

27th Annual Report

2005-2006

M P OILS AND FATS LIMITED

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M P OILS AND FATS LIMITED

BOARD OF DIRECTORS

Shri Suresh Chandra D Manik	Director
Shri Jayantilal D Manik	Director
Shri Jaswanthlal D Manik	Director
Shri Hemendrakumar D Manik	Director
Shri Pareshkumar D Manik	Director
Shri Sudhirkumar D Manik	Director
Shri Prabhulal Vyas	Director
Shri Rohit Narula	Director
Shri Adhir Bhagwanani	Director

BANKERS

Union Bank of India, Main Branch,
Raipur, Chattis Garh

AUDITORS

Gupta Saharia Co.,
4, Atlanta Building, Ground Floor
Evershine Nagar, Malad, Mumbai-400 064

REGD.OFFICE

4, Atlanta Building, Ground Floor
Evershine Nagar, Malad, Mumbai-400 064

REGISTRARS

M/s CIL Securities Limited,
208, Raghav Ratna Towers, Chirag Ali Lane,
Abids, Hyderabad – 500 001

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the members of M.P OILS & FATS LIMITED will be held on Saturday the 30th day of September 2006 at 4.00 PM at 4, Atlanta Building, Ground Floor, Evershine Nagar, Malad (West), MUMBAI- 400064. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2006, the Profit & Loss Account for the year ended as on that date and the Reports of the Directors' and the Auditor's thereon.
2. To appoint a Director in place of Shri. Jayantilal D Manik who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sudhir Kumar D Manik who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Sureshchandra D Manik who retires by rotation and being eligible, offers himself for re-appointment
5. To appoint M/s. Gupta, Saharia & Co, Chartered Accountants, the retiring Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board to fix their remuneration.

For and on behalf of the Board of Directors

Sureshchandra D. Manik

Director

Place: Raipur

Date: 01-09-2006

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a member of the Company. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 27th September 2006 to 30th September 2006 (both days inclusive).
3. Members/ Proxies are requested to bring their copy of Annual Report to the meeting and attendance slip should be duly filled in for attending the Meeting.
4. Members are requested to send all correspondence relating to the shares to the Share Transfer Registrars M/s CIL Securities Limited, 208, Raghav Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001

Phone: 040 – 23202465, FAX: 040- 23203028.

M.P. Oils and Fats Limited

M P OILS AND FATS LIMITED,

4, Atlanta Building, Ground Floor, Evershine Nagar, Malad (W), Mumbai - 4000 64

The Members

M P OILS AND FATS LIMITED,

Mumbai

Your Directors have pleasure in presenting the Twenty Seventh Annual Report of your Company together with the Audited Annual Accounts for the year ended 31st March, 2006.

1. FINANCIAL RESULTS:

(Rupees)

PARTICULARS	31.03.2006	31.03.2005
INCOME FROM OPERATIONS		
Sales	375.97	1051.14
Processing & other Charges	1.79	23.07
Other Income	1.12	2.22
Increase/(decrease) in Finished good.	(79.67)	21.75
	<u>299.22</u>	<u>1098.20</u>
Operating and Administrative Expenses	426.87	115.30
Financial Expenses	7.18	16.96
Depreciation	10.69	14.52
Less- Deferred Tax (Credit/ charge)	(3.99)	(2.87)
Net Loss after Financial Expenses & Depreciation	(141.54)	(83.42)

DIVIDEND :

In view of the Loss during the year under review, your Directors show their inability to recommend Dividend for the year ended 31.03.06.

OPERATIONS :

During the year under review the company has undertaken trading in oil. Company has retrenched all the employees from its factory w.e.f. 01st May, 2005. During the year, the Plant & machinery were also sold and proceeds were utilized for clearing the Bank loans. There after company has undertaken trading of Oil only.

MANAGEMENT DISCUSSION AND ANALYSIS :

Given elsewhere in this report

RESEARCH AND DEVELOPMENT :

The company has not carried out any research and development activities during the year under review.

PUBLIC DEPOSITS :

The Company has neither invited nor accepted any Deposits from the public, within the meaning of the section 58A of the Companies Act, 1956, if any, from time to time.

