



ANIL MODI OIL INDUSTRIES LIMITED

30th ANNUAL REPORT AND ACCOUNTS

2003-2004

**Board of Directors**

Shri Anil Modi, Managing Director
Shri Vijay Kumar Gupta
Shri Sudhir Shankar Halwasiya
Smt. Nita Modi

Bankers

State Bank of Patiala, Sunam
Punjab & Sind Bank, Sunam
Punjab National Bank, Sunam
State Bank of India, Pilibhit
Bank of Baroda, Pilibhit
Punjab National Bank, Pilibhit

Secretary

Shri Ravinder Kumar

Auditors

Messrs. K.K. Jain & Co.,
Chartered Accountants
7/35, Ansari Road,
Daryaganj,
New Delhi 110 002.

Registered Office

7/35, Ansari Road,
Daryaganj,
New Delhi 110 002.

Works

Sunam (Distt. Sangrur), Punjab
Pilibhit, Uttar Pradesh

Registrar & Transfer Agents

M/s Skyline Financial Services Pvt. Ltd.
123, Vinoba Puri,
Lajpat Nagar II,
New Delhi-110024



NOTICE

Notice is hereby given that the 30th Annual General Meeting of the shareholders of Anil Modi Oil Industries Limited will be held at Delhi Medical Association Hall, DMA House, Medical Association Road, Daryaganj, New Delhi-110002 on Thursday, 30th September, 2004 at 11.00 A.M. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the audited accounts of the Company for the year ended 31st March, 2004 together with Directors' and Auditors' report thereon.
2. To appoint a Director in place of Shri Vijay Kumar Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and authorise the Board of Directors to fix their remuneration. Messrs. K. K. Jain & Co., Chartered Accountants, Delhi, retire and are eligible for re-appointment.

AS SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 316 and Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof) and such other approvals/sanctions as may be necessary, the Company hereby approves the re-appointment of Shri Anil Modi as Managing Director of the Company for a period of five years with effect from 1st January, 2005 on the terms and conditions including as to remuneration, minimum remuneration in case of loss or inadequate profit in any financial year as set out in the explanatory statement which shall be deemed to form part hereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary and/or revise the remuneration of the said Managing Director within the permissible limits under the provisions of the Companies Act, 1956 or any statutory modification thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto."

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

"RESOLVED THAT Smt. Nita Modi who was appointed as Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 93 of the Articles of Association of the Company, and who holds office upto this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member signifying his intention to propose Smt. Nita Modi as Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 269, 309, 310 and Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof) and such other approvals/sanctions as may be necessary, the Company hereby approves the appointment of Smt. Nita Modi as Whole Time Director of the Company for a period of one year with effect from 1st September, 2004 on the terms and conditions, including as to remuneration, minimum remuneration in case of loss or inadequate profit in any financial year as set out in the explanatory statement which shall be deemed to form part hereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary and / or revise the remuneration of the said Whole Time Director within the permissible limits under the provisions of the Companies Act, 1956 or any statutory modification thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto."



6. To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution:
- "RESOLVED THAT pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time all such sums of money as they may deem necessary to be borrowed for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not so set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed Rs.20,00,00,000/-, excluding interest, commitment charges, liquidated damages, premia on redemption, at any one time".**

For and on behalf of the Board of Directors

Place : New Delhi
Date : 31.8.2004

ANIL MODI
Managing Director

NOTES:

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES MUST BE LODGED AT REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
3. The Company has entered into agreements with M/s Central Depository Services Limited (CDSL) and M/s National Security Depository Ltd. (NSDL) to offer depository services to the shareholders. The Shareholders can open account with any of the depository participants registered with CDSL & NSDL.
4. The Register of Members and Share Transfer Books of the company will remain closed on Thursday, 30th day of September, 2004.
5. Members desiring any information as regards accounts and operations are required to write to the Company at its Registered Office one week before the date of the meeting so that the information is made available at the meeting.
6. In terms of Section 109A of the Companies Act, 1956, the shareholders of the company may nominate a person on whom the shares held by him/ them shall vest in the event of his/their death. The Shareholders desirous of availing this facility may submit nominations in Form 2B.
7. (i) The equity shares of the company are listed at the following stock exchanges:
 - (a) The Delhi Stock Exchange Association Ltd.
Asaf Ali Road, New Delhi-110 002
 - (b) The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001
 - (c) The Ludhiana Stock Exchange Association Ltd.
Feroze Gandhi Market, Ludhiana-141 001
- (ii) Annual Listing fees for the year 2004-05 has been paid to all the Stock Exchanges.



ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956

Item No.4

The members at their 25th Annual General Meeting held on 28th September, 1999 had appointed Shri Anil Modi as Managing Director for a period of five years w.e.f. 1st January, 2000 as also approved and sanctioned payment of remuneration to him as set out in the resolution then passed.

Shri Anil Modi has been managing the affairs of the Company very competently. His business foresight coupled with his rich experience has put the company on sound footing enabling it to earn substantial profits. In appreciation of his excellent contribution to the growth of the company and to motivate him, the Board of Directors in their meeting held on 31st August, 2004 have, subject to the consent and approval of shareholders, approved his re-appointment for a further period of five years effective from 1st January, 2005, on the terms and conditions given below:-

Remuneration:

- (a) Salary
 - (i) Rs.70,000/- (Rupees Seventy Thousand) per month with effect from 1st January, 2005 with an annual increment of Rs.7,000/- (Rupees Seven Thousand).
 - (ii) Commission: One percent commission on net profit of the Company, not exceeding the total annual salary.
- (b) Perquisites Perquisites shall be allowed in addition to salary and commission and shall be restricted to an amount equal to the annual salary. Perquisites are classified into three Parts 'A', 'B' and 'C' as under.

Part 'A'

- (1) Housing
 - (1) The expenditure by Company on hiring unfurnished accommodation will be subject to limit of 60% of the salary over and above 10% payable by the Managing Director.
 - (2) In case accommodation is owned by the Company 10% of the salary of the Managing Director will be deducted by the Company.
 - (3) Whenever the Company does not provide accommodation, the Managing Director will be entitled for House Rent Allowance, subject to ceiling laid down in No.(1) above.
- Medical The reimbursement of medical expenses incurred by the Managing Director for self and family subject to the ceiling of one months salary in a year or three months salary over a period of three years.
- (2) Leave Travel Concession Leave Travel concession for the Managing Director and his family once in a year incurred in accordance with the Rules of the Company.
- (3) Personal Accident Insurance Personal Accident Insurance of an amount the annual Insurance Premium of which does not exceed Rs.4,000/- per annum.
- (4) Club Fees Fees of clubs subject to a maximum of two clubs. No admission and life membership fee will be paid.

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income Tax Rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

Part 'B'

- 1. Company's contribution to Provident Fund subject to a ceiling of 12% of the salary.
- 2. Pension/Superannuation/Annuity: Benefits in accordance with the Rules and Regulation in force in the Company from time to time.
- 3. Gratuity payable shall not exceed half-month's salary for each completed year of service subject to a ceiling of Rs.3,50,000/-

**Part 'C'**

1. Car Provision of car for use on Company's business will not be considered as perquisite. However, use of car for personal purpose will be billed by the Company.
2. Telephone Provision of telephone at residence will not be considered as perquisite. Company will reimburse all expenses of telephone at residence. However personal long distance call will be billed by the Company.

Other Terms

1. Leave: Leave on full pay and allowance at the rate of one month for every eleven months of completed service subject to the conditions that leave accumulated but not availed of will not be allowed to be encashed.
2. The Company shall pay and/or reimburse the Managing Director for all costs, charges and expenses that may be incurred by him for the purpose of and in connection with the business of the Company.
3. The Managing Director, so long as he functions as such, shall not be liable to retirement and shall not be paid any sitting fee for attending any meetings of the Board of Directors or any committee thereof.
4. The agreement is terminable on three month's notice on either side.
5. The Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.

In case of absence or inadequacy of profit in any financial year, an amount equal to the aforesaid remuneration shall be paid to Mr. Anil Modi as minimum remuneration in terms of Para 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

Shri Anil Modi shall not be liable to retire by rotation.

