



**MURLI**

MURLI INDUSTRIES LTD.

ANNUAL REPORT 2012-2013



agro cement power paper

The text is arranged in a row, with each word in a different color: 'agro' in green, 'cement' in blue, 'power' in red, and 'paper' in purple. Above each word is a small grey icon: a leaf for 'agro', a mortar and pestle for 'cement', a power plug for 'power', and a roll of paper for 'paper'. Vertical dotted lines extend from the bottom of each word.



vukfJr%deDya] dk; zdelzdkfr ; %  
I I @; kl h p ; kxh p] u fujfxkuZpkfd; %A

He who preforms action that ought to be done,  
without depending on the fruit of action,  
He is a Sanyasi and he is a yogi.  
Not he who dose not light the sacred fire and perform no rites.

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## Board of Directors



Shri Nandlal Maloo



Shri Bajranglal Maloo



Shri Lalchand Maloo



Shri Sunil Kumar Maloo



Shri Yashpal Dhiman



Shri B. P. Ganu



Shri Rajendra P. Gupta



Shri V. P. Thergaonkar



Shri Subhash Rode



Shri Avinash Mardikar



Shri Alok Srivastava

### Chairman & Managing Director

Shri Nandlal B Maloo

#### Executive Director

Shri Bajranglal Maloo

Shri Lalchand Maloo

Shri Sunil Kumar Maloo

Shri Yashpal Dhiman

#### Non - Executive Director

Shri Bhargavram P. Ganu

Shri Rajinder P. Gupta

Dr. Vinayak P. Thergaonkar

Shri Avinash P. Mardikar

Shri Subhash A. Rode

Shri Alok Srivastava

#### AUDIT COMMITTEE

Shri Bhargavram P. Ganu | Chairman

Shri Nandlal Maloo | Member

Shri Rajinder P Gupta | Member

#### REMUNERATION COMMITTEE

Shri Bajranglal Maloo | Chairman

Shri Yashpal Dhiman | Member

Shri Bhargavram P. Ganu | Member

#### SHAREHOLDER & INVESTOR GRIEVANCE COMMITTEE

Shri Subhash A. Rode | Chairman

Shri Avinash P. Mardikar | Member

Shri Nandlal Maloo | Member

#### PROJECT MONITORING COMMITTEE

Shri Rajinder P. Gupta | Chairman

Shri Lalchand Maloo | Member

Shri Vinayak P. Thergaonkar | Member

#### **BANKERS & FINANCIAL INSTITUTION**

Allahabad Bank  
Axis Bank Ltd.  
Bank of Maharashtra  
Corporation Bank  
IDBI Bank Ltd.  
Punjab and Sind Bank  
State Bank of Hyderabad  
State Bank of Mysore

State Bank of Travancore  
Andhra Bank  
Bank of Baroda  
IFCI Limited  
Punjab National Bank  
SICOM Ltd.  
State Bank of India  
State Bank of Patiala

#### **CORPORATE IDENTIFICATION NO.**

L01110MH1991PLC064271

#### **AUDITORS**

Demble Ramani & Co., 201, M.G. House, K. T. Road, Civil Lines, Nagpur - 440001

#### **LINK INTIME INDIA PRIVATE LIMITED**

C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (west) Mumbai - 400078  
Phone : 022-25960320, 25963838 FAX : 022-25962691 Email : helpline@intimespectrum.com

#### **Company Secretary & Compliance officer**

Tarun K. Singh, 101, Jai Bhawani Society, Central Avenue, Wardhman Nagar, Nagpur - 440008

#### **REGISTERED OFFICE**

101, Jai Bhawani Society, Central Avenue,  
Wardhman Nagar, Nagpur 440008.  
PH : 0712 -2768912 FAX : 0712- 2761145  
EMAIL : info@murliindustries.com  
WEB SITE: www. murliindustries.com

#### **CORPORATE OFFICE**

'Radha House' 239, East Wardhman  
Nagar, Central Avenue, Nagpur 440008  
PH : 0712 -3050000 FAX : 0712- 2684422  
EMAIL:info@murliindustries.com  
WEB SITE: www. murliindustries.com

#### **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	:	VIII. Vadoda, Tah. Kamptee, Dist. Nagpur
NEWSPRINT PAPER UNIT	:	VIII. Vadoda, Tah. Kamptee, Dist. Nagpur
WRITING & PRINTING PAPER UNIT	:	VIII. Vadoda, Tah. Kamptee, Dist. Nagpur
PAPER POWER UNIT (18 MW)	:	VIII. Vadoda, Tah. Kamptee, Dist. Nagpur
PULP MILL	:	VIII. Vadoda, Tah. Kamptee, Dist. Nagpur
SBS BOARD UNIT	:	VIII. Vadoda, Tah. Kamptee, Dist. Nagpur
CEMENT UNIT	:	VIII. Naranda, Tah. Korpana, Dist. Chandrapur
CEMENT POWER UNIT (50 MW)	:	VIII. Naranda, Tah. Korpana, Dist. Chandrapur



**MURLI**

## Highlights for last Eight Years

### 2005

2005

Commissioned Writing Printing Power Unit, capacity of 300 TPD

Commissioned another captive Power Unit of 15 MW to cater the increased power requirement

### 2006

2006

First time the Turnover of the Company crosses ` 5000 Million

The Name of the Company changed from Murli Agro Products Limited to Murli Industries Limited

### 2007

2007

Successfully floated the Foreign Currency Convertible Bond in London of USD 23 Million & securities listed on Singapore Stock Exchange. 2007 the backward Integration of Paper unit i.e. Pulp Mill established with a capacity of 150 TPD to cater the need of high quality Raw Material for the Writing & Printing Paper Unit

### 2008

2008

Expansion of capacities of News Print Unit from 70 TPD to 140 TPD

### 2009

2009

Newly established SBS Board Unit, commenced its production, established with a capacity of 250 TPD

### 2010

2010

Cement Unit established with a capacity of 3 MnT

Setting Up of Power Plant at Chandrapur with a capacity of 50 MW to cater the power requirement of Cement Unit

### 2012

2012

Turnover of the company crossed the mark of Rs.1000 Crore



## Chairman & Managing Director's Statement:

Dear Shareholders,

I am Sharing with you the present status of Murli Industries Limited.

