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7th Annual Report



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MURLI AGRO PRODUCTS LIMITED



BOARD OF DIRECTORS

S.N. Maloo, Managing Director

N.L. Maloo

B.L. Maloo

L.C. Maloo

S.K. Maloo

V. M. Shegokar, SICOM Nominee

COMPANY SECRETARY

V. Ravikumar

BANKERS

State Bank of Hyderabad
Oriental Bank of Commerce

AUDITORS

Demble Ramani & Co.,

Chartered Accountants,
Abhyankar Road, Sitabuldi, Nagpur.

FINANCIAL ADVISORS

Anand Chandak & Co.,

Chartered Accountants,
Nagpur.

REGISTERED OFFICE

101, Jai Bhawani Society, Central Avenue,
Wardhaman Nagar, Nagpur - 440 008.

PAPER DIVISION OFFICE

1186, Radha Niwas, Central Avenue,
Gandhibag, Nagpur - 440 002.

MANUFACTURING FACILITIES AT

Agro Division

U-140/141, M.I.D.C.
Industrial Area, Hingna Road,
Nagpur - 440 016.

Paper Division

S. N. 115, Village Patansaongi,
Nagpur - Saoner Road,
Tahsil - Saoner, Dist - Nagpur.

SHARE TRANSFER AGENT

Light House Systems

C-26, Yugdharma Complex, Central Bazar Road, Ramdaspath, Nagpur.



NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of MURLI AGRO PRODUCTS LIMITED will be held at the Registered Office of the Company at 101, Jai Bhawani Society, Central Avenue, Wardhaman Nagar, Nagpur - 440 008, on Friday the 30th day of October, 1998 at 10.00 AM to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri. B. L. Maloo who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri L. C. Maloo who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT the Board of Directors be and is hereby authorised to take all necessary steps and make an application to the Non-Regional Stock Exchanges namely the Delhi Stock Exchange Association Limited, The Jaipur Stock Exchange Limited and The Calcutta Stock Exchange Association Limited for delisting the Equity Shares of the Company from all these Stock Exchanges."

"RESOLVED FURTHER THAT all the Equity Shareholders in the Delhi, Jaipur & Calcutta regions where these Stock Exchanges are located shall be given an exit opportunity by making an arrangement for buying the Equity Shares of such Shareholders after fixing a Record date specifically for this purpose and at a price which shall not be less than Weighted Average of the traded price of the Equity Shares in the preceding six months at any of the Exchanges on which the Securities are listed and where the highest volume of the securities were traded. In case there was no trading at any of the Exchanges during the preceding six months, the price for the purpose of the buying of the Equity Shares shall be a fair price to be computed by the Statutory Auditors of the Company."

"RESOLVED FURTHER THAT Shri N. L. Maloo, Director or the Company Secretary of the Company be and is hereby authorised to issue a Special Public Notice in Newspapers with detailed explanation and justification for the proposed delisting".

By Order Of The Board Of Directors

V. RAVIKUMAR
Company Secretary

Registered Office :
101, Jai Bhawani Society,
Central Avenue,
Wardhaman Nagar,
Nagpur - 440 008

Dated, 25th September, 1998

SEVENTH ANNUAL REPORT 1997 - 98

NOTES FOR MEMBERS ATTENTION :

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect to Item No. 5 of the Notice set out above is annexed hereto.
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.*
3. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not later than 48 hours before the Commencement of the Meeting.
4. Members are requested to inform immediately the change, if any, of their address registered with the Company.
5. All communications relating to shares are to be addressed to the Company Secretary at the Company's Registered Office at 101, Jai Bhawani Society, Central Avenue, Wardhaman Nagar, Nagpur - 440008.

ANNEXURE TO THE NOTICE

As required pursuant to Section 173 of the Companies Act, 1956 the following Explanatory statement sets out all material facts relating to Item No. 5 of the accompanying Notice of even date.

Item No. 5 :

The Company's Shares are being infrequently traded during the last preceding three years in the Delhi, Jaipur and Calcutta Stock Exchanges. Hence your Board would like to apply for delisting.

None of the Directors are interested in the above resolution.

By Order Of The Board Of Directors

V. RAVIKUMAR
Company Secretary

Registered Office :
101, Jai Bhawani Society,
Central Avenue, Wardhaman Nagar,
Nagpur - 440 008

Dated, 25th September, 1998



DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting their Seventh Annual Report on the business operations of the Company alongwith the Audited Statement of Accounts and the Auditor's Report thereon for the year ended 31st March, 1998.

