

ANNUAL
REPORT
2005-06



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 N.V.

REGISTERED OFFICE

Near Jain Colony, Vijay Inder Nagar,

Daba Road, Ludhiana - 141 003

Punjab

WORKS

Mandideep (Bhopal)

REGISTRARS & SHARE TRANSFER AGENTS

Skyline Financial Services Pvt. Ltd.

123, Vinoba Puri, Lajpat Nagar-II

New Delhi-110024

Ph: 29833777, 29847136

CONTENTS

| | |
|------------------------------------|----|
| Notice of the Meeting | 2 |
| Directors' Report | 3 |
| Report on Corporate Governance | 5 |
| Management Discussion and Analysis | 10 |
| Auditors's Report | 10 |
| Balance Sheet | 13 |
| Profit & Loss Account | 14 |
| Cash Flow Statement | 15 |
| Schedules I to XVI | 16 |
| Balance Sheet Abstract | 24 |

NOTICE OF THE MEETING

Notice is hereby given that the 26th Annual General Meeting of the Company will be held at Regd. Office of the Company at Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana – 141003 (Punjab) on Saturday, the 30th September, 2006 at 2.00 P.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006, and Profit & Loss Account of the Company for the year ended 31st March, 2006 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Abhey Oswal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors in place of M/s Gupta Bhalla & Associates.

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

“RESOLVED THAT M/S T.R. Chadha & Company, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on the remuneration as may be fixed by the Board in place of M/s Gupta Bhalla & Associates, Chartered Accountants, who have resigned as Auditors of the Company.

By Order of the Board
For **OSWAL AGRO MILLS LIMITED**

(**Neelam Prakash Sharma**)
Company Secretary

Place: New Delhi
Date : 31.07.2006

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no.3 is enclosed herewith and forms part of this notice.
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 28th September, 2006 to 30th September, 2006 (both days inclusive). The Members are requested to:
 - (a) take the advantage of dematerialisation of shares as Company's scrip has been put under compulsory dematerialisation. Shareholders are requested to get in touch with any Depository Participant for getting the shares dematerialised.
 - (b) Bring their copy of Annual Report at the Annual General Meeting.
5. Members desirous of any information concerning the accounts and operation of the Company are requested to send their queries to the Company at least one week before the meeting, so as, to enable the management to keep information ready. Replies will be provided only at the meeting.
6. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company between 10.00 A.M. to 1.00 P.M. on all working days except Sundays and other holidays upto the date of the Annual General Meeting.
7. **In all correspondences with the Company, members are requested to quote their account/folio numbers and in case their shares are held in the dematerialised form, they must quote their client ID Number and their DP ID Number.**

INFORMATION REQUIRED TO BE FURNISHED IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

Brief Resume of the person to be appointed/re-appointed as Director:

Shri Abhey Oswal is a Director of the Company and has been actively associated with all the business activities of the Company. He has vast experience, administrative skills and has made valuable contribution in the growth of the company at all levels. He is holding 3360 shares in the Company as on 31.03.2006. He is a Director on the Board of Oswal Chemicals & Fertilizers Ltd. and Oswal Aluminium Ltd. He is also a trustee of Aruna Abhey Oswal Trust. He is a member of Share Transfer Committee, Investor Grievance Committee and Audit Committee in your Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 3 OF THE ACCOMPANYING NOTICE IS AS UNDER:

ITEM NO 3

M/s Gupta Bhalla & Associates, Chartered Accountants, Ludhiana, the Auditors of the Company who are retiring after the conclusion of this Annual General Meeting have sent their resignation letter expressing their inability to continue as Statutory Auditors of the Company. M/s T.R.Chadha & Company, Chartered Accountants, a leading firm have consented to act as Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and have submitted a letter pursuant to section 224(1) of the Companies Act, 1956 confirming that their appointment as Auditors, if made, will be within the limits specified under section 224(1B) of the Companies Act, 1956. Their appointment has also been recommended and approved by the Audit Committee.

The Board recommends the resolution for approval of the shareholders. None of the director is interested or concerned in this resolution.

By Order of the Board
For **OSWAL AGRO MILLS LIMITED**

(**Neelam Prakash Sharma**)
Company Secretary

Place: New Delhi
Date : 31.07.2006

DIRECTORS' REPORT

To,
The Members,
Oswal Agro Mills Limited

Your Directors have pleasure in presenting the 26th Annual Report along with the Audited Statement of Accounts of the company for the financial year ended 31st March, 2006.

FINANCIAL HIGHLIGHTS

| | (Rs.in Lacs) | |
|---|----------------------------|-----------------------------|
| | Current Year 31.03.2006 | Previous Year 31.03.2005 |
| Operating & other Income | 545 | 500 |
| Profit before Depreciation & Provision for taxation | 28 | 21 |
| Less : Depreciation | 12 | 15 |
| : Provision for Tax | 4 | 1 |
| : Deferred Tax Credit | 4 | - |
| Add : Deferred Tax Asset | - | 5 |
| Profit/ (Loss) after Depreciation & Tax | 8 | 10 |
| Add : Balance brought forward from Previous year | (1013) | (1023) |
| | (1005) | (1013) |
| Transferred from General reserve | - | - |
| Balance carried to balance Sheet | (1005) | (1013) |

REVIEW OF OPERATIONS AND FUTURE OUTLOOK

During the year under review, the company achieved gross income of Rs.545.14 lacs and net profit of Rs.8.53 lacs as compared to Rs.499.72 lacs and Rs. 9.59 lacs respectively for the previous year. The Company has decided to enter into high growth business segments such as real estate development, petrochemicals and petroleum etc. The company has approx. 63 acres of land at Chembur in Mumbai which is proposed to be developed for commercial (including retailing), entertainment and residential use. The company has applied for requisite permissions from the Govt. authorities for development of the land and the approvals are expected shortly. Once developed, this will be one of the largest single location real estate development comprising commercial, residential and entertainment in Mumbai. Given the huge opportunity in the real estate sector, the company is also looking at other opportunities in the real estate sector. The Company has also been exploring opportunities in another high growth sector of petrochemicals and petroleum. Overall, the management impetus is to be part of high growth sectors with a view to maximize shareholders wealth.

DIVIDEND

With a view to conserve the resources for the business plans of the Company in real estate and petrochemicals & petroleum sectors, the directors do not recommend any dividend for the year.

PUBLIC DEPOSITS

Your Company has not accepted any deposits with in the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Abhey Oswal will retire at the ensuing Annual General Meeting of the Company and being eligible, offers himself for reappointment. Your directors recommend his re-appointment.

CHANGE OF REGISTERED OFFICE

The Registered Office of the Company has been changed from G.T. Road, Phagwara, Distt. Kapurthala (Punjab)-144401 to Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana – 141 003 (Punjab) with effect from 1st April, 2006.

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

The particulars of conservation of Energy and Technology absorption as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the company's plants were not in operation during the year. During the year under review, the foreign exchange earnings and outgo of the Company were NIL.

SUBSIDIARY COMPANY

The Company has promoted a wholly owned subsidiary Company named "Oswal Overseas Ltd." in UAE for pursuing various international projects.

EMPLOYEE RELATIONS

The industrial relations continued to be cordial and harmonious. Your directors wish to place on record the appreciation for the devoted services rendered by the workers, staff and executives of the Company at all levels who have contributed to the efficient and successful management of the Company.

LISTING

Presently, Your Company's equity shares are listed on Calcutta Stock Exchange, Ahmedabad Stock Exchange, Delhi Stock Exchange, Ludhiana Stock Exchange, U.P. Stock Exchange, Madras Stock Exchange, Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE).

MATERIAL CHANGES

There are no material changes affecting the affairs of the Company since the date of Balance Sheet and upto the date of this Report.

PARTICULARS OF EMPLOYEES

There was no employee receiving remuneration during the year in excess of limits prescribed u/s 217 (2A) of the Companies Act, 1956, and the relevant rules made thereunder.

AUDITORS' REPORT

The Auditors' report on audited accounts for the year 2005-06 contains qualifications regarding non-accounting for the fluctuation in the exchange rate on interest free export advance received, non-provision of disputed income tax demand, non-accounting of interest income on loans given to various enterprises and recognition of deferred tax asset on carry forward losses.

The Management is of the view that necessary adjustment for exchange rate fluctuation will be made as and when advance will be refunded and adjustment in respect of disputed income tax demand will be made in the accounts as and when said liabilities are crystallized. As regards non-accounting of interest income on loan given to various enterprises, the management is of the view that recovery of interest was uncertain due to losses incurred by such enterprises and the company has agreed during arbitration that no interest will be charged from 31st March 2004 onwards. The Management is confident of earning capacity of the company in future which justifies the recognition of deferred tax asset.

AUDITORS

M/s Gupta Bhalla & Associates, Chartered Accountants, Ludhiana, the Auditors of the Company who are retiring after the conclusion of this Annual General Meeting have sent their letter of resignation expressing their inability to continue as Company's Auditors. M/s T.R.Chadha & Company, Chartered Accountants have consented to act as Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and have submitted a letter pursuant to section 224(1) of the Companies Act, 1956. The Company has received letter from them to the effect that their appointment, if made, would be within the limits prescribed U/s 224(1B) of the Companies Act, 1956. Their appointment has also been recommended by the Audit Committee.

