

UMRED AGRO COMPLEX LIMITED



ANNUAL REPORT
2012-13

25th



BOARD OF DIRECTORS

Dr. S. G. Parate
Shri Surendra N. Mishra
Shri Ravindra Boratkar

Chairman
Director
Director

Shri Uday Kamat
Shri Arvind Bakde

Managing Director
Whole Time Director

REGISTERED OFFICE

"SAHAS", 2nd Floor, 64, Bajaj Nagar,
Nagpur 440010 (INDIA)
Tel (+) 91-712-2242564
Fax (+) 91-712-2249456
Email: ua_ngp@umredagro.com
Website: www.umredagro.com

WORKS

Village: Kolari, Tahsil : Chimur
Dist.: Chandrapur (M. S.)
Tel (+) 91-7170-244322 / 244323
Fax (+) 91-7170 244328
Email: kolari@umredagro.com

BANKERS

M/s Tirupati Urban Co-operative Bank Ltd.
172, Shraddhanand Peth, Nagpur-440 010

AUDITORS

M/s ANIL MARDIKAR & CO.
11, Laxmi Vaibhav Complex
Laxmi Nagar Square, Nagpur - 440010

Twenty Fifth Annual General Meeting
On Friday, the 28th September 2012 at 5.00 p. m.
At Saraswat Sabhagrudha, Plot No. 88/1, Bajaj Nagar, Nagpur-10

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**NOTICE**

Notice is hereby given that the **TWENTY FIFTH ANNUAL GENERAL MEETING** of Members of **UMRED AGRO COMPLEX LIMITED** will be held at **SARASWAT SABHAGRUHA**, Plot No. 88/1, Bajaj Nagar, Nagpur-440 010 on Friday, the 28th September, 2012 at 5.00 p.m., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the Year ended on 31st March 2012 and the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To appoint director in place of Shri S N. Mishra, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. To appoint the Statutory Auditors of the Company for the financial year 2012-13 and to fix their remuneration.

Place: Nagpur

Date: 14th August 2012

By Order of Board of Directors

Arvind Bakde
DIRECTOR

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such Proxy need not be a member. A proxy so appointed shall not have any right to speak at the meeting. Proxy forms, in order to be effective must be received by the Company not less than forty-eight hours before the scheduled time for the meeting.
2. The Register of Members and Share Transfer Book of the Company will remain closed from Thursday the 27th September 2012 to Friday, 28th September 2012 (Both days inclusive).
3. Members are requested to bring with them their copies of the accounts and reports at the meeting.
4. Members are requested to send their queries, if any, in writing at least 10 days in advance of the date of the meeting.
5. Members/ Proxies are requested to bring the Attendance Slip attached herewith, duly filled in, for attending the meeting.
6. As the Ministry of Corporate Affairs has taken a green initiative in the Corporate Governance by allowing the paper less correspondence, the Board of Directors of the Company has taken a decision to follow the same with effect from next Annual General Meeting. The members are requested to kindly give the E-mail ID, those who have, to the Company. Further, the detailed financial report shall be available on Company's Website: www.umredagro.com



DIRECTORS' REPORT

To

The Members,

Your Directors hereby present their Twenty Fifth Annual Report on the business and operations of the Company and financial statements for the year ended 31st March 2012.

(Rs. In Lacs)

Financial Results	Year ended on 31-Mar-2012	Year ended on 31-Mar-2011
Sales Turnover	5461.97	9388.24
Job Work/Other Income	208.97	238.06
Total Income	5670.94	9626.30
Profit Before Interest, Depreciation and Tax (PBITD)	294.64	270.53
Interest & Financial Expenses	142.35	128.47
Depreciation	75.61	74.62
Profit /(Loss) Before Tax	76.68	54.95
Profit /(Loss) After Tax	76.68	54.95
Profit / (Loss) brought forward	(1478.23)	(1533.17)
Profit / (Loss) carried forward	(1401.55)	(1478.23)

DIVIDEND

For the year ended on 31st March 2012, in the view of the accumulated losses, despite of profit, the Directors regret their inability to recommend any dividend.

OPERATIONS

During year 2011-12, the Company continued with its processing arrangement with M/s Cargill India Pvt. Ltd. (Cargill). However, in view of the adverse market conditions, the Soybean processing operations, in terms of Capacity Utilisation have been lower. In addition, there was volatility in the export market for Soy meal. The Sales Turnover, thus, has been lower during the year 2011-12.

