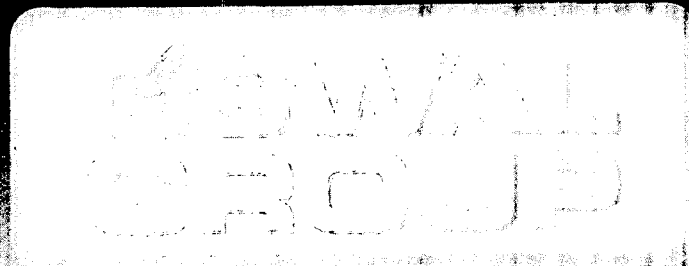


ANNUAL REPORT 1997-98



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OSWAL

AGRO MILLS LTD

OSWAL AGRO MILLS LIMITED

OSWAL

BOARD OF DIRECTORS

Shri Abhey Oswal - Chairman
Shri Anil Bhalla
Shri M. Satyanarayana
Shri S.P. Sharma

COMPANY SECRETARY

Shri Ashutosh Aggarwal

AUDITORS

Gupta Bhalla & Associates
Chartered Accountants
Ludhiana

BANKERS

United Bank of India
Punjab & Sind Bank
State Bank of India

REGISTERED OFFICE

G.T. Road, Phagwara,
Distt. Kapurthala,
Punjab - 144 401

WORKS

Mumbai (Maharashtra)
Phagwara (Punjab)

OSWAL AGRO MILLS LIMITED**OSWAL AGRO MILLS LIMITED**

Regd. Office: G. T. Road, Phagwara, Distt. Kapurthala, Punjab - 144 401

NOTICE OF THE MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of OSWAL AGRO MILLS LIMITED will be held on Wednesday, September 30, 1998 at 11.00 a.m. at the Registered Office of the Company at G. T. Road, Phagwara, Distt. Kapurthala, Punjab - 144 401 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 1998 and the Profit & Loss Account for the year ended on that date and the Directors' and the Auditors' Reports thereon.
2. To declare a Dividend on Equity Share Capital for the year ended March 31, 1998.
3. To appoint a Director in place of Shri Anil Bhalla, who retires by rotation, and, being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold the Office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Gupta Bhalla & Associates, Chartered Accountants, the retiring Auditors of the Company are eligible and offer themselves for re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT in compliance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactment thereof for the time being in force), the Company hereby approves of the re-appointment and the terms of payment of remuneration of Shri Anil Bhalla as Whole-time Director of the Company for a further period of five years to be effective from October 22, 1998 upon the terms and conditions as set out in the Explanatory Statement annexed to this Notice and that the Board of Directors of the Company be and is hereby authorised to finalise terms of appointment in such a manner as may be agreed upon between the Board of Directors of the Company and Shri Anil Bhalla.

RESOLVED FURTHER THAT in accordance with the provisions of Section 198 (4) read with Schedule XIII and the Notifications issued from time to time with respect to that Schedule of the Companies Act, 1956, and subject to the approval of the Central Government, if and as may be necessary, the remuneration and perquisites as set out in the Explanatory Statement may be paid as a minimum remuneration to Shri Anil Bhalla, Whole-time Director in the absence of or inadequacy of profits in any financial year."

6. To consider and if thought fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT in compliance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactment thereof for the time being in force), the Company hereby approves of the re-appointment and the terms of payment of remuneration of Shri M. Satyanarayana as Whole-time Director of the Company for a further period of five years to be effective from November 1, 1998 upon the terms and conditions as set out in the Explanatory Statement annexed to this Notice and that the Board of Directors of the Company be and is hereby authorised to finalise terms of appointment in such a manner as may be agreed upon between the Board of Directors of the Company and Shri M. Satyanarayana.

RESOLVED FURTHER THAT in accordance with the provisions of Section 198 (4) read with Schedule XIII and the Notifications issued from time to time with respect to that Schedule of the Companies Act, 1956, and subject to the approval of the Central Government, if and as may be necessary, the remuneration and perquisites as set out in the Explanatory Statement may be paid as a minimum remuneration to Shri M. Satyanarayana, Whole-time Director in the absence of or inadequacy of profits in any financial year."

