of Rs. 228.78 crores showing an impressive increase of 10.10% over the previous year.

GARMENT UNIT

Likewise, Garment Segment also, improved its performance during the year under review. The segment achieved a net revenue of Rs. 272.95 crores showing an impressive increase of 11.26% over previous year. It also improved its financial performance significantly and earned a profit before interest and tax of Rs. 43.20 crores showing an impressive increase of 74.64% over the previous year.

OVERALL PERFORMANCE

From the above, it is apparent that Company's overall performance has been excellent on all parameters during the year ended 31st March, 2014. The Company earned a net revenue of Rs. 2204.19 crores showing an impressive increase of 12.39 % over the previous year. The exports at Rs.1427.99 crores has also shown increase of 9.87% over the previous year.

On profitability front too, the Company substantially improved its performance and earned a profit before tax and depreciation of Rs. 292.66 crores as against profit of Rs. 221.60 crores in the previous year. After providing depreciation of Rs. 88.16 crores and provision for taxation/deferred taxation of Rs. 58.75 crores, it earned a net profit of Rs. 145.75 crores. After the adjustment of Income tax of Rs. 0.45 crores (earlier years) the amount available for appropriations comes to Rs. 145.30 crores. After appropriations of profit as per the detail hereinabove, an amount of Rs. 90.00 crores has been transferred to General Reserve thereby increasing Company's reserve to Rs. 469.62 crores as on 31st March, 2014.

DIVIDEND

Your Directors are pleased to recommend a dividend @ 20% (i.e. Rs. 1 per equity shares of Rs. 5/- each) on paid up share capital for the year ended 31st March 2014.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of the profits of the company to all those shareholders whose names shall appear in the Register of Members on 15th September, 2014 or Register of Beneficial Owners, maintained by the Depositories as at the close of 13th September, 2014.

DIRECTORS

Pursuant to section 149 of the Companies Act, 2013, Sh. Jawahar Lal Oswal and Sh. Satish Kumar Sharma, will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Pursuant to section 149, 152 read with Schedule IV of the Companies Act, 2013 and clause 49 of the Listing Agreement, Dr. (Mrs.) H.K. Bal, Prof. K.S. Maini, Dr. Suresh Kumar Singla, Dr. Amrik Singh Sohi, Dr. Yash Paul Sachdeva, Directors of the Company, who were appointed as directors liable to retire by rotation, are proposed to be appointed as Independent Directors for



the fixed term of three years upto the conclusion of 37th Annual General Meeting in the calendar year 2017. The resolutions for their appointment have been proposed in the accompanying Notice.

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

We are pleased to inform that the Credit Rating Information Services of India Ltd. (CRISIL) has re-affirmed the credit rating "A" for long term debt instruments/facilities and "A1" for the short term debt instruments/facilities of the Company. The rating "A" indicates stable and rating "A1" indicates very strong degree of safety regarding timely payment of the financial obligations.

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. Further, as per the provisions of Companies Act, 2013, the Company may send financial statements and other documents by electronic mode to its members. Your Company has decided to join the MCA in its environmental friendly initiative.

Accordingly, henceforth company propose to send documents such as notices of General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered E-mail addresses of the 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 Account 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 endeavor to contribute our bit to the Environment.

LISTING OF SECURITIES

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

- i. The Bombay Stock Exchange Ltd., 25th Floor, 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 2014-15.

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 94.96% of the total Equity Share Capital of the Company has been dematerialised. The shareholders who have not gone in for dematerialisation of shares till date, are requested to opt for dematerialisation of the shares at the earliest.

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

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

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

AUDIT COMMITTEE

As required under Section 177 of the Companies Act, 2013, the Board of Directors have already constituted Audit Committee consisting of Prof. K.S. Maini as Chairman, Sh. Dinesh Gogna and Dr. S.K. Singla, as members. The Committee held four meeting during the year under review.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013, your Board in its meeting held on 29th May, 2014 has constituted Corporate Social Responsibility Committee consisting of Sh. Dinesh Oswal, Managing Director as Chairman, Dr. S.K. Singla and Sh. Dinesh Gogna, as members. The Committee has been constituted to:-

1. Formulate and recommend the Board a CSR Policy which shall indicate the activities to be undertaken by the Company as laid down in Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
2. Recommend the amount of expenditure to be incurred on the CSR activities.
3. Monitor the Company's CSR Policy and implementation of CSR projects from time to time.

**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 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 2013-2014. The Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi have approved their appointment. The Cost Audit Report for the Yarn as well as Garments for the year ended 31st March, 2014 would be submitted to the Ministry of Corporate Affairs, Cost Audit Branch, in accordance with the requirements of Law.

We would like to inform you that the Ministry of Corporate

Affairs vide Notification dated 30th June, 2014 notified Companies (Cost Records and Audit) Rules, 2014, pursuant to which, the Company's business activities has been excluded from the preview of Cost Audit requirement.

AUDITORS & AUDITOR'S INDEPENDENT REPORT

The Statutory Auditors, M/s. Gupta Vigg & Co., Chartered Accountants (Registration No. 001393N), has been working as the Statutory Auditors of the Company since 1981. As per the provisions of Section 139 of the Companies Act, 2013, no listed company shall appoint or re-appoint an audit firm as Auditor for more than two terms of five consecutive years. The proviso to Section 139(2) of the Companies Act, 2013 provides that every company existing on or before the commencement of this Act, which is required to comply with the provisions of above said section shall comply with the requirements of abovesaid section within three years from the date of commencement of the Companies Act, 2013.

M/s. Gupta Vigg & Co., being eligible offered themselves for re-appointment. The Board of Directors based on the recommendation of the Audit Committee has proposed the appointment of M/s. Gupta Vigg & Co., as the Statutory Auditors of the Company for a period of one year to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

The Company has obtained from Auditors a written consent and a certificate as required under Section 139 of the Companies Act, 2013 to the effect that their re-appointment, if made, would be within the limits and in accordance with the conditions specified under section 141(3)(g) of the Companies Act, 2013.

The observations and comments given by Auditors in their Report read together with the Notes to the Accounts are self explanatory hence do not call for any further comments.

WHOLLY OWNED SUBSIDIARY

Your Company being Export Oriented Company always endeavours to explore new export markets for its products so that it can achieve desired growth. In this process it is Management desire to have better presence in the Middle East countries and also in the Gulf markets. Keeping in view the future growth strategy, your Management has taken an initial step by establishing a 100% Wholly Owned Subsidiary in the name of Nahar Spinning Mills (FZE) in Sharjah Airport Free Zone, Sharjah, UAE on 9th December, 2013. After the incorporation it has not carried out any operations till date. Since, it is the first year of operations, it has not closed its Books of Accounts as yet. Accordingly, no financial statement of the said Company as required pursuant to the proviso of Section 129(3) of the Companies Act, 2013 is attached.

PUBLIC DEPOSITS

During the year the company has neither accepted nor



intend to accept any Public deposit. There are no outstanding/unclaimed deposit from the public.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 205-C of the Companies Act, 1956 the company has transferred an amount of Rs. 1,168,180.00 (Rupees Eleven Lakh Sixty Eight Thousand One Hundred and Eighty only) being the amount of unclaimed dividend for the year 2005-2006 to the Investor Education and Protection Fund. Further, unpaid dividend for the year 2006-07 shall be transferred to Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956 in November, 2014.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules 1975 is enclosed as per Annexure - I.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review as stipulated under the clause 49 of the listing agreement with the Stock Exchanges in India is enclosed as per annexure-IV and forms the 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
(Chairman)**

DATED: 11th August, 2014

ANNEXURE-I**PARTICULARS OF THE EMPLOYEES PURSUANT TO 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, 2014**

SR. NO.	NAME OF EMPLOYEE	DESIGNATION	REMUNERATION (IN RS. CRORES)	NATURE OF EMPLOYMENT	NATURE OF DUTIES	QUALIFICATION	AGE (YEARS)	EXPERIENCE YEARS	DATE OF EMPLOYMENT	PARTICULARS OF LAST EMPLOYMENT	EQUITY SHARES HELD
1	SH. DINESH OSWAL	MANAGING DIRECTOR	6.19	CONTRACTUAL	OVERALL COMPANY'S ADMINISTRATION	B.COM	49	29	01.01.1987	OSWAL WOOLLEN MILLS LTD.	23766

NOTES:

1. Sh. Dinesh Oswal is related to Sh. Jawahar Lal Oswal, Chairman and Sh. Kamal Oswal, Director of the Company.
2. Remuneration includes salary and monetary value of the perquisites as per Income Tax Rules.

FOR AND ON BEHALF OF THE BOARD

PLACE: LUDHIANA

DATED: 11th August, 2014

**JAWAHAR LAL OSWAL
(Chairman)**



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, 2014.

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 technological machinery and equipment having low energy consumption. The company has taken following measures for energy conservation:

- i) The company has installed AC Drives in place of fluid coupling in Simplex machines and inverters on Ring Frame, Auto Coners for power saving.
- ii) The company has installed AC Drives on Humidification plant pumps for Energy saving and automation of Humidification Plant for power optimization.
- iii) The company is replacing Copper Blast with Electronic Blast and LED lights.
- iv) Company is getting Unity Power Factor with counter Balancing by APFC Panel and getting 7% rebate in power bill.
- v) The company plants are running with latest art of technology resulting optimum utilization of all modification of plant and waste recovery.
- vi) The company has installed slub yarn system or Ring Frame machine to reduce power consumption.
- vii) The company has replaced old cards with new Technology LC333 cards for improving the energy efficiency, production as well as power saving.
- viii) Removing unnecessary bend in water flow Pipe line of cooling tower for reducing the resistance in water flow so as to improve the efficiency, of cooling tower.
- ix) Company is using energy efficiency spindle oil in Ring Frame machines, which resulted in saving of power consumption.
- x) 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.
- xi) The company installed 200 Liters per day capacity Solar Water Heater for the Yarn Conditioning Machines for saving the Energy.

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

- i) The company continued to follow the policy

of replacing/upgrading the old Textile machinery with the New Ultra Modern Machines, so that it can further reduce the power consumption and save energy.

- ii) The company has Installed Auto Doffer on Ring Frame and Speed Frame, contamination Clearer has been upgraded in Blow Room & Auto Coners for the removal of Polypropylene and foreign contaminations. The company is also replacing all Auto Coners with new Polar-L using Uster Quantum 3 latest series of Yarn Clearers to improve the quality of yarn.
- iii) The company has installed Uster expect with centralized monitor in R & D lab for quality control.

