

ANNUAL REPORT  
2011-12



## **BOARD OF DIRECTORS**

Shri Abhey Kumar Oswal - Chairman  
Shri Anil Bhalla - Director  
Shri Bhola Nath Gupta - Director  
Shri Sunil Kumar Kulshrestha - Director

### **COMPANY SECRETARY**

Shri R P Jolly

### **AUDITORS**

T.R. Chadha & Company  
Chartered Accountants  
New Delhi

### **BANKERS**

The Royal Bank of Scotland N.V.  
HDFC Bank  
State Bank of India  
ICICI Bank Ltd.

### **REGISTERED OFFICE**

Near Jain Colony, Vijay Inder Nagar,  
Daba Road, Ludhiana - 141 003 (Punjab)  
Ph.: 0161-2544313

### **WORKS**

Mandideep (Bhopal)

### **REGISTRAR & SHARE TRANSFER AGENT**

Skyline Financial Services Pvt. Ltd.  
D-153/A, Okhla Industrial Area, Phase-I  
New Delhi-110020  
Ph: + 91 11 26812682  
Fax: + 91 11 26812683

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## NOTICE OF THE MEETING

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held on Saturday, the 29th September, 2012 at 11.30 A.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 Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss of the Company for the year ended on 31st March, 2012 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sunil Kumar Kulshrestha who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s T.R. Chadha & Company, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board  
For OSWAL AGRO MILLS LIMITED

Place : New Delhi  
Date : 09.08.2012

R.P. Jolly  
Company Secretary

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. 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.
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September 2012 to 29th September 2012 (both days inclusive).
5. The Members are requested to:
  - (a) Take the advantage of dematerialization of shares as Company's scrip has been put under compulsory dematerialization. Shareholders are requested to get in touch with any Depository Participant for getting the shares dematerialized.
  - (b) Bring their copy of Annual Report at the Annual General Meeting.
6. 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.
7. 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.
8. 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 their DP ID Number.
9. Members may please note that no gifts/gift coupons shall be distributed at the venue of the Annual General Meeting.

### INFORMATION REQUIRED TO BE FURNISHED IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

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

1. Shri Sunil Kumar Kulshrestha is director of the company, appointed on the Board of the company w.e.f.1st July, 2009. He is postgraduate in economics with a rich exposure to banking and finance. He is a Six Sigma professional. He has worked for 25 years as a banker in various capacities. He has more than 33 years of experience in terms of organization functions and maximum utilization of manpower. He is a director on the Board of Cleave Global e-Services Pvt. Ltd., Digicall Global Pvt. Ltd., Extramarks Education Pvt. Ltd and Parmesh Finlease Pvt. Ltd also. He is a member of Audit Committee of your Company. Neither he nor any of his family members hold any shares of this Company.

By Order of the Board  
For OSWAL AGRO MILLS LIMITED

Place : New Delhi  
Date : 09.08.2012

R.P. Jolly  
Company Secretary

### IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measures, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to notify their e-mail id by writing letter and register the same with M/s Skyline Financial Services Pvt. Limited, Registrar & Share Transfer Agent of the Company at their e-mail id i.e. admin@skylinerta.com



Oswal Agro Mills Limited

## DIRECTORS' REPORT

To,  
The Members,  
Oswal Agro Mills Limited

Your Directors have pleasure in presenting the 32nd Annual Report along with the Audited Statement of Accounts of the Company for the Financial Year Ended 31st March, 2012.

### FINANCIAL HIGHLIGHTS

| PARTICULARS  | (Rs. in Lacs)              |                             |
|--|----------------------------|-----------------------------|
|  | Current Year<br>31.03.2012 | Previous Year<br>31.03.2011 |
| Operating & other Income                                   | 1375                       | 1536                        |
| Profit/(Loss) before Depreciation & Provision for taxation | (4652)                     | 328                         |
| Less : Depreciation  | 13                         | 12                          |
| : Provision for Tax  | --                         | 70                          |
| : FBT  | --                         | --                          |
| : Deferred Tax   | --                         | --                          |
| Profit/ (Loss) after Depreciation & Tax                    | (4665)                     | 246                         |
| Add: Balance brought forward from Previous year            | (2188)                     | (2434)                      |
| Balance carried to Balance Sheet                           | (6853)                     | (2188)                      |

### REVIEW OF OPERATIONS AND FUTURE OUTLOOK

During the year, the company has suffered a net loss of Rs. 46.65 crores against net profit of Rs. 9.84 crores in the previous year. The income of the company is mainly from the investments and the loss suffered are due to writing off various inventory items which were continuously carried in the books of account despite their being of no value / use. The company's joint development activities for the development of Real Estate suffered a set back due to the judgement of Hon'ble High Court of Mumbai which stayed the developmental activities at the site of the company. The company has filed a special writ petition before the Hon'ble Supreme Court of India which has been admitted for regular hearing. Due to this order of Hon'ble High Court, the developmental activities have been stopped. The Company expects a fair decision in the matter by the Hon'ble Supreme Court of India, soon.

The company is exploring various business possibilities abroad and in India and hopes to achieve growth in the coming year.

### 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

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

### MATERIAL CHANGES

There are no material changes affecting the affairs of the Company since the date of Balance Sheet and up to the date of this Report.

### AUDITORS' REPORT

The Auditors' report on audited accounts for the Financial Year 2011-2012 has nil qualification. The observations and comments given by Auditors in their report read together with notes to Accounts are self explanatory.

### AUDITORS

T.R. Chadha & Co., Chartered Accountants, the existing auditors of the company retires at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment. Your Directors recommend their re-appointment.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sunil Kumar Kulshrestha, Director of the Company will retire at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. Your directors recommend his re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company.
- ii) that the directors have 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 31st March, 2012 and of the loss of the Company for the year ended 31st March, 2012.
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the annual accounts have been prepared on going concern basis.

#### **AUDIT COMMITTEE**

The audit committee has met and reviewed the financial statements for the financial year ended 31.03.2012 and has not given any adverse observations. It has also recommended the re-appointment of M/s T.R. Chadha & Company, Chartered Accountants as statutory auditors of the Company.

#### **CORPORATE GOVERNANCE**

As per clause 49 of the listing agreement with Stock Exchange(s), Corporate Governance Report and Management Discussion & Analysis Reports are annexed as Annexure-I and Annexure-II.

Your company has successfully implemented the mandatory provisions of Corporate Governance in accordance with the provisions of Clause 49 of the listing Agreement of the Stock Exchanges. Separate report on Corporate Governance and Management Discussion and analysis are included in the Annual Report.

A certificate from the Company Secretary in practice regarding the compliance of conditions of Corporate Governance is place herewith.

#### **PARTICULARS OF EMPLOYEES**

There was no employee receiving remuneration during the year in excess of limits prescribed u/s 217 (2A) of the Companies Act, 1956, and the relevant rules made there under.

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

The particulars of conservation of Energy and Technology absorption as per Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the Company's plants were not in operation during the year. During the year under review, the foreign exchange earnings of the Company was NIL (Previous years -NIL) and foreign outgo of the Company was nil (Previous year nil)

#### **SUBSIDIARY COMPANY**

The Company has a wholly owned subsidiary company named 'Oswal Overseas Ltd.' in UAE for pursuing various international projects.

#### **EMPLOYEE RELATIONS**

The industrial relations continued to be cordial and harmonious. Your Directors wish to place on record the appreciation for the devoted services rendered by the workers, staff and executives of the Company at all levels who have contributed to the efficient and successful management of the Company.

#### **Listing**

Your Company's equity shares are listed on following Stock Exchange - National Stock Exchanges of India (NSE), Bombay Stock Exchange Ltd. (BSE), Delhi Stock Exchange Ltd (DSE), Calcutta Stock Exchange Association Ltd (CSE), Ahmadabad Stock Exchange Ltd (ASE), The Ludhiana Stock Exchange Ltd (LSE), The U.P. Stock Exchange Association Ltd (UPSE) and Chennai Stock Exchange Ltd (CSE). As on date the shares of the Company are not traded in any of these Stock Exchanges i.e. DSE, CSE, ASE, LSE, UPSE and CSE because all these stock exchanges are not in operation / working where as the trading in the share of the company has been started with THE BOMBAY STOCK EXCHANGE LIMITED w.e.f. 8th May, 2012 and the matter of revocation of suspension of trading in the shares of the company is still pending with NSE.

#### **ACKNOWLEDGEMENT**

Your directors take this opportunity to thank and deeply acknowledge the Co-operation, assistance and support extended by various Government Departments, Banks and Shareholders.

For and on behalf of the Board  
OSWAL AGRO MILLS LIMITED

Place : New Delhi  
Date : 09.08.2012

**ABHEY KUMAR OSWAL**  
CHAIRMAN

**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance, it is basically related to the principles of integrity, fairness, equity, transparency, accountability & commitment to values. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. The Company's philosophy on Corporate Governance is guided by the Company's philosophy of Knowledge, Action and Care. The Company strongly believes in Corporate Governance and endeavors to continuously take initiatives to strengthen areas of Corporate Governance. The Company's philosophy on Corporate Governance is to practice transparency in operations and maintain a professional approach in dealing with its stakeholders.

The Company strongly believes that Corporate Governance is an important tool to achieve all round excellence with ultimate objective of enhancing the shareholders' value. The company continues to uphold the good governance and practices. It has always been taking necessary steps to re-align its corporate practices with the requirements of listing agreements.

The company believes in adopting best corporate practices for ethical conduct of Business. In stride for achieving the best corporate governance, the company has in place the mandatory committees as required under the Companies Act, 1956/ listing Agreement.

The status of implementation of clause 49 of the Listing Agreement with the Stock Exchange on the Corporate Governance in the company is as under:

**2. BOARD OF DIRECTORS****a) Composition**

At present there are 4 Directors on the Board of the Company and the composition of the Board is in consonance with clause 49 of the Listing Agreement. The Company has non-executive Chairman, non-executive non-independent director and two non-executive independent directors. None of the directors on the Company's Board is a member of more than 10 committees and chairman of more than 5 committees across all the companies in which they are director. All the directors have made necessary disclosures regarding committee positions held by them in other companies. Further, none of the directors on the Board of the Company holds office of directorship in more than 15 companies. The required information as enumerated in Annexure 1A of Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at the Board meetings.

**b) Category of Directors and Attendance of each Director at the Board Meetings and at the last Annual General Meeting**

The Composition of the Board, attendance of each of the Directors at the Board Meeting held during the financial year ended 31st March, 2012 and at the last Annual General Meeting is as under:-

| Name of Director and their DIN No.         | Designation | Category                         | No. of Meetings held | No. of Board Meetings Attended | No. of Directorships in other Companies | No. of Memberships in other Companies |           | Attendance at the Last AGM |
|--|-------------|----------------------------------|----------------------|--------------------------------|---|---------------------------------------|-----------|----------------------------|
|  |             |                                  |                      |                                |   | As Chairman                           | As Member |                            |
| Sh. Abhey Kumar<br>Oswal<br>00589130       | Chairman    | Non-Executive<br>Non-Independent | 5                    | 5                              | 1                                       | Nil                                   | 4         | No                         |
| Sh. Anil Bhalla<br>00587533                | Director    | Non-Executive<br>Non-Independent | 5                    | 5                              | 2                                       | Nil                                   | 4         | No                         |
| Sh. Bholu Nath<br>Gupta<br>00562338        | Director    | Non-Executive<br>Independent     | 5                    | 5                              | -                                       | Nil                                   | 3         | Yes                        |
| Sh. Sunil Kumar<br>Kulshrestha<br>01070854 | Director    | Non-Executive<br>Independent     | 5                    | 3                              | 4                                       | Nil                                   | 2         | No                         |

**c) Number of Board Meetings held and the dates of the Board Meetings**

During the year under review five Board meetings were held on 27&28/05/2011, 10&11/08/2011, 24/10/2011, 13/02/2012 and 20/03/2012. The maximum time gap between two consecutive Board meetings was not more than four calendar months.

**d) Board's Procedures**

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisitions of material nature of assets, mortgages, guarantees, donations etc. are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigation feed back reports, information on senior level appointments just below the Board level and minutes of all Committee Meetings.

**COMMITTEES OF THE BOARD**

Oswal Agro Mills Limited has the following Committees of its Directors for the compliance with various Corporate Governance requirements:

- 1) Audit Committee;
- 2) Investor Grievance Committee / Share Transfer Committee;

**3. AUDIT COMMITTEE**

The Constitution, functions and terms of reference of the Audit Committee are in conformity with Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement with the Stock Exchanges. Your company has an audit committee at the board level which acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process.

The Committee presently comprises of Four Non- Executive Directors, of whom 3 are Independent Directors, except one who is Non-Executive Non- Independent Director.

During the financial year 2011-2012, Four meetings of the Audit Committee were held on 27/05/2011, 10/08/2011, 24/10/2011 and 13/02/2012.

The Composition of the Audit Committee and the details of the meeting attended by the Audit Committee members are given below:-

| Members                     | Category                      | Meetings Held | Meetings Attended |
|-----------------------------|-------------------------------|---------------|-------------------|
| Sh. Abhey Kumar Oswal       | Non-Executive Non-Independent | 4             | 4                 |
| Sh. Bhola Nath Gupta        | Non-Executive Independent     | 4             | 4                 |
| Sh. Sunil Kumar Kulshrestha | Non-Executive Independent     | 4             | 3                 |

The Audit Committee consists of 3 Non-Executive Directors viz. Shri Abhey Kumar Oswal, Shri Bhola Nath Gupta and Shri Sunil Kumar Kulshrestha and majority of the members of Audit Committee are independent directors.

All the members of the Audit Committee are highly knowledgeable in the Corporate, Finance, Accounts and Company Law matters. The Statutory Auditors are invited at the Audit Committee meetings of the Company whenever required by the Committee. The Company Secretary acts as the Secretary of the Committee.

The Audit Committee is endowed with the following powers:

1. To investigate any activity with in its terms of reference.
2. To seek information from any employee.
3. To obtain external legal or other independent professional advice.
4. To secure attendance of outsider with relevant experience and expertise, when consider necessary.

**ROLE OF AUDIT COMMITTEE:**

The role of the Audit Committee as outlined in the Charter includes:

- a. Reviewing the quarterly financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices and reasons for the change;
  - Major accounting entries involving estimates based on exercise of judgment by Management;
  - Qualifications in draft audit report;
  - Significant adjustments arising out of audit;
  - The going concern assumption;
  - Compliance with accounting standards;
  - Compliance with listing and other legal requirements concerning financial statements;



**Oswal Agro Mills Limited**

- Any related party transactions i.e. transactions of the Company of a material nature with promoters or the management, their subsidiaries or relatives etc. or any related party transaction, that may have a potential conflict with the interests of the Company at large or may not be in the normal course of business;
  - Review the annual Management Discussion and Analysis of financial condition Report, results of Operations Report and the Directors' Responsibility Statement;
  - Overseeing the Company's financial reporting process and the disclosure of its financial information, including earnings, to ensure that the financial statements are correct, sufficient and credible;
  - Disclosures made under the CEO and CFO certification to the Board and investors.
- b. Reviewing with the management, external auditor and internal auditor, adequacy of internal control systems and recommending improvements to the management.
  - c. Recommending the appointment / removal of the statutory auditor, fixing audit fees and approving non audit, consulting services provided by the firms of statutory auditors to the Company; evaluating auditors performance, qualifications and independence.
  - d. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, coverage and frequency of internal audit, appointment, removal, performance and terms of remuneration of the chief internal auditor.
  - e. Discussing with the internal auditor and senior management, significant internal audit findings and follow-up thereon.
  - f. Reviewing the findings of any internal investigation by the internal auditor into matters involving suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board.
  - g. Discussing with the external auditor before the audit commences, the nature and scope of audit, as well as conduct post-audit discussions to ascertain any area of concern.
  - h. Reviewing the Company's financial and risk management policies.
  - i. Reviewing the effectiveness of the system for monitoring compliance with laws and regulations.
  - j. Initiating investigations into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

**4. REMUNERATION COMMITTEE**

At present the Company has no whole time director and the Non-Executive directors are not paid any remuneration, as such, the Remuneration Committee has not been formed. The Board shall constitute Remuneration Committee as and when the need arises.

**5. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE**

**(a) Terms of Reference**

The terms of reference of the Shareholders/Investors' Grievance Committee is to look in to the redressal of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends and dematerialization of shares and other related matters.

**(b) Composition and names of members**

As on 31st March, 2012, the Shareholders/Investors' Grievance Committee consists of 3 Non-Executive directors viz. Shri Abhey Kumar Oswal, Shri Anil Bhalla and Shri Bhola Nath Gupta.

**(c) Attendance during the year**

The Shareholders/Investors Grievance Committee met twice during the year on 28/05/2011 and 13/02/2012. The names of Members and their attendance at the Committee meeting is as under:

| Members               | Category                      | Meetings Held | Meetings Attended |
|-----------------------|-------------------------------|---------------|-------------------|
| Sh. Abhey Kumar Oswal | Non-Executive Non-Independent | 2             | 1                 |
| Sh. Anil Bhalla       | Non-Executive Non-Independent | 2             | 2                 |
| Sh. Bhola Nath Gupta  | Non-Executive Independent     | 2             | 2                 |

**(d) Details of Complaints**

The Company has received 27 complaints during the year ended 31.03.2012 and all the complaints have been resolved till 31.03.2012.

## 6. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

| S.No. | Financial Year | Location  | Date       | Time       | Special Resolutions Passed |
|-------|----------------|---|------------|------------|----------------------------|
| 1     | 2010-11        | Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana - 141 003 (Punjab) | 30.09.2011 | 11.30 A.M. | NIL                        |
| 2     | 2009-10        | Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana - 141 003 (Punjab) | 30.09.2010 | 11.30 A.M. | NIL                        |
| 3     | 2008-09        | Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana - 141 003 (Punjab) | 30.09.2009 | 12.30 P.M. | NIL                        |

7. Neither any Extra-Ordinary General Meeting was held nor any resolution was passed through Postal Ballot during the year under review.

