



The Nahar Group

26th

Annual Report

2009-10



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
Sh. Amarjeet Singh
Dr. O. P. Sahni
Dr. (Mrs.) H.K. Bal
Prof. K. S. Maini
Dr. Y.P. Sachdeva

PRESIDENT (CORPORATE FINANCE & ACCOUNTS)

Sh. B. Bhushan Gupta

COMPANY SECRETARY

Sh. Mukesh Sood

AUDITORS

M/s. Raj Gupta & Co., Chartered Accountants,
G.T. Road, Miller Ganj, Ludhiana-141003

BANKERS

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

REGISTERED OFFICE

Focal Point, Ludhiana - 141 010

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The Journey

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

Performance at a glance

(Rs. in Lacs)

	2005-06	2006-07	2007-08	2008-09	2009-10
Gross Sale/Operating Income	69964.16	90901.63	88372.85	100678.49	102082.19
Exports	5083.50	3532.75	3223.90	4833.06	6386.38
Net Profit	8047.01	6786.33	236.64	110.67	1947.45
Cash Accruals	12600.40	15697.19	9583.91	8159.34	10183.54
Gross Block	92551.02	117519.36	128162.56	130201.98	137462.47
Net Block	45608.54	66562.57	69615.63	65100.31	65722.58
Equity Share Capital	3545.90	4003.40	4003.40	4003.40	4003.40
Amount Received against Warrants	370.68	0.00	0.00	0.00	0.00
Net Worth	42058.23	52473.81	52136.03	57893.50	59372.69
Capital Employed	91482.16	116981.16	121881.95	112823.98	110572.97
Debt Equity Ratio	0.73	0.94	0.96	0.83	0.74
Current Ratio	2.41	2.24	1.88	1.93	1.70
Book Value Per Share (Rs.)	118.61	131.07	130.23	144.61	148.31
Earning Per Share (Rs.) [Basic]	26.31	17.58	0.61	0.27	4.82



Notice

Notice is hereby given that the **26th Annual General Meeting** of the shareholders of the Company will be held on **Thursday, the 30th day of September, 2010 at 11.30 a.m.** at the Registered Office of the company situated at Focal Point, Ludhiana (Punjab) - 141 010 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2010, Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Sh. Jawahar Lal Oswal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Dr. O.P.Sahni, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a director in place of Dr. (Mrs) H.K.Bal, who retires by rotation and being eligible offers herself for re-appointment.
6. To appoint Auditors and fix their remuneration. M/s. Raj Gupta & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment.

By Order of the Board of Directors

Place : Ludhiana
Date : 31st July, 2010

Mukesh Sood
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a member of the Company. Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid meeting.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 18th September, 2010 to 30th September, 2010 (both days inclusive).
3. The dividend on equity shares as recommended by the Board of Directors, if approved at the Annual General Meeting will be paid to the members whose

names shall appear in the Register of Members as on 30th September, 2010 or Register of Beneficial owners maintained by the depositories at the close of 17th September, 2010.

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 their documents and communications pertaining to equity shares to M/s. Alankit Assignments Limited, RTA Division, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110 055, the Share Transfer agent for both physical and demat segment of equity shares. Please quote on all correspondence - Unit: Nahar Industrial Enterprises Limited.
6. Members are hereby informed that dividends, which remain unclaimed / unpaid over a period of seven years, have to be transferred by the company to the Investor Education & Protection Fund constituted by the Central Government under section 205(A) and 205(C) of the Companies Act, 1956. The unclaimed/unpaid amount of dividend for the financial year 2005-06 onwards will be transferred to the above-mentioned fund from 4.10.2013 onwards.
7. Members seeking any information with regard to the accounts at the time of the meeting are requested to write to the Company at least 10 days before the date of the meeting so as to enable the management to keep the relevant information ready.
8. The company proposes to provide the facility of ECS for payment of dividend. The shareholders holding equity shares in physical form and who wish to avail ECS facility may intimate ECS Mandate to the company's Share Department / RTA immediately.
9. The members are requested to bring the copy of Annual Report along with them at the meeting.
10. Information relating to the directors proposed to be re-appointed at Sr. No. 3 to 5 of the ordinary business is given in the Corporate Governance Report.

By Order of the Board of Directors

Place : Ludhiana
Date : 31st July, 2010

Mukesh Sood
Company Secretary



Directors
Report

Dear Members,

Your directors have pleasure in presenting their 26th Annual Report together with audited accounts for the financial year ended 31st March 2010 and Auditor's Report thereon.

FINANCIAL RESULTS

(Rs. In lacs)

Particulars	Current Year	Previous Year
Operating Income	102082.19	100678.49
Less: Excise Duty Recovered on Sales	336.02	694.39
Add: Other Income	1517.16	3085.61
Total	103263.33	103069.71
Profit before Financial Expenses, Depreciation, Non-cash Expenditure & Tax	15649.09	13811.98
Less:		
i) Financial Expenses	5465.55	5652.64
ii) Depreciation and Non-cash Expenditure	7231.29	7730.59
Profit before Taxation	2952.25	428.75
Less:		
i) Provision for Income Tax	498.00	38.50
ii) Provision for Wealth Tax	1.64	2.33
iii) Provision for Fringe Benefit Tax	---	27.50
iv) Deferred Tax	505.16	249.75
Profit after tax	1947.45	110.67
Less : Income Tax Liability/Refund of Earlier Years (Net)	0.04	1.68
Add : Transfer from General Reserves	---	4962.15
Add : Transfer from Contingent Liability Reserve	417.95	---
Less : Transfer to Contingent Liability Reserve	---	4962.15
Less : Transfer to FCCBs Periodic Cost Reserve	219.03	---
Add : Transfer from FCCBs Periodic Cost Reserve	---	1465.98
Less : Proposed Dividend on Equity Shares	400.34	400.34
Less : Corporate Dividend Tax	68.04	68.04
Transfer to General Reserve	1677.95	1106.59

OPERATIONAL / PERFORMANCE REVIEW

The company operates in three main business segments viz. Yarn, Fabrics and Sugar. The textile division comprises of yarn and fabrics are the largest in terms of sales revenue and capital employed amongst the business segments of the company. This division accounts for 93.10 % of the total turnover (including inter-segment) of the company for the year ended 31st March, 2010. Sugar and others also

accounts for 6.90% of the total turnover of the company for the year ended 31st March, 2010.

During the year the company has achieved operational income of Rs. 1020.82 crores as against Rs. 1006.78 crores in the previous year. The company has earned cash profit of Rs. 101.83 crores as against Rs. 81.59 crores in the previous year; profit before tax of Rs. 29.52 crores as against Rs. 4.28 crores in the previous year and profit after tax of Rs. 19.47 crores as against Rs. 1.11 crores in the previous year.



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

- **Yarn:** The Company has produced 65066 MTs of yarn as against 64715 MTs in the previous year. The total turnover of this segment (including inter-segment) has increased to Rs. 827.73 crores as against Rs. 698.56 crores in the previous year showing an increase of 18.49 %.
- **Fabrics:** The Company has produced 61161735 meters of fabrics (both grey and processed) as against 59273500 meters in the previous year. The total turnover of this segment (including inter-segment) has increased to Rs. 536.41 crores as against Rs. 526.10 crores in the previous year showing a marginal increase of 1.96 %.
- **Sugar:** The Company has produced 155530 Qtls. of sugar as against 171900 Qtls. in the previous year. The total turnover of this segment is Rs. 100.54 crores as against Rs. 100.64 crores in the previous year.

During the year there was hardly any activities in the steel division. The total turnover of steel division during the current year is Rs. 0.23 crores.

The textile industry has faced an extremely difficult period during the last two years due to global recession. After a severe spell of recession, world economy has shown initial indication of recovery. However, with the pick-up from the mid 2009 in export demand, improved liquidity and a growing domestic demand for textile products, the Indian textile industry is showing signs of recovery. Overall the year 2009-10 has shown considerable improvement in the Indian textile industry as compared to the preceding two years. Your management is hopeful that the company shall be able to meet the challenges ahead and further improve its performance in the coming periods.

DIVIDEND

The board of directors of your company has proposed dividend @ 10% (i.e. Re. 1/- per share) on the Paid-up Equity Share Capital of the company for the financial year 2009-10. The dividend will be paid when declared by the shareholders in accordance with the requirements of law.

PUBLIC DEPOSITS

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

DIRECTORS

Sh. Jawahar Lal Oswal, Dr. O.P.Sahni 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 AUDITOR'S 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 Auditor's 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 2010-11 and their reports will be submitted to Government of India, Ministry of Corporate Affairs, Cost Audit Branch in accordance with the requirements of law.

LISTING

The equity shares of the company are listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The company has already paid listing fee for the financial year 2010-11 to both Stock Exchanges.