The country witnessed worst slow down in FY

2012-13 of the Indian economy in last five years. The financial experts revised several time the GDP of the country in the down side. The GDP was the lowest in the last five years at modest 5%. The same uncertainty was witnessed throughout the world. During this period the most affected sector was the manufacturing sector.

Murli Industries Limited was also not the exception. Your company suffered hard due to lower in demand in other countries and higher input cost. Your company took the necessary steps to minimize the effect of the same by better efficiency, curb down the cost of the company, streamlined the supply chain and cost effective operations. The management established new facility to reach the customer and trading facility for dealer. The company continued to attract the finest talent of the industry. We have always believed that our biggest assets are our people.

The management focused mostly on the paper and cement segment of the company. The literacy rate in India has gone up at a good rate which effected positively on the Paper Sector. The demand in the paper has gone up in the recent time. The initiative taken by the Government to curtail the use of poly base product in daily use also helped to increase the demand of Paper board and SBS board.

The Cement sector witnessed lower demand during the financial year 2012-13 due to slow down in the reality sector. There was also slow down in the infrastructure development by the Govt. which also affected the demand of the

Cement. Further addition of new capacities in the cement industry also played important role to fill the gap between demand & supply of the product. Further there are several other factors led to lower capacity utilisation which has been stated in the later part of the Annual Report. There were several existing company expanded their existing capacity as well as few new green field plant started production during the year.

The main product of the company i.e. Agro division could not be operated in the previous year. The reason for the same has been given in the later part of the Annual Report.

In the previous letter to the shareholders, I informed that the company is facing financial stress and the Debt of the company restructured. The company could achieve the turnover of Rs.79,940 lacs even in this adverse financial situation. The company earned negative profit of Rs.23,443 lacs.

The management expects that the financial year 2013-14 will also witness same volatility due to lower GDP, devaluation of Indian currency and high rate of interest. The management of your company is still confident and its top priority is to speedy restoration of company's business health and laying down the strong foundation for future growth. The management assures that they will not hesitate to take any harsh decision to reorganize and to attain the prior glory of the company.

Before I conclude my remarks I would like to once again thank you with the bottom of my heart for having been associated with us and partnering us in our corporate journey. I concede unreservedly that you have all along been the main architects of our fabulous successes and do sincerely hope that the coming days would witness further deepening of our symbiotic relations.

Yours truly,

Nandlal Maloo  
Chairman & Managing Director



**MURLI**



## **Statutory Reports: Notice of Annual General Meeting NOTICE**

**NOTICE is hereby given that Twenty Second Annual General Meeting of the Members of MURLI INDUSTRIES LIMITED will be held on Saturday, 14th December, 2013 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 30th June 2013 and the Profit and Loss Account for the 15 months ended on that date together with the Reports of the Directors and Auditor thereon.
2. To appoint M/s Demble Ramani & Co., Chartered Accountants, as statutory auditors of the company, 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.

### **SPECIAL BUSINESS:**

3. To consider and if fit to pass with or without modification the following Resolution as an Ordinary Resolution : Re- Appointment of Shri Nandlal Maloo as a Managing Director:

RESOLVED that in accordance with the provisions of Section 269, 198 & 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and applicable provision of new Companies Act, 2013 or any subject to such other approvals, as may be necessary, approval of the Company be and is hereby accorded to the reappointment of Shri Nandlal Maloo as a Wholetime Director, designated as a Managing Director, of the Company for a period of five years commencing from September 25, 2013 on such remuneration as decided by the board of directors in its meeting held on August 29, 2013.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to alter or vary the terms of appointment of Shri Nandlal Maloo, including relating to remuneration, as it may, at its discretion, deem fit, from time to time, provided however that the remuneration after the alteration/ variation shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any Statutory amendment or re-enactment thereof. "

RESOLVED FURTHER that pursuant to all applicable provisions of the Companies Act, 1956, the remuneration, as decided by the board of directors in its meeting held on August 29, 2013, be paid as minimum remuneration to Shri Nandlal Maloo, in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment.

4. To consider and if fit to pass with or without modification the following Resolution as an Ordinary Resolution : Re- Appointment of Shri Bajranglal Maloo as a Whole Time Director, :

RESOLVED that in accordance with the provisions of Section 269, 198 & 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and applicable provision of new Companies Act, 2013 or any subject to such other approvals, as may be necessary, approval of the Company be and is hereby accorded to the reappointment of Shri Bajranglal Maloo as a Wholetime



Director, of the Company for a period of five years commencing from September 25, 2013 on such remuneration as decided by the board of directors in its meeting held on August 29, 2013.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to alter or vary the terms of appointment of Shri Bajranglal Maloo, including relating to remuneration, as it may, at its discretion, deem fit, from time to time, provided however that the remuneration after the alteration/ variation shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any Statutory amendment or re-enactment thereof. "

RESOLVED FURTHER that pursuant to all applicable provisions of the Companies Act, 1956, the remuneration, as decided by the board of directors in its meeting held on August 29, 2013, be paid as minimum remuneration to Shri Bajranglal Maloo, in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment.

5. To consider and if fit to pass with or without modification the following Resolution as an Ordinary Resolution : Re- Appointment of Shri Lalchand Maloo as a Whole Time Director, :

RESOLVED that in accordance with the provisions of Section 269, 198 & 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and applicable provision of new Companies Act, 2013 or any subject to such other approvals, as may be necessary, approval of the Company be and is hereby accorded to the reappointment of Shri Lalchand Maloo as a Wholetime Director, of the Company for a period of five years commencing from September 25, 2013 on such remuneration as decided by the board of directors in its meeting held on August 29, 2013.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to alter or vary the terms of appointment of Shri Lalchand Maloo, including relating to remuneration, as it may, at its discretion, deem fit, from time to time, provided however that the remuneration after the alteration/ variation shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any Statutory amendment or re-enactment thereof. "

RESOLVED FURTHER that pursuant to all applicable provisions of the Companies Act, 1956, the remuneration, as decided by the board of directors in its meeting held on August 29, 2013, be paid as minimum remuneration to Shri Lalchand Maloo, in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment.

