



The Nahar Group

28th
Annual Report
2011-12



NAHAR INDUSTRIAL ENTERPRISES LIMITED



BOARD OF DIRECTORS

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

PRESIDENT (CORPORATE FINANCE & ACCOUNTS)

Sh. B. Bhushan Gupta

COMPANY SECRETARY

Sh. Mukesh Sood

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

Focal Point, Ludhiana -141010

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Save Tree Save Earth

Green Initiative

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

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

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



The Journey

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

Performance at a glance

	(₹ in Lacs)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Gross sales/operating income	88372.85	100678.49	102082.19	124755.56	141196.74
Exports	3223.90	4833.06	6386.38	10316.80	13033.58
Net Profit	236.64	110.67	1947.45	3152.87	(8075.56)
Cash Accruals	9583.91	8159.34	10183.54	12188.62	(2479.14)
Gross Block	128162.56	130201.98	137462.47	147039.21	165084.74
Net Block	69615.63	65100.31	65722.58	68219.32	78992.57
Equity Share Capital	4003.40	4003.40	4003.40	4003.40	4003.42
Net Worth	52136.03	57893.50	59372.69	62318.27	53917.47
Capital Employed	121881.95	112823.98	110572.97	120430.33	120314.26
Debt Equity Ratio	0.96	0.83	0.74	0.75	1.01
Current Ratio	1.88	1.93	1.70	1.35	1.25
Book Value per share (Rs.)	130.23	144.61	148.31	155.66	135.35
Earning per share (Rs.) [Basic]	0.61	0.27	4.82	7.80	(19.99)



Notice

Notice is hereby given that the **28th Annual General Meeting** of the shareholders of the Company will be held on **Saturday, the 29th day of September, 2012 at 11.45 a.m.** at the Registered Office of the company situated at Focal Point, Ludhiana (Punjab) - 141 010 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2012, Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a director in place of Sh. Dinesh Gogna, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Sh. N.D.Jain, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Dr. (Mrs) H.K.Bal, who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint Auditors and fix their remuneration. M/s. Raj Gupta & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) Sh. Kamal Oswal, who is also the Managing Director of Cotton County Retail Limited, be and is hereby re-appointed as Managing Director of the company, not liable to retire by rotation, for a period of five years with effect from 1st February, 2013 till 31st January, 2018 on the terms and conditions as set out below:-

1. Salary - ₹ 30,00,000/- (Rupees thirty lacs only) per month.
2. Commission - 1.5% of the net profit.
3. Perquisites as mentioned below:-

a) Housing :

- i) The expenditure by the company on hiring furnished accommodation will be subject to the ceilings of 60% of the salary over and above, 10% payable by Sh. Kamal Oswal.
- ii) If the company does not provide accommodation to Sh. Kamal Oswal, he shall be entitled to House Rent Allowance @ 60% of salary.

Explanation:

The expenditure incurred by the Company on gas,

electricity, water and furnishings shall be valued as per Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of Sh. Kamal Oswal.

- b) **Medical Reimbursement** : Reimbursement of medical expenses incurred (including medical insurance premium) on self and family subject to a ceiling of one month salary in a year. However, this medical entitlement can be accumulated for the period of five years.
- c) **Leave Travel Concession** : Leave Travel Concession for self and family once in a year as per company's rules.
- d) **Personal Accident Insurance** : Personal Accident Insurance of an amount the annual premium of which shall not exceed ₹ 20,000/- per annum.
- e) **Car & Telephone** : Free use of company's car for official work as well as for personal purposes along with driver and telephone at company's cost.
- f) **Club Membership** : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- g) **Provident Fund and Gratuity** : As per company's rules.

Other perquisites which the company may provide at a later date shall be as per the rules of the company.

Note : For the purposes of perquisites stated hereinabove family means the spouse, the dependant children and dependant parents of the appointee.

"RESOLVED FURTHER THAT wherein any financial year the remuneration by way of salary, commission, perquisites and allowances etc. as payable to Sh. Kamal Oswal, Managing Director exceed the maximum permissible limits prescribed in Part-II of the Schedule-XIII to the Companies Act, 1956 the excess of such remuneration shall be paid after getting the necessary approval from the Central Government under the Companies Act, 1956."

"RESOLVED FURTHER THAT the board of directors be and is hereby authorized to vary / alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors of the company and are acceptable to Sh. Kamal Oswal, Managing Director without any further reference to the company in the general meeting so as not to exceed the limits or ceilings specified in Schedule-XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the board of directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable in order to give effect to the above resolution."

By Order of the Board of Directors

Place: Ludhiana
Date: 1st August, 2012

Mukesh Sood
Company Secretary



NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a member of the Company. Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid meeting.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the aforesaid special business is annexed hereto and forms part of the notice.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 26th September, 2012 to 29th September, 2012 (both days inclusive).
4. Members holding equity shares in physical form are requested to notify the change of their address, if any, at the earliest to the Company's Share Department or Registrar & Transfer Agent (RTA). However, members holding equity shares in dematerialized form may notify the change in their address, if any, to their respective depository participants.
5. Members are informed to send all documents and communications pertaining to equity shares to M/s. Alankit Assignments Limited, RTA Division, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110 055, the Share Transfer Agent for both physical and demat segment of equity shares. Please quote on all correspondence - Unit: Nahar Industrial Enterprises Limited.
6. Members are hereby informed that dividends, which remain unclaimed / unpaid over a period of seven years, have to be transferred by the company to the Investor Education & Protection Fund constituted by the Central Government under section 205(A) and 205(C) of the Companies Act, 1956. The unclaimed/unpaid amount of dividend for the financial year 2005-06 onwards will be transferred to the above mentioned fund from 4.10.2013 onwards.
7. Members seeking any information with regard to the accounts at the time of the meeting are requested to write to the Company at least 10 days before the date of the meeting so as to enable the management to keep the relevant information ready.

8. The members are requested to bring the copy of Annual Report along with them at the meeting.
9. Information relating to the directors proposed to be re-appointed at Sr. No. 2 to 4 of the ordinary business is given in the Corporate Governance Report.

EXPLANATORY STATEMENT

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

Item No. 6

The term of office of Sh. Kamal Oswal working as Managing Director of the company expires on 31st January, 2013. Sh. Kamal Oswal is a renowned industrialist having vast experience in the textile industry. Under his able leadership and guidance the company has achieved new milestones and further expanding. Thus he has contributed significantly to the company's growth and development. In terms of the approval of remuneration committee, the Board of Directors of the company in its meeting held on 1st August, 2012 unanimously re-appointed Sh. Kamal Oswal as Managing Director of the company w.e.f. 1st February, 2013 for a period of five years i.e. up to 31st January, 2018, subject to the approval of the shareholders on the terms and conditions mentioned at Sr. No. 6 of the Notice. Sh. Kamal Oswal is also the Managing Director of Cotton County Retail Limited.

Your directors recommend the resolution for your approval.

Sh. Jawahar Lal Oswal and Sh. Dinesh Oswal being relatives of Sh. Kamal Oswal and Sh. Kamal Oswal himself may be deemed to be concerned or interested in the said resolution. None of the remaining directors is concerned or interested in the resolution.

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

By Order of the Board of Directors

Place: Ludhiana
Date: 1st August, 2012

Mukesh Sood
Company Secretary



Directors Report

Dear Members,

Your directors have pleasure in presenting their 28th Annual Report together with audited accounts for the financial year ended 31st March, 2012 and Auditors' Report thereon.

FINANCIAL RESULTS

(₹ in Lacs)

Particulars	Current Year	Previous Year
Revenue from Operations (Gross)	141,196.74	124,755.56
Less: Excise Duty	414.40	313.48
Revenue from operations (Net)	140,782.34	124,442.08
Add: Other Income	698.55	495.32
Total Revenue	141,480.89	124,937.40
Profit before Finance Cost, Depreciation & Tax	7,265.41	22,013.61
Less:		
i) Finance Cost	9,744.55	9,824.99
ii) Depreciation	8,074.45	7,455.58
Profit / (Loss) before Tax	(10,553.59)	4,733.04
Less Tax Expense:		
i) Current Tax	1.97	933.17
ii) Deferred Tax	(2,480.00)	647.00
Profit / (Loss) for the year	(8,075.56)	3,152.87
Surplus/(Deficit) in the Statement of Profit and Loss		
Balance as per Last Balance Sheet	--	--
Add : Profit / (Loss) for the year	(8,075.56)	3,152.87
Add : Income Tax (liability) / Refund of earlier years (net)	(362.18)	257.95
Add : Transfer from Contingent Liability Reserve	--	2,935.16
Add : Transfer from FCCBs Periodic Cost Reserves	--	1,272.91
Less : Proposed Dividend on Equity Shares	--	400.34
Less : Corporate Dividend Tax	--	64.95
Less : Transfer to General Reserve	(8,437.74)	7,153.60

PERFORMANCE REVIEW

The company operates in three main business segments viz. Yarn, Fabrics and Sugar. The textile division (comprises of yarn and fabrics) accounts for 95.38% of the total turnover (including inter-segment) of the company for the year ended 31st March, 2012. Sugar and others also accounts for 4.62% of the total turnover of the company for the year ended 31st March, 2012.

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

- **Yarn:** The Company has produced 61,331 MTs of yarn as against 63,423 MTs in the previous year. The total turnover of this segment (including inter-segment) has increased to ₹ 1,218.71 crores as against ₹ 1,154.57 crores in the previous year showing an increase of 5.55%.



