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17th Annual Report 07-08

MURLI

MURLI INDUSTRIES LTD.

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# MURLI INDUSTRIES LIMITED

## 17th ANNUAL GENERAL MEETING

Thursday, the 25th Sept. 2008,
at 11.00 a.m. at the
Corporate Office of the Company.

## REGISTERED OFFICE

101, Jai Bhavani Society,
Central Avenue, Wardhman Nagar,
Nagpur - 440 008.
Phones : 0712 - 2768912
Fax : 0712 - 2761145
e-mail : maloo@murliindustries.com

## CORPORATE OFFICE

'Radha House' 239,
East Wardhman Nagar,
Nagpur - 440 008.
Phones : 0712 - 3050200
Fax : 0712 - 2684422
e-mail : maloo@murliindustries.com
web site : www.murliindustries.com

## BOARD OF DIRECTORS

**Shri Sobhagmal Maloo,** None Executive Chairman
**Shri Nandlal Maloo,** Managing Director
**Shri Bajranglal Maloo,** Director
**Shri Lalchand Maloo,** Director
**Shri Sunil Kumar Maloo,** Director
**Shri Yashpal Dhiman,** Director

**Shri B. P. Ganu,** Independent Director
**Shri R. P. Gupta,** Independent Director
**Shri Adv. M. Mani,** Independent Director

## AUDITORS

**Demble Ramani & Co.,**
Chartered Accountants,
Abhyankar Road, Sitabuldi, Nagpur.

## BANKERS & FINANCIAL INSTITUTION

Andhra Bank
Axis Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
HDFC Bank Ltd.
ICICI Bank Ltd.
IndusInd Bank
Punjab National Bank
State Bank of India
State Bank of Patiala
State Bank of Hyderabad
State Bank of Mysore
State Bank of Bikaner & Jaipur
SICOM Ltd.

## MANUFACTURING FACILITIES

**Agro Unit - I**
M.I.D.C. Industrial Area,
Hingna Road, Nagpur.

**Agro Unit - II**
Durkheda Road, Umred
Dist - Nagpur.

**Duplex Board Unit**
Village Vadoda, Tahsil - Kamptee,
Dist. - Nagpur.

**Newsprint Paper Unit**
Village Vadoda, Tahsil - Kamptee,
Dist. - Nagpur.

**Writting & Printing Paper Unit**
Village Vadoda, Tahsil - Kamptee,
Dist. - Nagpur.

**18 MW Power Unit**
Village Vadoda, Tahsil - Kamptee,
Dist. - Nagpur.

**Pulp Mill Unit**
Village Vadoda, Tahsil - Kamptee, Dist. - Nagpur.

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Tarun K. Singh**
101, Jai Bhawani Society, Central Avenue,
Wardhman Nagar, Nagpur - 440 008

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# MURLI INDUSTRIES LIMITED

Annual Report
2007-08

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# Notice

NOTICE is hereby given that Seventeenth Annual General Meeting of the Members of MURLI INDUSTRIES LIMITED will be held on Thursday, 25th September, 2008 at the Corporate Office of the Company at 'Radha House' 239, East Wardhman Nagar, Nagpur- 440 008, at 11.00 a.m. to transact the following businesses as :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2008 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditor thereon.
2. To re-appoint a Shri Nandlal B. Maloo, as a Managing Director, who retires on completion of his term, offers him for reappointment.
3. To appoint a Director in place of Shri Lalchand B. Maloo, who retires by rotation and being eligible, offers him for reappointment.
4. To appoint a Director in place of Shri B. P. Ganu, who retires by rotation and being eligible, offers him for reappointment.
5. To appoint M/s Demble Ramani & Co., Chartered Accountants, who shall hold the office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.
6. To consider the Dividend proposal recommended by the Board of Directors.