6. To consider and if fit to pass with or without modification the following Resolution as an Ordinary Resolution : Re- Appointment of Shri Sunil Kumar Maloo as a Whole Time Director, :

RESOLVED that in accordance with the provisions of Section 269, 198 & 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and applicable provision of new Companies Act, 2013 or any subject to such other approvals, as may be necessary, approval of the Company be and is hereby accorded to the reappointment of Shri Sunil Kumar Maloo as a Wholetime Director, of the Company for a period of five years commencing from September 25, 2013 on such remuneration as decided by the board of directors in its meeting held on August 29, 2013.



RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to alter or vary the terms of appointment of Shri Sunil Kumar Maloo, including relating to remuneration, as it may, at its discretion, deem fit, from time to time, provided however that the remuneration after the alteration/ variation shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any Statutory amendment or re-enactment thereof.”

RESOLVED FURTHER that pursuant to all applicable provisions of the Companies Act, 1956, the remuneration, as decided by the board of directors in its meeting held on August 29, 2013, be paid as minimum remuneration to Shri Sunil Kumar Maloo, in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment.

7. To consider and if fit to pass with or without modification the following Resolution as an Ordinary Resolution : Re- Appointment of Shri Yashpal Dhiman as a Whole Time Director, :

RESOLVED that in accordance with the provisions of Section 269, 198 & 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and applicable provision of new Companies Act, 2013 or any subject to such other approvals, as may be necessary, approval of the Company be and is hereby accorded to the reappointment of Shri Yashpal Dhiman as a Wholetime Director, of the Company for a period of five years commencing from September 25, 2013 on such remuneration as decided by the board of directors in its meeting held on August 29, 2013.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to alter or vary the terms of appointment of Shri Yashpal Dhiman, including relating to remuneration, as it may, at its discretion, deem fit, from time to time, provided however that the remuneration after the alteration/ variation shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any Statutory amendment or re-enactment thereof. ”

RESOLVED FURTHER that pursuant to all applicable provisions of the Companies Act, 1956, the remuneration, as decided by the board of directors in its meeting held on August 29, 2013, be paid as minimum remuneration to Shri Yashpal Dhiman, in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment.

By Order of the Board of Directors  
of Murli Industries Limited  
Sd/-  
Nandlal Maloo,  
Chairman & Managing Director

**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.

Proxy in order to be effective proxy form must be deposited at the Company's registered office at 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 7th December, 2013 to 14th December, 2013 (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 Wardhaman 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.

**EXPLANATORY STATEMENT AS PER SECTION 173 (2) OF THE COMPANIES ACT, 1956**

Item No. 3,4,5,6 & 7

The term of office of the Whole time directors, Shri Nandlal Maloo, Shri Bajranglal Maloo, Shri Lalchand Maloo, Shri Sunil Kumar Maloo and Shri Yashpal Dhiman, is expiring on September 25, 2013. The board of directors in its meeting held on August 29, 2013 considered and recommended to reappoint all these directors for further period of five years.

The board recommended to continue with existing terms and conditions and also recommended to continue with the salary which was fixed by the members in its Annual General Meeting held on September 25, 2008. Your directors feel that their appointment shall be in the interest of the Company.

None of the directors of the Company are deemed to be interested except Shri Nandlal Maloo, Shri Bajranglal Maloo, Shri Lalchand Maloo, Shri Sunil Kumar Maloo and Shri Yashpal Dhiman.

Your directors commend the resolution for your approval.

By Order of the Board of Directors  
For Murli Industries Limited

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

Sd/-  
Nandlal Maloo  
Chairman & Managing Director



## Directors' Report

### To the Members,

Your company's Directors are pleased to present the 22nd Annual Report of the Company along with the audited accounts for the financial year (Fifteen months) ended 30th June, 2013.

### 1.1 Financial Results

The financial performance of the Company for the financial year (fifteen months) ended June 30, 2013 is summarized below :

(₹ in Lacs)

Sr.No.	Particulars	Financial Year 2012 - 2013 (For Fifteen Months)	Financial Year 2011 - 2012 (For Twelve Months)
1	Sales	79,940	109,044
2	Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	(4,244)	(10,123)
	Less: Finance Cost	20,063	12,705
	Depreciation And Amortisation Expenses	7,999	6,673
	Profit Before tax	(32,306)	(29,501)
	Less : Current Tax (Earlier Years)	13	377
	Add: Deferred Tax (Assets)	8,876	13,820
	Profit for the Year	(23,443)	(16,058)
	Less: Prior Period Item	-	-
	Add: Balance in Profit & Loss Account	(15,891)	167
	TOTAL	(39,334)	(15,891)
	Less: Appropriation :		
	Proposed Dividend on Equity Shares	0.00	0.00
	Tax on Dividend	0.00	0.00
	Closing Balance	(39,334)	(15,891)

### 1.2 Segmentwise Turnover

(` in Lacs)

Sr.No.	Particulars	Financial Year 2012-13 (Sales) (For Fifteen Months)	Financial Year 2011-12 (Sales) (For Twelve Months)
1	Solvent Extraction	7,686	29,194
2	Paper	31,750	33,271
3	Power	11,062	12,531
4	Cement	29,443	34,048
	Total	79,941	1,09,044

Note: The board of directors in its meeting held on 30.03.2013 decided to extend its financial year by three months and hence all the figures in the annual report for the year ended 2012-13 is for fifteen months instead of twelve months.

## Financial Operations :

During the period under review the company achieved a turnover of Rs. 79,941 Lacs as compared to Rs 1,09,044 Lacs during the previous year 2011-12. The company earned negative profit of Rs. 23,443 Lacs during the year. The accumulated loss of the company reached to Rs. 39,334 Lacs.

The accumulated losses, i.e. losses incurred during the year plus the carried forward losses, exceed the net worth of the company and hence the network of the company is eroded as on 30th June, 2013. The Company requires to apply to the BIFR under the provision of Chapter III of Sick Industrial Companies (Special Provisions) Act, 1985 for determination whether the Company is a Sick Industrial Company or not. Hence the board of the directors of the company in its meeting held on 29th August, 2013 has decided to refer to Board for Industrial & Financial Reconstruction (BIFR).

BIFR after registration will appoint an Operating Agency to examine and recommend the measures for revival of the Sick Company. The Management of the Company will take all possible steps for revival of the company.

## Dividend

In view of losses, Directors regret their inability to recommend dividend for the financial year ended 30th June, 2013.

