



The Nahar Group

21st

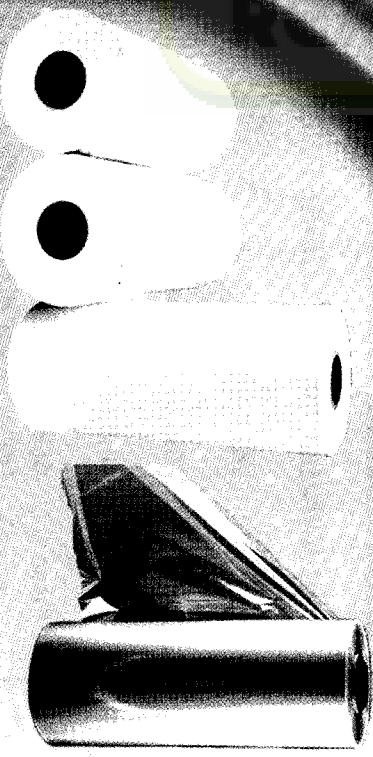
# Annual Report

2008 - 2009



Nahar

POLY FILMS LIMITED



## BOARD OF DIRECTORS

|                              |                    |
|------------------------------|--------------------|
| <b>Sh. Jawahar Lal Oswal</b> | <b>Chairman</b>    |
| Sh. Dinesh Oswal             | Director           |
| Sh. Kamal Oswal              | Director           |
| Sh. Dinesh Gogna             | Director           |
| Sh. Satish Kumar Sharma      | Executive Director |
| Sh. Amarjeet Singh           | Director           |
| Sh. Komal Jain               | Director           |
| Dr. (Mrs.) H.K. Bal          | Director           |
| Dr. Om Parkash Sahni         | Director           |
| Prof. Kanwar Sain Maini      | Director           |
| Dr. Suresh Kumar Singla      | Director           |
| Dr. Yash Paul Sachdeva       | Director           |

### REGISTERED OFFICE

376, Industrial Area-A,  
Ludhiana-141 003, Punjab

### BANKERS

Oriental Bank of Commerce  
Bank of Maharashtra

### AUDITORS

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

### 21st ANNUAL GENERAL MEETING

Day : Wednesday  
Date : 30th September, 2009  
Time : 10.30 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 **Twenty First Annual General Meeting** of the Members of **Nahar Poly Films Limited**, will be held on **Wednesday the 30<sup>th</sup> day of September, 2009 at 10.30 A.M.** at the premises of M/s. Nahar Industrial Enterprises Limited, Focal Point, Ludhiana to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit and Loss account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Sh. Amarjeet Singh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. K.S. Maini, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sh. Komal Jain, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Sh. Dinesh Oswal, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors who shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Gupta Vigg & Co., Chartered Accountants, the retiring Auditors of the company being eligible, offer themselves for re-appointment.

**BY ORDER OF THE BOARD**

PLACE : LUDHIANA  
DATED: 30<sup>th</sup> JULY, 2009

**KOMAL JAIN**  
(Director)

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and Share Transfer Register of the Company shall remain closed from 23<sup>rd</sup> September, 2009 to 30<sup>th</sup> September, 2009 (both days inclusive).

3. The dividend on equity shares as recommended by the Board of Directors, if approved at the Annual General Meeting will be paid to the members, whose names appear in the Register of Members as on 30<sup>th</sup> September, 2009 or Register of Beneficial owners, maintained by the Depositories at the close of 22<sup>nd</sup> September, 2009.
4. Pursuant to the Section 205C of the Companies Act, 1956 all unclaimed dividends upto the financial year 2000-2001 have been transferred to Investor Education and Protection Fund. Further unpaid dividend for the year 2001-2002 is to be transferred to Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956 in November, 2009. Shareholders who have not en-cashed their dividend warrants relating to the said period are requested to claim the amount from the company at the earliest. Further we may also inform that once the amount is deposited with Investor Education and Protection Fund, it cannot be claimed later on as per the Companies (Amendment) Act, 1999.
5. The bank account particulars of the members will be printed on the dividend warrants. Members holding shares in physical form are requested to immediately notify change in their address/Bank details to the Company's Share Transfer Agent M/s. Alankit Assignments Limited or to the company at its registered office 376-Industrial Area -A, Ludhiana-141003.