## 8. DISCLOSURES

- None of the transaction with any of related parties was in conflict with the interest of the Company. Attention of Members is drawn to the disclosure of transactions with the related parties set out in the Notes on Account, forming part of Annual Report.
- During the last three years the company has not made any non-compliance, no penalties were levied, no structure imposed on the company by the Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets. However, the trading in shares of the Company was suspended by NSE and BSE. Now the trading in the shares of the company has been started with BSE w. e. f. 8th May 2012.
- The Company has not adopted a Whistle Blower Policy. However, no person of the Company has been denied access to the Audit Committee.
- The Company has complied with all the Mandatory requirements of Clause 49 of the Listing Agreement with Stock Exchanges on Corporate Governance. As regards the Non-mandatory requirements, the Company will endeavor to implement them to the extent possible.
- The Company has complied with all applicable accounting standards.
- The Company has a Wholly Owned Subsidiary company named 'Oswal Overseas Ltd., in UAE for pursuing various international projects.

## 9. CHAIRMAN'S CERTIFICATE

Since the company does not have a Whole time Director and CFO, the Chairman of the Company has furnished the requisite certificate to the Board of Directors under revised clause 49 of the Listing Agreement.

## 10. CODE OF CONDUCT

The Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code on annual basis.

## 11. BRIEF RESUME OF DIRECTOR (S) TO BE APPOINTED/RE-APPOINTED

Details of the Director(s) seeking Appointment/Re-appointment in the forthcoming Annual General Meeting pursuant to Clause -49 of the Listing Agreement, is given in the notes to the notice of the forthcoming Annual General Meeting.

## 12. MEANS OF COMMUNICATION

The Quarterly Financial Results of the Company are published in newspapers in terms of Clause 41 of the Listing Agreement. The quarterly financial results are generally published in Ajit (Punjabi Edition) and The Pioneer (English Edition). Company has also displays its quarterly/ annual results on its website on [www.oswalagromills.com](http://www.oswalagromills.com)

## 13. General Shareholders Information

Annual General Meeting is propose to be held

|                   |  |
|-------------------|--|
| Date              | : 29th September, 2012   |
| Day               | : Saturday   |
| Venue             | : Near Jain Colony, Vijayinder Nagar, Daba Road, Ludhiana-141003 (Punjab).                   |
| Book Closure Date | : 24th September, 2012 to 29th September, 2012 (both days Inclusive)                         |
| Dividend Payment  | : The directors have not proposed any dividend for the financial year ended 31st March, 2012 |



**Oswal Agro Mills Limited**

**14. a) FINANCIAL CALENDAR**

Un-audited Financial Results

For the quarter ended

Tentative Dates

30.06.2012

2nd Week of Aug, 2012

30.09.2012

2nd Week of Nov, 2012

31.12.2012

2nd Week of Feb, 2013

31.03.2012

2nd Week of May, 2013/4th Week of May, 2013.

Next Annual General Meeting

Last week of September, 2013

**b) Listing at Stock Exchanges**

The shares of the Company are listed on the following Stock Exchanges:

| Stock Exchange                               | Scrip Code    |
|--|---------------|
| Bombay Stock Exchange Ltd.                   | 500317        |
| The Delhi Stock Exchange Ltd.                | 00037         |
| The U.P. Stock Exchange Association Ltd.     | Not Available |
| The Calcutta Stock Exchange Association Ltd. | Not Available |
| Madras Stock Exchange Ltd.                   | Oswal Agro    |
| The Ludhiana Stock Exchange Ltd.             | Not Available |
| The Ahmedabad Stock Exchange Ltd.            | Not Available |
| The National Stock Exchange of India Ltd.    | Oswal Agro    |

The Annual Listing Fee for the year 2012-13 has been paid to The National Stock Exchange of India Limited and Bombay Stock Exchange Limited only, whereas the Listing Fees has not been paid of other Exchanges. The Company's request for trading in the equity shares of the company was accepted by the Bombay Stock Exchange and trading in the share of the company has been started with the Bombay Stock Exchange w.e.f. 8th May, 2012 and the matter of listing is still under process with the National Stock Exchange of India Ltd., Mumbai.

**c) Stock Market Price**

Shares of the Company is not trading in any of the Stock Exchanges wherever this is listed, whereas the shares of Company has been suspended for trading by NSE and BSE, during the year, therefore, market price data is not available for the financial year 2011-2012.

**d) Distribution of Shareholding as on 31.03.2012**

| No. of Shares   | No. of Shares held | %             | No. of Shareholders | %             |
|-----------------|--------------------|---------------|---------------------|---------------|
| 1 - 500         | 26760084           | 19.94         | 222284              | 93.39         |
| 501 - 1000      | 7262815            | 5.41          | 9963                | 4.19          |
| 1001 - 2000     | 4983034            | 3.71          | 3552                | 1.49          |
| 2001 - 3000     | 2203205            | 1.64          | 892                 | 0.37          |
| 3001 - 4000     | 1353778            | 1.01          | 391                 | 0.16          |
| 4001 - 5000     | 1067763            | 0.80          | 232                 | 0.10          |
| 5001 - 10000    | 2695558            | 2.01          | 378                 | 0.16          |
| 10001 and above | 87908539           | 65.49         | 324                 | 0.14          |
| <b>TOTAL</b>    | <b>134234776</b>   | <b>100.00</b> | <b>238016</b>       | <b>100.00</b> |

**e) SHAREHOLDING PATTERN AS ON 31.03.2012**

| Category   | No. of Shares Held | % of Shareholding |
|--|--------------------|-------------------|
| A Promoters and Associates                       | 56033182           | 41.74             |
| B Banks, Financial Institutions and Mutual Funds | 3697854            | 2.75              |
| C Indian Public                                  | 73038669           | 54.42             |
| D NRI/OCB/FII's                                  | 1465071            | 1.09              |
| <b>TOTAL</b>                                     | <b>134234776</b>   | <b>100.00</b>     |

**f) Registrar & Share Transfer Agent**

The Company has appointed M/s Skyline Financial Services Private Limited as Registrar & Share Transfer Agent for maintaining all the work related to share registry in terms of both physical and electronic form. Shareholders can communicate with them for lodgment of transfer deeds and their queries at the following address:

M/s Skyline Financial Services Private Limited  
D-153/A, First Floor, Okhla Industrial Area, Phase-I, New Delhi-110020  
Ph: 011-26812682, Fax-011-26812683  
E-mail: admin@skylinerta.com, Website: www.skylinerta.com

**g) Compliance Officer**

Shri R P Jolly, Company Secretary is the Compliance Officer  
Email: rpjolly@oswalfert.com, Web site: www.oswalagromills.com

**h) Share Transfer System**

The Shares of the Company fall under the Category of compulsory demat form for all the investors. The Share Transfer requests received in physical form are registered within 15 days from the date of lodgment of shares and demat requests received from the Depository Participants are processed within 14 days from the date of receipt.

**i) Dematerialization of Shares**

Pursuant to the SEBI directive, to enable the shareholders to hold their shares in electronic form, the Company has listed its shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). Company has been allotted ISIN No- INE 142A01012. As on 31.03.2012 total 99205354 numbers of Equity Shares (73.90 % of capital) have been dematerialized.

**j) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity.**

The Company has not issued any GDRs / ADRs / Warrants or any other Convertible Instruments.

**k) Details of public funding obtained in last three years**

The Company has not raised any Public funding in last three years.

**l) Plant Location**

Mandideep, Madhya Pradesh

**m) ADDRESS FOR CORRESPONDENCE**

M/s Oswal Agro Mills Ltd,  
7th Floor, Antriksh Bhawan, 22, K.G. Marg, New Delhi - 110001  
Telephone No(s) - 011-23715242, 011-23737340, Fax No- 011- 23716276

For and on behalf of Board  
OSWAL AGRO MILLS LIMITED

ABHEY KUMAR OSWAL  
Chairman

Place : New Delhi  
Date : 09.08.2012

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**DECLARATION UNDER CLAUSE 49-1 (D) OF THE LISTING AGREEMENT BY THE CHAIRMAN**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I Abhey Kumar Oswal, Chairman of Oswal Agro Mills Ltd., declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct during the Financial Year ended on 31st March, 2012.

Place: New Delhi  
Date: 09.08.2012

ABHEY KUMAR OSWAL  
CHAIRMAN



Oswal Agro Mills Limited

## **CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF LISTING AGREEMENT**

To  
The Members  
Oswal Agro Mills Limited

I have reviewed the compliance of conditions of Corporate Governance by Oswal Agro Mills Limited for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement, of the said Company with the Stock Exchanges in India. I have conducted my review on the basis of the relevant records and documents maintained by the Company for the year ended 31st March, 2012 and furnished to me for the purpose of the review and the information and explanations given to me by the Company during the course of such review.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My review was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of my review and according to the information and explanations given to me, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges have been complied with in all respect by the Company except that the management has not given month wise stock market data as it was explained that Company's equity shares were not traded on any Stock Exchange during the period.

Place: Delhi  
Date: 09.08.2012

Anil Kumar Nandwani  
Company Secretary in practice  
C. P. No. 3107

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### **ANNEXURE - II**

## **MANAGEMENT DISCUSSIONS AND ANALYSIS**

The following Management's Discussion and Analysis (MD &A) is intended to help the reader to understand the results of operation and financial condition of OAML. Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. The financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with Generally Accepted Accounting Principles (GAAP) in India, the provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the Annual Report. MD & A is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying Notes to Financial statements.

### **OVERVIEW:**

During the year, the company earned income mainly from the investments and the loss suffered are due to writing off various inventory items which were continuously carried in the books of account despite their being of no value / use. The company's joint development activities for the development of Real Estate suffered a setback due to the judgement of Hon'ble High Court of Mumbai which stayed the developmental activities at the site of the company. The company has filed a special writ petition before the Hon'ble Supreme Court of India which has been admitted for regular hearing. Due to this order of Hon'ble High Court, the developmental activities have been stopped. The Company expects a fair decision in the matter by the Hon'ble Supreme Court of India, soon.

### **SEGMENTWISE PERFORMANCE:**

During the year ended 31st March, 2012 the company was operating under the business of - Real Estate and Investing activities and Trading as separate business segments. Details of segment wise revenue, results and capital employed are given in note no. 2.32 Notes on Accounts, forming part of the Annual Report.

The Company has a Wholly Owned Subsidiary Company named 'Oswal Overseas Ltd.' in UAE for pursuing various international projects.

**INDUSTRIAL RELATIONS:**

The relation with employees remained cordial throughout the year

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The company has adequate internal control to ensure that assets are safeguarded and protected against loss from unauthorized use or disposition and transactions are authorized, recorded and reported correctly.

Company has proper and adequate internal control systems, which are commensurate with the size and nature of business. The Company has a reasonable system of internal control comprising authority levels and powers, supervision, checks and balances, policies and procedures. The system is reviewed and updated on an on-going basis. The auditors review the effectiveness and adequacy of the internal control system by analyzing and testing controls and make recommendations to the management to improve controls wherever necessary

The company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. An Audit Committee has been formed to review and strengthen the adequacy of internal control. The principal aim of the system of internal control is the management of business risks, with a view to enhancing the shareholders value.

**RISKS & CONCERNS:**

The company is exposed to specific risks that are particular to its businesses and the environment within which it operates including inter alia market risk, competition risk, interest rate volatility, human resources risk, execution risk and any significant downturn in the economic cycle. It is the endeavor of the management that the profitability of the Company is insulated to the extent possible from all the above risks by taking appropriate steps for mitigating the risks in a proper manner.

**OPPORTUNITIES AND OUTLOOK:**

The company is exploring the possibilities of undertaking some real estate projects, the outlook for which seems to be quite encouraging.

**RISK MANAGEMENT:**

The Board takes responsibility for the total process of risk management in the organization. The Company follows well- established and detailed risk assessment and minimization procedures, which are periodically reviewed by the Board.

The Company takes a very structured approach to the identification and quantification of each risk and has a comprehensive board approved risk management policy.

The scope of the Audit Committee includes review of the Company's financial and risk management policies. The Audit Committee reviews the Audit reports covering operational, financial and other business risk areas.

**CAUTIONARY STATEMENT:**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ from those either expressed or implied.



Oswal Agro Mills Limited

## AUDITORS' REPORT

To the Shareholders of Oswal Agro Mills Limited.

1. We have audited the attached Balance Sheet of M/s Oswal Agro Mills Ltd. as at 31st March 2012, the annexed Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with in this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in section 211 (3C) of the 'Act';
  - (e) On the basis of written representations received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) to Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement, together with the notes thereon and attached thereto, given in the prescribed manner, the information required by the 'Act' give respectively, a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012
    - (b) in the case of the Statement of Profit & Loss, of the Loss for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **T.R. Chadha & Co.**  
(Firm Registration No. 006711N)  
Chartered Accountants  
**(Surender Kumar)**  
Partner  
M. No. 82982

Place: New Delhi

Date: 29<sup>th</sup> May, 2012

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date]

- i)
  - a) The Company has maintained proper records other than for closed divisions, plant & machinery and furniture & fixtures to show full particulars including quantitative details and situation of its fixed assets.
  - b) According to explanations given to us all the fixed assets other than for closed divisions, plant & machinery and furniture & fixtures have been physically verified by the management at the year end, which in our opinion is considered reasonable having regard to the size of the company and nature of its business. No material discrepancy noticed on such verification as compared to book records.
  - c) In our opinion and according to the information and explanations given to us, substantial part of fixed assets has not been disposed of by the Company during the year.
- ii)
  - a) As explained to us, the inventories were physically verified during the year by the management at the reasonable intervals.
  - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory. No material discrepancy has been noticed on physical verification of inventory as compared to book records.
- iii) According to the information and explanation given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under section 301 of the 'Act'. Accordingly, the provisions of clause 4 (iii) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, in general, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of



goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

- v) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of the 'Act', have been so entered and there are no transactions made in pursuance of contracts and arrangement entered into the register in pursuance of Section 301 of the 'Act' and exceeding the value of rupees five Lacs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the Rules framed there under are applicable.
- vii) In our opinion, the Company's present internal audit system is generally commensurate with its size and nature of its business.
- viii) The Company is not engaged in any manufacturing or other activity requiring maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956.
- ix) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities.
- b) According to the information and explanations given to us, there are no material dues of income tax, service tax, customs duty, wealth tax and cess which have not been deposited with the appropriate authorities on account of any dispute. However according to the information and explanations given to us, the following dues of sales tax and excise duty have not been deposited by the Company on account of a dispute:

| Name of Statute                             | Nature of Dues | Amount<br>(Rs. in thousand) | Period to which the<br>amount relates | Forum where the<br>Dispute is pending |
|---|----------------|-----------------------------|---------------------------------------|---------------------------------------|
| Central Excise Act 1944                     | Excise Duty    | 20,900.71                   | 1991 to 1993                          | Pending Before<br>CESTAT Mumbai       |
| UP Sales Tax                                | Sales Tax      | 1,109.96                    | 1993 to 1996                          | High Court Allahabad                  |
| Punjab General Sales Tax<br>Act 1948 (PGST) | VAT            | 1,422.73                    | 1999 to 2000                          | Pending before Punjab<br>Vat Tribunal |

- x) The accumulated losses of the company as at March 31, 2012 are not more than fifty percent of its net worth. The company has incurred cash losses during the financial year ended on that date. The Company has not incurred cash losses in immediately preceding financial year.
- xi) According to the information and explanation given to us, the company does not have any loan from any financial institution and has not issued any debentures. Accordingly the provisions of the clause 4 (xi) of the order are not applicable to the Company.
- xii) In our opinion, and according to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of the clause 4 (xii) of the order are not applicable to the Company.
- xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the Company.
- xiv) In our opinion, the Company is trading in shares, securities, and other investments. The company is maintaining separate records of the transactions and contracts and making timely entries therein. These shares and other securities are held by the company in its own name.
- xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year. Therefore, the provisions of clause 4 (xv) of the order are not applicable to the Company.
- xvi) According to the information and explanation given to us, the Company has not obtained any term loans during the year. Therefore, the provisions of clause 4 (xvi) of the order are not applicable to the Company.
- xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the 'Act' during the year.
- xix) According to information and explanations given to us, the Company has not issued any debenture during the year and accordingly, no securities have been created.
- xx) According to information and explanations given to us, the Company has not raised any money by public issues during the year.
- xxi) According to information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

For **T.R. Chadha & Co.**  
(Firm Registration No. 006711N)  
Chartered Accountants