- **Fabrics:** The Company has produced 62,392,988 meters of fabrics (both grey and processed) as against 62,298,331 meters in the previous year. The total turnover of this segment (including inter-segment) has increased to ₹ 773.35 crores as against ₹ 658.44 crores in the previous year showing an increase of 17.45%.
- **Sugar:** The Company has produced 400,415 Qtls. of sugar as against 305,672 Qtls. in the previous year. The total turnover of this segment is ₹ 94.55 crores as against ₹ 61.35 crores in the previous year showing an increase of 54.11%.

During the year the company has achieved operational income of ₹ 1,411.97 crores as against ₹ 1,247.56 crores showing an increase of 13.18% over the previous year. The company has earned Profit before finance cost, Depreciation and tax of ₹ 72.65 crores as against ₹ 220.14 crores in the previous year. After providing for Finance Cost of ₹ 97.45 crores (previous year ₹ 98.25 crores), Depreciation of ₹ 80.74 crores (previous year ₹ 74.56 crores) and Tax Expenses of ₹ (24.78) crores (previous year ₹ 15.80 crores) the Profit/(Loss) for the year comes to ₹ (80.76) crores as against ₹ 31.53 crores in the previous year.

The textile Industry has witnessed FY 2011-12 a struggling and challenging year. The Cotton being a seasonal crop is purchased by the companies for its requirement in the Cotton season. There was sudden crash in the prices of raw cotton from ₹ 63,000/- per candy in September 2010 to ₹ 34,000/- per candy in June 2011. There was sharp reduction in yarn prices and sluggish demand of textile products in both domestic and exports markets. The mounting pressure of piling up of finished goods at Mills level pushed the companies to sell its products at cheaper prices which in turn affected the Company's financial performance. However, it was only in the second half of the year when things showed some sign of stabilization.

The cotton prices are expected to be less volatile than last year & it is expected that company will improve its performance in the current year. Your Management is putting whole heartedly all its efforts in cost reduction, quality management, better product mix etc. so as to improve the efficiencies which in turn will help the company in meeting the challenges ahead. Besides your Management also expect that the Government through its policies will take some urgent initiatives so that the textile industry could survive in the challenging period.

DIVIDEND

Due to loss suffered by the company, your directors express their inability to recommend dividend for the financial year ended on 31st March, 2012.

CREDIT RATING

The rating committee of ICRA Limited has revised the long term rating from "LBBB+" (pronounced L triple B plus) to [ICRA]BBB (pronounced ICRA triple B). The outlook on the long term rating has been revised from positive to stable. The rating committee of ICRA has revised the short term rating from A2+ (pronounced A two plus) to [ICRA]A2 (pronounced ICRA A two).

FORFEITURE OF SHARES

During the year the Board of Directors of the Company had forfeited 560,724 equity shares of ₹ 10/- each pursuant to the Articles of Association of the Company on account of non-payment of amount due on allotment money from the concerned shareholders. The company has also cancelled all such shares after forfeiture.

GREEN INITIATIVE

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

PUBLIC DEPOSITS

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

DIRECTORS

Sh. Dinesh Gogna, Sh. N.D.Jain and Dr. (Mrs) H.K.Bal, Directors of the Company shall retire by rotation and being eligible offer themselves for re-appointment.



AUDIT COMMITTEE

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

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of your Company state:

- a) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits/losses of the Company for that period.
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the directors had prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT

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

COST AUDITORS

M/s. Ramanath Iyer and Co., Cost Accountants, New Delhi have been appointed as Cost Auditor for the year 2012-13

and their reports will be submitted to Government of India, Ministry of Corporate Affairs, Cost Audit Branch in accordance with the requirements of law.

LISTING

The equity shares of the company are listed on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The company has already paid listing fee for the financial year 2012-13 to both Stock Exchanges.

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

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

PARTICULARS OF EMPLOYEES

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

CORPORATE GOVERNANCE REPORT

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

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place: Ludhiana
Date: 1st August, 2012

JAWAHAR LAL OSWAL
Chairman



ANNEXURE - I TO DIRECTORS' REPORT

Information as per section 217(l)(e) read with Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2012

1. CONSERVATION OF ENERGY:

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

a) Measures taken for conservation of energy:

- i) Use of high efficiency motors and energy saving devices.
- ii) Technical up-gradation and modernization of various machines.
- iii) Organized training programmes on different aspect of energy conservation.
- iv) Company has installed Biomass/multifuel Co-generation power plant at Lalru & Amloh, Punjab which enable the company to produce electricity at lower rate.
- v) Re-arrangement of distribution system to avoid system load.

b) Impact of measures consequent to (a) above: The above mentioned measures have resulted in energy saving and subsequent reduction in energy cost and there by reduction in cost of production.

c) Total energy consumption and energy consumption per unit of production is given below in Form A.

FORM A

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

A) POWER & FUEL CONSUMPTION :

	CURRENT YEAR	PREVIOUS YEAR
1. Electricity		
a) Purchased (Units KWH)	203,548,546	200,867,998
Total amount (₹ in '000)	1,016,193	854,938
Rate per unit (₹)	4.99	4.26
b) Own generation		
i) Through Diesel generation		
Units produced (KWH)	706,221	3,355,943
Total amount (₹ in '000)	6,575	24,909
Rate per unit (₹)	9.31	7.42
ii) Through Steam Turbine		
Units produced (KWH)	179,495,168	83,992,515
2. a) Coal		
Quantity (Kgs.)	81,735,989	110,275,175
Total amount (₹ in '000)	395,574	407,088
Rate per unit (₹)	4.84	3.69
b) Rice Husk		
Quantity (Kgs.)	80,059,841	79,777,103
Total amount (₹ in '000)	288,626	193,441
Rate per unit (₹)	3.61	2.42
c) Furnace Oil/HSD/others		
Quantity (Ltrs.)	97,998	220,593
Total amount (₹ in '000)	2,652	6,672
Rate per unit (₹)	27.06	30.25

d) Fire wood/Others

Quantity (Kgs.)	2,304,804	991,717
Total amount (₹ in '000)	3,676	3,675
Rate per unit (₹)	1.60	3.71
Total (₹ in '000)	1,713,296	1,490,723

B) CONSUMPTION PER UNIT OF PRODUCTION :

Electricity		
Yarn (per Kgs.)	3.50	3.22
Fabrics (per Mtrs.)	1.00	1.15
Sugar (per Qtls.)	49.14	40.10

2. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption are given below in Form B

FORM B

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

A RESEARCH & DEVELOPMENT (R & D) :

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

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

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

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

iii) Future Plans:

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

(₹ In Lacs)

Current Year Previous Year

iv) Expenditure on R & D

a) Capital	39.10	1.39
b) Recurring	11.28	53.02
Total	50.38	54.41

B TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

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

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

ii) Benefit derived as a result of above efforts:

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

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

3 FOREIGN EXCHANGE EARNING & OUTGO :

- a) Export have continued to be a major thrust area for the company. New Markets are being explored. The company exported cotton yarn and fabrics to various countries like Hongkong, South Korea, Australia, Mauritius, Bangladesh, Egypt, China, Sri Lanka, Brazil, Indonesia etc.
- b) Total Foreign Exchange Earnings & Outgo :

	Current Year	Previous Year
Earnings	12,640.23	9,077.79
Outgo	9,513.15	6,230.55



ANNEXURE -II TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

A. Company's Philosophy on Corporate Governance

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

B. Board of Directors

1. As on 31st March, 2012 the Board of the Company consist of ten directors. The Board at NIEL has an optimum combination of Executive, Non-Executive and Independent Directors. Sh Jawahar Lal Oswal is non-executive chairman and the composition of the Board is in conformity with the clause 49 of Listing Agreement.
2. The Board met 5 (five) times during the period April, 2011 to March, 2012 on - 30.05.2011, 12.08.2011, 14.11.2011, 14.02.2012 & 29.03.2012 with a clearly defined agenda. The maximum time gap between any two board meetings was less than four months.
3. **Information relating to directors:**

The details relating to composition and categories of directors on the Board, their attendance at the Board Meeting during the year and at the last Annual General Meeting, Number of Directorship, Committee Membership and Chairmanship/Chairpersonship held by them in other public limited companies incorporated in India, as on 31.03.2012 are presented below:

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



4. Shareholding of Non Executive/Independent Directors

Sr. No.	Name of the Directors	No. of Shares held
1.	Sh. Dinesh Oswal	30
2.	Sh. Dinesh Gogna	106
3.	Sh. ND Jain	185
4.	Dr. O P Sahni	50

5. Remuneration to Directors:

The details of remuneration paid/payable to the Directors for the financial year 2011-12 are given below:

Name of the Directors'	Sitting Fee (₹)	Salary Allowance & Perquisites (₹)	Performance Incentive	Commission (₹)	Total (₹)
Sh. Jawahar Lal Oswal	5,000/-	Nil	Nil	Nil	5,000/-
Sh. Kamal Oswal	Nil	2,688,000/-	Nil	Nil	2,688,000/-
Sh. Dinesh Oswal	25,000/-	Nil	Nil	Nil	25,000/-
Sh. Dinesh Gogna	25,000/-	Nil	Nil	Nil	25,000/-
Sh. ND Jain	25,000/-	Nil	Nil	Nil	25,000/-
Dr. O P Sahni	20,000/-	Nil	Nil	Nil	20,000/-
Dr. (Mrs.) H K Bal	25,000/-	Nil	Nil	Nil	25,000/-
Prof. K S Maini	25,000/-	Nil	Nil	Nil	25,000/-
Dr. Yash Paul Sachdeva	25,000/-	Nil	Nil	Nil	25,000/-
Dr. Amrik Singh Sohi	20,000/-	Nil	Nil	Nil	20,000/-

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

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

The Managing Director receive salary, allowances, perquisites and commission, while all non executive directors receive sitting fee for attending the Board Meeting. There has been no materially pecuniary relationship or transaction between the Company and its Directors in the financial year under review.