Members holding shares in electronic form are requested to notify change in their address/Bank details to their Depository Participants before 22<sup>nd</sup> September, 2009.

6. Since the company's shares are in compulsory demat trading, to ensure better service and elimination of risk to holding shares in physical form, we request shareholders holding shares in physical form to dematerialise their shares at the earliest.
7. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B).
8. 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 information ready.
9. Members are requested to bring the copy of Annual Report alongwith them, at the meeting.
10. The information required to be provided under clause 49 of the Listing Agreement entered into with Stock Exchanges, regarding the Directors who are proposed to be re-appointed are annexed hereto and forms part of the notice.



## Information pursuant to Corporate Governance Clause of the Listing Agreement regarding Directors seeking appointment/re-appointment:

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

|               |   |  |
|---------------|---|--|
| 1. Name       | : | Sh. Amarjeet Singh   |
| Age           | : | 82 Years   |
| Qualification | : | B.A.L.L.B  |
| Expertise     | : | Having 55 years experience in Corporate Taxation and Legal work. |

## His Directorships/membership in the committee of the board in other companies is as under:

| Name of the Company                          | Committee                          | Status   |
|--|------------------------------------|--|
| 1. Nahar Spinning Mills Ltd.                 | Audit<br>Shareholders<br>Grievance | Chairman<br>Member   |
| 2. Oswal Woollen Mills Ltd.                  | --                                 | --   |
| 3. Nahar Capital and Financial Services Ltd. | Audit<br>Shareholders<br>Grievance | Member<br>Chairman   |
| 4. Oswal Leasing Ltd.                        | --                                 | --   |
| 5. Palam Motels Limited.                     | --                                 | --   |
| 6. Nagdevi Trading and Investment Co. Ltd.   | --                                 | --   |
| 7. Vanaik Investors Ltd.                     | --                                 | --   |
| 8. J.L. Growth Fund Ltd.                     | --                                 | --   |
| 9. Monte Carlo Fashions Ltd.                 | --                                 | --   |
| 2. Name                                      | :                                  | Prof. K.S. Maini   |
| Age  | :                                  | 70 Years   |
| Qualification                                | :                                  | M.Com.   |
| Expertise                                    | :                                  | Having more than 31 years Experience in Teaching, Commerce, Management and Administration. |

## His Directorship/Membership in the committee of the board in other companies is as under:

| Name of the Company                          | Committee                 | Status  |
|--|---------------------------|---|
| 1. Nahar Spinning Mills Limited.             | --                        | --  |
| 2. Nahar Industrial Enterprises Limited.     | Shareholders<br>Grievance | Member  |
| 3. Oswal Woollen Mills Limited.              | Audit                     | Member  |
| 4. Nahar Capital and Financial Services Ltd. | Audit                     | Chairman  |
| 3. Name                                      | :                         | Sh. Komal Jain                                    |
| Age  | :                         | 54 Years  |
| Qualification                                | :                         | M.A.  |
| Expertise                                    | :                         | Having Business experience of more than 33 years. |

## His Directorship/Membership in the committee of the board in other companies is as under:

| Name of the Company                           | Committee | Status  |
|---|-----------|---|
| 1. Girnar Investments Ltd.                    | --        | --  |
| 2. Shankheshwar Holding Co. Ltd.              | --        | --  |
| 3. Vanaik Investors Ltd.                      | --        | --  |
| 4. Bermuda Insurance Brokers (P) Ltd.         | --        | --  |
| 5. White Tigers Breweries & Distilleries Ltd. | --        | --  |
| 4. Name                                       | :         | Sh. Dinesh Oswal  |
| Age   | :         | 43 Years  |
| Qualification                                 | :         | Commerce Graduate.  |
| Expertise                                     | :         | Having Business experience of more than 24 years in the Industry. |