FINANCIAL RESULTS :

	Current Year Ended 31/03/98	(Rs.in Lakhs) Previous Year Ended 31/03/97
1. Sales and Other Income	8628.77	7880.29
2. Profit Before Interest and Depreciation	375.25	422.94
3. Interest	200.11	182.32
4. Profit Before Depreciation	175.14	240.62
5. Depreciation	164.64	231.64
6. Profit Before Tax	10.50	8.98
7. Provision for Taxation	---	1.16
8. Profit After Tax	10.50	7.82
9. Profit brought forward from Previous Year	230.14	222.32
10. Surplus available for Appropriation	240.64	230.14
11. Surplus carried forward to Balance Sheet	240.64	230.14

SOLVENT INDUSTRY : AN OVERVIEW

CROP :

The Oil Year 1997-98 started with fairly widespread rains which proved to be saviour for the Kharif Crop. All in all the rains have been timely and adequate and interspersed with good sunshine. However widespread untimely and unseasonal rains experienced during the months of October-December 1997 adversely affected the harvesting, threshing and quality of Soybean in the Central & Eastern parts of Madhya Pradesh and even in our Vidarbha Region of Maharashtra caused by the adverse impact of "El-Nino" observed in the post harvest period of Kharif. This not only damaged Kharif Crop under harvesting but also the

sowing for the Rabi Crop. This has resulted in the problem of High Moisture in Soybean Meal due to abnormal climate conditions.

SOYMEAL :

Hitherto, the South and Far East Asian countries were buying 70% of Indian Soybean Meal, but the prolonged crisis on their currencies and their economies destabilised the Soybean Meal trade in that region rendering the regular buyers incapable to import significantly because of the prevalent uncertainty and therefore, they offered ridiculously low prices.

The International production of Soybean Meal was at an all time high in USA, Brazil and Argentina and interna-

SEVENTH ANNUAL REPORT 1997 - 98

tionally the Crop was about 21 MMTs excess over last years production causing a glut in the market and resulting in steep fall in the Soybean Meal prices which dropped from USD 315 FAS in September, 1997 to USD 135 FAS in May, 1998. Even in this uncertain Market your Company has shown consistent performance during the year under review when many Industrial Units in this Industry are facing problems for their survival itself.

SOYOIL :

The edible oil prices has increased in the last Nine Months in confirmation with increase in international prices of edible oils, coupled with lower Rabi oil seeds crop in India. This has helped the Industry in improving the bottom line.

PERFORMANCE REVIEW :

Despite unfortunate conditions in the year under consideration your Company has achieved a Turnover of Rs. 8629 Lacs as against Rs. 7880 Lacs during the Previous Year 1996-97, recording a growth of about 9.50%.

AGRO DIVISION :

During the year the Company has achieved a production of 35063 MTS as against 36051 MTS of De-Oiled Cakes in the previous year.

The Company has made a Sales Turnover of Rs. 3304 Lacs in the "DOC" Market as against the previous year's turnover of Rs. 3332 Lacs. Even in this difficult situation your Company has fared well and has exported about 23000 MTS of De-Oiled cake to various Countries like China and other South Asian Countries.

The Company has achieved an Export Sales of Rs. 2162 Lacs by earning valuable Foreign Exchange of about US \$ 57,18,000. 64% of De-Oiled cake manufactured is exported and the Company is poised to increase the same in the coming Crop Season. It is reported by the Industry sources that the ensuing Crop Season beginning from October, 1998 is expecting a better crop. In such sit-

uation the company hopes that it will be in a position to fare well in the coming season.

The Company has also made a Sales Turnover of Rs. 4245 Lacs in the Edible Oil Market as against Previous Years Turnover of Rs. 4350 Lacs.

PAPER DIVISION :

During the year under review the MG Kraft Paper Plant has successfully completed its One Year of Commercial Production and manufactured about 7462 MTS of MG Kraft Paper and has achieved a Turnover of Rs. 981 Lacs. The Company manufactures different types of Kraft Papers with different Burst Factor and GSM having utilities in packaging industries for making Corrugated Carton Boxes and Boards. To produce good quality paper the Company uses Wastepaper imported from various countries like Oman, Kuwait, Saudi Arabia, USA, Srilanka etc., The quality of Kraft Paper is well accepted by the packaging Industry and has acquired an enviable position in the Market and is having an upper hand in Vidarbha Region.

DIRECTORS :

In accordance with the provisions of Articles of Association of the Company and the Companies Act, 1956, Shri B. L. Maloo & Shri L. C. Maloo retire by rotation and are eligible for re-appointment. On 23rd March, 1998, M/s. SICOM Limited has withdrawn the nomination of Shri V.C.V. Nair as their Nominee Director from the Board of Directors of the Company. The Board would like to place on record their sincere appreciation for the valuable services rendered by Shri Nair during his tenure with the Company.