7. Information to the Board

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

8. Code of Conduct

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

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management an affirmation that they have complied with the Code of Conduct in Financial Year 2011-12.

Place : Ludhiana
Dated : 1st August 2012

Kamal Oswal
Vice Chairman cum Managing Director



C. Board Level Committees

NIEL has three Board Committees - Audit Committee, Remuneration Committee and Shareholder's Grievance Committee besides Share Transfer Committee. Details regarding role and composition of the Board Committees, including the number of meetings held during the financial year 2011-12 and attendance of the members thereat are provided below:

i) Audit Committee

An Audit Committee of Directors was constituted to exercise its powers and discharge functions as stipulated in Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement. The committee consists of three non executive Directors namely Sh. Dinesh Gogna, Dr. O.P. Sahni & Dr. (Mrs.) H K Bal. Dr. O P Sahni, Independent non executive director is the Chairman of the Committee. President, (Corporate Finance & Accounts) and Auditors are invitees to the committee. Mr. Mukesh Sood, Company Secretary acts as the Secretary to the Audit Committee. The Committee met 4 (four) times during the period April 2011 to March, 2012 i.e. 30.05.2011, 12.08.2011, 14.11.2011 & 14.02.2012 and the attendance of each member is as under:

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

ii) Remuneration Committee

The remuneration Committee of the Directors deals with remuneration package of directors. It recommends to the Board the compensation terms of executive directors. The Committee consists of three independent non executive directors namely Prof. K S Maini as Chairman, Dr. O P Sahni and Dr. (Mrs.) H K Bal as members. The Committee met on 12.08.2011 in the Financial year 2011-12 and all the members were present in the meeting.

iii) Shareholders/Investor's Grievance Committee

Shareholder's Grievance Committee reviews redressal of shareholders and investors complaints like non receipt of dividend on shares, non receipt of shares whether in demat or physical form, non receipt of annual report etc., besides complaints received from SEBI, Stock Exchanges, Courts and various investor forums. The Committee also oversees the performance of Registrar and Transfer Agent. The shareholders grievance committee consists of three non-executive directors namely Sh. Dinesh Gogna, Prof. K S Maini and Dr. O P Sahni. Mr. Mukesh Sood, Company Secretary, is the compliance officer of the Company. The Committee met 4 (four) times during the period April 2011 to March, 2012 i.e. 30.05.2011, 12.08.2011, 14.11.2011 & 14.02.2012 in the financial year 2011-12 and the attendance of each member is as under:

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

Status of Shareholder's queries/grievance

Nature of Complaints	Pending at the beginning of the year	Received and redressed during the year	Pending at the end of the year
Non Receipt of Dividend on shares	Nil	23	Nil
Non Receipt of Shares whether in demat or physical form	Nil	79	Nil
Non Receipt of Annual Reports etc.	Nil	3	Nil
Total		105	



D. Management

i) Management discussion and analysis report

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

ii) Disclosure by Management to the Board

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

E. Disclosures

i) Details of related party transactions

As required by the accounting standard AS-18 the details of related party transactions are given in Note No. 37 of the Notes to Financial Statement.

ii) Disclosure of accounting treatment in preparation of financial statements

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

iii) Risk Management

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

iv) Details of non compliance by the Company

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

v) Compliance with clause 49

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

F. Shareholders

Disclosure regarding appointment/re-appointment of directors

In terms of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Sh. Dinesh Gogna, Sh. N.D.Jain and Dr. (Mrs) H.K.Bal, Directors of the Company shall retire at the forthcoming Annual General Meeting of the Company, and being eligible offer themselves for re-appointment. Information pursuant to Corporate Governance clause of the Listing Agreement regarding Directors' seeking re-appointment is appended below:-

Sh. Dinesh Gogna

Sh. Dinesh Gogna, aged 59 years, is a Director of the Company having more than 34 years of experience in Corporate Finance and Taxation. He is Executive Director of Oswal Woollen Mills Limited and Director of Nahar Industrial Enterprises Limited, Nahar Spinning Mills Ltd., Nahar Poly Films Ltd., Nahar Capital & Financial Services Ltd., Oswal Leasing Limited, Ginnar Investment Ltd., Monte Carlo Fashion Limited, Cotton County Retail Ltd. and Crown Star Ltd. (UK). He is member of Audit Committee of Oswal Woollen Mills Ltd., Nahar Industrial Enterprises Limited, Nahar Spinning Mills Ltd., Nahar Poly Films Ltd. and Member of Remuneration Committee of Cotton County Retail Limited. He is also chairman of Shareholder's Grievance Committee of Nahar Industrial Enterprises Ltd.

Sh. N D Jain

Sh. N D Jain, aged 64 years, having more than 38 years of experience in general management, custom and excise. He is Director of Nahar Industrial Enterprises Limited, Nahar Industrial Infrastructure Corpn. Limited, South Asian Stocks Ltd. & Curium Technology Pvt. Ltd.

Dr. (Mrs.) H K Bal

Dr. (Mrs.) H K Bal, aged 73 years, is a retired educationist having more than 30 years of experience as an academician and in general management. She is Director of Nahar Industrial Enterprises Limited, Oswal Woollen Mills Limited, Nahar Spinning Mills Ltd., Nahar Poly Films Limited, Nahar Capital & Financial Services Ltd. & Sportking India Ltd. She is member of Audit Committee of Nahar Industrial Enterprises Limited, Sportking India Ltd., Remuneration Committee of Nahar Industrial Enterprises Limited, Nahar Spinning Mills Ltd., Nahar Poly Films Ltd. Oswal Woollen Mills Ltd., Nahar Capital & Financial Services Ltd. & Sportking India Ltd. and Chairperson of Shareholder's Grievance Committee of Nahar Spinning Mills Ltd. & Nahar Poly Films Ltd.

G. Means of Communication

The Company's quarterly results are approved and taken on record by the Board within the prescribed time and sent immediately to BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). These results are published in



leading newspapers i.e. Business Standard / Financial Express (English) and Desh Sewak / Punjabi Jagran (Punjabi). These results are also posted on the Company's website at: www.ownahar.in.

H. Website

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

I. General Body Meetings

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

Financial Year	Location	Date	Time	No. of Special Resolutions
2008-09	Registered Office	30.09.2009	11.30 A.M.	--
2009-10	Registered Office	30.09.2010	11.30 A.M.	--
2010-11	Registered Office	20.09.2011	11.30 A.M.	--

J. General Shareholder Information

- | | |
|--|--|
| <p>1. Annual General Meeting
Day, Date, Time and Venue</p> | <p>Saturday, 29th September, 2012 at 11.45 A.M. at the Registered Office at Focal Point, Ludhiana - 141010 (Punjab)</p> |
| <p>2. Financial Year
Financial Results for the financial year 2012-13 will be announced tentatively in July-August, 2012
October-November, 2012
January-February, 2013
April-May, 2013</p> | <p>April to March</p> <p>First Quarter Results
Second Quarter Results
Third Quarter Results
Fourth quarter & Annual audited results.</p> |
| <p>3. Book Closure</p> | <p>26th September, 2012 to 29th September, 2012 (both days inclusive).</p> |
| <p>4. Dividend

Unclaimed/Unpaid Dividend</p> | <p>No dividend has been recommended by the Board of Directors of the Company for the financial year 2011-12.</p> <p>The Company had paid dividend @ 10% on equity shares of the Company for the financial year 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11. Members who have not claimed the dividend for the aforesaid periods may approach to the Share Department of the Company.</p> |
| <p>5. Listing on Stock Exchange</p> | <p>Unpaid/unclaimed dividend for aforesaid financial years is due to transfer to the Investor Education and Protection Fund after the expiry of seven years i.e. year 2013 onwards.</p> <p>The equity shares of the Company are listed on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE)</p> |
| <p>6. Stock Code</p> | <p>BSE - 519136, NSE - NAHARINDUS, ISIN-INE289A01011</p> |



7. Distribution of Shareholding as on 31.03.2012

No. of Shares held	No. of Shareholders	% shareholders	Aggregate Shares held	% of Shareholding
1-500	86600	98.18	5533426	13.89
501-1000	956	1.08	680036	1.71
1001-2000	318	0.36	463647	1.16
2001-3000	121	0.14	300008	0.75
3001-4000	47	0.05	166506	0.42
4001-5000	26	0.03	122139	0.31
5001-10000	55	0.06	390823	0.98
10001 & above	85	0.10	32178556	80.78
Total	88208	100.00	39835141	100.00

8. Shareholding Pattern as on 31.03.2012

Shares held by	No. of Shares	% of shareholding
Promoters	25591243	64.24
Mutual Funds & UTI	18552	0.05
Bank & Financial Institutions	9635	0.02
Foreign Holding (FIL's, NRIs, OCBs)	333151	0.84
Private Bodies Corporate (Others)	1568717	3.94
Indian Public	12313843	30.91
Total	39835141	100.00

9. Dematerialisation of Shares

As on 31.03.2012, 90.63% of equity share capital is held in dematerialized form under ISIN-INE289A01011.