## Subsidiary Company :

The company has four wholly owned subsidiary companies as on June 30, 2013. The names are - (i) Murli Cement Limited; (ii) Murli Cement (Maharashtra) Limited; (iii) Murli Cement (Rajasthan) Limited; and (iv) Murli Cement (Karnataka) Limited. The companies are incorporated but yet to start their operation. The board in its meeting held on May 9, 2013 proposed not to attach the balance sheet of the subsidiary companies. The company applied to the Ministry of Corporate Affairs for the general exemption from attaching balance sheet, P&L accounts and other reports of the subsidiary companies.

## Finance :

The Corporate Debt Structuring (CDR) is being implemented vide the CDR Cell. The Period of scheme was sanctioned for ten years from the cutoff date i.e. 1st September, 2010. The company on the same applied to the banks for reworking of the CDR in view of non release of facilities by bankers during the moratorium period and further deteriorating in the financials of the company. The decision of the consortium members is awaited.

## 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 Stock Exchange, Kolkata accepted the pending application for delisting of the company and the company delisted from the Exchange with effect from 13th March, 2013. USD 5.5 Million Foreign Currency Convertible Bond (FCCB) matured on February 5, 2012. The FCCB of the company delisted from Singapore Stock Exchange with effect from March 09, 2012.

## Registrar & Transfer Agent:

Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West) Mumbai - 400078 is the Registrar and Share Transfer Agent of the company for the physical and demat shares. The members are requested to contact the Registrar directly for any of their requirements.

## Corporate Governance Report and Management Discussion and Analysis Statement

The Auditors, M/S Demble Ramani & Co., have 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 June 30, 2013, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- (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 as at June 30, 2013 and the profit and loss of the Company for the year ended on that date;
- (3) The directors have taken proper and sufficient care of 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; and
- (4) The directors have prepared the Annual Accounts of the company on a 'going concern' basis.
- (5) AS 22 of ICAI adopted this year for the preparation of deferred tax assets and deferred tax liability of the company.

## CEO / CFO Certificate:

The Chairman and Managing Director and the Chief Executive Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Chairman and Managing Director and the Chief Executive Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

## Directors

The period of Five years of Shri Nandlal Maloo, Managing Director of the company will end on 24th September, 2013. The remuneration committee and the board of directors approved his appointment for next five years subject to the approval of shareholders in the ensuing AGM at the existing remuneration. Further Shri Bajranglal Maloo, Shri Lalchand Maloo, Shri Sunil Kumar Maloo and Shri Yashpal Dhiman, Whole time directors of the company will also retire at the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment. The Remuneration committee and the Board recommend their reappointment as Directors for next five years subject to their retirement by rotation subject to approval of the shareholders in the ensuing AGM at their existing salary.

## Chairman

Shri Shobhagmal Maloo, existing non-executive chairman, has resigned from the post of chairman and director of the company due to health and his commitment towards social work. The board accepted his resignation in its meeting held on 9th May, 2013. Further the board appointed him as a Chairman Emeritus of the company considering his contribution towards the company. The board of directors of the Company in its meeting held on 29th August, 2013 appointed Shri Nandlal Maloo as Chairman of the Company alongwith the Managing Director.

## Auditors

M/s. Demble Ramani & Co., Chartered Accountants, statutory Auditor of the Company, will retire at the conclusion of the ensuing Annual General Meeting, and is eligible for reappointment. It has shown its willingness to accept reappointment and has further confirmed its eligibility under section 224(1B) of the Companies Act 1956 and not disqualified for reappointment within the meaning of Section 226 of the said Act.

## Cost Auditors

The Central Government has approved the appointment of the M/s Khanuja Patra & Associates, cost auditors for conducting the Cost Audit for the Agro Business, Paper Business and Cement Business for the financial year

2012-13.

## 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.

## Appreciation & Acknowledgment

Directors wish to place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry.

The Board place on record their deep appreciation for the support and co-operation which your company has been receiving from its suppliers, distributors, business partners, and other associated with the company as its trading partner.

Directors also take this opportunity to thank all investors, clients, Vendors, Financial Institutions, Banks, Government & Semi-Government authorities and stock exchanges for their continued support.

For and on behalf of the Board of Directors

For Murli Industries Limited

Sd/-

Nandlal Maloo

Chairman & Managing Director

Place: Nagpur

Date: 14th November, 2013



## Annexure to the Report of the Directors:

Information under section 217(e) of the Companies Act, 1956 read with companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report

### (I) Conservation of Energy

The power generated by Captive Power Plants situated at Paper Unit, Umred, Nagpur and Cement Plant, Chandrapur are used for captive consumption thus saving the overheads on power & conserving energy as well. The company established the power unit with advance technique and latest machinery for maximum utilization and saving the power pilferage. Also the company utilized the electric saver equipment in all the factories and office premises for saving the maximum power possible. It shows the great result by saving the power to a great extent. Further to conserve the energy at best possible way necessary steps has been taken wherever it was required.

All manufacturing units of the Company continued the endeavor to improve specific energy consumption, a measure of energy used per unit of consumption.

### (II) Impact of measures above for reduction of energy consumption and consequent impact on the cost of production of goods

Energy's conservation measures initiated across the company's businesses have resulted in significant savings and helped partially offset the inflationary trend in the fuel/electricity costs. Business wise specific energy consumption figures indicate very competitive performance. The energy saving also helped the company to reduce total Carbon Dioxide emissions.

