



OSWAL

AGRO MILLS LTD.

ANNUAL REPORT 2000-2001

BOARD OF DIRECTORS

Shri Abhey Oswal - Chairman
Shri Anil Bhalla
Shri S.P. Sharma
Shri J.L. Aggarwal

COMPANY SECRETARY

Shri Ashutosh Aggarwal

AUDITORS

Gupta Bhalla & Associates
Chartered Accountants
Ludhiana

BANKERS

United Bank of India
State Bank of India

REGISTERED OFFICE

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

WORKS

Mumbai (Maharashtra)

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

Regd. Office : G.T. Road, Phagwara, Distt : Kapurthala (Pb.) - 144 401

NOTICE OF THE MEETING

NOTICE is hereby given that the TWENTY FIRST Annual General Meeting of the Members of Oswal Agro Mills Limited will be held on Thursday the 27th September, 2001 at 11.00 a.m. at the Registered Office of the Company at G.T. Road, Phagwara, Distt : Kapurthala (Pb.) - 144 401 to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2001 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 Anil Bhatta, 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 Bhatta & 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 an Ordinary Resolution :

RESOLVED THAT Shri J.L. Aggarwal be and is hereby appointed as a Director of the Company whose period of office will be liable to determination of retirement by rotation. RESOLVED FURTHER THAT pursuant to 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 modifications or enactments thereof for the time being in force), the company hereby approves of the appointment and terms of remuneration of Shri J.L. Aggarwal as a Whole-time Director of the Company for a period of 5 years w.e.f. 1st August, 2001 upon the terms and conditions as set out in the Explanatory Statement annexed to this notice and the Board of Directors be and is hereby authorised to execute an agreement in such manner as may be agreed upon between the Board of Directors and Shri J.L. Aggarwal.

RESOLVED FURTHER THAT in accordance with the provisions of section 198 (4) read with schedule XIII and the notification issued under that schedule of the Companies Act, 1956, the remuneration and perquisites as set out in the Explanatory Statement may be paid as the minimum remuneration to Shri J.L. Aggarwal, Whole-time Director in the absence of or inadequacy of profits in any financial year.

By order of the Board
for OSWAL AGRO MILLS LIMITED

ASHUTOSH AGGARWAL
COMPANY SECRETARY

Place : New Delhi.
Date : 03.09.2001

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and that the proxy need not be a member of the Company.
2. 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 25th September, 2001 to 27th September, 2001 (both days inclusive.)
4. The investors / members may send the documents for transfer of shares or queries relating to holding of shares in the company and correspondence relating to availing nomination directly to Company's Office at 12th Floor, Gopala Tower, 25, Rajendra Place, New Delhi - 110 008.
5. In compliance with Section 205-A and 205-C of the Companies Act, 1956 the amount of dividend and other sums remaining un-paid and unclaimed for a period of seven years from the date of they first became due shall be transferred to the Investors' Education and Protection Fund set up by the Government of India and no claims shall lie against the fund or the Company in respect of individual amounts so transferred.
6. Investors/Shareholders are requested to note that if Demat Request Forms (DRF) and share certificates are not received from their DPs by the Company within a period of 30 days from the date of generation of the DRN for dematerialisation, the DRN will be treated as rejected/cancelled. Upon rejection/cancellation of the DRN, a fresh DRF has to be forwarded alongwith the share certificates by the DPs to the Company.
7. Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting. Members, who hold share in dematerialised form are requested to bring their client ID and DP ID Nos. for identification of attendance at the meeting.
8. Members are requested to quote their folio numbers and in case shares are held in dematerialised form, client ID and DPID Numbers in all correspondence with the Company.

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

Shri J.L. Aggarwal has been appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 31st July, 2001. In accordance with the provisions of section 260 of the Companies Act, 1956 he holds office of Director till the conclusion of this Annual General Meeting. As required under the provisions of section 257 of the Companies Act, 1956 the Company has received a notice from a member of the Company signifying his intention to propose Shri J.L. Aggarwal to the office of Director liable to retire by rotation.

Shri J.L. Aggarwal, ACS & FICWA has experience of more than 34 years in the field of administration, legal, secretarial, finance and taxation etc. Considering his vast experience, the Board of Directors has appointed him as Whole-time Director of the Company subject to the approval of the members for a period of 5 years w.e.f. 1st August, 2001 on the following terms & conditions :-

BASIC SALARY :

Rs. 18,600/- (Rupees Eighteen Thousand Six Hundred) per month.