The Explanatory Statement and the resolution at item no.4 of the Notice may be treated as a abstract of the terms and memorandum of interest pursuant to the provisions of Section 302 of the Companies Act, 1956.

Shri Anil Modi, Shri Vijay Kumar Gupta and Smt Nita Modi, who are related to each other, are interested in the Resolution.

Your Directors recommend the resolution for your approval.

Item No.5

Smt Nita Modi has been co-opted on the Board of Directors of the Company as Additional Director with effect from 31st August, 2004. A Notice under Section 257 of the Companies Act, 1956 has been received alongwith a deposit of Rs.500/- as required by law proposing Smt. Nita Modi as a candidate for the office of Director. The Board of Directors recommend her appointment as Director of the Company.

Your Directors recommend the resolution for your approval.

The Board of Directors in their meeting held on 31st August, 2004 has appointed her as a Whole Time Director of the Company for a period of one year with effect from 1st September, 2004 in accordance with Article 123 of the Articles of Association of the company on the terms and conditions given below:-

Remuneration:

- (a) Salary Rs. 20,000/- (Rupees Twenty Thousand) per month, with effect from 1st September, 2004.
- (b) Perquisites Perquisites shall be allowed in addition to salary and shall be restricted to an amount equal to the annual salary. Perquisites are classified into three Parts 'A', 'B' as under.



ANIL MODI OIL INDUSTRIES LIMITED

Part 'A'

- (i) Company's contribution to Provident Fund subject to a ceiling of 12% of the salary.
- (ii) Pension/Superannuation/Annuity : Benefits in accordance with the Rules and Regulation in force in the Company from time to time.
- (iii) Gratuity payable shall not exceed half-month's salary for each completed year of service subject to a ceiling of Rs.3,50,000/-

Part 'B'

1. Car Provision of car for use on Company's business will not be considered as perquisite. However, use of car for personal purpose will be billed by the Company.
2. Telephone Provision of telephone at residence will not be considered as perquisite. Company will reimburse all expenses of telephone at residence. However personal long distance call will be billed by the Company.

Other Terms

- (i) Leave: Leave on full pay and allowance at the rate of one month for every eleven months of completed service subject to the conditions that leave accumulated but not availed of will not be allowed to be encashed.
- (ii) The Company shall pay and/or reimburse the Whole Time Director for all costs, charges and expenses that may be incurred by him for the purpose of and in connection with the business of the Company.
- (iii) The agreement is terminable on one month's notice on either side.
- (iv) The Whole Time Director shall not be entitled to supplement her earnings under the Agreement with any buying or selling commission. She shall not also become interested or otherwise concerned directly or through her spouse and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.

In case of absence or inadequacy of profit in any financial year, an amount equal to the aforesaid remuneration shall be paid to Smt. Nita Modi as minimum remuneration in terms of Para 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

The Explanatory Statement and the resolution at item no.5 of the Notice may be treated as an abstract of the terms and memorandum of interest pursuant to the provisions of Section 302 of the Companies Act, 1956.

Smt Nita Modi, Shri Sudhir Shankar Halwasiya and Shri Anil Modi, who are related to each other, are interested in the Resolution.

Your Directors recommend the resolution for your approval.

Item No.6

By a resolution in General Meeting held on 30th October, 2002, the Board has been given the powers to borrow moneys in excess of the Company's paid up capital and free reserves subject to the condition that the moneys so borrowed shall not exceed at any time Rs 7 crores. In view of the increased requirement of the funds for on going projects and for working capital the borrowing limit of the Board of Directors needs to be increased suitably. Upward revision of borrowing limit to Rs.20 crores is considered reasonable. Accordingly the resolution at Item No.6 is placed for the approval of the members.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 31.8.2004

ANIL MODI
Managing Director



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 30th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2004.

OPERATING RESULTS

The summarized financial results for the year ended 31st March, 2004 and for the previous year ended 31st March, 2003 are as follows:-

	(Rs. in Lacs)	
	2003-2004	2002-2003
Turnover	9314.44	8143.23
Profit before interest and Depreciation	219.86	163.72
Interest	51.96	42.63
Depreciation	59.03	55.36
Profit for the year	108.87	65.73

OPERATIONS

Your Directors have pleasure to report that the company has achieved a record turnover of Rs.9314 lacs compared to 8143 lacs of the last year registering a growth of 14%. The comparative operating profits of this year and the last year are Rs.167.90 lacs and 121.09 lacs respectively.