**(Surender Kumar)**  
Partner  
M. No. 82982

Place: New Delhi  
Date: 29<sup>th</sup> May, 2012



Oswal Agro Mills Limited

**BALANCE SHEET AS AT 31ST MARCH 2012**

(₹ in thousand)

| Particulars  | Note No. | As At 31.03.2012           | As At 31.03.2011           |
|--|----------|----------------------------|----------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                   |          |                            |                            |
| <b>(1) Shareholders' funds</b>                     |          |                            |                            |
| (a) Share capital                                  | 2.1      | 1,342,347.76               | 1,342,347.76               |
| (b) Reserves and surplus                           | 2.2      | 4,100,095.96               | 4,566,569.43               |
|  |          | <u>5,442,443.72</u>        | <u>5,908,917.19</u>        |
| <b>(2) Non-current liabilities</b>                 |          |                            |                            |
| (a) Deferred Tax Liability (Net)                   | 2.3      | –                          | –                          |
| (b) Other Long term liabilities                    | 2.4      | 10,255.48                  | 117,637.30                 |
| (c) Long-term provisions                           | 2.5      | 342.18                     | 277.57                     |
|  |          | <u>10,597.66</u>           | <u>117,914.87</u>          |
| <b>(3) Current liabilities</b>                     |          |                            |                            |
| (a) Short-term borrowings                          | 2.6      | 250,000.00                 | 250,000.00                 |
| (b) Other current liabilities                      | 2.7      | 1,215.49                   | 1,341.74                   |
| (c) Short-term provisions                          | 2.8      | 465.37                     | 428.24                     |
|  |          | <u>251,680.86</u>          | <u>251,769.98</u>          |
| <b>Total</b>                                       |          | <u><u>5,704,722.24</u></u> | <u><u>6,278,602.04</u></u> |
| <b>II. ASSETS</b>                                  |          |                            |                            |
| <b>(1) Non-current assets</b>                      |          |                            |                            |
| (a) Fixed assets                                   | 2.9      |                            |                            |
| (i) Tangible assets                                |          | 56,970.40                  | 58,274.86                  |
| (ii) Capital work-in-progress                      |          | 20,772.50                  | 11,689.27                  |
| (b) Non-current investments                        | 2.10     | 2,697,278.28               | 2,873,970.59               |
| (c) Long-term loans and advances                   | 2.11     | 109,307.53                 | 1,063,709.33               |
|  |          | <u>2,884,328.71</u>        | <u>4,007,644.05</u>        |
| <b>(2) Current assets</b>                          |          |                            |                            |
| (a) Current Investment                             | 2.12     | 2,703.57                   | –                          |
| (b) Inventories                                    | 2.13     | 207,403.70                 | 642,345.20                 |
| (c) Cash and bank balances                         | 2.14     | 96,122.56                  | 1,042,901.72               |
| (d) Short-term loans and advances                  | 2.15     | 2,491,854.61               | 582,587.11                 |
| (e) Other current assets                           | 2.16     | 22,309.09                  | 3,123.96                   |
|  |          | <u>2,820,393.53</u>        | <u>2,270,957.99</u>        |
| <b>Total</b>                                       |          | <u><u>5,704,722.24</u></u> | <u><u>6,278,602.04</u></u> |
| <b>Significant Accounting Policies &amp; Notes</b> | 1 & 2    |                            |                            |

This is the Balance Sheet referred to in our report of even date

The notes referred to above form an integral part of the Balance Sheet

FOR AND ON BEHALF OF THE BOARD

Surender Kumar  
Partner  
Membership No 82982  
For and on behalf of  
T R Chadha & Co  
(Firm Registration No. 006711N)  
Chartered Accountants

R.P. Jolly  
Company Secretary

Anil Bhalla  
Director  
DIN No. 00587533

Abhey Kumar Oswal  
Chairman  
DIN No. 00589130

Place : New Delhi  
Date : 29<sup>th</sup> May, 2012

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012

| Particulars  | Note No. | (₹ in thousand)                  |                                 |
|--|----------|----------------------------------|---------------------------------|
|  |          | For The Year<br>Ended 31.03.2012 | For The Year<br>Ended 31.3.2011 |
| I. Revenue from operations   | 2.17     | 129,248.94                       | 23,287.46                       |
| II. Other income   | 2.18     | 8,233.86                         | 2,499.65                        |
| <b>III. Total Revenue (I + II)</b>   |          | <b>137,482.80</b>                | <b>25,787.11</b>                |
| <b>IV. Expenses:</b>   |          |                                  |                                 |
| Changes in inventories of Stock-in-Trade   | 2.19     | –                                | –                               |
| Employee benefits expense  | 2.20     | 2,340.87                         | 4,660.06                        |
| Finance costs  | 2.21     | 494.05                           | 977.76                          |
| Depreciation and amortization expense  | 2.9      | 1,279.94                         | 1,198.22                        |
| Other expenses   | 2.22     | 46,390.01                        | 41,341.34                       |
| <b>Total expenses</b>  |          | <b>50,504.87</b>                 | <b>48,177.38</b>                |
| <b>V. Profit before exceptional and extraordinary items and tax (III – IV)</b>                 |          | <b>86,977.93</b>                 | <b>(22,390.27)</b>              |
| <b>VI Exceptional Items</b>  | 2.23     | <b>548,726.85</b>                | <b>(127,846.15)</b>             |
| <b>VII Prior Period Adjustments</b>  | 2.24     | <b>929.11</b>                    | <b>59.40</b>                    |
| <b>VIII Profit before tax (V– VI–VII)</b>  |          | <b>(462,678.03)</b>              | <b>105,396.48</b>               |
| <b>IX Tax expense:</b>   | 2.25     |                                  |                                 |
| – Current tax  |          | –                                | 7,000.00                        |
| – Tax for earlier years  |          | 2,595.44                         | –                               |
| <b>X Profit / (Loss) for the period after Tax before extra-ordinary items (VIII–IX)</b>        |          | <b>(465,273.47)</b>              | <b>98,396.48</b>                |
| <b>XI Extra-ordinary items – Foreign Exchange Fluctuation</b><br>(Net of tax Rs. Nil thousand) |          | <b>1,200.00</b>                  | <b>73,825.81</b>                |
| <b>XII Profit / (Loss) for the period after Tax after extra-ordinary items (X–XI)</b>          |          | <b>(466,473.47)</b>              | <b>24,570.67</b>                |
| Earning per Share (Nominal Value of Rs. 10 each)   | 2.29     |                                  |                                 |
| Basic/ Diluted on profit before extraordinary item   |          | (3.47)                           | 0.73                            |
| Basic/ Diluted on profit after extraordinary item  |          | (3.48)                           | 0.18                            |
| <b>Significant Accounting Policies &amp; Notes</b>   | 1 & 2    |                                  |                                 |

This is the Statement of Profit & Loss referred to in our report of even date

The notes referred to above form an integral part of the Statement of Profit & Loss

FOR AND ON BEHALF OF THE BOARD

Surender Kumar  
Partner  
Membership No 82982  
For and on behalf of  
T R Chadha & Co  
(Firm Registration No. 006711N)  
Chartered Accountants

R.P. Jolly  
Company Secretary

Anil Bhalla  
Director  
DIN No. 00587533

Abhey Kumar Oswal  
Chairman  
DIN No. 00589130

Place : New Delhi  
Date : 29<sup>th</sup> May, 2012



Oswal Agro Mills Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ In thousand)

|   | Year Ended<br>March 31,2012 | Year Ended<br>March 31,2011 |
|---|-----------------------------|-----------------------------|
| <b>A. Cash flow from operating activities:</b>                      |                             |                             |
| Net Profit before tax   | (462,678.03)                | 105,396.50                  |
| Adjustments for:  |                             |                             |
| Depreciation  | 1,279.94                    | 1,198.21                    |
| Finance Expense   | 494.05                      | 977.76                      |
| Interest Income   | (3,530.93)                  | (2,376.56)                  |
| (Profit)/Loss on sale of right of leasehold land                    | -                           | (51,701.41)                 |
| Balance/ Fixed assets written off                                   | -                           | 51.03                       |
| Diminution in the value of Inventories                              | 434,941.50                  | -                           |
| Provision for diminution in investment                              | 171,257.96                  | -                           |
| Balances written back   | (76,030.45)                 | (76,144.74)                 |
| Assets written off  | 24.52                       | -                           |
| Prior Period Expenses/(Income) (Net)                                | 929.11                      | 59.40                       |
| Wealth Tax Provision  | 217.69                      | 225.08                      |
| <b>Operating profit before working capital changes</b>              | <b>66,905.36</b>            | <b>(22,314.73)</b>          |
| Adjustments for changes in working capital :                        |                             |                             |
| - (Increase)/Decrease in Trade Receivable                           | -                           | 132,647.91                  |
| - (Increase)/Decrease in Long term loans and advances               | 986,674.68                  | 2,835,222.17                |
| - (Increase)/Decrease in Short term loans and advances              | (1,909,267.50)              | (277,824.35)                |
| - (Increase)/Decrease in Other Assets                               | (19,185.13)                 | (1,343.68)                  |
| - (Increase)/Decrease in Long term liability                        | (31,351.37)                 | 17,390.34                   |
| - (Increase)/Decrease in Long term provisions                       | 64.61                       | (262.75)                    |
| - (Increase)/Decrease in Short Term borrowings                      | -                           | (259,800.00)                |
| - Increase/(Decrease) in Short term provision                       | 44.52                       | (8,179.76)                  |
| - Increase/(Decrease) in Other Current liabilities                  | (126.25)                    | (10,549.89)                 |
| - (Increase)/Decrease in Other Current assets                       | 17,036.09                   | (21,203.11)                 |
|   | (956,110.35)                | 2,406,096.88                |
| <b>Cash generated from operations</b>                               | <b>(889,204.99)</b>         | <b>2,383,782.15</b>         |
| - Prior Period (Expenses)/Income (Net)                              | (929.11)                    | (59.40)                     |
| - Wealth Tax Paid   | (225.08)                    | (218.20)                    |
| - Taxes (Payment) / Refund  | (34,868.33)                 | (904.41)                    |
| <b>Net cash from operating activities before extraordinary item</b> | <b>(925,227.51)</b>         | <b>2,382,600.14</b>         |
| Extra ordinary item   | (1,200.00)                  | (73,825.81)                 |
| <b>Net cash from operating activities after extraordinary item</b>  | <b>(926,427.51)</b>         | <b>2,308,774.33</b>         |
| <b>B. Cash flow from Investing activities:</b>                      |                             |                             |
| Purchase of fixed assets  | (9,083.23)                  | (13,012.70)                 |
| Proceeds from Sale/return of fixed assets/Capital work in progress  | -                           | 55,000.00                   |
| (Purchase)/Sale of investments (Net)                                | 2,730.78                    | (1,352,860.81)              |
| Interest Received (Revenue)   | 3,530.93                    | 2,376.56                    |
| <b>Net cash used in/from investing activities</b>                   | <b>(2,821.52)</b>           | <b>(1,308,496.95)</b>       |
| <b>C. Cash flow from financing activities:</b>                      |                             |                             |
| Finance Expense Paid  | (494.05)                    | (977.76)                    |
| <b>Net cash used in financing activities</b>                        | <b>(494.05)</b>             | <b>(977.76)</b>             |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>       | <b>(929,743.08)</b>         | <b>999,299.62</b>           |
| <b>Cash and cash equivalents at the beginning of the year</b>       | <b>1,000,034.71</b>         | <b>735.09</b>               |
| <b>Cash and cash equivalents at the close of the year</b>           | <b>70,291.63</b>            | <b>1,000,034.71</b>         |

**Notes :**

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by The Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

This is the Cash Flow Statement referred to in our report of even date

Notes 1 & 2 form an integral part of Cash Flow Statement

FOR AND ON BEHALF OF THE BOARD

Surender Kumar  
Partner  
Membership No 82982  
For and on behalf of  
T R Chadha & Co  
(Firm Registration No. 006711N)  
Chartered Accountants

R.P. Jolly  
Company Secretary

Anil Bhalla  
Director  
DIN No. 00587533

Abhey Kumar Oswal  
Chairman  
DIN No. 00589130

Place : New Delhi  
Date : 29<sup>th</sup> May, 2012

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES

### 1 Significant Accounting Policies

#### A. Accounting Convention

The financial statements are prepared under historical cost convention on accrual basis in accordance with the mandatory accounting standards read with notes and relevant presentational requirements of the Companies Act, 1956.

#### B. Investments

Long term investments are stated at cost less provision, if any, for diminution in value of such investments other than temporary. Current investments are stated at lower of cost and fair value.

#### C. Fixed Assets

- a) Fixed assets are shown at cost less accumulated depreciation.
- b) Depreciation on fixed assets is provided on Straight Line Method (SLM) at rates specified in Schedule XIV to the Companies Act, 1956.
- c) No depreciation is provided on fixed assets held for disposal and shown under current assets at estimated realizable value.

#### D. Inventories

Inventories are valued at cost or net realizable value whichever is lower. The cost is determined on FIFO basis.

#### E. Interest

Interest on securities (other than fixed deposits with banks) pledged/deposited with the Government Departments is accounted for on cash basis.

#### F. Recognition of Income & Expenditure

- a) Brokerage, Service Tax, Education Cess and Securities Transaction Tax to the extent not available as rebate under Income Tax Act, 1961 on purchase/sale of shares and other securities are charged directly to Profit & Loss Account.
- b) Provision for loss in respect of Open Equity Derivative Instruments as at the Balance Sheet date is made Index-wise/Scrip-wise. As a matter of prudence, any anticipated profit is ignored.

#### G. Provision

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made.

#### H. Contingent Liabilities

Contingent liabilities not provided for in the accounts are separately disclosed in the "Notes to Accounts".

#### I. Employee Benefits

##### i Long Term Employee Benefits

##### a) Defined Contribution Plans

The company's contribution to defined contribution plans is charged to Profit & Loss Account as incurred.

##### b) Defined Benefit Plans

Defined Benefit Plan is provided on the basis of valuation as at the balance sheet date carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

##### c) Other Long Term Employee Benefits

Other long term benefit is provided on the basis of valuation as at the date carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

- ii Actuarial gains and losses comprise experience adjustments and the effects of the changes in actuarial assumptions are recognized immediately in the Profit & Loss Account as income or expense.
- iii Employee benefits which fall due wholly within twelve months after the end of the period in which the employees render the related service are recognized at the amount expected to be paid for it.

#### J. Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Liability / receivables on account of foreign currency are converted at the exchange rates prevailing as at the end of the year and gains / losses thereon are taken to the Profit & Loss Account.

#### K. Earnings per share

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

#### L. Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.



Oswal Agro Mills Limited

## NOTES (Contd...)

### 2 NOTES

(₹ In thousand)

| NOTE - 2.1   | As at 31.03.2012    | As at 31.03.2011    |
|--|---------------------|---------------------|
| <b>SHARE CAPITAL</b>   |                     |                     |
| <b>AUTHORIZED :</b>  |                     |                     |
| 300,000,000 (Previous Year 300,000,000) Equity Shares of Rs. 10/- each               | 3,000,000.00        | 3,000,000.00        |
| 10,000,000 (Previous year 10,000,000) Redeemable Preference Shares of Rs. 100/- each | 1,000,000.00        | 1,000,000.00        |
|  | <b>4,000,000.00</b> | <b>4,000,000.00</b> |
| <b>ISSUED , SUBSCRIBED AND FULLY PAID-UP :</b>                                       |                     |                     |
| 134,234,776 (Previous Year 134,234,776) Equity Shares of Rs.10/- each fully paid up  | 1,342,347.76        | 1,342,347.76        |
| <b>Total</b>   | <b>1,342,347.76</b> | <b>1,342,347.76</b> |

#### (a) Statements of Change in Equity

| Particulars                     | As at 31.03.2012 | As at 31.03.2011 |
|---------------------------------|------------------|------------------|
| Opening Balance                 | 134,234,776      | 134,234,776      |
| Issued during the year          | -                | -                |
| Shares redeemed during the year | -                | -                |
| Closing Balance                 | 134,234,776      | 134,234,776      |

#### (b) Statements of holding

| Particulars                        | As at 31.03.2012 |              | As at 31.03.2011 |              |
|------------------------------------|------------------|--------------|------------------|--------------|
|                                    | No. of Shares    | % of holding | No. of Shares    | % of holding |
| List of Shareholders – 5 % & Above |                  |              |                  |              |
| – Abhey Kumar Oswal (Director)     | 53,530,960       | 39.88%       | 53,530,960       | 39.88%       |

#### (c) Rights, preference and restrictions attached to shares

**Equity Shares :** The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(₹ In thousand)

| NOTE - 2.2                      | As at 31.03.2012    | As at 31.03.2011    |
|---------------------------------|---------------------|---------------------|
| <b>RESERVES AND SURPLUS</b>     |                     |                     |
| Securities Premium Reserve      | 4,464,882.64        | 4,464,882.64        |
| As per last Balance Sheet       |                     |                     |
| Capital Reserve                 | 1,500.00            | 1,500.00            |
| As per last Balance Sheet       |                     |                     |
| General Reserve                 | 318,976.09          | 318,976.09          |
| As per last Balance Sheet       |                     |                     |
| Profit and Loss Account         |                     |                     |
| As per last Balance Sheet       | (218,789.30)        | (243,359.97)        |
| Add: Profit/(Loss) for the year | (466,473.47)        | 24,570.67           |
| <b>Total</b>                    | <b>4,100,095.96</b> | <b>4,566,569.43</b> |

#### NOTE - 2.3

##### DEFERRED TAX LAIBILITY (NET)

##### Fixed Assets (DTL)

|                 |          |          |
|-----------------|----------|----------|
| Opening Balance | 9,051.50 | 9,025.06 |
| For the year    | (178.91) | 26.44    |
| Closing Balance | 8,872.59 | 9,051.50 |

##### Disallowance U/S 43 B and Gratuity (DTA)

|                 |        |         |
|-----------------|--------|---------|
| Opening Balance | 159.69 | 252.71  |
| For the year    | 25.55  | (93.02) |
| Closing Balance | 185.24 | 159.69  |

##### Losses Carried Forward (DTA)

|                 |          |          |
|-----------------|----------|----------|
| Opening Balance | 8,891.81 | 8,772.35 |
| For the year    | (204.45) | 119.46   |
| Closing Balance | 8,687.36 | 8,891.81 |

|              |          |          |
|--------------|----------|----------|
| <b>Total</b> | <b>-</b> | <b>-</b> |
|--------------|----------|----------|

## NOTES (Contd...)

|                                    | (₹ In thousand)  |                   |
|------------------------------------|------------------|-------------------|
| NOTE - 2.4                         | As at 31.03.2012 | As at 31.03.2011  |
| <b>OTHER LONG TERM LIABILITIES</b> |                  |                   |
| Other payables                     | -                | 88,490.87         |
| Security Deposit Payable           | -                | 2,600.00          |
| Other Liability                    | 10,255.48        | 26,546.43         |
| <b>Total</b>                       | <b>10,255.48</b> | <b>117,637.30</b> |