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

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

PARTICULARS OF EMPLOYEES

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

CORPORATE GOVERNANCE REPORT

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

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place : Ludhiana
Date : 31st July, 2010

JAWAHAR LAL OSWAL
Chairman



ANNEXURE - I TO DIRECTORS' REPORT

Information as per section 217(I)(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, 2010

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 conversation.
 - 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) Additional Investment and Proposal under implementation for reduction of conservation of energy : The company plans to install additional co generation plant at Lalru, Distt Mohali, Punjab. for further saving in conservation of energy.
- c) Impact of measures consequent to (a) and (b) above: The above mentioned measures have resulted in energy saving and subsequent reduction in energy cost and there by reduction in cost of production.
- d) 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)	165558281	155620786
Total amount (Rs. in '000)	720083	654658
Rate per unit (Rs.)	4.35	4.21
b) Own generation		
i) Through Diesel generation		
Units produced (KWH)	9082754	11839814
Total amount (Rs. in '000)	55733	78950
Rate per unit (Rs.)	6.14	6.67
ii) Through Steam Turbine		
Units produced (KWH)	97286306	101883076
2 a) COAL		
Quantity (Kgs.)	124724012	110673476
Total amount (Rs. in '000)	392432	360087
Rate per unit (Rs.)	3.15	3.25
b) Rice Husk		
Quantity (Kgs.)	65083896	62632834

Total amount (Rs. in '000)	206530	233434
Rate per unit (Rs.)	3.17	3.73
c) Furnace Oil/HSD/others		
Quantity (Ltrs.)	145277	340730
Total amount (Rs. in '000)	5653	10486
Rate per unit (Rs.)	38.91	30.78
d) Fire wood/Others		
Quantity (Kgs.)	1478708	20608268
Total amount (Rs. in '000)	3758	11210
Rate per unit (Rs.)	2.54	0.54
Total (Rupees in '000)	<u>1384189</u>	<u>1348825</u>

B. CONSUMPTION PER UNIT OF PRODUCTION

Electricity		
Yarn (per Kgs.)	2.90	2.92
Fabrics (per Mtrs.)	1.21	1.20
Sugar (per Qtls.)	51.80	48.63
Steel Ingots (per MT)	-	851.49

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 indentify factors which with some adjustments can improve efficiency of machines.

iii) Future Plans:

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

	(Rs. In Lacs)	
	Current Year	Previous Year
iv) Expenditure on R & D		
a) Capital	8.34	17.78
b) Recurring	29.16	8.88
c) Total	<u>37.50</u>	<u>26.66</u>

B TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

i) Efforts, in brief made, towards Technology Absorption, adoption and innovation:

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

ii) Benefit derived as a result of above efforts:

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

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

3 FOREIGN EXCHANGE EARNING & OUTGO

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

	(Rs. In Lacs)	
	Current Year	Previous Year
Earnings	6235.24	4632.57
Outgo	2301.42	3686.98



ANNEXURE-II TO DIRECTORS' REPORT*

Particulars of employees as per provisions of section 217(2A) of the Companies Act, 1956 and forming part of the Directors Report for the year ended 31st March 2010.

Sr. No.	Name	Designation/ Nature of Duties	Remuneration (Rs. In lacs)	Nature of Employment	Qualification	Experience (Years)	Date of Employment	Age (Years)	Last Employment Held
1.	Sh. Kamal Oswal	Vice Chairman- cum-Managing Director	145.49	Contractual	B.Com	28	01.02.1998	48	Vice Chairman- cum- Managing Director of erstwhile Nahar International Ltd. since merged with the company.

Notes :

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

For and on behalf of the Board of Directors

Place : Ludhiana

Date : 31st July, 2010

JAWAHAR LAL OSWAL
Chairman

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

ANNEXURE-III TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

A Company's Philosophy on Corporate Governance

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

B Board of Directors

1. As on 31st March, 2010 the Board of the Company consisted of ten directors. The Board at NIEL has an optimum combination of Executive, Non Executive and Independent Directors. Sh. Jawahar Lal Oswal is non-executive chairman and the composition of the Board is in conformity with the clause 49.
2. The Board met 4 (four) times during the period April, 2009 to March, 2010 on - 18.06.2009, 31.07.2009, 31.10.2009 & 30.01.2010 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 31.03.2010 are presented below:



Name of Directors	Designation	Category	Attendance Particulars			Directorship held in other Public Limited Companies/ Committee Membership and Chairmanship/ Chairpersonship		
			No. of Board Meetings		Last AGM	Directorship	Committee Membership	Committee Chairmanship/ Chairpersonship
			Held	Attended				
Sh. Jawahar Lal Oswal	Chairman	Promoter Non Executive Director	4	3	No	14	-	-
Sh. Kamal Oswal	Vice Chairman cum Managing Director	Promoter Executive Director	4	4	Yes	14	1	1
Sh. Dinesh Oswal	Director	Promoter Non Executive Director	4	4	Yes	14	-	-
Sh. Dinesh Gogna	Director	Non Executive Director	4	4	Yes	8	5	1
Sh. N D Jain	Director	Non Executive Director	4	3	No	2	-	-
Sh. Amarjeet Singh	Director	Independent Director	4	4	No	10	6	5
Dr (Mrs.) H K Bal *	Director	Independent Director	4	4	No	7	12	3
Dr. O P Sahni	Director	Independent Director	4	4	Yes	5	4	1
Prof. K S Maini	Director	Independent Director	4	4	No	4	3	3
Dr. Y. P. Sachdeva	Director	Independent Director	4	4	No	2	1	-

* Includes membership of Remuneration Committee of 8 Companies.

4 Shareholding of Non Executive/Independent Directors

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

5 Remuneration to Directors:

The details of remuneration paid/payable to the Directors for the financial year 2009-2010 are given below:

Name of the Director	Sitting Fee (Rs.)	Salary, Allowance & Perquisites (Rs.)	Performance Incentive	Commission (Rs.)	Total (Rs.)
Sh. Jawahar Lal Oswal	6000/-	Nil	Nil	Nil	6000/-
Sh. Kamal Oswal	Nil	14549000/-	Nil	Nil	14549000/-*
Sh. Dinesh Oswal	8000/-	Nil	Nil	Nil	8000/-
Sh. Dinesh Gogna	8000/-	Nil	Nil	Nil	8000/-
Sh. N D Jain	6000/-	Nil	Nil	Nil	6000/-
Sh. Amarjeet Singh	8000/-	Nil	Nil	Nil	8000/-
Dr. O P Sahni	8000/-	Nil	Nil	Nil	8000/-
Dr. (Mrs.) H K Bal	8000/-	Nil	Nil	Nil	8000/-
Prof. K S Maini	8000/-	Nil	Nil	Nil	8000/-
Dr. Yash Paul Sachdeva	8000/-	Nil	Nil	Nil	8000/-

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

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

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

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

**7 Information to the Board**

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

8 Code of Conduct

NIEL's Board has laid down a code of conduct for all board members and senior management of the Company. All Board members and designated senior management personnel affirm compliance with this code of conduct. The code of conduct is displayed on the website of the Company i.e. www.owmnahar.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 2009-2010.

Place : Ludhiana
Dated : 31.07.2010

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 2009-2010 and attendance of the members thereat are provided below:

i) Audit Committee

An Audit Committee of Directors was constituted to exercise its powers and discharge functions as stipulated in Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement. The committee consists of three non executive Directors namely Sh. Dinesh Gogna, Dr. O.P. Sahni & Dr. (Mrs.) H K Bal. Dr. O P Sahni, Independent non executive director is the Chairman of the Committee. The President, (Corporate Finance & Accounts) and Auditors are invitees to the committee. Mr. Mukesh Sood, Company Secretary acts as the Secretary to the Audit Committee. The Committee met 4 (four) times during the period April 2009 to March, 2010 i.e. 18.06.2009, 31.07.2009, 31.10.2009 & 30.01.2010 and the attendance of each member is as under:

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

ii) Remuneration Committee

The remuneration Committee of the Directors deals with remuneration package of directors. It recommends to the Board the compensation terms of executive directors. The Committee consists of three independent non executive directors namely Prof. K S Maini as Chairman, Dr. O P Sahni and Dr. (Mrs.) H K Bal as members. The Committee met on 31.07.2009 in the Financial year 2009-2010 and all the members were present in the meeting.

iii) Shareholders/Investor's Grievance Committee

Shareholder's Grievance Committee reviews redressal of shareholders/investors complaints like non receipt of dividend on shares, non receipt of shares whether in demat or physical form, non receipt of annual report etc., besides complaints received from SEBI, Stock Exchanges, Court and various investor forums. The Committee also oversees the performance of Registrar and Transfer Agent. The 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 i.e. 18.06.2009, 31.07.2009, 31.10.2009 & 30.01.2010 in the financial year 2009-2010 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	35	Nil
Non Receipt of Shares whether in demat or physical form	Nil	100	Nil
Non Receipt of Annual Reports etc.	Nil	9	Nil
Total		144	

D. Management

i) Management discussion and analysis report

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

ii) Disclosure by Management to the Board

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

E. Disclosures

i. Details of related party transactions

As required by the accounting standard AS-18 the details of related party transactions are given in Note No. 12 of Annexure -XX to the annual accounts.

ii. Disclosure of accounting treatment in preparation of financial statements

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

iii. Risk Management

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

iv. Details of non compliance by the Company

NIEL has complied with all the mandatory requirements of the Corporate Governance. No penalties/stricture were 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 Associations of the Company. Sh. Jawahar Lal Oswal, Dr. O.P. Sahni 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. Jawahar Lal Oswal

Sh. Jawahar Lal Oswal, aged 67, is an industrialist with 46 years business experience in the textile industry. He is Chairman cum Managing Director of Oswal Woollen Mills Limited and Chairman of Nahar Industrial Enterprises Limited, Nahar Spinning Mills Limited, Nahar Poly Films Limited and Nahar Capital & Financial Services Limited. He is also Director of J.L. Growth Fund Limited, Atam Vallabh Financier Limited, Girnar Investment Limited, Ludhiana Holdings Limited, Vanaik Investors Limited, Vardhman Investments Limited, Palm Motels Ltd.



Sankheshwar Holding Company Limited, Monte Carlo Fashions Limited, Nagdevi Trading & Investment Company Limited, Crown Star Limited (UK), Abhilash Growth Fund Pvt. Limited, Nahar Growth Fund Pvt. Limited, Monica Growth Fund Pvt. Limited, Ruchika Growth Fund Pvt. Limited & Neha Credit & Investment Pvt. Limited. He is not the member of any committee.

Dr. O P Sahni

Dr. O P Sahni, aged 69, is a retired educationist having more than 30 years of experience in teaching management and administration. He is Director of Nahar Capital and Financial Services Limited, Nahar Spinning Mills Limited, Mid land International Limited, Nahar Industrial Enterprises Limited & Oswal Woollen Mills Limited. He is chairman of Audit Committee of Nahar Industrial Enterprises Limited and member of Shareholder's Grievance Committee and Remuneration Committee of Nahar Industrial Enterprises Limited and member of Audit Committee of Nahar Spinning Mills Limited and Member of Shareholder Grievance Committee of Nahar Capital and Financial Services Ltd.

