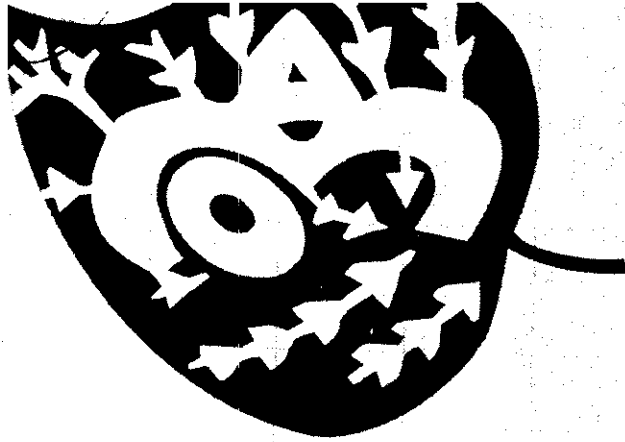


# ANNUAL REPORT 1998-1999



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**OSWAL**  
**AGRO MILLS LTD.**

## OSWAL AGRO MILLS LIMITED



### BOARD OF DIRECTORS

Shri Abhey Oswal - Chairman  
Shri Anil Bhalla  
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 Nineteenth Annual General Meeting of the Members of OSWAL AGRO MILLS LIMITED will be held on Friday, December 31, 1999 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, 1999 and the Profit & Loss Account for the year ended on that date and the Directors' and the Auditors' Reports thereon.
2. To appoint a Director in place of Shri S.P. Sharma, who retires by rotation, and, being eligible offers himself for re-appointment.
3. 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**

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 Foreign Exchange Regulation Act, 1973 read with the guidelines prescribed by the Central Government from time to time for investment by the Non-resident Indians/Persons of Indian Origin/Overseas Corporate Bodies under the Portfolio Investment Scheme, the consent of the Company be and is hereby accorded for making investment in the Company by Non-resident Indians/Persons of Indian Origin/Overseas Corporate Bodies under the Portfolio Investment Scheme to the extent of 30% of the total paid-up equity capital of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to convey to the Reserve Bank of India and other concerned authorities that the Company does not have any objection for Non-resident Indians/Persons of Indian origin/Overseas Corporate Bodies for making investment in the Company by purchasing its shares through Stock Exchanges under the Portfolio Investment Scheme subject to such approvals as may be required to be obtained by each of them in this connection and to take other necessary steps to implement the resolution."

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

"RESOLVED THAT pursuant to Sections 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactments thereof for the time being in force) the consent of the members of the Company be and is hereby accorded to the increase in remuneration of Shri Anil Bhalla, Whole-time Director of the Company with effect from January 1, 1999 for the remaining period of his tenure of appointment as per terms and conditions set out in the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT in accordance with the provisions of Section 198 (4) read with Schedule XIII and the notifications issued under that Schedule of the Companies Act, 1956 and subject to such approvals as may be necessary, the remuneration and perquisites as set out in the Explanatory Statement may be paid as minimum remuneration to Shri Anil Bhalla, Whole-time Director of the Company in the absence 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 pursuant to Section 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactments thereof for the time being in force) the consent of the members of the Company be and is hereby accorded to the increase in remuneration of Shri S.P. Sharma, Whole-time Director of the Company with effect from January 1, 1999 for the remaining period of his tenure of appointment as per terms and conditions set out in the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT in accordance with the provisions of Section 198 (4) read with Schedule XIII and the notifications issued under that Schedule of the Companies Act, 1956 and subject to such approvals as may be necessary, the remuneration and perquisites as set out in the Explanatory Statement may be paid as minimum remuneration to Shri S.P. Sharma, Whole-time Director of the Company in the absence 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 an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to Section 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactments thereof for the time being in force) the consent of the members of the Company be and is hereby accorded to the payment of increased remuneration to Shri M. Satyanarayana, Whole-time Director of the Company for the period from January 1, 1999 to September 30, 1999 as per terms and conditions set out in the Explanatory Statement annexed to this Notice and that such increased salary already paid to him be and is hereby ratified.

RESOLVED FURTHER THAT in accordance with the provisions of Section 198 (4) read with Schedule XIII and the notifications issued under that Schedule of the Companies Act, 1956 and subject to such approvals as may be necessary, the remuneration and perquisites as set out in the Explanatory Statement may be treated as paid as minimum remuneration to Shri M. Satyanarayana, Whole-time Director of the Company in the absence or inadequacy of profits in any financial year."