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

PARTICULARS	FORM A	
	CURRENT YEAR 2013-2014	PREVIOUS YEAR 2012-2013
A. POWER & FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
Units (Kwh)	355395993.00	358284304.00
Total amount (Rs.)	2359848825.72	2135593997.92
Rate per Unit (Rs.)	6.64	5.96
(b) Own Generation		
Through Diesel Generator		
Units produced (KWH)	1988410.20	2539124.00
Total amount (Rs.)	25439473.25	28606989.04
Cost per unit (Rs.)	12.79	11.27
(c) Own Generation through turbine		
Units produced (KWH)	21346670.00	19627020.00
Total amount (Rs.)	79331590.00	74642541.00
Cost per Unit (Rs.)	3.72	3.80
2. Furnace Oil		
Quantity (in Litres)	290688.00	463355.00
Total Cost (Rs.)	10902783.00	14000309.00
Cost per Unit (Rs.)	37506.82	30215.08



3. Other/Internal Generation

i) Rice Husk (In Tonnes)	30323.33	31234.63
Total Cost (Rs.)	136319251.49	141157113.71
Cost per Unit (Rs.)	4495.52	4519.25
ii) Steam Coal (In Tonnes)	1428.53	398.03
Total Cost (Rs.)	7063175.61	1679147.00
Cost per unit (Rs.)	4944.37	4218.64

**B. CONSUMPTION PER UNIT OF PRODUCTION
GARMENT UNIT**

1. Rice husk used per Kg. of dyed cloth/Yarn	4.77	5.13
2. Electricity consumed per unit Hosiery Garments Manufactured (From Fabric to Garment)	0.62	0.64

SPINNING UNIT (ALL)

Product Cotton/Synthetic Yarn	81396826.88	79118106.70
Electricity (Unit/Kg.)	4.39	4.51
Rice husk used per Kg. Of Yarn	-	-
Furnace Oil used per kg. of Yarn	-	0.02
Steam Coal used per kg. of Yarn	-	-

MERCERISING CUM DYEING UNIT (LALRU)

1. Electricity consumed per unit of Yarn/Cloth (Unit/Kg.)	3.33	3.33
2. Rice husk used per Kg. of Yarn/Cloth	1.80	2.11

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 is equipped with latest innovated state of art yarn tester (UT-JET) and yarn regularly tester (UT-5) supplied by M/s. Uster yarn Quality testing, capable to match quality as per world wide norms. The company has installed additional contamination clearing-I-Scan 2 machines in Unit-2.

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, B.C.I. Cotton & cleaner cotton, Polyester cotton blends, cotton modal 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.

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 has implemented two spinning projects of 60000 spindles at village Jodhan and at Mandideep, (Bhopal) with ultra modern technology.

Benefits derived as result of above efforts:

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

Information regarding Technology imported during the last five years : NIL

III FOREIGN EXCHANGE EARNINGS AND OUTGO

(I) Activities relating to Exports, initiative taken to increase exports, Development of New Export Markets for products and export plans	With the opening of Global Trade company has taken effective steps to increase its exports and diversified export Markets. To diversify its exports in Gulf Markets company established a 100% subsidiary in Gulf market Company continues to make efforts to provide quality products at a very competitive rates so that it can compete with Inter-national suppliers and maintain a steady growth of exports.
(II) Total Foreign Exchange used and earned	Current Year Previous Year
a) Earnings (FOB value of Exports etc.)	140980.98 127785.02
b) Outgo (CIF value of Imports, expenditure in foreign currency and other payments)	8175.83 4617.94

FOR AND ON BEHALF OF THE BOARD

**PLACE: LUDHIANA
DATED: 11 August, 2014**

**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 a key to success of business. The Company's philosophy envisages an attainment of highest level of the transparency and accountability in its operations so that Company's goal of creation and maximization 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 Ten 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. The present Board consists of one half of the Independent Directors as required under Corporate Governance Rules. Out of ten Board members, five members namely Dr. (Mrs.) H.K. Bal, Prof. K.S. Maini, Dr. Suresh Kumar Singla, Dr. Amrik Singh Sohi and Dr. Yash Paul Sachdeva are Independent Directors. Thus the company has complied the Corporate Governance Rules regarding structure of the Board.
4. During the year the Board met four times i.e. on 30th May, 2013, 30th July, 2013, 30th October, 2013, and 05th February, 2014 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 Director 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 Companies Act, 1956.
6. Participation of Non-Executive Directors has been active in the Board Meetings. The Attendance record of directors in the Board meeting and Annual General Meeting during the year 2013-14 is given here under:

Name of Director	Category of Directors	No. of other Directorship (excluding private company)	No. of Committe membership		No. of Board Meeting attended	AGM Attendance (held on 30.09.2013)	No. of Shares held
			Member	Chairman			
Sh. Jawahar Lal Oswal	Non Executive-Promoter	9	--	--	4	No	--
Sh.. Dinesh Oswal	Executive- Promoter	10	--	--	4	Yes	23766
Sh. Kamal Oswal	Non Executive - Promoter	10	1	--	4	Yes	24750
Sh. Dinesh Gogna	Non Executive	8	5	2	4	Yes	--
Dr.(Mrs.) H.K. Bal	Non Executive –Independent	5	2	2	4	Yes	--
Sh. S.K. Sharma	Non Executive	2	3	--	4	Yes	--
Prof. K.S. Maini	Non Executive – Independent	4	3	4	4	Yes	22
Dr. Suresh Kumar Singla	Non Executive – Independent	4	4	3	4	Yes	--
Dr. Amrik Singh Sohi	Non Executive – Independent	3	2	1	3	Yes	--
Dr. Yash Paul Sachdeva	Non Executive – Independent	6	4	--	4	Yes	--



7. Non-Executive Directors are paid a sitting fee of Rs. 5000/- per meeting of the Board.
8. Sh. Jawahar Lal Oswal is the father of Sh.Kamal Oswal and Sh. Dinesh Oswal. Sh.Kamal Oswal and Sh. Dinesh Oswal are brothers. No other Director is related to any other director of the company within the meaning of Section 2(77) of the Companies Act, 2013.
9. Code of Conduct : The Company is committed to conduct its business in accordance with applicable laws, rules and regulations and highest standard 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.com
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 had already constituted an independent and qualified Audit Committee as per section 177 of the Companies Act, 2013. The committee consists of three Non-Executive Directors under the Chairmanship of Prof. K.S. Maini, Sh. Dinesh Gogna and Dr. S.K. Singla are the two other members of the Audit Committee. Prof. K.S. Maini is Post Graduate in commerce. He retired as Head of Commerce Department (Post Graduate), Government College, Ludhiana. He is well versed with accounting and financial matters. Sh. Dinesh Gogna is a Company Executive having 36 years of experience in Corporate Finance, Taxation and Financial and Accounting matters. Likewise Sh. S.K.Singla who is M.A. (Stats. & Eco.) & Ph.D (Stats.) is also having requisite expertise in Financial and Accounting matters. The Company Secretary is the Secretary of

the committee. The Chief Financial Officer 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 is as per Clause-49 of the Listing Agreement entered into with the Stock Exchanges, SEBI Guidelines and Section 177 Companies Act, 2013. During the financial year 2013-14 the committee met four times i.e. on 30th May, 2013, 30th July, 2013, 30th Oct., 2013 and 5th Feb, 2014 and at these meetings, the quarterly un-audited financial results as well as the financial statement for the year ended 31st March, 2013 were reviewed and examined by the members of the Audit Committee before recommendation of the same to the Board of Directors for their perusal and adoption.

The attendance record of the Audit Committee members is as under

Name of the Member	No. of meetings held	No. of meetings
	Upto 31.03.2014	attended
Prof. K.S. Maini	4	4
Sh. Dinesh Gogna	4	4
Dr. S.K. Singla	4	4

Prof. K.S. Maini, Chairman of the Audit Committee attended the last Annual General Meeting of the company held on 30th September, 2013 and replied/clarified the queries at the Annual General Meeting.

III. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors in their meeting held on 29th May 2014 has reclassified Remuneration Committee as Nomination and Remuneration Committee. The committee consists of three independent directors, Dr. S.K. Singla as Chairman, Dr. A.S. Sohi and Dr.(Mrs.) H.K. Bal are the other members of the Committee.

The broad terms of reference of the Nomination and Remuneration Committee are as per the provisions of Section 178 of the Companies Act, 2013, i.e. to ensure that Company's remuneration policies in respect of Managing Director, Senior Executives are competitive so as to recruit and retain best talent and to ensure appropriate disclosure of remuneration



paid to the said persons.

The Committee met once on 30th May, 2013 during the year under review. The attendance record of the meeting held is as follow:-

Name of the Member	No. of meetings held Upto 31.03.2014	No. of meetings attended
Dr. S.K. Singla	1	1
Dr. A.S. Sohi	1	1
Dr.(Mrs.) H.K. Bal	1	1

The details of consideration paid to Non Executive Directors paid for the year ended 31st March, 2014 is as under:

	Salary (Rs.)	Sitting Fee(Rs.)
Sh. Jawahar Lal Oswal		20000.00
Sh. Kamal Oswal		20000.00
Sh. Dinesh Gogna		20000.00
Sh. S.K. Sharma		20000.00
Dr.(Mrs.) H.K. Bal		20000.00
Prof. K.S. Maini		20000.00
Dr. S.K. Singla		20000.00
Dr. Amrik Singh Sohi		15000.00
Dr. Yash Paul Sachdeva		20000.00

Detail of the remuneration paid to Sh. Dinesh Oswal, Managing Director

Name of the Director	Salary	Perquisites and Allowances	Retiral Benefits	Commission Payable	Perfor mance Linked Incentives	Stock Options Granted	Total
Dinesh Oswal	36,000,000.00	954,798.49	-	25,000,000.00	-	-	61954798.49

None of the Director is entitled to receive performance linked incentives.

The Company has already entered into an agreement with Mr. Dinesh Oswal laying down terms of appointment, tenure and notice period.

IV. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has reclassified the Shareholder's/ Investors' Grievances Committee as Stakeholder Relationship Committee in its meeting held on 29th May, 2014. The Committee consists of three non executive directors under the Chairmanship of Dr.(Mrs.) H.K. Bal, Dr. A.S. Sohi and Sh. S.K. Sharma are the other members of the Committee. Sh. Brij Sharma, Company Secretary is the Compliance Officer of the Company. The Committee looks 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 1st April, 2013 to 31st March,2014 i.e. on 30th May, 2013, 30th July, 2013, 30th Oct, 2013 and 5th Feb, 2014 and the attendance record of the meeting held is as follow:-

Name of the Member	No. of meetings held Upto 31.03.2014	No. of meetings attended
Dr.(Mrs.) H.K. Bal	4	4
Sh. S.K. Sharma	4	4
Dr. A.S. Sohi	4	4

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

No. of complaints received during the year : 6

No. of complaints resolved during the year : 6

No. of complaints pending as on 31st March, 2014 : NIL

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

V. Share Transfer Committee

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, dematerialization of shares, issuance of duplicate certificates and other shareholders related issues. The Committee generally meets once/twice in a month. During the period April, 2013 to March, 2014, the Committee held 13 meetings i.e. on 30.04.2013, 31.05.2013, 29.06.2013, 31.07.2013, 31.08.2013, 30.09.2013, 31.10.2013, 30.11.2013, 31.12.2013, 31.01.2014, 28.02.2014, 15.03.2014 and 31.03.2014 and the attendance record of the members is as follow:

Name of the Member	No. of meetings held Upto 31.03.2014	No. of meetings attended
Sh. Dinesh Oswal	13	13
Sh. Dinesh Gogna	13	13
Sh. S.K. Sharma	13	13
Sh. Brij Sharma	13	13



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.

VI. VIGIL MECHANISM

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Company has established a Vigil Mechanism for its directors and employees to report the genuine concerns or grievances and for providing adequate safeguards against victimisation of persons who use such mechanism.

The Audit Committee shall oversee the working of the Mechanism. The mechanism provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. In case of repeated frivolous complaints being filed by a director or an employee, the Audit Committee may take suitable action against the concerned director or employee including reprimand them.

VII. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors in their meeting held on 29th May, 2014 has constituted the Corporate Social Responsibility Committee as per provisions Section 135 read with Schedule VII of the Companies Act, 2013, consisting of Sh. Dinesh Oswal, as Chairman and Dr. S.K. Singla and Mr. Dinesh Gogna, as members of the Committee.

The terms and reference of the Committee include:-

1. Formulate and recommend the Board a CSR Policy which shall indicate the activities to be undertaken by the Company as laid down in Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
2. Recommend the amount of expenditure to be

incurred on the CSR activities.