Dr. (Mrs.) H K Bal

Dr. (Mrs.) H K Bal aged 71, 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 Ltd., Oswal Woollen Mills Limited, Nahar Spinning Mills Limited, Nahar Poly Films Limited, Nahar Capital & Financial Services Limited, Shreyans Industries Limited, IOL Chemicals & Pharmaceuticals Limited & Sportking India Limited. She is member of Audit Committee of Nahar Industrial Enterprises Limited, Shreyans Industries Limited, Sportking India Limited & IOL Chemicals & Pharmaceuticals Limited, member of Remuneration Committee of Nahar Industrial Enterprises Limited, Nahar Spinning Mills Limited, Nahar Poly Films Limited, Shreyans Industries Limited, Oswal Woollen Mills Limited, Nahar Capital & Financial Services Limited, IOL Chemicals & Pharmaceuticals Limited & Sportking India Limited and chairperson of Shareholder's Grievance Committee of Nahar Spinning Mills Limited, Nahar Poly Films Limited & IOL Chemicals & Pharmaceuticals Limited.

G. Means of Communication

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

H. General Body Meetings

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

Financial Year	Location	Date	Time	No. of Special Resolutions
2006-2007	Registered Office	29.09.2007	11.00 A.M.	--
2007-2008	Registered Office	29.09.2008	11.15 A.M.	--
2008-2009	Registered Office	30.09.2009	11.30 A.M.	--

I. General Shareholder Information

- | | |
|--|---|
| 1. Annual General Meeting
Day, Date, Time and Venue | Thursday, 30th September, 2010 at 11.30 A.M. at the Registered Office at Focal Point, Ludhiana 141010 (PB) |
| 2. Financial Year
Financial Results for the financial year 2010-2011 will be tentatively announced in July-August, 2010
October-November, 2010
January-February, 2011
April-May 2011 | April to March

First Quarter Results
Second Quarter Results
Third Quarter Results
Fourth quarter and Annual audited results. |
| 3. Book Closure | 18th September 2010 to 30th September 2010 (both days inclusive). |
| 4. Dividend

Unclaimed/Unpaid Dividend | Dividend @ Rs. 1/- per equity share, if approved by the shareholders, on 40395865 equity shares of Rs. 10/- each shall be paid within the stipulated time.

The Company had paid dividend @ 10% on equity shares of the Company for the financial year 2005-2006, 2006-2007, 2007-2008 & 2008-2009. Members who have not claimed the dividend for the aforesaid period may approach to the Share Department of the Company. |



Unpaid/unclaimed dividend for the financial year 2005-2006, 2006-2007, 2007-2008 & 2008-2009 is due to transfer to the Investor Education and Protection Fund after the expiry of seven years i.e. in the year 2013, 2014, 2015 & 2016 respectively.

5. Listing on Stock Exchange

The equity shares of the Company are listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)

6. Stock Code

BSE - 519136, NSE - NAHARINDUS, ISIN- INE289A01011

7. Distribution of Shareholding as on 31.03.2010

No. of Shares held	No. of Shareholders	% of shares holders	Aggregate Shares held	% of Shareholding	
1-500	96161	98.24	6499231	16.09	
501-1000	1070	1.09	760946	1.88	
1001-2000	332	0.34	485287	1.20	
2001-3000	117	0.12	294541	0.73	
3001-4000	41	0.04	143631	0.35	
4001-5000	24	0.03	115514	0.29	
5001-10000	56	0.06	411429	1.02	
10001 & above	82	0.08	31685286	78.44	
Total		97883	100.00	40395865	100.00

8. Shareholding Pattern as on 31.03.2010

Shares held by	No. of Shares	% of shareholding
Promoters	25591243	63.35
Mutual Funds & UTI	18552	0.05
Bank & Financial Institutions	18971	0.05
Foreign Holding (FII's, NRIs, OCBs)	340784	0.84
Private Bodies Corporate (Others)	1113237	2.75
Indian Public	13313078	32.96
Total	40395865	100.00

9. Dematerialisation of Shares

As on 31.03.2010, 88.44% equity share capital is held in dematerialized form under ISIN-INE289A01011.

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

The Company has not issued any GDRs/ADRs/Warrants during the year. The Company has issued Foreign Currency Convertible Bonds (FCCBs) of US\$ 45 Million on 15th February, 2006 having a maturity of 5 years and 1 day with put and call option and conversion. During the Financial Year 2008-2009 the Company has bought back and cancelled 3530 bonds of the face value of US\$ 10000 each aggregating to US\$ 35.30 Million. The remaining US\$ 9.7Million FCCBs are zero coupon bonds with a yield to maturity of 6.25% calculated on semi annual basis at the end of 5 years and 1 day, if not converted into equity shares during this period.

11. Stock Market Data :

Month	NSE		BSE	
	High	Low	High	Low
Apr-2009	35.40	21.40	34.70	23.55
May-2009	47.50	31.95	48.00	31.50
June-2009	49.90	39.75	50.40	39.50
July-2009	48.85	36.00	49.85	35.55
August-2009	54.50	45.80	55.00	45.50
Sept. - 2009	72.40	49.05	72.00	48.00
October-2009	67.00	56.00	64.80	56.00
November-2009	69.90	47.15	70.00	50.00
December-2009	73.30	62.70	77.00	62.35
January-2010	88.60	69.15	88.75	69.15
February-2010	79.00	63.50	78.80	64.65
March-2010	71.00	54.50	71.50	55.05

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

Company Secretary

Nahar Industrial Enterprises Limited
Regd. Office: Focal Point, Ludhiana - 141010
Phone : 0161-2672590-591
Fax No.: 0161-2674072
E-mail: msood@owmnahar.com

13. Share Transfer System

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

14. Plant Locations

- i) Nahar Industrial Enterprises Limited (Spinning Unit) Vill. Jalalpur, Chandigarh Ambala Road, Lalru, Distt. Mohali (Punjab)
- ii) Nahar Industrial Enterprises Limited (Spinning Unit-II) Vill. Jalalpur, Chandigarh Ambala Road, Lalru, Distt. Mohali (Punjab)
- iii) Nahar Industrial Enterprises Limited (Unit: Arham Spinning Mills) Vill. Udaipur/Khijuriwas, Bhiwadi, Dist. Alwar (Rajasthan)
- iv) Nahar Industrial Enterprises Limited (Spinning Unit-III) Vill Jalalpur, Chandigarh Ambala Road, Lalru, Distt. Mohali (Punjab)
- v) Nahar Industrial Enterprises Limited (Unit: Sambhav Spinning Mills) Industrial Focal Point, Phase VIII, Mundian Kalan, Dist. Ludhiana (Punjab)
- vi) Nahar Industrial Enterprises Limited (Fabrics Unit) Village Jalalpur, Chandigarh Ambala Road, Lalru, Distt. Mohali (Punjab)
- vii) Nahar Industrial Enterprises Limited (New Process & Dyeing) Village Jalalpur, Chandigarh Ambala Road, Lalru, Distt. Mohali (Punjab)
- viii) Nahar Industrial Enterprises Limited (Unit: Nahar Sugar) Village Salan Jeon Singh Wala, Tehsil Amloh, Distt. Fatehgarh Sahib (Punjab)
- ix) Nahar Industrial Enterprises Limited (Unit: Nahar Steels) Village Salan Jeon Singh Wala, Tehsil Amloh, 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 2010, 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 : 31th July, 2010

R K Gupta
Partner
M. No. 017039



Management discussion and analysis report

Industry Structure/Development

The Indian Textile and Clothing (T & C) industry is a major contributor to the Indian economy in terms of Gross Domestic Production (GDP). The Indian T & C industry contributes 14% of the total industrial production of the country and is second largest employer after agriculture.

The textile industry has faced an extremely difficult period during the last two years due to global recession leading to adverse financial performance. Amongst the various factors which affected the working of textile industry is the spurt in the cotton prices which could not be fully passed on to end user. Due to weak demand in international market, the industry has witnessed increased competition in the domestic market. This has impacted the working of textile industry.

After a severe spell of recession, world economy has shown initial indication of recovery. With the revival of demand in western market, India's textile exports are expected to grow over last year. As per the index of industrial promotion (IIP) data released by the central statistical organization (CSO), cotton textile has registered a growth of 5.5% during April - March 2009-10, following the dismal operating environment that the sector grappled with for two consecutive years. Upgrading technology and infrastructure is an ongoing process and with the Government support, it should boost the Indian textile sector further.

Opportunities/Risk/Concerns/threat

The textile industry went through a challenging FY 2010 - with inflationary trends, volatility in commodity prices and noteworthy drop in consumer spending in textiles/apparels. However from the mid of 2009 again the economy started looking up and so was textile industry. A revival in the world economy and brighter sentiment holds out optimism for the

Indian textile industry as a general feeling of buoyancy prevails. With the pick-up in export demand, improved liquidity and a growing domestic demand for textile products, Indian textile industry is showing sign of growth. Gradual global recovery will further support the business.

There are some areas of concerns and challenges to the textile Industry. Cotton being an agricultural product is the key raw material used for the manufacture of textile industry. Any natural calamities such as drought/flood etc. affect the prices of cotton which has direct impact on the financial health of the Textile Industry. Any disruption in the supply and/or major changes in the cost structure would affect the profitability of the Company.

Growing demand as well as overall increase in prices of commodities in the world has pushed up the prices of domestic cotton leading to pressure on the textile industry. The increase in prices of cotton is a matter of concern. However, some effect of increase in cotton prices is negated in the prices of end products. Nevertheless it depends upon the overall world economy.

The continuous increase in power cost adding pressure in the input cost of textile industry. The availability of uninterrupted power at reasonable prices is critical for sustainability of the industry. The non-availability of skilled workers are also hurdles faced by the Industry. Volatile fluctuation in Rupee exchange rates is a matter of concern.

Sustaining and nurturing the culture of continuous improvement in operations has now become imperatives rather than a point of differentiation. Your management is making all efforts to meet the prevailing challenges by focusing its efforts on further reduction of cost and by improving operational efficiencies.

**Outlook**

With increased domestic demand and better export market overall the year 2009-10 has shown considerable improvement in the Indian Textiles. A stronger economy coupled with general feeling of buoyancy holds out optimism for Indian textile industry. It is expected that this trend will continue to sustain in the coming months.. We have a firm faith in the bright future of textile industry in India. Your Company has planned expansions in spinning and weaving capacities.