## His Directorship/Membership in the committee of the board in other companies is as under:

| Name of the company                           | Committee | Status |
|---|-----------|--------|
| 1. Nahar Spinning Mills Ltd.                  | --        | --     |
| 2. Oswal Woollen Mills Ltd.                   | --        | --     |
| 3. Nahar Industrial Enterprises Ltd.          | --        | --     |
| 4. Nahar Capital & Financial Services Ltd.    | --        | --     |
| 5. Nahar Industrial Infrastructure Corp. Ltd. | --        | --     |
| 6. Palam Motels Ltd.                          | --        | --     |
| 7. Vardhman Investments Ltd.                  | --        | --     |
| 8. Vanaik Investors Ltd.                      | --        | --     |
| 9. J.L. Growth Fund Ltd.                      | --        | --     |
| 10. Atam Vallabh Financiers Ltd.              | --        | --     |
| 11. Shankheshwar Holding Co. Ltd.             | --        | --     |
| 12. Monte Carlo Fashions Ltd.                 | --        | --     |
| 13. Cotton County Retail Ltd.                 | --        | --     |
| 14. Ludhiana Holdings Ltd.                    | --        | --     |
| 15. Crown Star Ltd (U.K.).                    | --        | --     |

Sh. Dinesh Oswal being the son of Sh. Jawahar Lal Oswal is related to him. He is also related to Sh. Kamal Oswal being his brother.

## BY ORDER OF THE BOARD

PLACE : LUDHIANA  
DATED : 30<sup>th</sup> JULY, 2009

KOMAL JAIN  
(Director)

## DIRECTORS REPORT

To

The Members,

Your Directors have pleasure in presenting the **TWENTY FIRST ANNUAL REPORT** on the affairs of the company for the year ended 31st March, 2009.

### FINANCIAL RESULTS

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

|   | (Rs. in Lac)  |               |
|---|---------------|---------------|
| PARTICULARS                                     | CURRENT YEAR  | PREVIOUS YEAR |
| <b>Profit before interest</b>                   | <b>464.57</b> | 670.51        |
| <b>&amp; Depreciation</b>                       |               |               |
| Less: Interest                                  | -             | 1.50          |
| Depreciation                                    | -             | -             |
| Provision for taxation<br>(Net of Deferred Tax) | <b>27.22</b>  | 35.60         |
| <b>Profit after tax</b>                         | <b>437.35</b> | 633.41        |
| Adjustment of Income Tax<br>earlier years       | (-) 0.11      | -             |
| Add: Balance of Surplus<br>brought Forward      | <b>2.46</b>   | 12.89         |
| <b>Amount available for<br/>appropriation</b>   | <b>439.70</b> | 646.30        |
| <b>APPROPRIATION</b>                            |               |               |
| Proposed Dividend                               | <b>86.06</b>  | 122.94        |
| Tax on Distributed profits                      | <b>14.63</b>  | 20.90         |
| Transfer to General Reserve                     | <b>325.00</b> | 500.00        |
| Balance carried to<br>balance sheet             | <b>14.01</b>  | 2.46          |
|   | <b>439.70</b> | 646.30        |

### OPERATIONAL REVIEW

As informed in our previous Report, the company is in the process of putting up BI-AXIALLY ORIENTED POLYPROPYLENE FILMS (BOPP FILMS) Project at a capital outlay of Rs. 300 Crores (approx.) at Village Sarakian/Itaya Kalan, Distt. Raisen (M.P.). Before reviewing company's performance, we would like to brief you regarding the status of BOPP FILMS Project. The orders for the major machineries, which is to be imported, have already been placed. The civil construction work has also started and is going as scheduled. The company expect that the plant shall be operational in March, 2010.

