



The Nahar Group

# 39th ANNUAL REPORT 2018-19



**Nahar** SPINNING MILLS LIMITED

## BOARD OF DIRECTORS

**Sh. Jawahar Lal Oswal**

Sh. Dinesh Oswal  
Sh. Kamal Oswal  
Sh. Dinesh Gogna  
Sh. Satish Kumar Sharma  
Prof. Kanwar Sain Maini  
Dr. Suresh Kumar Singla  
Dr. Amrik Singh Sohi  
Dr. Manisha Gupta  
Dr. Vijay Asdhir

**Chairman**

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

**CHIEF FINANCIAL OFFICER**

Sh. Anil Garg

**G.M. (FINANCE)**

Sh. P. K. Vashishth

**COMPANY SECRETARY**

Sh. Brij Sharma

**AUDITORS**

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

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

**39th ANNUAL GENERAL MEETING**

Day	:	Monday
Date	:	30th September, 2019
Time	:	11.00 A.M.
Place	:	At the Premises of Nahar Industrial Enterprises Limited, Focal Point, Ludhiana

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**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE **39TH ANNUAL GENERAL MEETING** of the members of **NAHAR SPINNING MILLS LIMITED** will be held on **Monday, the 30th day of September, 2019 at 11.00 A.M** at the premises of **M/s Nahar Industrial Enterprises Limited, Focal point, Ludhiana** to transact the following business:

**ORDINARY BUSINESS:****ITEM NO.1- ADOPTION OF FINANCIAL STATEMENTS**

To receive, consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon.

**ITEM NO. 2 - DECLARATION OF DIVIDEND**

To declare dividend @20% i.e. Rs. 1.00 per equity share of Rs. 5/- each for the year ended 31st March, 2019.

**ITEM NO. 3 - APPOINTMENT OF MR. DINESH GOGNA AS A NON-EXECUTIVE DIRECTOR LIABLE TO RETIRE BY ROTATION**

To appoint a director in place of Mr. Dinesh Gogna (DIN: 00498670), who retires by rotation and being eligible, offers himself for re-appointment.

**ITEM NO. 4 - APPOINTMENT OF MR. KAMAL OSWAL AS A NON-EXECUTIVE DIRECTOR LIABLE TO RETIRE BY ROTATION**

To appoint a director in place of Mr. Kamal Oswal (DIN: 00493213), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:****ITEM NO. 5 - RATIFICATION OF REMUNERATION OF COST AUDITORS OF THE COMPANY**

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force), the Cost Auditors M/s. Ramanath Iyer & Co. (Firm Registration No. 000019) appointed by the Board to conduct the audit of the Cost Records of the Company for the financial year 2019-20 at a remuneration of Rs. 1.75

Lakhs (Rupees One Lakh Seventy Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses incurred, be and is hereby ratified.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to above resolution.”

**ITEM NO.6- TO APPROVE THE PAYMENT OF REMUNERATION TO MR. DINESH OSWAL, MANAGING DIRECTOR, AS APPROVED BY SHARE HOLDERS ON 30<sup>TH</sup> SEPTEMBER, 2016**

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

**“RESOLVED THAT** pursuant to the provisions of Section 197(1) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment (s) there of for the time being in force) and as may be enacted from time to time and based on the recommendations of the Nomination and Remuneration Committee and approval of Board of Directors of the Company, consent and approval of the members of the Company, be and is hereby accorded for the payment of Remuneration to Mr. Dinesh Oswal, Managing Director of the Company (DIN: 00607290) as approved by the Shareholders vide their Special Resolution dated 30th September, 2016, as minimum remuneration in case of no profits or inadequacy of profits in any financial year during the period of two years commencing from January 1, 2020 till the expiry of his present term i.e. upto December 31, 2021 as detailed here under:

**Salary (Pay Scale):**

Rs. 56,00,000-4,00,000- 60,00,000 per month.

Commission: 1.5% of the Net Profit

Perquisites: Following perquisites shall be allowed in addition to salary and commission

**1. Housing:** Sh. Dinesh Oswal shall be entitled to House Rent Allowance @50% of the salary.

**Explanation**

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

**2. Medical Reimbursement:** Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or two months salary over a period of two years.

**3. Leave Travel Concession:** Leave Travel Concession for self and family twice in a year incurred by him.



4. **Club Fees:** Fees of club subject to a maximum of four clubs including Admission Fees and Life Membership Fees.
5. **Personal Accident Insurance:** Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 20,000/-.
6. **Provident Fund and Super-annuation Fund:** Contribution to Provident Fund, Super-annuation Fund or Annuity Fund in accordance with the rules specified by the Company.
7. **Gratuity:** Gratuity payable shall not exceed half month's salary for each completed year of service.
8. **Leave Encashment:** Encashment of leave at the end of the tenure, as per rules of the Company.
9. **Car and Telephone:** Free use of Company's car with Driver for official work and telephone at residence."

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

**"RESOLVED FURTHER THAT** the Board of Directors of the Company, including the Nomination and Remuneration Committee, be and are here by authorised to do all such acts, deeds, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### **ITEM NO. 7 - TO APPROVE INCREASE IN REMUNERATION OF MR. SAMBHAV OSWAL HOLDING OFFICE OF PROFIT**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 188(1)(f) of the Companies Act, 2013, read with Companies (Meetings of Board and its powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment(s) thereof for the time being in force and as may be enacted from time to time, consent and approval of the members of the Company, be and is hereby accorded for the increase/revision in remuneration of Mr. Sambhav Oswal, Vice President (Corporate Affairs) holding office of profit, w.e.f. 1<sup>st</sup> October, 2019, as detailed here below:

1. **Salary ( Pay Scale):**  
Rs. 5, 00,000- 1, 00,000-10, 00,000 per month.
2. **Housing:** HRA @ 30% per month of the Basic Salary.
3. **Telephone:** Mobile/Telephone facility as per the Company's rules.
4. **Leave Encashment:** Leave encashment as per the Company's rules.
5. **Club Fees:** Fees of club subject to a maximum of two clubs including Admission Fees and Life Membership

Fees.

6. **Provident Fund:** Company's contribution towards Provident Fund as per Provisions of Employees Provident Fund Act.
  7. **Gratuity:** Payable at a rate not exceeding half a month's salary for each completed year of service as per Company's rules.
  8. **Reimbursement:** Reimbursement of actual traveling, boarding and lodging expenses and other amenities as may be incurred by him from time to time, in connection with the Company's business."
- "RESOLVED FURTHER THAT** Board of Directors including the Nomination and Remuneration Committee be and are hereby authorized to give yearly increment in the remuneration within the above pay scale to Mr. Sambhav Oswal from time to time in accordance with the Company's policy."

**"RESOLVED FURTHER THAT** Board of Directors including the Nomination and Remuneration Committee, be and are hereby authorized to do all such acts, deeds, matters and things, as may be deemed necessary, proper or expedient to give effect to this resolution."

**BY ORDER OF THE BOARD**

**BRIJ SHARMA**

**DATE: 13<sup>th</sup> AUGUST, 2019 (COMPANY SECRETARY)**

#### **REGISTERED OFFICE:**

**373, Industrial Area-A,  
Ludhiana -141003(India)  
CIN: L17115PB1980PLC004341  
E-mail: secnsm@owmnaahar.com**

#### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.  
A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.



3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto and form part of this Notice.
4. A Route Map to reach the venue of the Annual General Meeting, including prominent land mark for easy location, has been provided at the end of the Annual Report.
5. The Register of Members and Share Transfer Register of the Company shall remain closed from 14th September, 2019 to 17th September, 2019 (both days inclusive) for the purpose of equity dividend for the year ended 31st March, 2019.
6. 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 Register of Members as on 13th September, 2019 or Register of Beneficial Owners, maintained by the Depositories at the close of 13th September, 2019.
7. Pursuant to Section 124(5) of the Companies Act, 2013, unclaimed dividend upto the financial year 2010-11 has been transferred to Investor Education and Protection Fund. Further, pursuant to Section 124(6) of the Companies Act, 2013 read with Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the Company has transferred all the shares (in respect of which dividend remained unpaid/unclaimed for a period of seven consecutive years) to the demat account of IEPF Authority as per applicable Rules. Details of shares transferred to the IEPF Authority are available on the Company's website and can be accessed through the link: <http://www.owmnaahar.com/spinning/pdf/uncnsm1-2.pdf>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link <http://www.iepf.gov.in/IEPFA/refund.html>. Shareholders may note that the equity shares as well as unclaimed dividend transferred to the IEPF Authority can be reclaimed by making an application to the IEPF Authority in e-Form IEPF-5 as per procedure provided under Rule 7 of the IEPF Rules. The Shareholders can also view the procedure at [www.iepf.gov.in](http://www.iepf.gov.in).
8. In terms of the provisions of Section 152 of the Companies Act, 2013, Mr. Dinesh Gogna and Mr. Kamal Oswal Directors, retire by rotation at this Meeting and offered themselves for re-appointment. The Nomination and Remuneration Committee and the Board of Directors of the Company re-commend their respective re-appointments.
9. **SEBI vide its Gazetted notification dated June 08, 2018 amended the Regulation 40 (1) (b) of SEBI (LODR) Regulations, 2015 whereby it has been provided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in Dematerialized form with the Depository. In view of the above, members are hereby informed that effective 1st April, 2019 requests for effecting transfer of securities in physical form shall not be processed unless the securities are held in the dematerialized form with a depository. Hence all members who are holding equity shares in physical form are requested to go in for dematerialization of securities at the earliest.**
10. The Company provides the facility of paying dividend through Electronics Clearing System (ECS). The members desirous of availing the facility of electronic credit of dividend are requested to ensure that their correct bank details alongwith 9 digit MICR code of their Bank is updated in the records of the Depository Participant (DP). Members, who hold the shares in physical form, should contact the Registrar & Transfer Agent or the Company in this regard. In order to prevent fraudulent encashment of dividend warrants, members are requested to provide their correct bank account details to their DP in case of electronic holding and to the Registrar & Transfer Agent or the Company in case of physical holding.
11. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed (for five consecutive years commencing from the conclusion of 37th Annual General Meeting till the conclusion of 42nd Annual General Meeting) in the Annual General Meeting, held on September 26, 2017.
12. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialize their shares at the earliest.
13. The documents referred to in Explanatory Statement are open for inspection at the Registered Office of the Company on any working day (except Saturday and Holiday) between 10:00 A.M. to 12:00 Noon upto the date of Annual General Meeting.
14. With a view to using natural resources responsibly, we



- request shareholders to update their e-mail address with their Depository Participants to enable the Company to send communications electronically.
15. Electronic copy of the Annual Report for the year 2018-19 is being sent to all the members whose email Ids are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
16. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
17. Members seeking any information with regard to Annual Accounts at the time of meeting are requested to send their queries to the Company at least 7 days before the date of meeting so as to enable the management to keep the relevant information ready.
18. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form No. SH-13).
19. The information required to be provided under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding the Directors who are proposed to be re-appointed, is given hereto and form part of the Notice.
- 20. The Securities Exchange and Board of India (SEBI) have mandated the submission of the Permanent Account Number (PAN) and Bank Details by every participant in the securities market. Members holding shares in electronic form are requested to submit their PAN to their Depository Participant(s) before 13th September, 2019. Members holding shares in physical form are requested to submit their self attested copy of PAN card bank details alongwith Original cancelled cheque leaf/attested bank passbook showing name of Account holder and address, to the company at its Registered Office at 373, Industrial Area- A, Ludhiana- 141003 or to the Registrar and Share Transfer Agents, M/s. Alankit Assignments Limited, Unit: Nahar Spinning Mills Limited, Alankit Heights, 3E/7, Jhandewalan Extension, New Delhi-110055.**
21. The Register under Section 189 (4) of the Companies Act, 2013 shall be produced at the commencement of the Meeting and shall remain open and accessible during the continuance of the Meeting.
22. In compliance with provision of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company is providing facility to members for voting by electronic means and the business contained in this Notice shall be transacted through such voting. For this purpose, the Company has engaged the services of M/s. Central Depositories Services (India) Ltd. (CDSL) for providing e-voting facility to enable the shareholders to cast their votes electronically.
23. Notice of the 39th Annual General Meeting and the Annual Report for the financial year 2018-19 will also be available on the Company's website i.e. [www.ownahar.com](http://www.ownahar.com). The above said Notice will also be available on the website of CDSL i.e. [www.cdslindia.com](http://www.cdslindia.com).
24. The facility for e-voting via ballot or polling paper shall also be made available at the meeting and the members attending the meeting who have not already casted their vote by remote e-voting shall be able to exercise their right at the meeting.
25. The members who have casted their vote by remote e-voting prior to meeting may also attend the meeting but shall not be entitled to cast their vote again.
- 26. Instructions for shareholders voting through electronic mode are as under:**
- (i) The voting period begins on 27th September, 2019 (9:00 a.m.) and ends on 29th September, 2019 (5:00 p.m.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd September, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting



website [www.evotingindia.com](http://www.evotingindia.com).

- (iv) Click on "Shareholders" tab.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein

they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN 190812013 for the relevant NAHAR SPINNING MILLS LIMITED on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) **Note for Non-Individual Shareholders and Custodian**
  - a) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - c) After receiving the login details, a compliance user should be created using the admin login



- and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- d) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- e) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date 23rd September, 2019 may follow the same instructions as mentioned above for e-Voting.
- (xxii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). The helpdesk can also be contacted at 1800-200-5533.
- (xxiii) Name, designation, address, e-mail ID and phone number of the person responsible to address the grievances connected with the e-voting:  
Mr. Brij Sharma,  
Company Secretary and Compliance Officer  
373, Industrial Area-A,  
Ludhiana -141003(India)  
CIN: L17115PB1980PLC004341  
E-mail: [secnsm@owmnahar.com](mailto:secnsm@owmnahar.com)
- Other instructions:**
27. Voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on cutoff date.
28. Mr. P.S. Bathla, Practicing Company Secretary (Membership No. FCS 4391), will act as a Scrutinizer to the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e-voting process).
29. The Scrutinizer shall immediately after the conclusion of Annual General Meeting first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in the favor or against, if any, forthwith to the Chairman of the Company.
30. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.owmnahar.com](http://www.owmnahar.com) and on the website of CDSL i.e. [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.
31. Subject to the receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of the 39th Annual General Meeting i.e. 30th September, 2019.
32. A person, who is not a Member as on the cutoff date i.e. 23rd September, 2019 should treat this Notice for information purposes only.
- EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**
- The following statement sets out all material facts relating to the Special Business mentioned under Item No. 5 to 7 of the accompanying Notice:
- ITEM NO. 5**
- As per the provisions of Companies (Cost Records and Audit) Amendment Rules, 2014 notified by MCA vide its notification dated 31st December, 2014, Company's activities fall within the purview of Cost Audit requirement. Accordingly the Board, at its meeting held on 30th May, 2019, on the recommendation of Audit Committee, approved the appointment of M/s Ramanath Iyer & Co., Cost Accountants (Firm Registration No. 000019) at a remuneration of Rs. 1.75 /- Lakhs (Rupees One Lakh Seventy Five Thousand only) plus applicable taxes and Reimbursement of Out of pocket expenses incurred, for conducting the Cost Audit of the Cost records of the Company for the financial year 2019-20.
- In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration as mentioned above, payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the shareholders of the Company. Accordingly consent and approval of the shareholders is being sought for passing an Ordinary Resolution as set out the Item No. 5 of the Notice for ratification of remuneration payable to M/s. Ramanath Iyer & Co., Cost Accountants (Firm Registration No. 000019) for financial year 2019-20. None of the Directors of the Company, the Key Managerial Personnel of the Company or their relatives are, in any way concerned or interested financially or otherwise in the aforesaid resolution.
- The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for your approval.

**ITEM NO. 6**

The Shareholders vide their Special Resolution dated 30th September, 2016 approved the re-appointment of Mr. Dinesh Oswal as Managing Director of the Company for a period of five years w.e.f. 1st January, 2017 at remuneration specified in the Resolution.

However, due to expected inadequacy of profits, the Company made an application to the Central Government, Ministry of Corporate Affairs under Section 197 of the Companies Act, 2013 seeking approval for payment of remuneration to Mr. Dinesh Oswal as approved by the Shareholders. The Central Government, Ministry of Corporate Affairs, vide their letter SRN G41287038/2017-CL.VII dated 26th December, 2017 gave the approval for payment of remuneration as mentioned in the letter, to Mr. Dinesh Oswal, Managing Director for three financial years commencing from 1st January, 2017 upto 31st December, 2019. The total remuneration as mentioned in the Central Government's letter dated 26th December, 2017 was subject to the approval of the company in General Meeting as required by Section 197 (1) of the Companies Act, 2013. Accordingly, the shareholders in their Meeting held on 28th September, 2018 approved the payment of remuneration to Mr. Dinesh Oswal, Managing Director for three financial years commencing from 1st January, 2017 upto 31st December, 2019 as mentioned in the Central Government's Letter.

However, in the current year, slackness in the global demand coupled with high cotton prices and changing Global textile Scenario, because of Trade Dispute between Countries has severally affected Textile Sector. It is expected that Company's profitability will not be sufficient to pay the remuneration to the Managing Director as per the shareholder's approval vide their Special Resolution dated 30th September, 2016.

Pursuant to the provisions of Section 197 read with Schedule V of the Companies Act, 2013 as amended by Companies (Amendment) Act, 2017 which has become effective since September 12, 2018, in case of no profits or inadequate profits as calculated under section 198 of the Act, the Company may pay remuneration to the managerial person in excess of the ceiling limits as specified in the Schedule V subject to the approval of shareholders by way of Special resolution.

Having regard to above, the Board on the recommendation of Nomination and Remuneration Committee hereby seeks your approval for payment of Remuneration to Mr. Dinesh Oswal as already approved by Shareholders on 30th September, 2016 vide Special Resolution and also mentioned in the proposed Resolution, as 'Minimum Remuneration' for two years commencing from January 1, 2020 till the expiry of his current term i.e. upto December 31, 2021.

Mr. Dinesh Oswal may be deemed to be concerned or interested in the aforesaid resolution. Mr. Jawahar Lal Oswal (Chairman) and Mr. Kamal Oswal (Director), being relatives of Mr. Dinesh Oswal may be deemed to be concerned or interested in the said resolution.

None of the other Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the aforesaid resolution.

The Resolution as given in the notice may also be treated as an abstract of terms of Contract of Appointment under the provisions of Section 190 of the Companies Act, 2013.

The draft of revised appointment agreement containing the details of revised salary, to be entered into between the Company and Sh. Dinesh Oswal, is available for inspection at the Registered Office of the Company

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for your approval.

**THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013****I. GENERAL INFORMATION:****(1) Nature of Industry**

The Company is mainly engaged in the manufacturing of Yarn and Garments under the main head "Textiles".

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

The Company is in operation Commercially since 16th December, 1980.

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

Not Applicable, as the company is an existing Company and operating its Spinning/Garment Plants successfully.

**(4) Financial performance based on the given indicators****(Rs. In Crores)**

	<b>FY 2018-19</b>	<b>FY 2017-18</b>
Gross Revenue	2317.85	2142.19
Profit before Tax	104.10	(46.30)
Profit for the period	63.37	(31.20)

**(5) Foreign investments or Collaborators, if any**

The Company has not entered into any foreign collaboration and no foreign direct capital investment has been made in the Company.

**II. INFORMATION ABOUT THE APPOINTEE:****(1) Background details**

Sh. Dinesh Oswal is 54 years of age. He is commerce graduate having more than 34 years of business experience in textile industry and financial expertise. He is also a Managing Director of M/s. Nahar Capital and Financial Services Limited.

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

<b>Particulars</b>	<b>Financial year (2018-19)</b>	<b>Financial Year (2017-18)</b>
Salary	63387900.00	58371178.00
Perquisite and Allowances	----	----
Commission/bonus	----	----
Retirement Benefits	----	----
Arrears of last year	----	10633250.00
<b>Total</b>	<b>63387900.00</b>	<b>69004428.00</b>

*Note: Mr. Dinesh Oswal was paid remuneration during the year 2017-18 and 2018-19 as approved by Central Government vide their letter no. SRN G41287038/2017-CL.VII dated 26th December, 2017.*

**(3) Recognition or Awards**

Under the able and dynamic leadership of Sh. Dinesh Oswal, Managing Director, Company has been awarded several export Awards and trophies by TEXPROCIL (The Cotton Textiles Export Promotion Council), AEPC (Apparel Export Promotion Council) and Government of India. The latest award is Gold Trophy for the year 2017-18, which has been awarded to the Company for achieving Highest exports of Yarn (50 & Below) under Category III.

**(4) Job profile and his suitability**

Sh. Dinesh Oswal was reappointed as Managing Director of the company by the members for a period of five years w.e.f. 1st January, 2017, vide their resolution dated 30th September, 2016. He is overall responsible for operations of the Company under the supervision of the Board of Directors. He is having more than 34 years of experience in Textile Industry. Sh. Dinesh Oswal joined the Company as Director, in the year 1985. Under his able and dynamic leadership of 34 years, Company has become one of the largest integrated Spinning Mills of the Country. The Company's Operating income which was 153 million in the year 1985 has risen to Rs. 23,178.50 Million in the year 2019. He has played a pivotal role in charting the Company's strategy for expanding its operations in the Global as well as Domestic Markets. Having regard to his textile knowledge, business experience and leadership to the executive team, he is the best suited person for the responsibilities entrusted to him by the Board of Directors.

**(5) Remuneration Proposed**

Remuneration proposed is already mentioned in the resolution at item No. 6 as Minimum Remuneration even in the case of inadequacy of profits.

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

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

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

Mr. Dinesh Oswal belongs to promoter category. He is also a relative to Mr. J.L. Oswal, Chairman and Mr.

Kamal Oswal, Directors of the Company. Besides the remuneration proposed, Mr. Dinesh Oswal, does not have any other pecuniary relationship with the Company or with the Managerial Personnel.

**III. OTHER INFORMATION:****(1) Reasons for loss or inadequate profits**

The Textile Industry is passing through a very difficult period. Slackness in the global demand coupled with high cotton prices are effecting the fortunes of the Textile Industry. Trade dispute between U.S. and China, has further aggravated the problem for the Textile Industry. Because of the prevailing textile scenario spinning mills have already cut down their production in the past few months. The future is still not clear. Your management is looking at the future with optimization and expects that situation will improve for better in the coming periods.

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

With the improvement in Global Textile Scenario, the demand for Company's products is likely to pick up. Moreover, the Government is also taking remedial steps to improve the economy so that the Industry can meet the Challenges ahead. The management has also taken steps to further optimize the available resources of the Company.

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

In the prevailing textile Scenario, it is not feasible to predict with accuracy the expected increase in the productivity and profits in the measurable term. However with the improvement in the economic activity at the Global and Domestic level, your Management expects that the productivity and profits will improve in coming periods.

**IV. DISCLOSURES:**

The Company has provided all the disclosures in Corporate Governance Report as required under Section II of Part II of Schedule V of the Companies Act, 2013.

**ITEM NO. 7**

Mr. Sambhav Oswal joined the Company as Manager W.e.f. 1st August, 2015. He is relative under Section 2(77) of the Companies Act, 2013 as he is a son of Mr. Dinesh Oswal, Managing Director of the Company. He is 26 years old of age and has done his graduation in Business Administration (Finance and Strategy) from University of Southern California (USA).

The Board on the recommendation of Nomination and Remuneration Committee promoted him as Vice President (Corporate Affairs) of the Company and his



salary was fixed at a basic Pay of Rs. 1,50,000/- plus perks and benefits as per Company's Rules/Policy w.e.f. 1st July, 2017.

Having regard to his leadership qualities, performance, responsibilities shouldered and as well as prevalent industry benchmarks, the Nomination and Remuneration Committee recommended increase in his monthly salary in a pay scale of Rs. 5,00,000 -1,00,000 -10,00,000 plus perks and benefits as per Company's Rules/Policy, w.e.f. 1st October, 2019, as mentioned in the resolution set out at item no. 7 of the accompanying Notice.

The Audit Committee has also approved the proposal for increase in remuneration of Mr. Sambhav Oswal. The Board in its meeting held on 30th May, 2019, approved the proposal of Nomination and Remuneration Committee, subject to approval of the Shareholders under the provisions of section 188(1)(f) of the Companies Act, 2013.

Since, the proposed salary of Mr. Sambhav Oswal, holding place of profit, will stand increased to more than two and a half lakh rupees per month, the limit as specified in Section 188(1)(f) of the Companies Act, 2013, approval of shareholder is being sought.

Mr. Dinesh Oswal (Managing Director), Mr. Jawahar Lal Oswal (Chairman) and Mr. Kamal Oswal (Director), being relatives of Mr. Sambhav Oswal may be deemed to be concerned or interested in the said resolution.

None of the other Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for your approval.