Sugar Industry Overview

The Sugar industry is one of the largest agro based industry. With two successive sugar years of low production, Indian sugar prices have been continuously on their up-swings. This in turn empowered and prompted the industry to offer high and remunerative cane price so as to lure the farmer back to cane corp. The year under review witnessed aggressive Government intervention in sugar business to rein in rising sugar prices fuelled by the galloping deficit in production and stock estimates. Levy obligation was doubled from 10% to 20% to protect PDS supply.

India is the second largest sugar producer, but is the top sugar consumer despite low level of per capita consumption. The use of sugar is growing due to population growth. Secondly consumption is also increasing as a result of income growth.

The sugarcane crop is cyclic in nature and is monsoon dependent crop which makes the business more vulnerable to a bad season. Lower cane realization can prompt farmers to shift to alternative crops.

Your Company is also making all efforts for sugarcane development in the cane area allotted to it by providing various facilities such as supply of fertilizers and pesticides at subsidized rates. Supply of disease free seeds and free testing of soil etc. to farmers of the area. The Company has undertaken necessary

maintenance programme so that the plants fully equipped to crush higher quantity of sugarcane in the ensuing crushing season and to prevent the breakdown during the season.

Segmentwise/Financial/Operational performance

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

Internal Control System and their adequacy

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

Material Development in human resources/ Industrial relation front

The Company is of firm belief that the human resources are the driving force that propels a company towards progress and success and the Company is committed to the development of its people. The total permanent employees strength was 8619 as on 31.03.2010. 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.

By Order of the Board of Directors

Place : Ludhiana
Date : 31st July, 2010

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 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 2010;
 - (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Place : Ludhiana
Dated : 29th May, 2010

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



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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (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 the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.



(ix) (a) Undisputed statutory dues including provident fund, Investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess have generally been deposited by the company in time with the appropriate authorities. Based on our examination of the records of the company and information and explanations given to us, there were no arrears of undisputed statutory dues due as on 31st March 2010 that remained payable for more than six months from the date they became payable.

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

Name of the Statute	Nature of the dues	Amount (Rs. In lacs)	Forum where dispute if pending
Tamil Nadu General Sales Tax Act, 1956	Sales tax Demand	62.72	Tamilnadu Taxation Special Tribunal
Punjab Sales Tax Act	Sales Tax demand	57.74	Sales Tax Tribunal, Chandigarh
The Central Excise Act, 1944	Excise Duty Demand	419.94	Commissioner Appeals, Chandigarh
	Excise Duty Demand	30.33	Commissioner Appeals Ludhiana
	Excise Duty Demand	6.32	CESTAT, Delhi
	Excise Duty Demand	1550.20	Commissioner Appeals, Jaipur
	Excise Duty Demand	12.80	Revisionary Authority Delhi
	Excise Duty Demand	23.99	Joint Commissioner, Jaipur
	Excise Duty Demand	1.81	Commissioner Central Excise, Jaipur
Finance Act, 1994	Service Tax Demand	10.09	Commissioner Appeals, Ludhiana
	Service Tax Demand	9.27	Punjab & Haryana High Court, Chandigarh.
	Service Tax Demand	5.06	Rajasthan High Court, Jaipur
	Service Tax Demand	27.86	Joint Commissioner, Jaipur
	Service Tax Demand	28.80	Commissioner Appeals, Chandigarh
	Service Tax Demand	2.59	Commissioner Appeals, Mandi Gobindgarh
Punjab State Electricity Board Rules	Demand Against Captive Consumption (net)	12.09	Zonal Settlement Committee, Mohali
	Demand Against Captive Consumption (net)	135.42	Zonal Settlement Committee, Ludhiana
	Demand Against Captive Consumption (net)	11.15	Punjab & Haryana High Court, Chandigarh

(x) The company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks or debenture holders.

(xii) As explained to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the order are not applicable to the company.

(xiii) The company is not a Chit Fund or a nidhi, mutual benefit fund/Society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the company.

(xiv) Based on the information and explanations given to us and the records of the company examined by us, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the order are not applicable to the company.

(xv) Based on our examination of the records of the company and information and explanations given to us, the company has given a guarantee of Rs 85 crores for loans taken by Cotton County Retail Ltd from banks. In our opinion, the terms and conditions of the said guarantee are not *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, 1856.

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

(xx) According to the information and explanations given to us, the company has not raised any money by way of public issue during the year.

Accordingly the provisions of clause 4(xx) of the order are not applicable to the company.

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

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

Place : Ludhiana
Dated : 29th May, 2010

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



BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	ANNEXURE NO.	AS AT 31st MARCH, 2010 (Rupees in '000)	AS AT 31st MARCH, 2009 (Rupees in '000)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
a) Share Capital	I	400,340	400,340
b) Reserves and Surplus	II	<u>5,536,937</u>	<u>5,389,023</u>
LOAN FUNDS			
a) Secured Loans	III	7,978,539	7,542,600
b) Unsecured Loans	IV	<u>471,874</u>	<u>496,737</u>
DEFERRED TAX LIABILITY (NET)			
Total		<u>246,076</u>	<u>195,560</u>
		<u>14,633,766</u>	<u>14,024,260</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
V			
Gross Block		13,030,110	12,841,099
Less Depreciation		<u>7,173,989</u>	<u>6,510,167</u>
Net Block		<u>5,856,121</u>	<u>6,330,932</u>
Capital Work-in-Progress		<u>716,137</u>	<u>179,099</u>
INVESTMENTS			
		<u>1,411,678</u>	<u>1,432,247</u>
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	VII	4,618,111	2,456,396
Sundry Debtors	VIII	1,393,786	1,314,231
Cash and Bank Balances	IX	20,678	1,331,970
Loans and Advances	X	1,396,555	1,814,990
Fixed Asset held for Disposal		<u>9,223</u>	<u>11,700</u>
		<u>7,438,353</u>	<u>6,929,287</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
		<u>788,531</u>	<u>847,318</u>
Net Current Assets		6,649,822	6,081,969
MISCELLANEOUS EXPENDITURE			
(To the extent not written off)		8	13
Total		<u>14,633,766</u>	<u>14,024,260</u>
Notes Forming part of Accounts XX			

As per our separate report of even date attached

For and on behalf of the Board

For **RAJ GUPTA & CO.**,
Chartered Accountants
FRN : 000203N

R.K.Gupta
Partner
M.No.: 017039

Mukesh Sood
Company Secretary

B.Bhushan Gupta
President (Corporate
Finance & Accounts)

Dinesh Gogna
Director

Kamal Oswal
Vice Chairman Cum-
Managing Director

Place : Ludhiana
Date : 29th May, 2010



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	ANNEXURE NO.	Current Year (Rupees in '000)	Previous Year (Rupees in '000)
INCOME			
Operating Income	XII	10,208,219	10,067,849
Less: Excise Duty recovered on sales		33,602	<u>69,439</u>
		10,174,617	9,998,410
Other Income	XIII	151,716	<u>308,561</u>
Total		10,326,333	10,306,971
EXPENDITURE			
Cost of Material	XIV	5,468,728	5,586,298
Manufacturing Expenses	XV	2,375,610	2,345,628
Employment Cost	XVI	652,038	657,215
Administrative & Other Expenses	XVII	97,840	171,363
Financial Expenses	XVIII	546,555	565,264
Selling Expenses	XIX	181,760	202,086
Excise duty on stocks		(14,552)	(36,817)
Miscellaneous Expenditure Written off		5	5
Depreciation		723,124	<u>773,054</u>
Total		10,031,108	10,264,096
PROFIT BEFORE TAX		295,225	42,875
Less: Provision for Income Tax		49,800	3,850
Less: Provision for Wealth Tax		164	233
Less: Provision for Fringe Benefit Tax		--	2,750
Less: Deferred Tax		50,516	<u>24,975</u>
PROFIT AFTER TAX		194,745	11,067
Less: Income Tax liability/refund of earlier years (net)		4	168
Add: Transfer from General Reserve		--	496,215
Add: Transfer from Contingent Liability Reserve		41,795	--
Less: Transfer to Contingent Liability Reserve		--	496,215
Less: Transfer to FCCBs Periodic Cost Reserve		21,903	--
Add: Transfer from FCCBs Periodic Cost Reserve		--	146,598
Less: Proposed Dividend on Equity shares		40,034	40,034
Less: Corporate Dividend Tax		6,804	6,804
Transfer to General Reserve		167,795	<u>110,659</u>
Basic Earning Per Share (in Rs.)		4.82	0.27
Diluted Earning Per Share (in Rs.)		4.82	0.27
Notes Forming part of Accounts	XX		

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,
Chartered Accountants
FRN : 000203N

R.K.Gupta
Partner
M.No.: 017039

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B.Bhushan Gupta
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Finance & Accounts)

Dinesh Gogna
Director

Kamal Oswal
Vice Chairman Cum-
Managing Director

Place : Ludhiana
Date : 29th May, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	2009-10 (Rupees In '000)	2008-09 (Rupees In '000)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extraordinary items	295,225	42,875
Adjustment for		
Depreciation & Non Cash expenses	723,129	773,059
Exchange Rate Fluctuation (notional)	(56,454)	--
(Profit)/Loss on Sale/discarding of Fixed Assets(Net)	(5,238)	(4,328)
(Profit)/loss on Sale of investment	(4,249)	--
Diminution in value of investment	(593)	548
Dividend Received	(2,321)	(6,232)
Interest Income	(128,887)	(98,752)
Interest Expense	524,682	551,538
Operating Profit Before Working Capital Changes	1,345,294	1,258,708
Adjustment for		
Trade & Other Receivables	338,880	(784,230)
Assets held for disposal	2,477	1,830
Inventories	(2,161,715)	2,190,200
Trade Payables	(58,787)	(550,732)
Cash Generated from operations	(533,851)	2,115,776
Direct Tax Paid	(49,968)	(118,894)
Net Cash flow used in Operating Activities	(583,819)	1,996,882
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(794,827)	(372,372)
Sale of Fixed Assets	14,714	55,178
Sale/Purchase of Investment(net)	25,411	(22,110)
Interest Received	128,887	98,752
Dividend Received	2,321	6,232
Net cash used in Investing Activities	(623,494)	(234,320)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Unpaid Premium received	11	--
Amount of Capital Subsidy received	--	3,000
Borrowings-others	30,000	(600,755)
Interest paid	(523,091)	(551,538)
Dividend paid	(40,034)	(37,935)
Corporate dividend tax	(6,804)	(6,804)
Repayment of Long Term Borrowings	(398,675)	(201,002)
Working Capital Borrowings	834,614	(212,273)
Net cash used in Financing Activities	(103,979)	(1,607,307)
Net Change in Cash & Cash Equivalents (A+B+C)	(1,311,292)	155,255
Cash & Cash Equivalents as at 1st April, 2009	1,331,970	1,176,715
Cash & Cash Equivalents as at 31st March, 2010	20,678	1,331,970

