

ANNUAL REPORT

2004-2005



AGRO MILLS LTD.

BOARD OF DIRECTORS

Shri Abhey Oswal	Chairman
Shri R.K. Singhania	Director
Shri B.N. Gupta	Director

AUDITORS

Gupta Bhalla & Associates
Chartered Accountants
Ludhiana

BANKERS

ABN Amro Bank

REGISTERED OFFICE

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



WORKS

Mumbai (Maharashtra)

REGISTRARS & SHARE TRANSFER AGENTS

SKYLINE FINANCIAL SERVICES PVT. LTD.
123, Vinoba Puri, Lajpat Nagar-II,
New Delhi-110024
Ph.: 29833777, 29847136

OSWAL AGRO MILLS LIMITED**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 Fifth Annual General Meeting of the members of Oswal Agro Mills Limited will be held on Saturday, the 25th day of March, 2006 at 11.30 A.M. at Registered office of the Company at G.T. Road, Phagwara, Distt. Kapurthala (Pb)-144401 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March, 2005 and the Profit and Loss Account for the Financial Year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R.K.Singhania, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till 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 an Ordinary Resolution:
"RESOLVED THAT Shri Abhey Oswal, who is holding office as an Additional Director up to the date of this Annual General Meeting being eligible to become Director of the Company, and in respect of whom, a notice pursuant to Section 257 of the Companies Act, 1956 has been received in writing from one of the members, be and is hereby appointed as Director of the Company whose office is liable to retire by rotation."
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri B N Gupta, who is holding office as an Additional Director up to the date of this Annual General Meeting being eligible to become Director of the Company, and in respect of whom, a notice pursuant to Section 257 of the Companies Act, 1956 has been received in writing from one of the members, be and is hereby appointed as Director of the Company whose office is liable to retire by rotation."

TO CARRY OTHER OBJECTS

6. 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 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Board of Directors for commencing and undertaking all or any of the businesses specified in sub-clauses 1 to 37 of clause III-(C) of the Memorandum of Association of the Company, as and when deemed fit by the Board of Directors."

By order of the Board
for OSWAL AGRO MILLS LIMITED

R.K. Singhania
Director

Place: New Delhi.

Dated: 23rd February, 2006..

NOTES:-

1. 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.
2. An explanatory statement pursuant to section 173(2) of the companies Act, 1956 in respect of item nos. 4, 5 & 6 is enclosed herewith and forms part of this notice.
3. The Register of members and the Share Transfer Books of the Company shall remain closed from 29th March, 2006 to 30th March, 2006 (both days inclusive).
4. The investor may send documents for transfer of shares and other correspondence/ queries relating to shares directly to the Registrar and Share Transfer Agent of the company M/s Skyline Financial Services Pvt. Ltd., 123 Vinoba Puri, Lajpat Nagar- II, New Delhi 110024.
5. Members/ Proxies are requested to bring the attendance slip duly filled in for attending the meeting. Members who hold shares in de-materialised form are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the meeting.
6. In all correspondences with the Company, members are requested to quote their account/folio numbers and in case their shares are held in the dematerialized form, they must quote their client ID Number and their DP ID Number.
7. The Register of Directors' Shareholding in the Company shall remain open for inspection to the members and Debentures holders of the Company during 10.00 a.m. to 12.00 noon on each working day beginning with 14 days prior to the date of annual general meeting and ending 3 days after the date of its conclusion at the Registered Office of the Company.

OSWAL AGRO MILLS LIMITED

8. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their Bank details, Mandate, Power of Attorney or address for correspondence to their respective Depository Participant (DP). These changes will be automatically reflected in the Company's records through Electronic Connectivity with NSDL/CDSL.
9. **IT IS INTENDED TO GET APPROVAL OF THE SHAREHOLDERS FOR DISPOSAL OF THE ASSETS OF THE COMPANY AND FOR SHIFTING OF THE REGISTERED OFFICE FROM PHAGWARA TO LUDHIANA. POSTAL BALLOT NOTICE IN THIS REGARD DATED. 23.02.2006 IS SENT ALONG WITH THIS NOTICE.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(1)(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO.4,5 & 6 OF THE ACCOMPANYING NOTICE IS AS UNDER :