**SPECIAL BUSINESS :**

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Ordinary Resolution :

   "RESOLVED THAT pursuant to Section 94 of the Companies Act, 1956 and Article no. 48(a) of the Articles of Association of the company, the authorised share capital of the Company be increased from Rs 15,00,00,000 (Rupees Fifteen Crores) to Rs. 25,00,00,000 (Rupees Twenty Five Crores) by creation of 2,41,40,000 (Two crores forty one lacs and forty thousand only) Equity shares of Rs. 10 each and 86,000 (Eighty Six thousand only) Preference Shares of Rs. 100 each the new shares ranking paari paasu with the existing shares for dividend and other purposes.

   FURTHER RESOLVED THAT Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following clause V, namely,

   "V. The share capital of the Company is Rs. 25,00,00,000 (Rupees Twenty Five Crores) divided into 2,41,40,000 (Two crores forty one lacs and forty thousand) Equity shares of Rs. 10 each and 86,000 (Eighty Six thousand) 15% Cumulative Redeemable Preference Shares of Rs. 100 each."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution : Proposal for increment of salary of the whole time directors:

   RESOLVED THAT subject to Sections 198, 309 and 310 of the Companies Act, 1956, consent of the company be and is hereby accorded to the increase in remuneration of Mr. Nandlal Maloo, Managing Director from Rs.2,00,000 per month to Rs. 5,00,000 per month plus other benefits and commission as set out in the resolution passed at the meeting of the board of directors held on 30.08.2008.



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*RESOLVED THAT subject to Sections 198, 309 and 310 of the Companies Act, 1956, consent of the* company be and is hereby accorded to the increase in remuneration of Mr. Bajranglal Maloo, Director from Rs.1,50,000 per month to Rs. 4,50,000 per month plus other benefits as set out in the resolution passed at the meeting of the board of directors held on 30.08.2008.

RESOLVED THAT subject to Sections 198, 309 and 310 of the Companies Act, 1956, consent of the company be and is hereby accorded to the increase in remuneration of Mr. Lalchand Maloo, Director from Rs.1,50,000 per month to Rs. 4,50,000 per month plus other benefits as set out in the resolution passed at the meeting of the board of directors held on 30.08.2008.

RESOLVED THAT subject to Sections 198, 309 and 310 of the Companies Act, 1956, consent of the company be and is hereby accorded to the increase in remuneration of Mr. Sunil Kumar Maloo, Director from Rs.1,50,000 per month to Rs.4,50,000 per month plus other benefits as set out in the resolution passed at the meeting of the board of directors held on 30.08.2008.

By Order of the Board of Directors
For Murli Industries Limited

Regd Off :
101, Jai Bhavani Society
Wardhman Nagar,
Nagpur 440008

**N.L.MALOO**
Managing Director

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**NOTES :**

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 OF THE COMPANY.

The explanatory statement pursuant to section 173 of the Companies Act, 1956 relating to the special business mentioned in the notice is annexed hereto and forms part of the notice.

Proxy in order to be effective must be deposited at the Company's 101, Jai Bhawani Society, Central Avenue, Wardhman Nagar, Nagpur 440008., not less than 48 hours before the commencement of the Meeting.

The Register of Members and Share transfer Book of the Company will remain closed from 22nd September, 2008 to 25th September, 2008 (both days inclusive)

All communications pertaining to the shares are to be addressed to the Company Secretary at the Company's Corporate Office at 'Radha House' 239, East Wardhman Nagar, Central Avenue Road, Nagpur 440 008 (MS).

Members holding shares in dematerialized form are requested to bring their ID and DP ID number for easy identification for attendance at the meeting.



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## EXPLANATORY STATEMENT AS REQUIRED U/S 173(2) OF THE COMPANIES ACT, 1956

**ITEM 7 : Explanatory Statement and reasons for proposing the Resolution at Item No.7 of the Notice for alteration of the authorised share capital and alteration in the memorandum and Articles of Association of the Company.**

At present, the authorised capital of the Company is Rs.15 crore as set out in clause V of the Memorandum of Association of the Company consisting of 1,41,40,000 (One crore forty one lacs and forty thousand) Equity shares of Rs. 10 each and 86,000 (Eighty Six thousand) 15% Cumulative Redeemable Preference Shares of Rs. 100 each.