By order of the Board  
for OSWAL AGRO MILLS LIMITED

Place : New Delhi  
Date : November 30, 1999

ASHUTOSH AGGARWAL  
COMPANY SECRETARY

**OSWAL AGRO MILLS LIMITED****NOTES :**

- (1) An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Items No. 4 to 7 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 Wednesday, December 22, 1999 to Friday, December 31, 1999 (both days inclusive).
- (4) As per the amended provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders for the shares held by them in the Company. In case any member desires to avail this facility he can do so by obtaining nomination forms from the Registered Office of the Company.
- (5) Trading in Company's Equity Shares in Demat form commenced from February 6, 1998 and the shares of the Company are under compulsory dematerialisation at present. Members may avail this facility to dematerialise their shares by opening an account with a Depository Participant through 'National Securities Depository Limited'.
- (6) The Member 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.
- (7) 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.
- (8) 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.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE NOTICE.****ITEM NO. 4**

As per the provisions of the Foreign Exchange Regulation Act, 1973, the Non-Resident Indians/Persons of Indian Origin/Overseas Corporate Bodies were allowed to invest in the Indian Companies upto an overall ceiling of 24% of the paid-up equity capital of the Company. However, the Central Government liberalised its policies by a notification on June 22, 1998 and enhanced the ceiling on investment under the Portfolio Investment Scheme from 24% to 30% subject to the Members of Company passing a Special resolution in their general meeting, authorising investment upto 30% of the paid-up share capital of the Company.

In view of the liberalised Government Policies, it is proposed that the necessary resolution be passed allowing the Non-Resident Indians/Persons of Indian Origin/Overseas Corporate Bodies to purchase shares of the Company through Stock Exchanges under Portfolio Investment Scheme upto 30% of the Paid-up equity capital subject to such approvals as may be required to be obtained by each of them.

The Board of Directors recommends the passing of above resolution.

None of the Directors of the Company is concerned with or interested in the resolution set out at Item No. 4 of the Notice.

**ITEM NOS. 5, 6 and 7**

The Members of the Company in their General Meeting held on September 30, 1998 approved the appointments of Shri Anil Bhalla and Shri M. Satyanarayana as Whole-Time Directors of the Company and that of Shri S.P. Sharma in the General Meeting held on December 30, 1996 for a period of 5 years each in compliance with Section 269 read with Schedule XIII of the Companies Act, 1956. Considering the increased responsibility being undertaken by each of them the Board in its meeting held on November 30, 1999 considered the increase in remuneration payable to the above named Whole-time Directors of the Company as per details given below with effect from January 1, 1999 under Schedule XIII of the Companies Act, 1956 :

**SALARY**

Rs. 1,50,000 (Rupees One Lac Fifty Thousand) per month to each of the Whole-time Directors.

**PERQUISITES**

In addition to Salary, the perquisites be allowed upto the maximum of Rs. 18,00,000/- (Rupees Eighteen Lacs) per annum to each of the Whole-Time Directors.

All other terms and conditions governing the payment of remuneration would remain the same including the respective percentages under each head of the perquisites.

During the tenure of appointment of above named Whole-time Directors, any increase in remuneration as prescribed is permitted under section 310 of the Companies Act, 1956 subject to approval of the Board of Directors and ratification thereof by the Members in the first General Meeting held thereafter.

The Board recommends the passing of Resolution covered under Items No. 5, 6 and 7 of the Notice read with explanations given above.

None of the Directors except Shri Anil Bhalla, Shri M. Satyanarayana and Shri S.P. Sharma are interested or concerned, in any way, in the respective Resolutions covered under Item Nos. 5, 6 and 7 of the Notice.

By order of the Board  
for OSWAL AGRO MILLS LIMITED

Place : New Delhi  
Date : November 30, 1999

ASHUTOSH AGGARWAL  
COMPANY SECRETARY

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

To  
The Members

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 1999.

**FINANCIAL RESULTS**

(Rs.in lacs)

	FOR THE YEAR ENDED 31.3.1999	FOR THE YEAR ENDED 31.03.1998
<b>Operating and Other Income</b>	40301	30248
Profit before Interest, Depreciation and Tax	3313	5944
Interest	137	316
<b>Cash Profit</b>	3176	5628
Less: (i) Depreciation	1870	1948
(ii) Taxation	—	—
Profit after Depreciation and Tax	1306	3680
Add : Balance brought forward from previous year	3409	2585
Investment Allowance Reserve written back	—	276
Profit available for appropriation	4715	6541
<b>Appropriations:</b>		
Dividend on Equity Shares	—	1580
General Reserves	—	1401
Dividend Tax paid (Previous year)	158	151
Balance carried to Balance Sheet	4557	3409

**OPERATIONS**

During the year ended March 31, 1999, your Company achieved a turnover of Rs. 403.01 Crores as compared to Rs.302.48 Crores resulting in an increase of 33% over previous year. However the net profit of the Company stood at Rs. 13.06 Crores as compared to Rs. 36.80 Crores during the previous year due to provisioning of disputed liabilities for earlier years and gratuity provisions from cash basis to accrual basis.

Oswal Engineering & Project has been awarded turn-key projects for power packages, tankages etc. and has achieved a turnover of Rs. 270.12

acquire ships and vessels which may envisage substantial capital commitments in the coming years. Your Company has since strengthened its Engineering and Projects Division which is fully equipped to handle high value orders on turn-key basis. Your Directors are confident that the plans proposed to be undertaken by the Company will improve the 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

**Y2K COMPLIANCE**

The Company has taken effective steps to become Y2K compliant in time. The expenditure for achieving Y2K compliance is not expected to have any material impact on its financial position or results of operations.