PERQUISITES :

In addition to the payment of aforesaid salary, Shri J.L. Aggarwal, Whole-time Director of the Company shall also be entitled to receive the following perquisites :

- (a) Leased accommodation subject to a maximum of Rs. 8,000/- (Rupees Eight Thousand) per month.
 - (b) Reimbursement of Leave Travel Concession, Medical Expenses, Professional Development Expenses and for Maintenance of Residential Office equivalent to one month's basic salary for each perquisites in a year or as per rules of the Company.
 - (c) Travelling Expenses to the extent of Rs. 3,000/- (Rupees Three Thousand) per month.
 - (d) Reimbursement of Entertainment Expenses of Rs. 7,550/- (Rupees Seven Thousand Five Hundred Fifty) per month.
1. The 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.
 2. That use of Company's car for official purpose and telephone at residence including payment for local calls shall not be included.
 3. That Company's contribution to Provident Fund, Gratuity 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, set out above, are in accordance with and within the limits prescribed under Schedule XIII of the Companies Act, 1956. The Board recommends passing of the Resolution as set out at Item No.4 of the notice read with the explanations given above.

None of the Directors, except Shri J.L. Aggarwal is interested or concerned in this resolution.

By order of the Board
for OSWAL AGRO MILLS LIMITED

ASHUTOSH AGGARWAL
COMPANY SECRETARY

Place : New Delhi.
Date : 03.09.2001

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

To,

The Members

Your Directors have pleasure in presenting the Twenty-first Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st, March, 2001.

FINANCIAL RESULTS

(Rs. in Lacs.)

	For the Year ended 31.03.2001	For the Year ended 31.03.2000
Operating and other Income	7323	24274
Profit / (Loss) before interest, Depreciation, Tax & Interest	(1563)	775
Interest.	—	33
Cash Profit / (Loss)	(1563)	742
Less (i) Depreciation	1164	3136
(ii) Tax	—	3136
Profit / (Loss) after Depreciation & Tax.	(2727)	(2394)
Add : Balance brought forward from Previous year.	2163	4557
Profits / (Loss) available for appropriation.	(564)	2163
Appropriation :		
Balance carried to Balance Sheet.	(564)	2163

OPERATIONS

During the year under review, your Company has achieved a turnover of Rs. 7322.64 Lacs as compared to Rs.24273.43 Lacs in the previous year. Gross Loss during the year under review has been Rs. 1562.82 lacs as compared to a profit of Rs. 741.23 lacs during last year, and after providing for interest and Depreciation, the total loss has been Rs.2727.05 Lacs. There is a loss in the current year due to non-operations of Petro-Chemicals Unit at Chembur Mumbai and making payment to the workers of the said plant under Voluntary Retirement Scheme amounting to Rs17.71 crores besides gratuity payment of Rs. 5.54 crores. The operations of the said unit remained suspended during the year since it had become commercially unviable to run the plant.

Sugar Unit

Sugar Unit at Phagwara (Pb.) was sold during the year and the sale proceeds thereof have been reflected in the accounts under review.

Engineering Division

During the year, Company's Engineering Division has achieved a turnover of Rs. 9.85 crores and earned a profit of Rs. 6.39 crores.

FUTURE PROSPECTS

The company is exploring other alternatives for use of Petrochemical Plant at Anik Chembur, Mumbai. The company is also in the process of strengthening its engineering project activities.

FIXED DEPOSITS

During the year under review, the Company has neither invited nor accepted any fixed deposits.

DIRECTORS

During the year, Shri Anil Bhalla and Shri S.P. Sharma resigend from Whole-time Directorship of the Company effective from 1st July, 2000

and are continuing as Directors of the Company. Shri Anil Bhalla, Director of the Company is retiring by rotation and being eligible offers himself for re-appointment. Shri J.L. Aggarwal was appointed as Additional Director by the Board in its meeting held on July 31, 2001 and also as a whole-time Director of the Company w.e.f. August 1, 2001 subject to the approvals of members in the Annual General Meeting. The Board recommends his appointment to the members.

AUDITORS

M/s Gupta Bhalla & Associates, Chartered Accountants, Ludhiana 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

The Auditors' observations and the relevant notes on the accounts are self-explanatory and therefore, do not call for any further comments.

DEMATERIALISATION OF SHARES

The Company's equity shares are being traded in demat form for all categories of Investors. The company has electronic connectivity through NSDL and CDSL for dematerialisation of shares.

PARTICULARS OF ENERGY CONSERVATION ETC.

The particulars of conservation of energy and technology, absorption 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 not applicable as the Company's Plant is not in operation during the year and Sugar unit

at Phagwara (Pb.) had been disposed off.

INDUSTRIAL RELATIONS

The relation between the Company and its employees remained cordial throughout the year. The Directors express their appreciation for the services rendered by the employees of the Company at all levels.

Particulars of Employees in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended are given in the Annexure forming part of this Report.