As regard company's performance, we would like to inform you that company did not undertook any business activity during the year under review. However, it earned an income of Rs.504.51 Lacs from the investment activities which is of temporary nature and does not strictly falls under the segment revenue, as such it is shown under the head 'Other Income'. After accounting for all the expenses and provision for Income tax the balance available for appropriation is Rs.439.70 lacs. After appropriation of profits as per detail hereinabove, an amount of Rs.325.00 lacs has been transferred to General Reserve thereby increasing the company's Reserve to Rs.12745.06 lacs as on 31st March, 2009.

### DIVIDEND

Your Directors are pleased to recommend a dividend @ 7% (i.e. Rs.00.35 per equity share) on paid up equity share capital for the year ended 31<sup>st</sup> March, 2009.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of profits of the company for the year under reference to all those shareholders whose name shall appear in the Register of Members on 30th September, 2009 or Register of beneficial owners, maintained by the depositories as at the close of 22nd September, 2009.

### DIRECTORS

Pursuant to article 112 of the Articles of Association of the company Sh. Amarjeet Singh, Prof. K.S. Maini, Sh. Komal Jain and Sh. Dinesh Oswal will be retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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

### LISTING OF SECURITIES

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

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

The company has paid listing fee to both the Stock Exchanges for the financial year 2009-2010.

### DEMATERIALISATION OF SHARES.

As the members must be aware that company's securities are tradable compulsorily in electronic form w.e.f. 8<sup>th</sup> May, 2000. Your company has already established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) to facilitate the holding and trading of securities in electronic form. As on date 91.11% of the share capital have been dematerialised by the members of the company.

The annual custodian fee for the financial year 2009-2010 have also been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Further as per SEBI circular No. D & CC/FITTC/CIR-15/2002 Dated 27<sup>th</sup> 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 trans-



fer, demat/remat, change of address etc. to our registrar at below mentioned address:

M/s. Alankit Assignments Ltd.

(Unit : Nahar Poly Films Ltd.)

Alankit House,

2E/21, Jhandelwala Extension

NEW DELHI-110055

Telephone No. : (011)23541234

Fax No. : (011)41540064

E-mail Address : rta@alankit.com

In case any query/complaint remains unresolved with our Registrar please write to Compliance Officer at the Registered office of the company.

The Share holders who have not gone in for dematerialisation of shares till date, are requested to opt for dematerialisation of the shares at the earliest.

#### **AUDIT COMMITTEE**

Pursuant to section 292A(1) of the Companies Act, 1956, Company has already constituted Audit Committee consisting of Sh. Amarjeet Singh as Chairman, Sh. Dinesh Gogna and Prof. K.S. Maini as members. The committee held 4 meetings during the year under review.

#### **REPORT ON THE CORPORATE GOVERNANCE**

Your company continues to follow the principles of good Corporate Governance. The company has already constituted several committees of directors to assist the board in good Corporate Governance. The Corporate Governance Report along with Auditors Certificate regarding compliance of the conditions of the Corporate Governance as stipulated in clause 49 of the Listing Agreement of the Stock Exchange, is attached herewith as Annexure-II and forms part of this report.

#### **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 the Companies Act, 1956.

The Directors Confirm:

- i) that in preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanations relating to material departures.
- ii) that they had selected such accounting policies and applied them consistently and made judgements 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 and loss of the company for that period;
- iii) that they had taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) that they had prepared the Annual Accounts on a going concern basis.

#### **COST AUDITORS**

Upon the implementation of scheme as per the order dated 21st December, 2006 passed by the Hon'ble Punjab and Haryana High Court, company's textile business stand demerged and transferred

to Nahar Spinning Mills Ltd w.e.f. 1st April, 2006. Accordingly company has made an application to Ministry of Corporate Affairs, Cost Audit Branch, New Delhi to take note of the above said order and make necessary change in their record.