3. Monitor the Company's CSR Policy and implementation of CSR projects from time to time.

VIII. GENERAL BODY MEETINGS

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

Financial year	Location	Date	Time
2010-2011	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	20.09.2011	10.00 A.M.
2011-2012	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	29.09.2012	10.00 A.M.
2012-2013	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	30.09.2013	10.00 A.M.

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

2010-2011

No Special resolution was passed

2011-2012

Re-appointment of Managing Director

2012-2013

No Special resolution was passed

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

No Special resolution was passed during the financial year ended 31.03.2014 through postal ballot.

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

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

IX. DISCLOSURES

- i) There have been no materially significant related party transactions that may have been potential conflict with the interest of the Company.



Transaction with related party are disclosed in schedule 28, sub-heading XVIII in the Notes of Account.

- ii) The Company continues to comply with the requirements of Stock Exchange, SEBI or any statutory authority on all matters related to capital market during 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 by any access to the Audit committee.
- iv) The company complied with not only the mandatory requirements but has also complied with the non mandatory requirements in respect of remuneration committee.

X. MEANS OF COMMUNICATION

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

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

XI. GENERAL SHAREHOLDERS INFORMATION

1. Annual General Meeting :

Date	: September, 30, 2014
Day	: Tuesday
Time	: 10.00 a.m.
Venue	: 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 : 15th Sept., 2014 to 20th Sept., 2014 (Both days inclusive)

4. Dividend Payment

a) Payment Date : On or Before 10th Oct., 2014

b) Mode of payment : 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 along with 9 digit MICR code of their Bank is noted in the records of their Depository Participant (DP), Members who hold shares in physical form, should contact the R&T agents and 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 case of electronic holding and to the R&T Agent or the Company in case of physical holding.

c) Unclaimed/Unpaid: All the unclaimed/unpaid dividend upto financial year ended March 31, 2006 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, 2007 will be transferred to the said



Fund in November, 2014. 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 the dividend warrants.

- d) Change of address:** Members may kindly note that R&T agent and/or the company will not entertain the requests for noting of the change of address/bank details/ECS mandate in the case of account with the Demat holding. For this purpose the shareholders should approach their Depository Participant (DP).

- 5. Listing on Stock Exchanges:** The National Stock Exchange of India Ltd (NSE) "Exchange Plaza 5th Floor, Plot No.C/1, G-Block, Bandra-Kurla Complex, Bandra (East) Mumbai-400051.

The Bombay Stock Exchange Limited (BSE), 25th Floor, P.J. Towers, Dalal Street, Mumbai- 400001.

The listing fees payable to BSE and NSE for 2014-15 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 2014-15 have been paid to the 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. gredressalnsm@owmnahar.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 "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies. Further, the Companies Act, 2013 also provide that the Company can now send various notices and documents, including Annual Report, to its shareholders via electronic mode to the registered e-mail addresses of the 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 (DP) 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."

10. Compliance Officer

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

XII. Market Price Data

The month High, Low stock prices during the financial year 2013-2014 are as follows:

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April, 2013	79.00	67.00	79.50	65.65
May, 2013	83.20	72.50	83.40	72.75
June, 2013	75.90	67.00	76.80	67.15
July, 2013	77.60	66.30	86.00	67.95
August, 2013	74.35	64.10	74.50	64.05
September, 2013	85.00	69.10	84.95	69.60
October, 2013	104.70	79.70	104.40	79.10
November, 2013	118.40	97.50	118.80	97.10
December, 2013	120.15	105.70	120.40	106.00
January, 2014	129.00	98.85	129.20	98.50
February, 2014	111.80	91.10	111.80	91.35
March, 2014	104.00	92.95	104.00	92.20

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

XIII. 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 price of Nahar Spinning Mills Ltd.				BSE Sensex			
	Highest (Rs)	Lowest (Rs)	Closing (Rs)	%age Change over last Month's Closing	Highest (Rs)	Lowest (Rs)	Closing (Rs)	%age Change over last Month's Closing
2013-2014								
April	79.00	67.00	70.45	-1.19	19,622.68	18,144.22	19,504.18	3.55
May	83.20	72.50	75.00	6.46	20,443.62	19,451.26	19,760.30	1.31
June	75.90	67.00	69.50	-7.33	19,860.19	18,467.16	19,395.81	-1.84
July	77.60	66.30	70.10	0.86	20,351.06	19,126.82	19,345.70	-0.26
August	74.35	64.10	70.00	-0.14	19,569.20	17,448.71	18,619.72	-3.75
September	85.00	69.10	81.75	16.79	20,739.69	18,166.17	19,379.77	4.08
October	104.70	79.70	100.75	23.24	21,205.44	19,264.72	21,164.52	9.21
November	118.40	97.50	110.15	9.33	21,321.53	20,137.67	20,791.93	-1.76
December	120.15	105.70	112.25	1.91	21,483.74	20,568.70	21,170.68	1.82
January	129.00	98.85	105.90	-5.66	21,409.66	20,343.78	20,513.85	-3.10
February	111.80	91.10	96.45	-8.92	21,140.51	19,963.12	21,120.12	2.96
March	104.00	92.95	98.65	2.28	22,467.21	20,920.98	22,386.27	5.99

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.

**XII. 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.

XIII. 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, 2013/ Guidelines of the Stock Exchanges.

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

XIV. 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 for getting the shares later on transmitted to his/her name. For further details, shareholders may write to the RTA of the Company.

XV. Distribution of Shareholding as on March 31, 2014:

As on March 31, 2014 your Company had 39857 shareholders having a total of 36065303 equity shares. The following is the distribution of Shareholding.

No. of Shares held	No. of Share Holders	%of Share Holders	Aggregate No. of Shares Held	% of Share Holding
1-500	36920	92.63	4550669	12.62
501-1000	1616	4.06	1194304	3.31
1001-2000	695	1.74	1014122	2.81
2001-3000	237	0.59	598218	1.66
3001-4000	91	0.23	320355	0.89
4001-5000	64	0.16	299294	0.83
5001-10000	112	0.28	796533	2.21
10000 and above	122	0.31	27291808	75.67
TOTAL	39857	100.00	36065303	100.00

XVI. The Shareholding pattern as on March 31, 2014 as follows:

Shares held by	No. of Shares	% of shareholding
Banks and Mutual Funds	21403	0.06
Foreign holdings (FIIs, NRIs, OCBs)	109226	0.30
Bodies Corporate	1506534	4.18
Directors/Relatives of Directors	1572	0.00
General Public	11047143	30.63
Promoters	23379425	64.83
Total	36065303	100.00

XVII. 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, 94.96% of the total equity capital of the Company have been dematerialised.

XVIII. 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.

XIX. 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

XX. Address for Correspondence : NAHAR TOWER
373, Industrial Area-A,
Ludhiana - 141 003 (Pb.)

Phone No. : 0161-2600701 to 2600705
Fax No. : 0161-2601956, 2222942
E-mail address : secnsm@owmnahar.com
Website : www.owmnahar.com

XXI. CEO/CFO Certification

As required under Clause 49 of the Listing Agreement, a Certificate duly signed by the Chief Financial Officer was placed at the meeting of Board of Directors held on 29.05.2014.

XXII. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

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

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

FOR AND ON BEHALF OF THE BOARD

PLACE: LUDHIANA **JAWAHAR LAL OSWAL**
DATED: 11th August, 2014 **(Chairman)**

MANAGING DIRECTOR'S DECLARATION

Pursuant to the requirement of Clause 49 of the listing agreement, I hereby confirm that all Board Members and Senior Management personnel (as defined in the abovesaid Clause 49) of the Company have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2014.

Place: Ludhiana
Dated: 11th August, 2014

Dinesh Oswal
Managing Director

ANNEXURE - IV
MANAGEMENT DISCUSSION AND ANALYSIS
Industry Structure and Developments

The Indian Textile Industry is of paramount importance to Indian Economy as it contributes about 14 per cent towards industrial production, 5.2 per cent to the Gross Domestic Product (GDP) and 27 per cent to the country's foreign exchange inflows. It provides direct employment to over 35 million people. The textiles sector is the second largest provider of employment after agriculture. The Indian Textile Industry accounts for about 24 per cent of the world's spindle capacity and 8 per cent of global rotor capacity (source www.ibef.org) making it the second largest producer of textile and garments after China. Indian Textile Industry has a strong presence across the value chain due to its competitive advantage of abundant availability of raw material such as cotton, jute, silk, wool and skilled manpower which have made India a sourcing hub for the International buyers. Thus, the growth and development of textile industry has a direct bearing on the improvement of the Indian economy.

The Government of India through its Textile Policy/Foreign Trade Policy has initiated several measures to give a boost to the Industry e.g. implementation of Technology Upgradation Fund Scheme, allowing of 100% FDI under automatic route, approving an Integrated Processing Development Scheme (IPDS) with a corpus of Rs. 500 crores, setting up of six Textile clusters, extension of Interest Rate Subvention Scheme etc. Further, in the Union Budget 2014-15, the Central Government has allocated Rs. 2300 crores for TUFs and Rs. 240 crore towards Integrated Textile Parks which will help the industry to grow at a faster pace. The Ministry of Commerce and Industry has also extended the existing 2% duty credit scrip under Market-linked Focus Product Scheme for the readymade garments sector to EU and the US from April 1 till further orders. These measures will enable the industry to upgrade, modernize and increase their capacities so as to compete in the global markets.

In line with the global trends and to remain competitive, your Company continues to modernize, upgrade and expand its capacities. The Company's expansion cum modernisation plan of 60000 spindlage is progressing as per Schedule. The Company has already installed 52848 spindles. The remaining spindles will be installed by the end of September, 2014. On completion of the abovesaid expansion, Company's spindlage capacity will stand increased to 5 Lakh spindles (approx.) and 1080 rotors. Thus, your 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. To expand its export business in

Middle East and the Gulf Countries, your management has also established a wholly owned subsidiary in the name of Nahar Spinnig Mill (FZE) in Sharjah Airport Free Zone, Sharjah, UAE on 9th December, 2013.

Opportunities and Threats

Indian Textile Industry has performed extremely well during the year under review. The strong performance across different segments of the Industry is evident from the strong domestic production as well as exports. It is expected that the same trend shall continue as China's export is slowing down on account of various factors i.e. increase in domestic demand, increasing labour cost and steadily appreciating currency. This has proved to be a blessing in disguise for the Indian Textile Industry and industry must grab this opportunity.

The developed countries including US, UK, Germany and Japan, all have accepted the reality that commercially it is not viable for them to have thriving textile industry because of high cost of labour and skilled manpower. Hence imports are the only solution to meet their requirements. The overseas buyers have already started placing their orders to the Indian Markets and are looking at India as suitable and reliable choice for their requirements. This is an excellent opportunity and Textile Mills must expand their capacities to meet the increasing demand of overseas customers at competitive rates. The textile exports have shown a growth of 13.91% in USD during FY 2013-14 (source: Report of Ministry of Textiles). For the 2014-15, a target of USD 45 billion has been fixed by Ministry of Textiles for textile exports. Thus there is ample scope for the industry to increase its share in the Domestic as well as Global Markets. It is expected that the potential size of the Indian Textile Industry shall reach US Dollars 226 billion by year 2023, according to a report by Technopak Advisors.

The exchange rate fluctuations i.e. depreciated value of Indian Rupee against the Dollar has also provided a short term opportunity to the Industry because Indian textile products have become cheaper as compared to the other countries. This situation has resulted in more export orders to the Indian markets which in turn will definitely help the industry to improve its performance.

The future of Textile Industry though appears to be bright, but it is not free from the normal business threats. Indian textile exports continues to face stiff challenges from small countries like Bangladesh, Sri Lanka, Taiwan and Pakistan etc. who have got preferred treatment from the countries of European Union and U.S. Any appreciation in rupee could result, fall in exports as Indian goods will become more costlier and will affects exports to other countries.



