



The Nahar Group

25th ANNUAL REPORT 2012-2013



Nahar

POLY FILMS LIMITED

BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal

Sh. Dinesh Oswal

Sh. Kamal Oswal

Sh. Dinesh Gogna

Sh. Satish Kumar Sharma

Sh. Komal Jain

Dr. (Mrs.) H.K. Bal

Prof. Kanwar Sain Maini

Dr. Suresh Kumar Singla

Dr. Yash Paul Sachdeva

Dr. Amrik Singh Sohi

Chairman

Director

Director

Director

Executive Director

Director

Director

Director

Director

Director

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

25th ANNUAL GENERAL MEETING

Day : Monday
Date : 30th September, 2013
Time : 10.45 A.M.
Place : At the Premises of
Nahar Industrial Enterprises
Limited, Focal Point, Ludhiana

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Save Tree Save Earth

Green Initiative

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

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

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

**NOTICE**

Notice is hereby given that the **Twenty Fifth Annual General Meeting** of the members of **Nahar Poly Films Limited** will be held on **Monday, the 30th day of September, 2013 at 10:45 a.m.** at the premises of M/s. Nahar Industrial Enterprises Limited, Focal Point, Ludhiana to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Independent Auditors thereon.
2. To appoint a Director in place of Sh. Suresh Kumar Singla, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. Kamal Oswal, who retires by rotation and being eligible, offers herself for re-appointment
4. To appoint a Director in place of Sh. Dinesh Gogna, who retires by rotation and being eligible, offers himself for re-appointment
5. To appoint a Director in place of Dr. Y.P. Sachdeva, who retires by rotation and being eligible, offers himself for re-appointment
6. To appoint Statutory Auditors of the Company 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

ATUL SUD

DATED: 30th July, 2013

(Company Secretary)

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT 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. THE BLANK PROXY FORM IS ENCLOSED.
2. The Register of the Members and Share transfer Register of the Company shall remain closed from 21st September, 2013 to 30th September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
3. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends up to the financial year 2004-2005 have been transferred to Investor Education and Protection Fund. Further unpaid dividend for the year 2005-2006 is to be transferred to Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956 in November, 2013. Shareholders who have not encashed their dividend warrants relating to the said period are requested to claim the amount from the Company at the earliest.

Further we may also inform that once the amount is deposited with Central Government, it cannot be claimed later on as per the Companies (Amendment) Act, 1999.
4. 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, Alankit House, 2E/21, Jhandewalan Extension, New Delhi- 110055 or to the Company's Registered Office at 376, Industrial Area -A, Ludhiana-141 003.
5. Members holding shares in electronic form are requested to notify change in their address/Bank details to their Depository Participants.
6. 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.
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 relevant information ready.
9. Members are requested to bring the copy of Annual Report along with 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 appointed/re-appointed are annexed hereto and form part of the Notice.


Information pursuant to Corporate Governance Clause of the Listing Agreement regarding Director seeking appointment/re-appointment.

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

1. **Name** : **Dr. Suresh Kumar Singla**
Age : 64 Years
Qualification : M.A. (Stats.&Eco.) & Ph.D(Stats.)
Expertise : Having more than 32 years experience in teaching Business Management and Administration.

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

Name of the Company	Committee	Status
1. Metro Tyres Ltd.	Audit	Member
2. Nahar Spinning Mills Ltd.	Audit Remuneration	Member Chairman
3. Oswal Woollen Mills Ltd.	Audit Shareholders Grievance Remuneration	Chairman Member Chairman
4. Nahar Cap. & Fin. Ser. Ltd.	Audit Shareholders Grievance	Member Member

2. **Name** : **Sh. Kamal Oswal**
Age : 51 Years
Qualification : Commerce Graduate
Expertise : Having business experience of more than 31 years in the Industry.

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

Name of the Company	Committee	Status
1. Nahar Capital an Fin. Ser. Ltd.	--	--
2. Nahar Spinning Mills Ltd.	--	--
3. Nahar Indl. Infrastructure Corpn. Ltd.	--	--
4. Oswal Woollen Mills Limited	--	--
5. Oswal Leasing Ltd.	--	--
6. Sankeshwar Holding Co. Ltd.	--	--
7. Vardhman Investment Ltd.	--	--
8. Girnar Investment Ltd.	--	--
9. Atam Vallabh Financiers Ltd.	--	--
10. J.L. Growth Fund Ltd.	--	--
11. Abhilash Growth Fund Pvt. Ltd.	--	--
12. Neha Credit & Invest. Pvt. Ltd.	--	--
13. Monte Carlo Fashions Ltd.	--	--
14. Nahar Growth Fund Pvt. Ltd.	--	--

15. Nagdevi Trdg. & Invest. Co. Ltd. Audit Chairman
 16. Nahar Industrial Enterprises Ltd. -- --
 17. Crown Star Ltd. (UK) -- --
 18. Cotton Country Retail Ltd. Remuneration Member
- Sh. Kamal Oswal being the son of Sh. Jawahar Lal Oswal is related to him. He is related to Sh. Dinesh Oswal being his brother.

3. **Name** : **Sh. Dinesh Gogna**
Age : 60 Years
Qualification : B.A, LL.B
Expertise : Having more than 36 years experience in Corporate Finance & taxation.

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

Name of the Company	Committee	Status
1. Oswal Woollen Mills Limited	Audit	Member
2. Nahar Spinning Mills Ltd.	Audit	Member
3. Nahar Industrial Enterprises Ltd.	Audit Shareholders Grievance	Member Chairman
4. Ginar Investment Limited	--	--
5. Oswal Leasing Ltd.	--	--
6. Nahar Capital and Financial Services Ltd.	--	--
7. Monte Carlo Fashions Ltd.	Shareholders Grievance Audit Remuneration	Chairman Chairman
8. Cotton County Retail Ltd.	Remuneration	Member
9. Crown Star Ltd. (UK)	--	--

4. **Name** : **Dr. Y.P. Sachdeva**
Age : 51 Years
Qualification : MBA, Ph.D
Expertise : Having more than 26 years experience in teaching Business Management and Administration.

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

Name of the Company	Committee	Status
1. Nahar Capital and Fin. Ser. Ltd.	--	--
2. Nahar Spinning Mills Ltd.	--	--
3. Nahar Industrial Enterprises Ltd.	Shareholders Grievance Remuneration	Member Member
4. Cotton County Retail Ltd.	Audit	Member
5. Oswal Spg. & Weaving Mills Ltd.	Remuneration	Member

BY ORDER OF THE BOARD

PLACE : LUDHIANA
DATED: 30th July, 2013

ATUL SUD
(Company Secretary)



DIRECTORS REPORT

To

The Members,

Your directors have pleasure in presenting the **TWENTY FIFTH ANNUAL REPORT** on the affairs of the Company for the year ended **31st March, 2013**.

FINANCIAL PERFORMANCE

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

(Rs. In crores)				
PARTICULARS	CURRENT		PREVIOUS	
	YEAR		YEAR	
Profit before Finance Cost & Depreciation	19.83		45.72	
Less: Finance Cost	15.73		18.18	
Depreciation	14.59	30.32	14.58	32.76
Profit/ Loss(-) before Tax	-10.49		12.96	
Adjustment of Deferred Tax/	(3.80)		5.96	
Provision for taxation				
Profit/Loss(-) after Tax	-6.69		7.00	

OPERATIONAL REVIEW

During the year under review, company achieved total revenue from operations of Rs. 239.54 crores as against 268.04 crores in the previous year. The fall in the prices of the BOPP Films not only affected the company's topline but also its profitability too. Though the company earned a Profit before Interest and Depreciation of Rs. 19.83 crores but after providing 15.73 crores towards finance cost and 14.59 crores of depreciation, the company suffered a loss of 10.49 crores during the year. After adjustment of deferred tax amounting to Rs. 3.80 crores, net loss stand reduced to Rs. 6.69 crores.

In spite of the above, your company improved its export performance and has achieved export turnover of Rs. 26.81 crore showing an impressive increase of 19.16% over the previous year. The company is exporting its products to Nigeria, United Kingdom, United Arab Emirates, Bangladesh, Turkey, Oman, Tanzania, Korea etc and continuous efforts are being made to develop new export markets which will definitely enable the company to improve its performance in the coming periods.

In the current year, the things have started moving in the right direction. It is expected that the revival of the economies in Asia, U.S. and European Union will propel the growth of BOPP industry. Your Management is putting whole heartedly all its efforts in cost reduction, quality management, better product mix etc. so as to improve company's performance.

DIVIDEND

During the year under review company suffered a loss of Rs. 6.69 crores as such your Board do not recommend any dividend for the year ended 31st March, 2013

DIRECTORS

Pursuant to Article 112 of the Articles of Association of the company Sh. Suresh Kumar Singla, Sh. Kamal Oswal, Sh. Dinesh Gogna & Dr. Y.P. Sachdeva, 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.

GREEN INITIATIVE

The Ministry of Corporate Affairs(MCA) vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies. Your Company has decided to join the MCA in its environmental friendly initiative.

Accordingly, company propose 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:-secnel@owmnahar.com or gredressalnpl@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 listed on the following Stock Exchanges:

1. The Bombay Stock Exchange Ltd., 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.
2. The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051.

The company has paid listing fee to both the Stock Exchanges for the financial year 2013-2014.

DEMATERIALISATION OF SHARES.

As the members must be aware that company's securities are tradable compulsorily in electronic form w.e.f.8th 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 92.36% of the Share Capital has been de-materialized by the members of the Company.

Annual custodian fee for the financial year 2013-2014 has also been paid to the 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 27TH December, 2002, Company has appointed M/s Alankit Assignments Ltd., as Registrar for Share Transfer and Electronic connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of share transfer, demat/remat, change of address etc. to our registrar at below mentioned address:

M/s. Alankit Assignments Ltd.

(Unit : Nahar Poly Films Ltd.)

Alankit House,

2E/21, Jhandelwalan 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 Company Secretary at the Registered Office of the Company.

The shareholder (s) who have not gone in for dematerialization of shares till date, are requested to opt for dematerialization of the shares at the earliest.

AUDIT COMMITTEE

Pursuant to Section 292A(1) of the Companies Act, 1956, Company constituted Audit Committee consisting of Sh. S.K. Singla as Chairman, Sh. Dinesh Gogna and Dr. 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 any fraud and other



irregularities.

- iv) that they had prepared the Annual Accounts on a going concern basis.

AUDITORS & AUDITOR'S INDEPENDENT REPORT

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 re-appointment. 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. The Audit committee has recommended their re-appointment.

The Independent Audit report of the auditors is self explanatory and does not require any explanation from the Board u/s. 217 of the Companies Act, 1956.

COST AUDITORS

Ministry of Corporate Affairs, Cost Audit Branch, New Delhi vide its Order No. 52/26/CAB-2010 dated 24.01.2012 has directed Cost Audit of Cost Accounting Records relating to BOPP Films w.e.f 1st April, 2012 by the Cost Auditor holding valid Certificate of Practice under the provisions of Cost and Works Accountant Act, 1959. Accordingly the company appointed M/S. Khushwinder Kumar & Associates, House No.S-200, Basant Vihar Colony, Noorwala Road, Ludhiana-141008 a qualified Cost Accountant as Cost Auditors for the year 2012-2013. The Government of India, Ministry of Corporate Affairs Cost Audit Branch, New Delhi have taken e- form 23C i.e., regarding appointment of Cost Auditors, on file. The Cost Audit Report for the year ended 31st March, 2013 will be submitted to the Ministry of Corporate Affairs, Cost Audit Branch, New Delhi within the prescribed period under the Act.

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 deposits 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.21,90,183.00 (Rs. Twenty One Lacs Ninety Thousand One Hundred Eighty Three only) being the amount of unclaimed dividend for the year 2004-2005 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India is enclosed as per Annexure III and forms part of this Report.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGMENT

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
DATED : 30th JULY, 2013

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 31ST MARCH, 2013.

I. CONSERVATION OF ENERGY

- a) Measures taken for conservation of energy:
The growth of the industry and its rapid industrialization is putting tremendous pressure on the available energy resources. As such the need of the hour is to conserve energy and maximize output. Energy conservation is an ongoing process in our organization and the company has taken following steps for the same:
 1. The factory building has been designed to make use of natural lighting for the day time operation which saves energy.
 2. The company has imported state of the art manufacturing facility from Bruckner of Germany. These machines consume low energy and saves considerably in terms of electricity consumption.
 3. All the drives for main equipments of the plant are direct drives without gear boxes which reduces the power transmission losses.
 4. The Company is in the process of implementing of PET coke thermic fluid heater which will reduce the energy cost as compared to present furnace oil thermic fluid heater. This project is expected to complete by March, 2014.
- 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 have resulted 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	PREVIOUS YEAR
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Units (Kwh)	20685720	21064575
Total amount (Rs.)	113790205	100293273
Rate per Unit (Rs.)	5.50	4.76
b) Own Generation		
Through Diesel Generator		
Units produced (KWH)	NIL	NIL
Total amount (Rs.)	NIL	NIL
Cost per unit (Rs.)	NIL	NIL
(c) Own Generation through turbine		
Units produced (KWH)	NIL	NIL
Total amount (Rs.)	NIL	NIL
Cost per Unit (Rs.)	NIL	NIL

2. Steam Coal Used in Boiler

Quantity (in Tonnes)	NIL	NIL
Total Cost (Rs.)	NIL	NIL
Cost per unit (Rs.)	NIL	NIL

3. Furnace Oil (Only Boiler)

Quantity (in liters)	782157	889872
Total cost (Rs.)	32784071	33005812
Rate/P.U.(Ltr.)	41.91	37.09

4. Other/Internal Generation

Rice Husk (Qty. in tones)	NIL	NIL
Total Cost (Rs.)	NIL	NIL
Rate/Tonne (Rs.)	NIL	NIL

B. CONSUMPTION PER UNIT/KG OF PRODUCTION

1. Electricity per unit/kg	1.15	1.11
2. Furnace Oil per kg	0.04	0.05
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 be 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 has imported the latest ultra modern machinery from Bruckner, Germany. It is expected that with the latest technology, company will be able to produce quality products at lowest cost of production.

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.
The Company has expanded its Export Market and has started exporting to Number of Countries namely U.K., Nigeria, U.A.E, Bangladesh, Turkey, Oman, Tanzania, Korea etc. The company is taking further necessary measures to develop new Export Markets so that it can export more its products.

	Current Year 2012-13	Previous Year 2011-12
(II) Total Foreign Exchange used and earned :-		
a) Foreign Exchange outgo (Rs.)	160103128.00	126885372.00
b) Foreign Exchange earned (Rs.)	254794831.00	218211508.00

FOR AND ON BEHALF OF THE BOARD

**PLACE : LUDHIANA
DATED : 30th JULY, 2013**

**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 executive and Independent Directors.

The present strength of the Board is of Eleven Directors as Dr. O.P. Sahni, who was an Independent Director left for heavenly abode on 24.10.2012. The Board Comprises of Executive and Non executive Directors. Sh. J.L. Oswal is a non Executive Chairman & Sh. Satish Kumar Sharma, is an Executive Director. Thus the post of Chairman and Executive Director are held by different persons.

2. Since Sh. J.L. Oswal is Non Executive Promoter chairman, 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 08.04.2008. The Company has already restructured its Board to comply the said requirement. The Company is in process of filling up the vacancy caused by the death of Dr. O.P. Sahni.

3. The Board met 4 times on 30.05.2012, 28.07.2012, 29.10.2012, and 04.02.2013 during the period April, 2012 to March, 2013 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 director is a director in more than fifteen companies as prescribed under the Companies Act, 1956.
5. Non Executive Directors are paid a sitting fee of Rs.5000/- per meeting of the Board.
6. Sh. Jawahar Lal Oswal is the father of Sh. Kamal Oswal and Sh. Dinesh Oswal. Sh. Kamal Oswal and Sh. Dinesh Oswal are brothers. No other director is related to any other Director of the Company within the meaning of Section 6 of the Companies Act, 1956.
7. 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 2012-2013 is as under:

Name of Director	Category of Directors	No. of other Directorship (excluding private company)	No. of Committee membership		No. of Board Meeting attended	AGM Attendance (held on 29.09.2012)	No. of Shares held
			Member	Chairman			
Mr. Jawahar Lal Oswal	Non Executive Promoter	14	--	--	3	No	Nil
Mr. Dinesh Oswal	Non Executive Promoter	14	--	--	4	Yes	105273
Mr. Kamal Oswal	Non Executive Promoter	14	--	1	4	Yes	31500
Mr. Dinesh Gogna	Non Executive	8	4	3	3	Yes	700
Dr. (Mrs.) H.K. Bal	Non Executive Independent	5	2	2	4	Yes	Nil
Mr. S.K. Sharma	Executive Director	2	3	--	4	Yes	Nil
Dr. O. P. Sahni*	Non Executive Independent	4	8	2	2	Yes	187
Prof. K.S. Maini	Non Executive Independent	4	3	4	4	Yes	28
Dr. Suresh Kumar Singla	Non Executive Independent	4	5	2	4	Yes	Nil
Dr. Yash Paul Sachdeva	Non Executive Independent	5	2	--	4	Yes	Nil
Sh. Komal Jain	Non Executive	6	1	--	4	Yes	175
Dr. Amrik Singh Sohi	Non Executive Independent	3	2	1	3	Yes	Nil

*The office of Director held by Dr. O.P. Sahni stand vacated because of his death on 24.10.2012