Notes :

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

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,
Chartered Accountants
FRN : 000203N

R.K.Gupta
Partner
M.No.: 017039

Mukesh Sood
Company Secretary

B.Bhushan Gupta
President (Corporate
Finance & Accounts)

Dinesh Gogna
Director

Kamal Oswal
Vice Chairman Cum-
Managing Director

Place : Ludhiana
Date : 29th May, 2010



PARTICULARS	ASAT 31st MARCH, 2010 (Rupees in '000)	ASAT 31st MARCH, 2009 (Rupees in '000)
ANNEXURE-I		
SHARE CAPITAL		
AUTHORISED		
65,000,000 Equity Shares of Rs. 10/- each. (Previous Year 65,000,000)	650,000	650,000
Total	<u>650,000</u>	<u>650,000</u>
ISSUED, SUBSCRIBED & PAID - UP*		
40,395,865 Equity Share of Rs. 10/- each. (Previous Year 40,395,865)	403,959	403,959
Less : Allotment Money in Arrear	<u>3,619</u>	<u>3,619</u>
Total	<u>400,340</u>	<u>400,340</u>

* Of the above Shares

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

ANNEXURE-II
RESERVES AND SURPLUS

i) CAPITAL SUBSIDY RESERVE		
Received from Central/State Government under Subsidy Scheme		
Balance as per last year	21,000	18,000
Received during the year	--	<u>3,000</u>
	21,000	21,000
ii) SHARE PREMIUM ACCOUNT		
Balance as per last year	3,384,917	3,384,917
Less: Share Premium Unpaid	<u>39,531</u>	<u>39,542</u>
iii) GENERAL RESERVE		
Balance as per Last year	284,726	670,282
Less: Transfer to Profit & Loss Account	--	496,215
Add: Transfer from Profit & Loss Account	<u>167,795</u>	<u>110,659</u>
	452,521	284,726



PARTICULARS	AS AT 31st MARCH, 2010 (Rupees in '000)	AS AT 31st MARCH, 2009 (Rupees in '000)
iv) CAPITAL RESERVE		
Balance as per Last Year	943,819	335,138
Add: Cessation of non trade liability	--	608,681
	<u>943,819</u>	943,819
v) CAPITAL REDEMPTION RESERVE	192,500	192,500
vi) FCCB'S PERIODIC COST RESERVE		
Balance as per Last Year	105,388	251,986
Add: Transfer from Profit & Loss Account	21,903	(146,598)
	<u>127,291</u>	105,388
vii) CONTINGENT LIABILITY RESERVE		
Balance as per Last Year	496,215	--
Less- Transfer to Profit & Loss Account	41,795	--
Add- Transfer from Profit & Loss Account	--	496,215
	<u>454,420</u>	496,215
Total	<u>5,536,937</u>	<u>5,389,023</u>

ANNEXURE-III

SECURED LOANS

i) Working Capital Borrowings from Banks	3,576,463	2,741,849
ii) Term loans	4,402,076	4,800,751
Total	<u>7,978,539</u>	<u>7,542,600</u>

NOTES:

- Working Capital Borrowings are secured by hypothecation of stocks of Raw Materials, Work-in-Process, Finished Goods, Stores & Book Debts and further secured by 2nd Charge on Fixed Assets of the Company and also personally guaranteed by some of the Directors of the Company.
- Term loan from ICICI Bank Limited, IDBI Bank Ltd., Canara Bank, State Bank of Patiala, Indian Overseas Bank, Allahabad Bank, Punjab National Bank, Axis Bank, State Bank of Mysore, Punjab & Sind Bank, Corporation Bank and Government of India, Ministry of Consumer Affairs are secured by hypothecation as pari-passu first charge on whole of the immovable properties of the Company situated at Village Jalalpur, Chandigarh Ambala Road, Lalru, Distt. Mohali, Industrial Focal Point, Phase VIII, Village Mundian, Distt. Ludhiana, Village Jalaldiwal, Near Raikot, Distt. Ludhiana (Punjab), Village Udaipur / Khijuriwas, Bhiwadi, Distt. Alwar (Rajasthan), Focal Point Phase IV, Ludhiana (Punjab) and Village Salana Jeon Singh Wala, Tehsil Amloh, Distt. Fatehgarh Sahib (Punjab) including the Company's movable Plant and Machinery, Machinery Spares and other movables 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 Corporate Gurantees given by the Group Companies and also personally guaranteed by some of the Directors of the Company.

ANNEXURE-IV

UNSECURED LOANS

i) Foreign Currency Convertible Bonds(FCCB's)	440,283	496,737
ii) Others	31,591	--
Total	<u>471,874</u>	<u>496,737</u>



**ANNEXURE V
FIXED ASSETS**

(Rs. in '000)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions during the year	Sale/ adjustment during the year	As at 31.03.2010	Upto 31.03.2009	Provided during the year	Adjusted/ written back during the year	Total Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Lease Hold Land	31,122	--	--	31,122	--	--	--	--	31,122	31,122
Free Hold Land	308,270	6,325	--	314,595	--	--	--	--	314,595	308,270
Building	2,375,056	16,610	--	2,391,666	714,418	81,827	--	796,245	1,595,421	1,660,638
Plant & Machinery	9,951,231	230,072	53,654	10,127,649	5,673,315	630,046	49,069	6,254,292	3,873,357	4,277,916
Furniture & Fixtures	34,342	494	2,163	32,673	21,190	2,102	1139	22,153	10,520	13,152
Office Equipment	58,284	1,402	57	59,629	41,998	4,019	44	45,973	13,656	16,286
Vehicles	58,713	2,886	12,904	48,695	35,464	4,896	9,050	31,310	17,385	23,249
Computer Software	24,081	--	--	24,081	23,782	234	--	24,016	65	299
Total	12,841,099	257,789	68,778	13,030,110	6,510,167	723,124	59,302	7,173,989	5,856,121	6,330,932
Previous Year	12,408,506	601,023	168,430	12,841,099	5,854,693	773,054	117,580	6,510,167	6,330,932	6,553,813



PARTICULARS	AS AT 31st MARCH, 2010 (Rupees In '000)	AS AT 31st MARCH, 2009 (Rupees In '000)
ANNEXURE-VI INVESTMENTS		
GOVERNMENT SECURITIES		
National Saving Certificates (Pledged with Govt. Authorities)	35	35
LONG TERM INVESTMENTS		
EQUITY SHARES		
TRADE		
QUOTED		
2,356,930-Fully paid up Equity Shares of Rs. 5/- each of Nahar Spinning Mills Limited (Previous Year 2,356,930)	241,003	241,003
1,264,720-Fully paid up Equity Shares of Rs.5/-each of Nahar Poly Films Limited (Previous Year 1,264,720)	63,525	63,525
1,363,221-Fully paid up Equity Shares of Rs.5/-each of Nahar Capital and Financial Services Limited (Previous Year 1,363,221)	190,820	190,820
OTHERS		
A) QUOTED		
30,900-Fully paid up Equity Shares of Rs. 10/- each of BPL Engineering Limited (Previous Year 30,900).	280	280
22,500-Fully paid up Equity Shares of Rs.10/- each of Pertech Computer Limited (Previous Year 22,500)	1,350	1,350
12,555-Fully paid up Equity Shares of Rs.10/- each of Pasupati Acrylon Limited (Previous year 12,555)	94	22
7,700-Fully paid up Equity Shares of Rs. 10/- each of R.S.Petro Chemical Limited (Previous Year 7,700)	77	77
200-Fully paid up Equity Shares of Rs. 5/- each of Nirma Limited (Previous year 200)	11	11
50-Fully paid up Equity Shares of Rs. 10/- each of Malwa Cotton & Spinning Mills Limited (Previous year 50)	2	1
4,458-Fully paid up Equity Shares of Rs. 10/- each of Mundra Port and Special Economic Zone Limited (Previous year 4,458)	1,962	1,441
B) UNQUOTED		
180,000-Fully Paid Up Equity Shares of Rs. 100/- each of J.L.Growth Fund Limited (Previous Year 180,000)	168,480	168,480
250,000-Fully Paid Up Equity Shares of Rs. 100/- each of Vardhman investment Limited (Previous Year 250,000)	147,500	147,500
164,000-Fully Paid Up Equity Shares of Rs. 100/- each of Atam Vallabh Financers Limited (Previous Year 164,000)	106,600	106,600



PARTICULARS	AS AT 31st MARCH, 2010 (Rupees In '000)	AS AT 31st MARCH, 2009 (Rupees In '000)
Nil-Fully Paid Up Equity Shares of Rs. 10/- each of Ogden Trading And Investment Co. Pvt Ltd (Previous Year 1,675)	--	50
3,360-Fully Paid Up Equity Shares of Rs. 100/- each of Nagdevi Trading & Investment Co. Limited. (Previous Year 10).	51	1
One Fully Paid Up Equity Share of Rs 100 of Punjab State Co-operative Bank Limited (Cost Rs. 100) (Previous year one)	--	--
11,463,240-Fully Paid Up Equity Shares of Rs. 10/- each of Cotton County Retail Limited (Previous year 11,463,240)	425,100	425100
3,156,958 Fully Paid Up Class `A' - 0.01% Cumulative Redeemable Preference Shares of Rs. 10/- each of VS Lignite Power Pvt Ltd (Previous year 3,156,958)	31,570	31,570
1,637,042-Fully Paid Up Class 'A' Equity Shares of Rs. 10/- each of VS Lignite Power Pvt Ltd (Previous year 1,637,042)	16,371	16,371
100,000 - Fully Paid Shares of GBP 1.00 Per Share of Crown Star Limited (Previous year 100,000)	6,847	8,010
UNITS		
UNQUOTED		
Nil-Units of Rs. 10/- each of IDFC Mutual Fund (Previous Year 2,000,000)	--	20,000
1,000,000 -Units of Rs. 10/- each of Sundram BNP Paribas Mutual Fund (Previous Year 1,000,000)	10,000	10,000
Total	<u>1,411,678</u>	<u>1,432,247</u>
ANNEXURE-VII		
INVENTORIES		
(AS TAKEN,CERTIFIED AND VALUED BY THE MANAGEMENT)		
i) Raw Material	3,003,358	344,137
ii) Stores & Spares	264,883	346,261
iii) Work-in-Process	269,064	225,773
iv) Finished Goods	1,080,806	1,540,225
Total	<u>4,618,111</u>	<u>2,456,396</u>
ANNEXURE-VIII		
SUNDRY DEBTORS		
(UNSECURED CONSIDERED GOOD)		
i) Over Six Months	58,618	59,316
ii) Others	1,335,168	1,254,915
Total	<u>1,393,786</u>	<u>1,314,231</u>