Information under section 217 (2A)(a) of the Companies Act 1956 read with companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report :

### (I) FORM A :

#### (a) Power and Fuel Consumption

Products	2012-2013 (For Fifteen Months) De-oiled cake, Refined Oil, Duplex Board, Newsprint, Writing Printing Paper, Power, SBS & Cement	2011-2012 (For Twelve Months) De-oiled cake, Refined Oil, Duplex Board, Newsprint, Writing Printing Paper and Power, SBS & Cement
<b>1. ELECTRICITY</b>		
(i) Purchased		
Units (KWH )Lacs	170.58	277.49
Total Amount ( ` Lacs)	1358.63	1,854.57
Rate/Unit ( ` )	7.96	6.68
(ii) Own Generation (MW)	1,776.76	1,832.65
<b>2. COAL</b>		
Steam Coal (MT)	3,66,804.74	4,70,098.27
Total Cost ( ` Lacs)	6,314.74	9,353.12
Avg. Rate ( ` /MT)	1,721.55	1,989.61
<b>3. OTHER / INTERNAL GENERATIONS</b>	NIL	NIL



**(b) Consumption per unit of Production**

	2012-2013 (For Fifteen Months)	2011-2012 (For Twelve Months)
Products	De-oiled cake, Refined Oil, Duplex Board, Newsprint, Writing Printing Paper, Power, SBS & Cement	De-oiled cake, Refined Oil, Duplex Board, Newsprint, Writing Printing Paper, Power, SBS & Cement
Electricity (KWH)	199.72	186.12
Steam Coal (MTs)	0.38	0.41
Others	NIL	NIL

**(II) Technology Absorption**

**Research and Development (R & D)**

The Company established research and development centre for the cement products at Cement Unit, Chandrapur. This centre has been concentrating on the research and development of cement products and its best use. The company with the association of SOPA has been carrying out R&D activities in Soya Segment for best possible production of soyabean in the adverse condition of the Vidarbha Region and its neighbor States.

**Technology Absorption, Adaptation and Innovation :**

Company has already established the latest technology available in the technical field; however it seeks to introduce new innovations for increasing the production capacity and for better quality of its products.

**(III) Foreign Exchange Earnings and Outgoings**

The Company exported Soya De-oiled Cake, News Print, Writing Printing Papers and Duplex Board to Bangladesh and Srilanka. However foreign exchange outgoings were on account of Import of Waste paper for Company's Duplex Board, Newsprint, Writing Printing Units and SBS Board Unit for the current as well as previous year.

Sr.No.	Particulars	2012 - 2013 (For Fifteen Months)	2011 - 2012 (For Twelve Months)
1	FOB Value of Exports (In Lacs)	INR 42.00	INR 202.00
2	FOB Value of Exports (In Lacs)	USD 0.80	USD 4.00
3	Foreign Exchange Outgoings		
4	CIF Value of Imports (In Lacs)	INR 1,553.00	INR 4,763.00
5	CIF Value of Imports (In Lacs)	USD 29	USD 102

**Annexure to the Report of the Directors related to Employees Remuneration U/sec 217(2A)(a):**

Name	Age	Designation	Gross Remuneration	Net Remuneration	Qualification	Experience	Date of Commencement of Employment	Previous Employer
*Shri Kamal Kishore Tapadia	62	CEO	Rs. 72/- Lacs p.a.	Rs. 5,40,000 per month	BE (Mechanical)	36 yrs.	01/04/2013	Universal Construction Machinery & Equipment Ltd., Pune

Note: Joined on 01.04.2013.



## Management Discussion & Analysis

The Indian Economy experienced modest GDP of around 5% - 5.5% during the Financial Year 2012-13. The volatility and uncertainty present in economy of some of Europe countries and USA also wretched Indian economy badly. The experts predict the FY 2013-14 will be more troublesome for the Indian economy as GDP may be around 4.8%. The devaluation of Indian currency and higher rate of interest will add the problem.

The slowdown affected across the board and none of the industry could escape from it.

The Agro Industry is one of the main sectors which provide the large employment in the rural and sub-urban areas. Agricultural growth was lower at 1.8% on year to year basis as compared to last year's 3.6% due to delay in the monsoon. The industrial growth also experienced the hardship and could achieve mere 1% in the last fiscal year. The mining sector faced the negative growth of 2.5% during the period.

The company was also not untouched. The Solvent Extraction segments of the company could not operate throughout the season and could achieve mere 20% of its last year's production. The Paper and Paper Board segment could achieve the similar revenue in 15 months end as compared to achieved in last financial year of twelve months end. The cement segment also achieved 86% as compared to last financial year end.

During the financial year under review the revenue of the company is Rs.79,940.94 lacs as compared to the revenue of Rs. 1,09,044 lacs in the corresponding period of the previous financial year. The revenue lowered by Rs. 29,103 lacs over the last year's revenue. The Profit After Tax was negative during the current year and the amount of loss was Rs. 32,306 Lacs as compared to Previous Year's loss of Rs. 29,501 Lacs. The negative result of the company was mainly due to higher depreciation, lower capacity utilization of the Cement Unit, non-operation of Solvent Segment and unfavorable market conditions. The banks did not disburse the amount even though the same was sanctioned in the CDR proposal. The cash liquidity problem was also one of main reason for affecting the result of the Company. Even though the scarcity of the fund, the company could manage to operate the Paper Segments and could operate the Cement Unit for partial period which helped to achieve the revenue mentioned above. The Cement Unit of the Company is performing at 30% to 40% capacity and the management has been taking all necessary steps to improve the capacity utilization of the said unit but failed to do due to non-availabilities of approved facilities. We are sure that the problem will sort out shortly and it will achieve its true capacity. It is also a great pleasure for us to inform you that the cement product of your company established a niche market in the central and western India.

During the current year the net worth of the company eroded and became negative and hence the board of the directors decided to approach to the BIFR under the provision of Chapter III of Sick Industrial Companies (Special Provisions) Act, 1985.

### Business Segments:

#### Solvent Extraction Plant

The Solvent Extraction business of the company was the main business since its inception till few years back. This segment of the company was contributed almost 40% of the revenue of the company till three years back. This segment of the company affected most by the shortage of fund facing by the company. The company started its operation at the beginning of the season but could not continue for long for want of fund and stopped the operation shortly. The lower revenue of the company during the period in concern is mainly due to non-performance of this segment.

#### Agro Unit I :

The Agro Unit I of the company achieved revenue of Rs. 3,765.33 Lacs during the current period i.e. fifteen months ended on June 30, 2013 as compared to Rs. 7,785.60 Lacs for the period of twelve months ended 31.03.2012. The revenue of the company is reduced by 48.36% in the current period in concern due to non-operation of the plant for almost 3/4th period of the season. The profit after tax of the Unit I was negative this year too. But the company could manage to reduce the loss during the current period even though it could not perform full season. The negative profit of the Agro Unit I was Rs. 1,218.29 lacs for the period ended 30.06.2013 as compared to the loss of Rs. 2,315.86 Lacs for the financial year ended 31.03.2012. The management has been looking for alternative arrangement for running the plants in the coming season and hoping this year it can operate for full season and can achieve the revenue like preceding years.