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

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

11. Stock Market Data :

Month	NSE		BSE	
	High	Low	High	Low
April-2011	71.40	55.00	69.30	59.00
May-2011	63.90	51.50	65.50	51.10
June-2011	61.00	48.30	59.00	48.20
July-2011	54.65	46.65	57.10	50.40
August-2011	52.05	38.35	52.00	38.70
September-2011	50.90	40.25	52.80	40.75
October-2011	45.45	36.60	46.85	39.25
November-2011	46.00	32.20	46.45	30.05
December-2011	39.90	27.00	43.15	28.05
January-2012	39.50	32.00	41.20	32.00
February-2012	43.10	35.20	45.75	35.25
March-2012	38.75	30.30	39.85	30.05

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



12. Investor Correspondence

Investor correspondence should be addressed to:

Share Transfer Agent

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

Company Secretary

Nahar Industrial Enterprises Ltd.
Regd. Office: Focal Point, Ludhiana - 141010
Phone : 0161-2672590-591
Fax No.: 0161-2674072
Email : msood@owmnaahar.com

13. Share Transfer System

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

14. Plant Locations

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



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

To,

**The Members of
Nahar Industrial Enterprises Limited**

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

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

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

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

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

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

Place : Ludhiana
Dated : 1st August, 2012

R K Gupta
Partner
M. No. 017039



Management discussion and Analysis Report

Industry Structure/Development

Indian textiles and apparel Industry has a significant presence in the economic life of the country. It plays a pivotal role in contribution to industrial output, export earnings and employment generation. The Indian textiles industry is extremely varied, with the hand-spun and hand woven sector at one end and capital intensive, sophisticated mill sector at the other. The de-centralized power loom/hosiery knitting sectors form the largest section of the textiles industry. Indian textile industry has the capacity to produce a diverse range of products suitable to the different market segments, catering both domestic and export markets.

The Textile industry's growth started galloping after the opening of the sector through liberalization policies as initiated by the Government of India. In a short span, Textile industry successfully made its place in the World as the second largest producer of Textile and Garments after China. To attain this position, Central Government initiated several policies. Besides easy availability of raw cotton coupled with cheap labour acted as catalyst for the growth of the Industry. Taking full advantage of these measures, the industry modernized as well as expanded its capacities so as to become a global player and achieve economies of scale which in turn helped the industry to achieve competitive edge in terms of cost as well as quality.

We would also like to share with you that last year has been the worst year for the textile industry. Though the fact regarding the recession through out the World was the common knowledge for every one but the effect of the same to the respective industries was known to the respective Sectors only. The development in the last year to major economies globally was not encouraging. The lingering Euro Zone crisis and less than expected demand

recovery in US are resulting in an uncertain economic environment. The U.S. and Europe are showing signs of economic strain. China is showing signs of slowdown. Everywhere, there is concern and a feeling of economic stress. The global economy is struggling for revival of growth. In India, we are plugged into the global scenario. Further, there are issues of currency depreciation and inflation. Turbulent global economic conditions, falling value of rupee, rising inflation coupled with weak industrial sector have emerged challenges for Indian economy. The Indian economy's growth declined to 6.9 percent in FY 2012 while it grew consistently by 8.3% in fiscal year (FY10) and 8.5% in (FY11).

For Indian textile Industry, year 2011-12 was one of the most struggling and challenging year. Record-high cotton and yarn prices seen during 2010-11. In order to check the rise in cotton yarn prices, the Indian Government in January 2011 has fixed cap on cotton yarn to be exported in FY2011-12. In the first week of April, 2011 The Government announced its new policy on export of Cotton Yarn and Yarn export was brought under Open General License. When exports were allowed from April 2011, the accumulated stock caused a crash of cotton yarn prices in the global and domestic markets. The mounting pressure of piling up of finished goods at Mills level pushed the companies to sell its products at cheaper prices which in turn affected the Company's financial performance.

In addition, the hike in excise duty on all branded apparels resulted in apparel prices pushed further. This had an adverse impact on consumer sentiments, thereby impacting demand. Also, the shortfall in global demand attributed by tough economic conditions in developed countries has not been compensated by surge in domestic demand in emerging economies. There was overall slowdown in textile demand & consumption both in the



domestic and export markets, resulted in sluggish growth for all types of textile products. However, in the later second half things showed some signs of stabilization.

Management perception of Risk/concern/threat

With the abolition of the WTO quotas, it was expected that the Indian textile industry would garner a huge share of the global textile business and challenge the Chinese domination. But things have not taken shape as expected. It still remains fragmented. Although some corporate have made great strides on the global stage, economies of scale are yet to reach levels of Chinese manufacturers. Countries such as Bangladesh have overtaken India in terms of global market share. Bangladesh also have duty-free access to many European countries through EU-Generalized System of Preferences for being least developed countries; this makes their products more cost competitive. Newer entrants like Myanmar and Vietnam are finding more investments than India.

Cotton prices which have been highly volatile are of major concern for textile manufacturers. Apart from rising cost of raw material, the textile and apparel industry is facing upward cost pressure from other parameters as well. Major cost components like power has been increasing significantly and contributing to overall increase in production costs. Non-availability of skilled manpower is also one of the issue faced by the textile industry.

The management is making all efforts to meet the prevailing challenges by focusing its efforts on further reduction of cost and by improving operational efficiencies to reduce the cost pressure. The Company keeps reviewing its strategy in the light of changes.

Outlook

The Indian textile industry is passing through an adverse phase although the future would be more optimistic if input

costs, including the cost of raw material and interest, could remain generally stable. Global trade is shifting in favour of sourcing from low cost Asian Countries; India is expected to get benefit out of this. New consumption markets like Brazil, south Africa, and Turkey are also expected to create huge export opportunities for India. At the same time, increasing manufacturing cost of china will force some of the manufacturing to shift to other countries including India. Overall the year is expected to be more stable due to expectation that cotton will be much less volatile than last year. India's domestic demand shall be the driver of growth for Indian textile & apparel industry. Growth of the industry will move around the recovery in the global economy.

Thus although opportunities for the Indian textile industries at the global level is huge, we need to get our act together to make our presence felt on the global stage.

Sugar Industry Overview

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

Government has constituted an expert committee in January 2012 under the chairmanship of Dr C Rangarajan for sugar sector reforms. Indian Sugar Mills Association and the Regional Associations have given their representations urging upon levy sugar abolition, dismantling release mechanism and abolition of mandatory jute packing. Above all, it has underpinned the economic rationale and global models to have in place a long term cane pricing formula devoid of political intervention, with due linkage to realization from sugar and its by-products.



Better cane prices fetched by farmers in last couple of years, encouraging to plant more sugarcane leading to higher sugar production making the Country a net of exporter of Sugar. The annual domestic demand of sweetener is expected at 22 Million Ton (MT) which leaves a surplus of 2 to 3 MT on an average. The government has decided to remove quantitative restrictions on exports.

Sugar is a cyclical industry, marked by 3-5 years of a production up cycle and 2-3 years of a down cycle. The industry down cycle usually starts with oversupply implying lower sugar prices, leading to lower profitability for millers, farmer switch to alternative crops, lower sugarcane harvest and lower sugar production. This down cycle lasts for 2-3 years. A sudden drop in sugar production leads to higher sugar prices leading to better mill profitability, higher sugarcane prices, increased planting, higher sugar production and lower sugar prices.

Indian sugar consumption is set to rise in 2012-13 to 26.5 MT on improved domestic supplies and strong demand from bulk consumers. Growing population (about 1.8 percent per annum) would also support growth in sugar consumption. Bulk consumers such as soft drink manufacturers, bakeries, confectionary, hotel and restaurant consumers account for 60 percent of milled sugar demand. With a boost in capacity generation and de-control in the sugar industry, we believe that the country is poised for phenomenal growth.

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

Segment wise/Financial/Operational performance

The Company operates in three main business segments i.e Yarn, Fabrics Sugar. Please refer Director's Report on the performance review.

Internal Control System and their adequacy

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

Material development in human resources/industrial relation front

The Company is of firm belief that the human resources are the driving force that propels a company towards progress and success and the Company is committed to the development of its people. The total permanent employees strength was 9761 as on 31.03.2012. The industrial relations were cordial and satisfactory.

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

Cautionary statement

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

For and on behalf of the Board of Directors

Place: Ludhiana
Dated: 1st August, 2012

JAWAHAR LAL OSWAL
Chairman



Auditors' Report

To the Members of

Nahar Industrial Enterprises Limited

1. We have audited the attached Balance Sheet of **Nahar Industrial Enterprises Limited**, ("the company") as at 31st March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) (Amendment) Order, 2004 ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books;

- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the Loss of the company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

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

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

Place : Ludhiana
Dated : 30th May, 2012



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

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



and cess have generally been deposited by the company in time with the appropriate authorities. Based on our examination of the records of the company and information and explanations given to us, there were no arrears of undisputed statutory dues due as on 31st March 2012 that remained payable for more than six months from the date they became payable.

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

Name of the Statute	Nature of the dues	Amount (₹ In lacs)	Forum where dispute is pending
Tamil Nadu General Sales Tax Act, 1956	Sales Tax Demand	62.72	Tamil Nadu Taxation Special Tribunal
Punjab VAT Act, 2005	Sales Tax Demand	57.74	Sales Tax Tribunal, Chandigarh
The Central Excise Act, 1944	Excise Duty Demand	684.00	Commissioner Appeals Chandigarh
	Excise Duty Demand	30.33	Commissioner Appeals Ludhiana
	Excise Duty Demand	47.54	Commissioner Appeals, Jaipur
Finance Act, 1994	Excise Duty Demand	13.39	Joint Commissioner, Jaipur
	Service Tax Demand	10.09	Commissioner Appeals, Ludhiana
	Service Tax Demand	9.27	Punjab & Haryana High Court, Chandigarh.
	Service Tax Demand	33.74	Joint Commissioner, Jaipur
	Service Tax Demand	22.32	Commissioner Appeals, Chandigarh

- (x) The company does not have accumulated losses at the end of the financial year. The company has incurred cash losses during the financial year covered by the audit. The company did not incur cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not

defaulted in repayment of dues to a financial institution or banks or debenture holders.