### NOTE - 2.5

#### LONG-TERM PROVISIONS

|                                  |               |               |
|----------------------------------|---------------|---------------|
| Provision for employee benefits. | 342.18        | 277.57        |
| <b>Total</b>                     | <b>342.18</b> | <b>277.57</b> |

### NOTE - 2.6

#### SHORT-TERM BORROWINGS

|                                   |                   |                   |
|-----------------------------------|-------------------|-------------------|
| Advance From Customers- unsecured | 250,000.00        | 250,000.00        |
| <b>Total</b>                      | <b>250,000.00</b> | <b>250,000.00</b> |

### NOTE - 2.7

#### OTHER CURRENT LIABILITIES

|                        |                 |                 |
|------------------------|-----------------|-----------------|
| Duties & Taxes Payable | 385.05          | 351.88          |
| Other Liabilities      | 830.44          | 989.86          |
| <b>Total</b>           | <b>1,215.49</b> | <b>1,341.74</b> |

### NOTE - 2.8

#### SHORT-TERM PROVISIONS

|                                  |               |               |
|----------------------------------|---------------|---------------|
| Provision for employee benefits. | 247.68        | 203.16        |
| Prov. For Wealth Tax             | 217.69        | 225.08        |
| <b>Total</b>                     | <b>465.37</b> | <b>428.24</b> |

### NOTE - 2.9

#### FIXED ASSETS

| Particulars              | Gross Block        |                                 |  |                     | Depreciation      |                 |  |                     | Net Block           |                     |
|--------------------------|--------------------|---------------------------------|--|---------------------|-------------------|-----------------|--|---------------------|---------------------|---------------------|
|                          | As At<br>1.04.2011 | Additions<br>During<br>The Year | Sale/Adju-<br>stments During<br>The Year | As At<br>31.03.2012 | Upto<br>1.04.2011 | For The<br>Year | Written Back/<br>Adjustments<br>During<br>The Year | Up to<br>31.03.2012 | As At<br>31.03.2012 | As At<br>31.03.2011 |
| <b>Tangible Assets :</b> |                    |                                 |  |                     |                   |                 |  |                     |                     |                     |
| Land                     |                    |                                 |  |                     |                   |                 |  |                     |                     |                     |
| -Leasehold               | 3,525.54           | -                               | -  | 3,525.54            | 684.47            | 37.10           | -  | 721.57              | 2,803.97            | 2,841.07            |
| -Freehold                | 11,356.80          | -                               | -  | 11,356.80           | -                 | -               | -  | -                   | 11,356.80           | 11,356.80           |
| Buildings                |                    |                                 |  |                     |                   |                 |  |                     |                     |                     |
| -Freehold                | 63,128.22          | -                               | -  | 63,128.22           | 21,087.19         | 1,051.45        | -  | 22,138.64           | 40,989.58           | 42,041.03           |
| Plant & Machinery        | 1,488.05           | -                               | 363.62                                   | 1,124.43            | 751.10            | 62.00           | 349.32   | 463.78              | 660.65              | 736.95              |
| Furniture & Fixture      | 4,319.65           | -                               | 84.92                                    | 4,234.73            | 4,318.48          | 0.36            | 84.11  | 4,234.73            | -                   | 1.17                |
| Vehicles                 | 3,678.27           | -                               | 126.80                                   | 3,551.47            | 2,380.43          | 129.03          | 117.39   | 2,392.07            | 1,159.40            | 1,297.84            |
| <b>Total</b>             | <b>87,496.53</b>   | <b>-</b>                        | <b>575.34</b>                            | <b>86,921.19</b>    | <b>29,221.67</b>  | <b>1,279.94</b> | <b>550.82</b>                                      | <b>29,950.79</b>    | <b>56,970.40</b>    | <b>58,274.86</b>    |
| Capital Work In Progress |                    |                                 |  |                     |                   |                 |  |                     | 20,772.50           | -                   |
| <b>Previous year</b>     | <b>273,696.23</b>  | <b>1,323.43</b>                 | <b>187,523.13</b>                        | <b>87,496.53</b>    | <b>28,752.79</b>  | <b>1,198.22</b> | <b>729.34</b>                                      | <b>29,221.67</b>    | <b>58,274.86</b>    | <b>244,943.43</b>   |



Oswal Agro Mills Limited

**NOTES (Contd...)**

|   | (₹ In thousand)     |                     |
|---|---------------------|---------------------|
| NOTE - 2.10   | As at 31.03.2012    | As at 31.03.2011    |
| <b>NON-CURRENT INVESTMENT</b>   |                     |                     |
| (Non trade Unquoted, At Cost)   |                     |                     |
| <b>(i) Government Securities (Unquoted)</b>                                   |                     |                     |
| Post Office Time Deposit  | –                   | 134.10              |
| (Pledged with Government Department as security deposits)                     |                     |                     |
| <b>(ii) Investments in Equity Instruments</b>                                 |                     |                     |
| <b>a) Associated Company–(QUOTED, NON TRADE)</b>                              |                     |                     |
| – Oswal Greentech Ltd. (formerly known as Oswal Chemicals & Fertilizers Ltd.) |                     |                     |
| 91,384,203 Equity Shares fully paid up  |                     |                     |
| (Previous year 91,384,203 Equity Shares)                                      | 2,375,808.28        | 2,375,808.28        |
| <b>b) Wholly Owned Subsidiary – (UNQUOTED, NON TRADE)</b>                     |                     |                     |
| – Oswal Overseas Ltd. 26,068 (Previous Year 17,440)                           |                     |                     |
| Equity Shares of AED 100/- each.  | 32,308.65           | 21,401.00           |
| <b>c) Other Company–(UNQUOTED, NON TRADE)</b>                                 |                     |                     |
| – P C Media Systems Ltd. 12,036,500 (Previous Year 12,036,500)                |                     |                     |
| Equity Shares of Rs. 10/- each.   | 290,419.31          | 290,419.31          |
| – Urmi Group Housing Society Ltd. Nil (Previous Year one)                     |                     |                     |
| Equity Shares of Rs. 250/- each.  | –                   | 0.25                |
| – Sohana International Pvt. Ltd. Nil (Previous Year 100,000)                  |                     |                     |
| Equity Shares of Rs. 10/- each.   | –                   | 5,000.00            |
| – Superior Portfolio (P) Ltd. 4,000 (Previous Year 4,000)                     |                     |                     |
| Equity Shares of Rs. 1000/- each.   | 15,000.00           | 15,000.00           |
| <b>(iii) Investment in Debentures*</b>  |                     |                     |
| – Freedom Technobuild Private Ltd. 55,000 (Previous Year 55,000)              |                     |                     |
| 0% Optionally Convertible Debentures of Rs. 1,000/- each.                     | 55,000.00           | 55,000.00           |
| – Infotel Business Solutions Ltd. 10,000,000 (Previous Year 10,000,000)       |                     |                     |
| 0% Optionally Convertible Debentures of Rs. 10/- each.                        | 100,000.00          | 100,000.00          |
| Less : Provision for diminution in investments                                | (171,257.96)        | –                   |
| <b>(iv) Share Application money pending for allotment</b>                     |                     |                     |
| Oswal Overseas Ltd, UAE – wholly owned subsidiary                             | –                   | 11,207.65           |
| <b>Total</b>  | <b>2,697,278.28</b> | <b>2,873,970.59</b> |

Provision for diminution on Investment relates to investment made in M/s P C Media Systems Ltd. These equity shares has been valued at Rs.9.90 per share in accordance with net worth of the company. Provision has been made by difference amount of cost and realized value of the shares.

|  |              |              |
|--|--------------|--------------|
| Aggregate Market Value of Quoted Investments | 3,468,030.50 | 5,327,699.03 |
| Aggregate Cost of Quoted Investments         | 2,375,808.28 | 2,375,808.28 |
| Aggregate Cost of Un-quoted Investments      | 321,470.00   | 486,954.66   |

\* redeemable or convertible into equity shares on or after 31-12-2015 i.e. after 5 years from the date of allotment but before 30-12-2025 i.e. 15 years from the date of issue.

**NOTE - 2.11**

**LONG-TERM LOANS AND ADVANCES**

(Unsecured considered good)

|   |                   |                     |
|---|-------------------|---------------------|
| Capital Advances                        | 353.13            | 3,937.66            |
| Security Deposits                       | 16,601.09         | 16,448.06           |
| Advance to suppliers                    | –                 | 576,038.00          |
| Loan to body corporate                  | 40,000.00         | –                   |
| Balances with Central Excise etc.       | –                 | 23,634.07           |
| Others Loans & Advances                 | 336.12            | 423,907.23          |
| Income Tax Advances (Net of Provisions) | 52,017.19         | 19,744.31           |
| <b>Total</b>                            | <b>109,307.53</b> | <b>1,063,709.33</b> |

## NOTES (Contd...)

|   | (₹ In thousand)     |                     |
|---|---------------------|---------------------|
| NOTE - 2.12   | As at 31.03.2012    | As at 31.03.2011    |
| <b>CURRENT INVESTMENT</b>   |                     |                     |
| Mutual Funds  | 2,703.57            | -                   |
| 139,129 Units (Previous Year Nil) of LIC Mutual Fund Saving Plus Fund   |                     |                     |
| <b>Total</b>  | <b>2,703.57</b>     | <b>-</b>            |
| <b>NOTE - 2.13</b>  |                     |                     |
| <b>INVENTORIES</b>  |                     |                     |
| LAND*   | 183,495.20          | 183,495.20          |
| (Cost or market value whichever is lower)   |                     |                     |
| STOCK IN TRADE (Equity Shares)  | 23,908.50           | 458,850.00          |
| (Cost or market value whichever is lower)   |                     |                     |
| <b>Total</b>  | <b>207,403.70</b>   | <b>642,345.20</b>   |
| *converted from fixed assets  |                     |                     |
| Company has held 24,15,000 equity shares of P C Media Systems Ltd at cost of Rs. 190 per share. These shares has been valued at realized value of Rs. 9.90 per share in accordance with Net worth of the company. |                     |                     |
| <b>NOTE - 2.14</b>  |                     |                     |
| <b>CASH AND BANK BALANCES</b>   |                     |                     |
| <b>A Cash and cash equivalents</b>  |                     |                     |
| Balances with banks   |                     |                     |
| – in Current Account  | 13,859.55           | 982,032.33          |
| Cash in hand  | 56,432.09           | 18,002.38           |
| <b>Total (A)</b>  | <b>70,291.64</b>    | <b>1,000,034.71</b> |
| <b>B Other bank balances</b>  |                     |                     |
| – in Fixed Deposits/Post Office ( For Margin Money ) – others   | 25,830.92           | 42,761.64           |
| – in Fixed Deposits ( For Margin Money ) – more than 12 months maturity*  | -                   | 105.37              |
| <b>Total (B)</b>  | <b>25,830.92</b>    | <b>42,867.01</b>    |
| <b>Total (A+B)</b>  | <b>96,122.56</b>    | <b>1,042,901.72</b> |
| * Fixed Deposits are pledged as security with/against Govt Department/loans/Bank Deposits   |                     |                     |
| <b>NOTE - 2.15</b>  |                     |                     |
| <b>SHORT-TERM LOANS AND ADVANCES</b>  |                     |                     |
| (Unsecured considered good)   |                     |                     |
| – Loans and advances to Related Parties   | -                   | 309,697.91          |
| – Loans to body corporate   | 2,050,000.00        | 250,000.00          |
| Advances to suppliers   | 441,828.00          | 22,500.00           |
| Other advances  | 26.61               | 389.20              |
| <b>Total</b>  | <b>2,491,854.61</b> | <b>582,587.11</b>   |
| <b>NOTE - 2.16</b>  |                     |                     |
| <b>OTHER CURRENT ASSETS</b>   |                     |                     |
| Interest Income Accrued   | 22,309.09           | 3,123.96            |
| <b>Total</b>  | <b>22,309.09</b>    | <b>3,123.96</b>     |



Oswal Agro Mills Limited

**NOTES (Contd...)**

(₹ In thousand)

| NOTE - 2.17   | As at 31.03.2012  | As at 31.03.2011 |
|---|-------------------|------------------|
| <b>REVENUE FROM OPERATIONS</b>  |                   |                  |
| Other Operating Revenue   |                   |                  |
| Interest Received (TDS Rs. Nil, Previous Year Rs. 42.76 Thousand)                       | –                 | 427.58           |
| Interest Received on ICD (TDS Rs. 9,486.77 Thousand, Previous Year Rs. 625.00 Thousand) | 94,867.70         | 6,250.00         |
| Profit/(Loss) on Trading of Shares/Mutual Fund  | 34,381.24         | 16,609.88        |
| <b>Total</b>  | <b>129,248.94</b> | <b>23,287.46</b> |

**NOTE - 2.18**

|  |                 |                 |
|--|-----------------|-----------------|
| <b>OTHER INCOME</b>  |                 |                 |
| Interest Income (TDS Rs. 352.32 Thousand, Previous Year Rs. 236.65 Thousand) | 3,530.93        | 2,376.56        |
| Rental Income  | 120.00          | 120.00          |
| Sales Tax Refund   | 4,576.93        | –               |
| Misc. Income   | 6.00            | 3.09            |
| <b>Total</b>   | <b>8,233.86</b> | <b>2,499.65</b> |

**NOTE - 2.19**

|   |              |              |
|---|--------------|--------------|
| <b>CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b> |              |              |
| Closing stock of Stock in trade   | 458,850.00   | 458,850.00   |
| Closing stock of Land   | 183,495.20   | 183,495.20   |
| Less: Opening stock of Stock in trade   | (458,850.00) | (458,850.00) |
| Less: Opening stock of Land   | (183,495.20) | (183,495.20) |
| <b>Total</b>  | <b>–</b>     | <b>–</b>     |

**NOTE - 2.20**

|   |                 |                 |
|---|-----------------|-----------------|
| <b>EMPLOYEE BENEFITS EXPENSE</b>          |                 |                 |
| Salaries and wages                        | 2,181.20        | 4,285.58        |
| Contribution to provident and other funds | 115.07          | 328.11          |
| Staff welfare expenses                    | 44.60           | 46.37           |
| <b>Total</b>                              | <b>2,340.87</b> | <b>4,660.06</b> |

**Employee Benefits**

The Company has classified various employee benefits as under:

**a) Defined Contribution Plans**

The company has recognized the following amounts in the Profit and Loss Account for the year:

Employees Provident Fund including family pension fund Rs.96.13 thousand (Previous Year Rs. 290.90 thousand)

**b) Defined Benefit Plans**

(i) Valuation in respect of gratuity has been carried out by independent actuary, as at the Balance date, based on the following assumption:

| Particulars  | Gratuity (Unfunded) 31.03.2012 | Gratuity (Unfunded) 31.03.2011 |
|--|--------------------------------|--------------------------------|
| Discounting Rate   | 8.50%                          | 8.00%                          |
| Future salary Increase   | 6.00%                          | 5.50%                          |
| Expected Rate of return on plan assets                                   | NA                             | NA                             |
| Expected Average remaining working lives of employees in number of years | 0.21                           | 0.9                            |

## NOTES (Contd...)

(₹ In thousand)

(ii) The amounts recognized in the balance sheet are as follows:

| Particulars   | Gratuity (Unfunded)<br>31.03.2012 | Gratuity (Unfunded)<br>31.03.2011 |
|---|-----------------------------------|-----------------------------------|
| Present value of obligation                         | 569.72                            | 462.84                            |
| Fair value of plan assets                           | -                                 | -                                 |
| Net asset / (liability) recognized in balance sheet | (569.72)                          | (462.84)                          |

(iii) Changes in the present value of obligation representing reconciliation of opening and closing balances thereof are as follows:

| Particulars   | Gratuity (Unfunded)<br>31.03.2012 | Gratuity (Unfunded)<br>31.03.2011 |
|---|-----------------------------------|-----------------------------------|
| Present value of obligation as at the beginning of the year | 462.84                            | 698.55                            |
| Interest cost   | 39.34                             | 55.88                             |
| Current service cost  | 22.13                             | 18.76                             |
| Benefits Paid   | -                                 | -                                 |
| Actuarial (gain)/loss on obligation                         | 45.40                             | (310.35)                          |
| Present value of obligation as at the end of year           | 569.72                            | 462.84                            |

(iv) The amount recognized in the Statement of Profit & Loss is as follows:

| Particulars   | Gratuity (Unfunded)<br>31.03.2012 | Gratuity (Unfunded)<br>31.03.2011 |
|---|-----------------------------------|-----------------------------------|
| Current service cost                                  | 22.13                             | 18.76                             |
| Interest cost   | 39.34                             | 55.88                             |
| Net actuarial (gain)/ loss recognized in the year     | 45.40                             | (310.35)                          |
| Amount apportioned from a group company               | 71.14                             | 50.61                             |
| Expenses recognized in the statement of profit & loss | (35.73)                           | (185.10)                          |

The Company expects to contribute Rs. 44.41 thousand during the next year.