The Summarized Financial Result is as under :

( ` in Lacs)

Sr.No.	Particulars	Financial Year 2012 - 2013 (For Fifteen Months)	Financial Year 2011 - 2012 (For Twelve Months)
1	Sales	3,765.32	7,785.60
2	Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	(508.86)	(1,855.49)
	Less: Finance Cost	685.90	438.36
	Depreciation And Amortisation Expenses	23.53	22.02
	Profit Before Tax	(1,218.29)	(2,315.87)
	Less : Current Tax (Earlier Years)	0.41	0.00
	Add: Deferred Tax (Assets)	360.06	1,165.38
	Profit for the Year	(858.64)	(1,150.48)
	Less: Prior Period Item	0.00	0.00
	Add: Balance in Profit & Loss Account	4,128.33	5,278.81
	Closing Balance	3,269.69	4,128.33

## Agro Unit II

The story of this Unit is also not different from Agro Unit I. During the period under review the revenue of the Agro Unit II was Rs. 3,920.55 Lacs for fifteen months ended 30.06.2013 as compared to Rs. 21,408.84 Lacs for the twelve months ended 31.03.2012. The revenue of the Unit gone down to almost 18% as compared to the previous year's revenue for the twelve months ended on 31.03.2012. The profit of the company was having negative effect. During the financial year ended 30.06.2013 Agro Unit II suffered through loss of Rs.1,063.99 Lacs as compared to the loss of Rs. 2,939.99 Lacs for the same period in the previous year ended 31.03.2012. The loss during the period in concern has reduced by Rs. 1,876.00 Lacs . During the current financial year the loss reduced by 64% as compared to the previous financial year ended 31.03.2012.

The Summarized Financial Result is as under:

( ` in Lacs)

Sr.No.	Particulars	Financial Year 2012 - 2013 (For Fifteen Months)	Financial Year 2011 - 2012 (For Twelve Months)
1	Sales	3,920.55	21,408.84
2	Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	(317.15)	(2,416.49)
	Less: Finance Cost	666.90	460.26
	Depreciation And Amortisation Expenses	79.94	63.24
	Profit Before Tax	(1,063.99)	(2,939.99)
	Less : Current Tax (Earlier Years)	0.23	9.46
	Add : Deferred Tax (Assets)	315.40	1,479.45
	Profit for the Year	(748.82)	(1,469.99)
	Less : Prior Period Item	0.00	-
	Add: Balance in Profit & Loss Account	7,265.19	8,735.18
	Closing Balance	6,516.38	7,265.19



## Paper Segment

The global demand of paper has gone down in the financial year 2012-13 as compared to the preceding years. The weak financial condition in the US and European market is the main reason for the same. The demand in the domestic market also went down during the period under review as compared to the previous year for the same period. The growth rate in demand was 5.9% during the current period in place of 6.1% in the previous year.

The demand of paper is growing mostly in the growing economy like China and India. This gives opportunity to grow the industry in this subcontinent. But the demand of paper in India is less as compared to China because of lower per capita consumption. The country like China, Indonesia etc. are having large capacity of paper production. The US and Europe has imposed anti dumping duty to boost their domestic industry. India is having Free Trade Agreement with ASEAN countries and hence import duty in India is very low which has been affecting the domestic industry of the country because due to higher duty in US and Europe most of the products divert to our country. This is one of the main reasons for lower margin in the paper industry and this has very bad effects on the smaller and medium size companies.

The Paper segment of the company performed better than other segments during the period under consideration. During the financial year ended on 30.06.2013 the company could manage to earn Revenue of Rs. 31,750.43 Lacs as compared to Rs. 33,271.21 Lacs for the same period of previous year ended on 31.03.2012. The performance of all units was relatively better during the period in question. During the period in concern the Revenue of the segment is almost similar to preceding year but the loss during the current period reduced drastically as compared to the preceding year ended on 31.03.2012. During the period in concern ended on 30.06.2013, the loss was Rs. 1,977.81 Lacs as compared to Rs. 5,506.67 Lacs during the preceding year ended on 31.03.2012.

## Duplex Unit

The Government took several steps to minimize the use of Plastics in the form of carry bag and similar kind of products with an object to save environment and also growth in the manufacturing sectors in India also having positive effects in the demand of duplex board in the domestic market. The effects of the same could be seen in the long run. The company has been utilizing the full capacity of the plants. This Unit of the company achieved revenue of Rs. 4,382.18 Lacs for the fifteen months period ended 30.06.2013 as compared to revenue of Rs. 5,000.88 Lacs for the previous year i.e. twelve months ended on 31.03.2012. The revenue of this unit was slightly lower during the current period in concern as compared to the previous year ended on 31.03.2012. One of the main reasons of low productions is shortage of fund. The Company could achieve the object of reducing loss during the current period as compared to the previous year. The loss during the period under review was Rs. 882.28 Lacs as compared to the loss of Rs. 1,190.90 lacs for the same period in the previous year ended on 31.03.2012. The loss reduced by 26% as compared to the loss in previous year.

The Summarized Financial Result is as under.

(` in Lacs)

Sr.No.	Particulars	Financial Year 2012 - 2013 (For Fifteen Months)	Financial Year 2011 - 2012 (For Twelve Months)
1	Sales	4,382.18	5,000.88
2	Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	(695.49)	(1,054.75)
	Less: Finance Cost	98.80	62.30
	Depreciation And Amortisation Expenses	87.99	73.86
	Profit Before Tax	(882.28)	(1,190.90)
	Less : Current Tax (Earlier Years)	3.21	0.00
	Add: Deferred Tax (Assets)	217.83	599.28
	Profit for the Year	(667.66)	(591.62)
	Less: Prior Period Item	0.00	0.00
	Add: Balance in Profit & Loss Account	672.64	1,264.26
	Closing Balance	4.98	672.64

## NewsPrint Unit

The Govt. of India always encourages to the Indian manufacturers to produce more and more News Print paper and to reduce the dependence on imported news print paper with a view to save the valuable forex. Further the devaluation of the Indian currency also boosts the demand for domestic players. This year your Company saw very good demand for news print but the same could not be capitalized due short of fund. The News paper unit could perform better than it done but failed to do so because of want of fund which clearly depicted in the financial result of the units. During the current period of fifteen months under review your company earned the revenue of Rs.6,732.08 Lacs as compared to the revenue of Rs.7,396.34 Lacs earned in the preceding year for the financial year i.e. twelve months ended 31.03.2012. The revenue has gone down by merely 9%. The positive thing for the company is that it could restrain the loss of the unit to Rs.368.16 Lacs while in the previous financial year ended it was Rs.1,656.14 Lacs. The loss reduced by almost 80% as compared to the previous financial year ended 31.03.2012.