**Information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Director seeking re-appointment:**

As required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the particulars of Directors who are proposed to be appointed/re-appointed are given below:

<b>1.</b>	<b>Name</b>	<b>Mr. Dinesh Gogna</b>
	<b>Age</b>	66 Years
	<b>Qualification</b>	B.A. LL.B.
	<b>Expertise</b>	Having more than 42 years experience in Corporate Finance and Taxation

**Listed Companies (other than Nahar Spinning Mills Limited) in which Mr. Dinesh Gogna holds**

**Directorship of Board, Chairmanship and Membership of Board Committees as on 31st March, 2019:**

**Directorship of Board:**

Sr. No.	NAME OF THE COMPANY	STATUS
1	Monte Carlo Fashions Limited	Director
2	Nahar Capital and Financial Services limited	Director
3	Nahar Poly Films Limited	Director
4	Nahar Industrial Enterprises Limited	Director

**Chairmanship of Board Committees:**

Sr. No.	NAME OF THE COMPANY	STATUS
1	Monte Carlo Fashions Limited	Stakeholder Relationship
2	Nahar Industrial Enterprises Limited	Stakeholder Relationship

**Membership of Board Committees:**

Sr. No.	NAME OF THE COMPANY	STATUS
1	Monte Carlo Fashions Limited	Audit, Nomination and Remuneration
2	Nahar Industrial Enterprises Limited	Audit
3	Nahar Poly Films Limited	Audit

**Shareholding in the Company:** NIL

**Disclosure of relationship between Directors inter se:** NIL

<b>2.</b>	<b>Name</b>	<b>Mr. Kamal Oswal</b>
	<b>Age:</b>	57 Years
	<b>Qualification:</b>	B.Com
	<b>Expertise:</b>	Having more than 37 years experience in Corporate Affairs and Marketing.

**Listed Companies (other than Nahar Spinning Mills Limited) in which Mr. Kamal Oswal holds Directorship of Board, Chairmanship and Membership of Board Committees as on 31st March, 2019:**

**Directorship of Board:**

Sr. No.	NAME OF THE COMPANY	STATUS
1	Nahar Capital and Financial Services Limited	Director
2	Nahar Poly Films Limited	Director
3	Nahar Industrial Enterprises Limited	Director
4	Oswal Leasing Limited	Director

**Chairmanship of Board Committees:** NIL

**Membership of Board Committees:**

Sr. No.	NAME OF THE COMPANY	COMMITTEE
1	Nahar Industrial Enterprises Limited	Stakeholder Relationship

**Shareholding in the Company:** 24750 Equity shares of Rs. 5/ each

**Disclosure of relationship between Directors inter-se:** Mr. Kamal Oswal is son of Mr. Jawahar Lal Oswal and brother of Mr. Dinesh Oswal

BY ORDER OF THE BOARD

DATE: 13<sup>th</sup> AUGUST, 2019

**BRIJ SHARMA**  
(COMPANY SECRETARY)

**REGISTERED OFFICE:**

373, Industrial Area-A,  
Ludhiana -141003(India)  
CIN: L17115PB1980PLC004341  
E-mail: secnsm@owmnaahar.com



**DIRECTORS REPORT**

Dear Members,

Your Directors have pleasure in presenting the **Thirty Ninth Annual Report** on the affairs of the Company for the financial year ended 31st March, 2019.

**FINANCIAL PERFORMANCE**

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

(Rs. In crores)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>Total Income (Operation and Other Income)</b>	<b>2317.85</b>	2,142.19
Less: Total Expenses	<b>2213.08</b>	2,188.50
<b>Profit/Loss before tax and Exceptional Items</b>	<b>104.77</b>	-46.30
Less: CSR Expenses	<b>0.67</b>	NIL
<b>Profit/Loss before tax</b>	<b>104.10</b>	-46.30
Less: Tax expenses (including deferred tax)	<b>38.98</b>	-14.12
<b>Net Profit/Loss from continuing operations</b>	<b>65.12</b>	-32.18
Other Comprehensive Income	<b>-2.35</b>	0.98
<b>Profit/Loss for the Period</b>	<b>62.77</b>	-31.20

**INDIAN ACCOUNTING STANDARD**

The Company has adopted Indian Accounting Standards (Ind AS) and the financial statements have been prepared as per the Indian Accounting standard Rules, 2015, as prescribed under Section (133) of the Companies Act, 2013 read with relevant Rules issued thereunder and the other Accounting Principles generally accepted in India.

**OPERATIONAL REVIEW AND STATE OF AFFAIR**

We would like to inform you that Company operates in a single segment i.e. "TEXTILE" as such disclosure requirements as per Indian Accounting Standard (Ind AS) 108 issued by the Institute of Chartered Accountants of India, New Delhi, are not applicable.

Before reviewing the operational performance, we would like to inform you that Your Company has been awarded Gold Trophy for the Highest Exports of cotton yarn in Counts 50s and below under Category III by TEXPROCIL for the year 2017-18.

We are pleased to inform you that during the year under review, company performed exceedingly well. It achieved a total income from operations of Rs. 2317.85 crores as against Rs. 2,142.19 crores showing an impressive increase of 8.20% over the previous year. Likewise, the exports at Rs. 1394.09 crores has also shown impressive increase of 10.29 % over the previous year. On profitability front too, the company substantially improved its performance and earned a profit before tax of Rs.

104.10 crores as against loss of Rs. 46.31 crores in the previous year. After providing tax of Rs. 38.38 crores, Company earned a net profit of Rs. 65.72 crores as against loss of 32.18 crores. The Company's Reserves (other equity) stands at Rs. 858.91 crores as on 31st March, 2019.

We would also like to share with you the prevailing Textile scenario in the current year. The Textile Industry is passing through a very difficult period. Due to Slackness in the global demand coupled with high cotton prices are effecting the fortunes of the Textile Industry. Trade dispute between U.S. and China, has further aggravated the problems for the Textile Industry. Because of the prevailing textile scenario spinning mills have already cut down their production in the past few months. The future is still not clear. Your management is looking at the future with a hope that situation will improve for better in the second half of the current financial year.

**DIVIDEND**

The Board, in its meeting held on 30th May, 2019 has recommended a dividend @ 20 % (i.e. Rs. 1.00/-per equity shares of Rs. 5/- each) on paid up share capital for the year ended 31st March, 2019 out of the profits of the company. The proposal is subject to the approval of the shareholders at the ensuing Annual General Meeting scheduled to be held on 30th September, 2019. The total dividend declared (excluding dividend distribution tax) for the current year is Rs. 3.61 crores.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of the Profits of the Company to all those shareholders whose names shall appear in the Register of Members on 13th September, 2019 or Register of beneficial Owners, maintained by the Depositories as at the close of 13th September, 2019.

**INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions Section 124(5) of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 all dividend remaining unpaid or unclaimed for period of seven consecutive years is required to be transferred to the Investor Education Protection Fund (IEPF) established by the Central Government. Accordingly, the Company has transferred an amount of Rs. 15,95,704/- (Rupees Fifteen Lakhs Ninety Five Thousand Seven Hundred Four Only) being the amount of unclaimed dividend for the year 2010-11 to the Investor Education and Protection Fund. Besides, as per the provisions of Section 124 (6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the equity shares on which dividend remains unpaid or unclaimed by the shareholders for seven consecutive years or more is required to be transferred to the Demat Account of the IEPF Authority. Accordingly in compliance of the provisions of the Act, 45573 (Forty Five Thousand Five Hundred and Seventy Three) equity shares of Rs.



5/- each were transferred to the DP/Client ID IN300708/10656671 opened in the name of the Investor Education and Protection Fund Authority. The details of the shareholders whose shares have been transferred to the Demat account of IEPF Authority is also available on company's website <http://www.owmnahar.com/spinning/transfer-of-equity-shares-to-IEPF-php>. and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).

We are pleased to inform that Shareholders can reclaim their subject shares/dividend by making an application to the IEPF Authority in e-Form IEPF-5 as per procedure provided under Rule 7 of the IEPF Rules. The Shareholders can also view the procedure at [www.iepf.gov.in](http://www.iepf.gov.in).

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Independent Directors have submitted their declaration to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

#### **APPOINTMENT OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Pursuant to the provisions of Section 152(6) of the Companies Act, 2013 and Article 117 of Article of Association of the Company, Sh. Dinesh Gogna (DIN 00498670) and Sh. Kamal Oswal, (DIN 00493213) will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment to the members of the Company at the ensuing Annual General Meeting.

Pursuant to the provision of Section 203 of the Companies Act, 2013, Mr. Dinesh Oswal Managing Director, Mr. Anil Garg, Chief Financial Officer and Mr. Brij Sharma, Company Secretary are the Key Managerial Personnel (hereinafter referred as KMP) of the Company and there has been no change in the KMP since the last fiscal year

#### **BOARD EVALUATION**

The provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandate that a formal annual performance evaluation is to be made by Board of its own performance and that of its Committee and individual Directors, Schedule IV of the Companies Act, 2013 states that performance evaluation of the Independent Director shall be done by Directors excluding the Director being evaluated.

The Board carried out a formal annual performance evaluation as per the criteria/framework laid down by the Nomination and Remuneration Committee of the Company and adopted by the Board. The evaluation was carried out through a structured evaluation process to evaluate the performance of individual directors including the Chairman of the Board. They were evaluated on parameters such as their education,

knowledge, experience, expertise, skills, behavior, leadership qualities, level of engagement and contribution, independence of judgment, decision making ability for safeguarding the interest of the Company, stakeholders and its shareholders. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The outcome of the Board Evaluation for the Fiscal 2019 was discussed by the Nomination and remuneration Committee at the meeting held on 29th May, 2019 and the Board at the meeting held on 30th May, 2019. The Board was satisfied with the evaluation process and the approved the evaluation results thereof.

#### **CORPORATE POLICIES:**

As per SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the listed Companies are required to formulate certain policies. As a good corporate entity, the Company has already formulated several corporate governance policies and the same are available on the Company's website i.e.

[www.owmnahar.com](http://www.owmnahar.com). The said policies are reviewed periodically by the Board to make them in compliance with the new Regulations/requirements.

The Company has adopted certain policies, the details of which are given hereunder:

<b>Name of the Policy</b>	<b>Brief Description</b>
Appointment & Remuneration Policy	Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board of Directors in their meeting held on 3rd February, 2015 approved the Policy for Appointment and Remuneration of Directors, Key Managerial Personnel and other employees as recommended by Nomination and Remuneration Committee. The policy formulates the principle and criteria for determining qualification, competence, positive attributes, integrity and independence etc. for Directors, Senior Management Personnel including its Key Managerial Personnel (KMP) and employees of the Company. The Policy also laid down the criteria for determining the remuneration of directors, key manager personnel and other employees.
Corporate Social Responsibility Policy	Pursuant to the provisions of Section 135 of the Companies



	Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Committee formulated the CSR Policy which was adopted by the Board. The CSR policy outlines the various programmes/projects/Activities to be undertaken by the Company as laid down in schedule VII of the Companies Act, 2013.		
Whistle Blower Policy	Pursuant to the provisions of Section 177 of the Companies Act, 2013 Company has formulated and adopted Vigil Mechanism/Whistle Blower Policy for its Directors and employees. The aim of the policy is to provide a channel to the Directors and employees to report their genuine concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct.		
Policy on Materiality of Related Parties Transactions and Dealing with Related Party Transactions	Pursuant to the requirements of regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, The Board has approved a policy on Materiality of Related Parties Transactions and Dealing with Related Party Transactions. The Policy regulates the transaction between the Company and its Group Companies and related parties. The policy has been uploaded on Company's website and can be access at <a href="http://www.ownahar.com/spinning/pdf/RPT-NAHAR-SPINNING.pdf">http://www.ownahar.com/spinning/pdf/RPT-NAHAR-SPINNING.pdf</a>		
Insider Trading Policy	To provide the framework for dealing in the securities of the Company by the insiders, the Board has approved and adopted the following codes in its meeting held on 30th May, 2015 under SEBI (Prohibition of Insider Trading Regulation 2015). Further, in terms of Regulation 3(2A) of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and the Securities and Exchange Board of India (Prohibition of	Insider Trading) (Amendment) Regulations, 2019, the Board of Directors of a Listed Company are required to make a policy for determination of "Legitimate Purposes" as a part of Code of Fair Disclosures and Conduct formulated under Regulation 8 of the Regulations. Accordingly, the Board of Directors in their meeting held on 11th February, 2019 amended the Code of Practices and Procedures for fair disclosure of unpublished price sensitive information to include therein the policy for Determination of Legitimate Purpose. The Policy Provides for: 1. Code of practice and procedures for fair disclosure of unpublished price sensitive information. 2. Policy for Determination of Legitimate Purpose The Codes help to regulate trading in securities by the Directors and designated employees of the Company. The Codes require pre- clearance for dealing in the Company's share and prohibit the purchase and sale of Company's shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to Company and during the period when Trading Window is closed. The policy has been uploaded on Company's website and can be access at <a href="http://www.ownahar.com/spinning/pdf/Code-of-fair-disclosure.pdf">http://www.ownahar.com/spinning/pdf/Code-of-fair-disclosure.pdf</a>	
		Policy for Preservation of documents	Board of directors in their meeting held on 10th February, 2016 has approved and adopted the policy for Preservation of documents. The policy segregates the documents to be preserved permanently and documents to be preserved at least for a period of eight years as per requirements of applicable laws.
		Archival Policy	Pursuant to the requirements of Regulation 30(8) of SEBI (Listing



	Obligation and Disclosure Requirements) Regulations, 2015 The Board has approved and adopted the Archival Policy in its Meeting held on 10th February, 2016. The policy ensure protection,maintenance and archival of Company's disclosures,documents and records that are placed on Company's website i.e. <a href="http://owmnahar.com/">http://owmnahar.com/</a>
Board Diversity Policy	The Board of Directors in their Meeting held on 12th November, 2014 has approved and adopted the Board Diversity Policy as per the recommendation of Nomination and Remuneration Committee. The policy envisages diversification of Company's Board in respect of age, knowledge, experience and expertise.

**APPOINTMENT AND REMUNERATION POLICY**

The Board on the recommendation of the Nomination and Remuneration Committee has framed a policy for Appointment and Remuneration of Directors, Senior Management and other employees as provided under Section 178(3) of the Companies Act, 2013. The objective of the Policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. The present Board consists of ten members Sh. Jawahar Lal Oswal is non-executive Chairman. Sh. Dinesh Oswal is a Managing Director. There are four Non Executive Directors and five are Independent Directors out of which one Director namely; Dr. (Mrs.) Manisha Gupta as Women Director on the Board.

The Company's Policy of Appointment and Remuneration includes criteria for determining Qualification, Positive Attributes, Independence of Directors and other matters, as required under sub Section 3 of Section 178 of the Companies Act, 2013. The policy also laid down the criteria for determining the remuneration of directors, key managerial personnel and other employees. The Appointment and Remuneration Policy of the Company is available on the Company's website and can be accessed at [www.owmnahar.com/spinning/pdf/NSMLAPPOINTMENTANDREMUNERATIONPOLICY.pdf](http://www.owmnahar.com/spinning/pdf/NSMLAPPOINTMENTANDREMUNERATIONPOLICY.pdf). There has been no change in the Policy since the last fiscal year. We affirm the remuneration paid to the directors is as per the terms laid out in the

Nomination and Remuneration policy of the Company.

**SEPARATE MEETING OF INDEPENDENT DIRECTORS**

The Company's Independent Directors held their meeting on 30<sup>th</sup> November, 2018 without the attendance of Non Independent Directors and members of the Management. All Independent Directors were present at the meeting. They:

- i. Reviewed the performance of non-Independent directors and the Board as a whole;
- ii. Reviewed the performance of the Chairperson of the Company taking into account the views of Executive Directors and Non- Executive Directors;
- iii. Assessed the quality and timeliness of the flow of information between the company's Management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

**FAMILIARISATION PROGRAMME FOR BOARD MEMBERS**

At the time of appointing a Director, the Company issues a formal letter of appointment which inter alia, explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. All Independent Directors are provided with all policies/Guidelines as framed by the Company under various statutes and SEBI (Listing Obligations and Disclosure Requirements) Regulations to familiarize with Company's procedure and practices. Further, to update them on the regular basis, the Company provides copies of all amendments in Corporate Laws, Corporate Governance Rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations. The details of the Company's policy on Familiarization Programs conducted during the year under review for Independent Directors are posted on the Company's website and can be assessed at: <http://www.owmnahar.com/spinning/pdf/familiarisation-Programme.pdf>

**NO. OF BOARD MEETINGS**

During the year under review, the Board of Directors met five times i.e. 30th May, 2018, 6th August, 2018, 28th September, 2018, 12th November, 2018 and 11th February, 2019 with a predefined agenda circulated well in advance. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**RELATED PARTY TRANSACTIONS**

Your Company is engaged in the Manufacture & Exports of yarns and knitted garments. Likewise some Group Companies (which are public limited Companies) are



also engaged in the Textile Industry. Because of nature of Industry, sometimes sale/purchase/fabrication jobs, transactions takes place between the Group Companies, in the ordinary course of business at Arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc which may have potential conflict of interest with the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with the Rule 8 of the Companies (Accounts) Rules, 2014. However, the transactions entered into with the Group Companies during the year under review, has been given in Notes to the financial statements in accordance with the Accounting Standards.

The Company has not entered into any contract or arrangement with the related parties as referred in Section 188(1) of the Companies Act, 2013. Thus the requirement for disclosure of particulars of contracts or arrangement with related parties referred to in Section 188(1) is not applicable. However, as per Company's policy, all the Group Companies transactions regarding sales/purchase etc. are placed before the Audit Committee as well as the Board, for their information and approval.

**MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of this report.

**SHARE CAPITAL**

The Paid up equity share capital of the Company as on 31st March, 2019 is Rs. 1803.27 Lakhs. During the year under review, Company has neither issued any shares with differential rights as to dividend, voting or otherwise nor granted any stock options or sweat equity under any scheme.

**SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going

concern status and Company's operations in future.

**PARTICULARS OF LOANS, INVESTMENTS, GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not provided any Guarantee under section 186 of the Companies Act, 2013. However, the details of Loans and Investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the Notes to the Financial Statements provided in the Annual Report.

**CORPORATE SOCIAL RESPONSIBILITY**

As reported in our last report, Company adopted CSR Policy and decided to undertake CSR Activity in collaboration with Group Companies under one umbrella i.e. through Oswal Foundation, which is a Registered Society formed in 2006, having its charitable objects in various fields. The details of the CSR policy are available on the Company's website i.e. [www.owmnahar.com](http://www.owmnahar.com).

During the year under review, company was required to spend an amount of Rs. 67.85 Lakhs (being the 2% of the average net profits made during the three immediate preceding financial years on CSR activities). Accordingly, company has Contributed Rs. 67.85 Lakhs to M/s Oswal Foundation for undertaking CSR activities as approved by CSR Committee.

The disclosure in respect of the existing CSR Activities pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 9 of the Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility) Rules, 2014, is annexed hereto as "Annexure I" and forms part of this Report.

**AUDIT COMMITTEE**

As required under Section 177 of the Companies Act, 2013, the Board of Directors have already constituted Audit Committee consisting of three Non-Executive Directors namely; Prof. K.S. Maini as Chairman, Sh. Dinesh Gogna and Dr. S.K. Singla, as members. Mr. Brij Sharma is the Secretary of the Committee. The Committee held four meeting during the year under review.

**VIGIL MECHANISM**

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2013, the Company established a Vigil Mechanism process as an extension of Company's Code of Conduct whereby any employee, directors, customers, vendors etc., can report the genuine concerns or grievances to the members of the Audit Committee about unethical behavior, Actual or suspected, fraud or violation of Company's Code of



Conduct so that appropriate action can be taken to safeguard the interest of the Company. The Mechanism also provides for adequate safeguards against victimization of persons who uses such mechanism. The mechanism provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The Whistle Blower Policy/Vigil Mechanism is also posted on Company's Website. The Company has a dedicated e-mail address i.e. whistle blowernsm@owmnahar.com for reporting the genuine concerns. The Audit Committee regularly reviews the working of the Mechanism. No complaint was received during the year under review.

#### **SUBSIDIARY, JOINT VENTURE OR ASSOCIATES COMPANY**

The Company does not have any subsidiaries, joint venture and Associates Company during the year under review.

#### **CREDIT RATING**

We are pleased to inform that the Credit Rating Information Services of India Ltd. (CRISIL) in their Credit Rating Report of 15th January, 2019 has re-affirmed the credit rating "A/Stable" for long term debt instruments/facilities and "A1" for the short term debt instruments/facilities. The rating "A" indicates stable and rating "A1" indicates very strong degree of safety regarding timely payment of the financial obligations. Further the CRISIL in their Credit Report of January, 2019 has re-affirmed the credit rating "A1" for Rs. 235.00 Million Commercial Paper.

#### **GREEN INITIATIVE**

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies. Further, as per the provisions of Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company may send financial statements and other documents by electronic mode to its members. Your Company has decided to join the MCA in its environmental friendly initiative.

Accordingly, henceforth Company propose to send documents such as notices of General Meetings, Annual Report and other communications to its shareholders via electronic mode to the registered E-mail addresses of the shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest E-mail addresses with their depository Participant (D.P.) with whom they are having Demat Account or send the same to the Company via E-mail at:-secnsm@owmnahar.com or gredressalnsml

@owmnahar.com. We solicit your valuable co-operation and support in our endeavor to contribute our bit to the Environment.

#### **LISTING OF SECURITIES**

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

- i. The BSE Ltd., 25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
- ii. The National Stock Exchange of India Ltd., Exchange Plaza, 5<sup>th</sup> Floor, Plot No.C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai

The Company has paid listing fee to both the Stock Exchanges for the financial year 2019-20.

#### **DEMATERIALISATION OF SECURITIES**

As the members must be aware that Companies securities are tradable compulsorily in electronic form w.e.f. 21st March, 2000. Your Company has already established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the holding and trading of securities in electronic form. As on date 97.18 % of the total Equity Share Capital of the Company has been dematerialized. The shareholders, who have not gone in for dematerialisation of shares till date, are requested to opt for dematerialisation of the shares at the earliest.

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

Alankit Assignments Limited

(Unit: Nahar Spinning Mills Limited)

Alankit Heights, 3E/7, Jhandewalan Extension  
New Delhi – 110 055

Telephone No. : (011) 23541234

Fax No. : (011) 23552001

E-mail address : rta@alankit.com

Besides, SEBI vide its Gazetted notification dated June 08, 2018 amended the Regulation 40 (1) (b) of SEBI (LODR) Regulations, 2015 whereby it has been provided that except in case of transmission or transposition of



securities, requests for effecting transfer of securities shall not be processed unless the securities are held in Dematerialized form with the Depository w.e.f. 1st April, 2019.

In view of the above, members are hereby informed that w.e.f. 1st April, 2019 requests for effecting transfer of securities in physical form shall not be processed unless the securities are held in the dematerialized form with a depository. Hence all members who are holding equity shares in physical form are requested to go in for dematerialization of securities at the earliest.

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

#### **ENVIRONMENT FRIENDLY CORPORATE ENTITY**

As a responsible corporate entity, your Company is sensitive to environment also and is contributing a bit to improve the ecological balance by introducing Organic Cotton yarns & Fair Trade Cotton Yarns certified by Control Union Certificate of Netherlands & F.L.O. of Germany.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

The Directors would like to assure the Members that the financial statements for the year under review, confirm in their entirety to the requirements of Companies Act, 2013.

#### **The Directors confirm :**

- I) that in preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- II) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- III) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- IV) that they had prepared the Annual Accounts on a going concern basis.
- V) that the directors, in the case of a listed company, had laid down internal financial Controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

- VI) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **AUDITORS & AUDITOR'S INDEPENDENT REPORT STATUTORY AUDITORS**

We wish to inform you that M/s YAPL & Co, Chartered Accountants, Firm Registration no (017800N), were appointed as Statutory Auditors by the Members of the Company, for a term of five consecutive years starting from the conclusion of the 37th Annual General Meeting upto the conclusion of the 42nd Annual General Meeting of the Company in the calendar year 2022. As per the proviso of section 139 (1) the matter relating to appointment of the Auditors was to be ratified by the Members at the every Annual General Meeting of the Company. The Ministry of Corporate Affairs vide its notification dated 07 May, 2018, has omitted the first proviso of section 139 of the Principal Act in sub section (1). Accordingly the Board has not proposed any resolution for the ratification of Appointment of Auditors by the Shareholders.

#### **AUDIT REPORT**

The Statutory Auditors have submitted Audit Report on the Financial Statements of the Company for the Accounting year ended 31st March, 2019. The observations and comments given by Auditors in their Report read together with the Notes to the Accounts are self explanatory and require no comments.

#### **COST AUDITORS**

We would like to inform you that the Ministry of Corporate Affairs vide Notification dated 31st December, 2014 amended Companies (Cost Records and Audit) Rules, 2014, pursuant to which, the Company's business Activities have been included within the purview of Cost Audit requirement. Accordingly, the company is maintaining Accounts and Costing Records. Further, the Board of Directors on the recommendation of Audit Committee has appointed M/s Ramanath Iyer & Co. (Firm Registration No. 000019), Cost Accountant, as Cost Auditors of the Company for financial year 2019-20 and has fixed a remuneration of Rs.1.75 Lakhs (Rupees One Lakh Seventy Five Thousand Only) plus applicable taxes and reimbursement of out of Pocket expenses incurred, subject to the ratification of the members as per the provision of Section 148(3) of the Companies Act, 2013 and Rules 14 of the Companies (Audit and Auditors) Rules, 2014. A resolution for the ratification of the remuneration of the Cost Auditors by the members at the ensuing Annual General Meeting is being proposed for your approval.

**SECRETARIAL AUDITOR**

The Board, pursuant to the provision of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, has appointed M/s. P.S. Bathla & Associates, Practicing Company Secretaries, having Certificate of Practice No. 2585 as Secretarial Auditor to conduct Secretarial Audit for the financial year 2019-20.

M/s. P.S. Bathla & Associates, Practicing Company Secretaries have carried out the Secretarial Audit for the financial year ended March 31, 2019 and their Secretarial Audit Report in Form No. MR-3 is annexed hereto as Annexure II form part of this Report.