AUDIT COMMITTEE

The audit committee has met and reviewed the financial statements for the financial year ended 31.03.2006 and has not given any adverse observations. It has also recommended the appointment of M/s.T.R. Chadha & Company, Chartered Accountants as statutory auditors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company.
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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, 2006 and of the profit of the Company for the year end 31st March, 2006.
- iii) that the directors had 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 the Company and for preventing and detecting fraud and other irregularities.
- iv) that the annual accounts have been prepared on going concern basis.

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with Stock Exchange(s), Corporate Governance Report and Management Discussion & Analysis Report are annexed as Annexure - I and Annexure-II.

ACKNOWLEDGEMENT

Your directors take this opportunity to thank and deeply acknowledge the cooperation, assistance and support extended by various departments of the State Governments, Central Government, Banks and Investors.

For and on behalf of the Board

Place : New Delhi
Date : 31.07.2006

ABHEY OSWAL
Chairman

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company strongly believes in Corporate Governance and endeavours to continuously take initiatives to strengthen areas of Corporate Governance. The Company's philosophy on Corporate Governance is to practice transparency in operations and maintain a professional approach in dealing with its stake holders. The Company strongly believes that Corporate Governance is an important tool to achieve all round excellence with ultimate objective of enhancing the shareholders' value. The company took initiatives in practicing good Corporate Governance procedures even before they were mandated.

2. BOARD OF DIRECTORS

a) Composition

At present there are 3 Directors on the Board of the Company and the composition of the Board is in consonance with clause 49 of the Listing Agreement. The Company has non-executive Chairman and has two non-executive directors. None of the directors on the Company's Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which they are director. All the directors have made necessary disclosures regarding committee positions held by them in other companies. Further, none of the directors on the Board of the Company holds office of directorship in more than 15 companies. The required information as enumerated in Annexure 1A of Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at the Board meetings.

b) Category of Directors and Attendance of each Director at the Board Meetings and at the last Annual General Meeting

The Composition of the Board, attendance of each of the Directors at the Board Meetings held during the financial year ended 31st March, 2006 and at the last Annual General Meeting is as under:-

| Name | Designation | Category | No. of Board Meetings Attended | Attendance at the Last AGM |
|--------------------|-------------|-------------------------------|--------------------------------|----------------------------|
| Sh. Abhey Oswal | Chairman | Non-Executive Non-Independent | 2 | No |
| Sh. R.K. Singhania | Director | Non-Executive Independent | 2 | No |
| Sh.B.N. Gupta | Director | Non-Executive Independent | 3 | Yes |

c) Number of Directorship in other Companies and membership in the Board Committees of all Companies (including your Company) in which the Director is a Member/Chairman as on 31.03.2006

| Name of Director | No. of Directorships of other Companies | No. of Membership in all Board Committees | |
|-------------------|---|---|-----------|
| | | As Chairman | As Member |
| Shri Abhey Oswal | 2 | Nil | 5 |
| Sh.R.K. Singhania | 10 | 3 | Nil |
| Sh.B.N. Gupta | Nil | Nil | 3 |

d) Number of Board Meetings held and the dates of the Board Meetings

After dismissal of the winding up petition against the Company by the Hon'ble High Court of Punjab & Haryana in December, 2005, three (3) Board meetings were held. The dates of the meetings are: 20th December, 2005, 23rd February, 2006 and 31st March, 2006. The maximum time gap between two consecutive Board meetings was not more than four calendar months.

e) Board's Procedures

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisitions of material nature of assets, mortgages, guarantees, donations etc. are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigation feed back reports, information on senior level appointments just below the Board level and minutes of all Committee Meetings.

3. AUDIT COMMITTEE

(a) Terms of Reference

The term of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

(b) Composition, Names of Members and Chairman

As on 31st March, 2006, the Audit Committee consists of 3 Non-Executive Directors viz. Shri Abhey Oswal, Shri R.K. Singhania and Shri B.N. Gupta. Majority of the members of the Audit Committee are independent directors. Shri R.K. Singhania is the Chairman of the Audit Committee.

Company Secretary is the Secretary to the Audit Committee.

All the members of the Audit Committee are highly knowledgeable in the Corporate finance, accounts and Company Law matters. The statutory Auditors are invited at the Audit Committee meetings.

(c) Meetings and attendance during the year

The Audit Committee met once during the year on 23rd February, 2006. The names of Members, Chairman and their attendance at the Audit Committee Meeting is as under:

| Members | Category | Meetings Held | Meetings Attended |
|-------------------------------|-------------------------------|---------------|-------------------|
| Sh. R.K. Singhania (Chairman) | Non-Executive Independent | 1 | 1 |
| Sh. Abhey Oswal | Non-Executive Non Independent | 1 | 1 |
| Sh. B.N. Gupta | Non-Executive Independent | 1 | 1 |

4. REMUNERATION COMMITTEE

At present the Company has no whole time directors and the Non-Executive directors are not paid any remuneration, as such, the Remuneration Committee has not been formed. The Board shall constitute Remuneration Committee as and when the need arises.

5. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

(a) Terms of Reference

The terms of reference of the Shareholders/Investors' Grievance Committee is to look in to the redressal of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends and dematerialisation of shares and other related matters.

(b) Composition, names of members and Chairman

As on 31st March, 2006, the Shareholders/Investors' Grievance Committee consists of 3 non-Executive directors viz. Shri. Abhey Oswal, Shri R.K. Singhania and Shri B.N. Gupta. Shri R.K. Singhania is the Chairman of the Shareholders/Investors' Grievance Committee.

(c) Attendance during the year

The Shareholders/Investors Grievance Committee met once during the year on 23rd February, 2006. The names of Members, Chairman and their attendance at the Committee meeting is as under:

| Members | Category | Meetings Held | Meetings Attended |
|-------------------------------|-------------------------------|---------------|-------------------|
| Sh. R.K. Singhania (Chairman) | Non-Executive Independent | 1 | 1 |
| Sh. Abhey Oswal | Non-Executive Non Independent | 1 | 1 |
| Sh. B.N. Gupta | Non-Executive Independent | 1 | 1 |

(d) Details of Complaints

The Company received 25 complaints during the quarter ended 31.03.06, out of which 20 complaints have been resolved till 31.03.2006 and 5 complaints were resolved in April, 2006.

6. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

| Sl.No. | Financial Year | Location | Date | Time | Special Resolutions Passed |
|--------|----------------|----------------------|------------|------------|----------------------------|
| 1. | 2004-05 | G.T. Road, Phagwara, | 25.03.2006 | 11.30 A.M. | 1 (One) |
| 2. | 2003-04 | Dist. Kapurthala | 25.03.2006 | 10.30 A.M. | Nil |
| 3. | 2002-03 | (Punjab) – 144401 | 30.09.2003 | 11.00 A.M. | 1 (One) |

7. POSTAL BALLOT

The following resolutions were passed through Postal Ballot during the year under review:

- Special Resolution for Alteration in Object Clause of Memorandum of Association of the Company u/s 17 of the Companies Act, 1956, as per postal ballot notice dated 08.06.2006, and the postal ballot exercise was conducted by Mr. R.P. Singh, Chartered Accountant in practice, as scrutinizer. The valid votes casted in favour of the resolution were 64812590. No vote was casted against the resolution. Accordingly, resolution under section 17 of the Companies Act, 1956, was declared as having been passed by $\frac{3}{4}$ th majority.
- Special Resolution for carrying other Objects of Memorandum of Association of the Company u/s 149(2A) of the Companies Act, 1956, as per postal ballot notice dated 08.06.2006, and the postal ballot exercise was conducted by Mr. R.P. Singh, Chartered Accountant in practice, as scrutinizer. The valid votes casted in favour of the resolution were 64812590. No vote was casted against the resolution. Accordingly, resolution under section 149(2A) of the Companies Act, 1956, was declared as having been passed by $\frac{3}{4}$ th majority.

- (3) Ordinary Resolution under section 293(1) (a) of the Companies Act, 1956 authorizing the Board of Directors of the Company to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking(s) of the Company, as per postal ballot notice dated 23.02.2006. The postal ballot exercise was conducted by Mr. R.P. Singh, Chartered Accountant in practice as scrutinizer. The valid votes casted in favour of the resolution were 5,21,62,693. The total votes casted against the resolution were 17,970. Accordingly, resolution under section 293(1)(a) of the Companies Act, 1956, was declared as having been passed by majority.
- (4) Special Resolution for shifting of the Registered Office of the Company within the State of Punjab from G.T. Road, Phagwara (Punjab) to Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana, Punjab - 141003 under Section 17 of the Companies Act, 1956, as per postal ballot notice dated 23.02.2006, and the postal ballot exercise was conducted by Mr. R.P. Singh, Chartered Accountant in practice, as scrutinizer. The valid votes casted in favour of the resolution were 5,21,62,743. The total Votes casted against the resolution were 17,920. Accordingly, resolution under section 17 of the Companies Act, 1956, was declared as having been passed by $\frac{3}{4}$ th majority.