MARKETING :

Your Company has already established brands of edible oils, which have been sold through wholesale dealers in Madhya Pradesh, Orissa, Chhattisgarh, Andhra Pradesh and Bihar. Company has undertaken trading in oil .

OBSERVATIONS IN THE AUDITORS REPORT :

The observations made by the Auditors in their Audit Report have been duly clarified/explained in the relevant notes forming part of the Annual Accounts which are self explanatory and do not need any further clarification.

PERSONNEL :

Due to continues losses since last three years company has retrenched all its employees from the factory and suspend manufacturing operations w.e.f. 01/05/05 .

None of the employees of the company was in receipt of remuneration in excess of the limits prescribed u/s 217(2A) of the Companies Act, 1956.

PARTICULARS U/S 217(1) (e) OF THE COMPANIES ACT. 1956 :

As required u/s. 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars of the Board of Directors) Rules 1988 the relevant information is given below :

A. CONSERVATION OF ENERGY :

Power Consumption	Current Year	Previous Year
Total No. of power units consumed	32675 Units	566275
Quantity of Crude oil processed (MT)	426.385	33334.385
No. of units consumed per MT of Crude Oil processed	174.63 Units	169.83

B. TECHNOLOGY ABSORPTION :

As there is no new technology involved in the process and hence the question of absorption of upgraded technology does not arise.

C. FOREIGN EXCHANGE EARNING /OUTGO :

	Current year	Previous year
Earning	Nil	Nil
Outgoing	Nil	Nil

DIRECTORS:

Shri Jayantilal D Manik, Mr. Sudhir D Manik and Shri Sureshchandra D Manik retires by rotation at the ensuing Annual General meeting and being eligible, offers himself for reappointment.

The relevant details of directors seeking re-appointment above, as required by Clause 49 of the Listing Agreements entered into with the Stock Exchange are as under :

Shri Jayantilal D Manik aged about 76 years is one of the promoter Directors and, holds a B.A degree and has 53 years of experience in the field of trading of oils and tobacco leaves, solvent extraction and edible oil refining.

Shri Sudhir D Manik aged about 57 years in a Science graduate and has over 35 years of experience in of trading of oils and tobacco leaves, solvent extraction and edible oil refining being part of the family business.

Shri Sureshchandra D Manik has over 42 years of experience in the the field of trading of oils and tobacco leaves, solvent extraction and edible oil refining. He has been the guing force of the Company for last 20 years.

AUDIT COMMITTEE :

Pursuant to provisions of Sec.292A of the Companies Act, 1956, the Company has constituted an Audit Committee consisting of Mr. Sureshchandra D. Manik, Mr Rohit O. Narula and Mr Adhir G. Bhagawanani, the directors of the company.

M.P. Oils and Fats Limited

CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, & Management discussion and Analysis, Corporate Governance Report and Auditor's Certificate regarding compliance of conditions of corporate Governance are made a part of the Annual Report. A note on the company's efforts to discharge its social responsibility is also included.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board States

(i) That in the preparation of the Annual accounts, the applicable accounting standards had been followed except to the extent as specified by the Auditors in their Report :

(ii) That your Directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2005 and of the loss of the Company for that period.

(iii) That your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.

(iv) That your Directors had prepared the Annual Accounts on a going concern concept.

AUDITORS :

At the ensuing Annual General Meeting the Company's Auditors M/s Gupta Saharia & Co., Chartered Accountants, Mumbai retire and being eligible offer themselves for reappointment. The present Auditors were appointed vide resolution passed in Extra Ordinary General Meeting held on 16.05.2006 due to casual vacancy caused by resignation of the earlier Auditors M/s Parikh & Shah., Chartered Accountants, Mumbai.

ACKNOWLEDGEMENTS:

The directors place on record their appreciation for assistance and support from Union Bank of India.

The Directors also express their gratitude to the shareholders of the company for their continued support to the Management.

for and on behalf of the Board of Directors

Place: Raipur
Date: 01.09.2006

Director

Director

ANNEXURE- A TO DIRECTOR'S REPORT

A. Conservation of Energy :

The thrust on energy conservation continued during the year across all processes and the combined usage of system and devices was made to conserve the energy. The training on the subject was also imparted to technical personnel during the year. The Company has taken steps which also contributes to conservation of energy, power and fuel consumption.