The Report is self explanatory and requires no comments.

**BUSINESS RISK MANAGEMENT**

The Company has laid down Risk Management Policy. The Policy aims to identify, evaluate manage and monitor all types of risks associated with the business of the Company. The Board as well as Audit Committee regularly oversees the risk management process in the Company, as required under 134(3)(n) of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Your Company is operating in Textile segment and has identified certain risks which may affect the performance of the Company. These are operational risks such as fluctuation in cotton prices, fluctuation in foreign exchange rates, Labour problems and regulatory risks such as change in Government Policy with respect to Textile Industry etc. The Company's Risk Management Policy aims to suggest the steps to be taken to control and mitigate the risk associated with the Company's Textile Business. We are of opinion that none of identified risk is such that which may threaten the existence of the Company.

**INTERNAL FINANCIAL CONTROL AND SYSTEMS**

The Company is maintaining an efficient and effective system of Internal Financial Control for facilitation of speedy and accurate compilations of financial statements. The Company's Internal Financial Control System is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliances with procedures, laws and regulations. The Company's Internal Control System commensurate with the nature of its business and size of its operations. In order to further strengthen the Internal Control System and to automate the

various process of the business, Company is making use of Enterprise Resource Planning (ERP).

The Company has appointed M/S SC Vasudeva & Co., Chartered Accountants as Internal Auditor of the Company. The company is also having internal audit department to test the adequacy and effectiveness of Internal Control Systems lay down by the Management and suggests improvement in the systems. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board. During the year, Company's Internal Controls were tested and no reportable weakness in the system was observed.

Apart from the above, an Audit Committee consisting of three Non Executive Directors has been constituted. All the significant audit observations and follow up Actions thereon are taken care of by the Audit Committee. The Audit Committee also oversees and reviews the adequacy and effectiveness of Internal Control in the company. The Audit Committee met four times during the financial year under review. The company has also established a Vigil Mechanism as per Section 177(9) of Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014.

**PUBLIC DEPOSITS**

During the year under review, the Company has not accepted any Public Deposit within the meaning of Section 73, of the Companies Act, 2013 and the Rules made there under. There is no outstanding/unclaimed deposit from the public. However, the information as required under Rule 8 of the Companies (Accounts) Rules, 2014 is given hereunder:-

- |   |        |
|---|--------|
| (i) Deposits accepted during the year   | : Nil  |
| (ii) Deposits remained unpaid or unclaimed as at the end of the year  | : Nil  |
| (iii) Default in repayment of deposits and deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013 | : N.A. |

**DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment for women at workplace and has adopted a policy against sexual harassment in line with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder.

The Company has complied with the provisions relating to the constitution of Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year 2018-19, the Company has not



received any complaints on sexual harassment and hence no complaint remains pending as of 31st March, 2019.

**ANNUAL RETURN**

The Extract of Annual Return of the Company, pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 for the financial year 2018-19 in the Form MGT-9 has been uploaded on Company's website at [http://www.ownahar.com/spinning/pdf/39TH-ANNEX-III-Extract-of-annual-return-MGT-92-\(1\).pdf](http://www.ownahar.com/spinning/pdf/39TH-ANNEX-III-Extract-of-annual-return-MGT-92-(1).pdf)

**PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed as "Annexure III" and form part of this report.

In terms of Section 197(14) of the Companies Act, 2013, the Company does not have any Holding Company. However, the details regarding remuneration received by Managing Director is also given ANNEXURE IV annexed here to and form part of this report.

During the year under review, Sh. Dinesh Oswal, Managing Director of the Company has been paid a remuneration of Rs. 6,33,87,900/- (Rupees Six Crore Thirty Three Lakhs Eighty Seven Thousand Nine Hundred) for financial year 2018-19, as per the approval of the Central Government vide its letter no. SRN G41303728/2017-CL-VII dated 26th December, 2017. No other employee was in receipt of remuneration exceeding the limits as provided under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

The detailed information as required under Section 134(3) of the Companies Act, 2013 read with Sub Rule 3 of the Rule 8 Companies (Accounts) Rules, 2014, is

enclosed as per Annexure-IV and forms part of this report.

**REPORT ON THE CORPORATE GOVERNANCE**

Your Company continues to follow the principles of good Corporate Governance. The Company has already constituted several committees of directors to assist the Board in good Corporate Governance. The Corporate Governance Report alongwith the Auditors Certificate regarding compliance of the conditions of the Corporate Governance as stipulated in part C of Schedule VI of the SEBI (Listing Obligation and disclosure Requirements) Regulations, 2015 is attached herewith as Annexure-V and from part of this report.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review as per SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is enclosed as per Annexure-VI and forms part of this Report.

**INDUSTRIAL RELATIONS**

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

**ACKNOWLEDGEMENT**

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

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: LUDHIANA**

**JAWAHAR LAL OSWAL**

**DATED: 13<sup>th</sup> AUGUST, 2019**

**(Chairman)**

**DIN: 00463866**

**ANNEXURE- I****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

- 1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Committee framed the Corporate Social Responsibility Policy (CSR Policy) and the same was adopted by the Board of Directors on 11<sup>th</sup> August, 2014. As per policy, Company is undertaking CSR activities in collaboration with group companies i.e. Nahar Industrial Enterprises Limited, Monte Carlo Fashion Limited, Nahar Capital & Financial Services Limited, Nahar Poly Films Limited and Oswal Woollen Mills Limited, under one umbrella i.e. through Oswal Foundation, which is a Registered Society formed in 2006, having its charitable objects in various fields. The CSR policy is also available on the Company's website at the link: <http://www.owmnahar.com/spinning/pdf/CSR.pdf>

- 2. Composition of the CSR Committee:** Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Company has also constituted Corporate Social Responsibility Committee comprising of three Directors namely:

- Sh. Dinesh Oswal, Chairman (Managing Director)
- Dr. S.K. Singla, Member (Independent Director)
- Sh. Dinesh Gogna, Member (Director)

- 3. Average net profit of the Company for last three financial years:** Rs.3342.65 Lakhs

- 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) :** Rs. 66.85 Lakhs

- 5. Details of CSR spend for the financial year:**

(a) Total amount spent for the financial year: 66.85 Lakhs

(b) Amount unspent, if any: NIL

(c) **Manner in which the amount spent during the financial year :** The Company for its Corporate Social Responsibility obligation (herein after referred to as "CSR" ) tied up with M/s Oswal Foundation for undertaking its CSR obligations. During the year Company has contributed Rs. 66.85 Lakhs to the Foundation which will be spent by the said implementing agency on CSR activities as prescribed under Schedule VII of the Companies Act. 2013.

We would also like to update the information regarding the ongoing CSR project, being undertaken by M/S Oswal Foundation on behalf of the Company/ Group Companies. The information is as under:



(1) S. No.	(2) CSR Project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs 1. Local area or other 2. Specify the State & District where project or programs was undertaken	(5) Amount Outlay (Budget) project or Programs Wise	(6) Amount Spent to the Projects or Programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	(7) Cumulative expenditure upto the reporting Period	(8) Amount Spent direct or through implementing agency
1.	A. Health Care Projects of Mohan Dai Oswal Cancer Treatment Research foundation B. Supply of free Mobile Dispensary Van for medical help to poor's /needy at rural/slump site C. Other Medical Help	Promoting of Health Care including Preventive Health Care	(1) (a) Local Area (2) State Punjab Ludhiana.	Continuous running project  Rs. 10.78 Lakhs  Rs. 2.00 Lakhs	Rs. 443.22 Lakhs  Rs. 10.78 Lakhs  Rs. 2.00 Lakhs	Rs. 443.22 Lakhs  Rs. 10.78 Lakhs  Rs. 2.00 Lakhs	Through Oswal Foundation a Charitable Trust
2.	A. Maintenance of Fountain Chowk, Ldh B. Maintenance of Public Park on National Highway, G.T. Road, Ludhiana	Ensuring Environmental Sustainability	(1) (a) Local Area (2) State Punjab Ludhiana.		Rs. 48.76 Lakhs (Maintenance Overheads)	Rs. 64.65 Lakhs	Through Oswal Foundation a Charitable Trust
3.	Government Primary School at: 1. Village Jodhan, Distt. Ldh 2. Gaispura Ldh. 3. Village Churpur, Ldh. 4. VRTC Ldh 5. College Road Ldh 6. Govt. Blind School Jamalpur Ldh	Promotion of Education	(1) Local Area (2) State-Punjab, Ludhiana-		Rs. 19.21 Lakhs	Rs. 184.74 Lakhs	Through Oswal Foundation a Charitable Trust
4.	Protection & Control of Water pollution at Ludhiana under swachh Bharat Abhiyan	For Maintaining Quality of Soil Air and water	(1) Local Area (2) State-Punjab, Ludhiana-	Rs. 2.42 Lakhs	Rs. 2.42 Lakhs	Rs. 2.42 Lakhs	Through Oswal Foundation a Charitable Trust Through
5.	<b>Others</b> 1. Sports  2. Other activities	Social Business Projects	(1) Local Area (2) State-Punjab, Ludhiana-	Rs. 0.60 Lakhs  Rs. 1.54 Lakhs	Rs. 0.60 Lakhs  Rs. 1.54 Lakhs	Rs. 11.42 Lakhs  Rs. 1.54 Lakhs	Through Oswal Foundation a Charitable Trust Through

**6. Reasons for not spending the two percent of the average net profits of the last three financial years:**

**Not Applicable**

**7. A responsibility statement of the CSR Committee:** The members of the CSR Committee hereby states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place - Ludhiana

Date- :13<sup>th</sup> AUGUST, 2019

sd/  
(DINESH OSWAL)

Managing Director/ Chairman of CSR Committee

DIN: 00607290



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDING 31<sup>st</sup> March, 2019**

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
M/s Nahar Spinning Mills Ltd  
373 Industrial Area, Phase A  
Ludhiana-141003

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Nahar Spinning Mills Ltd** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s Nahar Spinning Mills Ltd** ("The Company") for the financial year ended on **31st March, 2019** according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
  - II. The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the rules made thereunder;
  - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (**Not Applicable as the Company has not issued any shares during the year under review**)
    - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014; (**Not Applicable, as the Company has issued any shares/options to directors/employees under the said guidelines/regulations during the year under review**).
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not Applicable, as the Company has not issued Debt Securities during the Audit Period under review**)
    - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (**Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial Year under review**);
    - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (**Not applicable as the Company has not delisted/propose to delist its equity shares from any stock exchange during the financial year under review**).
    - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 ; (**Not applicable as the Company has not bought back/propose to buy-back any of its securities during the financial year under review**.)
  - VI. Textiles (Development and Regulation) Order, 2001  
I have also examined compliance with the applicable clauses of the following:
    - (i) Secretarial Standards issued by The Institute of Company Secretaries of India
    - (ii) The SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015  
I Report that during the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
2. I further report that
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



- Adequate notices are given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at Board Meetings and Committee Meetings have been carried out unanimously as recorded in the minutes of the meetings of Board of Directors and Committee of the Board, as case may be.

I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Place: Ludhiana**

**Date: 13<sup>th</sup> AUGUST, 2019**

**For P S Bathla & Associates**

**Parminder Singh Bathla**

**Company Secretary**

**FCS No. 4391**

**C.P No. 2585**

**SCO-6, Feroze Gandhi Market  
Ludhiana**

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**Note: This Report is to be read with my Letter of even date which is annexed as Annexure A and forms an integral part of this report.**

'Annexure A'

To,  
The Members,  
Nahar Spinning Mills Ltd  
373 Industrial Area, Phase A  
Ludhiana-141003

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Place: Ludhiana**

**Date: 13<sup>th</sup> AUGUST, 2019**

**For P S Bathla & Associates**

**Parminder Singh Bathla**

**Company Secretary**

**FCS No. 4391**

**C.P No. 2585**

**SCO-6, Feroze Gandhi Market  
Ludhiana**



**Annexure-III  
DETAILS PERTAINING TO REMUNERATION AS  
REQUIRED UNDER SECTION 197(12) OF THE  
COMPANIES ACT, 2013 READ WITH RULE 5(1) OF  
THE COMPANIES (APPOINTMENT AND  
REMUNERATION OF MANAGERIAL PERSONNEL)  
RULES, 2014**

(I) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director /KMP for financial year 2018-19	% increase in Remuneration in the Financial Year 2018-19	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP Against the Performance of the Company
1	Sh. J.L. Oswal Non-Executive Director	50000	25	0.25	
2	Sh. Dinesh Oswal Managing Director	63387900	8.59	321.76	PBT Increased by 124.83% and PAT increased by 115.49%
3	Sh. Kamal Oswal Non-Executive Director	50000	25	0.25	
4	Sh. Dinesh Gogna Non-Executive Director	50000	25	0.25	
5	Sh. S.K. Sharma Non-Executive Director	40000	Nil	0.20	
6	Dr. S.K. Singla Non-Executive Director	30000	(-25)	0.15	
7	Prof. K.S. Maini Non-Executive Director	40000	33.33	0.20	
8	Dr. A.S. Sohi Non-Executive Director	40000	100	0.20	
9	Dr. Manisha Gupta Non-Executive Director	50000	40	0.25	
10	Dr. Vijay Asdhir Non-Executive Director	50000	40	0.25	
11	Sh. Anil Garg Chief Financial Officer	2757516	32.76	13.99	PBT Increased by 124.83% and PAT increased by 115.49%
12	Mr. Brij Sharma Company Secretary	2141997	8.98	10.87	

Note\*1.Pursuant to the provisions of Section 197 of the Companies Act, 2013, the Central Government vide its letter no. SRN G41303728/2017-CL.VII dated 26th December, 2017 has given approval for payment of remuneration at Rs. 9, 19, 69,000 for the calendar year 2018 and Rs. 10, 57, 64,000 for the calendar year 2019 to Mr. Dinesh Oswal, Managing Director of the Company which he may draw from M/S Nahar Spinning Mills and M/S Nahar Capital and Financial Services Ltd. or partly from the first and remaining from the Second Company. During the year under review company paid Remuneration of Rs. 6, 33, 87,900/- as Salary from 1st April 2018 to 31st March, 2019.

1. The median remuneration of employees of the Company during the financial year was Rs. 1.97 Lakhs (approx.)

- In the financial year, there was an increase of 13.97 % in the median remuneration of employees.
- There were 14486 permanent employees on the rolls of Company as on March 31, 2019.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2018-19 was 7.51% whereas the increase in the managerial remuneration for the same financial year was 8.59 %.
- It is hereby affirmed that the remuneration paid is as or the Appointment and Remuneration Policy of the Company for directors, Key Managerial Personnel and other Employees.

**Details of top ten employees of the Company in terms of salary drawn as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

Sr. No.	Name & Designation	Remuneration on received	Nature of employment (contractual or otherwise)	Qualification on & Expertise	Date of commencement of employment	Age	Last employment held	% age of equity shares held	Whether relative of any director or manager
1.	Sh. Dinesh Oswal M.D.	6,33,87,900	Contractual	B.com	01.01.1987	55	Oswal Woollens Mills Ltd.	0.07	1. S/o. Sh. J.L. Oswal Chairman 2. B/o Sh. Kamal Oswal
2.	Sh. S.D. Avasthi G.M.	31,91,532	Regular	B.Text 39 Years	14.05.1992	63	Vardhman Polytext Ltd.	NIL	No
3.	Sh. T. Chandar Mohan Chief Executive	30,05,064	Regular	D.T.T. 52 Years	12.06.1996	72	Malwa Cotton Spinning Mills Ltd.	NIL	No
4.	Sh. Mukesh Rustogi G.M.	29,25,852	Regular	B.Text 35 Years	01.12.2015	56	Oswal cotton Spinning Mills Doraha	NIL	No
5.	Sh. Anil Anand G.M. (Export)	27,78,900	Regular	Post Graduate 34 Years	11.01.1995	56	Malwa Cotton Spinning Mills Ltd.	NIL	No
6.	Sh. Sukhdev Singh Grewal President Processing	27,77,724	Regular	Dip. in textile chemistry 38 Years	29.05.1993	59	Punjab Wool cumber Ltd.	NIL	No
7.	Sh. P.K. Vashishth G.M. (Finance)	27,63,264	Regular	FCA 32 Years	06.09.1993	56	Hero cycles Ltd.	NIL	No
8.	Sh. Anil Garg (C.F.O.)	27,57,516	Regular	FCA 35 Years	02.01.1993	62	Nahar Fibre Ltd.	NIL	No
9.	Sh. Ashwini Aggarwal G.M. (Export)	27,09,876	Regular	FCA 33 Years	06.01.1986	57	N.A	NIL	No
10.	Sh. S.K. Bhatt G.M (T)	26,06,736	Regular	B. Text 33 Years	14.08.2014	57	Maral Overseas Ltd.	NIL	No

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: LUDHIANA  
DATED: 13<sup>th</sup>AUGUST, 2019**

**JAWAHAR LAL OSWAL  
(Chairman)  
DIN: 00463866**



**ANNEXURE-IV**

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014**

**A. CONSERVATION OF ENERGY**

**a. Measures taken for conservation of energy**

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

- i) The Company has installed 3 roof top solar plant at its spinning units which is generating green energy and also resulting in saving of electricity cost.
- ii) The Company has installed frequency drive on humidification plants water pump in Company's Spinning Unit at Lalru, for energy saving and better control of RH which has saved power substantially.
- iii) The Company has installed energy efficient fan & motor in Automatic Waste collection System in Company Units which has resulted saving in Power.
- iv) The Company has taken energy saving measure by modifying duct layout system for comber section in preparatory place which has also saved power.
- v) The Company has installed 75 KW energy efficient Keaser Make Air Compressor which has enabled the Company to save on energy.
- vi) The Company has installed rotary Air Filter in Company's Spinning Unit to save on energy.
- vii) In Speed Frames (2 M/CS)- converted Drafting system from pneumatic Loading to Spring Loading which resulted saving of compressed Air and improved the quality of Yarn.
- viii) The Company is continuously monitoring Compressed air Consumption by redeeming Leakage of Machinery.
- ix) The Company has replaced old sodium Lamp with LED Lamps leading to substantial reduction of energy consumption.
- x) The Company is getting Unity Power Factor with counter balancing by APFC Panel and getting rebate Power Bill as well as reducing the line losses.

**b. steps taken for utilizing alternate sources of energy**

The Company has already set up three Roof top solar projects at its Spinning Unit One at Village Jodhan, Distt. Ludhiana, Second at Village Lalru and Lehli, Distt. S.A.S. Nagar and the third at Village Mandideep, Distt. Raisen in the state of Madhya Pradesh.

**c. Capital Investment on energy conservation equipments**

The Company continues to make Capital Investment on energy conservation equipments.

**B. TECHNOLOGY ABSORPTION**

The Company continues to make efforts for Technology Absorption in all its spinning units. The efforts made by the Company are summarized as under:

**• Efforts made towards Technology Absorption**

1. The Company continues to replace old machinery with Ultra Modern machinery in Company's Spinning Units.
2. The company has the latest on line & offline testing and monitoring equipments to maintain the consistency of raw material as well as finished products. The Company is able to produce the improved quality of material though R&D monitoring. This has enabled the

Company to meet ever increasing expectations of its customers.

3. The Companies R&D department is equipped with latest innovated state of the art yarn Tester (UT-JET) and yarn regularity tester (UT-5) which helps the Company in meeting quality as per world-wide norms. The R&D efforts are focused not only on productivity, quality improvement with waste reduction but also developing value added products like Multi Slub yarn, Multi Count with Multi Slub yarn & Multi Twist Yarn, 100% Organic cotton and Organic cotton blends, B.C.I. Cotton & Cleaner Cotton, Polyester Cotton blends, Specialty yarn (Magic Yarn), Cotton Modal Blend, Melange yarn in different shade and blends for overseas & domestic Markets.

**Benefits derived**

The company has not only improved its product quality and productivity but has reduced its manufacturing costs. The Company has been able to build its Brand in the World Markets as a Manufacturer of 'world class yarn' which has enabled it to compete in the global markets and increase its market share.

**• Information regarding Technology imported during the last three years:**

Detail of Technology imported	:	NIL
Year of import	:	NA
Whether the technology has been fully absorbed:	:	NA
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	:	NA

**• Expenditure on R & D**

Capital(Rs.)	:	-
Recurring (Rs.)	:	-
Total(Rs.)	:	-

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

	(In Lakhs)	
	Current Year	Previous Year
(II) Total Foreign Exchange used and earned		
a) Earnings (FOB value of Exports etc.)	138647.41	125167.03
b) Outgo (CIF value of Imports, expenditure in foreign currency and other payments)	6281.12	12702.55

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: LUDHIANA  
DATED: 13<sup>th</sup> AUGUST, 2019**

**JAWAHAR LAL OSWAL  
(Chairman)  
DIN: 00463866**

**ANNEXURE - V****CORPORATE GOVERNANCE REPORT**

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

**I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Your Company continues to practice the principle of good Corporate Governance. It is Company's firm belief that good CORPORATE GOVERNANCE is a key to success of business. The Company's philosophy envisages an attainment of highest level of transparency and accountability in its operations so that Company's goal of creation and maximization of wealth of the shareholders could be achieved. Moreover Good corporate Governance practices ensure that Company gain as well as retain the trust of Shareholders. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI LODR (Amendment) Regulations, 2018 (hereinafter referred to as "Listing Regulations") incorporate certain mandatory disclosure requirements which are required to be made with regard to Corporate Governance (Part C of Schedule V). Accordingly we are pleased to report on the Corporate Governance as hereunder: -

**II. BOARD OF DIRECTORS****a. Board Composition:**

Your Management believe that well informed and Independent Board is necessary to ensure High Standard of Corporate Governance. The Board oversees the Management's Functions and protects the long term interest of all the stakeholders. The Listing Regulations prescribe that the Board of the Company should have the optimum combination of Executive and Non-executive directors with at least one Independent Women Director. Besides where the non-executive Chairperson is promoter of the listed entity or is related to any promoter then atleast half of the Board of Directors should consist of Independent Directors.

We are pleased to inform that Company's Board is an optimal mix of Executive, Non-Executive and Independent Directors so as to maintain its Independence in Governance and Management of the Company. The Listing Regulation mandate that for a Company with a Non-executive Chairman, who's a promoter, atleast half of the Board should be of Independent Directors. The present strength of

the Board as on 31st March, 2019 is Ten Directors. Mr. Dinesh Oswal is Managing Director of the Company and Sh. Jawahar Lal Oswal is Non-Executive Chairman and is one of the promoters of the Company. Accordingly the Company's Board consists of five Independent Directors namely, Prof. K.S. Maini, Dr. Suresh Kumar Singla, Dr. Amrik Singh Sohi, Dr. Vijay Asdhir and Dr. Manisha Gupta a Women Director. Sh. Kamal Oswal, Sh. Dinesh Gogna and Sh. S.K. Sharma are other Non-executive Directors of the Company. Thus, the Company in compliance with all the applicable Provisions of the Listing Regulations.

**b. Number of Board Meetings held and dates on which held:**

As per the provisions of Section 173 of the Companies Act, 2013 and the rules made thereunder, read with Listing Regulations, every Company is required to hold minimum four number of Board Meetings every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive Board Meetings. We are pleased to report that the Company held five Board Meetings during the year i.e. on 30th May, 2018, 6th August, 2018, 28th September, 2018, 12th November, 2018 and 11th February, 2019 with a clearly defined agenda and has thus, complied with the said provisions of the Act. The agenda alongwith the explanatory notes are circulated to the directors well in advance. Every Board member can suggest the inclusion of additional items in the agenda. All the Directors strive to be present at the Board Meetings.