8. DISCLOSURES

- 1) During the financial year ended 31st March, 2006, the following were the related party transactions of material nature:
- A. Enterprises over which major shareholders, key management personnel and their relatives have significant influence.
- Oswal Chemicals & Fertilizers Ltd.
 - Lucky Star Entertainment Ltd.
 - Aruna Abhey Oswal Trust
 - Sohanaa International Ltd.
- B. Key Management Personnel and their relatives:
- Shri Abhey Oswal, Shri R.K. Singhanian, Shri B.N. Gupta

Details of transactions carried out with the related parties in the ordinary course of business:

Rs. in Lacs

| Particulars of Transactions | For the Year ended 31.03.2006 | | | For the Year Ended 31.03.2005 |
|---|---------------------------------|-----------------------------|----------|-------------------------------|
| | With Enterprises Mentioned in A | With Persons Mentioned in B | Total | |
| Leased Accommodation Rent | - | - | - | 0.11 |
| Managerial Remuneration | - | - | - | 1.59 |
| Expenses paid on behalf of the Company | 227.01 | - | 227.01 | 335.76 |
| Funds given to enterprises | 4000.35 | - | 4000.35 | 322.83 |
| Funds/income received from enterprises | 296.89 | - | 296.89 | 94.89 |
| Adjustment of funds paid/amount paid on behalf of the company | 940.15 | - | 940.15 | - |
| Investment purchased from enterprises | 1000.00 | - | 1000.00 | - |
| Amount invested in enterprises | 300.00 | - | 300.00 | - |
| Balance outstanding at year end | 3332.46 | - | 3332.46 | 1534.18 |
| Investments | 28276.15 | - | 28276.15 | 27004.89 |

- 2) There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory authority on any matter related to capital markets during the last three years. The trading in shares of the Company was suspended by NSE in the year 2001 and by BSE in the year 2003 due to certain non-compliances with the listing requirements.
- 3) The Company has not adopted a Whistle Blower Policy. However, no person of the Company has been denied access to the Audit Committee.
- 4) After the disposal of the winding up petition against the company by the Hon'ble High Court of Punjab & Haryana in December, 2005, the company has complied with all the Mandatory requirements of Clause 49 of the Listing Agreement with Stock Exchanges on Corporate Governance. As regards the Non-mandatory requirements, the company will endeavour to implement them to the extent possible.

9. CHAIRMAN'S CERTIFICATE

The Chairman of the Company has furnished the requisite certificate to the Board of Directors under revised clause 49 of the Listing Agreement.

10. CODE OF CONDUCT

The Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code on annual basis.

11. MEANS OF COMMUNICATION

The Quarterly Financial Results of the Company are published in newspapers in terms of Clause 41 of the Listing Agreement. The quarterly financial results are generally published in Punjabi Tribune (Punjabi Edition) and The Tribune (English Edition).

12. General Shareholders Information

- a) **Annual General Meeting** : 26th Annual General Meeting
 Date : 30th September, 2006
 Time : 02.00 P.M.
 Place : Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana – 141003 (Punjab)
 Dividend Payment : The directors have not proposed any dividend for the Financial year ended 31st March, 2006.
 Financial Year : 1st April, 2005 to 31st March, 2006

b) **Financial Calendar**

Tentative calendar of events for the financial year 2006-07 (April to March) is as under :

Adoption of Quarterly Financial Results for :

| | | | |
|------------------|--------------|------------------|-----------------|
| First Quarter - | July 2006 | Third Quarter - | January 2007 |
| Second Quarter - | October 2006 | Fourth Quarter - | April/June 2007 |

c) **Book Closure**

Book closure is from 28th September, 2006 to 30th September, 2006 (both days inclusive) for the purpose of Annual General Meeting.

d) **Listing at Stock Exchanges**

The shares of the Company are listed on the following Stock Exchanges:

| Stock Exchange | Scrip Code |
|--|---------------|
| Bombay Stock Exchange Ltd., Mumbai | 500317 |
| The Delhi Stock Exchange Association Ltd. | 00037 |
| The U.P Stock Exchange Ltd. | Not Available |
| The Calcutta Stock Exchange Association Ltd. | Not Available |
| Madras Stock Exchange | Oswal Agro |
| The Ludhiana Stock Exchange | Not Available |
| The Ahmedabad Stock Exchange | Not Available |
| The National Stock Exchange Ltd. | Oswal Agro |

The Annual Listing Fee for the year 2006-07 has been paid to the NSE.

e) **Stock Market Price**

Since trading in Company's shares has been put under suspension by NSE and BSE, therefore, market price data is not available for the financial year 2005-06.

f) **Distribution of Shareholding**

Distribution of Shareholding as at 31.03.2006

| Shareholding of Nominal value (Rs.) | No. of Shareholders | % of Shareholders | Share amount (Rs.) | % of Total Amount |
|-------------------------------------|---------------------|-------------------|--------------------|-------------------|
| Upto 5000 | 243490 | 93.48 | 296055770 | 22.06 |
| 5001- 10000 | 11116 | 4.27 | 81570040 | 6.08 |
| 10001- 20000 | 3726 | 1.43 | 52666330 | 3.92 |
| 20001- 30000 | 941 | 0.36 | 23229660 | 1.73 |
| 30001- 40000 | 365 | 0.14 | 12642290 | 0.94 |
| 40001-50000 | 253 | 0.10 | 11611890 | 0.87 |
| 50001-100000 | 301 | 0.12 | 21029700 | 1.57 |
| 100001 and above | 252 | 0.10 | 843542080 | 62.83 |
| Total | 260444 | 100.00 | 1342347760 | 100.00 |

Categories of Shareholding as at 31.03.2006 is as under:

| Category | No. of Shares Held | % of Shareholding |
|---|--------------------|-------------------|
| Indian Promoters | 53538182 | 39.88 |
| Bank, Financial Institutions and Mutual Funds | 3987821 | 2.97 |
| NRI/OCBs | 625393 | 0.47 |
| Indian Public | 76083380 | 56.68 |
| Total | 134234776 | 100.00 |

g) Registrar & Transfer Agent/Investor Correspondence

The Company has appointed M/s Skyline Financial Services Private Limited as Share Transfer Agent for maintaining all the work related to share registry in terms of both physical and electronic form. Shareholders can communicate with them for lodgment of transfer deeds and their queries at the following address:

M/s Skyline Financial Services Private Limited
123, Vinoba Puri, Lajpat Nagar-II, G-65,
New Delhi-110 024
Telephone :011- 29833777, 29847136 Fax :011-29848352
E-mail : agarwalp7@hotmail.com, admin@skylinerta.com

Compliance Officer

Shri B.N.Gupta
C/o M/s Oswal agro Mills Limited
7th Floor, Antriksh Bhawan,
22, Kasturba Gandhi Marg, New Delhi-110001

h) Share Transfer System

The Shares of the Company fall under the Category of compulsory demat form for all the investors. The Share Transfer requests received in physical form are registered within 30 days from the lodgement of shares and demat requests received from the Depository participants are processed within 21 days from the date of receipt.

i) Dematerialisation of Shares

Pursuant to the SEBI directive, to enable the shareholders to hold their shares in electronic form, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). Company has been allotted ISIN No. INE 142A01012. As at 31.03.2006, 40872506 number of Equity Shares (30.45% of capital) have been dematerialized.

j) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity.

The Company has not issued any GDRs/ADRs/Warrants or any other Convertible Instruments.

k) Details of Public funding obtained in last three years

The Company has not raised any Public funding in last three years.

l) Plant Location

Mandideep, Madhya Pradesh

m) ADDRESS FOR CORRESPONDENCE

M/s Oswal Agro Mills Ltd.
7th Floor, Antriksh Bhawan,
22, K.G. Marg, New Delhi - 110001
Telephone No(s) – 011-23715242, 011-23737340, Fax No. 23716276

For and on behalf of Board
For **OSWAL AGRO MILLS LIMITED**

ABHEY OSWAL
Chairman

Place : New Delhi
Date : 31.07.2006

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF LISTING AGREEMENT.

To
The Members
Oswal Agro Mills Limited

I have reviewed the compliance of conditions of Corporate Governance by Oswal Agro Mills Limited for the year ended 31st March 2006, as stipulated in Clause 49 of the Listing Agreement, of the said Company with the Stock Exchanges in India. I have conducted my review on the basis of the relevant records and documents maintained by the Company for the year ended 31st March, 2006 and furnished to me for the purpose of the review and the information and explanations given to me by the Company during the course of such review.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My review was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of my review and according to the information and explanations given to me, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges have been complied with in all respect by the Company except that the management has not given month wise stock market data as it was explained that Company's equity shares were not traded on any Stock Exchange during the period.

Place: Delhi
Date: 31.07.2006

R.S.BHATIA
Company Secretary in practice
C.P.No.2514

MANAGEMENT DISCUSSIONS AND ANALYSIS

Overview

The Real Estate sector has emerged among the fastest growing sectors in the country. India is one of world's youngest nations with nearly two third of its population under the age of 35 years and urban India accounts for nearly 30% of this burgeoning young population. With a tailwind of booming economy, there has been a considerable increase in the number of middle and upper income households and given the higher household income coupled with easy credit availability, the real estate sector has witnessed tremendous growth in last couple of years and is expected to grow consistently over the next few years. Given the existing huge shortfall in housing and commercial units, the company has decided to enter into real estate development business. This apart, petrochemicals and petroleum is another high growth sector and given the ever growing energy requirements of the developing economies, the management has identified petrochemicals and petroleum as another growth area and is pursuing various opportunities in this segment.

Segmentwise Performance

During the year under review, the company reported gross income of Rs.545.14 lacs and profit after tax of Rs.8.53 lacs from the existing business segments of Transportation and Investment activity.