The paid-up equity share capital as on March 31, 2008 is Rs.10,24,22,000. The company issued Foreign Currency Convertible Bond (FCCB) for an amount of USD 23 Million in last financial year out of which USD 8.5 Million converted by the FCCB holders and against the said conversion the company allotted 6,63,600 shares during the financial year 2007-08 and USD 14.50 Million of FCCB yet to be converted. If FCCB holders exercise their option of conversion bond into equity shares then the paid-up capital of the company will be Rs.11,37,42,200.

The company has grown at a rapid pace for last three years. The company expanded its production capacity of Paper Plants and also established Pulp Mill and SBS Board Unit. Further the Cement plants of the company also in the stage of completion. The company's assets base has grown at a compounding annual rate of over 46%.

Further the company has also taken effective steps to establish three more green field cement plants in the state of Rajasthan, Karnataka and Gujarat. The company requires huge amount of fund to setup the same. Given the future capital requirements for the proposed plants, the company proposes to fresh issue of equity shares and hence the need of increase in authorise capital arise.

Your approval is, therefore, sought to the amendment of the said Clause V of the Memorandum of Association of the Company vide Resolution at item no. 7 of the Notice.

The relevant extract from clause V at present vis-à-vis the proposed amendment is given below for ready reference of the Members:

| Extract from Clause V at present | With the proposed amendment |
|---|---|
| The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,41,40,000 (One Crore Forty One Lacs Forty Thousand Only) Equity Shares of Rs.10/- each and 86,000 (Eighty Six Thousand) 15% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each. | The share capital of the Company is Rs. 25,00,00,000 (Rupees Twenty Five Crores) divided into 2,41,40,000 (Two Crores Forty One Lacs and Forty Thousand only) Equity shares of Rs. 10 each and 86,000 (Eighty Six Thousand) 15% Cumulative Redeemable Preference Shares of Rs. 100 each. |

The Directors recommended the adoption of the Resolution at Item No. 7 of the Notice.

None of the Director of the company is interested in the above resolutions.



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**ITEM 8 : Increment of remuneration of the Whole-time directors and relatives of directors' holding the place of Profit.**

The remuneration committee of the Company proposes to increase the salary of Managing Director and other whole time directors after review the present market rate and the standard of the payment of Industry. Further the committee also proposes to increase the remuneration of relatives of the directors those are holding the place of profit for last several years. The amount of the remuneration after increment is well below the limit prescribed as per section 210 and 211 of the Companies Act, 1956 and as per schedule XIII.

Shri Nandlal Maloo, Shri Bajranglal Maloo, Shri Lalchand Maloo and Shri Sunil Kumar Maloo, Directors of the company are interested in the above resolutions.

By Order of the Board of Directors
For Murli Industries Limited

**Nandlal Maloo**
Managing Director

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# Directors' Report

To the Members,

It gives us a great pleasure to present this Seventeenth Report of the Board of Directors on the state of affairs of the Company for the year ended on 31st March 2008.

## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

| Sr. No. | Particulars | Financial Year 2007-08 | Financial Year 2006-07 |
|---|---|---|---|
| 1 | Sales | **64918** | 52,393 |
| 2 | Profit Before Interest and Depreciation | **11376** | 7,794 |
| 3 | Interest | **1794** | 1,229 |
| 4 | Profit Before Depreciation | **9582** | 6,566 |
| 5 | Depreciation | **2568** | 1,839 |
| 6 | Profit Before Tax | **7014** | 4,726 |
| 7 | Provision for Tax | **1585** | 615 |
| 8 | Profit after Tax | **5429** | 4,110 |
| 9 | Profit Brought forward from Previous Years | **9034** | 5553 |
| 10 | Surplus available for appropriation | **14051** | 9663 |
| 11 | Proposed dividend and tax thereon | **2397** | 218 |
| 12 | Transfer to General Reserve | **543** | 411 |
| 13 | Surplus carried forward to Balance Sheet | **11111** | 9034 |

## OPERATIONS

Your Company achieved a turnover of Rs 64918 Lacs during the period under review, as compared to Rs 52,393 Lacs during the previous year. This improved performance can be attributed to good demand for Soya products and full effect of Writing Printing Paper Unit which has completed the second full year of its operations. The Profit after Tax is Rs 5,429 Lacs against Rs 4,110 Lacs in the previous year registering an increase of %. The Cash accruals are at Rs 7,997 Lacs, which grew % over previous year's Rs 5,949 Lacs.