#### **AUDITORS**

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

#### **PUBLIC DEPOSITS**

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

#### **INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to section 205-C of the Companies Act, 1956 the company has transferred an amount of Rs.1211477.29 (Rs. Twelve Lacs Eleven Thousand Four Hundred Seventy Seven and Paise Twenty Nine) being the amount of unclaimed dividend for the year 2000-2001 to the Investor Education and Protection Fund.

#### **PARTICULARS OF EMPLOYEES**

None of the employee is in receipt of emoluments in excess of the limits prescribed under the Companies (Particulars of employees) Rules, 1975.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

Particulars with respect to the Conservation of Energy, Technology Absorption and Foreign Exchange earning and outgo as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of the Board of Directors) Rules 1988, is enclosed as per Annexure-I and forms part of this report.

#### **INDUSTRIAL RELATIONS**

The 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 staff members and executives for their contribution to the operations of 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**  
**DATED : 30<sup>th</sup> JULY, 2009**

**JAWAHAR LAL OSWAL**  
**(Chairman)**



### ANNEXURE-I

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009.

#### I. CONSERVATION OF ENERGY

##### a) Measures taken for conservation of energy:

The growth of the industry and its rapid industrialisation is putting tremendous pressure on the available energy resources. As such the need of the hour is to conserve energy and maximise output.

Energy conservation is an ongoing process in our organisation. Last year, the company has not undertaken any manufacturing activity and the company's earned income on its investment only. But in the year 2009-10, the company is putting up a BOPP Project in the State of Madhya Pradesh. The company has selected latest machinery and equipment having low energy consumption. The orders for the major machinery, which is to be imported, have already been placed. All the drives for main equipments of the plant are direct drives without gear boxes which will reduce the power transmission losses. The main chillers are decided on the basis of lower IKW/TR which is 0.584. All the speed control motors are A.C. drives.

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

The company will take necessary measures as may be required from time to time for conservation of energy.

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

The above measures will result in energy saving and consequent reduction in cost of production.

##### d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in the rules in respect of Industries specified in the schedule thereto

#### FORM A

| CURRENT YEAR<br>2008-2009 | PREVIOUS YEAR<br>2007-2008 |
|---------------------------|----------------------------|
|---------------------------|----------------------------|

#### A. POWER & FUEL CONSUMPTION

##### 1. Electricity

##### a) Purchased

|                     |     |     |
|---------------------|-----|-----|
| Units (Kwh)         | Nil | Nil |
| Total amount (Rs.)  | Nil | Nil |
| Rate per Unit (Rs.) | Nil | Nil |

##### b) Own Generation

##### i) Through Diesel Generator unit

|                            |     |     |
|----------------------------|-----|-----|
| Unit per ltr of Diesel Oil | Nil | Nil |
| Cost per unit (Rs.)        | Nil | Nil |

##### ii) Through steam turbine/generator

|                                |     |     |
|--------------------------------|-----|-----|
| Units                          | Nil | Nil |
| Units per ltr. of fuel oil/gas | Nil | Nil |
| Cost/unit                      | Nil | Nil |

##### 2. Coal

|                      |     |     |
|----------------------|-----|-----|
| Quantity (in Tonnes) | Nil | Nil |
| Total Cost (Rs.)     | Nil | Nil |
| Average rate         | Nil | Nil |

##### 3. Furnace Oil

|                      |     |     |
|----------------------|-----|-----|
| Quantity (in litres) | Nil | Nil |
| Total cost (Rs.)     | Nil | Nil |

|                              |     |     |
|------------------------------|-----|-----|
| Average rate                 | Nil | Nil |
| 4. Other/Internal Generation |     |     |
| Quantity (in litres)         | Nil | Nil |
| Total Cost (Rs.)             | Nil | Nil |
| Rate/Unit                    | Nil | Nil |

#### B. CONSUMPTION PER UNIT OF PRODUCTION

|                |     |     |
|----------------|-----|-----|
| 1. Electricity | Nil | Nil |
| 2. Furnace Oil | Nil | Nil |
| 3. Coal        | Nil | Nil |
| 4. Other       | Nil | Nil |

#### II. TECHNOLOGY ABSORPTION

##### FORM B

#### A. Research & Development (R & D):

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

The company is in the process of setting up a Research and Development Department which will focused on productivity, quality and waste reduction.