- (xii) As explained to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the order are not applicable to the company.
- (xiii) The company is not a Chit Fund or a Nidhi, Mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the company.
- (xiv) Based on the information and explanations given to us and the records of the company examined by us, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the order are not applicable to the company.
- (xv) Based on our examination of the records of the company and information and explanations given to us, the company has given a guarantee of ₹ 11.95 crores for loans taken by Cotton County Retail Ltd from banks. In our opinion, the terms and conditions of the said guarantee are not prime facie prejudicial to the interests of the company.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which the loans were obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential



allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

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

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

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

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

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

Place : Ludhiana
Dated : 30th May, 2012



BALANCE SHEET AS AT 31st MARCH, 2012

PARTICULARS	NOTE NO.	As At		As At
		31st March, 2012 (₹ In '000)	31st March, 2011 (₹ In '000)	31st March, 2011 (₹ In '000)
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2	400,342	400,340	
Reserves and Surplus	3	4,991,405	5,391,747	5,831,490
Non-Current Liabilities				
Long Term Borrowings	4	5,448,254	4,660,042	
Deferred Tax Liability (net)	5	62,776	310,776	
Other Long Term Liabilities	6	245,990	73,698	
Long Term Provisions	7	9,942	5,766,962	--
Current Liabilities				
Short Term Borrowings	8	4,443,514	5,972,837	
Trade Payables	9	771,388	826,228	
Other Current Liabilities	10	1,360,985	1,109,126	
Short Term Provisions	11	62,792	6,638,679	94,473
TOTAL			17,797,388	19,279,010
ASSETS				
Non-Current Assets				
Fixed Assets				
Tangible Assets	12	6,554,717	6,438,121	
Capital Work-in-Progress		1,344,540	383,811	
Non-Current Investments	13	1,408,600	1,408,600	
Long Term Loans and Advances	14	189,802	221,218	
Other Non-Current Assets	15	--	9,497,659	3
Current Assets				
Inventories	16	5,291,123	7,307,568	
Trade Receivables	17	1,557,912	1,745,439	
Cash and Cash Equivalents	18	29,257	23,588	
Short Term Loans and Advances	19	660,797	917,736	
Other Current Assets	20	760,640	8,299,729	832,926
TOTAL			17,797,388	19,279,010
Notes Forming Part of the Financial Statements	1 to 40			

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,

Chartered Accountants

FRN : 000203N

R.K.Gupta

Partner

M.No. : 017039

Place : Ludhiana

Dated : 30th May, 2012

Mukesh Sood

Company Secretary

B.Bhushan Gupta

President (Corporate

Finance & Accounts)

Dinesh Gogna

Director

Kamal Oswal

Vice Chairman Cum-

Managing Director

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

PARTICULARS	NOTE NO.	As At 31st March, 2012 (₹ In '000)	As At 31st March, 2011 (₹ In '000)
INCOME			
Revenue from Operations (gross)	21	14,119,674	12,475,556
Less: Excise Duty		41,440	31,348
Revenue from Operations (net)		14,078,234	12,444,208
Other Income	22	69,855	49,532
Total Revenue		14,148,089	12,493,740
EXPENSES			
Cost of Material Consumed	23	9,165,716	7,251,609
Purchases of Stock-in-Trade	24	360,176	149,958
Changes in Inventories of Finished Goods, Work-in Progress and Stock-in-Trade	25	(348,878)	(1,058,465)
Employee Benefits Expense	26	958,219	823,608
Finance Costs	27	974,455	982,499
Depreciation	12	807,445	745,558
Other Expenses	28	3,286,315	3,125,669
Total Expenses		15,203,448	12,020,436
Profit / (Loss) Before Tax		(1,055,359)	473,304
Tax Expenses			
- Current Tax		197	93,317
- Deferred Tax		(248,000)	64,700
Profit / (Loss) for the Year		(807,556)	315,287
Basic and diluted earnings per equity share (Face value of equity share ₹ 10 each)	34	(19.99)	7.80

Notes Forming Part of the Financial Statements**1 to 40**

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,

Chartered Accountants

FRN : 000203N

R.K.Gupta

Partner

M.No. : 017039

Place : Ludhiana

Dated : 30th May, 2012**Mukesh Sood**

Company Secretary

B.Bhushan Gupta

President (Corporate

Finance & Accounts)

Dinesh Gogna

Director

Kamal Oswal

Vice Chairman Cum-

Managing Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

PARTICULARS	2011-12 (₹ In '000)	2010-11 (₹ In '000)
(A) Cash Flow from Operating Activities		
Net Profit / (Loss) before Tax	(1,055,359)	473,304
Adjustment for :		
Depreciation	807,445	745,558
Sundry balances written (back) / off (Net)	(8,559)	40,912
(Profit)/Loss on sale/discard of Fixed Assets(Net)	(18,448)	(18,747)
(Profit)/Loss on sale of investment	--	(1,189)
Diminution in value of investment	--	1,397
Dividend Received	(7,203)	(6,027)
Interest Income	(18,117)	(12,415)
Interest Expense	958,201	538,017
Operating Profit before Working Capital Changes	657,960	1,760,810
Adjustment for :		
Trade & other receivable	502,640	(931,093)
Inventories	2,016,445	(2,689,457)
Trade Payables	176,148	479,942
Cash Generated from operations	3,353,193	(1,379,798)
Direct Taxes Paid	1,474	(89,999)
Net Cash from/(used in) Operating Activities	3,354,667	(1,469,797)
(B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,888,337)	(1,038,298)
Sale of Fixed Assets	22,166	49,794
Sale of investments	--	2,870
Interest Received	18,117	12,415
Dividend Received	7,203	6,027
Net cash used in Investing Activities	(1,840,851)	(967,192)
(C) Cash Flow from Financing Activities		
Increase in Share Capital	2	--
Unpaid Securities Premium received	22	--
Redemption of FCCBs/Borrowings-others	--	(440,283)
Interest paid	(958,201)	(537,121)
Dividend paid	(38,184)	(38,289)
Corporate dividend tax	(6,649)	(6,649)
Proceeds from Long Term Borrowings (Net)	1,024,186	1,065,867
Changes in Working Capital Borrowings	(1,529,323)	2,396,374
Net Cash from / (used in) Financing Activities	(1,508,147)	2,439,899
Net Change in Cash & Cash Equivalents (A+B+C)	5,669	2,910
Opening Cash & Cash Equivalents	23,588	20,678
Closing Cash & Cash Equivalents	29,257	23,588

Notes :

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

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,

Chartered Accountants
FRN : 000203N

R.K.Gupta

Partner

M.No. : 017039

Place : Ludhiana

Dated : 30th May, 2012

Mukesh Sood

Company Secretary

B.Bhushan Gupta

President (Corporate

Finance & Accounts)

Dinesh Gogna

Director

Kamal Oswal

Vice Chairman Cum-

Managing Director

**Notes to Financial Statements for the year ended 31st March, 2012****1. SIGNIFICANT ACCOUNTING POLICIES****a) Accounting Convention:**

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

b) Fixed Assets:

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

c) Depreciation:

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

d) Impairment of Assets:

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

e) Revenue Recognition:

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

f) Inventories:

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

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

g) Investments:

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

**Notes to Financial Statements for the year ended 31st March, 2012****h) Foreign Exchange Transactions:**

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

i) Accounting for taxes on Income:

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

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

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

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

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

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

Defined benefit plans:**Gratuity:**

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

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

k) Contingent Liabilities:

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

l) Miscellaneous Expenditure to the extent not written off:

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



Notes to Financial Statements for the year ended 31st March, 2012

PARTICULARS	As At		As At	
	31st March, 2012 (₹ In '000)		31st March, 2011 (₹ In '000)	
2. Share Capital				
Authorized:				
65,000,000 Equity Shares of ₹ 10/- each (Previous Year 65,000,000)		650,000		650,000
Total		650,000		650,000
Issued, Subscribed and Fully Paid up :				
39,835,141 Equity Shares of ₹ 10 each (Previous Year 39,834,841)	398,351		398,349	
Issued, Subscribed and Partly Paid up :				
Nil Equity Shares of ₹ 10 each (Previous Year 561,024)	--		5,610	
Less: Allotment Money in arrear - by others	--		3,619	
Add: Share Forfeited Account (Amount originally paid up)	1,991	400,342	--	400,340
Total		400,342		400,340
		As At		As At
		31st March, 2012		31st March, 2011
a. Reconciliation of the number of equity shares outstanding :				
At the beginning of the period		40,395,865		40,395,865
Less : Shares Forfeited		560,724		--
Outstanding at the end of period		39,835,141		40,395,865
b. Terms/rights attached to equity shares :				
The company has only one class of Equity Shares having Face value of ₹ 10/- each. Each holder of equity share is entitled to only one vote per share.				
c. Detail of Shareholders holding more than 5% shares :				
		As At		As At
		31st March, 2012		31st March, 2011
Shareholders	Number	% of holding	Number	% of holding
Nahar Capital & Financial Services Ltd.	9,336,745	23.44	9,336,745	23.11
JL Growth Fund Ltd.	3,421,836	8.59	3,421,836	8.47
Nahar Poly Films Ltd.	2,708,800	6.80	2,708,800	6.71
Vardhman Investments Ltd.	2,277,955	5.72	2,277,955	5.64
Ashish Dhawan	2,590,124	6.50	2,590,124	6.41