**INVESTOR RELATIONS SERVICES**

The Company has fully equipped in-house share transfer and investors' grievances redressal cell.

The Equity Shares of your Company are under compulsory dematerialisation trade and are traded in scripless mode on various stock exchanges. The investors can 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 during the year under review. The Directors express their appreciation to employees of the Company at all levels.

**PARTICULARS OF EMPLOYEES**

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**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, 1999.

**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.

-Estimated savings on account of (a) approximately Rs.0.20 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**

	1998-99		1997-98	
	Petro-Chemicals	Sugar	Petro-Chemicals	Sugar
1. Electricity				
(a) Purchased Unit (in lacs)	342.23	8.03	737.46	8.23
Total amount (Rs.in lacs)	952.54	30.66	2093.65	27.02
Rate/Unit (Rs.)	2.78	3.82	2.83	3.28
(b) Own Generation				
(i) Through Diesel Generator (Units in lacs)	—	0.03	—	4.20
Units per Ltr. of Diesel Oil	—	2.97	—	2.15
Cost/Unit(Rs.)	—	3.68	—	4.47
(ii) Through Steam Turbine/Generator (Units in lacs)	—	36.94	—	82.37
Unit per Ton of Steam	—	99.99	—	81.00
Cost/Unit (Rs)	—	4.29	—	1.65
2. Furnace Oil Qnty. (K.Ltrs.)	449.048	—	1256.22	—
Total Cost (Rs.in lacs)	28.998	—	91.38	—
Average Rate (Rs.)	6458.00	—	7274.00	—
3. Fire Wood Qnty.(M.T.)	—	28.750	—	57.91
Total Cost (Rs.in lacs)	—	0.45	—	0.88
Average Rate (Rs.)	—	1558.00	—	1516.00
4. Rice Husk Qnty. (M.T.)	—	551.845	—	397.87
Total Cost (Rs.in lacs)	—	5.46	—	4.61
Average Rate (Rs.)	—	990.00	—	1159.00

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Products	Electricity (Unit/PMT)		Furnace Oil (Ltrs./PMT)		Fire Wood (Kgs/MT)		Rice Husk (Kgs/MT)	
	98-99	97-98	98-99	97-98	98-99	97-98	98-99	97-98
Sugar	3.76	368	—	—	2.45	2.40	47	16
Polyethylene	4147	3713	58	67	—	—	—	—
Benzene	405	363	—	—	—	—	—	—
Acetylene Black	552	495	—	—	—	—	—	—
Proplene	327	292	—	—	—	—	—	—

**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.

**OSWAL AGRO MILLS LIMITED**

## (d) Expenditure on R &amp; D (Rs.in lacs)

	1998-99	1997-98
(i) Capital	—	—
(ii) Recurring	2.52	10.57
(iii) Total	2.52	10.57
(iv) Total R & D expenditure as a percentage of total turnover	0.01%	0.03%

## 2. Technology absorption, adaption and innovation:

- (a) Efforts, in brief, made towards technology absorption adaption and innovations — None
- (b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction — None
- (c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:
- (i) Technology (Not Applicable)
- (ii) Year of import (Not Applicable)
- (iii) Has technology been fully absorbed (Not Applicable)
- (iv) If not fully absorbed, areas where this has not taken place, reason thereof (Not Applicable)

## IV. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (a) Activities relating to exports, initiative taken to increase exports, developments of new export market for products and services and export plans. The Company is exploring the possibilities of export of Petrochemicals and Sugar.
- (b) Total foreign exchange used and earned including as supporting manufacturer:

Used : Rs.739.49 lacs (Previous year Rs.1062.00lacs)  
 Earned : Rs.Nil (Previous year Rs.Nil )

**ANNEXURE TO DIRECTORS' REPORT**

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SUB SECTION (2A) OF SECTION 217 OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1999.

Sr. No.	Name	Designation	Age (Yrs.)	Qualifications	Remuneration (Rs.)	Date of Commencement of employment	Experience (Yrs.)	Last Employment held & Designation
1.	Bhalla Anil	Whole-time Director	50	B.A.	28,06,504	01.04.87	28	S.A.-UCO Bank
2.	Sharma S.P.	Whole-time Director	63	B.E.(Mech)	23,67,000	01.01.96	39	President-Indo Gulf Fertilizers Ltd.
3.	Satyanarayana M.	Technical Director	68	B.Sc.B.Sc.(Tech) M.I.T. (Chem Engg.)	23,82,000	08.10.81	43	M.D.-Kerala Soaps & Oil Limited

Remuneration as shown above includes Salary, House Rent Allowance, Company's Contribution towards Provident Fund, Reimbursement of medical expenses etc.

None of the employee is related to any of the Director of the Company.

Nature of employment - All appointments are contractual, other terms and conditions are as per rules of the Company.

For and on behalf of the Board

Place : New Delhi

Date : 30th November, 1999

Abhey Oswal  
Chairman