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

The company expect product improvement in quality and quantity.

##### iii) Future Plans:

The Company shall continuously take steps for innovation and renovation of products including new product developments.

##### iv) Expenditure on R & D:

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

#### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The company is going to import the latest ultra modern machinery for the project which will enable the company to produce quality products at lowest cost of production. The company will send its employee(s) for training to get the requisite knowledge even before the arrival of the equipments which is part of the contract itself.

##### Benefits derived as result of above efforts:

With the above measures, company shall enjoy the benefit of improved quality, productivity & saving in manufacturing costs.

##### Information regarding Technology imported during the last five years : NIL

#### III FOREIGN EXCHANGE EARNINGS AND OUTGO

(I) Activities relating to Exports, initiative taken to increase exports, Development of New Export Markets for products and export plans

Since the company is in the process of implementing the BOPP Project. It will take effective steps to explore the export markets so that it can export its products.

|   | Current Year | Previous Year |
|---|--------------|---------------|
| (II) Total Foreign Exchange used and earned |              |               |
| a) Foreign Exchange outgo (Rs.)             | Nil          | Nil           |
| b) Foreign Exchange earned (Rs.)            | Nil          | Nil           |

FOR AND ON BEHALF OF THE BOARD

PLACE : LUDHIANA  
DATED : 30<sup>th</sup> JULY, 2009

JAWAHAR LAL OSWAL  
(Chairman)



## ANNEXURE - II

### CORPORATE GOVERNANCE REPORT

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

#### Company's philosophy on Corporate Governance

Your company continues to practice the principle of good Corporate Governance. It is company's firm belief that good Corporate Governance is key to success of business. The company's philosophy envisage an attainment of highest level of the transparency and accountability in its operations so that company's goal of creation and maximization of wealth of the shareholders could be achieved. Clause 49 of the Listing Agreement with stock exchanges incorporate certain mandatory disclosure requirements with regard to Corporate Governance Rules, we are pleased to report the following:-

#### I. BOARD OF DIRECTORS

1. The Board of the company is well structured with adequate blend of professional, and Independent Directors. The present strength of the Board is Twelve Directors, Sh. J.L. Oswal is a non executive Chairman and Sh. Satish Kumar Sharma is Executive Director. Thus the post of Chairman and Executive Director are held by different persons.
2. Since Sh. J.L. Oswal, non executive chairman, is a promoter director, at least one half of the Board should comprise of Independent directors as per Corporate Governance Rules read with SEBI Circular No. SEBI/CFD/DIL/CG/1/2008/08/04 dated 8<sup>th</sup> April 2008. The company has already restructured its Board to comply the said requirement. Presently company's

board consists of 12 (Twelve) Directors out of which 6 are Independent directors, namely Dr. (Mrs.) H.K. Bal, Sh. Amarjeet Singh, Dr. O.P. Sahni, Prof. K.S. Maini, Dr. S.K. Singla and Dr. Yash Paul Sachdeva. Thus the company has complied the Corporate Governance Rules regarding composition of Board of Directors.