**c. Details of Attendance of Directors at the Board Meetings and Last Annual General Meeting:**

The participation of Non-Executive Directors and Independent Directors has been active in the Board Meetings. The names and categories of the directors on the Board, their attendance at Board Meetings held during the year and last Annual General Meeting held on Friday, 28th day of September, 2018 and the number of directorship and committee chairmanships/memberships held by them in other public companies as on 31st March, 2019 is given at the end of para. Other directorships do not include directorships of private limited companies, Section 8 companies and companies incorporated outside India. Chairmanship/membership of Board Committees include only Audit Committee and Stakeholders' Relationship Committee as per



Name of Directors	Category of Directors	No. of Directorship in other Public	No. of Committee position held in other Public Companies		No. of Board Meetings attended	AGM Attendance	No. of Shares Held	Directorship in other Listed Entities	
			Member	Chairman				Name	Category
Mr. Jawahar Lal Oswal	Non Executive, Promoter	9	*	*	5	NO	NIL	a) Nahar Industrial Enterprises Ltd. b) Nahar Poly Films Ltd. c) Nahar Capital and Financial Services Limited d) Monte Carlo Fashions Ltd.	Director
Mr. Dinesh Oswal	Executive, Promoter	9	*	*	5	YES	23766	a) Nahar Industrial Enterprises Ltd. b) Nahar Poly Films Ltd c) Nahar Capital and Financial Services Limited	Director
Mr. Kamal Oswal	Non Executive, Promoter	9	1	*	5	YES	24750	a) Nahar Industrial Enterprises Ltd. b) Nahar Poly Films Ltd. c) Nahar Capital and Financial Services Limited d) Oswal Leasing Limited	Director
Mr. Dinesh Gogna	Non Executive	9	4	2	5	YES	NIL	a) Nahar Industrial Enterprises Ltd. b) Nahar Poly Films Ltd. c) Nahar Capital and Financial Services Limited d) Monte Carlo Fashions Ltd. e) Oswal Leasing Limited	Director
Mr. S.K.Sharma	Non Executive	2	2	0	4	NO	NIL	a) Nahar Poly Films Ltd. b) Nahar Capital and Financial Services Limited	Director
Prof. K.S. Maini	Independent	1	*	1	4	YES	22	a) Nahar Capital and Financial Services Limited	Independent Director
Dr. S.K. Singla	Independent	5	3	3	3	YES	NIL	a) Nahar Industrial Enterprises Ltd. b) Nahar Poly Films Ltd. c) Nahar Capital and Financial Services Limited d) Monte Carlo Fashions Ltd.	Independent Director
Dr. Amrik Singh Sohi	Independent	4	1	1	4	NO	NIL	a) Nahar Industrial Enterprises Ltd. b) Nahar Poly Films Ltd. c) Nahar Capital and Financial Services Limited d) Monte Carlo Fashion Ltd.	Independent Director
Dr. Manisha Gupta	Independent	4	2	1	5	NO	NIL	a) Nahar Poly Films Ltd. b) Nahar Capital and Financial Services Limited c) Monte Carlo Fashions Ltd.	Independent Director
Dr. Vijay Asdhir	Independent	3	2	1	5	YES	NIL	a) Nahar Industrial Enterprises Ltd. b) Nahar Poly Films Ltd. c) Nahar Capital and Financial Services Limited	Independent Director



Regulation 26(1)(b) of Listing Regulations:

**d. Number of other Board of Directors or Committees in which Directors are member or chairperson:**

The information regarding the other Board of Directors or Committees in which Directors are member or chairperson as on 31st March, 2019, is already given in the table given in Para C above. None of the Director holds Directorship in more than twenty Companies and is Director of more than ten public limited companies as prescribed under the Companies Act, 2013. Further, as per Regulation 17(A) of SEBI LODR (Amendment) Regulations, 2018 mandate that a person does not act as Director of more than eight listed entities and an independent director of more than seven listed entities. We hereby confirm that directors are holding Directorship as per the limit specified in Regulation 26(1) SEBI LODR Regulations, 2015. None of the director is a member of more than Ten (10) Board level Committees or is Chairperson of more than Five (5) such Board level Committees as required under Regulation 26(1) of SEBI LODR Regulations, 2015.

**e. Disclosure of relationships between directors inter-se:**

Mr. Jawahar Lal Oswal is the father of Mr. Kamal Oswal, Director and Mr. Dinesh Oswal, Managing Director of the Company. Mr. Kamal Oswal and Mr. Dinesh Oswal are brothers. None of other Director is related to any other director within the meaning of Section 2(77) of the Companies Act, 2013.

**f. No. of Shares and Convertible Instruments held**

**by non-executive directors:**

Sh. Dinesh Oswal who is a Managing Director of the Company is Holding 23766 equity shares of Rs. 5 each of the Company. Sh. Kamal Oswal Non-Executive Promoter Director is holding 24750 equity shares of Rs. 5 each of the Company. Likewise, Prof. K.S. Maini who is an Independent Director is also holding 22 equity shares of Rs. 5 each of the Company. None of the other Non-Executive Directors are holding any share and convertible instruments issued by the Company.

**g. Web link of Familiarization Programs:**

The details of Company's Policy on Familiarization Programs for Independent Directors are posted on the website of the Company and can be accessed at <http://owmnaahar.com/spinning/pdf/NSML-Familiarization-Program.pdf>

**h. Key Board Qualification, Experience and Attributes:**

The Company's Board comprises qualified members who brings required skill/Expertise that allow them to make effective contribution to the Board and its Committees. Pursuant to Regulation 34(3) read with Schedule V Part (C) (2)(h) of Listing Regulations, the Board of Directors has identified Leadership skills, Industry knowledge Managerial and entrepreneurial skills, Experience and exposure in policy shaping and industry promotion, Understanding of relevant laws, rules, regulations and policies, Corporate Governance, Financial expertise, Risk Management, Information Technology as the requisite skills/expertise and competencies as required in the context of Company's business and sector to function effectively.

**A Chart matrix setting out the skill/ expertise/ competency currently available in the Board:** A table showing details of Skill/ Expertise actually available with the Directors of the Company is as under :

Name of Director	Qualification	Expertise, Skills and Competencies
Mr. Jawahar Lal Oswal	Graduate	A Renowned Industrial leader having 55 years experience in Textile and Woolen industry and financial matters of business.
Mr. Dinesh Oswal	B.COM	A Renowned industrialist, excellent leader having 34 years experience in Textile Industry, BOPP Films Industry and financial expert in Managing NBFC.
Mr. Kamal Oswal	B.COM	A Renowned Industrialist and leader having more than 37 years of experience in Business Administration Of Managing Textiles, Sugar and Steel Industry
Mr. Dinesh Gogna	B.A., L.L.B	A Corporate professional expert of Finance and Taxation having more than 40 years experience in Corporate Finance and Taxation.
Mr. S.K. Sharma	M.B.A	A Corporate Executive having 38 Years experience in Corporate Affairs with Specialization in Marketing and Inventory Management.
Prof. K.S. Maini	M.Com	A retired professor having 36 Years experience in teaching Accounting, Finance and Business Administration.
Dr. S.K. Singla	M.A. (Stats.& Eco.) & Ph.D (Stats)	A Management Expert having more than 34 years experience in Teaching Business Management and Administration.
Dr. Amrik Singh Sohi	M.Sc. & Ph.D.	An Agricultural Expert having more than 38 years of experience in Teaching Entomology Research. Presently working as consultant in PGR Cell, Sri Ratan Tata Trust, Mumbai
Dr. Manisha Gupta	B.COM, M.B.A & Ph. D	A professor having more than 17 years of experience in Teaching of Management and Administration with specialization in Securities Market. She has also published research studies on Securities Market.
Dr. Vijay Asdhir	M.Com. & Ph.D.	A retired professor having 38 Years experience in teaching Accounting and Business Administration.

**i. Confirmation of Independent Directors:**

Pursuant to Clause C(2)(i) of Schedule V read with Regulation 34(3) of Listing Regulations, in the opinion of the Board all the independent directors fulfill the conditions required for independent directors as specified in the Listing Regulations and are independent of the management.

**J. Separate Meeting of Independent Directors:**

As per the provisions of the Companies Act, 2013 and the rules made thereunder the Independent Directors are required to hold atleast one meeting in a year without the attendance of Non Independent Directors and members of Management. We are pleased to report that the Company's Independent Directors met on 30th November, 2018 without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. At the Meeting, they -

- i. Reviewed the performance of non-independent directors and the Board as a whole;
  - ii. Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Director and Non-Executive Directors;
  - iii. Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board which is necessary for the Board to effectively and reasonably perform their duties.
- Further, it is confirmed that in the opinion of the Board, the Independent directors fulfill the conditions specified in these regulations and are independent of the Management.

**III. BOARD COMMITTEES**

The Board has constituted Audit committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee which helps the Board in good Corporate Governance. Normally all the committees meets four times in a year. The recommendation of the committee is submitted to the Board for their approval.

**1. AUDIT COMMITTEE****a. Brief Description of Terms of Reference:**

The Board has constituted an independent and qualified Audit Committee. The term of reference of the Audit Committee is as per Part C of Schedule II of the SEBI LODR Regulations, 2015 and Section 177(4) of Companies Act, 2013.

**b. Composition:**

The Audit Committee comprises of three Directors under the chairmanship of Prof. K.S. Maini, who is an Independent Director. Mr. Dinesh Gogna is Non Executive Director and Dr.S.K.Singla, an Independent Director, are the other two members of the Audit Committee. There has been no change in the composition of the committee during the year. Prof. K.S. Maini is a Post Graduate in Commerce. He retired as Head of Commerce Department (Post

Graduate), Government College, Ludhiana. He is having requisite expertise in Financial and Accounting matters. Dr. S.K. Singla is M.A. in Economics & Statistics & Ph.D. in Statistics and is having requisite experience in teaching Business Management & Administration. Likewise, Mr. Dinesh Gogna is having 40 years of experience in corporate Finance, Taxation, Financial and Accounting matters. Mr. Brij Sharma is the Secretary of the Committee. Mr. Anil Garg who is the Chief Financial Officer is a permanent invitee of the Committee. The Statutory Auditors and Internal Auditors are also invited to attend the meetings as and when felt necessary and as per relevant provisions of the applicable laws/rules.

The Primary objective of Audit Committee is to monitor and provide an effective supervision on the Management financial reporting process, to ensure timely and accurate disclosure. Besides the committee also oversees the work of internal and statutory auditors.

**c. Meetings and Attendance**

During the financial year 2018-19, the Committee met four times i.e. on 30th May, 2018, 6th August, 2018, 12th November, 2018 and 11th February, 2019, for reviewing and adopting the quarterly un-audited financial results as well as the financial statements before recommending the same to the Board of Directors for their perusal and adoption.

The attendance record of the Audit Committee Members at the Meetings during the year 2018-19 is as under:

Name of the Member	No. of meetings held	No. of meetings attended
Prof. K.S. Maini	4	3
Mr. Dinesh Gogna	4	4
Dr. S.K. Singla	4	4

**2. NOMINATION AND REMUNERATION COMMITTEE****a. Brief Description of Terms of Reference:**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Board constituted the Nomination and Remuneration Committee. The broad term of reference of the Nomination and Remuneration Committee is as per the requirements of Part D of Schedule II of SEBI LODR Regulations, 2015 read with Section 178 of the Companies Act, 2013. The Committee identifies the persons who are suitable and qualified enough to become directors and who may be appointed in senior management category in accordance with the criteria laid down and recommend to the Board their appointment and removal. It carries out evaluation of every director's performance. The Committee also ensures that Company's remuneration policies in respect of Managing Director, Key Managerial Personnel and



Senior Executives are competitive so as to recruit and retain best talent in the Company. It also ensures that appropriate disclosure of remuneration paid to the Directors, Managing Director, KMP and Senior Executives as per the applicable provisions of the Companies Act, 2013 and also devises a policy on "Diversity of Board of Directors". The company policy on Appointment and Remuneration of Directors has also been updated on Company's website i.e. www.owmnaahar.com.

**b. Composition:**

The Committee consists of three Independent Directors namely; Dr. S.K. Singla as the Chairman and Dr. Amrik Singh Sohi and Dr. (Mrs.) Manisha Gupta as members of the Committee.

**c. Meetings and Attendance:**

The Nomination and Remuneration Committee met thrice during the year i.e. 29th May, 2018, 6th August, 2018 and 12th November, 2019 during the year under review. The attendance record at the meetings held during the year 2018-19 is as follows:

Name of the Member	No. of meetings held	No. of meetings attended
Dr. S.K. Singla	3	3
Dr. A.S. Sohi	3	2
Dr. Manisha Gupta	3	3

**d. Performance Evaluation Criteria for Independent Directors:**

The performance evaluation criteria for Independent Directors are determined by the Nomination and Remuneration Committee. An indicative list of parameters for evaluation includes education, knowledge, experience, expertise, skills, behavior, leadership qualities, level of engagement and contribution, independence of judgment, ability to communicate effectively with other board members and management, effective decision making ability for safeguarding the interest of the Company, stakeholders and its shareholders.

**e. REMUNERATION OF DIRECTORS**

**A. Pecuniary relationship or transactions of the Non-executive Directors vis-à-vis the Company:**

None of the Non Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

**B. Criteria of making payment to non-executive directors:**

The Non-Executive Directors are paid remuneration in the form of sitting fee of Rs. 10,000/- per meeting for attending the Board Meeting of the Company. The details of sitting fee paid to Non executive Directors

during the year 2018-19 is as follows:

Name of Director	Sitting Fees (Rs.)
Mr. Jawahar Lal Oswal	50000
Mr. Kamal Oswal	50000
Mr. Dinesh Gogna	50000
Mr. S.K. Sharma	40000
Prof. K.S. Maini	40000
Dr. S.K. Singla	30000
Dr. Amrik Singh Sohi	40000
Dr. Vijay Asdhir	50000
Dr. (Mrs.) Manisha Gupta	50000
<b>Total</b>	<b>4,00,000</b>

**C. Disclosures with respect to remuneration:**

All the non executive directors of the Company are paid sitting fee for attending the Board Meeting. Mr. Dinesh Oswal, being the Managing Director of the Company has been paid remuneration pursuant to the provisions of Section 197 read with Schedule V of the Companies Act, 2013. The disclosure in respect of remuneration paid to Mr. Dinesh Oswal is given herein below:

**D. Elements of remuneration package**

The elements of remuneration package paid to Mr. Dinesh Oswal, Managing Director of the Company, during the year 2018-19 is as follows:

Name of the Director	Salary	Benefits	Bonuses	Stock Options	Pension	Total
Dinesh Oswal	*63387900	-	-	-	-	*63387900

Note: \* Pursuant to the provisions of Section 197 of the Companies Act, 2013, the Central Government vide its letter no. SRN G41303728/2017-CL.VII dated 26th December, 2017 has given approval for payment of remuneration of Rs. 9,19,69,000 for the calendar year 2018 and Rs. 10,57,64,000 for the calendar year 2019 to Mr. Dinesh Oswal, Managing Director of the Company which he may draw from M/S Nahar Spinning Mills and M/S Nahar Capital and Financial Services Ltd. or partly from the first and remaining from the Second Company. Accordingly the Company paid Remuneration of Rs. 6,33,87,900/- (Rupees Six Crores Thirty Three Lakhs Eighty Seven Thousand and Nine Hundred Only) as Salary from 1st April, 2018 to 31st March, 2019.

**E. Details of fixed component and performance linked incentives, along with performance criteria:**

The fixed Component of remuneration of Managing Director includes salary, H.R.A, perquisites and retirement benefits. He is also entitled to 1.5% commission of the net profits of the company, subject to overall limit as prescribed under the companies Act, 2013. But due to inadequacy of profits he has been paid remuneration as per Central Government Approval.



**F. Service contracts, notice period, severance fees;**

The tenure of office of the Managing Director is for five years from the respective date of appointment and same can be terminated by either party by giving three months notice in writing. There is no separate provision for payment of severance fees.

**G. Stock option details:**

None of the Non Executive Directors has been granted any stock option by the Company.

**3. STAKEHOLDERS RELATIONSHIP COMMITTEE**

**a. Brief Description of Terms of Reference:**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI LODR Regulations, 2015, the Board has constituted Stakeholders' Relationship Committee. The Committee looks into the complaints/grievances of shareholders in respect of transfer of shares, Non receipt of Dividend, Share Certificates, Dematerialisation and Annual Reports etc. and recommends measures for improving the quality of investor service. The committee also oversees the performance of M/s Alankit Assignment Ltd. the Registrar and Transfer Agent of the Company. The main objective of the committee is to assist the Board and Company in maintaining healthier relationship with all stakeholders.

**b. Composition:**

The Committee consists of three non executive directors under the Chairmanship of Dr. (Mrs.) Manisha Gupta. Dr. Amrik Singh Sohi an Independent Director and Mr. S.K. Sharma a Non Executive Director are the other two members of the Committee.

**c. Meetings and Attendance**

The Committee met four times from 1st April, 2018 to 31st March, 2019 i.e. on 29th May, 2018, 6th August, 2018, 12th November, 2018 and 11th February, 2019. The attendance record at the meeting held during the year 2018-19 is as follow:-

Name of the Member	No. of meetings held	No. of meetings attended
Dr. Vijay Asdhir	4	4
Mr. S.K. Sharma	4	4
Dr. A.S. Sohi	4	3

**d. Name and Designation of Compliance Officer**

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

**e. Details of Investors' complaints received/resolved/not solved to the satisfaction of shareholders/pending:**

The Company has been quick in redressed of the grievances of the shareholders and has attended to most of the investors correspondence/grievances with in a period of 7 to 10 days from the date of the

receipt of the same. The details of Investors' complaints received/resolved/not solved to the satisfaction of shareholders/pending is given here below:

No. of complaints received during the year	: 03
No. of complaints resolved during the year	: 03
No. not solved to the satisfaction of shareholders	: NIL
No. of complaints pending as on 31st March, 2019	: NIL

**f. Dedicated e-mail for Investor Grievance**

To enable investors to register their grievances, the Company has designated an exclusive e-mail id i.e. gredressalnsmil@owmnaahar.com.

**IV. OTHER COMMITTEE**

**1. SHARE TRANSFER COMMITTEE**

The Company has also constituted a Share Transfer Committee comprising of 4 (four) members under the Chairmanship of Mr. Dinesh Oswal, Managing Director of the Company. Mr. Dinesh Gogna and Mr. S.K. Sharma, Directors of the Company and Mr. Brij Sharma, Company Secretary of the Company, are the members of the Committee. The Committee is responsible for approving the transfer and transmission of securities, Dematerialisation of shares, issuance of duplicate share certificates and other shareholders related issues. The Committee met twenty Four times during the year under review i.e. 16th April, 2018, 30th April, 2018, 15th May, 2018, 31st May, 2018, 15th June, 2018, 30th June, 2018, 16th July, 2018, 31st July, 2018, 16th August, 2018, 31st August, 2018, 11th September, 2018, 29th September, 2018, 15th October, 2018, 30th October, 2018, 12th November, 2018, 30th November, 2018, 15th December, 2018, 31st December, 2018, 15th January, 2019, 31st January, 2019, 15th February, 2019, 28th February, 2019, 15th March, 2019 and 30th March, 2019 and the attendance record of the members at the meetings held during the year 2018-19 is as follows:-

Name of the Member	No. of meetings held	No. of meetings attended
Mr. Dinesh Oswal	24	24
Mr. Dinesh Gogna	24	23
Mr. S.K. Sharma	24	23
Mr. Brij Sharma	24	24

Pursuant to Section 124(6) of the Companies Act, 2013 read with Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the Company has transferred all the shares (in respect of which dividend remained unpaid/unclaimed for a period of seven consecutive years) to the demat account of IEPF Authority as per applicable Rules. Details of shares transferred to the IEPF Authority are available on the Company's website and can be accessed through the link: <http://www.owmnaahar.com/spinning/pdf/uncnsmil>



2.pdf. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link <http://www.iepf.gov.in/IEPFA/refund.html>.

The Shareholders can claim their subjectshares/dividend by making an application to the IEPF Authority in e-Form IEPF-5 as per procedure provided under Rule 7 of the IEPF Rules. The Shareholders can also view the procedure at [www.iepf.gov.in](http://www.iepf.gov.in).

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

**2. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Board constituted Corporate Social Responsibility Committee as per the provisions of Section 135 of the Companies Act 2013, read with Companies (Corporate Social Responsibility policy) Rules, 2014. The committee formulated and recommended Company's CSR policy to the Board which was approved and adopted by the Board of Directors. The Company's CSR policy is also available on Company's website [www.ownahar.com](http://www.ownahar.com). As per policy, Company is undertaking CSR activities in collaboration with Group Companies under one umbrella i.e. through Oswal Foundation which is a Registered Society formed in 2006. The committee overseas and monitors the activities /programmes/projects undertaken by Oswal Foundation.

**Composition**

The CSR Committee comprises of three Directors under the chairmanship of Mr. Dinesh Oswal, Managing Director of the Company. Dr. S.K. Singla and Mr. Dinesh Gogna are other two members of the Committee. There has been no change in the composition of the committee during the year.

During the year under review, the Committee met twice i.e. on 6th August, 2018 and 30th March, 2019.

The attendance record of members at the meeting held during the year 2018-19 is as follow:-

Name of the Members	No. of meetings held	No. of meetings attended
Sh. Dinesh Oswal	2	2
Dr. S.K. Singla	2	2
Sh. Dinesh Gogna	2	2

The CSR report, as required under the Act for the year ended 31st March 2019 is attached as Annexure I to the Board report.

**3. RISK MANAGEMENT COMMITTEE:**

As per the provisions of Regulation 21 of Listing Regulations, Top 500 listed entities determined on the basis of market capitalization as at the end of immediate previous financial year shall constitute a Risk Management Committee. We would like to inform you that the Company does not fall under the said category and accordingly, the Regulation 21 is not applicable to the Company. However, No business is free from Normal Business Risks i.e. Financial Risk, Exchange Risk, Cotton Prices Risk, policy Risk, Global Risk etc. The Audit Committee takes care of the Company's risk policies and reviews the same in its meeting so that the Company could face the challenges and risks associated with the Business successfully and become a Global competitive Company.

**V. GENERAL BODY MEETINGS**

**I) Location and time, where last three Annual General Meetings held:**

Financial year	Location	Date	Time
2015-2016	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	30.09.2016	11:30 A.M.
2016-2017	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	26.09.2017	11:00 A.M.
2017-2018	Premises of Nahar Industrial Enterprises Ltd., Focal Point, Ludhiana	28.09.2018	11:00 A.M.

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

**2015-16**

To reappoint Mr. Dinesh Oswal, as Managing Director of the Company for a period of five years w.e.f 1st January, 2017 to 31st December, 2021.

**2016-17**

- To re-appoint Sh. Suresh Kumar Singla, as an Independent Director to hold office for a period of 5 (five) Consecutive years.
- To re-appoint Dr. Amrik Singh Sohi, as an Independent Director to hold office for a period of 5 (five) Consecutive years.
- To re-appoint Prof. K.S. Maini, as an Independent Director to hold office for a period of 3 (three) Consecutive years

**2017-18**

- To approve the payment of Remuneration of Mr. Dinesh Oswal, Managing Director as



- approved by the Central Government.
2. To approve continuation of holding of office as Non- executive Director by Mr. Jawahar Lal Oswal upon attaining the age of 75 years.
  3. To approve continuation of holding of office as Independent Director by Prof. K.S. Maini who has attained the age of 75 years.

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

No Special resolution was passed during the financial year ended 31.03.2019 through postal ballot.

**iv) Person who conducted the postal ballot exercise:**

Not applicable as no special resolution was passed during the financial year ended 31.03.2019 through postal ballot.

**v) Whether any special resolution is proposed to be conducted through postal ballot.**

Presently, no Special Resolution is proposed to be conducted through postal ballot.

**vi) Procedure for postal ballot.**

Whenever any special resolution will be conducted through postal ballot, the procedure for postal ballot shall be as per the applicable provisions of Companies Act, 2013 read with SEBI LODR Regulations, 2015.

**VI. MEANS OF COMMUNICATION**

**a. Quarterly Results:**

The Company's quarterly results in the format prescribed by the SEBI LODR Regulations, 2015, are approved and taken on record by the Board within the prescribed period under the Regulations and sent immediately to the Stock Exchanges on which the Company's shares are listed.

**b. Newspapers wherein results normally published:**

The financial results of the Company are published in leading News Paper i.e. Business Standard/ Financial Express in English and Dainik Jagran in vernacular.

**c. Any website, where displayed:**

The Company's Quarterly, Half yearly and Annual Results are also displayed on the website of the Company i.e. [www.ownahar.com](http://www.ownahar.com). The Quarterly and Annual Financial Statement along with the Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report, Cash Flow Statement, Corporate Governance Report, Report on Management Discussion and Analysis and Shareholding Pattern etc. can also be retrieved by the investors from the website of the Company, BSE Limited and National Stock Exchange of India Limited.

**d. Whether it also displays official news releases**

Whenever any official news is released, the same is also displayed on the Company's website i.e. [www.ownahar.com](http://www.ownahar.com).

**e. Presentations made to institutional investors or to the analysts:**

Whenever any presentation about Company's working is made to the Financial Institutional Investors or to the Analyst, the same is displayed on the Company's Website i.e. [www.ownahar.com](http://www.ownahar.com).

**VII. GENERAL SHAREHOLDERS INFORMATION**

**a. Annual General Meeting:**

**Date** : 30th September, 2019  
**Day** : Monday  
**Time** : 11:00 A.M  
**Venue** : Premises of Nahar Industrial Enterprises Limited, Focal Point, Ludhiana

**b. Financial Year** : Financial year of the Company comprises of twelve months i.e. 1st April, 2018 to 31st March, 2019

**c. Dividend Payment Date** : On or Before 10th Oct., 2019

**d. Date of Book Closure** : 14th September, 2019 to 17th September, 2019

**e. Name and address of Stock Exchanges at which the securities of the Company are listed:**

The National Stock Exchange of India Ltd (NSE) Exchange Plaza, Plot No. C/1 G-Block, Bandra- Kurla Complex, Bandra (East), Mumbai- 400051	The BSE Limited (BSE) 25th P. J. Towers, Dalal Street, Fort Mumbai - 400 001.
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The listing fees payable to BSE and NSE for 2019-20 have been paid in full by the Company.