From the above, it is evident that the opportunities are more than the challenges. The Government through its policies must take further suitable remedial measures to strengthen the Textile Industry so that it can face the challenges for future sustainability and growth.

Segment and product wise performance

The Company's activities are under Textile Segment only. The detailed performance has already been discussed in Directors Report.

Future Outlook

The recovery of the Global Economies coupled with strong demand from China enabled the Textile Industry to register a robust growth during the year under review. The increased demand from the domestic markets too was instrumental in driving the fortunes of the Textile Industry favourably.

However in the first few months of the current year i.e. 2014-15, the Industry has faced a difficult period. The change in the cotton policy of China coupled with sluggish global demand for textile products has affected the performance of the Textile Industry. Because of the existing market conditions, the prices of the finished goods have come down substantially resulting adverse conditions for the industry.

Though the prevailing textile scenario is difficult one but we feel that this is only a temporary phase of the business cycle. We hope that the things will start moving in the right direction in the coming period. It is expected that textile industry will perform reasonably well during the current year as the growth drivers of the yester years are still present in the economy. The rising income level and disposable income in conjunction with the population increase are expected to result in the overall growth of the Textile and Apparel Industry. Moreover the primary raw material for yarn is cotton (a natural fibre), is sufficiently available as India being the second largest producer of cotton in the world. The availability of skilled workforce and relatively low labour costs continues to provide competitive advantages to the Textile Industry over its global competitors. Lately the cost of labour has started increasing but still it is cheaper when compared with the other countries. These favourable factors have already enabled the textile industry to serve as a sourcing hub for the textile products from the reputed international brands/buyers.

Your management is quite confident that the industry will be able to meet the challenges ahead and will emerge as a winner. We also expect that the Government through its favourable textile policies will further strengthen the hands of the industry so that it can compete globally and increase India's share in the global textile markets.

Risks and concerns

No Industry is free from normal business risks and concerns. Indian Textile Industry continues to face a stiff competition from China and other emerging economies. The relative competitiveness of Indian Textile Industry is dependent on the raw cotton prices, rupee exchange rate regime. The primary raw material for manufacturing of yarn is cotton with share of more than 60% of the total cost. Cotton being the agriculture produce, its supply and quality are subject to forces of nature i.e. monsoon. In the current year, India is facing a drought like situation in some parts of the country and cotton crop in several parts of the country has been affected. Any increase in the prices of raw cotton will make the things difficult for the Textile Industry resulting weak demand and thin margins.

Besides, the depreciation of rupee value has proved as a favourable factor for the exporters in short term but the situation is not likely to continue in the future. The Reserve Bank of India and Central Govt. are taking corrective measures to stabilize the currency.

Further, concerns like increased power costs, erratic power supply, higher transaction costs, inadequate draw back rates which do not fully refund the taxes, high cost of labour, continuously increasing prices of raw material are posing a risk to the growth of Indian Textile Industry.

Internal Control Systems and their adequacy

The Company is maintaining an efficient and effective system of Internal Control for the facilitation of speedy and accurate compilation of financial statements. The company's Internal Control system 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).

Pursuant to the provisions of section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the Company has also appointed Internal Auditor for the financial year 2014-15. The Company is also having an Internal Audit Department to test the adequacy and effectiveness of Internal Control Systems laid down by the management and to suggest improvement in the systems.

Apart from this, 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. The Company has also established a Vigil Mechanism as per section 177(9) of Companies Act,



2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014.

Financial Operation and Performance

During the year under review, Company's performance has been excellent on all parameters. The company's operating income at Rs. 2204.19 crores has shown an impressive increase at 12.39% over the previous year. Likewise, the exports Rs. 1427.99 crores have also shown an increase of 9.86% over the previous year. On the profitability front too, the Company substantially improved its performance and earned a profit before tax and depreciation of Rs. 292.66 crores as against Profit of Rs. 221.06 crores in the previous year. The detailed performance has already been discussed in the Director's 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 the best available talent so that it can face business challenges ahead. The Company also offers attractive compensation packages to retain and motivate the professionals so that they can give their best. The total permanent employees strength of the Company was 11151 as on 31st March, 2014. 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 judgement but the actual future results might differ from whatever is stated in the report.

FOR AND ON BEHALF OF THE BOARD**PLACE: LUDHIANA
DATED: 11th August, 2014****JAWAHAR LAL OSWAL
(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, 2014, 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, 2014 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.

**Place: Ludhiana
Dated: 11th August, 2014****For Gupta Vigg & Co.,
Chartered Accountants
Firm Reg. No. 001393N****VIPAN KUMAR GUPTA
(Partner)
M.No. 502737**



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Nahar Spinning Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place: LUDHIANA.
Dated: 29.05.2014

VIPAN KUMAR GUPTA
PARTNER
M.NO. 502737



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph (1) UNDER THE HEADING OF "Reporting on Other Legal and Regulatory Requirements" of our report of even date]

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 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 and for sale of goods & services. During the course of our audit, we have not observed any major weakness in internal control.
- v) a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of the contracts or arrangements that need to be entered in register maintained u/s 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made

- in pursuance contracts and arrangements entered in the Register maintained under section 301 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time
- vi) The Company has not accepted any deposits from the public. 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, 2014, for a period of more than six months from the date they became payable.
- b) According to the records of the Company, no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty, cess and Service Tax which have not been deposited on account of any dispute except those mentioned below :-

Sr. No.	Statutes	Forum before Whom pending	(Rs. in lacs)	Nature of Dues
1	Finance Act	CESTAT	2.83	Service Tax
2	Central Excise Act	CESTAT	34.67	Excise
3	Income Tax Act	CIT (A)	322.31	Duty/CENVAT Income Tax
4	M.P.Upkar (sanshodan tatha vidhimanyakaran) Adhiniyam 2004	Supreme Court	129.19	Cess of Electricity
5	Central Excise Act	High Court of Jabalpur	29.08	Cenvat
6	Finance Act	High Court of Jabalpur	11.49	Service Tax
7	MPVAT	Additional Commissioner	4.08	Entry Tax

- 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

VIPAN KUMAR GUPTA
PARTNER
M.NO. 502737

Place: LUDHIANA.
Dated: 29.05.2014

**CASH FLOW STATEMENT FOR THE YEAR 1ST APRIL, 2013 TO 31ST MARCH, 2014 PURSUANT TO
CLAUSE 32 OF THE LISTING AGREEMENT** (Rs. in Lacs)

PARTICULARS	Current Year	Previous Year
Cash Flow from Operating Activities		
Net Profit Before Tax and Extra ordinary activities	20450.40	13405.37
Adjustments for :		
Depreciation	8,815.74	8,755.06
Finance Cost	6,447.26	10,276.06
Interest received	(253.94)	(236.00)
Dividend Income	(8.87)	(12.97)
Provision for doubtful debts	65.60	-
Net Gain on Sale of Investments	(2.88)	(28.96)
Profit/ Loss on sale of Fixed Assets/ subsidies adjustments	(120.80)	(90.74)
Operating Profit before Working Capital Changes	14,942.11	18,662.45
Adjustment for:		
Trade Receivables	(4,115.60)	1,043.26
Inventories	4,795.65	(17,860.53)
Increase/Decrease in Short term Loans & Advances	(34.96)	512.96
Increase/Decrease in Long Term Loans & Advances	(817.73)	(844.79)
Increase/Decrease in Short Term Borrowings	(9,656.71)	6,777.67
Increase/Decrease in Other current liabilities	1,161.70	40.06
Trade Payables	2,120.69	(769.64)
Cash Generated from Operations	(6,546.96)	(11,101.01)
Interest paid	(3,696.04)	(6,392.67)
Direct Taxes Paid	(4,274.50)	(1,127.66)
Net cash flow from operating Activities	(7,970.54)	(7,520.33)
Cash Flow from investing activities	20,875.01	13,446.48
Purchase of Fixed Assets	(18,679.85)	(5,468.81)
Capital Work in Progress	(2,314.82)	125.65
Sale of Fixed Assets	257.53	311.30
Sale of Investments	102.88	328.96
Interest Received	253.94	236.00
Dividend Income	8.87	12.97
Increase in Investment	(705.12)	(54.47)
Net cash used in investing activities	(21,076.57)	(4,508.40)
Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	11,207.56	2,237.79
Repayment of Long Term Borrowings	(8,335.43)	(7,167.16)
Interest Paid	(2,751.22)	(3,883.39)
Dividend Paid	(360.65)	-
Corporate Dividend Tax Paid	(61.29)	-
Net Cash Used in Financing Activities	(301.03)	(8,812.76)
Net Increase in Cash & Cash Equivalents	(502.59)	125.32
Opening Cash and Cash Equivalents and other bank balances	1,303.09	1,177.77
Closing Cash and Cash Equivalent and other bank balances	800.50	1,303.09

For & On behalf of the Board

Place : Ludhiana
Date : 29.05.2014BRIJ SHARMA
Company SecretaryANIL GARG
Finance ControllerS.K.SHARMA
DirectorDINESH 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, 2014 with the books and records maintained in the ordinary course of business and found the same in accordance therewith.

Place : Ludhiana
Date : 29.05.2014For GUPTA VIGG & COMPANY
Chartered Accountants
Firm Reg.No.001393NVIPAN KUMAR GUPTA
Partner
(M.No.502737)

**BALANCE SHEET AS AT 31ST MARCH, 2014**

(Rs. In Lacs)

PARTICULARS	NOTE NO.	Current Year	Previous Year
I. Equity and Liabilities			
(1) Shareholder's Funds			
(a) Share Capital	1	1805.31	1805.31
(b) Reserves and Surplus	2	74543.87	60435.38
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	36606.99	33857.00
(b) Deferred tax liabilities (Net)	4	6185.00	4635.00
(3) Current Liabilities			
(a) Short-term borrowings	5	70311.39	79968.10
(b) Trade Payables	6	5387.42	3266.73
(c) Other current liabilities	7	17406.86	16123.01
(d) Short-term provisions	8	5161.94	1417.94
Total		<u>217408.78</u>	<u>201508.47</u>
II. Assets			
1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	89973.54	80245.77
(ii) Intangible assets	9	1.21	1.61
(iii) Capital work-in-progress		6146.75	3831.93
(b) Non-current investments	10	885.39	880.26
(c) Long term loans and advances	11	4639.06	3821.33
2) Current assets			
(a) Current investments	12	897.49	297.49
(b) Inventories	13	59958.33	64753.98
(c) Trade receivables	14	41185.24	37135.24
(d) Cash and Bank Balances	15	800.50	1303.09
(e) Short-term loans and advances	16	12921.27	9237.77
Total		<u>217408.78</u>	<u>201508.47</u>

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

For & On behalf of the Board

VIPAN KUMAR GUPTA
Partner
(M.No.502737)

BRIJ SHARMA
Company Secretary

ANIL GARG
Finance Controller

S.K.SHARMA
Director

DINESH OSWAL
Managing Director

Place: Ludhiana
Date : 29.05.2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

(Rs. In Lacs)