B. Technology Absorption :

a) Research & Development

1. Specific areas in which R & D carried out by the Company :
The Company does not have a specific R & D Department. However it is constantly trying to improve quality of its products by adhering to strict quality procedures.
2. Benefits as a result of above R & D
Reduction of manpower cost, marked improvement in quality resulting in better marketability.
3. Future plan of action
The above activities shall continue. The Company proposes to concentrate in the use of developing process know how which will eliminate/ reduce wastage.

b) Technology absorption, adaptation & innovation

1. The efforts in brief towards technology absorption, adaptation and innovation
The Company has fully absorbed the technology for manufacture of socks.
2. Benefits to be derived as a result of above efforts e.g output improvement, cost reduction, product development, import substitution etc are reflected in the working.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Financial statement have been prepared in compliance with the requirements of the Companies Act, 1956 and Accounting Standards issued by the Institute of Chartered Accountant of India. There are no material departures from prescribed accounting standards in the adoption of the accounting standards. The Management of M.P. oils And Fats Ltd., accepts responsibility for the integrity and objectivity of these financial statements. As well as for various estimates and judgments used therein. These estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect a true and fair manner the state of affairs and Loss for the year.

Segment wise or product wise performance

The Company is mainly engaged in the business of Refining & Trading of Crude Oils, so the Management considers Refining & Trading of Crude oils as the only business segment of the Company

Financial Performance

During the year under review total income of the company has decreased to Rs.299.22 Lacs as against Rs.1098.20 Lacs of previous year. However the net loss has been increased from Rs.86.29 Lacs to Rs.145.53 Lacs as compared to the last year.

Resource Allocation

Working Capital

Net current assets as at 31st March, 2006 were Rs.542.87 lacs as against Rs. 444.36 in the previous year which is mainly due to increase in current liabilities.

Internal Control System

The Company has an adequate system of internal controls for achieving efficiency in operation, optimum utilization of resources and effective monitoring compliance of applicable laws.

The system comprises a well-defined organization structure, pre-identified authority levels and documented policy guidelines and manuals for delegation of authority.

A qualified and independent Audit Committee of the Board of Directors reviews the adequacy of internal controls.

Safety

Utmost importance was attached to maintain safety standards at all installation of the company. No major accident was reported during the year under review.

Environment

The Company continued to strive toward its commitment to protect and promote the environmental matters, all plants if the Company continues to perform well beyond the stringent operational norms prescribed by the Chhattisgarh Pollution Control Board.

Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Important factor that could influence the Company's operation include Changes in government regulation, Tax laws, economic development with the country and such other factors.

REPORT ON CORPORATE GOVERNANCE

Board of Directors of your Company has adopted the Compliance of good Corporate Governance and to keep the shareholders informed about the happenings in the Company. As per the recent amendments to Listing Agreement and directions of SEBI, your Company has complied with Corporate Governance Code as per revised clause 49 of the Listing Agreement. The information required to be attached to the Directors report is as under:

BOARD OF DIRECTORS

Composition and Category of Directors as at 31st March, 2006

Name	Category	Designation	No. of Meetings attended since 01.04.2005	No. of membership on board of other Companies	No. of membership on Committees
Paresh Kumar D. Manik	Non-Executive Director	Director	6	-	-
Jayantilal D. Manik	Non-Executive Director	Director	6	-	-
Sureshchandra D. Manik	Non-Executive Director	Director	6	2	1
Jaswantlal D. Manik	Non-Executive Director	Director	3	-	-
Hemendra Kumar D. Manik	Non-Executive Director	Director	3	-	-
Sudhir Kumar D. Manik	Non-Executive Director	Director	3	-	-
Prabhulal C. Vyas	Independent and Non-Executive Director	Director	5	1	1
Rohit O. Narula	Independent and Non-Executive Director	Director	5	2	2
Adhir G. Bhagwanani	Independent and Non-Executive Director	Director	5	1	2

The following are dates on which the Board of Directors met during the financial year 2005-06:

S. No	Date of Board Meeting
1	30.04.2005
2	30.07.2005
3	31.08.2005
4	31.10.2005
5	07.11.2005
6	31.01.2006

AUDIT COMMITTEE**Terms of Reference**

The Audit Committee constituted by the Company is responsible for looking into the internal controls, reporting process and financial policies of the Company. The Committee has complete access to financial data and other information related there to. The Committee recommends the appointment of Statutory Auditors of the Company and the remuneration payable to them.