PARTICULARS	AS AT 31st MARCH, 2010 (Rupees In '000)	AS AT 31st MARCH, 2009 (Rupees In '000)
ANNEXURE-IX		
CASH AND BANK BALANCES		
i) Cash in hand (including Stamps in Hand)	10,441	9,185
ii) With Scheduled Banks		
a) In Current Accounts	10,111	12,441
b) In fixed Deposit Accounts	126	1,310,344
Total	<u>20,678</u>	<u>1,331,970</u>
ANNEXURE-X		
LOANS AND ADVANCES		
(UNSECURED CONSIDERED GOOD)		
i) Advances Recoverable in cash or in kind or for value to be received.	978,268	1,308,420
ii) Security Deposits	55,995	68,607
iii) Balance with Central Excise Authorities	311,921	326,070
iv) Advance Income Tax (Net of Provision)	50,371	111,893
Total	<u>1,396,555</u>	<u>1,814,990</u>
ANNEXURE-XI		
CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES		
i) Sundry Creditors		
- Micro, Small & Medium Enterprises	--	--
- others	364,284	338,128
ii) Security Deposits	42,251	42,999
iii) Interest accrued but not due	168	426
iv) Advances from Customers/Others	23,595	11,369
v) Statutory Liabilities	41,815	57,720
vi) Other Liabilities	260,831	342,748
vii) Unclaimed Dividend	8,749	7,090
B) PROVISIONS		
i) Proposed dividend	40,034	40,034
ii) Tax on proposed dividend	6,804	6,804
Total	<u>788,531</u>	<u>847,318</u>

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



PARTICULARS	Current Year (Rupees In '000)	Previous Year (Rupees In '000)
ANNEXURE-XII		
OPERATING INCOME		
Export Sales - Direct	607,788	436,693
Export Sales - Third Party	30,850	46,613
Domestic Sales	9,477,761	9,484,995
Processing Income	19,995	26,504
Other Operating Income	29,044	36,960
Duty Draw Back/DEPB	42,781	36,084
	<u>10,208,219</u>	<u>10,067,849</u>
ANNEXURE-XIII		
OTHER INCOME		
Interest Received [Tax deducted at source Rs. 22,763 thousands (Previous Year 15,797 thousands)]	128,887	98,752
Sundry Balances written Back	971	1,513
Dividend received		
- Trade	2,303	6,213
- Others	18	19
Profit on sale of Fixed Assets	5,907	7,654
Profit on sale of investments	4,249	--
Misc. Income	9,381	194,410
Total	<u>151,716</u>	<u>308,561</u>
ANNEXURE-XIV		
COST OF MATERIAL		
OPENING STOCK		
i) Raw Material	344,137	1,941,394
ii) Work-In-Process	225,773	278,074
iii) Finished Goods	1,540,225	2,101,089
Sub Total	2,110,135	4,320,557
ADD : PURCHASES (INCLUDING TRADING PURCHASE)	7,711,821	3,375,876
LESS : CLOSING STOCK		
i) Raw Material	3,003,358	344,137
ii) Work-In-Process	269,064	225,773
iii) Finished Goods	1,080,806	1,540,225
Sub Total	4,353,228	2,110,135
Total	<u>5,468,728</u>	<u>5,586,298</u>
ANNEXURE-XV		
MANUFACTURING EXPENSES		
Power and Fuel	1,384,189	1,348,825
Store Consumed	944,066	950,496
Handling and Restacking	30,350	31,169
Machinery Repairs and Maintenance	17,005	15,138
Total	<u>2,375,610</u>	<u>2,345,628</u>
ANNEXURE-XVI		
EMPLOYMENT COSTS		
Salary, Wages and Other Allowances	598,143	589,239
Contribution to Provident Fund and Other Funds	44,188	59,937
Workmen and Staff Welfare	9,321	7,755
Staff Recruitment	386	284
Total	<u>652,038</u>	<u>657,215</u>



PARTICULARS	Current Year (Rupees In '000)		Previous Year (Rupees In '000)
ANNEXURE-XVII			
ADMINISTRATIVE AND OTHER EXPENSES			
Rent		2,840	1,727
Rates & Taxes		6,809	4,232
Insurance		11,702	16,859
Legal & Professional Expenses		9,913	20,256
Travelling & Conveyance*		15,663	19,292
Vehicle Repair & Maintenance		7,357	7,500
Auditors Remuneration			
Audit Fee	750		703
Tax Audit Fee	150		150
In Other Capacity	95		115
Out of Pocket Expenses	124	1,119	99
Directors Remuneration		--	860
Miscellaneous Expenses		17,129	19,905
Director Meeting Fee		68	84
Repairs and Maintenance		12,144	17,192
Sundry Balances Written off		2,530	58,077
Provision for diminution in value of investment		(593)	548
Loss on Sale/discard of Fixed Assets		669	3,326
Advertisement & Publicity		375	438
Charity & donation		10,115	--
Total		97,840	171,363
* Includes Directors Travelling of Rs 3,687 thousands (Previous year Rs 4,956 thousand)			
ANNEXURE-XVIII			
FINANCIAL EXPENSES			
Interest Paid			
On Term Loan	236,834		290,750
On Working Capital	280,152		254,040
Others	7,696	524,682	6,748
Bank Charges		10,205	13,726
Exchange Rate Fluctuation		11,668	--
Total		546,555	565,264
ANNEXURE-XIX			
SELLING EXPENSES			
Forwarding and Octroi		74,862	69,033
Commission & Brokerage		60,342	60,063
Rebate and Discount		34,449	62,230
Other Selling Expenses		12,107	10,760
Total		181,760	202,086

**ANNEXURE - XX****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1) SIGNIFICANT ACCOUNTING POLICIES****a) Accounting Convention**

The financial statements 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 financing costs till commencement of commercial production and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized

c) Depreciation

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

2. The cost of Computer software capitalized is amortised over a period of 4 years.

d) Impairment of Assets

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

e) Revenue Recognition

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

f) Inventories

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

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

g) Investments

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

h) Foreign Exchange Transactions:

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

**i) Borrowing costs.**

Borrowing costs directly attributable to the acquisition or construction of a qualifying fixed asset and incurred upto the date the asset is put to use are added to the cost of the fixed cost. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

j) 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 profits will be available against which such deferred tax assets can be realized.

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

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

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

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

Defined benefit plans:**i) 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.

ii) Leave with Wages:

Provision is made for value of unutilized leaves standing to the credit of the employees on the basis of actual valuation at the date of Balance Sheet.

l) 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.

m) Miscellaneous Expenditure to the extent not written off:

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

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

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs.1570.14 Lacs (Previous year Rs. 113.62 Lacs).
- b) Letter of Credit in favour of suppliers and others Rs.2074.50 Lacs (Previous year Rs. 72.58 Lacs).
- c) Bank Guarantees in favour of suppliers and others Rs. 267.69 Lacs (Previous Year Rs. 399.57 Lacs)
- d) Corporate guarantee given on behalf of others Rs 8500 lacs (Previous year Rs 8500 lacs)
- e) Sales tax demands against which the company has preferred appeals Rs. 120.46 Lacs (Previous year Rs. 120.46 Lacs).
- f) The Central Excise Authorities have issued show cause notices to the Company for Rs. 2129.06 Lacs on various matters under the Central Excise rules (Previous Year Rs. 2108.93 Lacs). The Company has filed suitable replies with the concerned authorities.



- g) Punjab State Electricity Board has raised a Net demand of Rs. 158.66 Lacs (Previous Year Rs. 157.58 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 aggregate amount of Rs. 3,166.52 Lacs (Previous year Rs. 7,223.11 Lacs) in favour of the President of India for fulfillment of its obligations under the rules made under Central Excise Act, 1944 and Customs Act, 1962.
- i) Claims of Rs 372.56 lacs (Previous Year Rs. 366.67 lacs) lodged against the company on various matters are not acknowledged as debts. The company has filed suitable replies with the concerned authorities.
- j) The contingent liability on disputed derivative contracts has already been taken note of in notes to the accounts in earlier year. The net contingent liability at the end of year 2009-10 comes to Rs. 4,544.20 lacs after adjusting the amount of liability already settled during the year.

Since the liability arising out of the derivative contracts are subjudice before the Civil Court and has been considered by the company as Contingent liability thus the interest of Rs. 1,431.48 lacs computed by the banks on the disputed amount is not acknowledged and accordingly not provided for as status quo order is already inforce.