LISTING OF EQUITY SHARES

During the last year, the Company had proposed to delist its Equity Shares under SEBI's voluntary Delisting Scheme, from the Stock Exchanges at Ahmedabad, Uttar Pradesh, Calcutta and Chennai. Keeping in view of the interest of Minority Shareholders staying at remote areas nearer to these Stock Exchanges, the schedule of delisting has been deferred by the company for the time being.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state :

- That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- That your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 or loss of the Company for that period;
- That your 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 your Company and for preventing and detecting fraud and other irregularities;
- That your Directors have prepared the annual accounts on 'a going concern basis'.

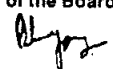
CORPORATE GOVERNANCE

The Company is taking adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchanges are complied with. Some of the steps taken by the Company in this direction are indicated in the statement enclosed with this report.

ACKNOWLEDGEMENT

The Board of Directors wishes to thank various agencies of the Central/State Government and Banks for extending co-operation and support to the Company.

for and on behalf of the Board.


(Abhey Oswal)
Chairman

Place : New Delhi
Date : 3rd Sept., 2001

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in following sound corporate practices to ensure that the dealings of the company with all its stakeholders are directed to achieve its long term corporate goals. The Company will strive to achieve not only to meet the statutory requirements of the corporate governance code introduced by SEBI and as incorporated in clause 49 of the listing agreements with the Stock Exchanges but also to go beyond them and follow transparent system and procedures in line with the global trends.

2. COMPOSITION OF BOARD

As on 31.3.2001 there were three Directors on the Board consisting of Chairman and two other Non-executive Directors. All are independent Directors, other than Shri Abhey Oswal

3. During the year under review Ten Board Meetings were held on 30.6.2000, 5.7.2000, 31.7.2000, 31.8.2000, 12.9.2000, 31.10.2000, 14.11.2000, 20.12.2000, 31.01.2001 & 30.3.2001. Attendance of each of the Directors at Board Meetings held during the period 1.4.2001 to 31.3.2001 and last Annual General Meeting and also number of Directorship held by them in other Public Limited Companies are given herebelow :

Name of the Directors	No. of Board Meetings Held	No. of Board Meetings attended	Whether attended last AGM	No. of Directorship in other companies
Shri Abhey Oswal, Chairman	10	4	No.	2
Shri Anil Bhalla, Director*	10	9	Yes	3
Shri S.P.Sharma, Director*	10	9	Yes	1

* Resigned as Whole-Time Directors but continuing as Director w.e.f. 1.7.2000.

NOTE :

All the Directors as on 31.3.2001 are Non-Executive Directors and two of them are independent.

4. COMMITTEES OF BOARD OF DIRECTORS

The Board of Directors had constituted Two Committees of the Board, such as Share Transfer Committee and Audit Committee. The committees meet as often as required. The details of committees are as follows :

S.No.	Name of the Committee	Role & Responsibilities	Members	No. of Meetings held During the year	No. of Meetings Attended
1.	Share Transfer Committee	To Approve transfer of shares and issue of duplicate/transmission/ consolidated/splitted of share certificates etc	Shri Abhey Oswal Shri Anil Bhalla Shri S.P. Sharma	22 22 22	22 22 22
2.	Audit Committee	To deal with matters referred in Clause 49 of the Listing Agreement and Section 292-A of the Companies Act, 1956	Shri Abhey Oswal Shri Anil Bhalla Shri S.P. Sharma	2 2 2	2 2 1

All the members of the Audit Committee are non-executive Directors and two of them are independent Directors.

5. COMPLIANCE OFFICER

Shri Ashutosh Aggarwal, Company Secretary is the Compliance Officer.

6. SHAREHOLDERS COMPLAINTS

No. of Complaints received During 1.4.2000 to 31.3.2001	No. of complaints not solved to the satisfaction of shareholders during that period	No. of Pending Share transfers as on that date
10,194	453	241

The complaints pending as on 31.03.2001 were resolved during the month of April, 2001.

OSWAL AGRO MILLS LIMITED**7. ANNUAL GENERAL MEETINGS**

Year	1998	1999	2000
Venue	G.T. Road , Distt. Kapurthala, Punjab		
Date & Time	30th September 1998 at 11:00 A.M.	31st December, 1999 at 11:00 A.M.	22nd September, 2000 at 11:00 A.M
No. of Special Resolution Passed	5	1	1

The company shall follow the relevant provisions of law regarding Postal Ballot.

8. DISCLOSURES

- A) There were no transactions in the company of material nature with its Directors, Management or relatives etc. that may have potential conflict with the interests of the company at large.
- B) There were no cases of non-compliance by the company and no penalties and strictures were imposed on the company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during the last three years.