Human Relations

The human relations were cordial throughout the year.

Internal Control System

The Company has adequate internal controls to ensure that assets are safeguarded and protected against loss from unauthorized use or disposition and transactions are authorised, recorded and reported correctly. The auditors review the effectiveness and adequacy of the internal control system by analyzing and testing controls and make recommendations to the management to improve controls wherever necessary. The Audit Committee of the Board of Directors periodically reviews the internal audit reports and adequacy of internal controls.

Risks and Concerns

The company recognizes risk as an inherent aspect of the business inevitable to a certain degree. The Company believes in managing risks with a well defined strategy and believes that identification, evaluation and mitigation of risks would help in sustaining profitable growth in the future from the new business activities of real estate and petrochemicals and petroleum sectors.

Opportunities and Outlook

The company has 63 acres (approx) of land at Chembur in Mumbai which is proposed to be developed for commercial (including retailing), entertainment and residential purposes. The requisite permissions for the development are expected shortly. Simultaneously, efforts are being made to look at other opportunities in this segment. Another business segment with strong growth potential identified by the management is petrochemicals and petroleum industry and the company will make the announcements at an appropriate time in respect of the specific projects identified.

Risk Management

The Board takes responsibility for the total process of risk management in the organization. Results of the risk assessments and residual risks are presented to the Senior Management and the Audit Committee members. The Management is accountable for the integration of risk management practices into the day to day activities. The scope of the Audit Committee includes review of the Company's financial and risk management policies. The Audit Committee reviews the Audit reports covering operational, financial and other business risk areas.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the company's objectivities, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ from those either expressed or implied.

AUDITOR'S REPORT

To the Shareholders of Oswal Agro Mills Limited.

1. We have audited the attached Balance sheet of M/s Oswal Agro Mills Ltd. as at 31st March 2006 and the annexed profit & loss account for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management; our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with in this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in section 211 (3C) of the 'Act';
 - (e) On the basis of written representations received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) to Section 274 of the Act;
 - (f) The provisions of section 441 A of the Companies Act, 1956 regarding the levy and collection of Cess on turnover or gross receipts of the companies, have not yet been notified by the central government. Accordingly, we do not express our opinion on the compliance of the said section in terms of clause (g) of sub section (3) of Section 227.
 - (g) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, together with the notes thereon and attached thereto, give in the prescribed manner, the information required by the 'Act' and subject to our comments in paragraphs 4(f) above and 5.1 to 5.5 below, give respectively, a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.
- 5.1 Non- translation of interest free export advance received (net) of USD 52,37,796.80 at the year end exchange rate and non- accounting for the fluctuation in the exchange rate, which is contrary to Accounting Standard 11 and further non- provision of interest accrued on the amount receivable Rs. 383.86 lacs due to the pending execution of Decree orders passed by the High Court on 09.05.1989, as stated in note no. 4 schedule XVI.
- 5.2 Non-confirmation of balance of Sundry Debtors, Sundry Creditors and Loans & Advances as stated in Note No. 5 in Schedule XVI the overall impact of these could not determined.
- 5.3 Non- provision of demand of Income Tax of Rs. 60.60 lacs (previous year Rs. 542.91 lacs) for the earlier year as stated is note no. 6(i) in schedule XVI.
- 5.4 Recognition of Deferred Tax asset on carry forward losses amounting to Rs. 66.62 Lacs (Previous year Rs. 36.12 lacs), as stated in Note No. 6 (ii) on schedule XVI, which is based upon Management's projection of further profits, which we are unable to comment upon.
- 5.5 Non-accounting of interest income of Rs. 906.12 lacs on loans given to various enterprises aggregating to Rs. 11008.58 lacs as stated in Note no. 12 in Schedule XVI.

We further report that without considering our comments in paragraph 5.1 & 5.2 above the impact of which we are unable to quantify and after considering adjustments arising on account of our comments in paragraph 5.3, 5.4 & 5.5 above to the extent quantifiable the profit for the year before tax would have been changed to Rs. 921.74 lacs in place of Rs. 15.62 lacs as shown in the Profit & Loss Account, further the current liability and Loans & Advances would have been higher by Rs. 60.60 lacs and Rs. 906.12 lacs respectively and Debit balance in Profit & Loss account would have been lowered by Rs. 778.90 lacs .

For **GUPTA BHALLA & ASSOCIATES**
Chartered Accountants

Place : Ludhiana
Dated : 30th June, 2006

P.K. GUPTA
Partner

ANNEXURE TO AUDITOR'S REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Oswal Agro Mills Limited on the financial statements for the year ended March, 31, 2006]

- i) a) The Company has maintained proper records other than for closed divisions, and furniture & fixtures to show full particulars including quantitative details and situation of its fixed assets.
- b) According to information and explanations given to us the fixed assets of the Company are physically verified by the management in a phased programme designed to cover all items over a period of two years, which in our opinion is reasonable. No material discrepancy between book record and physical inventory were noticed in respect of the assets physically verified.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets i.e. vehicles having Book value of Rs. 8.41 lacs has been disposed of by the Company during the year.
- ii) a) Company is not carrying any inventory as on 31.03.2006 except Shares held for Trading amounting to Rs. 4588.50 lacs and Plant & Machinery held for disposal valuing Rs. 116.92 lacs. The shares are in Physical Form and have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory and the discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses 3(b), (c) & (d) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, in general, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- v) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangement entered into the register in pursuance of Section 301 of the Act and exceeding the value of rupees five lacs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Rules framed thereunder.
- vii) In our opinion, the Company's present internal audit system is generally commensurate with its size and nature of its business.
- viii) As explained to us, the Company is not required to maintain cost records as not prescribed by Central Government of India U/s 209 (1) of The Companies Act, 1956.
- ix) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including employees' state insurance, income tax, customs duty, excise duty and other material statutory dues as applicable, with the appropriate authorities except in few cases.
- b) According to the information and explanations given to us and the records of the Company examined by us there are no dues of Sale Tax, Income Tax, Customs duty, Wealth Tax, Excise Duty and cess as at March 31, 2006 which have not been deposited on account of a dispute.
- x) The accumulated losses of the company as at March 31, 2006 are Rs. 1005.02 Lacs and it has not incurred any cash loss during the financial year ended on that date as well as in the preceding year.
- xi) As per information & explanation given to us, the Company has not availed any loans from financial institution, Bank or debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- xiv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- xv) As per information & explanations given to us the Company has not obtained any term loans during the year.
- xvi) As explained to us, the company has not raised any short terms/ long-term funds during the year.
- xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xviii) The Company has not issued any debenture during the year and accordingly, no securities has been created.
- xix) The Company has not raised any money by public issues during the year.
- xx) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.
- (xxi) As per information & explanation given to us, in our opinion the company has maintained proper records of share trading.

For **GUPTA BHALLA & ASSOCIATES**
Chartered Accountants

R.K. GUPTA
Partner

Place : Ludhiana
Dated : 30th June, 2006

BALANCE SHEET AS AT 31ST MARCH 2006

(Rs. In Lacs)

| Particulars | Schedule No. | As At 31.03.2006 | As At 31.03.2005 |
|---|--------------|------------------|------------------|
| SOURCES OF FUNDS | | | |
| Shareholders Funds | | | |
| Capital | I | 13,423.47 | 13,423.47 |
| Reserves & Surplus | II | 47,853.59 | 47,853.59 |
| G.Total | | 61,277.06 | 61,277.06 |
| APPLICATION OF FUNDS | | | |
| Fixed Assests | | | |
| Gross Block | III | 2,670.44 | 3,352.40 |
| Less: Depreciation | | 238.94 | 1,348.90 |
| Net Block | | 2,431.50 | 2,003.50 |
| Investments | IV | 37,275.60 | 29,925.43 |
| Current Assets, Loans & Advances: | | | |
| - Inventories | V | 4,705.42 | 4,709.29 |
| - Sundry Debtors | VI | 3,560.09 | 8,292.54 |
| - Cash & Bank Balances | VII | 1,830.76 | 299.38 |
| - Loans & Advances | VIII | 14,695.13 | 17,451.91 |
| Total | | 24,791.40 | 30,753.12 |
| Less: Current Liabilities & Provisions | | | |
| -Current Liabilities | IX | 4,269.86 | 2,465.50 |
| Net Current Assets | | 20,521.54 | 28,287.62 |
| Deferred Tax Asset | X | 43.40 | 46.96 |
| Profit & Loss Account | | 1,005.02 | 1,013.55 |
| G.Total | | 61,277.06 | 61,277.06 |
| Significant accounting policies and notes to the accounts | XVI | | |

This is the Balance Sheet Referred to in our Report of even date For Gupta Bhalla & Associates Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