Composition of Audit Committee is as under:

1. Sureshchandra D. Manik
2. Rohit O. Narula
3. Adhir G. Bhagwanani

During the year 2005–06, the Audit Committee met on 30.04.2005, 30.07.2005, 31.08.2005, 31.10.2005 and 31.01.2006.

REMUNERATION / COMPENSATION COMMITTEE

Company has not constituted Remuneration Committee since the number of senior level employees is negligible. The Managing Director is not drawing any salary due to limited business activity. The Company has a Personnel Policy which will be implemented upon growth of business.

Details of Remuneration paid to Directors: NIL

INVESTORS' GRIEVANCE COMMITTEE

As a measure of good corporate governance and to focus on the shareholders' grievances and to redress the investor's complaints in minimum possible time the Board has constituted Investor Grievance Committee under the Chairmanship of Mr. Prabhulal C. Vyas. This sub-committee also focuses on strengthening investor relations.

Composition : Mr. Mr. Prabhulal C. Vyas, Mr. Rohit O. Narula and Mr. Adhir G. Bhagwanani

Name and designation of Compliance officer

Mr. Sureshchandra D Manik – Director

Status of Complaints received

During the year Company has received NIL ; Complaints from the public/ SEBI.

Processed to the satisfaction of shareholders: NIL.

1. Date, Venue and time for the last three Annual General Meetings

Date	Venue	Time
29.09.2003	Shree 31 R, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400053	4.00 P.M.
28.09.2004	Shree 31 R, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400053	4.00 P.M
29.09.2005	Shree 31 R, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400053	4.00 P.M

During the year, the company passed resolution u/s 293(1)(a) by way of Postal Ballot for sale of Substantial Assets for which the Scrutinizer report was submitted on 16.12.2005 and results were recorded on 19.12.2005.

2. Disclosures

- There are no materially significant related party transactions, i.e. transactions, material in nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may potentially conflict with the interest of the Company at large.
- There are no material non-compliance by the Company or any penalties, strictures imposed on the Company by Stock Exchanges or SEBI in last three years except that the securities continue to be suspended from trading at BSE.
- Due to size and nature of operations any Whistle Blower Policy has not been framed.
- Certifications of Chief Operating Officer ie. Director are in place for accounts and other requirements. Company has not yet appointed any Chief Finance Officer.

The Management Discussion and Analysis is provided elsewhere in this Annual Report.

3. General information to shareholders

As indicated in the notice to our shareholders, the Annual General Meeting will be held on Saturday the 30th September, 2006 at 4.00 PM at 4, Atlanta Building, Ground Floor, Evershine nagar, Malad (West), MUMBAI- 400064.

- a) The financial year of the Company is from **1st April to 31st March**

OTHER DATES OF FINANCIAL CALENDAR	
Un-audited Results for quarter ended on 30.06.2006	July 2006
Un-audited Results for quarter ended on 30.09.2006	October 2006
Un-audited Results for quarter ended on 31.12.2006	January 2007
Un-audited Results for quarter ended on 31.03.2007	April 2007

- b) Date of Book Closure: 27th September, 2006 to 30th September, 2006 (both days inclusive)
- c) The Shares of the Company are listed at
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 023
Madhya Pradesh Stock Exchange Limited, Indore
Ahmedabad Stock Exchange Limited, Ahmedabad
The listing fees for the financial years 2006-2007 has been paid to the Stock Exchange, Mumbai, Madhya Pradesh and Ahmedabad Stock Exchange..
- d) **Stock Code: BSE - 530337**
- e) Monthly high low stock quotations during the period April, 2005 to March, 2006 are NIL since the scrip has been infrequently traded at BSE and not traded at other Exchnages.
- f) Shares received for physical transfers are generally registered within a period of 15 days from the date of receipt of the valid and duly filled-up transfer deeds.
- g) In respect of transfer of physical shares, shareholders are advised to contact the Share Registrars M/s CIL Securities Limited, 208, Raghav Ratna Towers, Chirag Ali lane, Abids, Hyderabad- 500 001. Phone Nos: 040 – 23202465, FAX: 040- 23203028.