The Summarized Financial Result is as under :

( ` in Lacs)

Sr.No.	Particulars	Financial Year 2012 - 2013 (For Fifteen Months)	Financial Year 2011 - 2012 (For Twelve Months)
1	Sales	6,732.08	7,396.34
2	Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	925.00	(777.96)
	Less: Finance Cost	698.78	318.44
	Depreciation And Amortisation Expenses	594.39	559.74
	Profit Before Tax	(368.16)	(1,656.14)
	Less : Current Tax (Earlier Years)	0.89	0.00
	Add: Deferred Tax (Assets)	145.14	833.40
	Profit for the Year	(223.91)	(822.74)
	Less: Prior Period Item	0.00	0.00
	Add: Balance in Profit & Loss Account	(298.79)	523.95
	Closing Balance	(522.70)	(298.79)

## Writing and Printing Paper Unit

The Government has launched several initiatives like Sarva Shiksha Abhiyan, right of Children to Free and Compulsory education, right to education for all etc. improved the literacy rate of the country and also boosts the demand of writing & printing paper in the domestic market. The estimated current consumption of writing & printing paper is around 3.8 million ton and expected to grow around 7% per annum in the near future. The management has taken special efforts to capitalize the opportunity and utilized its limited resources to the fullest to optimize the revenue of the company. Further the devaluation of the currency also effected positively and helped to grow the demand of the product. Your company uses waste paper as its raw material for the manufacturing of paper. The cost of imported waste paper became dearer due to fluctuation in value of Indian currency. The company has been consistently taking effort to set up a chain in various cities to collect the waste paper in legible condition for reusing the same, which will help to save the environment and will also cost less to the company.

During the period under review the revenue of the Unit was at Rs 11,259.56 Lacs while in Previous Year it was Rs. 12,162.67 Lacs. The revenue during the current financial year i.e. fifteen months ended on 30.06.2013 has slightly gone down in comparison to last financial year i.e. twelve months ended on 31.03.2012. The profit before Tax of the Unit for current period ended 30.06.2013 was negative at Rs. 1,880.01 Lacs as compared to loss of Rs. 2,420.16 Lacs for the same period in previous financial year ended 31.03.2012. The negative profit improved by Rs.540.15 Lacs (i.e. 22.32%) as compared to the last financial year.

**MURLI****The Summarized Financial Result is as under :**

( ₹ in Lacs)

Sr.No.	Particulars	Financial Year 2012 - 2013 (For Fifteen Months)	Financial Year 2011 - 2012 (For Twelve Months)
1	Sales	11,259.56	12,162.68
2	Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	(670.83)	(1,589.63)
	Less: Finance Cost	498.10	174.01
	Depreciation And Amortisation Expenses	711.08	656.53
	Profit Before Tax	(1,880.01)	(2,420.16)
	Less : Current Tax (Earlier Years)	2.55	27.99
	Add : Deferred Tax (Assets)	616.62	1,217.87
	Profit for the Year	(1,265.94)	(1,230.29)
	Less : Prior Period Item	0.00	0.00
	Add : Balance in Profit & Loss Account	(3083.67)	(1,853.38)
	Closing Balance	(4,349.61)	(3,083.67)

**SBS Unit**

Like duplex board the demand of SBS board also has been growing due to Govt. Policy to ban Plastic products and similar kind of products in the daily need. The result has been showing improvement in the performance of the unit. The revenue for the current financial year (fifteen months) ended 30.06.2013 was Rs. 9,376.61 Lacs as compared to revenue of Rs. 8,711.30 lacs in previous financial year (twelve months) ended 31.03.2012. The revenue of the company is increased by Rs.665.30 Lacs i.e. 7.64% over and above the turnover of the previous financial year. The unit has not been performing at its full capacity. The profit before Tax of the Unit for current period ended 30.06.2013 was negative at Rs. 2,099.57 Lacs as compared to loss of Rs. 1,979.54 Lacs for the same period in previous financial year ended 31.03.2012.

The summarized financial result is as under :

( ₹ in Lacs)

Sr.No.	Particulars	Financial Year 2012 - 2013 (For Fifteen Months)	Financial Year 2011 - 2012 (For Twelve Months)
1	Sales	9,376.61	8,711.31
2	Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	603.01	(201.63)
	Less: Finance Cost	1,956.54	1,185.33
	Depreciation And Amortisation Expenses	746.04	592.58
	Profit Before Tax	(2,099.57)	(1,979.54)
	Less : Current Tax (Earlier Years)	5.51	0.04
	Add: Deferred Tax (Assets)	578.35	996.14
	Profit for the Year	(1,526.73)	(983.44)
	Less: Prior Period Item	0.00	0.00
	Add: Balance in Profit & Loss Account	(5,716.34)	(4,732.90)
	Closing Balance	(7,243.07)	(5,716.34)

## Pulp Mill Unit

Due to technical and other unavoidable reason the Pulp Unit remained closed throughout the year.

## Paper Power Unit

The paper plants of the company are having two power co-generation plants one is 3 MW and another is 15 MW. The power generations at these Units totally used for the captive purpose of all the paper plants of the Company. During the period under review, i.e. financial year i.e. fifteen months ended 30.06.2013, the revenue of the Unit was at Rs. 5,897.99 Lacs as compared to Rs. 7,021.51 Lacs for the previous financial year i.e. twelve months ended on 31.03.2012. There was a slightly negative growth in revenue of the unit. The unit has suffered through loss this year too. During the current period in concern the loss was Rs.1,399.21 Lacs as compared to the loss of Rs.1,042.61 Lacs during the previous financial year. The loss was slightly higher in the current financial year as compared to the previous financial year.