## DIVIDEND

During the last year the Company earned a record profit after tax of Rs. 5429 Lacs, exceeding Rs 5000 lacs PAT in its corporate history for the first time. As discussed earlier that your company would require financial resources in its Cement business, you would agree that for a brighter future, it advisable to conserve our resources. Still, the Company would be pleased to announce a dividend of 20% or Rs 2 per share. Hence Board proposes a dividend of Rs. 2 per share i.e. 20% of the face value and the total payout will be Rs. 2,39,65,724.

## TRANSFER TO RESERVES

The company has proposed to transfer required amount to the General Reserve out of the amount available for appropriations.



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## ISSUE OF EQUITY SHARES

As you know that the Company issued Foreign Currency Convertible Bond (FCCB) for an amount of USD 23 Million on 5th February, 2007 (i.e. approx INR 105 Crores). Some of the FCCB holder applied for the conversion of FCCB into the Equity Shares of the Company in the month of July and August in the F.Y. 2007-08 and the company issued 6,63,600 equity shares against the conversion of USD 8.5 Million.

After issue of 6,63,600 equity shares the total paid up Equity Shares of the Company increased to 1,02,42,200 Shares.

## CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

The Auditor, M/S Demble Ramani & Co., has certified the Company's compliance of the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement. The said Certificate together with the management discussion and analysis statement is attached with and forms part of this Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of The Companies Act 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(1) In the preparation of the annual accounts for the financial year ended 31st March 2008, the applicable accounting standards have been followed.

(2) The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were 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 and the profit and loss of the Company for the year under review.

(3) The Directors have taken proper and sufficient care of the maintenance of adequate accounting records with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(4) The Directors have prepared the Annual Accounts on a going concern basis.

## DIRECTORS

Shri Nandlal Maloo, Shri Lalchand Maloo and Shri B. P. Ganu retire at the ensuing Annual General Meeting, and being eligible offer themselves for reappointment. The Board recommends their reappointment as Directors subject to their retirement by rotation.

## AUDITORS

M/s. Demble Ramani & Co., Chartered Accountants, who are the statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting, and are eligible for reappointment. They have shown their willingness to accept reappointment and have further confirmed their eligibility under section 224(1B) of the Companies Act 1956.

## STOCK EXCHANGE INFORMATION

The Equity shares of the Company continue to remain listed on the Bombay Stock Exchange and National Stock Exchange and the annual listing fees have been paid to all the Exchanges. The application for the delisting of the



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company from the Calcutta Stock Exchange is still pending. Further USD 8.5 Million of Foreign Currency Convertible bond (FCCB) converted during the year into equity shares of the Company and remaining USD 14.5 Million of FCCB are listed on the Singapore Stock Exchange.

## OTHER INFORMATION

Inter-personnel relations in the Company remained harmonious during the period under review. Particulars as required under Section 217 (1)(e) of the Companies Act, 1956 relating to Conservation of Energy and Technology Absorption are provided in the annexure to this report together with particulars of Employees as required under section 217 (2A)(a) of the Companies Act 1956.

## ACKNOWLEDGEMENT

The Directors acknowledge the continued assistance, support and cooperation received from the Customers, Vendors, Financial Institutions, Banks, Government & Semi-Government authorities and Shareholders during the year under review.

The Board also wishes to record its sincere appreciation of the total commitment, dedication and hard work put in by the sincere Employees.

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**For and on behalf of Board of Directors**
**of Murli Industries Limited**

| | |
|---|---|
| **NANDLAL MALOO** | **BAJRANGLAL MALOO** |
| MANAGING DIRECTOR | DIRECTOR |



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