P K Gupta
Partner
Place :New Delhi / Ludhiana
Date :30th June 2006

N.P. Sharma
Company Secretary

R.K.Singhania
Director

Abhey Oswal
Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

| Particulars | Schedule No. | (Rs. In Lacs) | |
|--|--------------|----------------------------------|---------------------------------|
| | | For The Year Ended 31.03.2006 | For The Year Ended 31.3.2005 |
| INCOME | | | |
| Sales & Services | | 276.03 | 375.14 |
| Other Income | XI | 269.11 | 124.58 |
| Total | | <u>545.14</u> | <u>499.72</u> |
| EXPENDITURE | | | |
| Employees Cost | XII | 68.93 | 97.19 |
| Interest | XIII | 20.01 | - |
| Depreciation | | 12.45 | 14.77 |
| Other Expenses | XIV | 428.13 | 382.07 |
| Adjustment Due to (Increase) / Decrease in Stock of Finished Goods and Stock-in-Process | XV | - | - |
| Total | | <u>529.52</u> | <u>494.03</u> |
| Profit / (Loss) Before Tax | | 15.62 | 5.69 |
| Provision For Taxation | | | |
| -Current Year | | 1.52 | 0.45 |
| -Fringe Benefit Tax | | 2.01 | - |
| Deferred Tax (Liability) / Asset (Note No. 6) | | (3.56) | 4.35 |
| Profit / (Loss) After Taxation & Deferred Tax | | 8.53 | 9.59 |
| Balance of Profit / (Loss) From Previous Years | | (1,013.55) | (1,023.14) |
| Transfer From General Reserve | | - | - |
| Balance Carried to Balance Sheet | | <u>(1,005.02)</u> | <u>(1,013.55)</u> |
| Earning Per Share (Nominal value Rs. 10.00) | | | |
| Basic (Note 15 on Schedule XVI) (Rs.) | | 0.01 | 0.01 |
| Diluted (Note 15 on Schedule XVI) (Rs.) | | 0.01 | 0.01 |
| Significant accounting policies and notes to the accounts | XVI | | |

This is the Profit & Loss Account Referred
to in our Report of even date
For Gupta Bhalla & Associates
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

P K Gupta
Partner
Place :New Delhi / Ludhiana
Date :30th June 2006

N.P. Sharma
Company Secretary

R.K.Singhania
Director

Abhey Oswal
Chairman

CASH FLOW STATEMENT FOR THE YEAR 2005-2006

(Rs. In Lacs)

| | Amount | Year Ended March 31,2006 Amount | Amount | Year Ended March 31,2005 Amount |
|---|----------------|---------------------------------------|--------------|---------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit/ (Loss) Before Interest,Tax and Extraordinary Items | 35.63 | | 5.69 | |
| Adjustment for : | | | | |
| Previous Year (Income)/ Expenses | 27.32 | | 24.19 | |
| Depreciation | 12.45 | | 14.77 | |
| Investment Written Off | 0.00 | | 20.42 | |
| Inventory Written Off | 0.00 | | 0.70 | |
| (Profit)/Loss on Sale of Assets | (4.09) | | (11.54) | |
| (Profit)/Loss on Sale of Investments/Mutual Funds | (51.15) | | 0 | |
| Interest Received | (81.22) | | (12.88) | |
| Operating Profit before Working Capital Changes | (61.06) | | 41.35 | |
| Adjustments for : | | | | |
| Trade & other Receivables | 7489.23 | | (3209.23) | |
| Inventories | 0.00 | | 0.00 | |
| Trade Payable & other Liabilities | 1804.36 | | (619.52) | |
| Cash Generated from Operations | 9232.53 | | (3787.40) | |
| Previous Year Income/ (Expenses) | (27.32) | | (24.19) | |
| Current Year Income Tax/Fringe Benefit Tax | (3.53) | | (0.45) | |
| Cash Flow from/(used in) Operating Activities | | 9201.68 | | (3812.04) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | | | |
| Purchase of Fixed Assets | (445.00) | | 0.00 | |
| Interest Received | 81.22 | | 12.88 | |
| Fresh Investments | (7393.91) | | 0.00 | |
| Sale of Investments | 43.74 | | 264.96 | |
| Profit/Loss on Sale of Investment | 51.15 | | 0.00 | |
| Proceed from Sale of Fixed Assets | 12.51 | | 13.42 | |
| Net Cash Flow from /(Used in) Investing Activities | | (7650.29) | | 291.26 |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | | | |
| Interest Paid | (20.01) | | 0.00 | |
| Net Cash Flow from /(Used in) Financing Activities | | (20.01) | | 0.00 |
| Net Increase/Decrease in Cash & Cash Equivalents | | 1531.38 | | (3520.78) |
| Cash & Cash Equivalents at Start of the Year | | 299.38 | | 3820.16 |
| Cash & Cash Equivalents at Close of the Year | | 1830.76 | | 299.38 |

Note : Previous Year's Figures Have Been Regrouped/Reclassified Whereever Necessary

This is the Cash Flow Statement Referred
to in our Report of even date
For Gupta Bhalla & Associates
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

P K Gupta
Partner
Place :New Delhi / Ludhiana
Date :30th June 2006

N.P. Sharma
Company Secretary

R.K.Singhania
Director

Abhey Oswal
Chairman

SCHEDULES TO ACCOUNTS

(Rs. In Lacs)

| SCHEDULE I | As At 31.03.2006 | As At 31.03.2005 |
|--|------------------|------------------|
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 30,00,00,000 (Previous Year 30,00,00,000) Equity Shares of Rs. 10/- each | 30,000.00 | 30,000.00 |
| 1,00,00,000 (Previous Year 1,00,00,000) Redeemable Preference Shares of Rs. 100/ each | 10,000.00 | 10,000.00 |
| | <u>40,000.00</u> | <u>40,000.00</u> |
| ISSUED & SUBSCRIBED | | |
| 13,42,34,776 (Previous Year 13,42,34,776) Equity Shares of Rs. 10/- each | 13,423.47 | 13,423.47 |
| PAID-UP | | |
| 13,42,34,776 (Previous Year 13,42,34,776) Equity Shares of Rs. 10/- each Fully Paid Up, Out of these 1,25,616 Equity Shares were allotted as Fully Paid Up pursuant to a contract without payment being received in cash and 61,83,162 Shares were allotted as Fully Paid Up Bonus Shares by Capitalisation of Share Premium | 13,423.47 | 13,423.47 |
| Total | <u>13,423.47</u> | <u>13,423.47</u> |

SCHEDULE II

| | As At 1.04.2005 | During the Year | | As At 31.03.2006 |
|--|------------------|-----------------|------------|------------------|
| | | Additions | Deductions | |
| RESERVES & SURPLUS | | | | |
| Capital Reserve | 15.00 | - | - | 15.00 |
| Share Premium Account | 44,648.83 | - | - | 44,648.83 |
| Capital Redemption Reserve | 0.01 | - | - | 0.01 |
| Investment Allowance Reserve (a) | 1,225.00 | - | - | 1,225.00 |
| General Reserve | 1,964.75 | - | - | 1,964.75 |
| Total | <u>47,853.59</u> | <u>-</u> | <u>-</u> | <u>47,853.59</u> |
| Previous Year | 47,853.59 | - | - | 47,853.59 |
| (a) Fully utilised for acquiring new Plant & Machinery | | | | |

SCHEDULE III

FIXED ASSETS

| Particulars | Gross Block | | | Depreciation | | | | Net Block | | |
|---------------------|--------------------|--------------------------------|--|---------------------|--------------------|-----------------|--|---------------------|---------------------|---------------------|
| | As At 1.04.2005 | Addition During The Year | Sale/Adj- stment During The Year | As At 31.03.2006 | As At 1.04.2005 | For The Year | Written Back/ Adjusted Dur- ing The Year | As At 31.03.2006 | As At 31.03.2006 | As At 31.03.2005 |
| Land Lease Hold | 75.54 | - | - | 75.54 | 9.75 | 0.80 | - | 10.55 | 64.99 | 65.79 |
| Land Free Hold | 1,503.52 | 445.00 | - | 1,948.52 | - | - | - | - | 1,948.52 | 1,503.52 |
| Plant & Machinery | - | - | (8.46) | 8.46 | - | 0.40 | (4.60) | 5.00 | 3.46 | - |
| Building | 571.17 | - | - | 571.17 | 150.05 | 9.31 | - | 159.36 | 411.81 | 421.12 |
| Furniture & Fixture | 43.20 | - | - | 43.20 | 38.73 | 1.84 | - | 40.57 | 2.63 | 4.47 |
| Vehicle | 1,158.97 | - | 1,135.42 | 23.55 | 1,150.37 | 0.10 | 1,127.01 | 23.46 | 0.09 | 8.60 |
| Total | <u>3,352.40</u> | <u>445.00</u> | <u>1,126.96</u> | <u>2,670.44</u> | <u>1,348.90</u> | <u>12.45</u> | <u>1,122.41</u> | <u>238.94</u> | <u>2,431.50</u> | <u>2,003.50</u> |
| Previous Year | 6,091.91 | 793.88 | 3,533.39 | 3,352.40 | 4,744.84 | 14.81 | 3,410.75 | 1,348.90 | 2,003.50 | 1,347.07 |

SCHEDULES (Contd...)