(₹ In thousand)

| NOTE - 2.21                 | As at 31.03.2012 | As at 31.03.2011 |
|-----------------------------|------------------|------------------|
| <b>FINANCE COST</b>         |                  |                  |
| Interest expense            | 477.93           | 955.90           |
| Bank Charges and commission | 16.12            | 21.86            |
| <b>Total</b>                | <b>494.05</b>    | <b>977.76</b>    |

### NOTE - 2.22

| OTHER EXPENSES                  |                  |                  |
|---------------------------------|------------------|------------------|
| Rent                            | 23,744.54        | 18,791.16        |
| Rates And Taxes                 | 291.79           | 2,075.13         |
| Listing Fees                    | 4,818.23         | 241.06           |
| Printing & Stationery           | 1,342.96         | 1,360.77         |
| Postage & Telegram              | 1,810.09         | 1,818.09         |
| Consultation & Professional Fee | 9,397.40         | 8,164.88         |
| Repairs & Maintenance :         |                  |                  |
| Building                        | 130.09           | 41.01            |
| Others                          | 276.23           | 221.57           |
| Other expenses                  | 4,578.68         | 8,627.66         |
| <b>Total</b>                    | <b>46,390.01</b> | <b>41,341.33</b> |

### NOTE - 2.23

| EXCEPTIONAL ITEMS                          |                   |                     |
|--|-------------------|---------------------|
| Diminution in the value of Inventories     | 434,941.50        | -                   |
| Provision for diminution in investment *   | 171,257.96        | -                   |
| Balances written back (Net)                | (76,030.45)       | (76,144.74)         |
| Assets written off                         | 24.52             | -                   |
| Excise Duty paid                           | 18,533.32         | -                   |
| Profit on Sale of Rights of Leasehold Land | -                 | (51,701.41)         |
| <b>Total</b>                               | <b>548,726.85</b> | <b>(127,846.15)</b> |

\*Provision for diminution has been made against investment in equity shares of M/s P C Media Systems Ltd.



**NOTES (Contd...)**

(₹ In thousand)

| NOTE - 2.24                          | As at 31.03.2012 | As at 31.03.2011 |
|--------------------------------------|------------------|------------------|
| <b>PRIOR PERIOD ADJUSTMENT (NET)</b> |                  |                  |
| <b>Expenses</b>                      |                  |                  |
| Other General Expenses               | 929.11           | 59.40            |
| <b>Total (Net)</b>                   | <b>929.11</b>    | <b>59.40</b>     |

| NOTE - 2.25                  |                 |                 |
|------------------------------|-----------------|-----------------|
| <b>TAX EXPENSES</b>          |                 |                 |
| <b>Current Tax</b>           |                 |                 |
| Income Tax                   | -               | 7,000.00        |
| <b>Tax for earlier years</b> |                 |                 |
| Income Tax                   | 2,595.44        | -               |
| Wealth Tax                   | -               | -               |
| <b>Total</b>                 | <b>2,595.44</b> | <b>7,000.00</b> |

| NOTE - 2.26  | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|---------------------------|---------------------------|
| <b>CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :</b> |                           |                           |
| i) Claims against the company not acknowledged as debts        | 30,359.52                 | 23,599.43                 |
| ii) Other money for which the company is contingently liable   | 41,966.73                 | 40,543.99                 |

- NOTE - 2.27**
- (i) In the opinion of the management, all current assets and loan & advances as on 31st March, 2012 have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- (ii) No provision is required for investment made in the subsidiary company, since the management is of the view that the company will make sufficient profit in coming years and the said subsidiary will continue as a going concern.

**NOTE - 2.28**

(i) The figure of Other Expenses (Notes – 2.22) includes the provision made for Auditors Remuneration on the following account

| Particulars                                       | Current Year | Previous Year |
|---|--------------|---------------|
| Auditor   | 650.00       | 650.00        |
| Certification work                                | 95.00        | 90.63         |
| Reimbursement of expenses (including service tax) | 133.17       | 97.99         |

(ii) Employee Benefit Expense (Notes– 2.20) and Other Expenses (Notes– 2.22) includes Rs 3778.05 thousand (Previous Year Rs. 4048.48 thousand) being apportioned expenses incurred by a group company on behalf of this company.

**NOTE - 2.29**

**EARNING PER EQUITY SHARE**

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

| Particulars   | Year ended<br>March 31, 2012 | Year ended<br>March 31, 2011 |
|---|------------------------------|------------------------------|
| Profit/(Loss) before extraordinary item attributable to equity shareholders (A) (Rs. in thousand) | (465,273.47)                 | 98,396.48                    |
| Profit/(Loss) after extraordinary item attributable to equity shareholders (B) (Rs. in thousand)  | (466,473.47)                 | 24,570.67                    |
| Basic/Diluted Weighted Average of equity shares outstanding during the year (C)                   | 134,234,776                  | 134,234,776                  |
| Nominal Value of equity shares (Rs.)  | 10                           | 10                           |
| Basic/Diluted earnings per share excluding extraordinary item (Rs.) (A)/(C)                       | (3.47)                       | 0.73                         |
| Basic/Diluted earnings per share including extraordinary item (Rs.) (B)/(C)                       | (3.48)                       | 0.18                         |

## NOTES (Contd...)

### NOTE - 2.30

#### RELATED PARTY DISCLOSURES

(A) Related parties and transactions with them as identified by the management are given below:

(a) Enterprises over which major shareholders, key management personnel and their relatives have significant influence

- Oswal Greentech Ltd\*
- Lucky Star Entertainment Ltd
- Aruna Abhey Oswal Trust
- Sohanaa International Pvt Ltd.

(b) Key Management Personnel and their relatives:-

- Mr. Abhey Kumar Oswal
- Mr. Anil Bhalla
- Mr. Shael Oswal

(c) Enterprises controlled by the Company

- Oswal Overseas Ltd, Dubai, UAE (wholly owned subsidiary company)
- Oswal Brasil Refinaria De Petroleo, Brazil (Step down subsidiary)

(B) Transactions with Related Parties in the ordinary course of business.

(₹ In thousand)

| Particulars   | Nature of Payment   | Year ended<br>March 31, 2012 | Year ended<br>March 31, 2011 |
|---|---|------------------------------|------------------------------|
| <b>1. Enterprises over which major shareholders and key Management Personnel have significant influence</b> |   |                              |                              |
| Lucky Star Entertainment Limited  | <b>Balances outstanding at year end:</b><br>– Receivable                                      | –                            | 91,129.79                    |
| Oswal Greentech Limited (Associate)   | Rent Received   | 120.00                       | 120.00                       |
|   | Reimbursement of Payments made by Enterprise (Oswal Greentech Ltd.) on behalf of the company. | 138.00                       | –                            |
|   | Interest Received (Net)   | –                            | 1.44                         |
|   | Their share of common expenses transferred from the enterprise                                | 3,778.05                     | 4,048.48                     |
|   | Advance received by the Company   | 976,420.00                   | 469,067.46                   |
|   | Advance given by the Company  | –                            | 205,416.41                   |
|   | Transfer of Machinery and other expenses by the company to the enterprise.                    | –                            | 106,168.25                   |
|   | <b>Balances outstanding at year end:</b><br>– Receivable                                      | –                            | 203,529.66                   |
|   | – Receivable against transfer of machinery and other expenses                                 | –                            | 106,168.25                   |
| – Payable(Advance received)   | 22.22   | –                            |                              |
| – Investment  | 2,375,808.28  | 2,375,808.28                 |                              |
| Sohanaa International (Pvt. )Ltd.   | Investment Sold   | 5,000.00                     | –                            |
|   | Investment Outstanding  | –                            | 5,000.00                     |
| <b>2. Enterprises under the control of the Company</b>  |   |                              |                              |
| Oswal Overseas Limited,<br>Dubai (Subsidiary)   | <b>Balances outstanding at year end:</b><br>– Share Application Money Given (Net)             | –                            | 11,207.65                    |
|   | – Investments Outstanding   | 32,308.65                    | 21,401.00                    |

\*Oswal Greentech Ltd becomes an associate of the company w.e.f. 22.10.2010.



Oswal Agro Mills Limited

## NOTES (Contd...)

### NOTE - 2.31

Based on the information available with the Company, there are no dues as at March 31, 2012 payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006". No interest is paid / payable by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.

### NOTE - 2.32

#### SEGMENT

The business segment is the primary segment of the Company consisting of:-

- (i) Investment Activities
- (ii) Real Estate
- (iii) Trading

(₹ In thousand)

| Sl. No.  | Particulars  | Current Year        | Previous Year       |
|----------|--|---------------------|---------------------|
| <b>1</b> | <b>Segment Revenue</b>   |                     |                     |
|          | Investment Activities  | 129,248.94          | 23,287.46           |
|          | Trading  | —                   | —                   |
|          | Real Estate  | —                   | —                   |
|          | Unallocated  | 8,233.86            | 2,499.65            |
|          | <b>Total Segment Revenue</b>                                     | <b>137,482.80</b>   | <b>25,787.11</b>    |
| <b>2</b> | <b>Segment Result</b>  |                     |                     |
|          | Profit/(Loss) before tax and interest from each segment          |                     |                     |
|          | Investment Activities  | 126,151.81          | 18,063.99           |
|          | Trading  | —                   | —                   |
|          | Real Estate  | (572,207.49)        | 108,740.13          |
|          | Unallocated  | (16,128.30)         | (20,429.88)         |
|          | Less : Interest & Finance Charges                                | 494.05              | 977.76              |
|          | <b>Profit before Taxation</b>                                    | <b>(462,678.03)</b> | <b>105,396.48</b>   |
|          | Less : Provision for Current Tax                                 | —                   | 7,000.00            |
|          | Less : Tax for Earlier Year                                      | 2,595.44            | —                   |
|          | <b>Profit from Ordinary Activities after Tax</b>                 | <b>(465,273.47)</b> | <b>98,396.48</b>    |
|          | Extra Ordinary Item (Net of Tax)                                 |                     |                     |
|          | Foreign Exchange Fluctuation Loss                                | 1,200.00            | 73,825.81           |
|          | <b>Net Profit / (Loss) before share of Profit from Associate</b> | <b>(466,473.47)</b> | <b>24,570.67</b>    |
| <b>3</b> | <b>Segment Assets</b>  |                     |                     |
|          | Investment Activities  | 4,878,667.28        | 4,532,558.80        |
|          | Trading  | 23,908.50           | 458,850.00          |
|          | Real Estate  | 643,267.77          | 1,113,485.59        |
|          | Unallocated  | 158,878.75          | 173,707.67          |
|          | <b>Total Assets</b>  | <b>5,704,722.30</b> | <b>6,278,602.05</b> |
| <b>4</b> | <b>Segment Liabilities</b>                                       |                     |                     |
|          | Investment Activities  | —                   | —                   |
|          | Trading  | —                   | —                   |
|          | Real Estate  | 250,000.00          | 250,480.90          |
|          | Unallocated  | 12,278.52           | 119,203.96          |
|          | <b>Total Liabilities</b>   | <b>262,278.52</b>   | <b>369,684.86</b>   |
| <b>5</b> | <b>Assets Acquired</b>   |                     |                     |
|          | Unallocated  | 9,083.23            | 13,012.72           |
|          | <b>Total Assets</b>  | <b>9,083.23</b>     | <b>13,012.72</b>    |

**NOTE - 2.33**

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are given as below:-

| Particulars                  | Denomination | Foreign Currency             | Amount<br>(₹ in thousands) |
|------------------------------|--------------|------------------------------|----------------------------|
| Other Liabilities            | USD          | -<br>(5,237,796.80)          | -<br>(59,085.56)           |
| Investment                   |              |                              |                            |
| (a) Equity Shares            | AED          | 260,680.00<br>(1,744,000.00) | 32,308.65<br>(21,401.00)   |
| (b) Shares Application Money | AED          | -<br>(862,450.00)            | -<br>(11,207.65)           |

Previous year figures are given in bracket

**NOTE - 2.34**

The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signature to the Notes 2.1 to 2.34 Annexed to and forming part of the Accounts

FOR AND ON BEHALF OF THE BOARD

Surender Kumar  
Partner  
Membership No 82982  
For and on behalf of  
T R Chadha & Co  
(Firm Registration No. 006711N)  
Chartered Accountants

R.P. Jolly  
Company Secretary

Anil Bhalla  
Director  
DIN No. 00587533

Abhey Kumar Oswal  
Chairman  
DIN No. 00589130

Place : New Delhi  
Date : 29<sup>th</sup> May, 2012



Oswal Agro Mills Limited

## OSWAL OVERSEAS LIMITED

### DIRECTOR'S REPORT

The Directors present their report together with the audited financial statements of the company for the financial year ended March 31, 2012.

#### 1. OPERATIONS & FUTURE OUTLOOK

The company is exploring various global business opportunities in the field of mining, power, Fertilizer and natural resources.

#### 2. DIRECTORS

The Directors of the Company in office at the date of this report are:

Mr. Abhey Kumar Oswal

Mr. Anil Kumar Bhalla

#### 3. AUDITORS' REPORT

The Auditors' Report to the shareholders does not contain any qualifications. The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments of Directors.

#### 4. DISCLOSURE PARTICULARS

The Company being registered outside India, the disclosures required to be made in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not relevant. Hence the same has not been furnished.

#### 5. PARTICULARS OF EMPLOYEES

There are no employees covered by the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

#### 6. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm:

- i. That in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure.
- ii. That the selected Accounting Policies were applied consistently and the Directors 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 March 31, 2012 and the preoperative expenses of the Company for the year ended on that date;
- iii. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- iv. That the annual accounts have been prepared on a going concern basis.

#### 7. AUDITORS

The auditors, M/s KSI Shah & Associates, Dubai, UAE have expressed their willingness to accept re-appointment.

Place : New Delhi  
Date : 22nd May, 2012

For and on behalf of the Board  
**Anil Kumar Bhalla**  
Director

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## Independent Auditors' Report to the Shareholder of

### OSWAL OVERSEAS LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **OSWAL OVERSEAS LIMITED**, which comprises of the statement of financial position as of 31 March, 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting policies applied, following generally accepted accounting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

#### Auditors' responsibility

Our audit included such test of the accounting records and such other auditing procedures, as we considered necessary in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of OSWAL OVERSEAS LIMITED as of 31 March, 2012 and its income statement for the year then ended in conformity with accounting principles applied.

#### KSI Shah & Associates

Chartered Accountants

Dubai

17 May, 2012

## OSWAL OVERSEAS LIMITED

### Statement of Financial Position as at 31<sup>st</sup> March, 2012

(₹ in thousands)

|                                     | Notes | 2012            | 2011            |
|-------------------------------------|-------|-----------------|-----------------|
| <b>ASSETS</b>                       |       |                 |                 |
| <b>Non-current assets</b>           |       |                 |                 |
| Loans and advances                  | 3     | 10145.31        | 8767.27         |
| <b>Current assets</b>               |       |                 |                 |
| Other receivable                    |       | 14878.66        | 15206.29        |
| Cash and cash equivalents           | 4     | 2749.62         | 260.67          |
| <b>TOTAL ASSETS</b>                 |       | <b>27773.59</b> | <b>24234.23</b> |
| <b>EQUITY AND LIABILITIES</b>       |       |                 |                 |
| <b>Equity</b>                       |       |                 |                 |
| Share capital                       | 5     | 36117.70        | 21090.00        |
| Accumulated losses                  |       | (8473.93)       | (7379.77)       |
| <b>Equity funds</b>                 |       |                 |                 |
| Current account                     | 6     | -               | 10434.00        |
| <b>Total equity</b>                 |       | <b>27643.77</b> | <b>24144.23</b> |
| <b>Current liability</b>            |       |                 |                 |
| Accrual and other payable           |       | 129.82          | 90.00           |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <b>27773.59</b> | <b>24234.23</b> |

The accompanying notes 1 to 8 form an integral part of these financial statements.  
The Independent Auditors' Report is approved by the director on 17th May, 2012.  
For Oswal Overseas Ltd.

Director

### Statement of Comprehensive Income for the year ended 31<sup>st</sup> March, 2012

(₹ in thousands)

|                                       | Notes | 2012           | 2011            |
|---------------------------------------|-------|----------------|-----------------|
| Commission income                     | 2(e)  | -              | 15421.20        |
| Other income                          |       | 101.27         | -               |
| Administrative expenses               |       | (217.07)       | (221.45)        |
| Interest income                       | 3     | 97.57          | 88.03           |
| <b>Net profit/(loss) for the year</b> |       | <b>(18.23)</b> | <b>15287.78</b> |

The accompanying notes 1 to 8 form an integral part of these financial statements.  
For Oswal Overseas Ltd.

Director

### Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2012

1. **Legal status and business activity** (₹ in thousand)
- a) OSWAL OVERSEAS LIMITED is an offshore company with limited liability registered under the provision of Offshore Companies regulations of Jebel Ali Free Zone of 2003 under registration No OF 2384.
- b) The company was incorporated on 24th July 2006 and is established to carry out business of general trading and investment activities. The company has not generated any revenue during the year
2. **Significant accounting policies**
- The financial statements are prepared under the historical cost convention and the significant accounting policies adopted are as follows:
- a) **Loans and advances:**  
Provision is made for doubtful loans and advances. Bad debts are written off as they arise.
- b) **Pre-operative expenses:**  
All expenses related to various projects by the company are treated as pre-operative expenses till the commencement of commercial production.
- c) **Payables and accruals:**  
Liabilities are recognized for amounts to be paid for goods or services received whether or not invoiced to the company.
- d) **Staff end of service gratuity:**  
Staff end of service gratuity is accounted on cash basis.
- e) **Commission income:**  
Indenting commission income is accounted on accrual basis.
- f) **Foreign currency transactions:**  
Transactions in foreign currencies are converted into US Dollar at the rate of exchange ruling on the date of the transaction.  
Assets and liabilities expressed in foreign currencies are translated into US Dollar at the rate of exchange ruling at the balance sheet date.  
Resulting exchange gains/losses are taken to the income statement.
3. **Loans and advances** (₹ in thousand)
- |                         | 2012            | 2011           |
|-------------------------|-----------------|----------------|
| Loan to Oswal Refinery* | 10145.31        | 8767.28        |
|                         | <b>10145.31</b> | <b>8767.28</b> |
- \* This represent loan given to Oswal Refinery Limited, Russia. This loan carries interest at 1% per annum and the accrued interest as at balance sheet date is Rs 97,570/-.
4. **Cash and cash equivalents** (₹ in thousand)
- |   | 2012           | 2011          |
|---|----------------|---------------|
| Cheques on hand                                   | -              | 106.38        |
| Bank balance in current and call deposit accounts | 2749.62        | 154.29        |
|   | <b>2749.62</b> | <b>260.67</b> |
5. **Share capital**
- Subscribed, Issued and Paid up  
Shares 26,068 @ AED 100/- \*  
(US \$ 1 @ AED 3.6715) 36117.70 21090.00
- \* The share certificate is issued in the name of 'M/s Oswal Agro Mills Limited' the sole shareholder of the company.
6. **Current account**  
This amount represents current account balance of the shareholder of the company.
7. **Contingent liability**  
There was no contingent liability of a significant amount at the balance sheet date.
8. **Comparative figures**  
Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.