**f. Stock Code :**

For trading at NSE : NAHARSPING  
For trading at BSE : 500296

**g. Demat ISIN number in NSDL and CDSL for Equity Shares: INE290A01027**

The annual custodian fees for the financial year 2019-20 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**h. Market Price Data-high low during each month in last financial year**

The Company's equity shares are listed at BSE and NSE. Accordingly the month wise High and Low stock prices from April, 2018 to March, 2019 are as follows:

Month	BSE		NSE	
	High	Low	High	Low
April, 2018	98.05	87.50	98.40	87.10
May, 2018	96.00	83.20	96.35	83.35
June, 2018	93.90	78.10	94.20	75.80
July, 2018	95.00	81.30	93.70	81.70
August, 2018	106.00	89.85	109.80	90.60
September, 2018	96.10	72.00	95.50	80.30
October, 2018	85.60	69.90	86.75	70.00
November, 2018	107.00	78.00	104.20	77.25
December, 2018	98.00	83.50	99.75	83.55
January, 2019	96.50	85.50	94.45	85.00
February, 2019	94.00	80.00	90.75	81.00
March, 2019	94.65	83.55	93.50	83.10

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



**I. PERFORMANCE IN COMPARISON TO BROAD BASED INDICES SUCH AS BSE SENSEX:**

The Company's equity shares are listed at BSE and NSE. Accordingly, comparison between Nahar Spinning Mills Limited closing price variation and BSE Sensex in percentage from April, 2018 to March, 2019 is as under:

Year 2018-2019	Share price of Nahar Spinning Mills Ltd.				BSE Sensex			
	Highest	Lowest	Closing	%age Change over last Month's Closing	Highest (Rs)	Lowest (Rs)	Closing (Rs)	%age Change over last Month's Closing
April, 2018	98.05	87.50	95.65	10.58	35213.30	32972.56	35160.36	6.65
May, 2018	96.00	83.20	88.45	-7.53	35993.53	34302.8	35322.38	0.46
June, 2018	93.90	78.10	87.05	-1.58	35877.41	34784.68	35423.48	0.29
July, 2018	95.00	81.30	91.20	4.77	37644.59	35106.57	37606.58	6.16
August, 2018	106.00	89.85	94.10	3.18	38989.65	37128.99	38645.07	2.76
September, 2018	96.10	72.00	73.20	-22.21	38934.35	35985.63	36227.14	-6.26
October, 2018	85.60	69.90	77.80	6.28	36616.64	33291.58	34442.05	-4.93
November, 2018	107.00	78.00	89.90	15.55	36389.22	34303.38	36194.30	5.09
December, 2018	98.00	83.50	90.20	0.33	36554.99	34426.29	36068.33	-0.35
January, 2019	96.50	85.50	88.70	-1.66	36701.03	35375.51	36256.69	0.52
February, 2019	94.00	80.00	82.00	-7.55	37172.18	35287.16	35867.44	-1.07
March, 2019	94.65	83.55	91.60	11.71	38748.54	35926.94	38672.91	7.82

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

**j. IN CASE THE SECURITIES ARE SUSPENDED FROM TRADING, REASON THEREOF**

The Company's securities have not been suspended from trading during the year under review.

**k. REGISTRAR TO AN ISSUE AND SHARE TRANSFER AGENTS**

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

In case any query/complaint remains unresolved with our Registrar, please write to the Company Secretary at the Registered Office of the Company. Members may kindly note that the Registrar & Transfer Agent and/or the Company will not entertain request for noting of change of address/bank details/ECS mandate in case of accounts with Demat holding. For this purpose, shareholders should approach their Depository Participant.

**l. Share Transfer System**

The Company has constituted a Share Transfer Committee consisting of four members, namely Mr. Dinesh Oswal, Managing Director, Mr. Dinesh Gogna, Sh. S.K. Sharma Directors and Mr. Brij Sharma, Company Secretary of the Company. Normally Share Transfer Committee meets twice in a month to approve the transfer / transmission / transposition, issue of duplicate share certificates &

Dematerialization of shares and duly transferred shares are generally dispatched within the prescribed period under the Companies Act, 2013 / SEBI LODR Regulations, 2015. However, SEBI vide its notification dated

As required under Regulation 40(9) of the SEBI LODR Regulations, 2015, a certificate is obtained every six months from a Practicing Company Secretary within one month from the end of each half of financial year certifying that all certificates has been issued within 15 days of their lodgment for transfer, transmission, transposition, sub-division, consolidation, renewal and exchange or endorsement. The certificate is forwarded to BSE and NSE where the Equity Shares of the Company are listed.

**m. DISTRIBUTION OF SHAREHOLDING**

As on 31st March, 2019, your Company had 30452 shareholders having a total of 3, 60, 65,303 Equity Shares. The following is the distribution of Shareholding

No. of Shares held	No. of Share Holders	%of Share Holders	Aggregate No. of Shares Held	% of Share Holding
1-500	27271	89.55	3692757	10.24
501-1000	1682	5.52	1293226	3.59
1001-2000	746	2.45	1108488	3.07
2001-3000	252	0.83	648188	1.80
3001-4000	120	0.39	432024	1.20
4001-5000	85	0.28	391074	1.08
5001-10000	154	0.51	1083664	3.00
10001 and above	142	0.47	27415882	76.02
<b>Total</b>	<b>30452</b>	<b>100.00</b>	<b>3,60,65,303</b>	<b>100.00</b>

**n. THE SHAREHOLDING PATTERN AS ON MARCH 31, 2019**

Shares held by	No. of Shares	% of shareholding
Banks and Mutual Funds	87,311	0.24
Foreign holdings (FIIs, NRIs, OCBs)	1,09,451	0.30
Trust	480	0.00
Bodies Corporate	9,29,990	2.58
Directors/Relatives of Directors	22	0.00
General Public	1,07,20,921	29.73
HUF	4,22,868	1.17
Promoter	2,33,79,425	64.83
Shares Transferred to IEPF	4,14,835	1.15
<b>Total</b>	<b>36065303</b>	<b>100.00</b>

**15. DEMATERIALISATION OF SHARES AND LIQUIDITY.**

The Securities and Exchange Board of India (SEBI) has included Company's scrip in compulsory Demat settlement for all type of investors. Thus, the dealing in Company's equity shares can be in Demat form only. To facilitate holding and trading of securities in electronic form, your Company has established connectivity with both the Depositories i.e. National



Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL). The investors have an option to dematerialize their equity shares with either of the Depositories. As on 31st March, 2019, 35049768 equity shares comprising 97.18% of the total Equity Capital of the Company has been dematerialized. Shares of the Company are actively traded on the BSE Limited and the National Stock Exchange of India Limited.

**p. Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity**

The Company does not have any outstanding Global Depository Receipts or American Depository Receipts or warrants or any Convertible Instruments, which is likely to have any impact on the equity of the Company.

**q. Commodity price risk or foreign exchange risk and hedging activities**

The Company is in the Manufacturing of 'Textiles' and has not dealt in any commodity market and thus there is no commodity price risk. Since the Company is in the export of Textiles/Garments Business, to cover itself from exchange rate fluctuations it goes in for partial hedging by normal booking in the normal course of the business. The Company is not involved in any speculative activities.

**r. PLANT LOCATIONS :**

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

**s. Address for Correspondence**

"NAHAR TOWER"  
373, Industrial Area-A,  
Ludhiana - 141 003 (Pb.)  
Phone No. : 0161-2665000  
Fax No. : 0161-2661180, 2222942  
E-mail address : secnsm@owmnahar.com  
Website : www.owmnahar.com

**t. Credit Ratings:**

We are pleased to inform that the Credit Rating Information Services of India Ltd. (CRISIL) in their Credit Rating Report of 15th January, 2019 has re-affirmed the credit rating "A/Stable" for long term debt instruments/ facilities and "A1" for the short term debt instruments/ facilities. The rating "A" indicates stable and rating "A1" indicates very strong degree of safety regarding timely payment of the financial obligations. Further the CRISIL in their Credit Report of January, 2019 has re-affirmed the credit rating "A1" for Rs. 235.00 Million Commercial Paper.

**VIII. OTHER DISCLOSURES**

**1. Disclosure on Materially Significant Related Party Transactions that may have potential conflict with the interest of the Company at large:**

During the year, there are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the provisions of Regulation 23 of SEBI LODR Regulations, 2015. However, the normal sale and purchase transactions which take place in the ordinary course of Business with the Group Companies are disclosed in the Notes to the Financial Statements as per applicable provisions.

**2. Details of Non-compliance by the Company, penalties, strictures imposed by Stock Exchanges or the Board or any Statutory Authority on any matter related to capital markets during the last three years:**

The Company continues to comply with the requirements of Stock Exchanges, SEBI or any statutory authority on all matters related to capital market during last three years. No penalty or strictures have been imposed on the Company by the said authorities relating to the above.

**3. Details of establishment of Vigil Mechanism /Whistle Blower Policy:**

The Board, pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2013, has established a Whistle Blower Policy/Vigil Mechanism for its directors and employees to report genuine concerns or grievances about the unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or Policy. The Policy also enables the adequate safeguards against victimization of persons who use such mechanism. The Audit Committee regularly reviews the working of the Mechanism. The mechanism provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. No personnel have been denied access to the Audit Committee. The Whistle Blower Policy/Vigil Mechanism is also posted on Company's Website and can be accessed at [http://owmnahar.com /spinning/pdf /vigil\\_mechanism.pdf](http://owmnahar.com /spinning/pdf /vigil_mechanism.pdf).



- 4. Details of compliance with mandatory requirements and adoption of non-mandatory requirements:**  
The Company has complied with all the mandatory requirements of Corporate Governance as prescribed in SEBI LODR Regulations, 2015. Besides, the Company has also complied with the non mandatory requirements in respect of Corporate Governance as specified Part E of Schedule II of SEBI LODR Regulations, 2015 as detailed below:
- i. Un-modified opinion(s) in audit report:**  
The Company is already in a regime of financial statements with un-modified audit opinion.
- ii. Separate posts of Chairman and CEO:**  
Mr. Jawahar Lal Oswal is the Chairman of the Company and Mr. Dinesh Oswal is Managing Director of the Company. Thus the post of Chairman and Managing Director are held by different persons.
- iii. Reporting of internal auditor:**  
The internal auditor may report directly to the Audit Committee.  
The Company is yet to comply with other non mandatory requirements of the Corporate Governance as specified in Part E of Schedule II of the SEBI LODR Regulations, 2015.
- 5. Web link where policy for determining 'material' subsidiaries is disclosed:**  
The requirement of policy for determining 'material' subsidiaries is not applicable to the Company as it does not have any subsidiary Company.
- 6. Web link where policy on dealing with related party transactions is disclosed:**  
The Company has formulated a Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions which can be accessed at <http://owmnahtar.com/spinning/pdf/RPT-NAHAR-SPINNING.pdf>.
- 7. Disclosure of commodity price risks and commodity hedging activities:**  
The Company is engaged in the textiles Business and the Primary raw material for the manufacturing of the Yarns is cotton with the share of around 60% of total cost. The cotton being a seasonal agriculture produce, its supply, quality and price are subject to forces of nature i.e. Monsoon. The Company purchases the raw cotton as per the Company procurement policy so that it is able to run its plant for the whole year. During the year, the Company has not dealt in any commodity market, thus there is no commodity price risk. Further, the Company is not involved in Speculative activities.
- 8. Details of utilization of funds raised through preferential allotment or qualified institutions placement:**  
The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations.
- 9. Certification from Company Secretary in Practice:**  
Mr. P.S. Bathla, Proprietor of M/s. P.S. Bathla & Associates, Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such other authority. The certificate is attached with this Report.
- 10. Recommendation of Committees:**  
In the financial year 2018-19 the board has accepted all recommendations of its Committees.
- 11. Disclosure as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**  
The disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Directors' Report.
- 12. Fees paid to Statutory Auditors:**  
During the year company paid an Audit fees of Rs. 15, 33,786/- inclusive of Certification Charges and out of Pocket Expenses to Statutory Auditors.
- 13. Dividend Distribution Policy:**  
Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires that top 500 listed entities based on market capitalization shall formulate a dividend distribution policy. Your Company does not fall in top 500 list of listed entities hence the requirement to formulate a dividend distribution policy is not applicable to the Company.
- 14. Insurance Policy For Directors And Officers**  
As per Regulation 25 (10) of Listing Regulations, top 500 listed entities w.e.f. 1st October, 2018 is required to undertake Director and officer Insurance Policy. The company does not fall under the category of top 500 listed entities but for ensuring good Corporate governance Company has already taken Directors and Officers insurance ('D and O insurance') Policy.
- 15. Prevention of Insider Trading:**  
Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of practices and procedures for fair disclosure of unpublished price sensitive information" and "Code of Conduct to regulate monitor and report trading by insiders. The Code helps to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in



- possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary being the Compliance Officer is responsible for implementation of the Code.
- 16. Reconciliation of Share Capital Audit**  
The Securities and Exchange Board of India has directed vide Circular No. D&CC/FITTC/CIR-16/2002 dated 31st December, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/paid up capital. The said certificate duly certified by a Practicing Company Secretary is submitted to the Stock Exchanges within 30 days of the end of each quarter.
- 17. CEO and CFO Certification**  
As required under Regulation 17(8) of SEBI LODR Regulations, 2015, a Certificate duly signed by the Managing Director and Chief Financial Officer was placed at the meeting of Board of Directors held on 30.05.2019.
- VIII. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT WITH REASONS THEREOF:**  
The Company has complied with all the requirements of Corporate Governance Report from sub-paras (2) to (10) of Part C of Schedule V of SEBI LODR Regulations, 2015.
- IX. DISCLOSURE OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS AS SPECIFIED IN REGULATION 17 TO 27 AND REGULATION 46(2)(i)(b) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**  
The Company has complied with all the Corporate Governance requirements as specified in Regulation 17 to 27 (except Regulation 21 and 24, which are not applicable to the Company) and Regulation 46 (2) (i) (b) of SEBI LODR Regulations, 2015.
- X. CODE OF CONDUCT**  
The Company is committed to conduct its business in accordance with applicable laws, rules and regulations and highest standard of transparency. Accordingly, the Company has laid down a Code of conduct for all its Board members and Senior Managerial Personnel so that conflict of interest could be avoided. The Code of Conduct suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. All the Board members and Senior Managerial Personnel are complying with the said code of conduct. The code of conduct is also available on Company's website i.e. www.owmnahar.com. The Board members and senior management personnel affirm the compliance of this Code annually. A declaration by the Managing Director/CEO in terms of SEBI LODR Regulations, 2015 to the effect that members of the Board and senior management personnel have affirmed compliance with this Code of Conduct is attached with this Report.
- XI. DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT**
- a. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: Nil
- b. Number of shareholders who approached listed entity for transfer of shares from suspense account during the year: Nil
- c. Number of shareholders to whom shares were transferred from suspense account during the year: Nil
- d. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: Nil
- e. That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares: Not Applicable  
All the shares of the Company has already been allotted to the eligible allottees, hence there is no Demat suspense account/unclaimed suspense account.

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: LUDHIANA  
DATED: 13<sup>th</sup> AUGUST, 2019**

**JAWAHAR LAL OSWAL  
(Chairman)**



### **MANAGING DIRECTOR'S DECLARATION**

Pursuant to the requirement of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all Board Members and Senior Management Personnel of the Company (as defined in the above said Regulations) have affirmed compliance with the Code of Conduct for Board of Directors and Senior Management Personnel' for the year ended 31st March, 2019.

**Place: Ludhiana**  
**Dated: 13<sup>th</sup> August, 2019**

**Dinesh Oswal**  
**Managing Director**  
**DIN: 00607290**

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### **CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**

(Pursuant to Clause 10 of Part C of Schedule V of SEBI (LODR) Regulations, 2015)

To  
The Members of Nahar Spinning Mills Limited  
Ludhiana

I have examined the relevant records of NAHAR SPINNING MILLS LIMITED for the purpose of certifying compliance of requirements in Clause 10 (i) of Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31st March, 2019.

In my opinion, to the best of my knowledge and belief, according to the explanations and information furnished to me and based on the written representation /declaration received from the Directors and taken on record by the Board of Directors, I certify that, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies, by the SEBI / Ministry of Company Affairs or any such statutory authority.

**For P.S. Bathla & Associates**  
**Company Secretaries**  
**Sd/-**  
**P.S. Bathla**  
**(Proprietor)**  
**FCS: 4391/CP No. 2585**

**PLACE: LUDHIANA**  
**DATED: 13th AUGUST, 2019**



## **CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members

Nahar Spinning Mills Limited

We have examined the compliance of conditions of corporate governance by **NAHAR SPINNING MILLS LIMITED** for the year ended 31st March, 2019 as stipulated Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the Directors and Management, we hereby certify that the Company has duly complied with the conditions of Corporate Governance as stipulated in Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**For P.S.Bathla & Associates  
Company Secretaries**

**Sd/-**

**P.S. Bathla  
(Proprietor)**

**FCS: 4391/CP No. 2585**

**Place: LUDHIANA**

**Dated: 13th August, 2019**

**ANNEXURE - VI****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****ECONOMIC SCENARIO**

The Global economic activity is slowing down because of bruising trade War between U.S.A and china and other Geo Political uncertainty. The advance economies like U.S.A. and Europe etc., has shown either decelerated growth or moderate growth. In major emerging economy too, the economic activity remained weak due to slackness in global demand.

The Indian economy has also been severally affected. Seeing the prevailing scenario the Reserve Bank of India through its Monetary Policy statement has revised the G.D.P. from 7 percent to 6.9 percent. The private consumption, the mainstay of aggregate demand and economics activity continues to remain sluggish. The Central Government is making strenuous efforts to address the growth concern by boosting aggregate demand. Recently, the Reserve Bank of India has also reduced the repo rate, which augurs well for the economy. It is expected that the economic reforms initiated by the Government will start yielding positive results for the economy in the coming periods. The Government should also announce Fiscal stimulus to boost the sagging fortunes of the economy.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Indian Textile Industry is one of the largest in the World enjoying its presence in the entire value chain i.e. cotton, yarn, fiber and apparel. The uniqueness of the industry lies in its strength both in the organized and unorganized Sector. The unorganized and small players which suffered initially because of the teething problems in the implementation of the Goods and Services Tax, has successfully tackled the problems and have started their Journey on the growth path. The Textile Industry continues to hold a dominant position in country's economic structure because of its huge contribution towards employment generation, Industrial Output and Export earnings. The importance of the industry is evident from the fact that it is sustaining livelihoods of 45 million people by providing them employment directly, contributing 7% of Industry output in value term 4% to India's GDP, 14% to Index of Industrial Production(IIP) and contributing 15% to the country's total exports basket.(Source Annual Report 2017-18 of Ministry of Textiles).

As per current estimation, size of Indian Textile Industry is around \$137 billion but the Government of India through its National vision document has set the target for Indian Textile and apparel industry to \$350 billion by 2025. With this ambitious target the industry can change the job scenario and manufacturing landscape.

The Government is fully conscious of its role in achieving this ambitious target and therefore is taking several Initiatives in the form of policies and programmes for the Textile sector so that India becomes a Global Textile Hub.

Recently, on 8th March, 2019 the Ministry of Textile has notified the Scheme for Rebate of State and Central Taxes and Levy (ROSC TL) for export of Garment and made ups, to enhance their competitiveness in the Global Market. Your Management is quite optimistic that Industry with the support of favourable Government Policies and Programmes will be able to increase its share in Global Textile Markets.

In line with the global trends and to remain competitive, your company continues to modernize, upgrade and expand its capacities so that it remains globally competitive in terms of cost and quality.

**OPPORTUNITIES AND THREATS**

We would like to inform that presently India's share in the Global Textile export is just 5% which is minuscule as compared to China's share of 38%. The escalating tariff war between the two largest economies of the world U.S.A and China, has provided an opportunity to the Indian Textile Industry to attract the Global buyers who are looking for an alternative location outside China. India offers an ideal alternative, as two major things required to run textile Industry are cotton and work force and they are abundantly available in the country. The Textile Industry must effectively utilize its fundamental strength of strong production base, availability of good quality raw cotton, skilled man power etc. and become a Textile hub for the International Buyers. This is a huge opportunity and it must be availed by the Textile Industry. Besides India's consumption growth story, driven by favourable demographic trends and rising disposable income are still present and will further push the growth of the textile industry. The Indian economy is emerging as a growth engine of the world and seeing huge opportunity of the retail sector in domestic markets several international players like Mark & Spencer, GAP, IZOD etc. have already established their presence in the Indian markets which will also create opportunity for the Textile Industry in the Domestic Market. Further, the Growth of the Indian E-Commerce companies like Amazon, Flipkart, Jabong and Myntra etc. has also provided an opportunity to the Indian Textile Industry to increase its business in domestic Market.

Though, the outlook for the textile Industry is positive but it is facing the problem of stagnation in exports. The reduction in the duty drawback rates, High rate of interest, Blockage of capital due to slow refunds and slow down in the lending for fresh projects by the Bank are cause of concern for the Textile Industry. This will blunt the cost competitive advantage against the global competitors and may affect exports of the country. Moreover, the slow down in the world economies are also a cause of concern for the Textile Industry, as they are affecting Textile Exports of the country.



The relative success of the Spinning Industry is dependent on the availability of Raw Cotton at reasonable prices. **The Raw cotton is the main Raw material** (constituting approx. 60% of the total cost) for the manufacture of cotton yarn and it is dependent on the Nature i.e. Good/Bad Monsoon. So availability of raw cotton at reasonable prices is crucial for the spinning Industry. Any significant change in raw cotton prices can affect the performance of the Industry.

The Textile Industry is also not free from normal business risks and threats. The Textile exports continues to face stiff challenges from the small countries like Bangladesh, Vietnam, Sri Lanka, Pakistan and Taiwan etc., who have got the preferred treatment from the countries of European union and U.S. The currency fluctuations are also impacting the financial performance of the Textile Industry. The above mentioned factors have had and will continue to have a significant bearing on the financial performance of the Industry in the coming period too.

To enable the Industry to meet the global challenges, the Government through Policies should support the industry by working out suitable strategies/ policies so that Textile Industry is able to enhance its competitive advantage to achieve sustained growth in Exports as well as Domestic markets. The Industry on their part should also continuously modernize and upgrade its Technology to maintain its core competence and convert it into the competitive edge over others.

#### **FUTURE OUTLOOK**

We would like to inform you that the year gone by has been good for the Textile Industry but the current year has posed serious problems for the Textile Industry. The economic slow down in the world economies has lowered the demand for the Textile products resulting fall in the International prices. The high cotton prices coupled with slackness in global demand are affecting the fortunes of the Textile Industry. In the present Textile scenario, earning reasonable margins has become a challenging task because of which spinning mills have already cut down their production in the past few months. Even some mills have close down their operation because of the prevailing adverse factors. The future is still not clear. Your management is looking at the future with optimism and expects that situation will improve for better in the second half of the current financial year.

We expect that in this difficult period, Government will support the Spinning industry in the form of favorable Textile policies, incentives and other benefits which are of paramount importance for the future growth of the Industry.

#### **RISK AND CONCERNS**

No industry is free from normal business risk and concerns. Indian Textile Industry continues to face stiff competition from China, Bangladesh, Taiwan Sri Lanka and other emerging economies. The relative competitiveness of Industry is dependent upon the raw cotton prices, exchange rates and prevalent interest

rates regime. The primary raw material for the manufacturing of yarn is cotton with share of around 60% of total cost. Cotton being an agriculture produce, its supply and quality are subject to forces of nature i.e. Monsoon. Any increase in the prices of raw cotton will make the things difficult for the Textile Industry resulting weak demand and thin margins. Thus availability of raw cotton at the reasonable prices is crucial for the spinning industry. Any significant change in the raw cotton prices can affect the performance of the Industry.

The high rate of interest is affecting the financial performance of the textile industry. The Spinning industry being more capital intensive requires huge funds, long term as well as short term in the form of working capital for its running. The government must support the industry by providing cheap finance so that the industry remains financially viable. Moreover slow down in the lending for fresh projects by the Bank are also affecting expansion programme of the Industry. Though RBI has taken some remedial measures in this regard but still a lot more is required so that the Textile Industry could meet the challenges ahead.

In addition to the above, the other concerns like reduction in the duty drawback, higher transaction costs, high cost of labour, continuously increasing prices of raw material are posing a risk to the growth of Indian Textile Industry. The Government should extend a helping hand to the existing Textile Units so that they can become globally competitive and contribute towards the growth of the country.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company is maintaining an efficient and effective system of Internal Financial Control for facilitating accurate compilation of financial statements. The company's Internal Control systems are designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with procedures, laws and regulations. The Company's Internal Control system commensurate with the nature of its business and the size of its operations. In order to further strengthen the Internal Control system and to automate the various processes of the business, company is making use of Enterprises Resource Planning (ERP).

The Company has also appointed S.C. Vasudeva & Co., Chartered Accountants Firm, as Internal Auditors of the Company for the financial year 2019-20. The Company is also having Internal Audit Department to test the adequacy and effectiveness of Internal Control Systems laid down by the Management and suggests improvement in the systems. Internal Audit Reports are discussed with the Management. During the year, Company's Internal Controls were tested and no reportable weakness in the system was observed.

Apart from this, an Audit Committee consisting of three



non executive directors has been constituted. All the significant audit observation and follow up action thereon are taken care of by the Audit Committee. The Audit Committee met four times during the financial year under review. The Company has also established a Vigil Mechanism as per section 177(9) of Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014.

#### **FINANCIAL OPERATION AND PERFORMANCE**

The Company is operating in single segment only i.e. Textile. We are pleased to inform you that during the year under review, company performed exceedingly well. It achieved a total income from operations of Rs. 2,317.85 crores as against Rs. 2,142.19 crores showing an increase of 8.20% over the previous year. On profitability front too, the company substantially improved its performance and earned a net profit Rs. 65.72 crores as against loss of 32.18 crores. The detailed performance has already been discussed in the Director's Report under the column 'Operational Review and State of Affairs'.

#### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS**

Beyond Balance Sheet lies Company's singly biggest Asset Human Resources. The Company is of firm belief that the Human Resources are the driving force that propels a Company towards progress and success. The Company continued its policy of attracting and recruiting the best available talent so that it can face business challenges ahead. The Company also offers attractive compensation packages to retain and motivate the professionals so that they can give their best. The total permanent employee's strength of the Company was 14486 as on 31st March, 2019. The industrial relation continued to remain cordial during the year.