- 2) The Company has undertaken export obligations of Rs. 17793.98 Lacs (Previous year Rs. 20,409.49 Lacs) to export goods against the issuance of Import Licences for the Import of Capital Goods. Out of this, export obligations of Rs.17,397.65 Lacs (Previous year Rs. 12,320.73 Lacs) have already been fulfilled up to 31st March, 2010.
- 3) The liability towards Zero-coupon Foreign Currency Convertible Bonds (FCCBs) has been shown as unsecured loan. The general reserve at the end of the year is after adjusting Rs 219.03 lacs transferred to FCCB Periodic Cost Reserve, for the year under reference on redemption of FCCBs in case of non-conversion of bonds by the bondholders. The general reserves will be reinstated with the FCCB Periodic Cost Reserve in case of conversion of the bonds by the bondholders.
- 4) In response to the letters sent to the suppliers seeking to know the status of their coverage under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act) the Company has received replies from some of the suppliers. Disclosures as required under Section 22 of the MSMED Act, 2006 are given below:

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

5) **Earnings Per Share (EPS)**

	2009-10	2008-09
Profit / Loss after Tax (Rs. in Lacs)	1947.45	110.67
Weighted average no. of ordinary shares	40,395,865	40,395,865
Weighted average no. of diluted shares	40,395,865	40,395,865
Nominal value of ordinary share (Rs.)	10.00	10.00
Basic Earning Per Share (Rs.)	4.82	0.27
Diluted Earning per Share (Rs.)	4.82	0.27

The conversion price of Zero Coupon Foreign Currency Convertible Bonds is higher than the fair value of the equity share as at the close of the year and is accordingly anti-dilutive. Therefore, the same has not been considered for computing the diluted earning per share.



- 6) Market value of quoted investments is Rs.3159.09 Lacs (Previous Year Rs. 968.10 Lacs). Aggregate value of quoted investments is Rs. 4991.24 Lacs (Previous Year Rs. 4985.30 Lacs) and unquoted investment is Rs. 9125.53 Lacs (Previous Year Rs. 9337.17 Lacs).
- 7) Advances include Rs. 27.76 Lacs (Previous Year Rs. 27.76 Lacs) paid to the machinery suppliers and are under dispute. The matter is pending in the Delhi High Court.
- 8) The balances of Sundry debtors and Sundry creditors are subject to confirmation.
- 9) In the opinion of the Board of Directors, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the value at which they are stated in the foregoing Balance Sheet, unless stated otherwise.
- 10) The remuneration paid / payable to the Vice Chairman-Cum-Managing Director is as under:-

	(Rs. In Lacs)	
	Current Year	Previous Year
Salary	--	8.00
Provident Fund Contribution	--	0.60
Total	--	8.60

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

	(Rs. In Lacs)	
	Current Year	Previous Year
Net profit before taxation	2,952.25	428.75
Add: Managerial Remuneration	--	8.60
	2,952.25	437.35
Less: Profit on sale of investments	42.49	----
Net Profit under Section 349 of the, Companies Act, 1956	2,909.76	437.35
Maximum Permissible i.e 5% of profits	145.49	21.87

During the financial year 2007-08 the company had paid managerial remuneration of Rs. 464.78 lacs as approved by the shareholders in their meeting held on 29.09.2007. The company moved an application with the Central Government for approval which was denied. Accordingly, the amount of excess remuneration of Rs.358.75 lacs has been considered as advance salary in the year of payment, which is being adjusted against the current year's remuneration. After the adjustment of current year's remuneration payable to managing director, the balance unadjusted amount of Rs 213.26 lacs will be adjusted in the subsequent years' remuneration.

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

	(Rs. In Lacs)					
	Yarn	Fabrics	Sugar	Steel	Others	Total
Segment Revenue						
Total Revenue	82,772.99	53,641.32	10,053.75	22.91	33.23	146,524.20
Less: Inter Segment Revenue						45,496.27
Net Revenue						101,027.93
Segment Results						
Profit/(loss)before Tax & interest	5,954.76	121.90	1,699.96	(56.47)	697.65	8,417.80
Less: interest						5,465.55
Total Profit Before Tax						2,952.25
Capital Employed						
Segment Assets- Segment Liabilities	51,253.04	38,655.14	2,837.16	396.15	17,431.48	110,572.97



12) Related Party Disclosures

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

Particulars	(Rs. In Lacs)		
	Associates*	Key Management Personnel (KMP)	Relative of Key Management Personnel
Purchase of goods	1975.10	--	--
Sales of Goods	6758.41	--	--
Sale of fixed assets	35.36	--	--
Purchase of fixed assets	8.30	--	--
Purchase Of DEPb license	13.35	--	--
Dividend received	23.02	--	--
Dividend paid	255.91	--	--
Salary	--	--	0.80
Processing Charges received	0.60	--	--
Processing Charges paid	5.76	--	--
Loan Received	1975.00	--	--
Loan Repaid	1675.00	--	--
Interest Paid	73.02	--	--
Rent received	86.03	--	--
Remuneration paid	--	--	--
Director Sitting fee	--	0.14	--
Balance receivable (net) as on 31.03.2010	2026.88	--	--

Name of related parties and description of relationship:

Associates*

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

Key Management Personnel

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

Relatives of Key management Personnel

Mrs. Abhilash Oswal, Mrs Manisha Oswal, Mrs, Ritu Oswal and Miss Neha oswal

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

13. Employee benefits

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

Particulars	(Rs. In '000)
	Year ended 31.03.2010
<u>Changes in the present value of defined benefit obligation</u>	
Present value of obligation at the beginning of year	62,213
Current service cost	11,576
Interest cost	4,477
Actuarial gain	(8,913)
Benefits paid	(5,035)
Present value of obligation at the end of the year	64,318
<u>Changes in the fair value of plan assets</u>	
Fair value of plan assets at the beginning of the year	63,538
Expected return on plan assets	5,092
Contributions	5,260
Benefits paid	(5,035)



Actuarial gain	621
Fair value of plan assets at the end of the year	69,476
<u>Net asset recognised in the Balance Sheet</u>	
Projected benefit obligation at the end of the year	64,318
Fair value of plan assets at the end of the year	69,476
Net asset recognised in the Balance Sheet	5,158
<u>Expense recognised in the Profit and Loss Account</u>	
Current service cost	11,576
Interest cost on benefit obligation	4,477
Expected return on plan assets	(5,092)
Net actuarial gain recognised in the year	(9,534)
Net gratuity cost	1,427
Actuarial assumptions	
Discount rate	7.70%
Expected rate of return on plan assets	8.00%
Long term rate of compensation increase	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 2010 for the estimated term of defined benefit obligation.

14. **Deferred Tax Liability/ Asset (net) pursuant to Accounting Standard 22.**

(Rs. In Lacs)

Particulars	As at 31.03.10	As at 31.03.09
Deferred tax liability		
Relating to fixed assets	2,702.34	3,338.12
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act, 1961	158.73	458.73
Business Losses (unabsorbed)	82.85	923.79
Deferred Tax Liability/(Asset)(net)	2,460.76	1,955.60

15) Export / domestic bills discounted during the year under Letter of Credit outstanding as on 31.03.2010 for Rs. 1639.16 Lacs (Previous year Rs. 827.93 Lacs) have been reduced from Bank Borrowings and correspondingly from Sundry Debtors.

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

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

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

A. PARTICULARS OF LICENSED AND INSTALLED CAPACITY (1)

CLASS OF GOODS	UNITS	LICENSED CAPACITY		INSTALLED CAPACITY	
		31.03.10	31.03.09	31.03.10	31.03.09
Yarn	Spindles	323,824	323,824	201,408	193,008
Yarn	Rotors	12,408	12,408	6,680	6,680
Grey Fabric	Air jet looms	730	730	453	453
Processed Fabrics	Meter Per Annum	107,000,000	107,000,000	58,400,000	58,400,000
Sugar	TCD	5,000	5,000	2,500	2,500
Steel Ingots	MTs per annum	60,000	60,000	50,000	50,000

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



B. PARTICULARS OF PRODUCTION AND SALES

(Value Rupees In "000)

CLASS OF GOODS	UNIT	PRODUCTION		SALE*			
		QUANTITY		QUANTITY		VALUE	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Yarn (1)	MTs	65,066	64,715	68,277	65,541	7,870,488	6,850,510
Yarn On Job Work Basis (1)	MTs	26	235	26	237	2,413	5,231
Grey Fabrics (2)	Mtrs	21,821,033	20,437,812	23,348,649	22,313,543	1,292,871	1,210,378
Processed Fabrics (3)	Mtrs	39,340,702	38,835,688	40,289,812	38,782,702	3,489,599	3,312,000
Readymade Garments	Pcs	--	--	27,101	319,996	22,451	99,055
Cotton Fibre (4)	MTs	--	--	231	913	14,450	56,871
Sugar (5)	Qtls	155,530	171,900	317,223	475,068	1,003,438	957,977
Molasses	Qtls	83,872	87,599	34,930	112,347	28,023	69,651
Bagasse(6)	Qtls	479,304	520,085	13,870	107,700	3,814	12,490
Steel Ingots	MTs	--	1,000	28	2,767	642	93,577
Runner & Risers(7)	MTs	--	32	--	--	--	--
Others (8)		--	--	--	--	957,832	780,707
TOTAL						14,686,021	13,448,447

*Sales Includes Shortage/Excess During Transit

- 1 Production excludes 115 MTs. material reprocessed.(Previous year 291 MTs) and excludes 3,288 MTs for captive consumption.(Previous year 2,949 MTs).Sales Includes interunit transfer of 19,820 MTs amounting to Rs. 2,592,957 thousands (Previous Year 15,002 MTs amounting to Rs. 1,801,519 thousands)
- 2 Production excludes 361,806 Mtrs reprocessed (Previous year 457,472 Mtrs) It also excludes 21,554,951 Mtrs for captive consumption (Previous Year 20,971,080 Mtrs). Sales includes interunit transfer of 16,485,423 Mtrs amounting to Rs. 960,693 thousands (Previous Year 15,292,341 Mtrs amounting to Rs.880561 thousands)
- 3 Production excludes 1,403,659 Mtrs. material reprocessed (Previous year 1,243,418 Mtrs.) and include 940,559 Mtrs on job work basis(Previous year 990,626) Sales Includes interunit transfer of 2,177,726 Mtrs amounting to Rs. 183,216 thousands (Previous year 1,009,245 Mtrs amounting to Rs. 72,071 thousands). Sale on job work basis includes inter unit transfers of Nil mtrs amounting to Rs. Nil (previous year 146,472 Mtrs. Amounting to Rs. 1,809 thousands).
- 4 Sale Includes interunit transfer of 76 MTs amounting to Rs.4,507 thousands (Previous year 911 MTs amounting to Rs. 56,773 thousands).
- 5 Production excludes 3,950 Qtls of Brown sugar reprocessed (Previous Year 5,050 Qtls.).
- 6 Production includes 467,755 Qtls. for captive consumption (Previous Year 412,385 Qtls.). Sale include interunit transfer of 13,870 Qtls amounting to Rs. 3,814. thousands (Previous year 107700 Qtls amounting to Rs. 12,490 thousands).
- 7 Production Includes Nil MTs Remelted (Previous Year 99 Mts).
- 8 Other Sales Includes Interunit Transfer of Rs.804,440 thousands (Previous Year Rs. 628,419 thousands).