3. During the year the Board met 7 (seven) times on 16.05.2008, 18.06.2008, 30.06.2008, 31.07.2008, 31.10.2008, 31.01.2009 and 14.03.2009 during the period April, 2008 to March, 2009 with clearly defined agenda circulated well in advance of each meeting. The maximum interval between the two board meetings is not more than four months.
4. None of the directors is a member of more than 10 (ten) board level committees or is Chairman of more than 5 (five) such Board level committees as required under clause 49 of the Listing Agreement. None of the Director is a Director in more than 15 (fifteen) Companies as prescribed under the Act.
5. Participation of Non Executive Directors has been active in the board meetings. Attendance record of directors in the Board meetings and the Annual General Meeting during the year 2008-2009 is as under:
6. Non Executive Directors are paid a sitting fee of Rs.2000/- per meeting of the Board.
7. Sh. Jawahar Lal Oswal is the father of Sh. Kamal Oswal and Sh. Dinesh Oswal. Sh. Dinesh Oswal and Sh. Kamal Oswal are brothers. No other Director is related to any other Director of the company within the meaning of Section 6 of the companies Act, 1956.

| Name of Director        | Category of Directors       | No. of other Directorship (excluding private companies) | No. of Committee membership |          | No. of Board Meeting attended | Annual General Meeting Attendance (held on 29.09.2008) | No. of Shares held |
|-------------------------|-----------------------------|---|-----------------------------|----------|-------------------------------|--|--------------------|
|                         |                             |   | Member                      | Chairman |                               |  |                    |
| Mr. Jawahar Lal Oswal   | Non Executive - Promoter    | 14  | —                           | —        | 6                             | —  | —                  |
| Mr. Dinesh Oswal        | Non Executive - Promoter    | 14  | —                           | —        | 6                             | Yes  | 105273             |
| Mr. Kamal Oswal         | Non Executive - Promoter    | 14  | —                           | 1        | 6                             | Yes  | 31500              |
| Mr. Dinesh Gogna        | Non Executive               | 9   | 4                           | 1        | 7                             | Yes  | 700                |
| Dr.(Mrs.) H.K. Bal      | Non Executive - Independent | 7   | 5                           | 2        | 7                             | Yes  | 688                |
| Mr. Amarjeet Singh      | Non Executive - Independent | 9   | 3                           | 3        | 7                             | Yes  | 305                |
| Mr. S.K. Sharma         | Executive                   | 2   | 1                           | —        | 6                             | Yes  | 817                |
| Dr. O. P. Sahni         | Non Executive - Independent | 5   | 7                           | 1        | 7                             | Yes  | 187                |
| Prof. K.S. Maini        | Non Executive - Independent | 4   | 3                           | 1        | 7                             | Yes  | 158                |
| Dr. Suresh Kumar Singla | Non Executive - Independent | 3   | 1                           | 1        | 7                             | Yes  | —                  |
| Dr. Yash Paul Sachdeva  | Non Executive - Independent | 2   | 1                           | —        | 7                             | Yes  | —                  |
| Sh. Komal Jain          | Non Executive - Independent | 4   | —                           | —        | 7                             | Yes  | 175                |



8. Code of Conduct: The company is committed to conduct its business in accordance with applicable laws, rules and regulations and highest standards of transparency. Accordingly the company has laid down a code of conduct for all its Board Members and Senior Managerial Personnel so that conflict of interest could be avoided. All the Board Members and Senior Personnel are complying the said code of conduct. The code of conduct is also available on company's website i.e. [owmnaahar.com](http://owmnaahar.com).
9. The company ensures compliance of various statutory requirements by all its business units.
10. All the statutory Registers that are required to be maintained, particularly, Register of Directors shareholding, Register of Investments etc. are properly maintained and continuously updated.

## II. AUDIT COMMITTEE

The board has already constituted an independent and qualified Audit committee. The Committee consists of three non executive Directors under the chairmanship of Sh. Amarjeet Singh, Prof. K.S. Maini and Sh. Dinesh Gogna are the two other members of the Audit Committee, Sh. Amarjeet Singh is a Senior Advocate having 55 years of experience in corporate Taxation and Finance. Sh. Dinesh Gogna is also a senior corporate executive having 28 years experience in Corporate Finance, Taxation and Accounting matters. Likewise Prof. K.S. Maini is also having requisite expertise in Financial and Accounting matters. The financial Advisor is a permanent invitee of the committee. The statutory auditors are also invited to attend the meetings, as per relevant provisions of the applicable laws/rules, as and when felt necessary.