7. To consider and if thought fit to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by adding the following Article 56A after the existing Article 56:

BUY-BACK OF SHARES

56A. Notwithstanding anything contained in these Articles, in the event it is permitted by law for a Company to purchase its own shares or securities, the Board of Directors may if thought fit, buy-back such of the Company's own shares or securities as it may deem expedient, at such time, on such terms and conditions, subject to such limits and approvals, as may be permitted and/or required by law."

8. To consider and if thought fit to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and/or any Ordinance as may be promulgated in this regard or may become applicable from time to time) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors (hereinafter referred to as the 'Board') or the Committee constituted by the Board in this behalf, the consent of the Company be and is hereby accorded to the Board or the committee thereof to buy-back, from time to time, from the existing shareholders or holders of shares or other securities giving right to subscribe for shares of the Company and/or having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory Authority (hereinafter for sake of brevity referred to as 'the Securities') on a proportionate basis or as may be permissible under Law and/or purchase such securities from the open market in lots smaller than market lots of the shares or other securities (i.e. odd lots) and/or to purchase the shares or other securities issued to the employees pursuant to the scheme of stock option as may hereafter be notified by the Central Government or other regulatory authority and/or adopted by the Company, out of funds available with the Company by drawing from its free reserves and/or out of the share premium account and/or out of the proceeds of any issue made by the Company generally or specifically for this purpose and/or from such other source(s) as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time, provided, however, that the aggregate of the shares so bought back shall not exceed the maximum limit(s) as may be prescribed therein.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and to execute all such deeds, documents and writings and deal with all such matters and take all such steps in regard to buy-back of shares or other securities as it may, in its absolute discretion, deem fit, necessary, desirable or expedient.

RESOLVED FURTHER THAT nothing contained in the Resolutions hereinabove shall confer any right on any shareholder or the holder of shares or securities of the Company to offer his shares or securities for buying-back by the Company and/or cast any obligation or compulsion on the Company or the Board of Directors of the Company to buy-back any shares or securities of the Company."

9. To consider and if thought fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.200,00,00,000/- (Rupees Two Hundred Crores) to Rs.400,00,00,000/- (Rupees Four Hundred Crores) by creation of additional 10,00,00,000/- (Ten Crores) Equity Shares of Rs.10/- (Rupees Ten) each and 1,00,00,000 (One Crore) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each aggregating to Rs.200,00,00,000/- (Rupees Two Hundred Crores)."

10. To consider and if thought fit to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the same with the following new Clause V :

V. The Authorised Share Capital of the Company is Rs.400,00,00,000/- (Rupees Four Hundred Crores) divided into :

- (i) 30,00,00,000 (Thirty Crores) Equity Shares of Rs.10/- (Rupees Ten) each; and
- (ii) 1,00,00,000 (One Crore) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each."

11. To consider and if thought fit to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT the existing Article 5(a) of the Articles of Association of the Company be and is hereby altered by substituting the same with the following new Article 5(a) :

OSWAL AGRO MILLS LIMITED**OSWAL**

5(a) The Authorised Share Capital of the Company is Rs.400,00,00,000/- (Rupees Four Hundred Crores) dividend into :

- (i) 30,00,00,000 (Thirty Crores) Equity Shares of Rs.10/- (Rupees Ten) each; and
- (ii) 1,00,00,000 (One Crore) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each.

with the power to increase and/or reduce the capital of the Company in accordance with the provisions of the Act and to divide the shares into such classes and attach thereto such preferential, qualified or special rights, privileges or conditions in such manner as may be permitted."