C OPENING AND CLOSING STOCK OF GOODS MANUFACTURED AND TRADED IN

i) OPENING STOCK

CLASS OF GOODS	UNITS	2009-10		(Value Rupees In "000)	
		QTY	VALUE	2008-09	VALUE
Glycerine	MTs	1	23	1	23
Yarn	MTs	1,417	141,975	1,924	196,245
Yarn on Job Work Basis	MTs	--	1	2	122
Grey Fabric	Mtrs	6,017,028	307,513	7,368,350	385,093
Processed Fabric	Mtrs	5,680,487	453,310	5,621,124	463,842
Readymade Garments	Pcs	2,279	770	11,901	2,875
Sugar	Qtls	270,718	537,678	573,886	906,071
Molasses	Qtls	165,700	86,961	190,447	83,336
Bagasse	Qtls	2,721	272	2,721	272
Steel Ingots	MTs	28	694	1,795	54,146
Runner & Risers	MTs	6	93	72	1,795
Others			10,935	--	7,269
Total			1,540,225		2,101,089

ii) CLOSING STOCK

CLASS OF GOODS	UNITS	2009-10		(Value Rupees In "000)	
		QTY	VALUE	2008-09	VALUE
Glycerine	MTs	1	23	1	23
Yarn	MTs	724	79,462	1,417	141,975
Yarn on Job Work Basis	MTs	--	--	--	1
Grey Fabric	Mtrs	4,793,568	278,772	6,017,028	307,513
Processed Fabric	Mtrs	4,731,377	390,787	5,680,487	453,310
Readymade Garments	Pcs	2,744	932	2,279	770
Sugar	Qtls	109,025	199,361	270,718	537,678
Molasses	Qtls	214,642	114,262	165,700	86,961
Bagasse	Qtls	400	110	2,721	272
Steel Ingots	MTs	--	--	28	694
Runner & Risers	MTs	6	95	6	93
Others		--	17,002	--	10,935
Total			1,080,806		1,540,225

D. TRADING GOODS PURCHASED

CLASS OF GOODS	UNITS	2009-10		(Value Rupees In "000)	
		QTY	VALUE	2008-09	VALUE
Yarn (1)	MTs	612	88,963	238	31,956
Fabrics (2)	Mtrs	--	--	95,256	6,298
Readymade Garments	Pcs	27,566	22,367	310,374	98,158
Scrap Steel	MTs	--	--	96	1,690
Cotton Fibre	MTs	155	9,311		
Total			120,641		138,102

(1) Excludes inter unit transfers of 1907 MTs (Previous Year 80 MTs) amounting to Rs.252,708 thousands (Previous year Rs 9,868 thousands)

(2) Excludes inter unit transfers of 304,157 Mtrs amounting to Rs. 15,983 thousands (Previous year 435,530 Mtrs amounting Rs. 25,500 thousands)



E RAW MATERIAL CONSUMED#

CLASS OF GOODS	UNITS	2009-10		(Value Rupees in '000)	
		QTY	VALUE	QTY	2008-09 VALUE
Fibre including Waste (1)	MTs	68,137	4,362,523	69,758	4,186,536
Yarn (2)	MTs	872	104,409	1,858	231,306
Fabrics (3)	Mtrs	646,386	28,523	1,753,088	92,606
Sugar Cane (4)	Qtls	1,802,571	435,312	1,829,995	310,802
Scrap Steel (5)	MTs	81	1,192	552	13,394
Others		--	--	--	387
Total			4,931,959		4,835,031

Includes quantity and value of Raw materials sold.

- (1) Excludes interunit transfer of 3,394 MTs (Previous Year 3,840 MTs) amounting to Rs.143,499 thousands (Previous Year Rs. 168,533 thousands)
- (2) Excludes interunit transfer of 17,908 MTs (Previous Year 14,922 MTs) amounting to Rs. 2,339,650 thousands (Previous Year Rs. 1,791,639 thousands)
- (3) Excludes interunit transfer of 18,356,313 Mtrs amounting to Rs. 1,127,748 thousands (Previous Year includes inter unit of 15,862,281 Mtrs. Amounting to Rs. 928,703 thousands)
- (4) Includes 3,514.90 Qtls. Amounting to Rs. 752 thousands of Sugar Cane Cultivated at Company's own R & D Farms (Previous Year 2,524.90 Qtls amounting to Rs.409 thousands)
- (5) Excludes interunit transfer of NIL MT's amounting to Rs. NIL thousands (Previous Year 510 MTs amounting to Rs. 7,644 thousands)

F. OTHER ADDITIONAL INFORMATION

PARTICULARS	2009-10 (Rupees In '000)	2008-09 (Rupees In '000)
a) Value of Import on CIF basis		
i) Raw Material	20,172	2,215
ii) Capital Goods & Stores	199,073	290,993
iii) Trading Goods	--	63,603
b) Expenditure in Foreign Currency		
i) Travelling	2,018	4,900
ii) Commission	3,542	4,372
iii) Others	5,337	2,615
c) Earnings in Foreign Exchange		
i) F.O.B. Value of Exports	594,480	426,297
ii) Others	29,044	36,960
d) Value of Imported and Indigenous Raw Material, Spare Parts, Components & Store Consumed.		

PARTICULARS	2009-10 (Rupees. In '000)		2008-09 (Rupees. In '000)	
		%age		%age
i) Raw Material				
Imported	802	0.02	2,618	0.05
Indigenous	4,931,157	99.98	4,832,412	99.95
ii) Stores, Spares Parts & Components *				
Imported	110,131	11.67	85,714	9.02
Indigenous	833,934	88.33	864,782	90.98

* Excludes inter unit transfers of Rs. 61,721 thousands.(Previous year 45,203 thousands)

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,
Chartered Accountants
FRN : 000203N

R.K.Gupta
Partner
M.No.: 017039

Mukesh Sood
Company Secretary

B.Bhushan Gupta
President (Corporate
Finance & Accounts)

Dinesh Gogna
Director

Kamal Oswal
Vice Chairman Cum-
Managing Director

Place : Ludhiana
Date : 29th May, 2010



**Additional information as required under Part IV of Schedule VI to the Companies Act, 1956 :
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details																								
Registration No.										1 8 3 2 1					State Code					1 6				
Balance Sheet Date										3 1 - 0 3 - 2 0 1 0														
										Date					Month					Year				
II Capital raised during the Year (Amount in Rs. Thousand)																								
Public Issue					Right Issue					Bonus Issue														
N I L					N I L					N I L														
III Position of Mobilisation & Development of Funds (Amount in Rs. Thousands)																								
Total Liabilities										1 5 4 2 2 2 9 7					Total Assets					1 5 4 2 2 2 9 7				
Sources of Funds																								
Paid-up Capital					Reserve & Surplus					Secured Loan														
4 0 0 3 4 0					5 5 3 6 9 3 7					7 9 7 8 5 3 9														
Unsecured Loan					Deferred Tax Liability																			
4 7 1 8 7 4					2 4 6 0 7 6																			
Application of Funds																								
Net Fixed Assets					Investment					Net Current Assets					Misc. Expenditure									
6 5 7 2 2 5 8 1 4 1 1 6 7 8										6 6 4 9 8 2 2														
IV Performance of Company (Amount in Rs. Thousands)																								
Turnover incl. Other Income					Total Expenditure					Profit before Tax														
1 0 3 2 6 3 3 3					1 0 0 3 1 1 0 8					2 9 5 2 2 5														
Profit After Tax																								
1 9 4 7 4 5																								
Basic Earning Per Share (Rs.)					Diluted Earning per Share (Rs.)					Dividend Rate %														
0 4 . 8 2					0 4 . 8 2					1 0 %														
V Generic Names of Three Principal Products of Company (As per Monetary Terms)																								
Item Code No. (ITC Code)					5 2 . 0 5																			
Product Description					C O T T O N					Y A R N					& I T S B L E N D S									
Item Code No. (ITC Code)					5 2 . 0 9																			
Product Description					W O V E N					F A B R I C S					O F C O T T O N									
Product Description					1 7 0 1 1 0 9																			
Product Description					W H I T E					C R Y S T A L					S U G A R									

As per our separate report of even date attached

For and on behalf of the Board

For RAJ GUPTA & CO.,
Chartered Accountants
FRN : 000203N

R.K.Gupta
Partner
M.No.: 017039

Mukesh Sood
Company Secretary

B.Bhushan Gupta
President (Corporate
Finance & Accounts)

Dinesh Gogna
Director

Kamal Oswal
Vice Chairman Cum-
Managing Director

Place : Ludhiana
Date : 29th May, 2010



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 26th Annual General Meeting of **Nahar Industrial Enterprises Limited** held on Thursday, the 30th day of September, 2010 at 11.30 A.M. at the Registered Office of the Company at Focal Point, Ludhiana-141010.

Name of Share Holder/Proxy*: _____

Address : _____

No. of Shares held : _____

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

*Strike out whichever is not applicable.

Signature of Shareholders/Proxy*

PROXY FORM

NAHAR INDUSTRIAL ENTERPRISES LIMITED

Registered Office: Focal Point, Ludhiana-141010

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

I/We _____

of _____

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

of _____

or failing him/her _____

of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on Thursday, the 30th day of September, 2010 at 11.30 A.M. or at any adjournment thereof.

Signed this _____ day of _____ 2010.

Date

Month

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

The proxy need not be a member of the Company.

* Strike out whichever is not applicable.

Affix
Rs. 1/-
Revenue
Stamp

BOOK POST

(Printed Matter)

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NAHAR INDUSTRIAL ENTERPRISES LIMITED
Regd. Office : Focal Point,
Ludhiana - 141 010.

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