| | (Rs. In Lacs) | |
|--|------------------|------------------|
| SCHEDULE IV | As At 31.03.2006 | As At 31.03.2005 |
| INVESTMENTS (AT COST) | | |
| A. Government Securities | | |
| Unquoted | | |
| Post Office Time Deposit (Pledged with Govtt. Deptt. As Security Deposit) | 1.34 | 1.34 |
| B. Others | | |
| Quoted: | | |
| In Equity Shares (Fully Paid Up) 46,07,555 (Previous Year 46,07,555) Equity Shares of Rs. 10/- each of Oswal Chemicals & Fertilizers Ltd. | 2,716.15 | 2,716.15 |
| 1,20,36,500 (Previous Year 1,20,36,500) Equity Shares of Rs. 10/- each of P.C.Media Systems Ltd. | 2,904.19 | 2,904.19 |
| Nil (Previous Year 20,80,000) Equity Shares of Rs.10/- each of Lucky Star Entertainment Ltd. | - | 28.74 |
| Unquoted: | | |
| Nil (Previous Year 30,00,000) Equity Shares of Rs. 10/- each of Sudalagunta Sugars Ltd. | - | 15.00 |
| One Equity Share (Previous Year One) of Urmi Group Housing Society Ltd of Rs. 250/- each | 0.01 | 0.01 |
| 2,40,00,000 (Previous Year 2,40,00,000) 10% Redeemable Preference Shares of Rs. 100/- each of Oswal Chemicals & Fertilizers Ltd. | 24,000.00 | 24,000.00 |
| 8.70 % , 19 (Previous Year Nil) Bonds of Rs.10 Lacs each of Bank of Rajasthan Ltd. 2015 | 193.91 | - |
| 62,74,657 (Previous Year Nil) units of Rs 10/ each of CANLIQUID Fund-Institutional-Growth | 800.00 | - |
| 54,35,615 (Previous Year Nil) Units of Rs 10 / each of Chola Triple Ace-Regular-Quarterly Dividend Fund | 600.00 | - |
| 58,33,285 (Previous Year Nil) Units of Rs 10 / each of Chola Floating Rate Fund -Dividend | 600.00 | - |
| 8.70 % , 390 (Previous Year Nil) Bonds of Rs.10 Lacs each of UCO Bank 2021 | 3,900.00 | - |
| 52,00,000 (Previous Year 26,00,000)Equity Shares of Rs 10/- each of Sohanaa International Pvt. Ltd. | 1,560.00 | 260.00 |
| Total | 37,275.60 | 29,925.43 |
| Aggregate Book Value of: | | |
| Quoted Investments | 5,620.34 | 5,649.08 |
| Unquoted Investments | 31,655.26 | 24,276.35 |
| SCHEDULE V | | |
| INVENTORIES | | |
| (As Taken Valued & Certified by Management) | | |
| Stock in Trade (Equity Share) | 4,588.50 | 4,588.50 |
| Plant & Mechinery Held For Disposal | 116.92 | 120.79 |
| Total | 4,705.42 | 4,709.29 |
| SCHEDULE VI | | |
| SUNDRY DEBTORS (UNSECURED CONSIDERED GOOD) | | |
| Over Six Months Old | 3,554.72 | 8,268.69 |
| Others | 5.37 | 23.85 |
| Total | 3,560.09 | 8,292.54 |

SCHEDULES (Contd...)

| | (Rs. In Lacs) | |
|--|------------------|------------------|
| SCHEDULE VII | As At 31.03.2006 | As At 31.03.2005 |
| CASH AND BANK BALANCES | | |
| Cash in Hand Incl. Postage Imprest | 2.62 | 2.52 |
| with Scheduled Banks in : | | |
| Fixed Deposits (FDR's Pledged as Security with Govt. Deptt.) | 226.19 | 248.03 |
| Current Accounts | 1,601.81 | 48.69 |
| With Post Office in Saving Account (Pass Book lodged with the Government Departments as Security Deposits) | 0.14 | 0.14 |
| Total | 1,830.76 | 299.38 |
| SCHEDULE VIII | | |
| LOANS & ADVANCES | | |
| (Unsecured Considered Good) | | |
| Advances Recoverable in Cash or in Kind or for value to be received | 13,670.74 | 16,455.33 |
| Security Deposit | 57.33 | 56.96 |
| Balance with Central Excise Authority | 390.82 | 385.82 |
| Income Tax Deducted at Source or Refund receivable (Net of Provisions) | 576.24 | 553.80 |
| Total | 14,695.13 | 17,451.91 |
| SCHEDULE IX | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors | | |
| Total Outstanding due to Small Scale Industrial Undertakings | - | 6.13 |
| Total Outstanding due to Creditors Other than, Small Scale Industrial Undertakings | 1,464.00 | 1,646.04 |
| Advance From Customers (Including Advances against Investments) | 1,238.14 | 244.75 |
| Other Liabilities | 1,567.72 | 568.58 |
| Total | 4,269.86 | 2,465.50 |
| SCHEDULE X | | |
| DEFERRED TAX LIABILITY | | |
| Fixed Assets | | |
| Opening Balance | 85.75 | 139.32 |
| For the Year | 3.19 | (53.57) |
| Closing Balance | 88.94 | 85.75 |
| DEFERRED TAX ASSET | | |
| Disallowance U/S 43 B | | |
| Opening Balance | 3.96 | 4.31 |
| For the Year | - | (0.35) |
| Closing Balance | 3.96 | 3.96 |
| Losses Carried Forward | | |
| Opening Balance | 36.12 | 43.36 |
| For the Year | 30.50 | (7.24) |
| Closing Balance | 66.62 | 36.12 |
| Amount U/S 35 DDA | | |
| Opening Balance | 92.63 | 134.26 |
| For the Year | (30.87) | (41.63) |
| Closing Balance | 61.76 | 92.63 |
| Total | 43.40 | 46.96 |

SCHEDULES (Contd...)

| | (Rs. In Lacs) | |
|--|----------------------------------|----------------------------------|
| SCHEDULE XI | For the Year Ended 31.03.2006 | For the Year Ended 31.03.2005 |
| OTHER INCOME | | |
| Interest Received | 81.22 | 12.88 |
| Profit on Sale of Assets | 4.09 | 11.54 |
| Insurance Claim Received | - | 1.13 |
| Misc. Income | 4.15 | 6.55 |
| Rent Received | 0.65 | 0.65 |
| Profit on sale of investment | 35.00 | - |
| Income from Mutual Fund | 16.15 | - |
| Liability No More Required Written Back | 125.86 | 91.83 |
| Previous Year Income | 1.99 | - |
| Total | <u>269.11</u> | <u>124.58</u> |
| SCHEDULE XII | | |
| EMPLOYEES COST | | |
| Salaries, Wages, Bonus & Other Allowances (Including Director's Remuneration Rs NIL. Previous Year Rs.1.66 lacs) | 57.48 | 80.79 |
| Contribution Towards PF & Other Funds | 6.75 | 9.65 |
| Welfare Expenses | 4.70 | 6.75 |
| Total | <u>68.93</u> | <u>97.19</u> |
| SCHEDULE XIII | | |
| FINANCIAL EXPENSES | | |
| Interest -Others | 20.01 | - |
| Total | <u>20.01</u> | <u>-</u> |
| SCHEDULE XIV | | |
| OTHER EXPENSES | | |
| Rent | 7.60 | 15.17 |
| Rates & Taxes | 44.65 | 31.79 |
| Insurance | 10.79 | 4.62 |
| Other Expenses | 365.09 | 309.37 |
| Investment Written off | - | 20.42 |
| Inventories Written off | - | 0.70 |
| Total | <u>428.13</u> | <u>382.07</u> |
| SCHEDULE XV | | |
| ADJUSTMENT DUE TO (INCREASE) / DECREASE IN STOCK OF FINISHED GOODS AND STOCK-IN-PROCESS | | |
| Opening Stock | | |
| Finished Goods | - | 0.52 |
| Stock-in-Process | - | 0.16 |
| Total | <u>-</u> | <u>0.68</u> |
| Stock written off | - | 0.68 |
| Closing Stock | | |
| Finished Goods | - | - |
| Stock-in-Process | - | - |
| Total | <u>-</u> | <u>-</u> |
| Variation In Stock | <u>-</u> | <u>-</u> |

SCHEDULES (Contd...)

SCHEDULE XVI

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

i) Investments :

Investments are stated at cost less provision for diminution in the value of such investments other than temporary shown in the Balance sheet at cost.

ii) Fixed Assets :

- Fixed assets are shown at cost less accumulated depreciation.
- Depreciation on fixed assets has been provided on Straight Line Method (SLM) at rates specified in Schedule XIV to the Companies Act, 1956.
- No depreciation has been provided on fixed assets held for disposal and shown under current assets at estimated realizable value.

iii) Inventories:

- Stores and spares are valued at cost or realizable value, whichever is lower.
- Finished Goods are valued at cost or market price, whichever is lower.
- Raw material is valued at cost or market value whichever is lower.
- Work-in-Progress is valued at estimated cost.
- Inventories do not include the value of scrap other than generated from operations as the same is accounted for as and when sold.
- The Store Materials, issued by stores for the consumption, held at shop floor meant for emergency/immediate use are taken as per physical verification only.
- The inventories have been valued on the basis of accounting standard (AS-2) prescribed by the Institute of Chartered Accountants of India, the adjustment in the valuation of inventories, if any, on account of section 145-A of the Income Tax Act, 1961 will be made in the Income Tax Return.
- Damaged material is valued at cost or market value, whichever is lower.
- Shares held as stock in Trade is valued at purchase price / conversion rate on the date of conversion.

iv) Foreign Exchange Transactions:

- In respect of imported material other than Fixed Assets including any expenses relating thereto, the payments remaining outstanding at the year-end are translated at the year end exchange rates and the resultant fluctuations are recognized in the Profit & Loss Account.
- In respect of payments outstanding against exports made by the Company, the same are translated at the exchange rate prevalent on due date of payment and in case due date falling after year end, the same are translated at year end exchange rates.

v) Interest:

Interest on securities (other than in the shape of bank deposit receipt) pledged/deposited with the Government Departments are accounted for on cash basis.

vi) Research & Development :

Research & Development costs (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.

vii) Recognition of Income & Expenditure

- The Company's Expenditure towards Construction/Development of assets on land not belonging to the Company is charged to the revenue in the year, in which it is incurred.
- The export incentives/benefits including premium on import licenses and material imported thereunder are accounted for on accrual basis.
- Provision for gratuity and leave encashment has been made on accrual basis.
- Sales Tax Liabilities are accounted for on the basis of Sales Tax Return filed by the Company. Any additional liability that may arise at the time of assessment will be accounted for in the year of finalization of the assessment.
- Premium receivable on redemption of debenture held as investment is accounted for in the Books of Accounts on the date of redemption of debentures.