#### **SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS**

The SEBI LODR (Listing Obligation and Disclosure Requirement) (Amendment) Regulations, 2018 has mandated that Company should provide detail of Significant Changes in Key financial ratios. We would like

to inform you that in the following key financial ratios there have been Significant Change as compared to the last year:

Particulars	Financial Year 2018-19	Financial Year 2017-18
INTEREST COVERAGE RATIO EBIT/Finance Cost	2.89	0.07
DEBT EQUITY RATIO Long term debt/Equity	0.14	0.22
OPERATING PROFIT MARGIN RATIO Gross Profit/Turnover	11.68	6.31
NET PROFIT MARGIN RATIO Net Profit/ Turnover	2.82	-1.51
CHANGE IN RETURN ON NET WORTH PAT/Networth	11.36	-3.93

As the members must be aware that year 2017-18 was a very difficult period for Textile Industry and the company suffered a loss of Rs. 31.20 Crores resulting adverse impact on the Interest coverage Ratio, Operating Profit Margin Ratio, Net Profit Margin Ratio and Change In Return on Net Worth. Further, change in Debt Equity ratio is primarily on account of repayment of Log Term Debt and partially because of improvement in financial performance during the current year. Your management is quite optimistic that the performance will improve in the coming period.

#### **CAUTIONARY STATEMENT**

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

#### **FOR AND ON BEHALF OF THE BOARD**

PLACE: LUDHIANA  
DATED: 13<sup>th</sup> AUGUST, 2019

JAWAHAR LAL OSWAL  
(Chairman)  
DIN: 00463866

## *Save Tree Save Earth*

### *Green Initiative*

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

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

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



## INDEPENDENT AUDITOR'S REPORT

The Members of  
M/s Nahar Spinning Mills Limited,  
LUDHIANA.  
Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Nahar Spinning Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IndAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p><b>Evaluation of uncertain indirect tax positions shown as receivables</b> As at March 31, 2019, current assets in respect of indirect tax and others include Goods and Service Tax recoverable amounting to Rs. 500.00 Lacs which is pending for adjudication. These involve significant management judgment to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the financial statements</p> <p>Refer Note No 30(x) of Notes to the Financial Statements.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"><li>• Obtained understanding of key uncertain tax positions; and</li><li>• We along with our internal tax experts -<ul style="list-style-type: none"><li>• Read and analysed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions;</li><li>• Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and</li><li>• Assessed management's estimate of the possible outcome of the disputed cases;</li><li>• We have involved our internal experts to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.</li><li>• We also considered the appropriateness and adequacy of disclosures in the financial statements.</li></ul></li></ul>



**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board’s Report including annexures to the Board’s Report and Management Discussion & Analysis Report, but does not include the standalone financial statements and our auditors’ report thereon. The Board’s Report including annexures to the Board’s Report and Management Discussion & Analysis Report is expected to be made available to us after the date of this auditors’ report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. When we read the Board’s Report including annexures to the Board’s Report and Management Discussion & Analysis Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Management’s Responsibility for the Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company’s financial reporting process

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern.



concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and 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 it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in

agreement with the relevant books of account.

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.



Firm Regn.No.017800N

Place : Ludhiana  
Dated: 30.05.2019**(CA Neha Kansal)**  
**Partner**  
**M.No.540386****ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of NAHAR SPINNING MILLS LIMITED of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause(i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **NAHAR SPINNING MILLS LIMITED("the Company")** as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and



on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For YAPL & Co.**  
Chartered Accountants  
Firm Regn.No.017800N

Place : Ludhiana  
Dated: 30.05.2019

**(CA Neha Kansal)**  
**Partner**  
**M.No.540386**

#### **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of NAHAR SPINNING MILLS LIMITED of even date)**

- i. In respect of the Company's fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the records of the company, conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date

- ii. The physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on the physical verification.
- iii. The Company has not granted any loans to any bodies corporate/firms/parties covered in the register maintained under section 189 of Companies Act, 2013 ('the Act').
- the
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the company pursuant to the sub section (1) of section 148 of the Companies Act, specified by the Central Government and are of the opinion that prima facie, the prescribed records have been maintained. We have, however not made a detailed examination of cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Tax which have not been deposited as at March 31,
- Value Added Tax which have not been deposited as at March 31,



Nature of the statute	Nature of Dues	Forum where Dispute is Pending	Period to which the it Relates	Amount (Unpaid) (in Lacs)
The Income Tax Act, 1961	Income Tax	CIT(A), Ludhiana	A.Y. 2011-2012	316.53
		CIT (A),Ludhiana	A.Y. 2015-2016	46.78
		CIT (A),Ludhiana	A.Y. 2016-2017	11.43
The Finance Act, 1994	Service Tax	CESTAT	F.Y. 2012-2014 & 2009-2010	5.26
		High Court of Jabalpur	F.Y 2004-2005	11.49
		Commissioner Appeal	F.Y 2012-2014	87.21
		Commissioner Appeal	F.Y 2012-2014	0.64
Central Excise Act, 1944	Excise Duty	High Court of Jabalpur	F.Y 2001-2003	17.47
		High Court of Jabalpur	F.Y 1994-1995	4.70
The Customs Act, 1962	Drawback	High Court of Jabalpur	F.Y 2006-2007	0.93
MP Commercial & Vat Act	Entry Tax	Appellate Tribunal	F.Y 2012-2013	2.94

- viii. The Company has not defaulted in repayment of any loans or borrowings from any financial institution, banks, government or debenture holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans raised during the year were applied for the purpose they were raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For YAPL & Co.**  
Chartered Accountants  
Firm Regn.No.017800N

Place : Ludhiana  
Dated: 30.05.2019

**(CA Neha Kansal)**  
Partner  
M.No.540386

**BALANCE SHEET AS AT 31ST MARCH, 2019**

(Rs. In Lacs)

PARTICULARS	NOTE NO.	As at 31st March, 2019	As at 31st March, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	1.1	73,861.17	69,937.83
b) Capital work-in-progress		1,309.75	590.58
c) Other intangible assets	1.2	30.95	50.99
d) Investment properties	1.3	821.28	864.40
e) Financial assets			
i) Investments	2.1	2,188.85	2,526.91
ii) Loans	2.2	2,455.79	2,393.51
iii) Other financial assets	2.3	-	-
f) Other non-current assets	3	2,853.02	2,507.71
		<u>83,520.81</u>	<u>78,871.93</u>
<b>Current assets</b>			
a) Inventories	4	62,549.71	73,488.04
b) Financial assets			
i) Investments	5.1	-	-
ii) Trade receivables	5.2	30,736.45	34,534.93
iii) Cash and Cash equivalents	5.3	118.70	178.21
iv) Bank balances other than (iii) above	5.4	71.24	85.53
v) Other financial assets	5.5	51.59	42.33
c) Government grant receivable	6	1,366.90	1,426.80
d) Current tax assets (net)	7	-	-
e) Other current assets	8	12,429.52	9,874.83
		<u>107,324.11</u>	<u>119,630.67</u>
<b>TOTAL ASSETS</b>		<u>190,844.92</u>	<u>198,502.60</u>
<b>EQUITY AND LIABILITIES</b>			
a) Equity Share capital	9	1,805.31	1,805.31
b) Other equity	10	85,890.87	80,049.92
		<u>87,696.18</u>	<u>81,855.23</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	11.1	6,033.17	7,293.84
ii) Other financial liabilities	11.2	46.30	-
b) Deferred tax liabilities (Net)	12	2,996.97	2,469.07
c) Other non-current liabilities	13	2.19	1.67
		<u>9,078.63</u>	<u>9,764.58</u>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	14.1	76,044.83	81,323.47
ii) Trade and other payables	14.2	2,836.88	6,678.54
iii) Other financial liabilities	14.3	6,655.42	11,040.27
b) Other current liabilities	15	7,936.20	7,382.66
c) Provisions	16	507.34	442.35
d) Current tax Liabilities (Net)	7	89.44	15.50
		<u>94,070.11</u>	<u>106,882.79</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>190,844.92</u>	<u>198,502.60</u>

As per our report of even date annexed

For &amp; On behalf of the Board

For **YAPL & CO.**

Chartered Accountants

Firm Reg.No.017800N

**NEHA KANSAL**

Partner

(M.No.540386)

**BRIJ SHARMA**

Company Secretary

**ANIL GARG**

Chief Financial Officer

**S.K.SHARMA**

Director

**DINESH OSWAL**

Managing Director

Place: Ludhiana

Date : 30.05.2019

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**

(Rs. In Lacs)

PARTICULARS	NOTE NO.	Current Year	Previous Year
I. Revenue from operations	17.1	230,286.77	213,066.10
II. Other operating revenue	17.2	232.98	253.32
III. Other Income	18	1,265.26	899.57
<b>Total income(I+II+III)</b>		<b>231,785.01</b>	<b>214,218.99</b>
IV. Cost of materials consumed	19	142,202.80	134,628.07
Purchases of stock-in-trade	20	397.95	400.03
Change in inventories of finished goods, work -in-progress and stock in trade	21	(3,232.52)	2,610.58
Excise duty expense		-	0.26
Employee Benefit expense	22	22,019.27	20,448.35
Finance costs	23	5,505.12	4,974.71
Depreciation and amortisation expense	1	8,361.24	9,406.92
Other expenses	24	46,054.23	46,380.67
<b>Total Expenses</b>		<b>221,308.09</b>	<b>218,849.59</b>
V. Profit/(loss) before exceptional items and tax		10,476.92	(4,630.60)
VI. Exceptional items			
CSR expenses u/s 135 of Companies Act,2013		66.85	-
VII. Profit/(loss) before tax		10,410.07	(4,630.60)
VIII. Tax expense:	25		
(1) Current tax		3,250.00	-
(2) Deferred tax		648.00	(1,412.25)
IX. Profit/(loss) for the period from continuing operations		6,512.07	(3,218.35)
<b>Other comprehensive income</b>		<b>(234.60)</b>	<b>97.88</b>
<b>Items that will not be reclassified to profit or loss</b>			
Changes in fair value of FVOCI equity instruments		(354.18)	26.44
Remeasurement of post-employment benefit obligations		(0.53)	109.79
Income tax relating to these items		120.11	38.35
<b>Other comprehensive income for the year, net of tax</b>		<b>(234.60)</b>	<b>97.88</b>
X. Profit/(loss) for the period		6,277.47	(3,120.47)
<b>Earnings per equity share for profit attributable to owners</b> <b>( Refer note 38)</b>			
Basic earnings per share		18.22	(8.92)
Diluted earnings per share		18.22	(8.92)

As per our report of even date annexed  
For YAPL & CO.  
Chartered Accountants  
Firm Reg.No.017800N

For &amp; On behalf of the Board

NEHA KANSAL  
Partner  
(M.No.540386)

BRIJ SHARMA  
Company Secretary

ANIL GARG  
Chief Financial Officer

S.K.SHARMA  
Director

DINESH OSWAL  
Managing Director

Place: Ludhiana  
Date : 30.05.2019

**CASH FLOW STATEMENT FOR THE YEAR 1ST APRIL, 2018 TO 31ST MARCH, 2019**

(Rs. in Lacs)

<b>PARTICULARS</b>	<b>Current Year</b>		<b>Previous Year</b>
<b>Cash Flow from Operating Activities</b>			
Net Profit Before Tax and Extra ordinary activities	<b>10,410.07</b>		(4,630.60)
Adjustments for :			
Depreciation	8,361.24	9,406.92	
CSR paid	(279.52)	-	
Finance Cost	5,505.12	4,974.71	
Interest received	(245.97)	(232.64)	
Dividend Income	(43.96)	(39.58)	
Net Gain on Sale of Investments	(35.16)	(37.49)	
Profit/ Loss on sale of Fixed Assets/ subsidies adjustments	(138.22)	13,123.53	14,001.49
		(70.43)	
<b>Operating Profit before Working Capital Changes</b>	<b>23,533.60</b>		9,370.89
Adjustment for:			
Trade Receivables	3,798.48	(4,174.49)	
Inventories	10,938.33	(24,585.18)	
Increase(Decrease) in other financial assets	(9.26)	8.27	
Increase(Decrease) in Long Term Loans & Advances	(62.28)	2.30	
Increase(Decrease) in Govt grant receivables	59.90	104.44	
Increase(Decrease) in other current assets	(2,554.69)	(3,800.77)	
Increase(Decrease) in provisions	64.46	171.89	
Increase (Decrease) in Other current liabilities	553.54	445.52	
Increase (Decrease) in Other non current liabilities	0.52	(3.04)	
Increase(Decrease) in other financial Liabilities	47.14	(52.39)	
Increase(Decrease) in other financial Liabilities (long Term)	46.30	-	
Trade Payables	(3,841.66)	1,861.17	(30,022.28)
<b>Cash Generated from Operations</b>	<b>9,040.78</b>		(20,651.39)
Interest paid	(4,418.67)	(3,299.84)	
Direct Taxes Paid	(3,115.66)	(37.65)	(3,337.49)
Net cash flow from operating Activities	<b>25,040.05</b>		(23,988.88)
<b>Cash Flow from investing activities</b>			
Purchase of Fixed Assets	(12,335.68)	(3,509.40)	
Capital Work in Progress	(719.17)	(261.50)	
Sale of Fixed Assets	252.51	302.42	
Increase(Decrease) in Other non current assets	(345.31)	978.53	
Sale of Investments	6,352.71	2,523.16	
Interest Received	245.97	232.64	
Dividend Income	43.96	39.58	
Increase in Investment	(6,333.68)	(2,228.62)	(1,923.19)
<b>Net cash used in investing activities</b>	<b>12,201.36</b>		(25,912.07)
<b>Cash Flow from Financing Activities</b>			
Proceeds from Long Term Borrowings	5,828.56	354.00	
Repayment of Long Term Borrowings	(11,521.23)	(10,277.11)	
Interest Paid	(1,086.45)	(1,674.87)	
Dividend Paid	(180.33)	(540.98)	
Corporate Dividend Tax Paid	(37.07)	(110.13)	
<b>Net Cash Used in Financing Activities</b>	<b>(6,996.52)</b>		(12,249.09)
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>5,204.84</b>		(38,161.16)
Opening Cash and Cash Equivalents and other bank balances and working capital Limits	(81,059.73)		(42,898.57)
Closing Cash and Cash Equivalents and other bank balances and working capital Limits	(75,854.89)		(81,059.73)

For &amp; On behalf of the Board

Place : Ludhiana  
Date : 30.05.2019BRIJ SHARMA  
Company SecretaryANIL GARG  
Chief Financial OfficerS.K.SHARMA  
DirectorDINESH OSWAL  
Managing Director**AUDITOR'S CERTIFICATE**

We have checked the above Cash Flow Statement of NAHAR SPINNING MILLS LIMITED, derived from the audited financial statement for the year ended 31st March, 2019 with the books and records maintained in the ordinary course of business and found the same in accordance therewith.

Place : Ludhiana  
Date : 30.05.2019FOR YAPL & CO.  
Chartered Accountants  
Firm Reg.No.017800NNEHA KANSAL  
PARTNER  
(M.NO.540386)



(Rs. in Lacs)

**NON-CURRENT ASSETS**

**PROPERTY, PLANT AND EQUIPMENT**

Description	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK 31st March 2019	NET BLOCK 31st March 2018
	31st March 2018	Additions 2018	Disposals/ Adjustments 2019	31st March 2018	Additions 2018	Disposals/ Adjustments 2019		
<b>1.1 Property, Plant and Equipment</b>								
Freehold Land	15,313.09	82.65	-	-	-	-	15,395.74	15,313.09
Building	27,687.85	2,923.51	-	3,660.87	1,172.45	-	25,778.04	24,026.98
Plant & Machinery	53,616.31	8,888.17	158.34	24,318.19	6,831.29	65.65	31,262.31	29,298.12
Vehicles	714.50	40.18	32.02	352.43	97.62	10.42	283.03	362.07
Other Equipments	749.02	325.30	-	306.72	75.00	-	692.60	442.30
Furniture & Fixture	721.39	75.90	-	226.12	121.72	-	449.45	495.27
<b>Total (A)</b>	<b>98,802.16</b>	<b>12,335.71</b>	<b>190.36</b>	<b>28,864.33</b>	<b>8,298.08</b>	<b>76.07</b>	<b>73,861.17</b>	<b>69,937.83</b>
<b>1.2 Intangible Assets :</b>								
Software	58.56	-	-	7.57	20.04	-	30.95	50.99
<b>Total (B)</b>	<b>58.56</b>	<b>-</b>	<b>-</b>	<b>7.57</b>	<b>20.04</b>	<b>-</b>	<b>30.95</b>	<b>50.99</b>
<b>Total (A+B)</b>	<b>98,860.72</b>	<b>12,335.71</b>	<b>190.36</b>	<b>28,871.90</b>	<b>8,318.12</b>	<b>76.07</b>	<b>73,892.12</b>	<b>69,988.82</b>
<b>1.3 Investment Properties :</b>								
Buildings and related equipments	1,008.31	-	-	143.91	43.12	-	821.28	864.40
<b>Total (A)</b>	<b>1,008.31</b>	<b>-</b>	<b>-</b>	<b>143.91</b>	<b>43.12</b>	<b>-</b>	<b>821.28</b>	<b>864.40</b>

**31st March, 2019**      31st March, 2018  
**2,312.33**                      **2,131.35**

Fair value of investment properties

Rental Income received/receivable from investment properties

**73.76**                      **64.95**

Direct Expenses (including repair and Maintenance) for generating rental income

**21.16**                      **21.56**



Note No.	Particulars	As at		As at	
		31st March, 2019		31st March, 2018	
<b>Financial Assets</b>					
<b>2.1</b>	<b>Investments</b>				
	<b>Investment at fair value through profit or loss</b>	<b>No.of Units</b>	<b>Amount</b>	<b>No.of Units</b>	<b>Amount</b>
	<b>Investment in Equity instruments</b>				
	i) MOIL Ltd. (Equity Shares of Rs.10/-each fully paid up)	3,784	6.01	3,784	7.40
	ii) Punjab & Sind Bank (Equity Shares of Rs.10/- each fully paid up)	4,893	1.53	4,893	1.72
	<b>Investment in Redeemable bonds</b>				
	iii) HDFC High Interest Fund dynamic plan direct growth, on open ended scheme of Rs.10/- each fully paid up.	269,503.04	170.35	269,503.04	165.35
	iv) ICICI Prudential long term plan direct growth, on open ended scheme of Rs.10/- each fully paid up.	777,955.84	185.73	777,955.84	173.00
	<b>Investment at fair value through other comprehensive income</b>				
	<b>Investment in Equity instruments</b>				
	i) Nahar Capital & Financial Services Ltd.( Equity Shares of Rs. 5/- each fully paid up)	577,856	524.40	577,856	714.52
	ii) Nahar Poly Films Ltd. (Equity Shares of Rs.5/- each fully paid up)	1,253,603	476.36	1,253,603	653.76
	iii) 10 Equity Shares of Rs.50/- each fully paid up of Shree Panchvati Co-Operative Housing Society Ltd.(Previous year 10 Equity Shares)	10	0.005	10	0.005
	<b>Investment in Government securities</b>				
	i) 7.39 % Housing and Urban Development Corporation Ltd. (Tax free Bonds of Rs.1000/- each fully paid up)	7,007	75.68	7,007	77.76
	ii) 7.39 % Housing and Urban Development Corporation Ltd. (Tax free Bonds of Rs.1000/- each fully paid up)	15,058	166.08	15,058	167.63
	iii) 7.35 % Indian Railway Finance Corporation Ltd. (Tax free Bonds of Rs.1000/- each fully paid up)	5,878	65.55	5,878	65.10
	iv) 7.35 % National Bank for Agricultural and Rural Development. (Tax free Bonds of Rs.1000/- each fully paid up)	10,020	108.32	10,020	109.88
	v) 7.35 % National Highways Authority of India. (Tax free Bonds of Rs.1000/- each fully paid up)	7,709	86.34	7,709	85.89
	<b>Investment in Redeemable Preference Shares</b>				
	i) L&T Finance Holdings Ltd. (Preference Shares of Rs.100/- each fully paid up)	300,000	322.50	300,000	304.89
	<b>Total</b>		<b>2,188.85</b>		<b>2,526.91</b>
	<b>(a) Aggregate amount of quoted investments and market value thereof;</b>		<b>2,188.85</b>		<b>2,526.91</b>
	<b>(b) Aggregate amount of unquoted investments; and</b>		<b>0.005</b>		<b>0.005</b>
	<b>(c) Aggregate amount of impairment in value of investments.</b>		<b>-</b>		<b>-</b>



Note Particulars No.	As at 31st March 2019	As at 31st March 2018
<b>2.2 Loans</b>		
Loans	-	-
Security deposits		
- Secured, considered goods	-	-
- Unsecured, considered good	2,455.79	2,393.51
<b>Total</b>	<b>2,455.79</b>	<b>2,393.51</b>
<b>2.3 Other Financial assets</b>		
Fixed deposit having original maturity more than 12months	-	-
<b>3 Other Non Current Assets</b>		
Capital advances	2,853.02	2,506.62
Prepaid rent	-	1.09
<b>Total</b>	<b>2,853.02</b>	<b>2,507.71</b>
<b>CURRENT ASSETS</b>		
<b>4 Inventories(Ref note 26(h))</b>		
Raw Materials	40,204.91	54,553.18
Raw Materials ( Goods in Transit)	58.67	18.73
Work in Process	5,220.58	4,005.76
Finished Goods	14,891.47	12,212.67
Stock-in-Trade	32.54	120.54
Stores & Spares	1,760.24	1,624.17
Stores & Spares (Goods in Transit)	1.96	0.56
Waste & Rejections	379.34	952.43
<b>Total</b>	<b>62,549.71</b>	<b>73,488.04</b>
<b>Financial Assets</b>		
<b>5.1 Investment</b>		
Investment at fair value through Profit & Loss	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>5.2 Trade Receivables</b>		
Unsecured Considered good unless otherwise stated	30,736.45	34,534.93
Doubtful	-	-
Less: Provision on doubtful debts	-	-
<b>Total</b>	<b>30,736.45</b>	<b>34,534.93</b>
<b>5.3 Cash and Cash Equivalents</b>		
Balance with banks	91.19	157.12
Cash in hand	27.51	21.09
<b>Total</b>	<b>118.70</b>	<b>178.21</b>
<b>5.4 Other bank balances</b>		
Unpaid Dividend account	70.79	82.88
Others	0.45	2.65
<b>Total</b>	<b>71.24</b>	<b>85.53</b>



Note No.	Particulars	As at 31st March 2019	As at 31st March 2018
<b>5.5</b>	<b>Other financial assets</b>		
	Advances to employees	51.59	42.33
	<b>Total</b>	<b>51.59</b>	<b>42.33</b>
<b>6</b>	<b>Government grant receivables</b>		
	Government grant receivable	1,366.90	1,426.80
	<b>Total</b>	<b>1,366.90</b>	<b>1,426.80</b>
<b>7</b>	<b>Current tax assets (Net)/(Current Tax Liabilities (Net))</b>		
	Advance income tax	5,475.00	5,250.00
	TDS recoverable	206.22	218.87
	TCS deposit	0.77	0.63
	Less: Provision for income tax	(5,771.43)	(5,485.00)
	<b>Total</b>	<b>(89.44)</b>	<b>(15.50)</b>
<b>8</b>	<b>Other Current Assets</b>		
	Prepaid expenses	333.21	315.55
	Prepaid rent	1.09	1.09
	Advance to suppliers (Recoverable in Cash or kind)	2,028.30	1,613.39
	Balances with Government authorities	8,955.28	7,536.18
	GST Deposited Under Protest (Ref Note 30(x))	500.00	-
	Others	611.64	408.62
	<b>Total</b>	<b>12,429.52</b>	<b>9,874.83</b>
	<b>EQUITY AND LIABILITIES</b>		
<b>9</b>	<b>Equity Share Capital</b>		
<b>A)</b>	<b>Authorised</b>		
	60,000,000 (Previous year 60,000,000) equity shares of Rs. 5 each	3,000.00	3,000.00
<b>B)</b>	<b>Issued, subscribed and fully paid up</b>		
	36,065,303 (Previous year 36,065,303) equity shares of Rs. 5 each fully paid up	1,803.27	1,803.27
	Add : Share forfeited	2.04	2.04
	<b>Total</b>	<b>1,805.31</b>	<b>1,805.31</b>
<b>a)</b>	<b>Terms/rights attached to equity shares</b>		
	The company has only one class of shares having par value at Rs. 5/-per share. Each holder of equity shares is entitled to one vote per share.		
<b>b)</b>	<b>Reconciliation of number of shares</b>		
	Number of shares at the beginning of the Financial year	36,065,303	36,065,303
	Add: Shares Issued During the year	-	-
	Less: Share buy back during the year	-	-
	Number of shares at the end of the Financial year	<b>36,065,303</b>	<b>36,065,303</b>