9. MEANS OF COMMUNICATION

The company publishes its quarterly results in one leading English daily having all India circulation and one Punjabi Newspaper having circulation mainly in the State of Punjab. Company also displays its quarterly results and significant corporate information on website oswal.org.

10. REMUNERATION OF DIRECTORS

The company has no pecuniary relationship or transaction with its non-executive Directors and no payment whether as remuneration or as sitting fees paid to them during the year ended 31.3.2001.

The remuneration policy will be made for rewarding the performance commensurate to the earnings of the company and the efforts put in by them for achieving the same on appointment of Executive Director aimed at attracting and retaining high calibre and talent.

The company does not have any incentive plan linked to performance or achievement of the Company's objectives. There is no stock option scheme for the Whole-time Director or employees of the company.

No Remuneration Committee has been constituted.

Details of remuneration paid to Directors of the company for part of the year ended 31.3.2001 (till 30.06.2000) is given herebelow :

Sr.No.	Name of Directors	Remuneration paid including perquisites
1	Shri Anil Bhalla	Rs. 9,74,000/-
2	Shri S P Sharma	Rs. 9,16,500/-

11. GENERAL SHAREHOLDERS' INFORMATION

- A) Annual General Meeting
Date : 27th September, 2001 at 11:00 A.M.
Venue : G.T.Road, Phagwara, (Distt) Kapurthala, Punjab -144 401
- B) Book Closure Date : 25th September, 2001 to 27th September,2001(both days (inclusive)
- C) Dividend Payment : The company does not propose any dividend for the financial year ended 31.3.2001.
- D) Financial Calendar :

Un-audited Financial Results For the quarter ended	Tentative Date
30.06.2001	Held on 31.07.2001
30.09.2001	4 th Week of Oct.2001
31.12.2001	4 th Week of Jan.2002
31.03.2002	4 th Week of April.2002
Half yearly Limited review as on 30.09.2001 A.G.M.	4 th Week of Nov.2001 4 th Week of Sept.2002

OSWAL AGRO MILLS LIMITED

E) Shares of the Company are listed on the following Stock Exchanges :

Sr.No.	Name of the Stock Exchange	Stock Code No.of Company's Shares
1	The UP Stock Exchange Assn.Ltd.	
2.	The Delhi Stock Exchange Assn.Ltd.	00037
3	The Calcutta Stock Exchange Assn.Ltd.	
4.	Chennai Stock Exchange Ltd.	
5.	The Stock Exchange, Mumbai	317
6	The Ludhiana Stock Exchange Assn.Ltd.	
7	The Ahmedabad Stock Exchange Ltd.	
8.	National Stock Exchange Of India Ltd.	

Annual Listing fee for the year 2000-2001 were paid to Delhi Stock Exchange, Ludhiana Stock Exchange & National Stock Exchange of India Limited.

F) **MARKET PRICE DATA**

MONTH	MUMBAI		NSE	
	HIGH (Rs.)	LOW (Rs.)	HIGH (Rs.)	LOW (Rs.)
April, 2000	4.85	3.00	4.70	2.60
May, 2000	5.60	3.26	5.80	4.20
June, 2000	5.55	3.55	6.00	4.00
July, 2000	6.55	4.20	6.90	4.30
August, 2000	4.90	3.50	4.90	3.65
September, 2000	4.35	3.00	5.00	3.30
October, 2000	6.60	3.55	6.00	4.00
November, 2000	4.90	3.50	6.75	4.10
December, 2000	5.50	4.00	5.40	4.30
January, 2001	6.50	4.55	6.50	4.90
February, 2001	6.35	5.20	6.90	5.00
March, 2001	7.50	6.00	7.80	6.05

G) **SHARE TRANSFER AGENT(IN-HOUSE)**

OSWAL AGRO MILLS LIMITED
12th FLOOR, GOPALA TOWER
25,RAJENDRA PLACE
NEW DELHI-110 008.

H) **SHARE TRANSFER SYSTEM**

The company has In-house system for transfer of Shares in Physical and Demat Form. Share transfer requests received in physical form are registered within 30 days from the date of lodgement and Demat requests received from Depository participant are processed within 15 days from the date of receipt.

I) **DISTRIBUTION OF SHAREHOLDING AS ON 31.3.2001.**

Shareholding limit (No.of Shares)	No.of Shares	% to total	No.of Shareholders	%
1-500	32118260	23.92	267809	94.36
501-1001	7987150	5.95	10916	3.84
1001-2000	4668794	3.48	3324	1.17
2001-3000	1985144	1.48	799	0.28
3001-4000	1060297	0.79	305	0.11
4001-5000	895201	0.66	194	0.07
5001-10000	1759776	1.31	256	0.10
10001-And above	83760154	62.41	200	0.07
TOTAL	134234776	100	283803	100