The terms of reference of the Audit Committee are as per clause-49 of the Listing Agreement with the Stock Exchanges, SEBI Guidelines and Companies Act, 1956. Since 1st April, 2008 the committee met 4 (Four) times i.e. on 30.06.2008, 31.07.2008, 31.10.2008 and 31.01.2009 and at these meetings, the quarterly un-audited financial results as well as the financial statement during the year ended 31st March, 2009 were reviewed and examined by the members of the audit committee before recommendation of the same to the Board of Directors for their perusal and adoption.

The attendance record of the audited committee meeting is as under:

| Name of the Member | No. of meetings held<br>Upto 31.03.2009 | No. of meetings<br>attended |
|--------------------|---|-----------------------------|
| Sh. Amarjeet Singh | 4                                       | 4                           |
| Sh. Dinesh Gogna   | 4                                       | 4                           |
| Prof. K.S. Maini   | 4                                       | 4                           |

Sh. Amarjeet Singh, Chairman of the Audit Committee attended the last Annual General Meeting of the company held on 29th September, 2008 and replied/clarified the queries raised at the Annual General Meeting.

## III. REMUNERATION COMMITTEE

The remuneration Committee was set up by Board in its meeting held on 31.07.2002. The committee comprises Sh. Komal Jain, as Chairman, Sh. Amarjeet Singh and Dr. (Mrs.) H.K. Bal as members.

The broad term of reference of the Remuneration Committee is to ensure that the company's remuneration policies in respect of Managing Director/ Executive Director/Senior Executives are competitive so as to recruit and retain best talent in the company and to ensure appropriate disclosure of remuneration paid to said persons.

The committee met once during the year under review, on 31.07.2008. The attendance record of the meeting is as follows:

| Name of the Member  | No. of meetings held<br>Upto 31.03.2009 | No. of meetings<br>attended |
|---------------------|---|-----------------------------|
| Sh. Komal Jain      | 1                                       | 1                           |
| Sh. Amarjeet Singh  | 1                                       | 1                           |
| Dr. (Mrs. H.K. Bal) | 1                                       | 1                           |

The details of remuneration paid to Executive Director/ Director(s) for the year ended 31st March, 2009 is as under:

|                         | Salary (Rs.) | Sitting Fee(Rs.) |
|-------------------------|--------------|------------------|
| Sh. Jawahar Lal Oswal   |              | 12000.00         |
| Sh. Kamal Oswal         |              | 12000.00         |
| Sh. Dinesh Oswal        |              | 12000.00         |
| Sh. Dinesh Gogna        |              | 14000.00         |
| Sh. Satish Kumar Sharma | 934002.00    | -                |
| Sh. Komal Jain          |              | 14000.00         |
| Sh. Amarjeet Singh      |              | 14000.00         |
| Dr. (Mrs.) H.K. Bal     |              | 14000.00         |
| Dr. O.P. Sahni          |              | 14000.00         |
| Pror. K.S. Maini        |              | 14000.00         |
| Dr. S.K. Singla         |              | 14000.00         |
| Dr. Yash Paul Sachdeva  |              | 14000.00         |

## IV. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The company has a Shareholders/Investors Grievance Committee consisting of three Non Executive Directors under the Chairpersonship of Dr. (Mrs.) H.K. Bal. Sh. Amarjeet Singh and Sh. Komal Jain are the two other members of the committee. The committee look into the complaints/grievances of shareholders such as transfer of shares, non-receipt of dividend/share certificates, Demat problems etc. The committee met 4 times during April, 2008 to March, 2009 i.e. 30.06.2008, 31.07.2008, 31.10.2008 and 31.01.2009. The attendance record of the meeting held is as under: