

ANNUAL REPORT 2016-17

**ABHEY
OSWAL**
GROUP

Oswal Agro Mills Limited



Hon'ble Shri Abhey Kumar Oswal

COMPANY INFORMATION
Corporate Identification No. (CIN) L15319PB1979PLC012267

BOARD OF DIRECTORS

Smt. Aruna Oswal - Chairperson
Shri Anil Bhalla - Director
Shri Bhola Nath Gupta-CEO & Whole Time Director
Shri Harnish Bindra - Independent Director
Smt Shikha Jain - Independent Director
Shri Vikram - Independent Director

COMPANY SECRETARY

Mr. Gopal

CHIEF FINANCIAL OFFICER

Shri Parveen Chopra

AUDITORS

M/s T R Chadha & Co LLP
Chartered Accountants, New Delhi

BANKERS

HDFC Bank Limited
RBL Bank Limited

REGISTERED OFFICE

Near Jain Colony, Vijay Inder Nagar,
Daba Road, Ludhiana - 141 003 (Punjab)
Phone No. +91-161-2544313
Email ID: oswal@oswalagromills.com
Website: www.oswalagromills.com

HEAD OFFICE

7th Floor, Antriksh Bhawan,
22, K G Marg, New Delhi-110001
Phone No. +91-11-23753652
Fax No. +91-11-23716276

REGISTRAR & SHARE TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.
D-153/A, First Floor,
Okhla Industrial Area, Phase-I,
New Delhi-110020
Phone No. +91-11-64732681-88
Fax No. +91-11-26812683
Email ID: admin@skylinerta.com

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OSWAL AGRO MILLS LIMITED

Corporate Identification No. (CIN) L15319PB1979PLC012267

Registered Office: Near Jain Colony, Vijay Inder Nagar, Daba Road,
Ludhiana-141003 (Punjab), Phone No. +91-161-2544313

Head Office: 7th Floor, Antriksh Bhawan, 22, K. G. Marg, New Delhi-110001

Phone No. +91-011-23753652, Fax No. +91-011-23716276

Website: www.oswalagromills.com, Email: oswal@oswalagromills.com

NOTICE OF THE MEETING

Notice is hereby given that the 37th Annual General Meeting of the Company will be held on Thursday, the 28th day of September 2017 at 12.30 P.M. at the Registered Office of the Company at Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana -141003 (Punjab), to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31st March, 2017 together with the Report of the Board of Directors and the Auditors thereon.
2. To re-appoint Shri Anil Bhalla (DIN: 00587533), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013 (“Act”) and the rules made thereunder M/s Agarwal & Dhandhanias, Chartered Accountants (ICAI Firm Registration No.125756W) be and are hereby appointed as the Statutory Auditors of the Company for a term of five consecutive years to hold office from the conclusion of this 37th Annual General Meeting till the conclusion of 42nd Annual General Meeting of the Company subject to annual ratification by the members of the Company in each Annual General Meeting to be held hereafter during the tenure of appointment and that the Board of Directors be and is hereby authorized to fix remuneration, as may be determined by the Audit Committee in consultation with Auditors.”

By Order of the Board
For Oswal Agro Mills Limited

Place : New Delhi
Dated : 09.08.2017

Gopal
Company Secretary

NOTES:

1. A member entitled to attend and vote at the 37th Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll on behalf of himself/herself and the proxy need not be a member. The enclosed proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the AGM.
2. As per the requirement of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) for appointment of the Director(s)/re-appointment of the retiring Director(s), a statement containing details of the concerned Director(s) is provided herewith.
3. Corporate members intending to send their authorized representative to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2017 to 28th September, 2017 (both days inclusive).
6. Cut-Off Date:
 - i) The notice is being sent to all the members, whose name appears as on 11th August, 2017 in the register of members or beneficial owners as received from M/s Skyline Financial Services Private Limited, Registrar & Share Transfer Agent of the Company.
 - ii) A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on Thursday, 21st September, 2017 (the “Cut - Off Date”), only shall be entitled to vote through Remote E-voting and at the AGM of the Company. The voting rights of members shall be in proportion to the number of shares held by them as on the cut- off date.
7. The members are requested to:
 - (a) Take the advantage of dematerialization of shares as Company’s scrip has been put under the compulsory dematerialization. Shareholders are requested to get in touch with any Depository Participant for getting the shares dematerialized.

(b) Open a demat account free of cost with NSDL under an exclusive offer from Religare Securities Limited to the members of 'OSWAL AGRO MILLS LIMITED'. Interested members simply need to give a missed call at 011-66781414 to Religare Securities Limited and may avail the exclusive festive offer.

(c) Bring their copy of Annual Report at the Annual General Meeting.

8. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send share certificates to the Company for consolidation into a single folio. A consolidated share certificate will be returned to such member after making requisite changes thereon.
9. Members intending to seek any clarification on the accounts in the meeting are requested to inform the company at least 10 days in advance from the date of the Annual General Meeting.
10. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail id by sending written requests to our RTA M/s Skyline Financial Services Pvt. Ltd. in respect of shares held in physical form and to the concerned Depository Participant in respect of shares held in demat form to enable the Company to serve them documents/all communications including Annual Report, Notices, Circulars etc. electronically.
11. The notice of the AGM along with the Annual Report for the financial year 2016-17 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
12. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company between 10.00 A.M. to 1.00 P.M. on all working days except Sundays and other holidays up to the date of the Annual General Meeting.
13. In all correspondences with the Company, members are requested to quote their account/folio numbers and in case, their shares are held in the dematerialized form, they must quote their Client ID Number and DP ID Number.
14. Members may please note that no gifts/gift coupons shall be distributed at the venue of the Annual General Meeting.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN to the Company/RTA.
16. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by members at the Annual General Meeting.
17. **Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company in electronic mode.**
18. **Remote E-Voting Facility**

In accordance with the provision of Section 108 of the Companies Act, 2013, read with Rule 20 of Companies (Management & Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the shareholders may exercise their option to participate through electronic voting system and the Company is providing the facility for voting by electronics means (Remote e-voting) to all its members. The Company has engaged the services of National Securities Depositories Limited (NSDL) to provide Remote e-voting facilities and enabling the members to cast their vote in a secured manner. It may be noted that this Remote e-voting facility is optional and not mandatory. The process and manner of Remote E-Voting are as under:-

- a) In case, member receive e-mail from NSDL (for Members whose email addresses are registered with the Company/Depository Participant(s)), the member should open the PDF file attached with the e-mail. The said PDF file contains his/her user ID/ Password for e-voting. Please note that the password is an initial password.
- b) In case, member receives AGM Notice in physical form (for Members whose email addresses are not registered with the Company/Depository Participants), the "USER-ID" and initial "PASSWORD" for remote e-voting is provided on the covering letter enclosed with Annual Report.
- c) In case, any member does not receive 'User-ID' and 'Password' as mentioned in Sr. No. (a) and (b), then they shall contact the NSDL on toll free no. 1800-222-990.
- d) The following steps should be followed for casting the vote through remote e-voting (In both the cases mentioned at Sr. No. 18 (a) and 18(b) above):
 - i. Open internet browser and type the following URL: <http://www.evoting.nsdl.com>.
 - ii. Click on Shareholder - Login.
 - iii. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - iv. If you are logging in for the first time, please enter the user ID and password provided through e-mail (as per Sr. No. 18 (a) above) or in physical form (as per Sr. No. 18 (b) above), as the case may be.
 - v. Password change menu will appear on your screen. Change to a new password of your choice, ensure that it contains a minimum of 8 digit or characters or a combination of both. Please keep your password confidential.
 - vi. Home page of remote e-voting opens. Click on remote e-voting: Active voting cycle.
 - vii. Select "EVEN" (E-Voting Event Number) of Oswal Agro Mills Limited.

- viii. Now you are ready for e-voting as Cast Vote page opens.
 - ix. The voting rights of the shareholders shall be reckoned in proportion to their shares held in the total paid up equity share capital of the Company as on cut-off date i.e., 21st September, 2017.
 - x. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - xi. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xii. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - xiii. Corporate/Institutional members (i.e. other than Individuals, HUF/NRI etc.) are also required to send scanned certified true copy (PDF format) of the Board Resolution/Authority letter, etc. together with attested specimen signature(s) of duly authorized representative(s), to the Scrutinizer through e-mail at paramnoor.singh@gmail.com with a copy marked to evoting@nsdl.co.in and a copy to cs@oswalagromills.com of the Company.
- e) The members who have casted their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote.
 - f) The remote e-voting period shall commence on Monday, 25th September, 2017 (9.00 A.M.) and ends on Wednesday, 27th September, 2017 (5.00 P.M.). Thereafter, the remote e-voting facility will be blocked.
 - g) Any person who have acquired shares and became members of the Company after the dispatch of the notice of AGM but before the cut-off date of 21st September, 2017, may obtain their user ID and password for e-voting from the Company's Registrar & Share Transfer Agent or NSDL.
 - h) In case of any queries, you may refer the Frequently Asked Question (FAQs) - Shareholders and remote e-voting user manual- Shareholders, available at the downloads section of www.evoting.nsdl.com.
 - i) You can also update your mobile number and email ID in the user profile details of the folio which may be used for sending future communication.
 - j) Any person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the Depositories/Share transfer agent as on cut-off date only shall be entitled to avail the facility of remote e-voting/voting at the AGM through Ballot paper.
 - k) The Company has appointed Shri Paramnoor Singh, Practicing Chartered Accountant, Membership No 515572 as 'Scrutinizer' for conducting and scrutinizing the voting process (Ballot Paper as well as Remote E-voting) in a fair and transparent manner.
 - l) The Scrutinizer shall immediately after the conclusion of voting at the AGM, will first count the votes cast at the AGM by Ballot Papers and thereafter unlock the votes casted through remote e-voting in the presence of at least two witnesses not in the employment of the Company. The Scrutinizer shall make, within a period not exceeding two days from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, to the Chairman of meeting or a person authorized by him in writing.
 - m) The Results of voting along with the report of the Scrutinizer shall be placed on the website of the Company www.oswalagromills.com and on the website of NSDL immediately after the declaration of result by the Chairman of the meeting or a person authorized by him. The results shall also be forwarded to Stock Exchanges where the company's shares are listed.

INFORMATION REQUIRED TO BE FURNISHED IN PURSUANCE OF REGULATION 36 OF LISTING REGULATIONS WITH STOCK EXCHANGES

Brief Resume of the person to be appointed/re-appointed as Director:

Shri Anil Bhalla

Shri Anil Bhalla is director of the Company, appointed on the Board of the Company w.e.f. 19th May, 2007 and actively involved in all the business activities and day to day affairs of the company. He is a commerce graduate. He is 67 years of age. He has vast experience in commercial and administrative field and made valuable contribution in the growth of the Company. He has provided valued insights and perspectives to the Board deliberations on complex financial and operational issues. His unique insights with respect to regulatory and policy matters, compliance and internal controls has strengthened the Board's collective knowledge, capabilities and experience. He is a director on the Board of following companies during the year:-

1. Oswal Greentech Limited – CEO & Managing Director
2. News Nation Network Private Limited – Director

He is member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Share Transfer Committee of your company.

By Order of the Board
For Oswal Agro Mills Limited

Gopal
Company Secretary

Place : New Delhi
Dated : 09.08.2017

DIRECTORS' REPORT

To,
The Members
Oswal Agro Mills Limited

Your Company's Directors are pleased to present the 37th Annual Report of the Company, along with Audited Accounts, for the financial year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS

We share with you our 37th Annual Report together with the Audited Financial statements for the year ended March 31st, 2017. The Company's performance grouped in accordance with the new accounting standards Ind-AS (Indian Accounting Standards), is summarized below:

(₹ in thousands)

PARTICULARS	Current Year 31.03.2017	Previous Year 31.03.2016
Operating & other Income	3,22,891.17	3,04,060.19
Profit/(Loss) before Depreciation & Provision for Taxation	(41,719.72)	57,450.57
Less : Depreciation	1,846.28	1,666.18
: Provision for Tax/Deferred Tax	38,470.61	26,917.80
Profit/(Loss) after Depreciation & Tax	(82,036.61)	28,866.59
Add: Balance brought forward from Previous year	(4,54,092.65)	(4,82,959.24)
Balance carried to Balance Sheet	(5,36,129.26)	(4,54,092.65)

REVIEW OF OPERATIONS & FUTURE OUTLOOK

During the year, the Company undertook trading activities in the real estate sector and had sustained losses of ₹ 82.04 lakhs as against Profit of ₹ 28.87 lakhs (restated figure as per IND-AS) in the previous year.

The Company is continuing the business of investments and the future outlook looks bright.

SUBSIDIARY COMPANY AND ASSOCIATES

SUBSIDIARY

The Company has one subsidiary namely M/s. 'Oswal Overseas Ltd.' at UAE. The Board of Directors of the Company has decided to voluntary wind up of this Subsidiary Company in the interest of the business. The necessary step has already been taken and matter is under process:

ASSOCIATE

The company has one associate company namely M/s Oswal Greentech Ltd.

DIVIDEND

With a view to conserve the resources for the business plans of the Company to develop real estate, the Directors do not recommend any dividend for the year.

PUBLIC DEPOSITS

The Company has not accepted or renewed any deposit within the meaning of Section 73 to 76 of Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

MATERIAL CHANGES

Due to sudden demise of Shri Abhey Kumar Oswal, his holdings in the Company comprises of 39.88% Equity Shares were transmitted to Smt. Aruna Oswal as per his nomination.

STATUTORY AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 139 of the Companies Act, 2013, the tenure of current auditors - M/s T R Chadha & Co LLP (A Limited Liability Partnership with LLP Identification No. AAF-3926), shall come to an end at the conclusion of forthcoming AGM. Accordingly, M/s Agarwal & Dhandhanania, Chartered Accountants (Firm Registration No. 125756W) have been recommended by the Audit Committee and by the Board to be appointed as Statutory Auditors of the Company for a term of five consecutive years, to hold office from the conclusion of the ensuing 37th Annual General Meeting until the conclusion of 42nd Annual General Meeting of the Company to be held in the calendar year 2022, subject to annual ratification by members at every Annual General Meeting, on such remuneration as may be decided by the Board. They being eligible have consented and offered themselves for appointment as Statutory Auditors for conducting audit of accounts for five consecutive financial years starting from 2017-18.

Your Company has received necessary certificate from the proposed Statutory Auditor to this effect that their appointment, if made, will be in accordance with the provisions of Section 139 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of Section 141 of the Companies Act, 2013.

As per the recommendation of the Audit Committee, the Board of Directors proposes the appointment of Agarwal & Dhandhanania, Chartered Accountants as Statutory Auditor of the Company.

Further, there are no observations (including any qualification, reservation, adverse remark or disclaimer) of the existing Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor's Report are self-explanatory.

SECRETARIAL AUDITORS AND THEIR REPORT

Section 204 of the Companies act, 2013 inter-alia requires every listed company to annex with its Board's report, a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form.

The Board appointed M/s. CT & Company, Company Secretaries as Secretarial Auditor to conduct Secretarial Audit of the Company for the Financial Year 2016-2017 and their report is annexed to this report as Annexure-I. There are no qualifications/ observations/ reservations/ adverse remarks in the said report, which call for any explanation from the Board of Directors.

EXTRACTS OF ANNUAL RETURN AND OTHER DISCLOSURES UNDER COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014

The details forming part of the extract of the Annual Return in Form MGT-9 as per the requirements of Companies Act, 2013 and Rules thereto are annexed to this report as Annexure II.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Anil Bhalla, Director of the Company will retire at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. Your Board of Directors recommend his re-appointment.

As required under Regulation 36 of Listing Regulations, the requisite information of Shri Anil Bhalla, in the nature of brief resume, nature of expertise, companies in which he holds Directorship / memberships of Board Committees, shareholding in all Companies, forms part of the Notice of the Annual General Meeting.

During the year, Smt. Aruna Oswal has been appointed as Chairperson and Additional Director of the Company w.e.f. 02.04.2016. Smt. Aruna Oswal is an arts graduate and has been closely associated with Late Shri Abhey Kumar Oswal in managing the business affairs of your Company. She is actively involved in the management of Aruna Abhey Oswal Trust. Shri Bhola Nath Gupta has been promoted to CEO and Whole Time Director of the Company w.e.f. 01.10.2016.

During the year, the Board has appointed Mr. Gopal as Company Secretary and Compliance officer of the Company w.e.f. 13.09.2016.

DECLARATION ON INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Director u/s 149 (7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 sub- section 3 (c) and sub -section (5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby states and confirms that:-

- i. in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss of the Company for that period;
- iii. that Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the annual accounts on a going concern basis;
- v. that the Directors had laid down the internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively, and
- vi. that Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2016-17.

AUDIT COMMITTEE

The primary objective of the Committee is to monitor and provide effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The audit committee has met 4 times during the year, the details of which are given in the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of Listing Regulations, is presented in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE

The Company constantly endeavors to follow the corporate governance guidelines and best practices sincerely and disclose the same transparently. The Board is conscious of its inherent responsibility to disclose timely and accurate information regarding the Company's operations, performance, material corporate events as well as on the leadership and governance matters relating to the Company.

A report on corporate governance, along with a certificate of compliance from the auditors, forms part of this report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures pertaining to remuneration and other details as required is furnished in Annexure-III and is attached to this report. Further, there was no employee of the company drawing remuneration in excess of the limits prescribed u/s 197 of Companies Act, 2013 read with rules made thereunder during the financial year.

NUMBER OF MEETINGS OF THE BOARD

The Board met seven times during the Financial Year, the details of which are given in the Corporate Governance Report forming part of the Annual Report. The intervening gap between any two meetings is within the period prescribed by the Companies Act, 2013.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED U/S 186

Particulars of loans given are provided under Note No. 2.44 to the standalone financial statement. Particulars of investment made are provided under Note No. 2.5, 2.6 and Note No. 2.10 to the Financial Statement provided in this Annual Report. The Company has not given any guarantee or security in connection with loan to any other body corporate or person.

PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTY REFERRED TO IN SUB-SECTION 1 OF SECTION 188

With reference to Section 134(3)(h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Act, entered by the Company during the financial year, were in the ordinary course of business and on an arm's length basis.

During the year, the company has not entered into any contract or arrangement with related parties which could be considered 'material' (i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements entered into individually or taken together with previous transactions during the financial year) according to the policy of the Company on materiality of Related Party Transactions. Accordingly, transactions those are required to be reported in Form AOC-2 are enclosed as Annexure-IV.

A detailed report on contract & arrangement made during the financial year 2016-17 being arm's length transaction have been reported and annexed as Note No. 2.42 to the Standalone Financial Statement.

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

Information in accordance with the provision of Section 134 (m) of the Companies Act, 2013, read with rule 8(3) of the Companies (Accounts) Rules, 2014, regarding conservation of energy and technology absorption are not applicable to the Company. During the year under review, there is no foreign exchange earnings and outgo (Previous years -NIL).

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

The Statutory Auditors or Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There were no orders passed by any authority impacting the going concern status and company's operations in future.

POLICY ON DIRECTORS' APPOINTMENT AND POLICY ON REMUNERATION

Pursuant to Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the policy on appointment of Board members including criteria for determining qualifications, positive attributes, independence of a Director and the policy on remuneration of Directors, KMP and other employees is attached as Annexure-V respectively, which forms part of this report.

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT

The Board of Directors of the Company have Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and has defined a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews. At present there is no identifiable risk which in the opinion of the Board may threaten the existence of the Company.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) INITIATIVES

The role of CSR Committee is as under:-

- (a) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in compliance with the Companies Act, 2013 and rules thereunder.
- (b) Recommend the amount of expenditure to be incurred on the activities as above,
- (c) Monitor the CSR Policy of the Company from time to time.

The Company has in place a CSR policy in line with Schedule VII of the Companies Act, 2013. As per the policy the CSR activities are focused not just around the offices of the Company, but also in other geographies based on the needs of the communities. The main focus areas where CSR programmes of Oswal's run are:

1. Eradicating hunger, poverty and malnutrition.
2. To support the medical treatment of cancer patients through Mohan Dai Oswal Cancer Hospital.

3. To provide residential houses to the weaker section of society.
4. To promote education among children and livelihood enhancement projects.

In view of absence of net profits of the Company calculated as per statutory requirements, no expenditure was incurred on CSR activities by the company during the year.

The annual report on CSR activities is furnished in Annexure-VI which forms part of this report.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and relevant Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board has carried out the annual performance evaluation of its own performance and other Directors. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairperson of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment.

Performance evaluation of independent directors was done by the entire board, excluding the independent directors.

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairperson was reviewed and evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors.

INTERNAL FINANCIAL CONTROL SYSTEM

According to Section 134(5)(e) of the Companies Act, 2013 the term Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to 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.

The Board of Directors of the Company is responsible for ensuring that Internal Financial controls have been laid down in the Company and that such controls are adequate and operating effectively.

The foundation of Internal Financial Controls ('IFC') lies in the Oswal Code of Conduct ('OCOC'), policies and procedures adopted by the Management, corporate strategies, annual business planning process, management reviews and the risk management framework.

The Company has a well-placed, proper and adequate IFC system which ensures that all assets are safeguarded and protected and that the transactions are authorized, recorded and reported correctly. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms..

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the company. Based on the report of the internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. During the year the independent consultants have also been engaged for providing assistance in improvising IFC framework including preparation of Management Risk Control Matrix for various processes and deployment of Self Assessment Tool.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Companies Act, 2013 re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report.

The internal financial controls were in operation during the reporting period from April 1st 2016 to March 31st 2017. Our management assessed the effectiveness of the Company's internal control over financial reporting as of March 31st, 2017.

T.R. Chadha & Co LLP Chartered Accountants, the statutory auditors has audited the financial statements of the Company for financial year 2016-17. They assess the internal financial controls including the Entity Level Controls, Process Application and Transaction Controls and Information Technology General Controls.

The audit committee reviews the reports submitted by the Internal Auditors in each of its meeting. Also, the audit committee at frequent intervals has independent sessions with the statutory auditor and the Management to discuss the adequacy and effectiveness of IFC.

Based on its evaluation as defined in Section 177 of Companies Act 2013 and Regulation 18 of Listing Regulations, our audit committee has concluded that, as of March 31st, 2017, our internal financial controls were adequate and operating effectively.

VIGIL MECHANISM

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal and unethical behavior.

The Board of Directors of the Company has pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed "Vigil Mechanism Policy" for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, etc. which has been uploaded on the Company's website at the following link : http://www.oswalagromills.com/policy/VIGIL_MECHANISM_POLICY.pdf