Oswal Agro Mills Limited

## CONSOLIDATED AUDITORS' REPORT

To the Board of Directors of Oswal Agro Mills Limited.

1. We have audited the attached Consolidated Balance Sheet of M/s Oswal Agro Mills Ltd. and its subsidiary (collectively referred to as "the Group") as at 31st March 2012, the annexed Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statement of the subsidiary company, namely Oswal Overseas Ltd, whose financial statements reflect total assets of ₹ 27,773.60 thousand as at 31st March 2012, the total revenue of ₹ 198.85 thousand and cash flow amounting to ₹ 2,488.97 thousand for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on such reports.
4. The accounts of Oswal Brazil Refinara De Petroleo S.A, Brazil, a step down subsidiary of the company has not been consolidated as the said company is in the process of winding up.(Refer note 2.35 to Significant Accounting Policies & Notes).
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules 2006.
6. In our opinion and to the best of our information and according to the explanations given to us and on consideration of the separate audit report on the subsidiary company, the Consolidated Balance Sheet, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement subject to our comments in paragraphs 4, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the Consolidated State of Affairs of the Group as at March 31, 2012
  - (b) in the case of the Consolidated Statement of Profit & Loss, of the Consolidated results of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows for the year ended on that date.

For **T.R. Chadha & Co.**  
(Firm Registration No. 006711N)  
Chartered Accountants

**(Surender Kumar)**  
Partner  
M. No. 82982

Place: New Delhi  
Date: 29<sup>th</sup> May, 2012

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012

|  |          |                     |                     | (₹ in thousand) |  |
|--|----------|---------------------|---------------------|-----------------|--|
| Particulars  | Note No. | As At 31.03.2012    | As At 31.03.2011    |                 |  |
| <b>I. EQUITY AND LIABILITIES</b>                   |          |                     |                     |                 |  |
| <b>(1) Shareholders' funds</b>                     |          |                     |                     |                 |  |
| (a) Share capital                                  | 2.1      | 1,342,347.76        | 1,342,347.76        |                 |  |
| (b) Reserves and surplus                           | 2.2      | 4,566,385.63        | 4,747,593.80        |                 |  |
|  |          | <b>5,908,733.39</b> | <b>6,089,941.56</b> |                 |  |
| <b>(2) Non-current liabilities</b>                 |          |                     |                     |                 |  |
| (a) Deferred Tax Liability (Net)                   | 2.3      | -                   | -                   |                 |  |
| (b) Other Long term liabilities                    | 2.4      | 10,301.36           | 117,637.30          |                 |  |
| (c) Long-term provisions                           | 2.5      | 342.18              | 277.57              |                 |  |
|  |          | <b>10,643.54</b>    | <b>117,914.87</b>   |                 |  |
| <b>(3) Current liabilities</b>                     |          |                     |                     |                 |  |
| (a) Short-term borrowings                          | 2.6      | 250,000.00          | 250,000.00          |                 |  |
| (b) Other current liabilities                      | 2.7      | 1,299.44            | 1,431.77            |                 |  |
| (c) Short-term provisions                          | 2.8      | 465.37              | 428.24              |                 |  |
|  |          | <b>251,764.81</b>   | <b>251,860.01</b>   |                 |  |
| <b>Total</b>                                       |          | <b>6,171,141.74</b> | <b>6,459,716.44</b> |                 |  |
| <b>II. ASSETS</b>                                  |          |                     |                     |                 |  |
| <b>(1) Non-current assets</b>                      |          |                     |                     |                 |  |
| (a) Fixed assets                                   | 2.9      |                     |                     |                 |  |
| (i) Tangible assets                                |          | 56,970.40           | 58,274.87           |                 |  |
| (ii) Capital work-in-progress                      |          | 20,772.50           | 11,689.27           |                 |  |
| (b) Non-current investments                        | 2.10     | 3,135,924.17        | 3,030,850.73        |                 |  |
| (c) Long-term loans and advances                   | 2.11     | 134,331.51          | 1,087,682.91        |                 |  |
|  |          | <b>3,347,998.58</b> | <b>4,188,497.78</b> |                 |  |
| <b>(2) Current assets</b>                          |          |                     |                     |                 |  |
| (a) Current Investment                             | 2.12     | 2,703.57            | -                   |                 |  |
| (b) Inventories                                    | 2.13     | 207,403.70          | 642,345.20          |                 |  |
| (c) Cash and bank balances                         | 2.14     | 98,872.19           | 1,043,162.39        |                 |  |
| (d) Short-term loans and advances                  | 2.15     | 2,491,854.61        | 582,587.11          |                 |  |
| (f) Other current assets                           | 2.16     | 22,309.09           | 3,123.96            |                 |  |
|  |          | <b>2,823,143.16</b> | <b>2,271,218.66</b> |                 |  |
| <b>Total</b>                                       |          | <b>6,171,141.74</b> | <b>6,459,716.44</b> |                 |  |
| <b>Significant Accounting Policies &amp; Notes</b> | 1 & 2    |                     |                     |                 |  |

This is the Consolidated Balance Sheet referred to in our report of even date

The Notes referred to above form an integral part of the Consolidated Balance Sheet

FOR AND ON BEHALF OF THE BOARD

Surender Kumar  
Partner  
Membership No 82982  
For and on behalf of  
T R Chadha & Co  
(Firm Registration No. 006711N)  
Chartered Accountants

R.P. Jolly  
Company Secretary

Anil Bhalla  
Director  
DIN No. 00587533

Abhey Kumar Oswal  
Chairman  
DIN No. 00589130

Place : New Delhi  
Date : 29<sup>th</sup> May, 2012



Oswal Agro Mills Limited

**STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012**

(₹ in thousand)

| Particulars   | Note No. | For The Year<br>Ended 31.03.2012 | For The Year<br>Ended 31.3.2011 |
|---|----------|----------------------------------|---------------------------------|
| I. Revenue from operations  | 2.17     | 129,248.94                       | 23,287.46                       |
| II. Other income  | 2.18     | 8,432.71                         | 18,008.87                       |
| <b>III. Total Revenue (I + II)</b>  |          | <b>137,681.65</b>                | <b>41,296.33</b>                |
| <b>IV. Expenses:</b>  |          |                                  |                                 |
| Changes in inventories of Stock-in-Trade  | 2.19     | –                                | –                               |
| Employee benefits expense   | 2.20     | 2,340.87                         | 4,660.06                        |
| Finance costs   | 2.21     | 494.05                           | 977.76                          |
| Depreciation and amortization expense   | 2.9      | 1,279.94                         | 1,198.21                        |
| Other expenses  | 2.22     | 46,607.08                        | 43,149.29                       |
| <b>Total expenses</b>   |          | <b>50,721.94</b>                 | <b>49,985.32</b>                |
| <b>V. Profit before exceptional and extraordinary items and tax (III – IV)</b>                |          | <b>86,959.71</b>                 | <b>(8,688.99)</b>               |
| <b>VI Exceptional Items</b>   | 2.23     | <b>548,726.85</b>                | <b>(127,846.15)</b>             |
| <b>VII Prior Period Adjustments</b>   | 2.24     | <b>929.11</b>                    | <b>59.40</b>                    |
| <b>VIII Profit before tax (V– VI–VII)</b>   |          | <b>(462,696.25)</b>              | <b>119,097.76</b>               |
| <b>IX Tax expense:</b>  | 2.25     |                                  |                                 |
| – Current tax   |          | –                                | 7,000.00                        |
| – Tax for earlier years   |          | 2,595.44                         | –                               |
| <b>X Profit / (Loss) for the period after Tax before extra-ordinary items(VIII–IX)</b>        |          | <b>(465,291.69)</b>              | <b>112,097.76</b>               |
| <b>XI Share of profit in associate</b>  |          | <b>281,465.75</b>                | <b>189,488.79</b>               |
| <b>XII Profit after taxation and share in Associate's profit ( X + XI )</b>                   |          | <b>(183,825.94)</b>              | <b>301,586.55</b>               |
| <b>XIII Extra-ordinary items – Foreign Exchange Fluctuation (net of tax Rs. Nil thousand)</b> |          | <b>1,200.00</b>                  | <b>73,825.81</b>                |
| <b>XIV Profit / (Loss) for the period after Tax after extra-ordinary items ( XII – XIII )</b> |          | <b>(185,025.94)</b>              | <b>227,760.74</b>               |
| <b>Earning per Share (Nominal Value of Rs. 10 each)</b>                                       | 2.29     |                                  |                                 |
| Basic/ Diluted on profit before extraordinary item  |          | (1.37)                           | 2.25                            |
| Basic/ Diluted on profit after extraordinary item   |          | (1.38)                           | 1.70                            |
| <b>Significant Accounting Policies &amp; Notes</b>  | 1 & 2    |                                  |                                 |

This is the Consolidated Statement of Profit & Loss referred to in our report of even date

The Notes referred to above form an integral part of the Consolidated Statement of Profit & Loss

FOR AND ON BEHALF OF THE BOARD

Surender Kumar  
Partner  
Membership No 82982  
For and on behalf of  
T R Chadha & Co  
(Firm Registration No. 006711N)  
Chartered Accountants

R.P. Jolly  
Company Secretary

Anil Bhalla  
Director  
DIN No. 00587533

Abhey Kumar Oswal  
Chairman  
DIN No. 00589130

Place : New Delhi  
Date : 29<sup>th</sup> May, 2012

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ In thousand)

|   | Year Ended<br>March 31,2012 | Year Ended<br>March 31,2011 |
|---|-----------------------------|-----------------------------|
| <b>A. Cash flow from operating activities:</b>                      |                             |                             |
| Net Profit before tax   | (462,696.25)                | 119,097.74                  |
| Adjustments for:  |                             |                             |
| Depreciation  | 1,279.94                    | 1,198.22                    |
| Finance Expense   | 494.05                      | 977.76                      |
| Interest Income   | (3,530.93)                  | (2,464.58)                  |
| (Profit)/Loss on sale of right of leasehold land                    | -                           | (51,701.41)                 |
| Balance/ Fixed assets written off                                   | -                           | 51.03                       |
| Diminution in the value of Inventories                              | 434,941.50                  | -                           |
| Provision for diminution in investment *                            | 171,257.96                  | -                           |
| Balances written back   | (76,030.45)                 | (76,144.74)                 |
| Assets written off  | 24.52                       | -                           |
| Prior Period Expenses/(Income) (Net)                                | 929.11                      | 59.40                       |
| Wealth Tax Provision  | 217.69                      | 225.08                      |
| <b>Operating profit before working capital changes</b>              | <b>66,887.14</b>            | <b>(8,701.50)</b>           |
| Adjustments for changes in working capital :                        |                             |                             |
| - (Increase)/Decrease in Trade Receivable                           | -                           | 132,647.92                  |
| - (Increase)/Decrease in Long term loans and advances               | 985,624.29                  | 3,036,055.76                |
| - (Increase)/Decrease in Short term loans and advances              | (1,909,267.50)              | (550,324.34)                |
| - (Increase)/Decrease in Other Assets                               | (19,185.13)                 | (3,123.96)                  |
| - (Increase)/Decrease in Inventories                                | -                           | -                           |
| - (Increase)/Decrease in Long term liability                        | (31,305.49)                 | 16,766.53                   |
| - (Increase)/Decrease in Long term provisions                       | 64.61                       | (465.91)                    |
| - (Increase)/Decrease in Short Term borrowings                      | -                           | (259,800.00)                |
| - Increase/(Decrease) in Short term provision                       | 44.52                       | 203.16                      |
| - Increase/(Decrease) in Trade payables                             | -                           | (8,179.76)                  |
| - Increase/(Decrease) in other current liabilities                  | (132.34)                    | (9,886.58)                  |
| - Increase/(Decrease) in other current assets                       | 16,736.09                   | (21,203.11)                 |
|   | <b>(957,420.95)</b>         | <b>2,332,689.71</b>         |
| Cash generated from operations                                      | <b>(890,533.81)</b>         | <b>2,323,988.21</b>         |
| - Prior Period (Expenses)/Income (Net)                              | (929.11)                    | (59.40)                     |
| - Wealth Tax Paid   | (225.08)                    | (218.20)                    |
| - Taxes (Payment) / Refund  | (34,868.32)                 | (904.41)                    |
| <b>Net cash from operating activities before extraordinary item</b> | <b>(926,556.32)</b>         | <b>2,322,806.20</b>         |
| Extra ordinary item   | (1,200.00)                  | (73,825.81)                 |
| <b>Net cash from operating activities after extraordinary item</b>  | <b>(927,756.32)</b>         | <b>2,248,980.39</b>         |
| <b>B. Cash flow from Investing activities:</b>                      |                             |                             |
| Purchase of fixed assets  | (9,083.23)                  | (11,407.98)                 |
| Proceeds from Sale/return of fixed assets/Capital work in progress  | -                           | 55,000.00                   |
| (Purchase)/Sale of investments (Net)                                | 2,730.78                    | (1,352,860.81)              |
| Interest Received (Revenue)   | 3,530.93                    | 2,464.58                    |
| <b>Net cash used in/from investing activities</b>                   | <b>(2,821.52)</b>           | <b>(1,306,804.21)</b>       |
| <b>C. Cash flow from financing activities:</b>                      |                             |                             |
| Finance Expense Paid  | (494.05)                    | (977.76)                    |
| Foreign currency translation fund                                   | 3,817.77                    | 57,917.86                   |
| <b>Net cash used in financing activities</b>                        | <b>3,323.72</b>             | <b>56,940.10</b>            |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>       | <b>(927,254.12)</b>         | <b>999,116.28</b>           |
| <b>Cash and cash equivalents at the beginning of the year</b>       | <b>1,000,295.38</b>         | <b>1,179.10</b>             |
| <b>Cash and cash equivalents at the close of the year</b>           | <b>73,041.26</b>            | <b>1,000,295.38</b>         |

**Notes :**

- The above Consolidated Cash flow statement has been prepared under the indirect method set out in AS-3 issued by The Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification / disclosure.

This is the Consolidated Cash Flow Statement referred to in our report of even date

Notes 1 & 2 form an integral part of the Consolidated Cash Flow Statement

FOR AND ON BEHALF OF THE BOARD

Surender Kumar  
Partner  
Membership No 82982  
For and on behalf of  
T R Chadha & Co  
(Firm Registration No. 006711N)  
Chartered Accountants

R.P. Jolly  
Company Secretary

Anil Bhalla  
Director  
DIN No. 00587533

Abhey Kumar Oswal  
Chairman  
DIN No. 00589130

Place : New Delhi  
Date : 29<sup>th</sup> May, 2012



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### A. Group Companies

The consolidated financial statements comprise of financial statements of Oswal Agro Mills Ltd (the Company) and its wholly owned subsidiary incorporated outside India namely Oswal Overseas Ltd (hereinafter referred as "the Group").

#### B. Basis of preparation of Accounts

The consolidated financial statements of the group are prepared under historical cost convention and in accordance with applicable Accounting Standards in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.

The financial statements of the parent company and the subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balance/transactions in full as per Accounting Standard-21 on Consolidated Financial Statements.

All unrealized surplus and deficit on transactions between the group companies are eliminated.

#### C. Accounting Convention

The financial statements are prepared under historical cost convention on accrual basis in accordance with the mandatory accounting standards read with notes and relevant presentational requirements of the Companies Act, 1956.

#### D. Investments

Long term investments are stated at cost less provision, if any, for diminution in value of such investments other than temporary. Current investments are stated at lower of cost and fair value.

#### E. Fixed Assets

- a) Fixed assets are shown at cost less accumulated depreciation.
- b) Depreciation on fixed assets is provided on Straight Line Method (SLM) at rates specified in Schedule XIV to the Companies Act, 1956.
- c) No depreciation is provided on fixed assets held for disposal and shown under current assets at estimated realizable value.

#### F. Inventories

Inventories are valued at cost or net realizable value whichever is lower. The cost is determined on FIFO basis.

#### G. Interest

Interest on securities (other than fixed deposits with banks) pledged/deposited with the Government Departments is accounted for on cash basis.

#### H. Recognition of Income & Expenditure

- a) Brokerage, Service Tax, Education Cess and Securities Transaction Tax to the extent not available as rebate under Income Tax Act, 1961 on purchase/sale of shares and other securities are charged directly to Profit & Loss Account.
- b) Provision for loss in respect of Open Equity Derivative Instruments as at the Balance Sheet date is made Index-wise/Scrip-wise. As a matter of prudence, any anticipated profit is ignored.

#### I. Provision

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made.

#### J. Contingent Liabilities

Contingent liabilities not provided for in the accounts are separately disclosed in the "Notes to Accounts".

#### K. Employee Benefits

##### i Long Term Employee Benefits

##### a) Defined Contribution Plans

The company's contribution to defined contribution plans is charged to Profit & Loss Account as incurred.

##### b) Defined Benefit Plans

Defined Benefit Plan is provided on the basis of valuation as at the balance sheet date carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

##### c) Other Long Term Employee Benefits

Other long term benefit is provided on the basis of valuation as at the date carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

ii Actuarial gains and losses comprise experience adjustments and the effects of the changes in actuarial assumptions are recognized immediately in the Profit & Loss Account as income or expense.

iii Employee benefits which fall due wholly within twelve months after the end of the period in which the employees render the related service are recognized at the amount expected to be paid for it.