2. CONTINGENT LIABILITIES

| | (Rs.in lacs) | |
|--|------------------|------------------|
| | As At 31.03.2006 | As At 31.03.2005 |
| (i) Claims against the Company not acknowledged as debt. | 640.04 | 1197.71 |
| (ii) Outstanding guarantees furnished by bankers other than mentioned at note no.4 | - | 18.41 |

SCHEDULES (Contd...)

3. The leasehold land includes cost of 150 acres (Previous Year 150 acres) of land valuing Rs.64.41 lacs (Previous Year Rs. 64.41 lacs) acquired by the Company at Shahjahanpur (U.P). The cost of this land represents payment of premium, development charges and stamp duty for execution of lease deed paid by the Company. The case regarding additional compensation is pending in the Court. Therefore, the additional compensation, if any, shall be accounted for as and when the case is decided.
4. During 1983 the Company had received interest free advance of USD 6 million from M/s Indo Europe Food Limited, London as against export contract of USD 60 millions. The above advance received by the company is secured against Bank Guarantee for USD 6 millions and in lieu whereof the bank holds first charge over the movable, immovable, present and future assets of the Soyabean Processing Unit at Mandideep (M.P) and has counter guarantee by the Chairman of the Company. The Company has further given a FDR of Rs. 185.31 Lacs (Previous Year Rs.170.71 lacs) under Bank's lien as margin for Bank Guarantee. As per accounting policy of the Company, no effect has been given in the accounts to the fluctuation in the exchange rate on the above amount of advance, which were reflected on the exchange rate prevalent on the date of receipt of advance. As such the fluctuation, if any, will be accounted for as and when the matter is finalised.

In addition to the above export contract, the Company had also made exports of goods valuing Rs.309.36 lacs to M/s Indo Europe Food Limited, London for which export bills remain outstanding. As against outstanding export bills, the Company obtained a Decree dated 9th May 1989 from the Hon'ble Delhi High Court for an amount of Rs.383.86 lacs along with interest @ 12% p.a. from the date of Decree till the date of realization. In view of the above, Decree remains pending for execution, no provision for interest has been made in the Books of Accounts, which shall be accounted for in the year of realization. However, the Company has provisionally adjusted the overdue export bills against the above referred advance received from M/s Indo Europe Food Limited.

5. Some of the balances of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation, which include certain old balances.
6. (i) The Income Tax Assessment of the Company has been completed upto Assessment Year 2003-04. The total Income Tax demand raised by the Department is Rs. 60.60 Lacs (Previous Year Rs. 542.91 Lacs) out of which an amount of Rs. 2.74 Lacs (Previous year Rs. 67.21 Lacs) has been adjusted by the department against refund of Assessment Year 2002-03. No provision has been made for the above demand as the Company has been advised that this demand is not sustainable and appeal has been filed by the Company against these demands. However, the total amount paid/refunds adjusted & TDS deducted of Rs.584.19 Lacs (Previous Year Rs. 553.88 Lacs) has been shown as refund receivable under loans and advances.
- (ii) Deferred Tax Assets includes recognition of Deferred Tax Assets on carry forward losses at the year end aggregating to Rs. 66.62 Lacs (Previous Year Rs. 36.12 Lacs) has been accounted for, based on Management's projection of taxable profits.
7. Other general expenses include truck expenses of Rs.62.73 lacs (Previous year Rs.154.13 lacs) and expenses relating to previous year, net of income Rs. 27.32 lacs (Previous Year Rs. 24.19 lacs).
8. Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
9. In a disputed matter of Excise Duty, the Hon'ble Supreme Court has decided the case in favour of Company and directed the excise department to refund Rs. 128.16 Lacs as per Law, which has already been deposited by the Company. The excise department has rejected the claim of the Company for refund and at present the appeal is pending before the CEGAT.
10. The figure of Other General Expenses (Annexure – XIV) includes the provision made for Auditors Remuneration on the following account:

| | (Rs. In Lacs) | |
|------------------------|---------------|---------------|
| | This Year | Previous Year |
| Audit Fee | 0.80 | 0.90 |
| Tax Audit Fee | 0.00 | 0.25 |
| Certification work | 0.00 | 0.10 |
| Out of pocket expenses | 0.11 | 0.22 |

11. Employee Cost (Schedule XII) and Other General Expenses (Schedule XIV) includes Rs.77.79 lacs (Previous year Rs.125.24 Lacs.) being apportioned expenses incurred and debited by a group company on behalf of/ to the Company.
12. Interest of Rs 906.12 lacs on loans given to various enterprises aggregating to Rs.11008.58 lacs outstanding as on 31st March 2006, have not been accounted for during the year as the recovery of interest and principal was uncertain due to losses incurred by them. The recovery of outstanding principle and interest was under arbitration. Before the arbitrator it was mutually agreed between the borrowers and the company that the borrowers will repay the principle as well as interest till 31st March 2004, within two years upto 31st March 2007 and the company will not charge interest after 31st March 2004.
13. Market value of quoted investments as at the end of 31st March 2006 was Rs. 24578.75 lacs (as at the end of 31st March 2005 was Rs. 23688.04 Lacs).
14. The corresponding figures of the previous year have been regrouped/ reclassified, wherever necessary.

SCHEDULES (Contd...)

15. Earning Per Share (EPS) – Numerators and Denominators used to calculate basic and diluted earning per share

| | Year ended 31.03.2006 | Year ended 31.03.2005 |
|--|--------------------------|--------------------------|
| Profit/(Loss) attributable to equity shareholders (A) (Rs. Lacs) | 8.53 | 9.59 |
| Basic/Weighted Average of equity shares outstanding during the year (B) | 13,42,34,776 | 13,42,34,776 |
| Dilutive Potential Equity Shares | - | - |
| Weighted Average of Equity Shares outstanding during the year(Including diluted Equity Shares) (C) | 13,42,34,776 | 13,42,34,776 |
| Nominal Value of equity shares (Rs.) | 10.00 | 10.00 |
| Basic earning per share (Rs.) (A)/(B) | 0.01 | 0.01 |
| Diluted Earnings per Share (Rs.) (A)/(C) | 0.01 | 0.01 |

16. Related Party Disclosures

As required by AS-18, Related Party Disclosures are given below :-

- Enterprises over which major shareholders, key management personnel and their relatives have significant influence
 - Oswal Chemicals & Fertilizers Ltd
 - Lucky Star Entertainment Ltd
 - Aruna Abhey Oswal Trust
 - Sohanaa International Ltd.

- Key Management Personnel and their relatives :-

Shri Abhey Oswal, Shri R.K.Singhania, Shri B.N. Gupta

Details of transactions carried out with the related parties in the ordinary course of business:

| Particulars of Transaction | For The year ended 31.03.2006 | | | For the Year Ended 31.03.2005 |
|---|--|--|-----------------------|-------------------------------------|
| | With Enterprises Mentioned in Clause-1 | With Persons Mentioned in Clause-2 | Total (Rs. in Lac) | |
| Leased Accommodation Rent | - | - | - | 0.11 |
| Managerial Remuneration | - | - | - | 1.59 |
| Expenses paid on behalf of the Company | 227.01 | - | 227.01 | 335.76 |
| Funds given to enterprises | 4000.35 | - | 4000.35 | 322.83 |
| Funds/income received from enterprises | 296.89 | - | 296.89 | 94.89 |
| Adjustment of funds paid/amount paid on behalf of the company | 940.15 | - | 940.15 | - |
| Investment purchased from enterprises | 1000.00 | - | 1000.00 | - |
| Amount invested in enterprises | 300.00 | - | 300.00 | - |
| Balance outstanding at year end | 3332.46 | - | 3332.46 | 1534.18 |
| Investments | 28276.15 | - | 28276.15 | 27004.89 |

17. Segment Reporting

The company is organized into the following segments :

Transport : Comprising of transportation of goods

Others : Investment in Bank Deposits, shares and in bodies corporate.

The following tables present the revenue, profit , assets and liabilities information relating to the Business segments for the year ended 31st March 2006.