Notes to Financial Statements for the year ended 31st March, 2012

PARTICULARS	As At 31st March, 2012 (₹ In '000)	As At 31st March, 2011 (₹ In '000)
3. Reserves and Surplus		
Capital Subsidy Reserve		
Balance as per last Balance Sheet (Received from Central/State Government under Subsidy Scheme)	21,000	21,000
Capital Reserve		
Balance as per last Balance Sheet	943,819	943,819
Add : Amount received against pending allotment money transferred on forfeiture of shares	3,667	--
	<u>947,486</u>	943,819
Capital Redemption Reserve		
Balance as per last Balance Sheet	192,500	192,500
Securities Premium Account		
Balance as per last Balance Sheet	3,384,917	3,384,917
Less : Securities Premium Cancelled (on forfeiture of shares)	39,509	--
Less : Securities Premium Unpaid-by others	--	39,531
	<u>3,345,408</u>	3,345,386
General Reserve		
Balance as per last Balance Sheet	1,167,881	452,521
Add : Transfer from surplus / (deficit) in the Statement of Profit & Loss	(843,774)	715,360
	<u>324,107</u>	1,167,881
Contingent Liability Reserve		
Balance as per last Balance Sheet	160,904	454,420
Less : Transfer to surplus / (deficit) in the Statement of Profit & Loss	--	293,516
	<u>160,904</u>	160,904
Surplus/(deficit) in the Statement of Profit and Loss		
Balance as per last Balance Sheet	--	--
Add : Profit / (Loss) for the year	(807,556)	315,287
Add : Income Tax (liability)/refund of earlier years (net)	(36,218)	25,795
Add : Transfer from Contingent Liability Reserve	--	293,516
Add : Transfer from FCCBs Periodic Cost Reserve	--	127,291
Less : Proposed Dividend on Equity shares	--	40,034
Less : Corporate Dividend Tax	--	6,495
Less : Transfer to General Reserve	(843,774)	715,360
Total	<u>4,991,405</u>	<u>5,831,490</u>



Notes to Financial Statements for the year ended 31st March, 2012

PARTICULARS	As At 31st March, 2012 (₹ In '000)	As At 31st March, 2011 (₹ In '000)
4. Long Term Borrowings		
Term Loans (Secured)		
From Banks	5,391,272	4,603,060
Others (Unsecured)		
Deferred Payment Liabilities	26,982	26,982
Loans And Advances from Related Parties	30,000	56,982
Total	5,448,254	4,660,042

4.1 Terms of repayment of long term borrowings :

i) Terms of repayment of term loans*

As At 31st March, 2012 (₹ In Lacs)	Repayment Period from origination (years)	Installments outstanding as on 31st March, 2012	
		No.	Periodicity
29.82	2	8	Monthly
750.00	2	4	Quarterly
2497.12	3	11	Quarterly
5000.00	3	12	Quarterly
3250.00	4	16	Quarterly
3000.00	4	16	Quarterly
67.50	5	3	Half yearly
3000.00	6	23	Quarterly
187.50	6	5	Quarterly
4259.00	8	16	Quarterly
189.55	8	6	Quarterly
52.50	8	2	Quarterly
550.07	8	11	Quarterly
1125.00	8	12	Quarterly
300.00	8	2	Quarterly
4530.00	8	17	Quarterly
402.92	8	21	Quarterly
1835.16	8	29	Quarterly
8047.75	8	32	Quarterly
1888.16	8	32	Quarterly
3590.92	8	32	Quarterly
603.16	8	24	Quarterly
607.88	8	28	Quarterly
2485.81	8	27	Quarterly
2329.00	8	32	Quarterly
1783.99	8	16	Quarterly
254.95	8	11	Quarterly
2779.17	8	15	Quarterly
6038.03	8	21	Quarterly
792.24	8	20	Quarterly
285.17	8	6	Quarterly
1100.96	8	31	Quarterly
840.00	8	11	Quarterly
34.00	8	4	Quarterly
64487.33			

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



Notes to Financial Statements for the year ended 31st March, 2012

PARTICULARS	As At 31st March, 2012 (₹ In '000)	As At 31st March, 2011 (₹ In '000)
<p>ii) Deferred payment liabilities will be paid during the period from July, 2013 to October, 2014.</p> <p>iii) Loans and Advances from related parties will be paid after three years.</p>		
<p>4.2 Term loan from ICICI Bank Limited, IDBI Bank Limited, Canara Bank, State Bank of Patiala, Indian Overseas Bank, Allahabad Bank, Punjab National Bank, Axis Bank, State Bank Of Mysore, Punjab & Sind Bank, Corporation Bank and Government of India, Ministry of Consumer Affairs are secured by hypothecation as pari-passu first charge on whole of the immovable properties of the Company situated at Village Jalalpur, Chandigarh Ambala Road, Lalru, Distt. Mohali, Industrial Focal Point, Phase VIII, Village Mundian, Distt. Ludhiana, Village Jalaldiwal, Near Raikot, Distt. Ludhiana (Punjab), Village Udaipur / Khijuriwas, Bhiwadi, Distt. Alwar (Rajasthan), Focal Point Phase IV Ludhiana (Punjab) and Village Salana Jeon Singh Wala, Tehsil Amlah, Distt. Fatehgarh Sahib (Punjab) including the Company's movable Plant and Machinery, Machinery Spares and other moveables both present and future and subject to the charge or charges created or to be created by the Company in favour of its Bankers on its movables and also personally guaranteed by some of the Directors of the Company.</p>		
5. Deferred Tax Liability (net)		
Deferred tax liability		
Relating to fixed assets	449,250	344,620
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act, 1961	36,067	9,676
Business Losses (Unabsorbed)	350,407	24,168
Total	<u>62,776</u>	<u>33,844</u>
6. Other Long Term Liabilities		
Security deposits	44,164	42,663
Other liabilities	201,826	31,035
Total	<u>245,990</u>	<u>73,698</u>
7. Long Term Provisions		
Provision for Employee Benefits		
Provision for gratuity	9,942	--
Total	<u>9,942</u>	<u>--</u>
8. Short Term Borrowings		
Loans repayable on demand		
- Working capital borrowings from banks (Secured)	4,443,514	5,972,837
Total	<u>4,443,514</u>	<u>5,972,837</u>

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

**Notes to Financial Statements for the year ended 31st March, 2012**

PARTICULARS	As At 31st March, 2012 (₹ In '000)	As At 31st March, 2011 (₹ In '000)
9. Trade Payables		
Micro, Small and Medium Enterprises	--	--
Others	771,388	826,228
Total	771,388	826,228

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

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

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

**Notes to Financial Statements for the year ended 31st March, 2012**

PARTICULARS	As At 31st March, 2012 (₹ In '000)	As At 31st March, 2011 (₹ In '000)
10. Other Current Liabilities		
Current maturities of long-term debt	1,057,461	821,487
Interest accrued but not due on borrowings	74,125	45,937
Unclaimed dividends	12,344	10,494
Other Payables		
- Statutory dues	34,695	18,608
- Advance from customers/others	33,784	25,481
- Due to Employees	101,514	93,490
- Others	47,062	93,629
Total	1,360,985	1,109,126

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

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

Leave encashment 15,715 13,793

Other provisions

Proposed dividend -- 40,034

Corporate dividend tax -- 6,649

Excise duty on closing stock 47,077 33,997

Total **62,792** **94,473**



Notes to Financial Statements for the year ended 31st March, 2012

12. FIXED ASSETS

(₹ In '000)

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	As at 1.4.2011	Additions During the Year	Sale/ Adjustment During the Year	As at 31.3.2012	Upto 31.3.2011	Provided during the year	Adjusted/ Written back during the year	Total Upto 31.3.2012	As at 31.03.2011
TANGIBLE ASSETS									
Leasehold Land	31,122	--	--	31,122	--	--	--	--	31,122
Freehold Land	419,893	212,623	55	632,461	--	--	--	--	632,461
Building	2,576,155	58,456	--	2,634,611	875,742	80,685	--	956,427	1,678,184
Plant & Machinery	11,108,304	651,727	81,113	11,678,918	6,875,685	715,191	78,276	7,512,600	4,166,318
Furniture & Fixtures	33,558	529	657	33,430	23,629	1,832	386	25,075	8,355
Office Equipment	65,760	2,577	44	68,293	49,657	4,167	11	53,813	14,480
Vehicles	61,237	1,696	1,915	61,018	33,195	5,570	1,544	37,221	23,797
TOTAL(A)	14,296,029	927,608	83,784	15,139,853	7,857,908	807,445	80,217	8,585,136	6,554,717
INTANGIBLE ASSETS									
Computer Software	24,081	--	--	24,081	24,081	--	--	24,081	--
TOTAL(B)	24,081	--	--	24,081	24,081	--	--	24,081	--
TOTAL(A+B)	14,320,110	927,608	83,784	15,163,934	7,881,989	807,445	80,217	8,609,217	6,438,121
Previous Year	13,030,110	1,354,996	64,996	14,320,110	7,173,989	745,558	37,557	7,881,989	6,438,121

**Notes to Financial Statements for the year ended 31st March, 2012**

PARTICULARS	As At 31st March, 2012 (₹ In '000)	As At 31st March, 2011 (₹ In '000)
13. NON-CURRENT INVESTMENTS		
I. TRADE INVESTMENTS		
INVESTMENT IN EQUITY SHARES		
Investment in Associates (Quoted)		
2,356,930-Fully paid up Equity Shares of ₹ 5/- each of Nahar Spinning Mills Limited (Previous Year 2,356,930)	241,003	241,003
1,264,720-Fully paid up Equity Shares of ₹ 5/-each of Nahar Poly Films Limited (Previous Year 1,264,720)	63,525	63,525
1,363,221-Fully paid up Equity Shares of ₹ 5/-each of Nahar Capital and Financial services Limited (Previous Year 1,363,221)	190,820	190,820
II. OTHER INVESTMENTS		
(i) INVESTMENT IN EQUITY SHARES		
(a) Investment in Others (Quoted)		
30,900-Fully paid up Equity Shares of ₹ 10/- each of BPL Engineering Limited (Previous Year 30,900).	280	280
22,500-Fully paid up Equity Shares of ₹ 10/- each of Pertech Computer Limited (Previous Year 22,500)	23	23
12,555-Fully paid up Equity Shares of ₹ 10/- each of Pasupati Acrylon Limited (Previous year 12,555)	94	94
7,700-Fully paid up Equity Shares of ₹ 10/- each of R.S.Petro Chemical Limited (Previous Year 7,700)	8	8
200-Fully paid up Equity Shares of ₹ 5/- each of Nirma Limited (Previous year 200)	11	11
50-Fully paid up Equity Shares of ₹ 10/- each of Malwa Cotton & Spinning Mills Limited (Previous year 50)	2	2
(b) Investment in Associates (Unquoted)		
180,000- Fully Paid Up Equity Shares of ₹ 100/- each of J.L.Growth Fund Limited (Previous Year 180,000)	168,480	168,480

**Notes to Financial Statements for the year ended 31st March, 2012**

PARTICULARS	As At 31st March, 2012 (₹ In '000)	As At 31st March, 2011 (₹ In '000)
250,000 Fully Paid Up Equity Shares of ₹ 100/- each of Vardhman Investment Limited (Previous Year 250,000)	147,500	147,500
164,000-Fully Paid Up Equity Shares of ₹ 100/- each of Atam Vallabh Financers Limited (Previous Year 164,000)	106,600	106,600
3,360-Fully Paid Up Equity Shares of ₹ 100/- each of Nagdevi Trading & Investment Co. Limited. (Previous year 3,360)	51	51
11,463,240-Fully Paid Up Equity Shares of ₹ 10/- each of Cotton County Retail Limited (Previous year 11,463,240)	425,100	425,100
100,000 - Fully Paid Shares of GBP 1.00 Per Share of Crown Star Limited (Previous year 100,000)	7,162	7,162
(c) Investment in Others (Unquoted)		
1,637,042-Fully Paid Up Class-'A' Equity Shares of ₹ 10/- each of VS Lignite Power Pvt Ltd (Previous year 1,637,042)	16,371	16,371
One Fully Paid Up Equity Share of ₹ 100 of Punjab State Co-operative Bank Limited (Previous Year One) (Cost ₹ 100)	--	--
(ii) INVESTMENT IN CUMULATIVE REDEEMABLE PREFERENCE SHARES (Unquoted)		
3,156,958 Fully Paid Up Class 'A' 0.01% Cumulative Redeemable Preference Shares of ₹ 10/- each of VS Lignite Power Pvt Ltd (Previous year 3,156,958)	31,570	31,570
(iii) INVESTMENT IN MUTUAL FUNDS (Quoted)		
1,000,000 -Units of ₹ 10/- each of Sundram BNP Paribas Mutual Fund (Previous Year 1,000,000)	10,000	10,000
TOTAL	1,408,600	1,408,600
1. Aggregate amount of Quoted Investments	505,766	505,766
2. Market Value of Quoted Investments	213,211	374,292
3. Aggregate amount of Unquoted Investments	902,834	902,834



Notes to Financial Statements for the year ended 31st March, 2012

PARTICULARS	As At 31st March, 2012 (₹ In '000)	As At 31st March, 2011 (₹ In '000)
14. Long Term Loans and Advances (Unsecured considered good)		
Capital advances	82,578	137,146
Security deposits	107,224	84,072
Total	189,802	221,218
15. Other Non Current Assets		
Others	--	3
Total	--	3
16. Inventories (As Taken, Valued and Certified By The Management)		
Raw Materials	2,297,517	4,565,235
Work-in-Progress	473,070	502,874
Finished Goods	2,284,143	1,905,461
Stores and Spares	236,393	333,998
Total	5,291,123	7,307,568
16.1 Detail of Inventory-Finished Goods		
Yarn	339,012	531,544
Fabrics	841,059	666,302
Sugar	972,346	549,479
Other	131,726	158,136
Total	2,284,143	1,905,461
17. Trade Receivables (Unsecured Considered Good)		
Outstanding for a period exceeding six months from the date they are due for payment	54,108	46,896
Others	1,503,804	1,698,543
Total	1,557,912	1,745,439
18. Cash and Cash Equivalents		
Balance with banks:		
In current accounts	6,117	5,703
In unpaid dividend accounts	12,344	10,494
Deposit with more than 3 months but less than 12 months maturity	444	136
Cash in hand	10,352	7,255
Total	29,257	23,588
19. Short Term Loans and Advances (Unsecured considered good)		
Prepaid expenses	7,394	17,037
Advances to suppliers	641,200	881,763
Loans and advances to employees	11,132	12,902
Others	1,071	6,034
Total	660,797	917,736
20. Other Current Assets (Unsecured considered good)		
Advance Income tax(Net of Provision)	34,999	72,846
Balances with government authorities	327,971	336,599
Others	397,670	423,481
Total	760,640	832,926



Notes to Financial Statements for the year ended 31st March, 2012

PARTICULARS	Current Year (₹ In '000)	Previous Year (₹ In '000)
21. Revenue from Operations		
Sale of Products	14,004,239	12,422,629
Other Operating Income	56,800	25,556
Export incentives	58,635	27,371
Revenue from Operations (gross)	<u>14,119,674</u>	<u>12,475,556</u>
Less: Excise Duty	41,440	31,348
Revenue from Operations (net) Total	<u>14,078,234</u>	<u>12,444,208</u>
21.1 Details of Products Sold		
Yarn	7,370,140	6,963,800
Fabrics	5,328,139	4,619,976
Sugar	810,566	531,870
Others	495,394	306,983
Total	<u>14,004,239</u>	<u>12,422,629</u>
22. Other Income		
Interest income	18,117	12,415
Dividend Income	7,203	6,027
Profit on sale of investment	--	1,189
Other non-operating income	44,535	29,901
Total	<u>69,855</u>	<u>49,532</u>
23. Cost of Material Consumed		
Opening Stock	4,565,235	3,003,358
Add: Purchases	6,897,998	8,813,486
Less: Closing Stock	2,297,517	4,565,235
Total	<u>9,165,716</u>	<u>7,251,609</u>
23.1 Detail of cost of Material Consumed		
Fibres	7,866,826	6,399,673
Yarn	319,645	98,124
Sugarcane	971,327	726,779
Others	7,918	27,033
Total	<u>9,165,716</u>	<u>7,251,609</u>
24. Detail of Purchase of Stock-in-Trade		
Fibres	155,815	19,207
Yarn	155,187	124,945
Fabric	47,862	--
Garments	1,312	5,806
Total	<u>360,176</u>	<u>149,958</u>
25. Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade		
Opening Stock		
Work-in-progress	502,874	269,064
Finished goods	1,905,461	2,408,335
Closing Stock		
Work-in-progress	473,070	502,874
Finished goods	2,284,143	1,905,461
Total	<u>(348,878)</u>	<u>(1,058,465)</u>



Notes to Financial Statements for the year ended 31st March, 2012

PARTICULARS	Current Year (₹ In '000)	Previous Year (₹ In '000)
26. Employee Benefits Expense		
Salary, Wages and other Allowances	855,260	728,829
Contribution to provident and other funds	88,536	80,135
Staff welfare expenses	13,275	13,531
Staff Recruitment	1,148	1,113
Total	958,219	823,608
26.1 Employee benefits		
The detail of employee benefits with regard to gratuity, a funded defined benefit plan, are given here :		
Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of year	79,656	64,318
Current Service Cost	14,636	12,546
Past Service cost	--	2,984
Interest Cost	6,133	4,935
Actuarial Loss	4,557	1,301
Benefits paid	(5,989)	(6,428)
Present value of obligation at the end of the year	98,993	79,656
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	84,394	69,476
Expected return of plan assets	7,461	5,900
Contributions	2,995	14,974
Benefits paid	(5,989)	(6,428)
Actuarial gain	190	472
Fair value of plan assets at the end of the year	89,051	84,394
Net (Liability) / Asset recognised in the Balance Sheet		
Projected benefit obligation at the end of the year	98,993	79,656
Fair value of plan assets at the end of the year	89,051	84,394
Net (Liability) / Asset recognised in the Balance Sheet	(9,942)	4,738
Expense recognised in the Statement of Profit and Loss		
Current service cost	14,636	12,546
Interest cost on benefit obligation	6,133	4,935
Expected return on plan assets	(7,461)	(5,900)
Past Service cost	--	2,984
Net Actuarial Loss recognised in the year	4,367	829
Net gratuity cost	17,675	15,394
Actuarial assumptions		
Discount rate	8.60%	8.00%
Expected rate of return on plan assets	9.00%	9.00%
Long term rate of compensation increase	8.00%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. Discount rate is based on market yields prevailing on government bond as at 31 March 2012 for the estimated term of defined benefit obligation.