During the year under consideration, the Company recorded a Total Income of Rs. 5671 Lacs (Rs. 9626 Lacs-Last year), including Rs.209 Lacs (Rs. 238 Lacs) towards Job Work Charges. While the Company processed 32146 MT (45646 MT) of Soybean seed in Solvent Plant, it processed 2730 MT (2163 MT) of crude oil in Refinery.

During the year, the Company achieved an Operating Profit of Rs. 295 Lacs (Rs. 271 Lacs) and a Net Profit of Rs.77 Lacs (Rs. 55 Lacs-Last year).

FUTURE OUTLOOK

For Kharif Season 2012-13, the average rainfall

was expected to be in the normal range. In the Vidarbha region the area under cultivation of Soybean has marginally increased (by 3%) mainly due to increase in Amravati Division (by 7%). While, the area under Soybean cultivation for Maharashtra is reported to be 31.64 Lac Hectares, the area for Vidarbha is reported to be 17.80 Lac Hectares. However, in view of erratic rainfall, the yield estimates, have to be suitably factored.

The Company's processing arrangement with Cargill would continue during year 2012-13. Planning to supplement the same with Own processing operations, the management looks forward to a favourable processing season ahead.

REHAB SCHEME IMPLEMENTATION

During the year, a Modified Rehab Scheme (MRS-2004) sanctioned by Hon'ble BIFR was under implementation. As per the directives of Hon'ble BIFR, the Company had moved Miscellaneous Application No. 77/2011 and sought reliefs w. r. t. MSEDCL & Sales Tax Dues etc. and is awaiting directives from Hon'ble BIFR, in this regard.

DIRECTORS

Shri Surendra N. Mishra, Director will retire by rotation at the end of ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors commend



to re-appoint him as Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm:

- 1) That in the preparation of annual accounts, the applicable accounting standards having generally been followed along with proper explanation relating to material departure.
- 2) that the Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of state of affairs of the Company, at end of the financial year and of the profit and loss of the Company for that period.
- 3) That the 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 the company and for preventing and detecting fraud and other irregularities.
- 4) That the Directors have prepared the annual accounts on a going concern basis (based on the Modified Rehab Scheme approved by Hon'ble BIFR being under implementation).

INSURANCE:

Fixed and Current Assets of the Company are adequately insured.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS.

Additional information in accordance with provisions of Section 217(l) (e) of the companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given Annexure 1 of this report.

PERSONNEL

In respect of particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, during the period under review, there were no employees employed throughout the year and were in receipt of remuneration of Rs. 24,00,000/- or above and employed for part of

the year and were in receipt of Rs. 2,00,000/- p.m. or above.

AUDITORS

M/s Anil Mardikar & Company, Chartered Accountants, Auditors of the Company retire at ensuing Annual General Meeting and being eligible offer themselves for reappointment. The company has obtained a certificate as required under Section 224 (1-B) of the Companies Act, 1956, from the Auditors to the effect that their reappointment, if considered, would be in conformity with the limit specified in the said section.

COMMENTS ON THE AUDITORS' REPORT

About the observations made in the Auditors' Report and Annexure thereto, in the opinion of the management, the Company is consistent in its policy regarding (i) treatment of retirement benefits, (ii) valuation of stock of Finished Goods and Work in Progress and (iii) regarding Sales Tax Dues.

ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the unstinted support and co-operation received from the Hon'ble BIFR, ICICI Bank Ltd., Tirupati Urban Co-operative Bank Ltd, MNP Group, PURTI Group, Cargill, esteemed customers, shareholders and suppliers, during the year under review.

Place: NAGPUR For and on behalf of the Board

Date: 14th August, 2012

Dr. S. G. Parate
CHAIRMAN

ANNEXURE 1 TO THE DIRECTORS' REPORT

Additional information in accordance with provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

CONSERVATION OF ENERGY

- a) The Company uses the Flash Heat Recovery Systems in Solvent Plant and in Refinery and makes optimum use of steam by reusing condensate for the Boiler.
- b) During 2011-12, average utilization (for Solvent Plant) being lower, unit consumption for Coal/



Fuel equivalent is higher.

Total energy consumption and energy consumption per unit of production as per Form - A of the Annexure to Rule.