PARTICULARS	NOTE NO.	Current Year	Previous Year
Income			
Revenue from operations	17	220420.53	196185.14
Less: Excise Duty		1.64	57.52
		220418.89	196127.62
Other Income	18	696.16	812.94
Total Revenue		221115.05	196940.56
Expenses:			
Cost of materials consumed	19.a	123260.62	106000.87
Purchase of Stock-in-Trade	19.b	2162.97	594.97
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	-3860.60	-917.15
Employee benefit expense	21	16545.58	13859.65
Finance costs	22	6447.26	10276.06
Depreciation and amortization expense	9	8815.74	8755.06
Other expenses	23	47293.08	44965.73
Total Expenses		200664.65	183535.19
Profit/(Loss) before exceptional items and tax		20450.40	13405.37
Exceptional items.		0.00	0.00
Profit/(Loss) before tax		20450.40	13405.37
Tax expense:			
1) Current tax			
Provision for Taxation		4900.00	996.00
Less: MAT Entitlement		575.00	0.00
		4325.00	996.00
2) Deferred tax		1550.00	4570.00
		5875.00	5566.00
Profit(Loss) from the period		14575.40	7839.37
Earning per equity share:	27		
1) Basic		40.29	21.59
2) Diluted		40.29	21.59

Accompanying notes form integral part of the financial statements

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

For & On behalf of the Board

VIPAN KUMAR GUPTA
Partner
(M.No.502737)**BRIJ SHARMA**
Company Secretary**ANIL GARG**
Finance Controller**S.K.SHARMA**
Director**DINESH OSWAL**
Managing DirectorPlace: Ludhiana
Date : 29.05.2014


NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. In Lacs)

Note No.	PARTICULARS	Current Year		Previous Year	
1.	SHARE CAPITAL				
	A) AUTHORISED				
	600,00,000 Equity Shares of Rs.5/- each (Previous Year 60000000 Equity Shares of Rs.5/- Each)		3000.00		3000.00
	B) ISSUED SUBSCRIBED & PAID UP				
	36065303 Equity Shares of Rs.5/- Each fully paid up (Previous Year 36065303 of Rs.5/- Each)		1803.27		1803.27
	Add : Share Forfeited Account (Amount originally paid up)	2.04	1805.31	2.04	1805.31
	TOTAL		1805.31		1805.31
	a) Terms/rights attached to equity shares				
	The company has only one class of shares having par value at Rs. 5/-per share. Each holder of equity shares is entitled to one vote per share				
	b) Reconciliation of number of shares				
	Number of shares at the beginning of the Financial year	36065303		36065303	
	Add: Shares Issued During the year	-		-	
	Less: Share buy back during the year	-		-	
	Number of shares at the end of the Financial year	36065303		36065303	
	c) Detail of shareholders holding more than 5% shares				
	Name of the Shareholder	No. of Shares Held	%Age	No. of Shares Held	%Age
	1. Nahar Capital and Financial services Limited	10257384.00	28.44	10257384.00	28.44
	2. Nahar Poly Films Limited	6902244.00	19.14	6902244.00	19.14
	3. Nahar Industrial Enterprises Limited	2356930.00	6.54	2356930.00	6.54
	d) Forfeited Shares (amount originally paid up)				
	Amount Paid Up	No. of Shares		No. of Shares	
	Rs. 2.50 per Share	80298		80298	
	Rs. 5.00 per Share	710		710	
2.	RESERVES AND SURPLUS				
	A) Capital reserve				
	Balance as per Last Balance Sheet		1363.86		1363.86
	B) Securities premium reserve				
	Balance as per Last Balance Sheet		20959.85		20959.85
	C) Capital Subsidy				
	Balance as per Last Balance Sheet		150.00		150.00
	D) General Reserve				
	Balance as per Last Balance Sheet		37961.67		30597.52
	Add: Transfer From/ to Surplus	9000.00	46961.67	7364.15	37961.67



		(Rs. In Lacs)	
Note No.	PARTICULARS	Current Year	Previous Year
	E) Surplus		
	Profit/(Loss) Transfer From Profit & Loss A/c	14575.40	7839.37
	Less: Adjustment of Income Tax earlier Years	44.97	53.28
	Less: Proposed Dividend	360.65	360.65
	Less: Tax on Dividend	61.29	61.29
	Less: Balance Transfer to General Reserve	9000.00	7364.15
	Balance at the end	5108.49	-
	TOTAL	<u>74543.87</u>	<u>60435.38</u>
3.	LONG TERM BORROWINGS		
	SECURED		
	TERM LOANS		
	I. FROM STATE BANK OF INDIA	2970.50	1896.23
	The Term loans are secured by first charge on the entire fixed assets of the company on pari-passu basis with consortium member banks. The term loans are personally guaranteed by three Directors of the company.		
	- Term loan of Rs.7000 Lacs is repayable in quarterly installments by 31/12/2014. ROI is 11.50% p.a.		
	- Term loan of Rs.6000 Lacs is repayable in quarterly installments by 31/12/2015. ROI is 11.50% p.a		
	- Term loan of Rs.11700 Lacs is repayable in quarterly installments by 31/03/2020 ROI is 10.45% p.a		
	II. FROM STATE BANK OF PATIALA	5502.81	6695.34
	Secured by hypothecation of movable & immovable assets of units at Mandideep / Ludhiana / Lalru (except of unit - III at Lalru) Pari-pasu with the company's bankers for working capital Borrowings and also personally guaranteed by three Directors of the Company. Further Term Loan of Rs. 8500 Lacs is secured by first pari passu charge on all the present and future fixed assets of the company along with other term lenders. This loan is also personally guaranteed by three directors of the company.		
	- Term loan of Rs. 1400 Lacs and 1000 Lacs is repayable in quarterly installments by 01/10/2014. ROI 11.25% p.a		
	- Term loan of Rs.8500 Lacs is repayable in quarterly installments by 01/04/2018. ROI is 11.25% p.a		
	III. FROM PUNJAB NATIONAL BANK	1196.17	2187.45
	Sanctioned Term Loan of Rs.8800 Lacs is secured by first Pari-passu Charge on the units of Mandideep, Lalru (except unit - III Lalru) and Ludhiana and also personally		



			(Rs. In Lacs)
Note No.	PARTICULARS	Current Year	Previous Year
	guaranteed by three Directors of the Company. - Term loan of Rs.8800 Lacs is repayable in quarterly installments by 31/03/2016. ROI 10.75% p.a		
IV.	FROM ORIENTAL BANK OF COMMERCE	10371.23	12925.98
	Sanctioned Term Loan of Rs.12400 Lacs of erstwhile Nahar Exports Limited is secured by first charge on specific fixed assets i.e. Hypothecation of Plant & Machinery to be Purchased under the project of estimated cost of Rs. 15571 Lacs of the units situated at Jodhan and Jitwal Kalan. Sanctioned Term Loans is personally guaranteed by a Director of the Company. Sanctioned Term Loan of Rs.7500 Lacs is secured by first Pari-Passu charge on the Units of Mandideep, Lalru (except unit - III) and Ludhiana. Further term loan of Rs.13000 Lacs is secured by first charge on fixed assets of the company (Except assets exclusively financed by State Bank of India) on pari - passu basis with other term lenders The Term Loans are personally guaranteed by three Directors of the Company. - Term loan of Rs.7500 Lacs is repayable in quarterly installments by 30/09/2016. - Term loan of Rs.12400 Lacs is repayable in quarterly installments by 01/01/2017. - Term loan of Rs.13000 Lacs is repayable in quarterly installments by 01/01/2021. ROI is 11.25% p.a		
V.	FROM CANARA BANK	389.77	1168.40
	Secured by first charge on specific fixed assets of the units situated at Jodhan. It is further secured by Pari-Passu second charge on existing fixed assets of erstwhile Nahar Exports Ltd. alongwith other banks. The Term Loan is personally guaranteed by three Directors of the Company. - Term loan of Rs. 7000 lacs is repayable in quarterly installments by 09/09/2015. ROI is 11% p.a		
VI	FROM IDBI BANK LTD	7206.25	8363.60
	Secured by first Pari passu Charge (hypothecation) on all fixed movable assets and Negative Lien on Immovable fixed assets (land & Building) The Term Loan is personally guaranteed by three Directors of the Company. - Term loan of Rs.11000 Lacs repayable in quarterly installments by 01/07/2020. ROI is 11% p.a		



			(Rs. In Lacs)	
Note No.	PARTICULARS	Current Year	Previous Year	
	VII FROM ALLAHABAD BANK	8970.26	620.00	
	Secured by first Pari-Passu charge on the entire fixed assets of the Company both present and future. The Term Loan is personally guaranteed by three Directors of the Company.			
	- Term loan of Rs 19700 lacs. is repayable in quarterly installments and last installment due on 30/09/2019. ROI is 11% p.a			
	TOTAL	36606.99	33857.00	
4.	DEFERRED TAX LIABILITIES (NET)			
	Timing Difference on account of Depreciation, change in rate of Tax etc.	6195.20	6058.00	
	Add/Less: Timing Difference on account of Allowances under section 43B, Loss & Others	10.20	1423.00	
	TOTAL	6185.00	4635.00	
5.	SHORT TERM BORROWINGS			
	Loans repayable on Demand (Secured)			
	WORKING CAPITAL BORROWINGS FROM BANKS	70311.39	79968.10	
	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.			
	TOTAL	70311.39	79968.10	
6.	TRADE PAYABLES	5387.42	3266.73	
	[refer note 28 (xiii)]			
7.	OTHER CURRENT LIABILITIES			
	A) Current Maturities of Long-Term Debt	8984.96	8862.81	
	B) Interest accrued but not due on borrowings	8.46	22.23	
	C) Unpaid Dividend	88.17	94.22	
	D) Others	8325.27	7143.75	
	TOTAL	17406.86	16123.01	
8.	SHORT TERM PROVISIONS			
	A) Provisions for Employee's Benefits	0.00	0.00	
	B) Others			
	Provision for Taxation	4740.00	996.00	
	Proposed Dividend	360.65	360.65	
	Tax on Proposed Dividend	61.29	61.29	
	TOTAL	5161.94	1417.94	



(Rs. In Lacs)												
9. FIXED ASSETS												
Name of the Assets	GROSS BLOCK					DEPRECIATION BLOCK				NET BLOCK		
	As on 01.04.2013	Addition Du-ring the Year	Sale/Adj During the year	As on 31.03.2014	As on 01.04.2013	For the Year	Written back in the year	AS ON 31.03.2014	As on 31.03.2014	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
1. TANGIBLE ASSETS :												
Free hold Land	13,239.19	853.94	-	14,093.13	-	-	-	0.00	14093.13	13239.19		
Building	33,582.91	4,923.17	-	38,506.08	10,584.53	1,026.74	-	11611.27	26894.81	22998.38		
Plant & Machinery	1,23,557.19	12,587.49	980.98	1,35,163.70	80,951.52	7,525.94	853.79	87623.67	47540.03	42605.67		
Vehicles	1,259.77	64.34	58.79	1,265.32	645.32	140.66	49.25	736.73	528.59	614.45		
Other Equipments	1,773.59	157.41	0.56	1,930.44	1,171.15	84.71	0.55	1255.31	675.13	602.44		
Furniture & Fixture	798.56	93.50	-	892.06	612.92	37.29	-	650.21	241.85	185.64		
Total (A)	174211.21	18679.85	1040.33	191850.73	93965.44	8815.34	903.59	101877.19	89973.54	80245.77		
2. Intangible Assets :												
Software	18.31	-	-	18.31	16.70	0.40	-	17.10	1.21	1.61		
Total (B)	18.31	0.00	0.00	18.31	16.70	0.40	0.00	17.10	1.21	1.61		
Total (A+B)	174229.52	18679.85	1040.33	191869.04	93982.14	8815.74	903.59	101894.29	89974.75	80247.38		
Previous Year												
A) Tangible Assets :	1,70,171.47	5,468.81	1,429.07	1,74,211.21	86,421.74	8,752.22	1,208.52	93965.44	80245.77	83749.73		
B) Intangible Assets :	18.31	-	-	18.31	13.86	2.84	-	16.70	1.61	4.45		
Total (A+B)	170189.78	5468.81	1429.07	174229.52	86435.60	8755.06	1208.52	93982.14	80247.38	83754.18		