Note Particulars No.	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
<b>c) Detail of shareholders holding more than 5% shares</b>	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
	<b>No. of shares</b>	<b>%age</b>
	<b>No. of Shares</b>	<b>%age</b>
1. Nahar Capital and Financial services Limited	10,257,384	28.44
2. Nahar Poly Films Limited	6,902,244	19.14
3. Nahar Industrial Enterprises Limited	-	-
4. Vanaik Investors Limited	2,211,338	6.13
<b>d) Forfeited Shares (amount originally paid up)</b>		
	<b>Amount Paid Up</b>	<b>No. of Shares</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
	Rs.2.50 per Share	80,298
	Rs.5.00 per Share	710
<b>10 Other Equity</b>		
<b>A) Security premium reserves</b>		
Balance as per Last Balance Sheet	20,959.85	20,959.85
<b>B) Capital reserve</b>		
Balance as per Last Balance Sheet	1,363.86	1,363.86
<b>C) General reserves</b>		
Balance as per Last Balance Sheet	50,557.90	50,557.90
Add: Transfer From Surplus/Retained Earning	2,500.00	-
<b>Total</b>	<u>53,057.90</u>	<u>50,557.90</u>
<b>D) CSR Reserve Account</b>		
Balance as per Last Balance Sheet	279.52	172.30
Add: Transfer from Retained Earning	-	107.22
Less : CSR Reserve Paid	(279.52)	-
Balance at the end	<u>-</u>	<u>279.52</u>
<b>E) Retained Earning/Surplus</b>		
Balance as per Last Balance Sheet	6,888.79	10,767.59
Profit/(Loss) Transfer from Profit & Loss A/c	6,512.07	(3,218.35)
Other Comprehensive Income for the Year	(234.60)	97.88
Add/Less: Adjustment of Income Tax earlier Years	(60.40)	-
Less: Dividend	180.33	540.98
Less: Tax on Dividend	37.07	110.13
Less: Transfer to General Reserve	2,500.00	-
Less: Transfer to CSR expenses reserve	-	107.22
<b>Total</b>	<u>10,509.26</u>	<u>6,888.79</u>
	<b>85,890.87</b>	<b>80,049.92</b>



Note No.	Particulars	As at 31st March 2019	As at 31st March 2018
<b>NON CURRENT LIABILITIES</b>			
<b>Financial Liabilities</b>			
<b>11.1 Borrowings</b>			
	Term loans from banks- Secured		
1.	From State Bank of India	-	359.45
2.	From Punjab National Bank	1,647.17	337.38
3.	From Oriental Bank of Commerce	638.22	2,151.03
4.	From IDBI Bank Limited	-	1,674.21
5.	From Allahabad Bank	-	2,771.77
6.	From ICICI Bank	3,747.78	-
	<b>Total</b>	<b>6,033.17</b>	<b>7,293.84</b>
<b>Nature Of security</b>		<b>Terms of Repayment</b>	
<b>1. STATE BANK OF INDIA</b>		-Term Loan is repayable in quarterly installments by 30.06.2019 Rate of Interest 31.03.2019, 9.80% p.a , 31.03.2018, 9.55% p.a	
The Term Loan of Rs. 8000 Lacs is secured by first charge on the entire fixed assets of the company on pari-passu basis with consortium member banks. The Term loan is personally guaranteed by three Directors of the company.			
<b>2. PUNJAB NATIONAL BANK</b>		-Term Loan is repayable in quarterly installments by 30/09/2024 Rate of Interest 31.03.2019,8.50% p.a and 31.03.2018,8.50%	
Term Loan of Rs. 2175 Lacs is Secured by first Pari-Passu Charge with other term lenders by way of hypothecation of all the fixed assets of the company both present and future The Term Loan is personally guaranteed by three Directors of the Company.			
<b>3. ORIENTAL BANK OF COMMERCE</b>		- Term Loan is repayable in quarterly installments by 01/01/2021. Rate of Interest 31.03.2019,9.50% p.a 31.03.2018,9.35% p.a	
Term Loan of Rs.13000 Lacs is secured by first charge on fixed assets of the company on pari-passu basis with other term lenders. The Loan is personally guaranteed by three Directors of the Company.			
<b>4. IDBI BANK LIMITED</b>		- The Term Loan is repayable in quarterly installments by 01/01/2020. Rate of Interest 31.03.2019,10.40% p.a 31.03.2018,10.25% p.a	
Term Loan of Rs. 11000 Lacs is Secured by first Pari-Passu Charge (hypothecation) on all fixed movable assets and Negative Lien on Immovable fixed assets (Land & Building). The Term Loan is personally guaranteed by Three Directors of the Company.			
<b>5. ALLAHABAD BANK</b>		-Term Loan is repayable in quarterly installments by 30/09/2019. Rate of Interest 31.03.2019,10.00% p.a 31.03.2018,10.50% p.a	
Term Loan of Rs. 19700 Lacs is Secured by first Pari-Passu Charge on the entire fixed assets of the Company both present and future. The Term Loan is personally guaranteed by three Directors of the Company.			
<b>6. ICICI BANK</b>		-Term Loan is repayable in quarterly installments by 31/12/2024. Rate of Interest 31.03.2019,9.95% p.a 31.03.2018,Nil p.a	
Term Loan of Rs. 11300 Lacs is Secured by first Pari-Passu Charge on movable fixed assets of the Company both present and future.			
-First pari-passu charge over immovable fixed assets i.e. Land & Building, measuring 51.85 acres situated at village Simrai Mandideep, M.P.			
-Second pari-passu charge over all the current assets of the company both present and future			
The Term Loan is personally guaranteed by three Directors of the company			
<b>11.2 Other financial liability</b>			
	Retention money	46.30	-
	<b>Total</b>	<b>46.30</b>	<b>-</b>



Note Particulars No.	As at 31st March 2019	As at 31st March 2018
<b>12 Deferred tax Liabilities (Net)</b>		
Timing Difference on account of Depreciation, Change in rate of Tax etc.	2,945.97	3,211.00
" Difference on account of Allowances under section 43B, Loss & Others etc. "	51.00	(741.93)
<b>Total</b>	<b>2,996.97</b>	<b>2,469.07</b>
<b>13 Other non current liabilities</b>		
Deferred income	2.19	1.67
<b>Total</b>	<b>2.19</b>	<b>1.67</b>
<b>CURRENT LIABILITIES</b>		
<b>Financial Liabilities</b>		
<b>14.1 Borrowings</b>		
Loans from banks- Secured	76,044.83	81,323.47
<b>Total</b>	<b>76,044.83</b>	<b>81,323.47</b>
Secured by ( I ) Hypothecation of entire present and future movable assets of the company such as Stock of Materials, Work in process, Finished Goods, Goods in transit, Stores and Spares, Book Debts etc. ( II ) 2nd Charge (on pari-passu basis) over entire plant and machinery, present or future, of all the units of the company and also personally Guaranteed by Chairman, Managing Director and one Director of the Company.		
<b>14.2 Trade and other payables</b>		
Due to micro enterprises and small enterprises (refer Note 29)	-	-
Trade payables	2,836.88	6,678.54
<b>Total</b>	<b>2,836.88</b>	<b>6,678.54</b>
<b>14.3 Other financial liabilities</b>		
Current maturities of long term debts	6,596.50	11,028.49
Retention money	57.86	11.78
Others	1.06	-
<b>Total</b>	<b>6,655.42</b>	<b>11,040.27</b>
<b>15 Other current liabilities</b>		
Advances from customers	726.18	567.98
Unpaid dividends	70.79	82.88
Dues to director	26.81	26.84
Government dues	422.32	389.58
Deferred income	5.37	-
Others	6,684.73	6,315.38
<b>Total</b>	<b>7,936.20</b>	<b>7,382.66</b>
<b>16 Provisions</b>		
Provision for Gratuity	507.34	442.35
<b>Total</b>	<b>507.34</b>	<b>442.35</b>
<b>17.1 Revenue from operations</b>		
<b>Sale of products</b>		
<b>Export</b>	<b>139,409.38</b>	<b>126,404.55</b>
<b>Domestic</b>	<b>87,448.37</b>	<b>82,453.27</b>
Export incentives	2,907.18	3,637.54
Sale of services	521.84	570.74
<b>Total</b>	<b>230,286.77</b>	<b>213,066.10</b>



Note Particulars No.	As at 31st March 2019	As at 31st March 2018
<b>17.2 Other operating Revenues</b>		
Miscellaneous sales	220.61	215.48
Miscellaneous receipts	9.41	23.19
Claims received	2.96	14.65
<b>Total</b>	<b>232.98</b>	<b>253.32</b>
<b>18 Other Income</b>		
Interest income	245.97	232.64
Dividend income	43.96	39.58
Rental income	181.46	170.48
Balances written back	103.00	104.54
Gain on sale of Property, Plant & Equipment	151.13	72.30
Exchange Rate Difference (Net)	8.11	-
Net gain on sale/on fair valuation of investments	36.23	37.49
Net MTM gain on Derivative instrument/Forward Contracts	215.50	-
Miscellaneous income	279.90	242.54
<b>Total</b>	<b>1,265.26</b>	<b>899.57</b>
<b>19 Cost of materials consumed</b>		
Opening stock	54,553.18	27,123.84
Add : Purchases (Net)	127,854.53	162,057.41
Less: Closing Stock	(40,204.91)	(54,553.18)
	<b>142,202.80</b>	<b>134,628.07</b>
<b>20 Purchases of stock-in-trade</b>		
Hosiery Garments/others	364.90	400.03
Cotton Yarn	33.05	-
<b>Total</b>	<b>397.95</b>	<b>400.03</b>
<b>21 Change in inventories of finished goods/ Work -in-progress/ stock in trade .</b>		
Opening stock		
Work-in-Progress	4,005.76	4,585.49
Finished Goods / Stock in Trade	13,285.64	15,316.49
Less: Closing Stock		
Work-in-Progress	(5,220.58)	(4,005.76)
Finished Goods / Stock in Trade	(15,303.34)	(13,285.64)
<b>Total</b>	<b>(3,232.52)</b>	<b>2,610.58</b>
<b>22 Employee benefit expense</b>		
Salary and wages	19,531.57	17,879.83
Contribution to PF, ESI and Gratuity Fund	2,048.43	2,182.17
Employees Welfare Expenses	439.27	386.35
<b>Total</b>	<b>22,019.27</b>	<b>20,448.35</b>
<b>23 Finance cost</b>		
Interest on term loan	1,086.45	1,674.87
Interest on cash credit	4,277.29	3,203.56
Interest to others	39.42	22.64
Other borrowing costs	101.96	73.64
<b>Total</b>	<b>5,505.12</b>	<b>4,974.71</b>



Note Particulars No.	As at 31st March 2019	As at 31st March 2018
<b>24 Other expenses</b>		
Consumption of stores & spare parts	1,459.24	1,051.99
Power and Fuel	25,696.59	25,510.61
Dyes & Chemicals	2,295.39	2,089.12
Fabrication Charges	-	1.83
Rent	33.40	32.41
Repair to Buildings	163.93	199.29
Repair to Machinery	3,341.60	3,312.89
Insurance	281.66	304.12
Rates and taxes	132.99	139.30
Payment to auditors (ref note 24.1)	15.34	14.89
Exchange Rate Difference (Net)	-	53.39
Loss on Short Term Equity	1.07	-
Brokerage/commission on sale	1,071.40	1,123.97
Cost of Raw Material Sold	1,586.16	2,347.68
Freight and forwarding	4,164.00	3,966.45
Packing Store Consumed	3,587.73	3,390.29
Vehicle Maintenance and Conveyance	348.99	390.88
Bank Charges	490.65	513.73
Loss on MTM on Forward Contracts	-	379.53
Others	1,384.09	1,558.30
<b>Total</b>	<b>46,054.23</b>	<b>46,380.67</b>
<b>24.1 Payment to auditors</b>		
Audit Fees	14.70	14.00
Certification Charges	0.05	0.01
Out of Pocket Expenses	0.59	0.88
<b>Total</b>	<b>15.34</b>	<b>14.89</b>
<b>25 Tax expense:</b>		
(1) Current tax		
Provision for Taxation	3,250.00	-
(2) Deferred tax	648.00	(1,412.25)
<b>Total</b>	<b>3,898.00</b>	<b>(1,412.25)</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019 and 31 March 2018:</b>		
<b>Accounting profit before tax</b>	<b>10,410.07</b>	<b>(4,630.60)</b>
All India's statutory income tax rate of 34.944% (31st March 2018: 34.944%)	<b>3,637.69</b>	<b>(1,618.12)</b>
Reversal of deferred tax asset on temporary differences etc.	<b>260.31</b>	<b>205.87</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>3,898.00</b>	<b>(1,412.25)</b>

**26. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:****I. Background**

Nahar Spinning Mills Limited (the "Company") incorporated as a Private Limited company in 1980 and became a Public Limited company in 1983. Nahar Spinning Mills Limited is engaged in the business of manufacture of cotton yarn/blended yarn and hosiery knitweaves. The company is a public Limited company domiciled in India and is incorporated under the provisions of Companies Act applicable in India, Its shares are listed in recognized stock exchanges of India. The registered office of the company is located at 373, Industrial Area 'A', Ludhiana.

**II. Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of Preparation****(i) Compliance with Ind AS**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies Indian Accounting Standard Rules, 2015 notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act. The Financial statements of the company for the year ended 31 March, 2019 have been approved by the Board of Directors at their meetings held on 30th May, 2019.

The financial statements of the company have been prepared on going concern basis and historical cost basis except certain financial assets and liabilities measured at fair value and defined benefit plans- assets measured at fair value.

The Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**(ii) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**(iii) Current/Non-current classification :**

All assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

**(b) Foreign currency translation**

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of profit and loss.

**(c) Revenue recognition**

(i) Revenue arises mainly from the sale of manufactured and traded goods.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and service tax, etc.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance



obligations by transferring the promised goods or services to its customers.

*Sale of goods*

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

*Rendering of services*

Revenue from services is recognised as and when the services are rendered and on the basis of contractual terms with the parties.

- (ii) **Export Incentives**- Export incentives are recognised on post export basis.
- (iii) **Interest income** - Interest income from debt instruments is recognised using the effective interest rate method.
- (iv) **Dividend income** - Dividends are recognised in profit or loss only when the right to receive payment is established
- (v) **Rental Income**- Rental income is accounted for on accrual basis.
- (vi) **Scrap** (i.e empties, wastage etc. Other than production ) is accounted for on sale basis
- (vii) **Income and other Claims** -Revenue in respect of claims is recognised when no Significant uncertainty exists with regard to the amount to be realised and ultimate Collection thereof .

**(d) Government Grant**

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grant relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are recognised in the statement of profit or loss over the period of useful life of asset.

**(e) Income Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction by the end of the reporting period adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. . Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In that case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(f) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**(g) Cash and Cash Equivalents :**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand ,other bank balances and bank overdrafts.

**(h) Inventories**

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

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

**(i) FINANCIAL ASSETS****(i) Classification**

- The company classifies its financial assets in the following measurement categories -
- Those to be measured subsequently at fair value (either through other comprehensive income or through Statement of profit and loss), and
- Those measured at amortised cost

The classification depends on the company's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at the fair value through other comprehensive income.

**(ii) Measurement**

At initial recognition, the company measures a financial asset at its fair value plus transaction cost that are directly attributable to the acquisition of the financial asset. In the case of a financial asset at fair value through profit or loss, transaction costs of financial assets are expensed in the Statement of profit and loss.

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss.

**(iii) Impairment of financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use.

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(iv) Derecognition of financial assets**

A financial asset is derecognised only when

- The company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

**(j) Impairment of Non-Financial assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of assets (cash-generating units). Non-Financial assets suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period

**(k) Non-Current assets held for sale:**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. They are measured at lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt

Non-current assets are not depreciated or amortised while they are classified held for sale. Interest and other expenses attributable to the liabilities of disposal, company classified as held for sale, continue to be recognised.

**(l) Derivatives that are not designated as hedges**

The company enters into certain derivatives/forward contracts to hedge foreign currency risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss

**(m) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment if any. Cost directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use.

**Depreciation methods, estimated useful lives and residual value**

The company depreciates its property, plant and equipment over the useful life in the manner prescribed in the Schedule II to the Companies Act, 2013.

- a) In Garment Division at Ludhiana, depreciation is charged on W.D.V. basis
- b) In all other units, depreciation is charged on Straight Line basis

The residual values are not more than 5% of the original cost of the assets.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other 'non-current assets' and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

**(n) Investment Properties**

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and cost of the item can be measured reliably.

Investment properties are depreciated using the written down value method over the useful life of 60 years.

**(o) Intangible assets****Computer software**

Computer software are stated at cost less accumulated amortisation and impairment, if any.

**Amortisation methods and periods**



The company amortises the computer software with a finite useful life over the period of 6 years.

**(p) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid.

**(q) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period

**(r) Borrowing costs**

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

**(s) Provisions and contingent liabilities**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

**(t) Employee benefits**

**(i) Short term obligations**

Liabilities for wages and salaries, including non-monetary benefits if any, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

**(ii) Other long term employee benefit obligations**

The liabilities if any, which needs to be settled after 12 months from the end of the period in which the employees render the related services are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method.

**(iii) Post-employment obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

**(iv) Defined contribution plans**

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

**(u) Estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities as at the date of financial statements and reported amount of income and expenses during the period.

The areas involving critical estimates or judgements are:

- Estimation of current tax expense and payable
- Designation of financial assets /liabilities through FVTPL
- Estimation of defined benefit obligation
- Recognition of deferred tax assets for carried forward tax losses

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on company and that are believed to be reasonable under the circumstances.

**(v) Cash Flow Statement :**

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS)-7 "Statement of Cash Flows" using indirect method for operating activities.

**Recent accounting pronouncement**

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 12, 'Income taxes', Ind AS 19, 'Employee benefits, Ind AS 23, 'Borrowing costs and also Ind AS 116 'Leases'. These amendments rules are applicable to the Company from 1 April 2019.

**Ind AS 116- Leases:**

On 30 March 2019, MCA has notified Ind AS 116, Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application



Ind AS 116, which is effective for annual periods beginning on or after 01 April 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17. The Company is evaluating the requirements of this new standard on its financial statements.

**Appendix C to Ind AS 12, Uncertainty over income tax treatment:**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The standard permits two possible methods of transition:

- Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The interpretation is effective for annual reporting periods beginning on or after 01 April 2019. The Company is evaluating the impact of this amendment on its financial statements.

**Amendments to Ind AS 19, Plan amendment, curtailment or settlement:**

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 01 April 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company. The Company does not expect any impact on its financial statements of such amendment.

**Amendments to Ind AS 23 Borrowing costs:**

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting



period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 01 April 2019, with early application permitted. The Company is evaluating the impact of this amendment on its financial statements.

**27. Contingent Liabilities not Provided for:**

- a) Excise/Service/Sales Tax/Income Tax/ Other Government Authorities have raised demands of Rs. 525.26 Lacs (31 March 2018:Rs.499.23) out of Which a sum of Rs. 19.90 Lacs (31 March 2018: Rs. 13.90 lacs) has been deposited against said demand. Further these demands have been contested in appeal and no Provision has been made in the financial statement.
- b) The Madhya Pradesh Government's Ordinance to collect cess on Captive Power generation was declared ultravires by the Hon'ble Supreme court vide order dated 09/12/2003. But the State Government subsequently enacted an Act namely M.P.Upkar (Sanshodhan Tatha Vidhimanyatakaran) Adhiniyam 2004 on 15th April 2004 which deemed to have come in to force from 29.06.2001. After the above act, the M.P.High Court passed an order dated 31/08/2007 to collect the dues of Cess from Captive Power plant users along with interest. According to this order, on the disputed amount, Rs. 217.16 Lacs (31 March 2018: Rs.205.53 lacs) is payable as interest .The above referred order has been challenged by some actual users in Hon'ble Supreme Court and matter being sub-judice,hence liability has not been provided for in the books.
- c) The Company has given Corporate Guarantees for Rs. Nil Lacs (31 March 2018:Rs. 4,000 Lacs) to the term lenders in respect of financial assistance granted to M/s Nahar Poly Films Limited, Ludhiana.
- d) Levy of Entry Tax on certain items including yarn by the Punjab Government is subjudice before the Hon'ble Punjab & Haryana High Court .The Punjab Government has deferred the same subject to undertaking by the company that if the same is hold valid by the Hon'ble High Court , then company will deposit the same w.e.f the date of undertaking . The amount of such entry tax is Rs. 153.50 Lacs (31 March 2018: Rs.153.50 Lacs) .It has no material effect on the profitability of the company as either company will get refund or get ITC of the same.

**28. Capital Commitments**

Estimated amount of Contracts remaining to be executed , net of advances- ( R s . i n Lacs)

	Asat 31st March	Asat 31st March
March		
2018	2 0	1 9
On Capital Accounts 8,369.67	5 , 2 3 0	. 4 7
On Others 121.43	3 , 2 0 0	. 9 8

29. There are no Micro & Small enterprises covered under Micro, Small and Medium Scale Development Act 2006, to whom the company owes dues, which are outstanding for more than 45 days. This information has been determined on the basis of intimation received from the parties.

	31st March	31st March
March		
2018	2 0	1 9
The principal amount and the interest due thereon (to be shown separately)	-	
remaining unpaid.		
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006	-	-



along with the amounts of the payment made to the supplier beyond the appointed day.

The amount of interest due and payable for the period of delay in 0 . 3 4

making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.

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 as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.

**30. Other Notes**

- I. Salaries & wages incurred during the year on repairs and maintenance of Building and Plant & Machinery etc. have been charged to former accounts and not shown separately.
- II. In the opinion of the board, the value of Current Assets, Loans and Advances have a value in the ordinary course of business at least equal to that stated in the balance sheet
- III. Some balances of Trade Payables, Advances and Trade Receivables are subject to their Confirmation.
- IV. Borrowing cost amounting Rs. 72.10 Lacs (31st March 2018 : Rs. 0.17 Lacs) has been capitalized during the year.
- V. Material events occurring after the balance sheet date are taken into cognizance.
- VI. Previous year figures have been regrouped/recasted/rearranged/reclassified wherever necessary to make them comparable.
- VII. In accordance with the provisions of section 135 of the Companies Act 2013, the board of directors of the company had constituted a CSR committee. The company had decided to carry out its CSR activities through a consortium formed by group companies as per scheme of the CSR. As per actual expenditure of consortium on approved CSR activities as approved by members, the company, year to year, either contribute or make provision for CSR activities proposed to be undertaken by consortium. The company in preceding years has set apart its CSR Rs. 172.30 Lacs for F.Y 2016-17 & Rs. 107.22 for F.Y 2017-18 which has been contributed in this year along with the current year's obligation of Rs. 66.85 Lacs and thus treated as utilized as per the requirement. The total amount of Rs.346.37 Lacs was paid to M/s. Oswal Foundation, Ludhiana, through whom consortium has been doing its CSR activities. Presently CSR activities are being done in the field of medical facilities for poor and needy people on charitable basis through recognized charitable medical institution. The detail is as under

<b>Particulars</b>	<b>(Rs. In Lacs)</b>	
	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
The amount required to be spent	<b>66.85</b>	107.22
The amount spent/ contributed	<b>346.37</b>	-

- VIII. The Company had entered into a contract with Trident International Holdings FZCO, Dubai to purchase property for official use for a consideration of Thirteen Million Three hundred nineteen thousand eight hundred ninety eight Dirhams. The company has paid Seven Million Nine hundred ninety one thousand nine hundred forty Dirhams. (INR 939.51 Lacs) As per the contract, the above said party was supposed to handover the contracted property at the end of 1st Quarter of 2011. The said party breached the Contract, thus company is entitled to recover full payment of the amount paid and reasonable interest and damages etc. and for this purpose the company has initiated legal proceedings against the party to recover the amount. Till company recovers the amount by a legal process, the amount paid by the company has been shown as advances recoverable in Cash or Kind.



- IX. The Company has purchased Guest House at Shimla from Bemloi Development and Infrastructure Co. P Ltd. (DLF Group) New Delhi for value of Rs. 389 Lacs plus applicable Taxes, as per agreed payment terms based on construction work. Till date company has paid 95% demanded amount as a part consideration of the said property. Since the builder M/s Bemloi Development and Infrastructure Company (p) Ltd. (DLF Group), New Delhi failed to fulfill the commitment, complete the construction and deliver the possession within stipulated time, therefore company has filed a case before National Consumer Disputes Redressal Commission for addressal of our claim of the advance paid of Rs. 382 Lacs alongwith compensation and interest. Thus amount has been shown as advances recoverable in Cash or Kind.
- X. The company was searched by the GST department on 25th February, 2019. The company had been denied the credit of GST taken by them thus have been arbitrarily forced to reverse the entry of GST credit in the books of accounts to the extent of Rs. 500 Lacs and forced to make the payment. The company is contesting the amount of Rs. 500 Lacs now and has been shown as advances recoverable in cash or kind. The amount has been paid under protest and final treatment of this expense would be considered as and when the matter is finally adjudicated.
- XI. The company is operating in single segment i.e Textiles. Hence segment reporting as required under IND AS 108 (Operating Segments) is not applicable.

**Major Customer**

Sales of the company is evenly distributed, disclosure of major customer is not being made  
no single customer having sale more than 10% of the turnover of the company.

There is

**31. Government Grants****(Rs. in Lacs)**

	<b>31st March 2019</b>	<b>31st March 2018</b>
<b>At the beginning of the year</b>	<b>1,426.80</b>	1,531.24
Provided during the year	<b>283.69</b>	694.88
Received during the year	<b>343.59</b>	799.32
<b>At the end of the year</b>	<b>1,366.90</b>	1,426.80
Current	<b>1,366.90</b>	1,426.80
Non-current	-	-
	<b>1,366.90</b>	1,426.80

Government grants have been received for the purchase of certain items of property, plant & equipment and MP state sales tax incentives. There are no unfulfilled conditions or contingencies attached to these grants.

**32. Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various



assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables end to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 36.

#### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculations based on a DCF model.

### **33. Financial risk management objective and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, trade and other receivables, and cash & cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. This financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

#### **(A) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks. Financial instruments affected by market risk include loans and borrowings, deposits and payables/receivables in foreign currencies.