12. 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 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, sanctions, permissions or consents of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI), Stock Exchanges on which Company's shares are listed and any other concerned authorities, if and as may be necessary, and subject to such terms and conditions as may be prescribed while granting such approvals, sanctions, permissions or consents as may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board') and/or a duly authorised committee constituted by the Board in this behalf and subject to such guidelines and/or clarifications therefor issued by SEBI and that may be in force at the relevant time, the consent of the Company be and is hereby accorded to the Board of Directors to offer, issue and allot, for cash, upto a maximum of 15,00,00,000 (Fifteen Crores) Equity Shares of Rs.10/- each at a premium not exceeding Rs.30/- per share for an aggregate value upto Rs.600 crores (Rupees Six Hundred Crores), on a preferential basis (i.e. to say without first offering them to the Members of the Company whose names stand registered in the Register of Members of the Company on the date of the offer), to the members of promoters' group (i.e. to say the promoters of the Company and their associates, including their friends, relatives, business associates and their affiliated or associated bodies corporate), in one or more tranches as may be deemed expedient by the Board on such terms and conditions and in such manner as the Board in its absolute discretion think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to take all such actions and give all such directions as may be necessary or desirable and also to settle all questions and difficulties arising out of and incidental to the proposed offer, issue and allotment of Equity Shares to the Promoters' Group and further to take all steps which the Board, in its absolute discretion consider necessary, proper and expedient in implementing this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make on its own accord and/or to accept such amendments, modifications, variations and alterations as the Government of India, SEBI and the Stock Exchanges on which the Company's shares are listed, may stipulate in that behalf and to amend, modify, vary or alter all or any of the terms of preferential issue of Equity Shares to the Promoters' Group on such terms as the Board may, in its absolute discretion, decide within the guidelines issued by SEBI.

RESOLVED FURTHER THAT the Equity Shares to be issued as aforesaid shall be subject to the Memorandum and Articles of Association of the Company and they shall rank pari passu with the existing Equity Shares of the Company, except that the dividend, if any, to be paid on the said Equity Shares, for the financial year in which they are issued, shall be on pro-rata basis from the date of allotment."

13. To consider and if thought fit to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT in partial modification to the earlier Resolution passed by the Members in their Meeting held on December 30, 1993, pursuant to Section 370 of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to give guarantee or provide any security in connection with the loans made by any other person or to any other person by any Body Corporate on such terms and conditions as the Board may think fit provided that the aggregate of all such guarantees and/or securities remaining outstanding at any time shall not exceed Rs.150,00,00,000/- (Rupees One Hundred and Fifty Crores)."

By order of the Board
for OSWAL AGRO MILLS LIMITED

Place : New Delhi
Date : July 30, 1998

ASHUTOSH AGGARWAL
COMPANY SECRETARY

NOTES:

- (1) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Items No. 5 to 13 is enclosed herewith and the same forms part of this Notice.
- (2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY STAMPED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (3) The Register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday, September 22, 1998 to Wednesday, September 30, 1998 (both days inclusive).
- (4) In accordance with Section 205A of the Companies Act, 1956, the unclaimed dividend for the Financial Year ended March 31, 1994 has been transferred to the General Revenue Account of the Central Government. Members, who have not claimed the said dividend are requested to prefer the claim for such dividend by making an application to the Registrar of Companies, Punjab, H. P. & Chandigarh at Jalandhar (Punjab).
- (5) The Members of the Company are requested to notify any change in their address immediately. In case the Members find that the address mentioned in the correspondence by the Company is incorrect/incomplete, they are requested to intimate the correct address indicating the POSTAL PIN CODE NUMBERS.
- (6) All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. prior to the date of Annual General Meeting.
- (7) Members are requested to bring their copies of the Annual Report with them to the Meeting as the same will not be supplied again at the Meeting as a measure of economy.
- (8) The payment of Dividend, as recommended by the Board of Directors, if approved at the Meeting, will be made to those Members whose names shall appear in the Register of Members of the Company as on September 30, 1998.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE NOTICE**ITEMS NO.5 and 6**

Shri Anil Bhalla and Shri M. Satyanarayana were appointed as Whole-time Directors of the Company by the Members in the Thirteenth Annual General Meeting held on December 30, 1993 for a period of five years with effect from October 22, 1993 and November 1, 1993 respectively. Keeping in view the vast experience, administrative skills and contributions made by Shri Anil Bhalla and Shri M. Satyanarayana in the expansion and growth of the Company, the Board of Directors in its Meeting held on July 30, 1998 re-appointed Shri Anil Bhalla and Shri M. Satyanarayana as Whole-time Directors of the Company for a further period of five years to be effective from October 22, 1998 and November 1, 1998 respectively on the terms and conditions as set out below, subject to the approval of the Members in the forthcoming Annual General Meeting of the Company.