ITEM NO. 4

Shri Abhey Oswal was appointed as Additional Director w.e.f. 07.05.2004 by the Board of Directors pursuant to section 260 of the Companies Act, 1956. He is holding office upto the date of ensuing Annual General Meeting and being eligible and qualified, he is proposed to be appointed as Director of the Company. The Company received a notice from one of the members of the Company signifying his intention to propose to appoint Shri Abhey Oswal as a Director of the Company, pursuant to section 257 of the Companies Act, 1956 alongwith a sum of Rs.500/- as deposit.

Your Directors recommend the resolution to be passed as an Ordinary Resolution.

None of the Directors except Shri Abhey Oswal is interested in this Resolution.

ITEM NO.5

Shri B N Gupta was appointed as Additional Director w.e.f.14.05.2004 by the Board of Directors pursuant to section 260 of the Companies Act, 1956. He is holding office upto the date of ensuing Annual General Meeting and being eligible and qualified, he is proposed to be appointed as Director of the Company. The Company received a notice from one of the members of the Company signifying his intention to propose to appoint Shri B N Gupta as a Director of the Company, pursuant to section 257 of the Companies Act, 1956 alongwith a sum of Rs.500/- as deposit.

Your Directors recommend the resolution to be passed as an Ordinary Resolution.

None of the Directors except Shri B N Gupta is interested in this Resolution.

ITEM NO.6

Your company's management is working on various ideas for future working of the company. As the new areas under consideration are not covered in the existing main object clause of the company, approval of the shareholders is required for commencement of any businesses as set out in sub-clauses no.1 to 37 of the Other Object Clause i.e. Clause III-C of the Memorandum of Association as per the provisions of Section 149(2A) of the Companies Act, 1956.

Approval of the shareholders is sought to enable the directors at such time as may be considered appropriate and in the interest of the Company, to commence and undertake all or any of the objects specified in the sub-clauses No.1 to 37 of the Objects Clause III-C of the Memorandum of Association of the Company.

Your directors recommend the resolution for approval.

None of the Directors is in anyway concerned or interested in this item.

By order of the Board
for OSWAL AGRO MILLS LIMITED

R.K. Singhania
Director

Place: New Delhi.
Dated: 23rd February, 2006.

OSWAL AGRO MILLS LIMITED**DIRECTORS' REPORT**

To,
The Members

Your Directors have pleasure in presenting the Twenty-Fifth Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2005.

FINANCIAL RESULTS

(Rs. in Lacs.)

	For the Year ended 31.03.2005	For the Year ended 31.03.2004
Operating and other Income	500	5088
Profit / (Loss) before, Depreciation & Provision for Taxation	21	298
Cash Profit / (Loss)	1	1
Less (i) Depreciation	20	297
(ii) Tax earlier years	15	292
(iii) Deferred Tax Credit	—	—
Add: Deferred Tax Asset	5	849
Profit / (Loss) after Depreciation & Tax	10	854
Add : Balance brought forward from Previous year.	(1023)	(1877)
	(1013)	(1023)
Transferred from General reserve	—	—
Profit/Loss available for appropriation	(1013)	(1023)
Balance carried to balance Sheet	(1013)	(1023)

OPERATION

As discussed in the report of previous year the winding up order continued during the period under review. Therefore limited activity could be done.

FUTURE PROSPECTS

The Hon'ble High Court has dismissed Winding up petition filed against the company on 09.12.2005.

The company is now exploring possibilities for other commercial activities. The company is also in the process of selling its assets so that funds can be utilized for some other valuable purposes. It is also intended to shift the registered office at Ludhiana. Shareholders approval by way of postal ballot is being sought for these purposes. Notice along with postal ballot form is also sent with the notice of the AGM.

FIXED DEPOSITS

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

DIVIDEND

The Directors do not recommend any Dividend for the Financial year ended 31-03-2005 for the declaration of the members.