#### L. Preoperative Expenses

All expenses related to various projects by the company are treated as preoperative expenses till the commencement of commercial production and are included in Capital Work in Progress.

#### M. Translation of Non Integral Foreign Operations

Assets and Liabilities (monetary & non monetary) are translated at the closing rate at the year end. Income and expenses are translated at the quarterly average closing rate at the end respective quarter. All resulting exchange difference are accumulated in a separate account "Foreign Currency Translation Reserve" till the disposal of net investment.

## NOTES (Contd...)

### N. Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Liability / receivables on account of foreign currency are converted at the exchange rates prevailing as at the end of the year and gains / losses thereon are taken to the Profit & Loss Account.

### O. Earnings per share

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### P. Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

## 2 NOTES

(₹ In thousand)

| NOTE - 2.1   | As at 31.03.2012    | As at 31.03.2011    |
|--|---------------------|---------------------|
| <b>SHARE CAPITAL</b>   |                     |                     |
| <b>Authorized :</b>  |                     |                     |
| 300,000,000 (Previous Year 300,000,000) Equity Shares of Rs. 10/- each               | 3,000,000.00        | 3,000,000.00        |
| 10,000,000 (Previous year 10,000,000) Redeemable Preference Shares of Rs. 100/- each | 1,000,000.00        | 1,000,000.00        |
|  | <b>4,000,000.00</b> | <b>4,000,000.00</b> |
| <b>Issued , Subscribed and fully paid-up :</b>                                       |                     |                     |
| 134,234,776 ( Previous Year 134,234,776) Equity Shares of Rs.10/- each fully paid up | 1,342,347.76        | 1,342,347.76        |
| <b>Total</b>   | <b>1,342,347.76</b> | <b>1,342,347.76</b> |

### (a) Statements of Change in Equity

| Particulars                     | As at 31.03.2012 | As at 31.03.2011 |
|---------------------------------|------------------|------------------|
| Opening Balance                 | 134,234,776      | 134,234,776      |
| Issued during the year          | -                | -                |
| Shares redeemed during the year | -                | -                |
| Closing Balance                 | 134,234,776      | 134,234,776      |

### (b) Statements of holding

| Particulars  | As at 31.03.2012 |              | As at 31.03.2011 |              |
|--|------------------|--------------|------------------|--------------|
|  | No. of Shares    | % of holding | No. of Shares    | % of holding |
| List of Shareholders – 5 % & Above<br>– Abhey Kumar Oswal (Director) | 53,530,960       | 39.88%       | 53,530,960       | 39.88%       |

### (c) Rights, preference and restrictions attached to shares

**Equity Shares :** The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

| NOTE - 2.2                        | As at 31.03.2012    | As at 31.03.2011    |
|-----------------------------------|---------------------|---------------------|
| <b>RESERVES AND SURPLUS</b>       |                     |                     |
| Securities Premium Reserve        | 4,464,882.64        | 4,464,882.64        |
| As per last Balance sheet         |                     |                     |
| Capital Reserve                   | 1,500.00            | 1,500.00            |
| As per last Balance sheet         |                     |                     |
| General Reserve                   | 318,976.09          | 318,976.09          |
| As per last Balance sheet         |                     |                     |
| Foreign currency translation fund | 6,173.99            | 2,356.22            |
| As per last Balance sheet         |                     |                     |
| Profit and Loss Account           |                     |                     |
| As per last Balance sheet         | (40,121.15)         | (267,881.89)        |
| Add: Profit/(Loss) for the year   | (185,025.94)        | 227,760.74          |
| <b>Total</b>                      | <b>4,566,385.63</b> | <b>4,747,593.80</b> |



Oswal Agro Mills Limited

**NOTES (Contd...)**

|   | (₹ In thousand)          |                          |
|---|--------------------------|--------------------------|
| NOTE - 2.3                                | As at 31.03.2012         | As at 31.03.2011         |
| <b>DEFFERED TAX LAIBILITY (NET)</b>       |                          |                          |
| <b>Fixed Assets</b>                       |                          |                          |
| Opening Balance                           | 9,051.50                 | 9,025.06                 |
| For the year                              | (178.91)                 | 26.44                    |
| Closing Balance                           | 8,872.59                 | 9,051.50                 |
| <b>Disallowance U/S 43 B and Gratuity</b> |                          |                          |
| Opening Balance                           | 159.69                   | 252.71                   |
| For the year                              | 25.55                    | (93.02)                  |
| Closing Balance                           | 185.24                   | 159.69                   |
| <b>Losses Carried Forward</b>             |                          |                          |
| Opening Balance                           | 8,891.81                 | 8,772.35                 |
| For the year                              | (204.45)                 | 119.46                   |
| Closing Balance                           | 8,687.36                 | 8,891.81                 |
| <b>Total</b>                              | <u><u>-</u></u>          | <u><u>-</u></u>          |
| <b>NOTE - 2.4</b>                         |                          |                          |
| <b>OTHER LONG TERM LIABILITIES</b>        |                          |                          |
| Others payables                           | -                        | 88,490.87                |
| Security Deposit Payable                  | -                        | 2,600.00                 |
| Other Liability                           | 10,301.36                | 26,546.43                |
| <b>Total</b>                              | <u><u>10,301.36</u></u>  | <u><u>117,637.30</u></u> |
| * includes amount payable to associates.  |                          |                          |
| <b>NOTE - 2.5</b>                         |                          |                          |
| <b>LONG-TERM PROVISIONS</b>               |                          |                          |
| Provision for employee benefits.          | 342.18                   | 277.57                   |
| <b>Total</b>                              | <u><u>342.18</u></u>     | <u><u>277.57</u></u>     |
| <b>NOTE - 2.6</b>                         |                          |                          |
| <b>SHORT-TERM BORROWINGS</b>              |                          |                          |
| Advance From Customers- unsecured         | 250,000.00               | 250,000.00               |
| <b>Total</b>                              | <u><u>250,000.00</u></u> | <u><u>250,000.00</u></u> |
| <b>NOTE - 2.7</b>                         |                          |                          |
| <b>OTHER CURRENT LIABILITIES</b>          |                          |                          |
| Duties & Taxes Payable                    | 385.05                   | 351.88                   |
| Other Liabilities                         | 914.38                   | 1,079.89                 |
| <b>Total</b>                              | <u><u>1,299.44</u></u>   | <u><u>1,431.77</u></u>   |
| <b>NOTE - 2.8</b>                         |                          |                          |
| <b>SHORT-TERM PROVISIONS</b>              |                          |                          |
| Provision for employee benefits.          | 247.68                   | 203.16                   |
| Provision For Wealth Tax                  | 217.69                   | 225.08                   |
| <b>Total</b>                              | <u><u>465.37</u></u>     | <u><u>428.24</u></u>     |

## NOTES (Contd...)

(₹ In thousand)

### NOTE - 2.9

#### FIXED ASSETS

| Particulars              | Gross Block        |                                 |  | Depreciation        |                   |                 |  | Net Block           |                     |                     |
|--------------------------|--------------------|---------------------------------|--|---------------------|-------------------|-----------------|--|---------------------|---------------------|---------------------|
|                          | As At<br>1.04.2011 | Additions<br>During<br>The Year | Sale/Adju-<br>stments During<br>The Year | As At<br>31.03.2012 | Upto<br>1.04.2011 | For The<br>Year | Written Back/<br>Adjustments<br>During<br>The Year | Up to<br>31.03.2012 | As At<br>31.03.2012 | As At<br>31.03.2011 |
| Tangible Assets :        |                    |                                 |  |                     |                   |                 |  |                     |                     |                     |
| Land                     |                    |                                 |  |                     |                   |                 |  |                     |                     |                     |
| -Leasehold               | 3,525.54           | -                               | -  | 3,525.54            | 684.47            | 37.10           | -  | 721.57              | 2,803.97            | 2,841.07            |
| -Freehold                | 11,356.80          | -                               | -  | 11,356.80           | -                 | -               | -  | -                   | 11,356.80           | 11,356.80           |
| Buildings                |                    |                                 |  |                     |                   |                 |  |                     |                     |                     |
| -Freehold                | 63,128.22          | -                               | -  | 63,128.22           | 21,087.19         | 1,051.45        | -  | 22,138.64           | 40,989.58           | 42,041.03           |
| Plant & Machinery        | 1,488.05           | -                               | 363.62                                   | 1,124.43            | 751.10            | 62.00           | 349.32   | 463.78              | 660.65              | 736.95              |
| Furniture & Fixture      | 4,319.65           | -                               | 84.92                                    | 4,234.73            | 4,318.48          | 0.36            | 84.11  | 4,234.73            | -                   | 1.17                |
| Vehicles                 | 3,678.27           | -                               | 126.80                                   | 3,551.47            | 2,380.43          | 129.03          | 117.39   | 2,392.07            | 1,159.40            | 1,297.84            |
| <b>Total</b>             | <b>87,496.53</b>   | <b>-</b>                        | <b>575.34</b>                            | <b>86,921.19</b>    | <b>29,221.67</b>  | <b>1,279.94</b> | <b>550.82</b>                                      | <b>29,950.79</b>    | <b>56,970.40</b>    | <b>58,274.86</b>    |
| Capital Work In Progress |                    |                                 |  |                     |                   |                 |  |                     | 20,772.50           | -                   |
| <b>Previous year</b>     | <b>273,696.23</b>  | <b>1,323.43</b>                 | <b>187,523.13</b>                        | <b>87,496.53</b>    | <b>28,752.79</b>  | <b>1,198.21</b> | <b>729.34</b>                                      | <b>29,221.66</b>    | <b>58,274.87</b>    | <b>244,943.43</b>   |

(₹ In thousand)

### NOTE - 2.10

As at 31.03.2012

As at 31.03.2011

#### NON-CURRENT INVESTMENT

(Non trade Unquoted, At Cost)

##### (i) Government Securities (Unquoted)

|   |   |        |
|---|---|--------|
| Post Office Time Deposit<br>(Pledged with Government Department as security deposits) | - | 134.10 |
|---|---|--------|

##### (ii) Investments in Equity Instruments

###### a) Associated Company-(QUOTED, NON TRADE)

|   |              |              |
|---|--------------|--------------|
| - Oswal Greentech Ltd. (formerly known as Oswal Chemicals & Fertilizers Ltd.) 91,384,203 Equity Shares fully paid up<br>(Previous year 91,384,203 Equity Shares ) (Including share of profit Rs 470,954.54 thousand , Previous year Rs 189,488.79 thousand) | 2,846,762.82 | 2,565,297.07 |
|---|--------------|--------------|

###### b) Other Company-(UNQUOTED, NON TRADE)

|   |            |            |
|---|------------|------------|
| - P C Media Systems Ltd. 12,036,500<br>(Previous Year 12,036,500) Equity Shares of Rs. 10/- each. | 290,419.31 | 290,419.31 |
| - Urmi Group Housing Society Ltd. Nil Equity Shares<br>(Previous Year one) of Rs. 250/- each.     | -          | 0.25       |
| - Sohana International Pvt. Ltd. Nil<br>(Previous Year 100,000) Equity Shares of Rs. 10/- each.   | -          | 5,000.00   |
| - Superior Portfolio (P) Ltd. 4,000<br>(Previous Year 4,000) Equity Shares of Rs. 1000/- each.    | 15,000.00  | 15,000.00  |

##### (iii) Investment in Debentures\*

|   |            |            |
|---|------------|------------|
| - Freedom Technobuild Private Ltd. 55,000 (Previous Year 55,000)<br>0% Optionally Convertible Debentures of Rs. 1,000/- each.     | 55,000.00  | 55,000.00  |
| - Infotel Business Solutions Ltd. 10,000,000 (Previous Year 10,000,000)<br>0% Optionally Convertible Debentures of Rs. 10/- each. | 100,000.00 | 100,000.00 |

Less : Provision for diminution on investments (171,257.96) -

**Total** **3,135,924.17** **3,030,850.73**

Provision for diminution on Investment relates to investment made in M/s P C Media Systems Ltd. These equity shares has been valued at Rs.9.90 per share in accordance with net worth of the company. Provision has been made by difference amount of cost and realized value of the shares.

Aggregate Market Value of Quoted Investments 3,468,030.50 5,327,699.03

Aggregate Cost of Quoted Investments 2,846,762.82 2,565,297.07

Aggregate Cost of Un-quoted Investments 289,161.35 465,553.66

\* redeemable or convertible into equity shares on or after 31-12-2015 i.e. after 5 years from the date of allotment but before 30-12-2025 i.e. 15 years from the date of issue.



Oswal Agro Mills Limited

## NOTES (Contd...)

(₹ In thousand)

| NOTE - 2.11                         | As at 31.03.2012  | As at 31.03.2011    |
|-------------------------------------|-------------------|---------------------|
| <b>LONG-TERM LOANS AND ADVANCES</b> |                   |                     |
| (Unsecured considered good)         |                   |                     |
| Capital Advances                    | 353.13            | 3,937.66            |
| Security Deposits                   | 16,601.09         | 16,448.06           |
| Advance to suppliers                | –                 | 576,038.00          |
| Loan to body corporate              | 40,000.00         | –                   |
| Balances with Central Excise etc.   | –                 | 23,634.07           |
| Others Loans & Advances             | 25,360.10         | 447,880.81          |
| Income Tax Advances                 | 52,017.19         | 19,744.31           |
| <b>Total</b>                        | <b>134,331.51</b> | <b>1,087,682.91</b> |

### NOTE - 2.12

#### CURRENT INVESTMENT

|   |                 |          |
|---|-----------------|----------|
| Mutual Funds  | 2,703.57        | –        |
| 139,129 Units (Previous Year Nil) of LIC Mutual Fund Saving Plus Fund |                 |          |
| <b>Total</b>  | <b>2,703.57</b> | <b>–</b> |

### NOTE - 2.13

#### INVENTORIES

|   |                   |                   |
|---|-------------------|-------------------|
| LAND*                                     | 183,495.20        | 183,495.20        |
| (Cost or market value whichever is lower) |                   |                   |
| STOCK IN TRADE (Equity Shares)            | 23,908.50         | 458,850.00        |
| (Cost or market value whichever is lower) |                   |                   |
| <b>Total</b>                              | <b>207,403.70</b> | <b>642,345.20</b> |

\*converted from fixed assets

Company has held 24,15,000 equity shares of P C Media Systems Ltd at cost of Rs. 190 per share. These shares has been valued at realized value of Rs. 9.90 per share in accordance with Net worth of the company.

### NOTE - 2.14

#### CASH AND BANK BALANCES

|   |  |                  |                     |
|---|--|------------------|---------------------|
| a | Cash and cash equivalents  |                  |                     |
|   | Balances with banks  |                  |                     |
|   | – in Current Account   | 16,609.18        | 982,293.00          |
|   | Cash in hand   | 56,432.09        | 18,002.38           |
|   | <b>Total (A)</b>   | <b>73,041.27</b> | <b>1,000,295.38</b> |
| b | Other bank balances  |                  |                     |
|   | – in Fixed Deposits ( For Margin Money ) – others*                       | 25,830.92        | 42,761.64           |
|   | – in Fixed Deposits ( For Margin Money ) – more than 12 months maturity* | –                | 105.37              |
|   | <b>Total (B)</b>   | <b>25,830.92</b> | <b>42,867.01</b>    |
|   | <b>Total (A+B)</b>   | <b>98,872.19</b> | <b>1,043,162.39</b> |

\* Fixed Deposits are pledged as security with/against Govt Department/loans/Bank Deposits

### NOTE - 2.15

#### SHORT-TERM LOANS AND ADVANCES

|                             |                                  |                     |                   |
|-----------------------------|----------------------------------|---------------------|-------------------|
| (Unsecured considered good) |                                  |                     |                   |
| –                           | Loans and advances to Associates | –                   | 309,697.91        |
| –                           | Loans to body corporate          | 2,050,000.00        | 250,000.00        |
|                             | Advances to suppliers            | 441,828.00          | 22,500.00         |
|                             | Other advances                   | 26.61               | 389.20            |
|                             | <b>Total</b>                     | <b>2,491,854.61</b> | <b>582,587.11</b> |

## NOTES (Contd...)

|                             | (₹ In thousand)  |                  |
|-----------------------------|------------------|------------------|
| NOTE - 2.16                 | As at 31.03.2012 | As at 31.03.2011 |
| <b>OTHER CURRENT ASSETS</b> |                  |                  |
| Interest Income Accrued     | 22,309.09        | 3,123.96         |
| <b>Total</b>                | <b>22,309.09</b> | <b>3,123.96</b>  |

### NOTE - 2.17

#### REVENUE FROM OPERATIONS

|  |                   |                  |
|--|-------------------|------------------|
| Other Operating Revenue  |                   |                  |
| Interest Received (TDS Rs. Nil, Previous Year Rs. 42.76 Thousand)                      | -                 | 427.58           |
| Interest Received on ICD (TDS Rs. 9486.77 Thousand, Previous Year Rs. 625.00 Thousand) | 94,867.70         | 6,250.00         |
| Profit/(Loss) on Trading of Shares/Mutual Fund   | 34,381.24         | 16,609.88        |
| <b>Total</b>   | <b>129,248.94</b> | <b>23,287.46</b> |

### NOTE - 2.18

#### OTHER INCOME

|  |                 |                  |
|--|-----------------|------------------|
| Interest Income (TDS Rs. 352.32 Thousand, Previous Year Rs. 236.65 Thousand) | 3,530.93        | 2,464.58         |
| Rental Income  | 120.00          | 120.00           |
| Sales Tax Refund   | 4,576.93        | -                |
| Misc. Income   | 204.85          | 15,424.29        |
| <b>Total</b>   | <b>8,432.71</b> | <b>18,008.87</b> |