**Notes to Financial Statements for the year ended 31st March, 2012**

PARTICULARS	Current Year (₹ In '000)	Previous Year (₹ In '000)
27. Finance Costs		
Interest Expense	958,201	538,017
Other Borrowings Cost	21,225	447,498
Net Gain on Foreign Currency - Transaction and Translation	(4,971)	(3,016)
Total	974,455	982,499
28. Other Expenses		
a. Manufacturing Expenses		
Consumption of stores, consumables & spare parts	1,081,009	1,077,167
Power and Fuel	1,713,296	1,490,723
Handling and Restacking charges	34,143	34,116
Machinery Repairs and Maintenance	25,719	27,028
Excise duty on stocks	13,080	9,233
Sub Total	2,867,247	2,638,267
b. Administrative & Other Expenses		
Rent	2,785	2,947
Rates & Taxes	8,132	7,341
Insurance	21,744	16,550
Legal & Professional Expenses	10,854	10,891
Travelling & Conveyance *	24,709	26,823
Vehicle Repair & Maintenance	11,070	10,551
Payment To Auditor	1,329	1,210
Directors Remuneration	2,688	1,413
Director Meeting Fee	195	205
Repairs and Maintenance	19,964	24,689
Provision for diminution in value of investment	--	1,397
Loss on Sale/discard of Fixed Assets	144	151
Loss on Sale of Investments	--	2
Charity & Donation	305	10,126
Miscellaneous Expenditure Written off	3	5
Miscellaneous Expenses	28,501	64,016
Sub Total	132,423	178,317
* Include Directors Travelling of ₹ 5,030 thousands (Previous Year ₹ 7,174 thousands)		
c. Selling Expenses		
Forwarding and Octroi	157,958	129,373
Commission & Brokerage	70,888	71,539
Rebate and Discount	34,927	33,605
Other Selling Expenses	22,872	74,568
Sub Total	286,645	309,085
Total (a+b+c)	3,286,315	3,125,669
28.1 Payment to auditor		
As Auditor:		
Audit fee	892	793
Tax audit fee	150	150
In other capacity	213	190
Reimbursement of expenses	74	77
Total	1,329	1,210



Notes to Financial Statements for the year ended 31st March, 2012

29) CONTINGENT LIABILITIES NOT PROVIDED FOR :

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 3,645.75 Lacs (Previous year ₹ 14,036.28 Lacs).
- b) Letter of Credits in favour of suppliers and others ₹ 3,505.94 Lacs (Previous year ₹ 8,032.67 Lacs).
- c) Bank Guarantees in favour of suppliers and others ₹ 128.98 Lacs (Previous Year ₹ 113.34 Lacs).
- d) Corporate guarantee given on behalf of others ₹ 1,195 lacs (Previous year ₹ 8,500 lacs).
- e) Sales tax demands against which the company has preferred appeals ₹ 120.46 Lacs (Previous year ₹ 120.46 Lacs).
- f) The Central Excise Authorities have issued show cause notices to the Company for ₹ 850.68 Lacs on various matters under the Central Excise Rules (Previous Year ₹ 618.81 Lacs). The Company has filed suitable replies with the concerned authorities.
- g) Punjab State Power Corporation Ltd. has raised a net demand of ₹ 121.78 Lacs (Previous Year ₹ 158.66 Lacs) on account of paralleling operation charges for the captive power generation by the Company. The Company has protested the demand in the Hon'ble Courts.
- h) The Company has executed bonds / legal undertakings for an aggregate amount of ₹ 6,041.87 Lacs (Previous year ₹ 6,293.03 Lacs) in favour of The President of India for fulfillment of its obligations under the rules made under Central Excise Act, 1944 and Customs Act, 1962.
- i) Claims of ₹ 368.06 lacs (Previous Year ₹ 349.67 lacs) lodged against the company on various matters are not acknowledged as debts. The company has filed suitable replies with the concerned authorities.
- j) Contingent liabilities were provided in respect of Foreign Exchange Contracts which were under dispute in the courts, The net contingent liability at the end of year 2011-12 come to ₹ 1,609.04 lacs.

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

- 30) The Company has undertaken export obligations of ₹ 26,130.59 Lacs (Previous year ₹ 19,929.98 Lacs) to export goods against the issuance of Import Licenses / Advance Licenses for the Import of Capital Goods and Raw Materials. Out of this, export obligations of ₹ 23,046.27 Lacs (Previous year ₹ 18,798.44 Lacs) have been fulfilled up to 31st March, 2012.
- 31) Advances include ₹ 27.76 Lacs (Previous Year ₹ 27.76 Lacs) paid to the machinery suppliers that are under dispute. The matter is pending in the Delhi High Court.
- 32) In the opinion of the Board of Directors, the Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the value at which they are stated in the foregoing Balance Sheet, unless stated otherwise.
- 33) Export/domestic bills discounted during the year under Letter of Credit outstanding as on 31.03.2012 for ₹ 2,952.57 Lacs (Previous year ₹ 2,211.88 Lacs) have been reduced from Bank Borrowings and correspondingly from Sundry Debtors.

34) Earnings Per Share (EPS)	(₹ In Lacs)	
	2011-12	2010-11
Profit / (Loss) after Tax (₹ in Lacs)	(8,075.56)	3,152.87
Weighted average no. of ordinary shares	40,391,269	40,395,865
Weighted average no. of diluted shares	40,391,269	40,395,865
Nominal value of ordinary share (₹)	10.00	10.00
Basic / Diluted Earning Per Share (₹)	(19.99)	7.80



Notes to Financial Statements for the year ended 31st March, 2012

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

	(₹ In Lacs)				
	Yarn	Fabric	Sugar	Others	Total
Segment Revenue					
Total Revenue	121,871.41	77,335.24	9,454.70	203.31	208,864.66
Less: Inter Segment Revenue					69,236.67
Net Revenue					139,627.99
Segment Results					
Profit/(Loss) before exceptional items, interest and tax	(4,766.14)	2,365.87	1,724.79	(133.56)	(809.04)
Less: Interest					9,744.55
Profit/(Loss) after Interest but before exceptional items and tax					(10,553.59)
Capital Employed					
Segment Assets- Segment Liabilities	61,060.81	37,660.66	4,962.41	16,630.38	120,314.26

36) **Related Party Disclosures**

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

	(₹ In Lacs)		
Particulars	Associates*	Key Management Personnel (KMP)	Relative of Key Management Personnel
Purchase of Goods	4,604.29	--	--
Sales of Goods	9,890.91	--	--
Purchase of Fixed Assets	2,126.23	--	--
Sale of Fixed Assets	6.95	--	--
Sale of DEPB License	129.50	--	--
Dividend received	72.01	--	--
Dividend paid	255.88	--	--
Salary	--	--	1.80
Interest paid	32.28	--	--
Rent received	98.94	--	--
Rent paid	15.76	--	--
Processing charges received	30.95	--	--
Corporate Guarantee	1,195.00	--	--
Remuneration	--	26.88	--
Balance Payable (net) as on 31.03.2012	1,652.94	--	--

Name of related parties and description of relationship:

Associates*

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

Key Management Personnel

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



Notes to Financial Statements for the year ended 31st March, 2012

Relatives of Key management Personnel

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

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

37) Expenditure in Foreign Currency

PARTICULARS	2011-12		2010-11	
	(₹ In '000)		(₹ In '000)	
a) Value of Import on CIF basis				
i) Raw Material	64,451		24,102	
ii) Capital Goods & Stores	867,897		426,589	
b) Expenditure in Foreign Currency				
i) Travelling	3,670		4,154	
ii) Commission	8,606		4,896	
iii) Others	6,691		4,332	
iv) Fccb Interest	--		158,982	

38) Earning in Foreign Currency

PARTICULARS	2011-12		2010-11	
	(₹ In '000)		(₹ In '000)	
a) Earnings in Foreign Exchange				
i) F.O.B. Value of Exports	1,233,310		882,223	
ii) Others	30,713		25,556	

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

PARTICULARS	2011-12		2010-11	
	(₹ In '000)	%age	(₹ In '000)	%age
i) Raw Material				
Imported	65,658	0.72	47,189	0.65
Indigenous	9,100,058	99.28	7,204,420	99.35
ii) Consumables, Stores, Spares Parts & Components				
Imported	95,990	8.88	112,864	10.48
Indigenous	985,019	91.12	964,303	89.52

40) The financial statements for the year ended 31st March, 2012 have been prepared as per Revised Schedule-VI to the Companies Act, 1956. Accordingly the previous year figures have been reclassified to confirm to this year's classification.

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,

Chartered Accountants

FRN : 000203N

R.K.Gupta

Partner

M.No. : 017039

Place : Ludhiana

Dated : 30th May, 2012

Mukesh Sood

Company Secretary

B.Bhushan Gupta

President (Corporate

Finance & Accounts)

Dinesh Gogna

Director

Kamal Oswal

Vice Chairman Cum-

Managing Director



ATTENDANCE SLIP

NAHAR INDUSTRIAL ENTERPRISES LIMITED

Registered Office: Focal Point, Ludhiana-141010

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

I hereby record my presence at the 28th Annual General Meeting of **Nahar Industrial Enterprises Limited** held on Saturday, the 29th day of September, 2012 at 11.45 A.M. at the Registered Office of the Company at Focal Point, Ludhiana-141010.

Name of Share Holder/Proxy*: _____

Address : _____

No. of Shares held : _____

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

*Strike out whichever is not applicable.

Signature of Shareholders/Proxy*

PROXY FORM

NAHAR INDUSTRIAL ENTERPRISES LIMITED

Registered Office: Focal Point, Ludhiana-141010

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

I/We _____

of _____

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

of _____

or failing him/her _____

of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Saturday, the 29th day of September, 2012 at 11.45 A.M. or at any adjournment thereof.

Signed this _____ day of _____ 2012.

Date

Month

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

The proxy need not be a member of the Company.

* Strike out whichever is not applicable.

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