##### **a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates. The company is carrying its borrowings primarily at variable rates. For floating rates borrowings the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point Increase or decrease is used when reporting interest rate risk internally to Key management personnel and represents management's assessment of the reasonably possible change in interest rates

	<b>(Rs. in Lacs)</b>	
	<b>31st March 2019</b>	<b>31st March 2018</b>
Variable rate borrowings	<b>84,347.68</b>	81,697.54
Fixed rate borrowings	<b>4,326.82</b>	17,948.26
<b>Interest rate sensitivity</b>		



The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variable held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	<b>Effect on Profit before tax</b>	
	<b>31st March 2019</b>	<b>31st March 2018</b>
Increase by 50 basis points	<b>(421.74)</b>	(408.49)
Decrease by 50 basis points	<b>421.74</b>	408.49

**b) Foreign currency risks**

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in international currencies as part of the business is transacted in foreign currencies and consequently the company is exposed to foreign exchange risk. The Company's exposure in foreign currency is in loans, trade receivables and advances and trade payables.

**i) Particulars of unhedged foreign currency exposure as at reporting date**

<b>As at 31st March, 2019</b>			
	<b>(Foreign currency in Lacs)</b>		
<b>Particulars</b>	<b>USD</b>	<b>EURO</b>	<b>Others</b>
Trade Receivables	<b>91.84</b>	<b>0.15</b>	-
EEFC Balance	<b>0.014</b>	-	-
Trade Payables	<b>0.007</b>	<b>0.008</b>	<b>0.11</b>
<b>As at 31st March 2018</b>			
<b>Particulars</b>	<b>USD</b>	<b>EURO</b>	<b>Others</b>
Trade Receivables	81.42	-	-
EEFC Balance	0.11	-	-
Trade Payables	-	16.54	0.08

**Foreign currency sensitivity**

The following table demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	<b>(Rs. in Lacs)</b>			
	<b>31st March 2019</b>		<b>31st March 2018</b>	
	<b>5% Increase</b>	<b>5% Decrease</b>	<b>5% Increase</b>	<b>5% Decrease</b>
<b>USD</b>	<b>318.11</b>	<b>(318.11)</b>	<b>265.85</b>	(265.85)
EURO	<b>0.54</b>	<b>(0.54)</b>	(66.81)	66.81
Others	<b>(0.40)</b>	<b>0.40</b>	(0.29)	0.29
<b>Increase/(decrease) in Profit or Loss</b>	<b>318.26</b>	<b>(318.26)</b>	198.75	(198.75)

**ii) Foreign Currency Exposure (Forward Booking)**

The foreign currency exposure of the Company as on reporting date is as under. The company does not use forward contracts for speculative purpose.

	<b>(in Lacs)</b>	
<b>Category wise quantitative data</b>	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
<b>Type of contract</b>	<b>USD</b>	<b>USD</b>
Forward contracts against exports	<b>164.29</b>	283.05
Forward contracts against imports	<b>37.00</b>	-

**iii) Price risk**

The Company's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.



**B) Credit risk**

<p>Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables)</p> <p><b>Credit risk management</b></p> <p>The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.</p> <p>(i) Low credit risk on reporting date (ii) Moderate credit risk</p>	
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The Company provides for expected credit loss based on the following:

<b>Assets Group</b>	<b>Basis of Categorisation</b>	<b>Provision for expected credit loss</b>
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables and other financial assets	Life time expected credit loss or 12 month expected credit loss

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment.

Recoveries made are recognised in statement of profit and loss.

**Cash & cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Trade receivables**

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

**Other financial assets measured at amortised cost**

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**i) Trade Receivables**

Customer credit risk is managed by each business location subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with the assessment both in terms of number of days and amount.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of



financial assets disclosed in Note 5.2. Trade receivables are unsecured but considered goods subject to provision made thereon.

<b>Trade Receivables</b>	<b>31st March 2019</b>	31st March 2018
Not Due	<u>28,265.99</u>	<u>33,787.98</u>
Up to Six Months Past Due	<b>2,416.92</b>	712.09
6 Months to 1 Year Past Due	<b>53.54</b>	34.40
More Than 1 Year Past Due	-	0.46
	<b>30,736.45</b>	34,534.93
	<u><b>31st March</b></u>	<u>31st March</u>
	<b>2019</b>	2018
<b>Provision for Doubtful Debts</b>		
More Than 1 Year	-	-
<b>Total</b>	<b>30,736.45</b>	34,534.93

**Reconciliation of Provision for Doubtful Debts**

<b>Balance at the Beginning of the Year</b>	-	65.60
Add: Provision made during the year	-	-
Less: Provision Written Back during the Year		65.60
<b>Balance at the end of the Year</b>	-	-

**(C) Liquidity risk**

The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturity within 12 months can be rolled over with existing lenders. The Company has access to the following undrawn borrowing facilities at the end of the reporting periods -

	<b>31st March 2019</b>	31st March 2018
<b>Floating rate</b>		
<b>(a) Expiring within one year (Bank overdraft and other facilities)</b>		
<b>Secured</b>		
-Working Capital Limits	<b>28,281.99</b>	36,624.79
<b>(b) Expiring beyond one year (Bank loans)</b>		
<b>Secured</b>		
-Term loan from banks	<u><b>18,800.00</b></u>	<u>1,821.00</u>

**ii) Maturity Patterns of borrowings**

	<u>Less than 1 Year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>More than 5 Years</u>
<b>Year ended 31st March, 2019</b>				
Contractual Maturities of borrowings	<b>6,596.50</b>	<b>2,385.72</b>	<b>3,712.50</b>	-
Contractual Maturities of trade payables	<b>2,836.88</b>	-	-	-
Contractual Maturities of other financial liabilities	<b>57.86</b>	<b>46.30</b>	-	



<b>Total</b>	<b>9,491.24</b>	<b>2,432.02</b>	<b>3,712.50</b>	-
<b>Year ended 31st March, 2018</b>				
Contractual Maturities of borrowings	93,490.90	7,653.74	455.17	-
Contractual Maturities of trade payables	6,678.54	-	-	-
Contractual Maturities of other financial liabilities	11.78	-	-	-
<b>Total</b>	<b>100,181.22</b>	<b>7,653.74</b>	<b>455.17</b>	-

### 34. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

	<b>31st March 2019</b>	31st March 2018
Borrowings	<b>88,674.50</b>	99,645.80
Trade payables	<b>2,836.88</b>	6,678.54
Less: Cash and cash equivalents	<b>118.70</b>	178.21
<b>Net debt</b>	<b>91,392.68</b>	106,146.13
Equity	<b>87,696.18</b>	81,855.23
<b>Capital and net debt</b>	<b>1,79,088.86</b>	188,001.36
Gearing ratio	<b>51.03</b>	56.46

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2019 and 31st March 2018.

### 35. Distribution made and proposed

	<b>31 March 2019</b>	31 March 2018
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on 31 March 2018: ₹ 0.50 per share (31st March 2017 : ₹ 1.50 per Share)	<b>180.33</b>	540.98
DDT on final dividend	<b>37.07</b>	110.13
	<b>217.40</b>	651.11
<b>Proposed dividends on Equity shares:</b>		
Final cash dividend for the year ended on 31 March 2019: ₹ 1.00 per share (31 March 2018: ₹ 0.50 per share)	<b>360.65</b>	180.33
DDT on proposed dividend		<b>74.13</b>
37.07		
	<b>434.78</b>	217.40



**Note 36. Post-Employment Obligations - Gratuity**

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan the Company makes contributions to recognised funds in India.

	(Rs. in Lacs)	
	31-Mar-19	31-Mar-18
<b>Changes in defined benefit obligation</b>		
Gratuity Plan	3,885.10	3,431.06

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	31-Mar-19	31-Mar-18
<b>Changes in defined benefit obligation</b>		
Present value obligation as at the start of the year	3,431.06	3,027.82
Interest cost	249.69	198.89
Service cost	435.06	520.01
Benefits paid	(203.61)	(205.92)
Actuarial loss/(gain) on obligations	(27.10)	(109.74)
<b>Present value obligation as at the end of the year</b>	<b>3,885.10</b>	<b>3,431.06</b>

	31-Mar-19	31-Mar-18
<b>Change in fair value of plan assets</b>		
Fair value of plan assets as at the start of the year	2,988.71	2,647.57
Return on plan assets	231.11	185.33
Return on plan assets (greater)/less than discount rate	27.63	(0.05)
Contribution	389.19	361.68
Benefits paid	(203.61)	(205.92)
<b>Fair value of plan assets as at the end of the year</b>	<b>3,377.77</b>	<b>2,988.71</b>

**Breakup of Actuarial gain/loss:**

Description	31-Mar-19	31-Mar-18
Actuarial (gain)/loss on arising from change in financial assumption	58.59	(128.24)
Actuarial (gain)/loss on arising from experience adjustment	(85.69)	18.50
<b>Return on plan assets (greater)/less than discount rate</b>	<b>27.63</b>	<b>(0.05)</b>

	31-Mar-19	31-Mar-18
<b>Reconciliation of present value of defined benefit obligation and the fair value of plan assets</b>		
Present value obligation as at the end of the year	3,885.10	3,431.06
Fair value of plan assets as at the end of the year	3,377.77	2,988.71
<b>Net asset/(obligation) recognized in balance sheet</b>	<b>(507.33)</b>	<b>(442.35)</b>

	31-Mar-19	31-Mar-18
<b>Amount recognized in the statement of profit and loss</b>		
Service cost	435.06	520.01
Interest cost	18.58	13.56
<b>(Income)/Expense recognised in the statement of profit and loss</b>	<b>453.64</b>	<b>533.57</b>

**Amount recognised in the statement of Other Comprehensive Income**

Description	31-Mar-19	31-Mar-18
Actuarial Gain/(Loss) for the year on DBO	(27.10)	(109.74)
Return on plan assets (greater)/less than discount rate	27.63	(0.05)
<b>Recognised actuarial Gain/(Loss) at the end of the year</b>	<b>0.53</b>	<b>(109.79)</b>

	31-Mar-19	31-Mar-18
<b>Actuarial assumptions</b>		
Discount rate	7.30%	7.50%
<b>Future salary increase</b>	<b>7.00%</b>	<b>7.00%</b>

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic



markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

**Sensitivity analysis for gratuity liability**

	31-Mar-19	31-Mar-18
<b>Discount rate</b>	<b>7.30%</b>	7.50%
	<b>3,885.10</b>	3,431.06
a) Impact due to increase of 0.50%	<b>(120.01)</b>	(107.28)
b) Impact due to decrease of 0.50%	<b>127.70</b>	114.18
<b>Salary escalation rate at the end of the year</b>	<b>7.00%</b>	7.00%
Present value of obligation at the end of the year	<b>3,885.10</b>	3,431.06
a) Impact due to increase of 0.50%	<b>125.34</b>	112.60
b) Impact due to decrease of 0.50%	<b>(119.47)</b>	(107.27)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring in the reporting period.

**The following payments are expected contributions to the defined benefit plan in future years:**

Description	31-Mar-19	31-Mar-18
March 31, 2019		448.40
March 31, 2020	<b>540.91</b>	418.02
March 31, 2021	<b>471.55</b>	453.37
March 31, 2022	<b>526.29</b>	506.35
March 31, 2023	<b>548.57</b>	556.83
March 31, 2024	<b>583.62</b>	-
March 31, 2019 (March 31, 2025 to March 31, 2029 ) and March 31, 2018 ( March 31, 2024 to March 31, 2028 )	<b>3,415.42</b>	3,689.80
<b>Total expected payments</b>	<b>6,086.36</b>	6,072.77

Withdrawal Rate	31-Mar-19	31- Mar-18
Attrition rate at the year and	<b>10.00%</b>	10.00%
Effect on DBO due to 5 % increase in Withdrawal Rate	<b>(21.48)</b>	(11.09)
Effect on DBO due to 5 % decrease in Withdrawal Rate	<b>8.80</b>	9.85

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years. (31st March 2018:6years)

**Post Employment Benefit of KMP's**

Name of KMP	Date of Joining	DBO as at 31.03.2019	DBO as at 31.03.2018
Sh. Dinesh Oswal	01.01.1987	<b>13.36</b>	13.05
Sh. Anil Kumar Garg	01.02.1993	<b>12.81</b>	11.45
Sh. Brij Sharma	11.09.1989	<b>14.18</b>	12.98

**Note 37**

Reconciliation of Changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes as per the requirement of IND AS-7 'Statement of Cash Flows'

Particulars	Borrowings (Non-current)(including current maturities)	Borrowings (Current)
<b>A. Borrowings from Banks</b>		
<b>Balance at the beginning of the period</b>	<b>18,322.33</b>	81323.47
Add/Less: Changes during the period		
(a) Changes from financing cash flows	<b>(5,692.66)</b>	(5278.64)
(b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-
(c) The effect of changes in foreign exchange rates	-	-
(d) Changes in fair values	-	-
(e) Other Changes	-	-



<b>Balance at the end of the period</b>	<b>12,629.67</b>	<b>76,044.83</b>
<b>B. Deposits from body corporates</b>		
<b>Balance at the beginning of the period</b>	<b>Nil</b>	<b>Nil</b>
Add./Less Changes during the period		
(a) Changes from financing cash flows	-	-
(b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-
(c) The effect of changes in foreign exchange rates	-	-
(d) Changes in fair values	-	-
(e) Other Changes	-	-
<b>Balance at the end of the periods</b>	<b>Nil</b>	<b>Nil</b>

**Note 38. Earning Per Share**

Basic/Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Profit/(Loss) after Taxation	<b>6,512.07</b>	(3,218.35)
Add/Less: Adjustment of Income Tax earlier Years	<b>(60.40)</b>	-
Profit After adjustment of earlier year Income Tax	<b>6,572.47</b>	(3,218.35)
Weighted Average Number of Shares Issued	<b>360.65</b>	360.65
Earning Per Share in Rs. (Basic & Diluted) (There are no potential equity shares) (Face Value of Rs. 5/- Share	<b>18.22</b>	(8.92)



**Note 40. Fair value measurement**  
**(a) Financial instruments by category**  
**For amortised cost instruments, carrying value represents the best estimate of fair value.**

Particulars	31st March 2019			31st March 2018		
	FVTPL	FVOCI cost	Amortised	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments	363.62	1,825.23	-	347.47	2,179.43	-
Trade receivable	-	-	30,736.45	-	-	34,534.93
Security deposit	-	-	2,455.79	-	-	2,393.51
Other financial assets	-	-	51.59	-	-	42.33
Cash and equivalent	-	-	118.70	-	-	178.21
Other bank balances	-	-	71.24	-	-	85.53
<b>Total</b>	<b>363.62</b>	<b>1,825.23</b>	<b>33,433.77</b>	<b>347.47</b>	<b>2,179.43</b>	<b>37,234.51</b>
<b>Financial liabilities</b>						
Borrowings	-	-	82,078.00	-	-	88,617.31
Trade payable	-	-	2,836.88	-	-	6,678.54
Other financial liabilities	-	-	6,701.72	-	-	11,040.27
<b>Total</b>	<b>-</b>	<b>-</b>	<b>91,616.60</b>	<b>-</b>	<b>-</b>	<b>106,336.12</b>
<b>(b) Fair value measurement hierarchy for assets and liabilities</b>						
The Company has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.						
Financial assets and liabilities measured at fair value - recurring fair value measurements	31 March 2019			31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Particulars						
Financial assets						
Investments	2,188.85	0.005	-	2,526.91	0.005	-
<b>Total financial assets</b>	<b>2,188.85</b>	<b>0.005</b>	<b>-</b>	<b>2,526.91</b>	<b>0.005</b>	<b>-</b>

Financial assets and liabilities measured at amortised cost for which fair values are disclosed Particulars	31 March 2019			31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Trade receivables	-	-	30,736.45	-	-	34,534.93
Security deposit	-	-	2,455.79	-	-	2,393.51
Other financial assets	-	-	51.59	-	-	42.33
Cash and equivalents	-	-	118.70	-	-	178.21
Other bank balances	-	-	71.24	-	-	85.53
<b>Total financial assets</b>	-	-	<b>33,433.77</b>	-	-	<b>37,234.51</b>
<b>Financial liabilities</b>						
Borrowings	-	-	82,078.00	-	-	88,617.31
Trade payable	-	-	2,836.88	-	-	6,678.54
Other financial liabilities	-	-	6,701.72	-	-	11,040.27
<b>Total</b>	-	-	<b>91,616.60</b>	-	-	<b>106,336.12</b>

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

#### c. Fair value of financial assets and liabilities measured at amortised cost

Particulars	31 March, 2019		31 March, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Security deposit	2,455.79	2,455.79	2,393.51	2,393.51
<b>Total financial assets</b>	<b>2,455.79</b>	<b>2,455.79</b>	<b>2,393.51</b>	<b>2,393.51</b>
<b>Financial liabilities</b>				
Borrowings	82,078.00	82,078.00	88,617.31	88,617.31
Retention Money	104.16	104.16	11.78	11.78
<b>Total financial liabilities</b>	<b>82,182.16</b>	<b>82,182.16</b>	<b>88,629.09</b>	<b>88,629.09</b>

The carrying amounts of trade receivables, trade payables, advances to employees, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to short term nature.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

# NAHAR SPINNING MILLS LTD

Registered office: 373, Industrial Area – A, Ludhiana – 141003  
CIN: L17115PB1980PLC004341  
E-mail: secnsm@owmnahar.com; Website: www.owmnahar.com

## BALLOT FORM

Sr. No. \_\_\_\_\_

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

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

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

No. of equity shares held :

I/We hereby exercise my/our vote(s) in respect of the following Resolutions as set out in the Notice dated August 13, 2019 of the Company by conveying my/our assent (for) or dissent (against) the said Resolutions by placing the tick mark (✓) at the appropriate box below:

Resolution No.	Description	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	ADOPTION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019			
2	DECLARATION OF DIVIDEND ON EQUITY SHARE CAPITAL FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019			
3.	APPOINTMENT OF MR. DINESH GOGNA AS A NON-EXECUTIVE DIRECTOR LIABLE TO RETIRE BY ROTATION			
4	APPOINTMENT OF MR. KAMAL OSWAL AS A NON-EXECUTIVE DIRECTOR LIABLE TO RETIRE BY ROTATION			
5.	RATIFICATION OF REMUNERATION OF COST AUDITORS OF THE COMPANY			
6.	APPROVAL FOR THE PAYMENT OF REMUNERATION U/S 197 OF COMPANIES ACT., 2013 TO MR. DINESH OSWAL, MANAGING DIRECTOR, AS APPROVED BY SHAREHOLDERS ON 30 SEPTEMBER, 2016			
7.	APPROVAL FOR THE INCREASE IN REMUNERATION OF MR.SAMBHAV OSWAL HOLDING OFFICE OF PROFIT U/S 188(1)(f) OF COMPANIES ACT., 2013			

Place:

Signature of the Member

Date:

or

Authorised Representative

Notes :

- (i) For the Resolutions, Explanatory Statements and notes please refer to the Notice of 39th Annual General Meeting.
- (ii) If you have casted your vote by e-voting, there is no need to fill up and sign this form.
- (iii) Please read the instructions printed overleaf carefully before exercising your vote.

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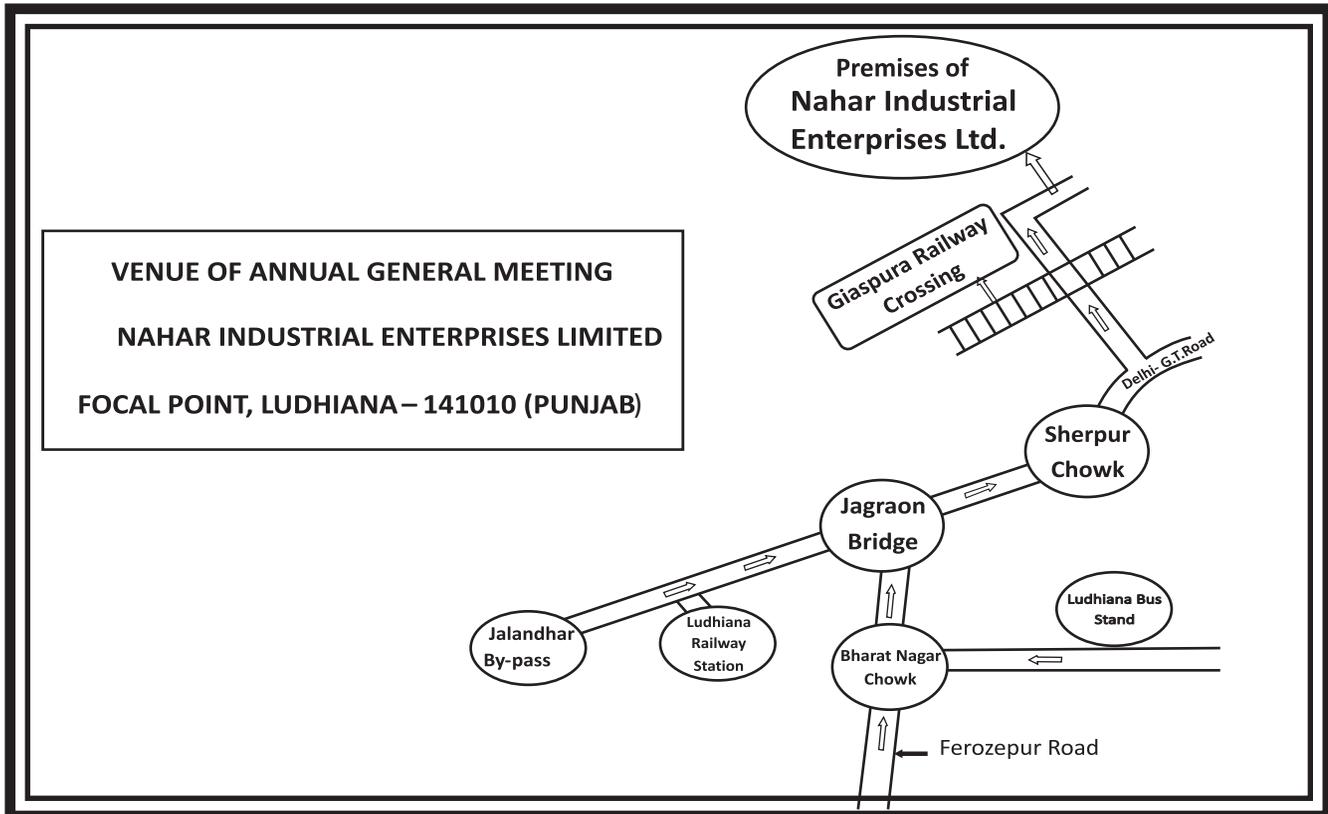
## INSTRUCTIONS

### 1. General Instructions:

- There will be one Ballot Form/e-voting for every Client ID No./Folio No., irrespective of the number of joint holders.
- Members have option to vote either through remote e-voting or through Ballot Form at the AGM. If a member has casted vote via remote e-voting, then vote cast by him/her via ballot form at the AGM shall be considered as invalid.
- Voting in the e-voting cannot be exercised by a proxy. However, corporate and institutional members shall be entitled to vote through their authorised representatives with proof of their authorization, as stated below under instruction no. 2(b).
- Any query in relation to the Resolutions proposed to be passed at the ensuing AGM may be addressed to Company Secretary, at the Registered Office of the Company.
- The Scrutinizer's decision on the validity of a Ballot/E-voting shall be final and binding.

### 2. Instructions for voting physically by Ballot Form:

- This Form must be completed and signed by the Member who is desirous of exercising his/her vote at the 39<sup>th</sup> Annual General Meeting, as per specimen signature registered with the Company or Depository Participant, as the case may be. In case of joint holding, this Form must be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his/her absence, by the next named Member.
- In respect of shares held by corporate and institutional members (companies, trusts, societies, etc.), the completed Ballot Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
- Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Member as on cut off date i.e. 23<sup>rd</sup> September, 2019.
- The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Ballot Form. The assent or dissent received in any other form shall not be considered valid.
- Members are requested to fill the Ballot Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
- Incomplete, unsigned or incorrectly ticked Ballot Forms will be rejected.
- The Scrutinizer shall immediately after the conclusion of Annual General Meeting first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in the favor or against, if any, forthwith to the Chairman of the Company.
- The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.ownnabar.com](http://www.ownnabar.com) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.



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## *Performance At A Glance*

Rupees in Lacs

SR. NO.	PARTICULARS	2014-15	2015-16	2016-17	2017-18	2018-19
1	OPERATING INCOME	214962	202918	213215	213319	230519
2	EXPORTS	139320	127041	134379	126404	139409
3	OTHER INCOME	1130	1803	2199	899	1265
4	GROSS PROFIT( Before Interest & Dep)	22488	23907	20456	9752	24343
5	PROFIT AFTER TAX	2021	5087	4597	-3218	6512
6	CASH ACCRUALS (Before Tax & Dep.)	14540	18140	16353	4777	18838
7	GROSS BLOCK	203696	92349	96637	99869	112014
8	NET BLOCK	86716	82248	76983	70853	74713
9	SHARE CAPITAL ( PAID UP )	1805	1805	1805	1805	1805
10	NET WORTH	76032	81078	85627	81855	87696
11	DEFERRED TAX RESERVE	4317	4180	3843	2469	2997
12	DEBT EQUITY RATIO	0.60	0.46	0.33	0.22	0.14
13	CURRENT RATIO	1.44	1.29	1.30	1.12	1.14
14	BOOK VALUE PER SHARE	210.82	224.81	237.42	226.97	243.16
15	EARNING PER SHARE ( BASIC )	5.60	13.69	12.69	-8.92	18.22
16	FACE VALUE (PAID UP)	Rs. 5				
17	DIVIDEND	20%	30%	30%	10%	20%

## *Glimpse of CSR Project under taken by Oswal Foundation*



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