Note :- sale/adjustment includes subsidy of Rs. 102.03 Lacs received during the year



		(Rs. In Lacs)	
Note No.	PARTICULARS	Current Year	Previous Year
10.	NON-CURRENT INVESTMENTS		
	Investment in equity instruments		
	Quoted (At Cost)		
	In Associates		
	i) 567656 Equity Shares of Rs. 5/- each fully paid up of Nahar Capital & Financial Services Ltd. (Previous Year 567656 Equity shares)	247.62	247.62
	ii) 1028205 Equity Shares of Rs.5/- each fully paid up of Nahar Poly Films Ltd. (Previous Year 993989 Equity Shares)	427.91	422.78
	In Others		
	iii) 1892 Equity Shares of Rs.10/- each fully paid up of MOIL Ltd. (previous Year 1892 Equity Shares)	7.10	7.10
	iv) 4893 Equity Shares of Rs.10/- each fully paid up of Punjab & Sind Bank (Previous Year 4893 Equity Shares)	5.87	5.87
	Unquoted (At Cost)		
	In Associates		
	i) 250000 Equity Share 1GBP fully paid up of Crown Star Ltd. (Previous Year 250000 Equity Shares)	196.89	196.89
	In Others		
	ii) 10 Equity Shares of Rs.50/- each fully paid up of Shree Panchvati Co-Operative Housing Society Ltd. (Previous year 10 Equity Shares)	0.005	0.005
	TOTAL	<u>885.39</u>	<u>880.26</u>
	Book value of quoted investment	688.50	683.37
	Book value of unquoted investment	196.89	196.89
	Market Value of Quoted Investments	365.75	382.10
11.	LONG TERM LOANS AND ADVANCES		
	(Unsecured Considered Good)		
	A) Capital Advances	2481.86	1890.85
	B) Security Deposits	2157.20	1930.48
	TOTAL	<u>4639.06</u>	<u>3821.33</u>
12.	CURRENT INVESTMENTS		
	A) Investments in Mutual funds		
	QUOTED(At Cost)		
	i) (1000000 units of DSP Blackrock S-110-12M Direct Plan growth a close ended scheme (Previous year Nil) of Rs.10/- each fully paid up)	100.00	0.00



			(Rs. In Lacs)	
Note No.	PARTICULARS	Current Year	Previous Year	
	ii) (270734.910 units of ICICI prudential income plan regular growth an open ended scheme (Previous year Nil) of Rs.10/- each fully paid up)	100.00	0.00	
	iii) (337298.843 units of SBI magnum income fund Direct plan growth an open ended scheme (Previous year Nil) of Rs.10/- each fully paid up)	100.00	0.00	
	iv) (1000000 units of ICICI prudential FMP S-68-369 days plan I Direct plan growth a close ended scheme (Previous year Nil) of Rs.10/- each fully paid up)	100.00	0.00	
	v) (1000000 units of UTI SMT series XV-X 368 days Direct plan growth a close ended scheme (Previous year Nil) of Rs.10/- each fully paid up)	100.00	0.00	
	vi) (1000000 units of L&T FMP S-VIII plan F Direct plan growth a close ended scheme (Previous year Nil) of Rs.10/- each fully paid up)	100.00	0.00	
	B) Other Investment (Unquoted at cost)	297.49	297.49	
	TOTAL	897.49	297.49	
	Book value of quoted investment	600.00	0.00	
	Market Value of Quoted Investments	629.11	0.00	
13.	INVENTORIES			
	Stores & Spares	1894.65	1851.94	
	Goods in Transit (Store & Spare)	0.64	7.34	
	Raw Material	39448.40	48163.67	
	Goods in Transit (Raw Material)	45.70	22.69	
	Work in Progress	6610.14	5080.08	
	Finished Goods	11036.31	8385.92	
	Stock in Trade	68.21	55.97	
	Waste and Rejections	854.28	1186.37	
	TOTAL	59958.33	64753.98	
14.	TRADE RECEIVABLES			
	(Unsecured Considered Good Unless Otherwise Stated)			
	Trade Receivables Outstanding for a Period Exceeding Six Months	84.98	152.22	
	(out of above Rs. 65.60 Lacs considered doubtful and provisions for the same have been made Previous year Rs. 69.51Lacs considered doubtful but not Provided for)			
	Other Trade Receivables	41165.86	36983.02	
	Less : Provision for Doubtful Debts	65.60	0.00	
	TOTAL	41185.24	37135.24	



(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
15.	CASH AND BANK BALANCES		
	A) Cash and Cash equivalents		
	i) Balances with banks	420.76	912.34
	ii) Cheques, drafts in hand	0.00	21.07
	iii) Cash in Hand	105.25	89.80
	B) Other Bank Balances		
	i) In Dividend Accounts	88.17	94.22
	ii) In Fixed Deposits		
	(a) Under margin money/Lien		
	Maturity period within 12 months	178.00	184.34
	Maturity period more than 12 months	0.30	0.30
	(b) Others	8.02	1.02
	TOTAL	800.50	1303.09
16.	SHORT TERM LOANS AND ADVANCES		
	(Unsecured Considered Good)		
	A) Loans and advances to related parties	0.00	0.00
	B) Others		
	i. Balance with Customs, Port Trusts, Excise Authorities etc.	1.11	1.11
	ii. Modvat / Cenvat Credit Unutilised	610.55	573.84
	iii. Others	7361.06	7362.81
	C) Advance Taxes	4948.55	1300.01
	TOTAL	12921.27	9237.77
17.	REVENUE FROM OPERATIONS		
	A) Sale of Products		
	(i) Export Sales	142798.94	129976.04
	(ii) Domestic Sales	69964.77	59439.99
	(iii) Export Incentives	5920.20	5534.96
	B) Sale of Services	1325.09	744.82
	C) Other Operating Revenues		
	Sales Miscellaneous	284.10	258.77
	Rebate and Discount Received	55.52	107.51
	Claims Received	54.45	100.90
	Miscellaneous Receipts	17.46	22.15
	TOTAL	220420.53	196185.14
	Detail of Sale		
	i) Export Sales		
	Hosiery Garments	20743.16	19841.77
	Cotton/ Blended yarn	119717.43	109249.45
	Waste	2338.35	884.82
	TOTAL	142798.94	129976.04



(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
ii) Domestic Sales			
	Hosiery Garments	1111.62	955.15
	Cotton/ Blended yarn	52249.76	43645.26
	Waste	13777.85	13178.80
	Others	2825.54	1660.78
	TOTAL	69964.77	59439.99
18. OTHER INCOME			
	A) Interest Income	253.94	236.00
	B) Dividend Income		
	From Non-Current investments	8.87	12.97
	C) Net Gain on sale of Investments		
	From Current investments	2.88	0.00
	From Non-Current investments	0.00	28.96
	D) Gain on sale of Fixed Assets	75.22	99.24
	E) Previous Year Expenses Written Back	114.51	257.17
	F) Previous Year Income	33.77	45.60
	G) Rental Income	102.40	79.93
	H) Balance Written Back	69.52	53.07
	I) Miscellaneous Income	35.05	0.00
	TOTAL	696.16	812.94
19.a COST OF MATERIALS CONSUMED			
	OPENING STOCK	48163.67	31100.58
	Add: Purchases (Net)	114545.35	123063.96
	Less: Closing Stock	39448.40	48163.67
	TOTAL	123260.62	106000.87
	Details of material Consumed		
	Cotton yarn/ acrylic/blended yarn	17397.86	14506.06
	Cotton/Manmade/Synthetic fibres *	105840.11	91341.13
	Others	22.65	153.68
	TOTAL	123260.62	106000.87
	Imported	466.98	558.96
		0.38%	0.53%
	Indegenous	122793.64	105441.91
		99.62%	99.47%
	* Interunit cotton yarn consumed for garment & mercerising unit have been shown as yarn consumed rather than cotton fibre.		
19.b PURCHASES OF TRADED GOODS			
	Hosiery Garments/others	300.28	180.09
	Cotton Yarn	1862.69	414.88
	TOTAL	2162.97	594.97



(Rs. In Lacs)

Note No.	PARTICULARS	Current Year	Previous Year
20.	CHANGES IN INVENTORIES OF FINISHED GOODS/ WORK-IN-PROGRESS/STOCK-IN-TRADE		
	Opening Stock		
	Work-in-Progress	5080.08	4691.72
	Finished Goods / Stock in Trade	9628.26	9099.47
	Less: Closing Stock		
	Work-in-Progress	6610.14	5080.08
	Finished Goods / Stock in Trade	11958.80	-3860.60
			9628.26
			-917.15
21.	EMPLOYEE BENEFIT EXPENSES		
	A) Salaries and wages	14624.47	12252.54
	B) Contribution to PF, ESI and Gratuity Fund	1572.04	1281.98
	C) Staff Welfare Expenses	349.07	325.13
	TOTAL	16545.58	13859.65
22.	FINANCE COSTS		
	A) Interest Expenses		
	(i) Interest on Term Loan	2751.22	3883.39
	(ii) Interest on Cash Credit	3623.57	6309.68
	(iii) Interest to Others	5.05	12.07
	B) Other Borrowing Costs	67.42	70.92
	TOTAL	6447.26	10276.06
23.	OTHER EXPENSES		
	Consumption of stores & spare parts	1305.20	1359.11
	Power and Fuel	26084.04	24036.18
	Dyes & Chemicals	2923.45	2612.16
	Fabrication Charges	2.00	4.00
	Rent	34.10	41.58
	Repair to Buildings	208.19	269.02
	Repair to Machinery	2535.84	2603.29
	Insurance	298.32	212.35
	Rates & Taxes	106.11	211.98
	Auditors Exp		
	Audit Fees	18.81	17.76
	Tax Audit Fees	3.36	3.12
	Certification Charges	1.92	1.81
	Out of Pocket Expenses	1.08	25.17
	Exchange Rate Diff.(Net)	133.35	70.75
	Previous Year Expenses	45.88	72.29
	Previous Year Income Written Off	5.93	20.65
	Brokerage / Commission on Sale	2111.79	1955.44
	Cost of Raw Material Sold	693.33	677.37
	Forwarding Charges	4843.17	5100.11
	Packing Store Consumed	3421.13	3279.96
	Vehicle Maintenance and Conveyance	399.07	348.20
	Bank Charges	663.05	575.24
	Rebate and Discount	146.95	153.69
	Others	1307.01	1338.64
	TOTAL	47293.08	44965.73

**24. SIGNIFICANT ACCOUNTING POLICIES:****i) ACCOUNTING CONVENTION:**

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

ii) REVENUE RECOGNITION:

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

iii) FIXED ASSETS AND DEPRECIATION:

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

iv) INVESTMENT:

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

v) INVENTORIES:

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

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

**vi) RETIREMENT BENEFITS:****a) Gratuity**

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

b) Provident Fund:

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

vii) FOREIGN EXCHANGE TRANSACTION:

a) The gains or losses on foreign exchange transactions are recognized in the Statement of Profit and Loss. Monetary assets and liabilities other than those covered by forward contracts have been valued at the exchange rate prevailing at the close of the financial year. The exchange difference on foreign currency transactions relating to fixed assets acquired from a country outside India are being adjusted to revenue.

b) In respect of Forward contracts, forward premium or discount arising at the inception of forward contract is amortized as expenses or income over the life of contract. Exchange differences on such contracts are recognized in the Statement of profit and loss in the year in which exchange rates change.

Any Profit 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.

25. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- a. Bank guarantees outstanding Rs.1790.89 Lacs (Previous Yr. 1665.89Lacs)
- b. The Company has bound itself unto the President of India for Rs.138.00 Lacs (Previous Year Rs.138.00 Lacs) under Central Excise Act, 1944 for clearance of goods without payment of excise duty, in respect of export of various types of yarn and for storage of various commodities manufactured within factory premises.
- c. Excise/Sales Tax/Income Tax/ Other Government Authorities have raised demands of Rs.414.36 Lacs (Previous Year Rs.148.06 Lacs) out of which a sum of Rs.10.31Lacs(Previous Year Rs. 9.90 Lacs) has been deposited as security deposit, the same are being contested in appeal and no provision has been made.
- d. Electricity demand raised by Madhya Pradesh Electricity board

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

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

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

" We further direct the Board to issue correct electricity bills of the period after 01.08.1999 on the basis of reduced contract demand as aforesaid and settle the accounts with the Company keeping in view the aforesaid directions within 6 months"

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

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

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

- e) The Madhya Pardesh Government's ordinance to collect cess on Captive Power generation was declared ultravires by the Hon'ble Supreme court vide order dated 09/12/2003. But the State Government subsequently enacted an act namely M.P.Upkar (Sanshodhan tatha vidhimanyatakaran) Adhiniyam 2004 on 15th April 2004 which deemed to have come in to force from 29.06.2001.After the above act, the M.P.High



Court passed an order dated 31/08/2007 to collect the dues of Cess from Captive Power plant users along with interest. According to this order, on the disputed amount, Rs. 159.03 Lacs (Previous year Rs.147.40 lacs) is payable as interest. The above referred order has been agitated by some actual users in Hon'ble Supreme Court and matter being sub-judice, hence liability has not been provided for.

- f) The Company has given the following Guarantees in respect of loans granted by the banks Rs.2500 Lacs (previous year Rs.2500 Lacs) to Oriental Bank of Commerce and Rs. 1500 Lacs (previous year 1500Lacs) to Bank of Maharashtra in respect of financial assistance granted by the said banks to M/s Nahar Poly Films Limited, Ludhiana.
- g) Levy of Entry Tax on certain items including yarn by the Punjab Government is subjudice before the Hon'ble Punjab & Haryana High Court. The Punjab Government has deferred the same subject to undertaking by the company that if the same is hold valid by the Hon'ble High Court, then company will deposit the same w.e.f the date of undertaking. The amount of such entry tax is Rs. 153.50 Lacs (previous year Rs.102.20 Lacs). It has no effect on the profitability of the company since the same will be claimed as Input Tax Credit
- h) In the last year company has paid tax under MAT Rs. 990 Lacs for which the company is entitled to have MAT credit. The current year tax is net of MAT credit entitlement of Rs. 575 lacs, the balance MAT credit entitlement will be adjusted in the coming years.

26. Commitments

- I. Estimated amount of Contracts remaining to be executed, net of advances

Particular	Current year	Previous Year
On Capital Accounts	8206.29 Lacs	14816.79 Lacs
On Others	170.07 Lacs	8.13 Lacs

- II. The Company has executed legal agreement/bonds/undertakings for the sum of Rs.6653.16 Lacs (Previous Year Rs. 4863.32 Lacs) with the Central Government, undertaking to export Hosiery Knitwear, yarn and other goods of F.O.B. value of Rs.76647.73 Lacs (Previous Year Rs. 61766.85 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.8530.07Lacs (Previous Year Rs. 6865.49 Lacs)

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

Particulars	Current Year	Previous Year
Profit/(Loss) after Taxation	14,575.40	7,839.37
Less: Adjustment of Income Tax earlier Years	44.97	53.28
Profit After adjustment of earlier year Income Tax	14,530.43	7,786.09
Number of Shares Issued	360,65,303	360,65,303
Earning Per Share in Rs. (Basic & Diluted)	40.29	21.59

(Face Value of Rs. 5/- Share)

28. Other Notes

- i. Interunit job work and interunit sales are billed at market price. The closing stock of units is partly comprised of such material lying in finished or semi-finished stage. The mode of valuation referred to 'At Weighted Average Cost' represents costs worked out by taking into account the price charged by such units.
- ii. Salaries & wages incurred during the year on repairs and maintenance of Building and Plant & Machinery etc. have been charged to former accounts and not shown separately.
- iii. In the opinion of the board, the value of Current Assets, Loans and Advances have a value in the ordinary course of business at least equal to that stated in the balance sheet
- iv. Some balances of Trade Payables, Advances and Trade Receivables are subject to their Confirmation.
- v. Borrowing cost amounting Rs. 226.73 Lacs (Previous Year Rs.41.19 Lacs) has been capitalized during the year.
- vi. Material events occurring after the balance sheet date are taken into cognizance.
- vii. Prior period and extraordinary changes in accounting policies, having material effect on the financial affairs of the Company (if any) are disclosed.



- viii. The accounts of the Company have been prepared on going concern basis.
- ix. Previous year figures have been regrouped/recasted/rearranged/reclassified wherever necessary to make them comparable.
- x. All figures have been rounded off to the nearest Rs.Lacs
- xi. Income in respect of Carbon Credits is accounted for only on sale as it does not have any cost to the company.
- xii. In accordance with Accounting Standard (AS)-28 on impairment of Assets, which is mandatory for the accounting periods commencing on or after 1st April, 2004, the company has assessed as on Balance Sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the standards) with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.
- xiii. There are no Micro & Small enterprises covered under Micro, Small and Medium Scale Development Act 2006, to whom the company owes dues, which are outstanding for more than 45 days, hence no disclosure has been given. This information has been determined on the basis of intimation received from such parties
- xiv. The company is eligible for Sales Tax incentives /Interest subsidies from government of Madhya Pradesh. the same is being accounted for on receipt basis as the availability of the above incentives/Interest subsidies is only on the basis of completion of certain formalities
- xv. The Company has floated a wholly owned subsidiary in U.A.E on 09/12/2013 to explore the possibilities of trading in commodities etc. During the year, the company has incurred Rs.4.54 Lacs by way of annual charges. No activity has been carried out during the period ended 31.03.2014
- xvi. Impact of prior period items on Profits/(Loss) is as under:

	Current Year	Previous Year
Pre- Tax Profit /(Loss) after adjustment of prior period Item	20,450.40	13,405.37
Add: Prior Period Expense	51.81	92.94
Less: Prior Period Income	148.28	302.77
Net Profit/(Loss) Before Prior Period Items	20,353.93	13,195.54

- xvii. 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	2,04,721.33	1,81,356.93	27,881.68	24,890.67	2,32,603.01	2,06,247.60
Less: Inter Segment Revenue	12,009.25	10,252.47	586.40	356.85	12,595.65	10,609.32
Net Revenue	1,92,712.08	1,71,104.46	27,295.28	24,533.82	2,20,007.36	1,95,638.28
Results						
Segment Result (Before Tax & Finance Cost)	22,878.28	20,779.23	4,320.72	2,473.88	27,199.00	23,253.11
Less: A. Finance Cost					6,447.26	10,276.06
B. Other Unallocable exp.					564.15	(179.35)
Net of Unallocable Income					262.81	248.97
Add: Interest / Dividend Income					20,450.40	13,405.37
Profit Before Tax					4,369.97	1,049.28
Less: Income Tax					1,550.00	4,570.00
Deferred Tax					14,530.43	7,786.09
Profit from Ordinary Activities						
Capital Employed						
Segment Assets	1,76,357.55	1,69,940.06	19,834.93	17,138.45	1,96,192.48	1,87,078.51
Unallocable Assets					21,216.30	14,429.96
Total Assets	1,76,357.55	1,69,940.06	19,834.93	17,138.45	2,17,408.78	2,01,508.47
Segment Liabilities	11,681.94	8,640.50	2,549.34	2,097.74	14,231.28	10,738.24
Unallocable Liabilities					1,20,643.32	1,23,683.88
Total Liabilities	8,640.50	8,640.50	2,549.34	2,097.74	1,34,874.60	1,34,422.12
Capital Expenditure	1,521.28	4,143.34	19,473.38	1,201.43	20,994.66	5,344.77
Depreciation	7,938.33	7,817.49	877.41	937.57	8,815.74	8,755.06



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 Trade payables 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.

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

(Rs. In Lacs)

Particulars	Associate		Key management Personnel (KMP)		Relative of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services	2,438.38	903.57	-	-	-	-	2,438.38	903.57
Sale of Goods/Services	6078.67	5,953.35	-	-	-	-	6078.67	5,953.35
Purchase of Fixed Assets	1,150.59	5.43	-	-	-	-	1,150.59	5.43
Sale of Fixed Assets	7.71	80.74	-	-	-	-	7.71	80.74
Rent Paid	25.84	33.83	-	-	2.72	2.47	28.56	36.30
Rent Received	38.49	17.82	7.80	7.20	-	-	46.29	25.02
Sale of Export Licence	917.97	795.52	-	-	-	-	917.97	795.52
Director Sitting Fee	-	-	0.40	0.35	-	-	0.40	0.35
Managerial Remuneration/Perquisites	-	-	619.55	21.92	-	-	619.55	21.92
Salary	-	-	-	-	5.40	0.90	5.40	0.90
Balance Receivable	1,280.72	1,360.24	-	-	-	-	1,280.72	1,360.24
Balance Payable	43.06	4.84	246.69	-	-	-	289.75	4.84

Note:

***Associates**

Nahar Capital & Financial services Ltd., Nahar Poly Films Ltd., Nahar Industrial Enterprises Ltd., Oswal Woollen Mills Ltd., Vanaik Spinning Mills Ltd., Nahar Spinning Mills (FZE), Abhilash Growth Fund(P)Ltd., Atam Vallabh Financers Ltd., Bermuda Insurance Brokers Pvt. Ltd., Kovalam Investment & Trading Co. Ltd., Monica Growth Fund (P) Ltd., Nagdevi Trading & Investment Co. Ltd., Nahar Growth Fund (P) Ltd., Ruchika Growth Fund (P) Ltd., Sankeshwar Holding Co. Ltd., Vanaik Investors Ltd., Vardhman Investment Ltd., J.L. Growth Fund Ltd., Neha Credit and Investment Pvt. Ltd., Ginar Investment Limited, Crown Star Ltd., Monte Carlo Fashions Ltd., Cotton County Retail Ltd., Nahar industrial Infrastructure Corp. Ltd., Sidhant & Mannat Co.Ltd, Simran & Shanaya Co. Ltd, Palam Motels Ltd, Hug Foods pvt 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.



xix. 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 31.03.2014. (Rs.in Lacs)

	Current Year	Previous Year
1. Reconciliation of Opening and closing balances of defined benefit obligation		
Present Value of Obligations as at beginning of year	1,744.96	1,484.39
Interest Cost	139.59	117.07
Current Service Cost	231.80	187.47
Benefit Paid	183.72	134.59
Acturial gain/(Loss) on obligation	(190.47)	(90.62)
Present Value of Obligations as at end of year	2,123.10	1,744.96
2. Reconciliation opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of year	1,453.25	1,256.37
Expected return on plan assets	129.67	122.91
Contribution	281.73	208.56
Benefit paid	183.72	134.59
Acturial Gain/(Loss) on Plan Assets		
Fair Value of plan assets at the end of year	1,680.93	1,453.25
3. Reconciliation of Fair value of assets and obligations		
Present value of obligations as at the end of year	2,123.10	1,744.96
Fair value of plan assets as at the end of the year	1,680.93	1,453.25
Net Assets/(Liability) recognized in the Balance Sheet	442.17	291.71
4. Expenses Recognized in statement of Profit & Loss		
Current Service Cost	231.80	187.47
Interest Cost	139.59	117.07
Expected return on plan assets	129.67	122.91
net Acturial Gain/(Loss) recognized	(190.47)	(90.62)
Expenses Recognized in statement of Profit & Loss	432.19	272.25
5. Assumptions		
Discount Rate	8.00%	8.00%
Salary Escalation	7.00%	7.00%
Mortality table (LIC)	1994-96(Ultimate)	1994-96(Ultimate)

xx. VALUE OF STORES, SPARE PARTS & COMPONENTS CONSUMED

	Current Year	Previous Year
IMPORTED	1143.98	1241.88
	8.94%	9.89%
INDIGENOUS	11649.21	11310.75
	91.06%	90.11%
TOTAL	12793.19	12552.63