(Rs.in lacs)

| S.No. | Segment Revenue | Transport | Others | Total |
|-------|---|-----------|----------|----------|
| 1 | Segment Revenue | | | |
| | Sales & Services and other Income | 276.03 | 269.11 | 545.14 |
| | Less: Inter Segment Revenue | - | - | - |
| | Net Sales/Income from Operation | 276.03 | 269.11 | 545.14 |
| 2 | Segment Results: | | | |
| | Profit(+)/Loss(-) before interest & tax | 166.38 | (130.75) | 35.63 |
| | Less: (i) Interest (net of income) | - | 20.01 | 20.01 |
| | (ii) Other un-allocable expenditure net off un-allowable income | - | - | - |
| | Total Profit(+)/(Loss) before tax | 166.38 | (150.76) | 15.62 |
| 3. | Capital Employed | | | |
| | - Segment Assets Less segment liabilities | 58.12 | 60213.92 | 60272.04 |

SCHEDULES (Contd...)

18. Additional information required under para 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 is as follows :

A. PARTICULARS OF LICENCED/REGISTERED/INSTALLED ANNUAL CAPACITIES/PRODUCTION

| Class of Goods | Unit | Licenced/Registered Capacity | | Installed Capacity ^(a) | | Production | |
|------------------------------|-------|------------------------------|-------------|-----------------------------------|------------|--------------------|--------------------|
| | | As At | As At | As At | As At | For the year ended | For the year ended |
| | | 31.03.2006 | 31.03.2005 | 31.03.2006 | 31.03.2005 | 31.03.2006 | 31.03.2005 |
| POLYETHYLENE | M.T. | (c) 26,549 | (c) 26,549 | - | - | - | - |
| INDUSTRIAL ALCOHOL CHEMICALS | M.T. | (b.c) 7,620 | (b.c) 7,620 | - | - | - | - |
| BENZENE | M.T. | (c) 10,000 | (c) 10,000 | - | - | - | - |
| ACETYLENE BLACK | M.T. | (b,c) 890 | (b,c) 890 | - | - | - | - |
| RICE BRAN/OIL SEEDS | M.T. | 172,500 | 172,500 | - | 175,000 | - | - |
| OXYGEN GAS | Cu.M. | 300,000 | 300,000 | - | - | - | - |
| POLYETHYLENE PIPES & FILMS | M.T. | (b,c) 1,125 | (b,c) 1,125 | - | 1,400 | - | - |
| CATALYST | M.T. | (c) 35 | (c) 35 | - | 35 | - | - |

(a) The installed capacities have been taken as certified by the Management and not verified by the Auditors being a technical matter

(b) The licence capacity as per licence is in Million lbs., which have been converted into MT (Rounded off to ten)

(c) The licence/Registration are under transfer in the name of the Company

B. OPENING AND CLOSING STOCKS OF GOODS PRODUCED

| Class of Goods | Unit | At at 31.03.2006 | | As at 31.03.2005 | | As at 31.03.2004 | |
|----------------|------|------------------|--------------|------------------|--------------|------------------|--------------|
| | | Quantity | Value | Quantity | Value | Quantity | Value |
| | | | (Rs.in lacs) | | (Rs.in lacs) | | (Rs.in lacs) |
| MISC. | | - | - | - | - | - | 0.52 |

Signatures to Annexure 1 to XVI
For Gupta Bhalla & Associates
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

P K Gupta
Partner
Place :New Delhi / Ludhiana
Date :30th June 2006

N.P. Sharma
Company Secretary

R.K.Singhania
Director

Abhey Oswal
Chairman

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

1 REGISTRATION DETAILS

Registration No.

| | | | | | |
|---|---|---|---|---|---|
| 0 | 1 | 2 | 2 | 6 | 7 |
|---|---|---|---|---|---|

 Balance Sheet Date

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | 1 | 0 | 3 | 2 | 0 | 0 | 6 |
|---|---|---|---|---|---|---|---|

 State Code

| | |
|---|---|
| 1 | 6 |
|---|---|

 Date Month Year

2 CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)

Public Issue

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

 Right Issue

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

 Bonus Issue

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

 Private Placement

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities

| | | | | | | |
|---|---|---|---|---|---|---|
| 6 | 5 | 5 | 4 | 6 | 9 | 2 |
|---|---|---|---|---|---|---|

 Total Assets

| | | | | | | |
|---|---|---|---|---|---|---|
| 6 | 5 | 5 | 4 | 6 | 9 | 2 |
|---|---|---|---|---|---|---|

SOURCES OF FUNDS

Paid Up Capital

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 3 | 4 | 2 | 3 | 4 | 7 |
|---|---|---|---|---|---|---|

 Reserves and Surplus

| | | | | | | |
|---|---|---|---|---|---|---|
| 4 | 7 | 8 | 5 | 3 | 5 | 9 |
|---|---|---|---|---|---|---|

 Secured Loans

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

 Unsecured Loans

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

APPLICATION OF FUNDS

Net Fixed Assets

| | | | | | |
|---|---|---|---|---|---|
| 2 | 4 | 3 | 1 | 5 | 0 |
|---|---|---|---|---|---|

 Investments

| | | | | | | |
|---|---|---|---|---|---|---|
| 3 | 7 | 2 | 7 | 5 | 6 | 0 |
|---|---|---|---|---|---|---|

 Net Current Assets

| | | | | | | |
|---|---|---|---|---|---|---|
| 2 | 0 | 5 | 2 | 1 | 5 | 4 |
|---|---|---|---|---|---|---|

 Misc. Expenditure

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

 Accumulated Losses

| | | | | | |
|---|---|---|---|---|---|
| 1 | 0 | 0 | 5 | 0 | 2 |
|---|---|---|---|---|---|

4 PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover

| | | | | |
|---|---|---|---|---|
| 5 | 4 | 5 | 1 | 4 |
|---|---|---|---|---|

 Total expenditure

| | | | | |
|---|---|---|---|---|
| 5 | 2 | 9 | 5 | 2 |
|---|---|---|---|---|

 Profit before Tax

| | | | |
|---|---|---|---|
| 1 | 5 | 6 | 2 |
|---|---|---|---|

 Profit after Tax

| | | |
|---|---|---|
| 8 | 5 | 3 |
|---|---|---|

 Earning per Share (Rs.)

| | | | | |
|---|---|---|---|---|
| 0 | 0 | . | 0 | 1 |
|---|---|---|---|---|

 Dividend Rate%

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

5 GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

| Item Code No. (ITC Code) | Product Description | | | | | | | | | | | | | | | | | |
|---|---------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>0</td><td>3</td><td>9</td><td>0</td><td>1</td><td>1</td><td>0</td><td>0</td><td>0</td></tr></table> | 0 | 0 | 3 | 9 | 0 | 1 | 1 | 0 | 0 | 0 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>L</td><td>D</td><td>P</td><td>E</td><td></td><td></td><td></td></tr></table> | L | D | P | E | | | |
| 0 | 0 | 3 | 9 | 0 | 1 | 1 | 0 | 0 | 0 | | | | | | | | | |
| L | D | P | E | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>0</td><td>1</td><td>7</td><td>0</td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table> | 0 | 0 | 1 | 7 | 0 | 1 | 0 | 0 | 0 | 0 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>S</td><td>U</td><td>G</td><td>A</td><td>R</td><td></td><td></td></tr></table> | S | U | G | A | R | | |
| 0 | 0 | 1 | 7 | 0 | 1 | 0 | 0 | 0 | 0 | | | | | | | | | |
| S | U | G | A | R | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>2</td><td>9</td><td>0</td><td>0</td><td>2</td><td>2</td><td>0</td><td>0</td><td>0</td></tr></table> | 0 | 2 | 9 | 0 | 0 | 2 | 2 | 0 | 0 | 0 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>B</td><td>E</td><td>N</td><td>Z</td><td>E</td><td>N</td><td>E</td></tr></table> | B | E | N | Z | E | N | E |
| 0 | 2 | 9 | 0 | 0 | 2 | 2 | 0 | 0 | 0 | | | | | | | | | |
| B | E | N | Z | E | N | E | | | | | | | | | | | | |

OSWAL AGRO MILLS LIMITED

Registered Office:
Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana - 141 003 (Punjab)

(PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL)

Name of the attending Shareholder / Proxy
(in block letters)

Regd. Folio No.

No. of Shares held.....

DP ID No. / Clients ID No.

I hereby record my presence at the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company, being held on Saturday, the 30th September, 2006 at 2.00 p.m. at Company's Registered Office at Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana - 141 003 (Punjab)

(SIGNATURE OF PROXY HOLDER)

(SIGNATURE OF SHAREHOLDER)

NOTE : Shareholder / Proxy is requested to bring the Attendance Slip with him/her when they come to the meeting. No separate attendance slip will be issued at the time of meeting.

For Office Use

PROXY FORM

OSWAL AGRO MILLS LIMITED

Registered Office:
Near Jain Colony, Vijay Inder Nagar, Daba Road, Ludhiana - 141 003 (Punjab)

Folio No. _____

No. of Shares held _____

I/We _____ of _____

_____ being a member/members of OSWAL AGRO

MILLS LIMITED hereby appoint _____ of _____

or failing him/her _____ of _____

as my / our proxy to vote for me / us and on my / our behalf a the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company, being held on Saturday, the 30th September, 2006 and at any adjournment thereof.

Signed _____

Dated _____

Affix
Re. 1/-
Revenue
Stamp

NOTE :

1. The form should be signed across the stamp as per specimen signature registered with the Company
2. The Companies Act, 1956 lays down that the instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the time fixed for holding the meeting.
3. A Proxy need not be a Shareholder of the Company.