SALARY

Rs.1,00,000/- (Rupees One lakh) per month to each of the Whole-time Directors.

PERQUISITES

In addition to the payment of aforesaid salary, Shri Anil Bhalla and Shri M. Satyanarayana, Whole-time Directors of the Company shall also be entitled to receive perquisites like furnished accommodation or House Rent Allowance in lieu thereof, and, reimbursement of expenses incurred on use of gas, electricity, water, furnishings, medical, leave travel

OSWAL AGRO MILLS LIMITED**OSWAL**

concession for self and family, club fees (restricted to the membership of two clubs), payment of premia on personal accident insurance, etc., in accordance with the Rules of the Company. The aggregate value of payment of such perquisites is restricted to Rs.12,00,000/- (Rupees twelve lakhs) per annum to each of the Whole-time Directors. For the purpose of calculation of such perquisites following will apply:

- (a) That perquisites shall be valued as per Income Tax Rules, 1962, wherever applicable, and in the absence of any such Rules, perquisites shall be valued at actual cost.
- (b) That use of Company's car for official purpose and telephone at residence including payment for local calls shall not be included.
- (c) That Company's contribution to Provident Fund and Superannuation Fund shall be in accordance with the Rules of the Company and the same shall not be included in the computation of limits for payment of perquisites.

The payment of remuneration and other perquisites as set out above are in accordance with and within the limits prescribed under Schedule XIII of the Companies Act, 1956.

The Board commends passing of the Resolution as set out at Items No.5 and 6 of the Notice read with the explanations given above.

Except Shri Anil Bhalha and Shri M. Satyanarayana, Whole-time Directors of the Company, no other Director is concerned with or interested in the respective Resolutions as set out at Items No.5 and 6 of the Notice.

ITEM NO.7

At present under the provisions of the Companies Act, 1956 a Company cannot buy-back/ purchase its own shares. Under the provisions of the dropped Company's Bill, 1997, it was proposed to allow buy-back of shares/securities by the Company itself subject to certain limitations and obtaining permissions. It is likely that the existing Companies Act, 1956 would be amended or an ordinance would be promulgated to provide for purchase of its own shares by the Company. Accordingly, it is proposed to insert a new Article No.56A in the Articles of Association of the Company as set out in the proposed Resolution to enable the Company to buy-back its own shares, in the event it is permissible by law.

In view of Section 31 of the Companies Act, 1956, the amendment in Articles of Association of the Company requires the approval of the Members in a General Meeting. The Resolution mentioned at Item No.7 will be open for inspection by the Members of the Company at the Company's Registered Office during its business hours on any working day except Saturdays, Sundays and public holidays.

The Board commends the passing of Resolution by the Members.

None of the Directors is concerned with or interested in the Resolution covered under Item No.7 of the Notice.

ITEM NO.8

Presently the Companies Act, 1956 does not allow the Companies to buy-back its own shares. Under the provisions of the dropped Company's Bill, 1997, it was proposed to allow buy-back of shares/securities by the Company itself subject to certain limitations and obtaining permissions. It is likely that the existing Companies Act, 1956 would be amended or an ordinance would be promulgated to provide for purchase of its own shares by the Company.

It is proposed to buy-back the shares upto the maximum ceiling as may be fixed by the amended Companies Act or Regulations relating to buy-back of shares by the Company, from the existing shareholders on a proportionate basis and/or from the open market and/or in lots smaller than market lots of the Equity Shares (odd lots) subject to necessary enactment or regulations in this regard.

The buy-back of shares as aforesaid would entail investing of an amount and shall be met out of the free reserves and/or the share premium account and/or out of the proceeds of an issue generally or specifically made for the purpose or from such other source(s) as may be permitted by law. The shares so bought back shall be dealt with as per applicable provisions and regulations as may be enacted.