### NOTE - 2.19

#### CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| Closing stock of Stock in trade       | 458,850.00   | 458,850.00   |
| Closing stock of Land                 | 183,495.20   | 183,495.20   |
| Less: Opening stock of Stock in trade | (458,850.00) | (458,850.00) |
| Less: Opening stock of Land           | (183,495.20) | (183,495.20) |
| <b>Total</b>                          | <b>-</b>     | <b>-</b>     |

### NOTE - 2.20

#### EMPLOYEE BENEFITS EXPENSE

|   |                 |                 |
|---|-----------------|-----------------|
| Salaries and wages                        | 2,181.20        | 4,285.58        |
| Contribution to provident and other funds | 115.07          | 328.11          |
| Staff welfare expenses                    | 44.60           | 46.37           |
| <b>Total</b>                              | <b>2,340.87</b> | <b>4,660.06</b> |

#### Employee Benefits

The Company has classified various employee benefits as under:

##### a) Defined Contribution Plans

The company has recognized the following amounts in the Profit and Loss Account for the year:

Employees Provident Fund including family pension fund Rs. 96.13 thousand (Previous Year Rs. 290.90 thousand)

##### b) Defined Benefit Plans

(i) Valuation in respect of gratuity has been carried out by independent actuary, as at the Balance date, based on the following assumption:



**NOTES (Contd...)**

| Particulars  | Gratuity (Unfunded)<br>31.03.2012 | Gratuity (Unfunded)<br>31.03.2011 |
|--|-----------------------------------|-----------------------------------|
| Discounting Rate   | 8.50%                             | 8.00%                             |
| Future salary Increase   | 6.00%                             | 5.50%                             |
| Expected Rate of return on plan assets                                   | NA                                | NA                                |
| Expected Average remaining working lives of employees in number of years | 0.21                              | 0.9                               |

(ii) The amounts recognized in the balance sheet are as follows:

(₹ In thousand)

| Particulars   | Gratuity (Unfunded)<br>31.03.2012 | Gratuity (Unfunded)<br>31.03.2011 |
|---|-----------------------------------|-----------------------------------|
| Present value of obligation                         | 569.72                            | 462.84                            |
| Fair value of plan assets                           | –                                 | –                                 |
| Net asset / (liability) recognized in balance sheet | (569.72)                          | (462.84)                          |

(iii) Changes in the present value of obligation representing reconciliation of opening and closing balances thereof are as follows:

| Particulars   | Gratuity (Unfunded)<br>31.03.2012 | Gratuity (Unfunded)<br>31.03.2011 |
|---|-----------------------------------|-----------------------------------|
| Present value of obligation as at the beginning of the year | 462.84                            | 698.55                            |
| Interest cost   | 39.34                             | 55.88                             |
| Current service cost  | 22.13                             | 18.76                             |
| Benefits Paid   | –                                 | –                                 |
| Actuarial (gain)/loss on obligation                         | 45.40                             | (310.35)                          |
| Present value of obligation as at the end of year           | 569.72                            | 462.84                            |

(iv) The amount recognized in the Statement of Profit & Loss is as follows:

| Particulars   | Gratuity (Unfunded)<br>31.03.2012 | Gratuity (Unfunded)<br>31.03.2011 |
|---|-----------------------------------|-----------------------------------|
| Current service cost                                  | 22.13                             | 18.76                             |
| Interest cost   | 39.34                             | 55.88                             |
| Net actuarial (gain)/ loss recognized in the year     | 45.40                             | (310.35)                          |
| Amount apportioned from a group company               | 71.14                             | 50.61                             |
| Expenses recognized in the statement of profit & loss | (35.73)                           | (185.10)                          |

The Company expects to contribute Rs. 44.41 thousand during the next year.

(₹ In thousand)

| NOTE - 2.21                 | As at 31.03.2012 | As at 31.03.2011 |
|-----------------------------|------------------|------------------|
| <b>FINANCE COST</b>         |                  |                  |
| Interest expense            | 477.93           | 955.90           |
| Bank Charges and commission | 16.12            | 21.86            |
| <b>Total</b>                | <b>494.05</b>    | <b>977.76</b>    |

**NOTE - 2.22**

**OTHER EXPENSES**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Rent                            | 23,744.54        | 18,791.16        |
| Rates And Taxes                 | 291.79           | 2,075.13         |
| Listing Fees                    | 4,818.23         | 241.06           |
| Printing & Stationery           | 1,342.96         | 1,360.77         |
| Postage & Telegram              | 1,810.09         | 1,818.09         |
| Consultation & Professional Fee | 9,397.40         | 8,164.88         |
| Repairs & Maintenance :         |                  |                  |
| Building                        | 130.09           | 41.01            |
| Others                          | 276.23           | 221.57           |
| Other expenses                  | 4,795.75         | 10,435.62        |
| <b>Total</b>                    | <b>46,607.08</b> | <b>43,149.29</b> |

## NOTES (Contd...)

|  | (₹ In thousand)          |                            |
|--|--------------------------|----------------------------|
| NOTE - 2.23                                | As at 31.03.2012         | As at 31.03.2011           |
| <b>EXCEPTIONAL ITEMS</b>                   |                          |                            |
| Inventory written off                      | 434,941.50               | –                          |
| Provision for diminution on investment*    | 171,257.96               | –                          |
| Balances written back (Net)                | (76,030.45)              | (76,144.74)                |
| Fixed Assets written off                   | 24.52                    | –                          |
| Excise Duty paid                           | 18,533.32                | –                          |
| Profit on sale of Rights of Leasehold Land | –                        | (51,701.41)                |
| <b>Total</b>                               | <b><u>548,726.85</u></b> | <b><u>(127,846.15)</u></b> |

\*Provision for diminution has been made against investment in equity shares of M/s P C Media Systems Ltd.

### NOTE - 2.24

#### PRIOR PERIOD ADJUSTMENT (NET)

|                        |                      |                     |
|------------------------|----------------------|---------------------|
| Expenses               |                      |                     |
| Other General Expenses | 929.11               | 59.40               |
| <b>Total (Net)</b>     | <b><u>929.11</u></b> | <b><u>59.40</u></b> |

### NOTE - 2.25

#### TAX EXPENSES

##### Current Tax

Income Tax – 7,000.00

##### Tax for earlier years

Income Tax 2,595.44 –

Wealth Tax – –

**Total** **2,595.44** **7,000.00**

### NOTE - 2.26

|  | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|---------------------------|---------------------------|
| <b>CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :</b> |                           |                           |
| I) Claims against the company not acknowledged as debts        | 30,359.52                 | 23,599.43                 |
| II) Other money for which the company is contingently liable   | 41,966.73                 | 40,543.99                 |

### NOTE - 2.27

- (i) In the opinion of the management, all current assets and loan & advances as on 31st March, 2012 have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- (ii) No provision is required for investment made in the subsidiary company, since the management is of the view that the company will make sufficient profit in coming years and the said subsidiary will continue as a going concern.

### NOTE - 2.28

- (i) The figure of Other Expenses (Notes – 2.22) includes the provision made for Auditors Remuneration on the following account

| Particulars                                       | Current Year | Previous Year |
|---|--------------|---------------|
| Auditor   | 650.00       | 650.00        |
| Certification work                                | 95.00        | 90.63         |
| Reimbursement of expenses (including service tax) | 133.17       | 97.99         |

- (ii) Employee Benefit Expense (Notes– 2.20) and Other Expenses (Notes– 2.22) includes Rs 3778.05 thousand (Previous Year Rs. 4048.48 thousand) being apportioned expenses incurred by a group company on behalf of the Group.



Oswal Agro Mills Limited

**NOTES (Contd...)**

**NOTE - 2.29**

**EARNING PER EQUITY SHARE**

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

| Particulars   | Year ended<br>March 31, 2012 | Year ended<br>March 31, 2011 |
|---|------------------------------|------------------------------|
| Profit/(Loss) before extraordinary item attributable to equity shareholders (A) (Rs. in thousand) | (183,825.94)                 | 301,586.55                   |
| Profit/(Loss) after extraordinary item attributable to equity shareholders (B) (Rs. in thousand)  | (185,025.94)                 | 227,760.74                   |
| Basic/Diluted Weighted Average of equity shares outstanding during the year (C)                   | 134,234,776                  | 134,234,776                  |
| Nominal Value of equity shares (Rs.)  | 10                           | 10                           |
| Basic/Diluted earnings per share excluding extraordinary item (Rs.) (A)/(C)                       | (1.37)                       | 2.25                         |
| Basic/Diluted earnings per share including extraordinary item (Rs.) (B)/(C)                       | (1.38)                       | 1.70                         |

**NOTE - 2.30**

**RELATED PARTY DISCLOSURES**

(A) Related parties and transactions with them as identified by the management are given below:

(a) Enterprises over which major shareholders, key management personnel and their relatives have significant influence

- Oswal Greentech Ltd\*
- Lucky Star Entertainment Ltd
- Aruna Abhey Oswal Trust
- Sohanaa International Pvt Ltd.

(b) Key Management Personnel and their relatives:-

- Mr. Abhey Kumar Oswal
- Mr. Anil Bhalla
- Mr. Shael Oswal

(B) Transactions with Related Parties in the ordinary course of business.

(₹ in Thousands)

| Particulars   | Nature of Payment   | Year ended<br>March 31, 2012 | Year ended<br>March 31, 2011 |
|---|---|------------------------------|------------------------------|
| <b>1. Enterprises over which major shareholders and key Management Personnel have significant influence</b> |   |                              |                              |
| Lucky Star Entertainment Limited  | <b>Balances outstanding at year end:</b><br>– Receivable                                      | –                            | 91,129.79                    |
| Oswal Greentech Limited (Associate)   | Rent Received   | 120.00                       | 120.00                       |
|   | Reimbursement of Payments made by Enterprise (Oswal Greentech Ltd.) on behalf of the company. | 138.00                       | –                            |
|   | Interest Received (Net)   | –                            | 1.44                         |
|   | Their share of common expenses transferred from the enterprise                                | 3,778.05                     | 4,048.48                     |
|   | Advance received by the Company   | 976,420.00                   | 469,067.46                   |
|   | Advance given by the Company  | –                            | 205,416.41                   |
|   | Transfer of Machinery and other expenses by the company to the enterprise.                    | –                            | 106,168.25                   |
|   | <b>Balances outstanding at year end:</b><br>– Receivable                                      | –                            | 203,529.66                   |
|   | – Receivable against transfer of machinery and other expenses                                 | –                            | 106,168.25                   |
|   | – Payable(Advance received)   | 22.22                        | –                            |
|   | – Investment  | 2,375,808.28                 | 2,375,808.28                 |
| Sohanaa International (Pvt. )Ltd.   | Investment Sold   | 5,000.00                     | –                            |
|   | Investment Outstanding  | –                            | 5,000.00                     |

\*Oswal Greentech Ltd becomes an associate of the company w.e.f. 22.10.2010.

## NOTES (Contd...)

### NOTE - 2.31

Based on the information available with the Company, there are no dues as at March 31, 2012 payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006". No interest is paid / payable by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.

### NOTE - 2.32

#### SEGMENT

The business segment is the primary segment of the Company consisting of:-

- (i) Investment Activities
- (ii) Real Estate
- (iii) Trading

(₹ In thousand)

| Sl. No.  | Particulars   | Current Year        | Previous Year       |
|----------|---|---------------------|---------------------|
| <b>1</b> | <b>Segment Revenue</b>  |                     |                     |
|          | Investment Activities   | 129,248.94          | 23,287.46           |
|          | Trading   | -                   | -                   |
|          | Real Estate   | -                   | -                   |
|          | Unallocated   | 8,432.71            | 18,008.87           |
|          | <b>Total Segment Revenue</b>  | <b>137,681.65</b>   | <b>41,296.33</b>    |
| <b>2</b> | <b>Segment Result</b>   |                     |                     |
|          | Profit/(Loss) before tax and interest from each segment   |                     |                     |
|          | Investment Activities   | 126,151.82          | 18,062.99           |
|          | Trading   | -                   | -                   |
|          | Real Estate   | (572,207.68)        | 108,739.73          |
|          | Unallocated   | (16,146.34)         | (6,727.20)          |
|          | Less : Interest & Finance Charges   | 494.05              | 977.76              |
|          | <b>Profit before Taxation</b>   | <b>(462,696.25)</b> | <b>119,097.76</b>   |
|          | Less : Provision for Current Tax  | -                   | 7,000.00            |
|          | Less : Fringe Benefit Tax for Earlier Year  | 2,595.44            | -                   |
|          | <b>Profit from Ordinary Activities after Tax before share of profit from associate and extra ordinary items</b> | <b>(465,291.69)</b> | <b>112,097.76</b>   |
|          | <b>Share of associate</b>   | <b>281,465.75</b>   | <b>189,488.79</b>   |
|          | <b>Profit from Ordinary Activities after Tax And share of profit from associate before extra ordinary items</b> | <b>(183,825.94)</b> | <b>301,586.55</b>   |
|          | Extra Ordinary Item (Net of Tax)  |                     |                     |
|          | Foreign Exchange Fluctuation Loss   | 1,200.00            | 73,825.81           |
|          | <b>Net Profit / (Loss) before share of Profit from Associate</b>  | <b>(185,025.94)</b> | <b>227,760.74</b>   |
| <b>3</b> | <b>Segment Assets</b>   |                     |                     |
|          | Investment Activities   | 5,317,313.16        | 4,689,438.94        |
|          | Trading   | 23,908.50           | 458,850.00          |
|          | Real Estate   | 643,267.77          | 1,113,485.59        |
|          | Unallocated   | 186,652.31          | 197,941.91          |
|          | <b>Total Assets</b>   | <b>6,171,141.74</b> | <b>6,459,716.44</b> |
| <b>4</b> | <b>Segment Liabilities</b>  |                     |                     |
|          | Investment Activities   | -                   | -                   |
|          | Trading   | -                   | -                   |
|          | Real Estate   | 250,000.00          | 250,480.90          |
|          | Unallocated   | 12,408.35           | 119,293.98          |
|          | <b>Total Liabilities</b>  | <b>262,408.35</b>   | <b>369,774.88</b>   |
| <b>5</b> | <b>Assets Acquired</b>  |                     |                     |
|          | Unallocated   | 9,083.23            | 13,012.72           |
|          | <b>Total Assets</b>   | <b>9,083.23</b>     | <b>13,012.72</b>    |



Oswal Agro Mills Limited

**NOTES (Contd...)**

**NOTE - 2.33**

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are given as below:-

| Particulars                  | Denomination | Foreign Currency             | Amount<br>(₹ in thousand) |
|------------------------------|--------------|------------------------------|---------------------------|
| Other Liabilities            | USD          | -<br>(5,237,796.80)          | -<br>(59,085.56)          |
| Investment                   |              |                              |                           |
| (a) Equity Shares            | AED          | 260,680.00<br>(1,744,000.00) | 32,308.65<br>(21,401.00)  |
| (b) Shares Application Money | AED          | -<br>(862,450.00)            | -<br>(11,207.65)          |

Previous year figures are given in bracket

**NOTE - 2.34**

The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification / disclosure.

**NOTE - 2.35**

Oswal Brazil Refinara De Petroleo S.A, Brazil, a step down subsidiary of the company is in the process of winding up, hence the accounts of the company have not been consolidated.

Signature to the Notes 2.1 to 2.35 Annexed to and forming part of the Accounts

FOR AND ON BEHALF OF THE BOARD

Surender Kumar  
Partner  
Membership No 82982  
For and on behalf of  
T R Chadha & Co  
(Firm Registration No. 006711N)  
Chartered Accountants

R.P. Jolly  
Company Secretary

Anil Bhalla  
Director  
DIN No. 00587533

Abhey Kumar Oswal  
Chairman  
DIN No. 00589130

Place : New Delhi  
Date : 29<sup>th</sup> May, 2012

**ATTENDANCE SLIP**

**OSWAL AGRO MILLS LIMITED**

Registered Office:  
Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana - 141 003 (Punjab)

(PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL)

\_\_\_\_\_  
Name of the attending Shareholder / Proxy  
(in block letters)

\_\_\_\_\_  
Regd. Folio No.

No. of Shares held.....

\_\_\_\_\_  
DP ID No. / Clients ID No.

I hereby record my presence at the 32nd ANNUAL GENERAL MEETING of the Company, being held on Saturday, the 29th September, 2012 at 11.30 A.M. at Company's Registered Office at Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana - 141 003 (Punjab)

\_\_\_\_\_  
(SIGNATURE OF PROXY HOLDER)

\_\_\_\_\_  
(SIGNATURE OF SHAREHOLDER)

**NOTE:** Shareholder / Proxy is requested to bring the Attendance Slip with him/her when they come to the meeting. No separate attendance slip will be issued at the time of meeting.

\_\_\_\_\_  
For Office Use

**PROXY FORM**

**OSWAL AGRO MILLS LIMITED**

Registered Office:  
Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana - 141 003 (Punjab)

Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

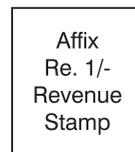
I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being a member/members of OSWAL AGRO MILLS LIMITED

hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
or failing him/her \_\_\_\_\_ of \_\_\_\_\_

as my / our proxy to vote for me / us and on my / our behalf at the 32nd ANNUAL GENERAL MEETING of the Company, being held on Saturday the 29th September, 2012 and at any adjournment thereof.

Signed \_\_\_\_\_

Dated \_\_\_\_\_



**NOTE:**

1. The form should be signed across the stamp as per specimen signature registered with the Company
2. The Companies Act, 1956 lays down that the instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the time fixed for holding the meeting.
3. A Proxy need not be a Shareholder of the Company.

## **Book-Post**

If undelivered please return to :

**OSWAL AGRO MILLS LIMITED**

Near Jain Colony, Vijay Inder Nagar,

Daba Road, Ludhiana - 141 003 (Punjab)