Your Directors are confident that this trend of growth will continue in the future years as well.

DIVIDEND

The working capital requirements of the company are continuously increasing to sustain the growth & the turnover as also the diversification and expansion plans. Your Directors therefore are convinced that all the financial resources of the company be conserved and do not therefore recommend any dividend this year.

DIRECTORS

Out of the present Directors Shri Vijay Kumar Gupta retires by rotation and, being eligible, offers himself for re-appointment. Your Directors recommend re-appointment of Shri Vijay Kumar Gupta on the Board.

Shri Jagdish Chand Bagadia, Director resigned from Board of Directors with effect from 10th March, 2004. The Board places on record its sincere appreciation of the valuable services rendered and the contribution made by Shri J.C. Bagadia as Director of the Company.

Smt. Nita Modi has been co-opted as Additional Director on the Board of the Company with effect from 31st August, 2004 and she has also been appointed by the Board of Directors as Whole Time Director of the Company for a period of one year with effect from 1st September, 2004 subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. The Board recommend her appointment as Director as well as Whole Time Director of the Company.

Shri Anil Modi's term of appointment as Managing Director expires on 31st December, 2004. The Board has approved his re-appointment as Managing Director for a period of five years with effect from 1st January, 2005 subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. The Board recommends re-appointment of Shri Anil Modi as Managing Director of the Company.



DEPOSITS

The company received fresh deposits of Rs. 11 lacs and with renewals of Rs. 100 lacs, the total deposits stood at Rs. 111 Lacs. There are no overdue deposits.

AUDITORS

The present Auditors Messrs K.K. Jain & Co., Chartered Accountants retire at the conclusion of the Annual General Meeting. They have furnished a certificate u/s 224(1B) of the Companies Act, 1956 and are eligible for re-appointment. Your Directors recommend re-appointment of M/s K.K. Jain & Co., as auditors of the Company at the ensuing Annual General Meeting of the Company.

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

Information required to be furnished in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & outgo is annexed herewith & forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Sec. 217(2AA) of the Companies Act, 1956, the directors state that:-

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review.
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

During the year there were no employees who were in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975 as amended.

PERSONNEL

The relations with the employees of the Company continued to be cordial. Your Directors wish to place on record their appreciation for the excellent work done by the employees at all levels.

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude and deep appreciation for the co-operation and assistance given by the financial institutions, banks, suppliers and customers of the Company during the year under report and look forward to their continued support. Your Director's also thankfully acknowledge the trust and confidence reposed by you in the company.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 31.8.2004

ANIL MODI
Chairman



ANNEXURE TO THE DIRECTORS' REPORT

(CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO)

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is given below:-

A. CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken
Your Company has taken adequate measures to ensure optimum use of all equipments so as conserve energy.
- (b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy
The Company has purchased Automatic Voltage Controller which helps to reduce the consumption of electricity by controlling voltage fluctuation.
- (c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.
The measures taken in (a) and (b) above have resulted in reduction in cost of production.
- (d) Total Energy Consumption and energy consumption per unit of production as per prescribed Form-A
Not given as the Company is not covered under the list of specified industries.

B. TECHNOLOGY ABSORPTION

(1) Research & Development (R&D)

- (a) Specific areas in which R&D carried out by the company
Research & Development for quality improvement of Company's products is a continuous process.
- (b) Benefits derived as a result of above R&D
The improvement in the quality of its products is being maintained.
- (c) Future plan of action
Continuous efforts are being made for quality improvement of its products.
- (d) Expenditure on R&D
No separate account is being maintained by the company for the expenditure incurred on R&D

(2) Technology Absorption, Adaptation and innovation

The Technology developed as a result of R& D activity was properly absorbed which has resulted in product improvement and cost reduction. The Company has not made any import of technology so far.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, your company has not exported any of its products and the details of the Foreign Exchange Earnings and outgo are as under:

Foreign Exchange Earnings : Nil
Foreign Exchange Outgo : Nil