The Board is of the opinion that it will be in the interests of the Company to approve the said Resolution, permitting such buy-back, so that the Company will be able to implement the same once the law is amended. The Resolution is an enabling provision aimed at facilitating the Company to buy-back its shares as soon as legally permissible.

The resolution, if approved, will be operative and will be given effect to from the applicable date as may be prescribed by law in this regard.

The Board commends the passing of Resolution by the Members.

None of the Directors is concerned with or interested in the Resolution covered under Item No.8 of the Notice.

ITEMS NO.9, 10 and 11

The present Authorised Share Capital of the Company is Rs.200,00,00,000/- (Rupees Two hundred crores) divided into 20,00,00,000 (Twenty crores) Equity Shares of Rs.10/- each. The Company proposes to issue Shares on preferential basis to promoters, their friends, relatives and business associates etc. as mentioned in the Explanatory Statement to Item No.12. As a result of issue of Equity Shares as proposed by the Company, the paid - up share capital would increase beyond the present Authorised Share Capital of the Company. Hence, the Resolution mentioned at Item No.9 of the Notice is required to be passed. The Resolutions at Items No.10 and 11 of the Notice are consequential upon the proposed increase in the Authorised Share Capital of the Company. The Resolutions at Items No.10 and 11 are proposed as Special Resolutions in view of Section 16 and 31 respectively of the Companies Act, 1956. The Memorandum and Articles of Association of the Company referred to in the Resolutions at Items No.10 and 11 will be open for inspection by the Members of the Company at the Company's Registered Office during its business hours on any working day except Saturdays, Sundays and public holidays.

The Board commends the passing of Resolutions by the Members.

None of the Directors is concerned with or interested in the Resolutions covered under Items No.9, 10 and 11 of the Notice.

ITEM NO.12

The Company is proposing to set up marine/material handling project at Paradeep Port in the State of Orissa and also proposing to diversify into the business of shipping and modernisation of its Chembur Plant at Mumbai. Hence, in order (i) to part finance the said modernisation and diversification of the projects, (ii) to buy-back the Equity Shares of the Company as and when allowed by the law and (iii) to part finance the long term working capital, the Company proposes to augment its long term resources by way of issuance of Equity Shares for the sum not exceeding Rs.600 crores divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs.10/- (Rupees Ten) each at a premium not exceeding Rs.30/- (Rupees Thirty) per share to the promoters, their friends, relatives and business associates etc., on preferential basis, on the terms and conditions as set out in the Resolution.

Section 81 of the Companies Act, 1956 provides inter-alia that when it is proposed to increase the subscribed capital of the Company by way of allotment of further shares, such further shares will be offered to the existing shareholders of the Company in the manner laid down in that Section, unless the shareholders in a general meeting decide otherwise in compliance with Section 81 (1A) of the Companies Act, 1956. The consent of the shareholders is, therefore, being sought by way of a special resolution, for the issue and allotment of shares to the promoters, their friends, relatives and associates on preferential basis.

The Board commends the passing of Resolution by the Members.

The Directors may be deemed concerned with or interested in the Resolution as set out at Item No.12 of the Notice to the extent of Equity Shares as may be offered and subscribed to by them.

ITEM NO.13

Under the provisions of Section 370 of the Companies Act, 1956, the Board of Directors of the Company may, subject to the approvals of the Members by passing a Special Resolution, give guarantees or provide securities in connection with the loans made by any other persons or to any other persons by any Body Corporate. In the course of business, the Board of Directors at times had to give guarantees and/or provide securities in connection with the loans, it is therefore, desired that the Members may pass the Resolution as given at Item No.13 of the Notice empowering the Board of Directors in the matter.

None of the Directors of the Company are concerned with or interested in the Resolution as set out at Item No.13 of the Notice.

By order of the Board
for OSWAL AGRO MILLS LIMITED

Place : New Delhi
Date : July 30, 1998

ASHUTOSH AGGARWAL
COMPANY SECRETARY

OSWAL AGRO MILLS LIMITED**OSWAL****DIRECTORS' REPORT**

To
The Members

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 1998.