FORM A"

Form for disclosure of Particulars with respect to Conservation of Energy

A) POWER AND FUEL CONSUMPTION	For year 2011-12	For year 2010-11
Power/ Electricity		
Purchased Units (Kwh)	1619112	2039643
Total Amount (Rs.)	11232802	12319730
Rate (Rs. /Unit)	6.94	6.04
Coal / Husk (for Boiler & TFHS)		
Quantity in MT.	2288	1954
Total cost (Rs.)	6169546	4242689
Average Rate (Rs./MT)	2697	2172
B) CONSUMPTION (Per MT of Processing)	For year 2011-12	For year 2010-11
Oilseeds Processed (MT)	32146	45646
Raw Oil Refined (MT)	2730	2163
Electricity (Units per MT of Input)		
Solvent Plant	43	41
Refinery	86	82
Coal/ Fuel Equivalent (Steam) (In MT per MT of Input)		
Solvent Plant	0.13	0.11
Refinery	0.34	0.28

"FORM B"

(Form for disclosure of particulars in respect of Technology Absorption, Adaptation and Innovation)

RESEARCH AND DEVELOPMENT

The company shall continue its efforts towards reduction of utilities consumption (Power/Hexane/ Chemicals) and improvement in production processes.

Expenditure on R. & D.

- i) Capital : Nil
- ii) Recurring : At present not significant
- iii) Total : As per (ii) above
- iv) As % of turnover : As per (ii) above

TECHNOLOGY ABSORPTION AND INNOVATION

The Company has not imported any technology as yet.

FOREIGN EXCHANGE EARNING & OUTGOINGS

The Foreign Exchange Earnings during the financial year 2011-12 was NIL. The outgo for the year under review was also NIL.

For and on behalf of the Board

Place: NAGPUR

Dr. S. G. Parate

Date: 14th August, 2012

CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

Company Background

The Company is engaged in the processing of Soybean/ other oilseeds, marketing of edible oils in domestic market and de-oiled cakes in domestic and international markets. The Company has a Solvent Extraction Plant, Refinery & a Lecithin Plant located at Village Kolari, Tahsil Chimur, Dist. Chandrapur (Maharashtra). A review of Rehab Scheme (MRS-2004) sanctioned by Hon'ble BIFR, is under consideration. To supplement Own operations, the Company has tied up for Job processing with M/s Cargill (I) Pvt. Ltd. The said arrangement shall be extended for the ensuing oil season, with mutual consent.

Industry Structure and Developments

While, India has become the largest importer of edible oils in the world, the domestic edible oil industry plays a pivotal role by way of value addition and saving of precious foreign exchange. On the other hand, with export of Soy meals/ extractions, it contributes to the foreign exchequer, in a big way. The Indian edible oil consumption is growing by 6.5% over the last few years and the same trend is likely to continue for the next decade. With huge consumer market to cater to, industry is marked by entry of big / multinationals corporations, not only by way of trade operations but also by long term investments in processing facilities.

Opportunities and Threats

A fast growing economy and demand for Non-GMO grade Lecithin has opened a huge opportunity for Indian Soybean processors. With lecithin Plant installed, the Company envisages to benefit from this development. However, the industry outlook largely depends on adequate & timely monsoon, conducive Government policy and favourable export market for Soy meal.

Business Outlook

Being in the business of import substitution, increasing health awareness and use of Soybean products (Refined Oil and other

value added products - Lecithin etc.), the Company is optimistic about better performance in near future.

Risks and Concerns

Faced with the vagaries of monsoon, this agro-based industry has to tackle the uncertainties of raw material availability, low capacity utilization and volatile international prices of edible oils & Soy meal.

The Company holds positions in commodities viz. Soy seed, Meal & Oils, by way of contractual obligation for physical trading / at Commodity Exchanges, price fluctuations therein may affect profitability.

Internal Audit Adequacy

The Company's Internal Audit Section operates under the guidance of a qualified Chartered Accountant, to ensure internal checks and balances in finance and accounting aspects.

Financial Review

This aspect is dealt with in the beginning of this report. However, the Company continues to be a sick industrial unit registered with BIFR, with accumulated losses of Rs. 1402 Lacs, as at 31st March 2012.

Human Resources Relations

Human resources relations remained cordial and the management received full co-operation from the employees during the year. The employee strength as on 31st March 2012 was 94.

Forward looking statement

-Cautionary Statement

Forward-looking statements in the 'Management Discussion and Analysis' section are based on certain assumptions /expectations of future events and are stated as required by applicable laws and regulations. Actual results could differ materially from those expressed or implied. Major factors that could make the difference to the Company's operations could be agro-climatic conditions, government policy, domestic & international market conditions and such other factors, which are beyond control of the management.