In place of Shri V. C.V. Nair, M/s. SICOM Limited has nominated Mr. V. M. Shegokar as their Nominee on the Board of Directors of the Company.

AUDITORS :

M/s. Demble Ramani & Company, Chartered Accountants, Auditors of the Company, hold office until the conclusion



MURLI AGRO PRODUCTS LIMITED

of the ensuing Annual General Meeting and are eligible for re-appointment. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224 (1B) of the Companies Act, 1956.

DISCLOSURES :

Disclosures in terms of Companies (Particulars of Employees) Rules, 1975 and Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, pursuant to Section 217 (2A) & 217 (1) of the Companies Act, 1956 are annexed to this Report.

ACKNOWLEDGEMENT :

Your Directors place on record their appreciation of the continued assistance and co-operation extended to the Company by various Government Agencies, Financial Institutions, Banks, the large family of Shareholders, the dedicated employees and all others who are continuing to assist your Company.

For And On Behalf Of The Board Of Directors

S. N. MALOO
Managing Director

N.L. MALOO
Director

Nagpur, Dated 25th September, 1998

ANNEXURE TO THE DIRECTORS' REPORT

Statement of Particulars of Employees Pursuant to the Provisions of Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31st March 1998.

Name	Age	Qualification & Experience	Designation Nature of Duties of Employment	Date of Commencement	Remuneration	Last Employment Held
Mr. S.N. Maloo	46	B.Com. 26 years	Managing Director	07/02/92	Rs. 3,00,000	Managing Partner, Nandlal Enterprises

For And On Behalf Of The Board Of Directors

S.N. MALOO
Managing Director

N.L. MALOO
Director

Nagpur, Dated 25th September, 1998

SEVENTH ANNUAL REPORT 1997 - 98

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION IN ACCORDANCE WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

(I) CONSERVATION OF ENERGY

Energy conservation measures taken :-

- Installation of fuel efficient fluidised Bed Boiler.
- Installation of heat recovery system from Hot Hexane vapours of DT and from hot out going oil.
- During the year under review substantial efforts were made to ensure optimum consumption of Fuel & Electricity at all the plants of the company.

:: FORM "A" ::**(a) Power and Fuel Consumption :**

Products	1997-98		1996-97
	De-oiled Cake, Refined Oil	M.G. Kraft Paper (MGKP)	DOC, Refined Oil & MGKP
1. ELECTRICITY			
(i) Purchased			
Units KWH (Lacs)	22.17	30.33	29.64
Total Amount (Rs.)	82.70	108.47	100.14
Rate/Unit (Rs.)	3.73	3.58	3.38
(ii) Own Generation	Nil	Nil	Nil
2. COAL : Used for Boiler			
Steam Coal (MT)	5766	6025	6140.85
Total Cost (Rs.)	68.19	69.59	72.67
Avg. Rate Rs/MT	1182.62	1155.02	1183.38
3. OTHER/INTERNAL GENERATIONS	Nil	Nil	Nil

(b) Consumption per unit of Production :

		1997-98		1996-97
Products		De-oiled Cake, Refined Oil	M.G. Kraft Paper (MGKP)	DOC, Refined Oil & MGKP
Electricity	KWH	43.70	406.46	49.95
Steam Coal	MTS	0.114	0.807	0.103
Others	--	Nil	Nil	Nil

II TECHNOLOGY ABSORPTION**:: FORM "B" ::****◆ Research and Development (R & D) :**

No significant R & D activities were undertaken during the year.

◆ Technology Absorption, Adaptation and Innovation :

Since the Technology for Solvent Extraction Industry and Paper Industry are Universal, there is no need as such to adopt new technology. Still Company is making all its endeavours to make new Innovations in increasing the production capacities by installing few balancing equipments..

III FOREIGN EXCHANGE EARNINGS AND OUTGO

The company has made direct exports of Soymeals / De-Oiled Cakes to overseas buyers and has earned valuable foreign exchange for the country as follows :

	1997-98	1996-97
Foreign Exchange Earnings :		
FOB Value of Exports (in lacs)	INR 2192.62	INR 1629.67
FOB Value of Exports (in Mill.)	USD 5.83	USD 4.56
Foreign Exchange Outgo :		
CIF Value of Imports(in Lacs)	INR 248.43	INR 12.20
CIF Value of Imports(in Mill.)	USD 0.66	USD 0.03

For And On Behalf Of The Board Of Directors

S.N. MALOO
Managing Director

N.L. MALOO
Director

NAGPUR, Dated 25th September, 1998