DIRECTORS

Shri Abhey Oswal and Shri B.N. Gupta were appointed as Additional Directors w.e.f. 07-05-2004 & 14.05.2004 respectively. Their appointment will be regularised at this meeting. The Board expresses deep sense of sorrow upon the sudden demise of Shri J.L. Aggarwal in a car accident. Shri R.K. Singhania retires by rotation

and being eligible offers himself for re-appointment. Shri T.R. Jawaharal resigned from the Directorship of the Company w.e.f. 14.05.2004.

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 compulsorily in demat form for all categories of investors.

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, 1998 are not applicable, as the Company's Plant was not in operation during the year.

INDUSTRIAL RELATIONS

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

There was no Employee during the year under review, who was in receipt of remuneration required to be given in pursuance to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules 1975 as amended.

DIRECTORS RESPONSIBILITY STATEMENT

- That in the preparation of the annual account, the applicable Accounting Standards have been followed by the Company except one which has been explained in Note No. 4 under the head Notes to Accounts given in Schedule-XV attached to Balance Sheet as at 31.03.2005.
- That the 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 as at 31st March, 2005 and of the profit/loss account of the company for the year ended 31st March, 2005.
- That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of 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 & MANAGEMENT DISCUSSION AND ANALYSIS

Pursuance to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report, Management Discussion and Analysis Report are enclosed as per Annexure-I annexed to Directors Report.

ACKNOWLEDGEMENTS

The Board of Directors wishes to thank various agencies of Central/ State Governments, Institutions for extending co-operation and support to the company.

For & on behalf of the Board

Place: New Delhi.
Date : 23-02-2006.

Abhey Oswal
Chairman

OSWAL AGRO MILLS LIMITED

Annexure - I

MANAGEMENT'S DISCUSSIONS & ANALYSIS**FINANCIAL OUTLOOK**

The performance of the Company during the financial year 2004-2005 is for a limited period. As already described in the directors report company was put under winding up and therefore could not carry any business for most of the part of the financial year under review.

INDUSTRIAL SCENE

The Indian petrochemical Industry, is facing tough competition from China which is showing down in the growth of the industry.

OPPORTUNITIES

As company was not carrying any operations, no comments can be offered. However, management is exploring various opportunities. No specific line of action has been thought so far.

THREATS

As discussed earlier the future of the company depends upon the new line of activities to be undertaken. Success of which can not be commented as on date.

SEGMENT-WISE PERFORMANCE

Segment wise report has already been given in the statement of accounts for the period under review.

COMPANY OUTLOOK

The company is exploring other commercial alternatives. It is also under consideration that the non performing assets of the company and the assets which are not required in the near future be disposed off and the proceed be used for some better purposes.

RISKS

Due to winding up order in operation your management could not get insurance policies renewed. Your management is restructuring the operations of the company, which includes selling of some of the assets, therefore, policies have yet not been obtained. As per new scheme of working of the company, risks will be insured accordingly.

INTERNAL CONTROL SYSTEM

The Company was having an adequate internal control system to ensure that all the assets are safeguarded and protected against loss from unauthorized use or disposition and transactions are authorized, recorded and reported correctly. An extensive Management Information System will now be developed through which production performance and financial dealings will be monitored by management on regular basis.

HUMAN RESOURCES

The Company lays lot of importance on manpower rationalization and efficiency improvement. The Company believes that human resources are vital resources for giving the company a competitive edge in the current business environment. The Company's philosophy to provide congenial work environment, performance oriented work culture, knowledge acquisition / dissemination, skill building, creativity and responsibility and performance based compensation. Action will be taken to develop and enhance the skills of human resources.

A. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your company considers Corporate Governance an important tool for achieving all round excellence with ultimate objective of enhancing shareholders' value. The Company took initiative in practicing good Corporate Governance procedures, even before they were mandated.

The Company firmly believes that Corporate Governance begins with the Company's continuous review of its internal procedures and practices encompassing all its business areas in the most appropriate manner, which would spell fairness, transparency and accountability.

B. BOARD OF DIRECTORS

The Business of the Company is managed by the Board of Directors. The Board formulates the strategy, reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. The Chairman and Managing Director along with a team of senior professionals manages the day to day operations of the Company. Since the Company has a Non Executive Chairman, the Board's composition meets the stipulated requirement of at least one third of the Board comprising independent Directors who have no material business relationship with the Company.