FINANCIAL RESULTS

(Rs.in lacs)

	FOR THE YEAR ENDED 31.3.1998	FOR THE YEAR ENDED 31.03.1997
Operating and Other Income	30248	28335
Profit before Interest, Depreciation and Tax	5944	5060
Interest	316	840
Cash Profit	5628	4220
Less: (i) Depreciation	1948	1890
(ii) Taxation	—	—
Profit after Depreciation and Tax	3680	2330
Add : Balance brought forward from previous year	2585	755
Investment Allowance Reserve written back	276	—
Transferred from General Reserves	—	1507
Profit available for appropriation	6541	4592
Appropriations:		
Dividend on Equity Shares	1580	1507
General Reserves	1401	500
Dividend Tax paid	151	—
Balance carried to Balance Sheet	3409	2585

DIVIDEND

Your Directors recommend for your approval a Dividend @ 15% on the paid-up Equity Share Capital of the Company on pro-rata basis for the year ended March 31, 1998. If approved in the Annual General Meeting by the Members, the dividend will be paid to those shareholders whose names shall appear in the Register of Members as on September 30, 1998.

OPERATIONS

During the year ended March 31, 1998, your Company achieved a turnover of Rs.302.48 Crores as compared to Rs.283.35 Crores resulting in an increase of 6.75% over previous year. The net profit of the Company stood at Rs. 36.80 Crores as compared to Rs. 23.30 Crores during the previous year, resulting in an increase of 57.94% over previous year.

FUTURE PROSPECTS

Your Company is in the process of setting up marine and material handling project at Paradeep Port in the state of Orissa. The project envisages a capital expenditure of Rs.252.00 crores. The Company is also planning to diversify in shipping activities and for the purpose will acquire ships and vessels which may envisage substantial capital commitments in the coming years. Your Company has since strengthened its Engineering and Projects Division and is now fully equipped for handling high value orders on turn-key basis.

Your Company is also in the process of modernising its existing Petrochemicals complex

at Chembur in Mumbai. The Directors are confident that the future plans proposed to be undertaken by the Company will further improve profitability of the Company.

FIXED DEPOSITS

During the year under review, the Company has neither invited nor accepted any fixed deposits. However, an amount of Rs.82,000 (Rupees Eighty two thousand) remains unclaimed upto March 31, 1998.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Anil Bhalla, Director of the Company retires by rotation, and, being eligible offers himself for re-appointment. The Board of Directors recommends to the members of the Company, the re-appointment of Shri Anil Bhalla as a Director of the Company.

Shri Anil Bhalla and Shri M. Satyanarayana were appointed as Whole-time Directors of the Company with effect from October 22, 1993 and November 1, 1993 respectively for a period of five years each. In view of the vast experience, administrative skills and contributions made by Shri Anil Bhalla and Shri M. Satyanarayana in the expansion and growth of the Company, the Board of Directors, subject to the approval of the Members in the forthcoming Annual General Meeting has re-appointed Shri Anil Bhalla and Shri M. Satyanarayana as Whole-time Directors of the Company for a further period of five years each to be effective from October 22, 1998 and

November 1, 1998 respectively. The Board of Directors recommends their re-appointment as Whole-time Directors to the Members of the Company.

INVESTOR RELATIONS SERVICES

The Company has adopted a well laid out system of Share Transfers and settling investors' grievances at its in-house fully equipped Share Transfer Department.

Further, with a view to improve the services to its shareholders, the Company has entered into an agreement with National Securities Depository Limited for dematerialisation of securities in accordance with the provisions of the Depository Act, 1995. The Equity Shares of the Company are now eligible for dematerialisation and same are also being traded in the scripless mode with effect from 6th February, 1998 on various stock exchanges of the Country. The investors can now avail of the facilities contemplated under the Depository Act, 1995 by approaching one of the Depository Participants.

PARTICULARS OF ENERGY CONSERVATION ETC.

The particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure forming part of this report.

AUDITORS

M/s Gupta Bhalla & Associates, Chartered Accountants, Ludhiana, Punjab are holding the office as Statutory Auditors upto the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment. They have also furnished a certificate to the effect that re-appointment, if made, will be in accordance with Sub-section (1B) of Section 224 of the Companies Act, 1956.