(It includes value of stores sold)

xxi. CIF VALUE OF IMPORTS	Current Year	Previous Year
Raw Material	386.29	768.09
Stores & Spares	1197.11	1319.93
Capital Goods	5048.40	1096.51

xxii. EXPENDITURE IN FOREIGN CURRENCY	Current Year	Previous Year
Travelling	75.36	35.02
Export Development Exp.	52.52	57.06
Export Commission/Rebate	1389.04	1323.98
Others	27.11	17.35

xxiii. EARNING IN FOREIGN EXCHANGE	Current Year	Previous Year
Export of Goods/Services on F.O.B. Basis	140920.57	127722.93
Discount/Rent/Interest Received/Others	60.41	62.09

NAHAR SPINNING MILLS LTD

Registered office: 373, Industrial Area – A, Ludhiana – 141003
CIN: L17115PB1980PLC004341

BALLOT FORM

(Please read the instructions before completing the Form)

Sr. No. _____

Name and Registered Address of the Sole/ First named Member :

Names of the Joint Member(s), if any :

Registered Folio No. / DP ID No. / Client ID No. :

No. of shares held :

I/We hereby exercise my/our vote(s) in respect of the following Resolutions as set out in the Notice dated August 11, 2014 of the Company by conveying my/our assent (for) or dissent (against) the said Resolutions by placing the tick mark (✓) at the appropriate box below:

Resolution No.	Description	No. of Shares	I/We assent to the Resolution (FOR)	I/We assent to the Resolution (AGAINST)
1	To receive, consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2014 and the Reports of the Board of Directors and Auditors thereon.			
2	To declare dividend on Equity Shares.			
3	To appoint a director in place of Sh. Jawahar Lal Oswal (DIN 00463866), who retires by rotation and being eligible offers himself for re-appointment.			
4	To appoint a director in place of Sh. Satish Kumar Sharma (DIN 00402712), who retires by rotation and being eligible offers himself for re-appointment.			
5	To appoint Auditors and fix their remuneration			
6	To appoint Dr. (Mrs.) Harbhajan Kaur Bal (DIN: 00008576) as an Independent Director			
7	To appoint Dr. Suresh Kumar Singla (DIN: 00403423) as an Independent Director			
8	To appoint Dr. Yash Paul Sachdeva (DIN: 02012337) as an Independent Director			
9	To appoint Dr. Amrik Singh Sohi (DIN 03575022) as an Independent Director			
10	To appoint Prof. Kanwar Sain Maini (DIN 00454686) as an Independent Director			
11	To approve Limits of Borrowing u/s 180(1)(c) of the Companies Act, 2013			
12	To provide security u/s 180(1)(a) of the Companies Act, 2013 in connection with the borrowings of the Company			
13	To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013			
14	To approve the payment of minimum remuneration to Sh. Dinesh Oswal, Managing Director, in case of inadequacy or no profits.			
15.	To authorise the Board of Directors to enter into agreements with Monte Carlo Fashions Limited, Nahar Industrial Enterprises Limited and Oswal Woollen Mills Limited for buying and selling of goods			

Signature of the Member
or
Authorised Representative

Place:

Date:

Notes :

- (i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.
- (ii) Last date for receipt of Ballot Form: 26th September, 2014 (6:00 pm).
- (iii) Please read the instructions printed overleaf carefully before exercising your vote.



INSTRUCTIONS

1. General Instructions:

- a. There will be one Ballot Form/e-voting for every Client ID No./Folio No., irrespective of the number of joint holders.
- b. Members have option to vote either through Ballot Form or through e-voting. Members can also cast their votes at the Annual General Meeting of the Company to be held on 30th September, 2014. If a member has opted for Physical Ballot, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through both physical ballot and e-voting, then vote cast through e-voting shall prevail and vote cast through Physical Ballot shall be considered as invalid.
- c. Voting in the ballot/e-voting cannot be exercised by a proxy. However, corporate and institutional members shall be entitled to vote through their authorised representatives with proof of their authorization, as stated below under instructions No. 2(c).
- d. Any query in relation to the Resolutions proposed to be passed at the ensuing AGM may be addressed to Company Secretary, at the Registered Office of the Company.
- e. The Scrutinizer's decision on the validity of a Ballot/E-voting shall be final and binding.

2. Instructions for voting physically by Ballot Form:

- a. A member desirous of exercising his/her vote by Ballot may complete this Ballot Form and send it to the Scrutinizer, Sh. P.S. Bathla, Practicing Company Secretary, SCO-6, 3rd Floor, Feroze Gandhi Market, Ludhiana – 141001.
- b. This Form must be completed and signed by the Member, as per specimen signature registered with the Company or Depository Participant, as the case may be. In case of joint holding, this Form must be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his/her absence, by the next named Member.
- c. In respect of shares held by corporate and institutional members (companies, trusts, societies, etc.), the completed Ballot Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
- d. Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Member as on cut off date.
- e. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Ballot Form. The assent or dissent received in any other form shall not be considered valid.
- f. Members are requested to fill the Ballot Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
- g. Duly completed Ballot Form should reach the Scrutinizer at P.S. Bathla & Associates, Company Secretaries, SCO-6, 3rd Floor, Feroze Gandhi Market, Ludhiana – 141001, not later than the close of working hours (6:00 p.m.) on Friday, the 26th September, 2014. All Ballot Forms received after this date will be strictly treated as if no reply has been received from the Member.
- h. A Member may request for a duplicate Ballot Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No.2(g) above.
- i. Members are requested not to send any other paper along with the Ballot Form. They are also requested not to write anything in the Ballot Form except giving their assent or dissent and putting their signature. If any such other paper is sent, the same will be destroyed by the Scrutinizer.
- j. Incomplete, unsigned or incorrectly ticked Ballot Forms will be rejected.
- k. The results of the voting on Resolution will be announced on 1st October, 2014, at 4:00 p.m. at the Registered Office of the Company. The results would be displayed for the information of the Members and also posted on the Company's website i.e. www.ownahar.com, besides communicating to the Stock Exchanges where the Company's shares are listed.

Raw Materials	
Stores & Spares	
Capital Goods	
EXPENDITURE IN FOREIGN CURRENCY	
Travelling	
Export Development Exp.	
FINANCIAL STATEMENTS	
Balance Sheet	
Profit & Loss Account	
OTHER INFORMATION	
Shareholding Pattern	
Dividend	
Others	

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NAHAR SPINNING MILLS LTD

Registered office: 373, Industrial Area – A, Ludhiana – 141003
CIN: L17115PB1980PLC004341

ATTENDANCE SLIP

Only Shareholders or the Proxies will be allowed to attend the meeting

D.P. ID*		Folio No.	
Client ID*		No. of Shares held	

Name and address of the shareholder _____

I / We hereby record my / our presence at the 34th Annual General Meeting of the Company being held on Tuesday, the 30th day of September, 2014 at 10:00 a.m. at the premises of M/s Nahar Industrial Enterprises Limited, Focal Point, Ludhiana - 141010. (Punjab) INDIA.

Signature of Shareholder(s) 1. _____ 2. _____ 3. _____

Signature of the Proxyholder _____

* Applicable for investors holding shares in electronic form.

Note: Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.

NAHAR SPINNING MILLS LTD

Registered office: 373, Industrial Area – A, Ludhiana – 141003
CIN: L17115PB1980PLC004341

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and
rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)
Registered Address
Email ID
Folio No./ Client ID
DP ID

I/We, being the member(s) of shares of the above named company, hereby appoint:

1. Name
Address
Email Id
Signatures or failing him
2. Name
Address
Email Id
Signatures or failing him
3. Name
Address
Email Id
Signatures

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as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 34th Annual General Meeting of the company, to be held on Tuesday, the 30th day of September, 2014 10:00 a.m. at the premises of M/s Nahar Industrial Enterprises Limited, Focal Point, Ludhiana and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Optional	
		For	Against
1	To receive, consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2014 and the Reports of the Board of Directors and Auditors thereon.		
2	To declare dividend on Equity Shares.		
3	To appoint a director in place of Sh. Jawahar Lal Oswal (DIN 00463866), who retires by rotation and being eligible offers himself for re-appointment.		
4	To appoint a director in place of Sh. Satish Kumar Sharma (DIN 00402712), who retires by rotation and being eligible offers himself for re-appointment.		
5	To appoint Auditors and fix their remuneration		
6	To appoint Dr. (Mrs.) Harbhajan Kaur Bal (DIN: 00008576) as an Independent Director		
7	To appoint Dr. Suresh Kumar Singla (DIN: 00403423) as an Independent Director		
8	To appoint Dr. Yash Paul Sachdeva (DIN: 02012337) as an Independent Director		
9	To appoint Dr. Amrik Singh Sohi (DIN 03575022) as an Independent Director		
10	To appoint Prof. Kanwar Sain Maini (DIN 00454686) as an Independent Director		
11	To approve Limits of Borrowing u/s 180(1)(c) of the Companies Act, 2013		
12	To provide security u/s 180(1)(a) of the Companies Act, 2013 in connection with the borrowings of the Company		
13	To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013		
14	To approve the payment of minimum remuneration to Sh. Dinesh Oswal, Managing Director, in case of inadequacy or no profits.		
15.	To authorise the Board of Directors to enter into agreements with Monte Carlo Fashions Limited, Nahar Industrial Enterprises Limited and Oswal Woollen Mills Limited for buying and selling of goods.		

Signed this day of 2014

Signature of shareholder :

Signature of Proxy holder(s) :

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 34th Annual General Meeting.
3. *It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

Affix Revenue Stamp of Rs. 1/-



Performance At A Glance

Rupees in Lacs

SR. NO.	PARTICULARS	2009-10	2010-11	2011-12	2012-13	2013-14
1	OPERATING INCOME	111049	139470	169648	196185	220420
2	EXPORTS	73117	97509	112264	129976	142799
3	OTHER INCOME	1035	1155	932	813	696
4	GROSS PROFIT (Before Interest & Dep.)	19551	29992	2111	32436	35713
5	PROFIT AFTER TAX	5349	11973	-11720	7786	14530
6	CASH ACCRUALS	15047	24770	-8900	22160	29266
7	GROSS BLOCK	137649	153382	170190	174230	191869
8	NET BLOCK	64712	74832	83754	80247	89975
9	SHARE CAPITAL (PAID UP)	1805	1805	1805	1805	1805
10	NET WORTH	55462	66597	54876	62240	76349
11	DEFERRED TAX RESERVE	5557	5680	65	4635	6185
12	DEBT EQUITY RATIO	0.65	0.65	0.87	0.69	0.60
13	CURRENT RATIO	1.44	1.35	1.13	1.23	1.30
14	BOOK VALUE PER SHARE	153.78	184.66	152.16	172.58	211.70
15	EARNING PER SHARE (BASIC)	14.83	33.20	-32.50	21.59	40.29
16	FACE VALUE (PAID UP)	Rs. 5	Rs. 5	Rs. 5	Rs. 5	Rs. 5
17	DIVIDEND	30%	40%	0%	20%	20%

Regd. Post / Courier (Printed Matter)



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