- i) The composition of the Board as on the date of this report is as under:

Chairman	Non-executive Independent Director
Mr. Abhey Oswal	Mr. R K Singhania Mr. B N Gupta

- ii) There are no pecuniary relationships or transactions of non-executive Directors viv-a-vis the Company except with Mr. Abhey Oswal, the details of which are given in Note No. 20 in Schedule-XV attached to the Balance Sheet as at 31.03.2005.
- iii) Four Board Meetings were held during the period from 01.04.04 to 08.07.04. These were held on 30.04.04, 07.05.04, 14.05.04 and 30.10.2004. (Winding up orders were passed on 08.07.04)

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The attendance record of all the Directors on the Board during the period under review is as under:-

Name of Directors	No. of Board Meetings attended	Attendance at the AGM
Mr. Abhey Oswal	3	—
Mr. J L Aggarwal	2	✓
Mr. R K Singhania	4	—
Mr. T R Jawaharlal	3	—
Mr. B.N. Gupta	2	—

Notes:

Mr. Abhey Oswal & Mr. B N Gupta were appointed as additional directors on 07.05.04 & 14.05.04

Mr. J L Aggarwal ceased to be a director due to death on 12.05.04

Mr. T R Jawaharlal resigned w.e.f. 14.05.04

iv) Directors as on date of the company having directorships in other Companies, Membership/chairmanship in committees (as prescribed under Corporate Governance) across all other Companies in which they are directors.

Name of Directors	Total number of Committee Membership Held	Total number of Committee Chairmanship Held	Number of outside Directorship Held
Mr. Abhey Oswal	3	1	2
Mr. R K Singhania	2	—	—
Mr. B N Gupta	2	—	8

C. BOARD PROCEDURES

The members of the Board have been provided with the requisite information as required in the listing agreement well before the Board Meeting and the same was dealt with appropriately.

All the Directors who are in various committees are within the permissible limit of the listing agreement and none of the Directors under any of the provisions of the Companies Act, 1956.

D. AUDIT COMMITTEE

The Board of the company has now reconstituted Audit Committee, comprising three Directors namely Mr. Abhey Oswal, Mr. B N Gupta and Mr. R K Singhania. The constitution of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and listing agreement(s). The power and role of the audit committee is as per the guidelines set out in the listing agreement and as prescribed under Section 292A of the Companies Act, 1956.

During the period the Committee met once on 30.04.2004. Attendance of members at the meeting was as follows

Name of member	No. of meetings attended
Mr. J L Aggarwal	1
Mr. R K Singhania	1
Mr. T R Jawaharlal	1

Notes:

Mr. J L Aggarwal ceased to be a director due to death on 12.05.04

Mr. T R Jawaharlal resigned w.e.f. 14.05.04

E. REMUNERATION COMMITTEE

The Board will constitute a Remuneration Committee, whenever the need arise.

F. INVESTORS GRIEVANCE COMMITTEE

The Board has now reconstituted an Investors Grievance Committee comprising three Directors namely Mr. Abhey Oswal, Mr. B N Gupta and Mr. R K Singhania. The Committee has been constituted to specifically look into redressal of shareholder and investor grievance such as transfer of shares, dividend and dematerialization related matters. Mr. B.N. Gupta, Director has been appointed as the compliance officer of the company.

G. SUBSIDIARY COMPANY

The company does not have a subsidiary.

H. GENERAL BODY MEETINGS:

Details about last 3 years Annual General Meetings are as under

Sr. No.	Date	Place	Time	No. of Special Resolutions passed
1	27.09.2001	Registered Office	11.00 A M	Nil
2	30.09.2002	- Do -	11.00 A M	1
3	30.09.2003	- Do -	11.00 A M	2

No resolution was passed through postal ballot during the period under review.

I. DISCLOSURES

There are materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. but in our opinion there is no potential conflict with the interest of company at large. The same are detailed under the head 'Related Party Disclosures' in notes to accounts given in Schedule-XV of the Balance Sheet as at 31.03.2005.