NOTES ON ACCOUNTS

As regards Auditors' observations, the relevant notes on account are self explanatory and therefore, do not call for any further comments.

PERSONNEL

Your Directors are happy to note that relations between the Company and its employees remained cordial throughout the year under review. The Directors express their appreciation to employees of the Company at all levels.

PARTICULARS OF EMPLOYEES

The informations in accordance with Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in the Annexure forming part of this report.

ACKNOWLEDGEMENTS

The Board of Directors wishes to thank various Agencies of Central and State Governments, Banks, Shareholders and all other business associates of the Company for extending their co-operation to the Company.

For and on behalf of the Board



Place : New Delhi
Date : July 30, 1998

ABHEY OSWAL
Chairman

OSWAL AGRO MILLS LIMITED



INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

I. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

- (i) Cold insulation & Hot insulation repairs/Replacement on Gas separation columns.
- (ii) Fixing of steam leaks on major equipment, piping and repairing/ replacement of Steam traps.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

The proposal to use internally generated fuels/LSHS for a captive power generation plant for the co-generation concept is being finalised.

Impact of measures (a) and (b) for reduction of energy consumption & consequent impact on the cost of production of goods.

- Estimated savings on account of (a) and (b) approximately Rs.10.20 crores.

II TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM-A OF THE ANNEXURE TO THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE:

A. POWER AND FUEL CONSUMPTION

	1997-98		1996-97	
	Petro-Chemicals	Sugar	Petro-Chemicals	Sugar
1. Electricity				
(a) Purchased Unit (in lacs)	737.46	8.23	719.99	8.41
Total amount (Rs.in lacs)	2093.65	27.02	2034.66	24.21
Rate/Unit (Rs.)	2.83	3.28	2.82	2.88
(b) Own Generation				
(i) Through Diesel Generator (Units in lacs)	—	4.20	—	4.01
Units per Ltr. of Diesel Oil	—	2.15	—	2.00
Cost/Unit(Rs.)	—	4.47	—	4.27
(ii) Through Steam Turbine/Generator (Units in lacs)	—	82.37	—	179.31
Unit per Ton of Steam	—	81.00	—	80.00
Cost/Unit (Rs)	—	1.65	—	0.78
2. Furnace Oil Qnty. (K.Ltrs.)	1256.22	—	3334.00	—
Total Cost (Rs.in lacs)	91.38	—	226.94	—
Average Rate (Rs.)	7274.00	—	6807.00	—
3. Fire Wood Qnty.(M.T.)	—	57.91	—	287.17
Total Cost (Rs.in lacs)	—	0.88	—	4.36
Average Rate (Rs.)	—	1516.00	—	1518.26
4. Rice Husk Qnty. (M.T.)	—	397.87	—	510.24
Total Cost (Rs.in lacs)	—	4.61	—	4.91
Average Rate (Rs.)	—	1159.00	—	963.00

B. CONSUMPTION PER UNIT OF PRODUCTION

Products	Electricity (Unit/PMT)		Furnace Oil (Ltrs./PMT)		Fire Wood (Kgs/MT)		Rice Husk (Kgs/MT)	
	97-98	96-97	97-98	96-97	97-98	96-97	97-98	96-97
Sugar	368	306	—	—	2.40	4.59	16	14
Polyethylene	3713	3601	67	183	—	—	—	—
Benzene	363	351	—	—	—	—	—	—
Acetylene Black	495	479	—	—	—	—	—	—
Propylene	292	283	—	—	—	—	—	—

III. TECHNOLOGY ABSORPTION

Efforts made in Technology absorption as per Form-B, of the Rules:

(a) Research and Development (R&D):

- (i) Studied and incorporated modification in respect of upgradation of Aeration system.
- (ii) New products developed for UV Films, Murch Films for Green House, Lagoon Liners for Canal Linings.

(b) Benefits derived as a result of above R & D :

- (i) Quality and efficiency improvement in waste water treatment and reclamations.

(c) Future plan and action:

- (i) In Pyrolysis furnaces installation of DCS System.