The Summarized Financial Result is as under :

( ` in Lacs)

Sr.No.	Particulars	Financial Year 2012 - 2013 (For Fifteen Months)	Financial Year 2011 - 2012 (For Twelve Months)
1	Sales	5,897.99	7,021.51
2	Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	(1,399.21)	(1,042.61)
	Less: Finance Cost	136.46	45.59
	Depreciation And Amortisation Expenses	259.54	236.04
	Profit Before tax	(1,795.20)	(1,324.24)
	Less : Current Tax (Earlier Years)	0.00	1.17
	Add: Deferred Tax (Assets)	0.00	0.00
	Profit for the Year	(1,795.20)	(1,325.41)
	Less: Prior Period Item	0.00	0.00
	Add: Balance in Profit & Loss Account	3,627.95	4,953.36
	Closing Balance	1,832.75	3,627.95

## Cement Captive Power Unit

The company is having captive power plant of 50 MW comprising of three Units of 16.5 MHz at the Cement Plant, Chandrapur. Two Units out of three have started production. All the power requirement of Cement plants are fulfilled by these two units only. Both the units are performing at its full capacity. The power generation in these two units is sufficient for the time being. The revenue of the CPP Unit is almost similar to the previous financial year. During the current financial year i.e. fifteen months ended 30.06.2013 the revenue was Rs.5,163.64 Lacs as compared to Rs.5,509.24 Lacs in the last financial year i.e. twelve months ended. Due to higher finance cost and depreciation the company suffered through loss. During the period under review the unit suffered through loss of Rs.1,366.74 Lacs as compared to the loss of Rs. 714.25 Lacs in the previous financial year ended 31.03.2012.

**MURLI****The summarized financial result is as under :**

( ₹ in Lacs)

Sr.No.	Particulars	Financial Year 2012 - 2013 (For Fifteen Months)	Financial Year 2011 - 2012 (For Twelve Months)
1	Sales	5,163.64	5,509.24
2	Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	1,993.38	1,794.95
	Less: Finance Cost	2,291.28	1,503.13
	Depreciation And Amortisation Expenses	1,068.84	1,006.08
	Profit Before Tax	(1,366.74)	(714.25)
	Less : Current Tax (Earlier Years)	0.00	0.00
	Add : Deferred Tax (Assets)	0.00	0.00
	Profit for the Year	(1,366.74)	(714.25)
	Less : Prior Period Item	0.00	0.00
	Add: Balance in Profit & Loss Account	(1,109.93)	(395.68)
	Closing Balance	(2,476.67)	(1,109.93)

## Cement Unit

The Cement unit of the company has not been stabilized yet and yet to achieve its full capacity. The Cement Unit achieved revenue of Rs. 29,443.00 Lacs during the current financial year (fifteen months) ended on 30.06.2013 as compared to Rs. 34,047.52 Lacs in the previous financial year (twelve months) ended on 31.03.2012. The revenue has gone down slightly during the current period by Rs. 4,604.52 Lacs. During the period the Unit suffered through loss of Rs.21,631.79 Lacs as compared to the loss of Rs. 14,959.98 Lacs for the same period in the previous financial year.

**The summarized financial result is as under :**

( ₹ in Lacs)

Sr.No.	Particulars	Financial Year 2012 - 2013 (For Fifteen Months)	Financial Year 2011 - 2012 (For Twelve Months)
1	Sales	29,443.00	34,047.52
2	Profit Before Depreciation and Amortisation Expenses, Finance Cost and Tax Expenses	(4,173.91)	(2,979.30)
	Less: Finance Cost	13,030.51	8,517.56
	Depreciation And Amortisation Expenses	4,427.37	3,463.12
	Profit Before Tax	(21,631.79)	(14,959.98)
	Less : Current Tax (Earlier Years)	0.00	337.89
	Add: Deferred Tax (Assets)	6,642.29	7,528.12
	Profit for the Year	(14,989.51)	(7,769.75)
	Less: Prior Period Item	0.00	0.00
	Add: Balance in Profit & Loss Account	(20,562.49)	(12,792.74)
	Closing Balance	(35,552.00)	(20,562.49)



## POINT WISE REPLY TO QUALIFICATION IN AUDITORS REPORT

1. The financial statements of the company have been prepared on the basis of going concern concept. In view of the accumulated losses exceeding the net worth, the company has become a sick industrial company and meet the laid down criteria in this regard and file a reference u/s 15(1) of the SICA 1985 to the BIFR.
2. The accounting for the same is being done on cash basis since inception of the company. To ensure consistency in the policy the accounting for employee benefits and foreign exchange is being done on cash basis. The company will carry out actuarial valuation in future so as to comply with AS-15 on Employee Benefits.
3. The Company has taken steps to get the confirmation of the balances from trade receivables and payables, lenders and loans and advances. The confirmation received by the company has already been submitted to the auditors.
4. The Company has capitalized expenses to the tune of Rs. 3.16 Crores for PULP Mill unit as the said unit was not in operation during the current financial year. All the expenses incurred were capitalized however no depreciation has been claimed during the year.
5. During the year an amount of Rs. 88.76 crores (last year 138.19 crores) has been accounted for as deferred tax assets as per AS 22. However, during the year under review, the company, on re-examination of future profitability and as a consideration of prudence has decided to account for the deferred tax assets in respect of unabsorbed depreciation as per income tax assessments only. As per AS 22, deferred tax can be recognised provided there is sufficient future income available against which deferred tax can be realised.
6. Comments of the Auditors have been noted with regard to impairment loss on account of inoperative pulp unit for future compliance.
7. Cash Credit and Term Loan classified as "Non-performing Accounts" by the banks. The accounting policy of the company have been maintained on accrual basis hence interest has been provided @10.50% as the rate applicable at the time of CDR however bankers have not charged the interest due to NPA.
8. The company is in discussion with FCCB holders to buy back at discounted rate. Same yet to be finalized. Once it is finalized the same will be repaid. Hence in this regard the provision of the same is being done on cash basis.
9. With regard to comment of the auditor on AS-5, some of the expenses have been booked on cash basis which may be related with previous year but the amount is not significant hence the impact is not material. However the company will comply the provision AS-5 in future.
10. The Deferred Revenue Expenditure of Rs. 21,50,85,147/- has been incurred in the year 2010-2011 at the time of launching of cement product in the market which was written off in 5 equal installments out of which 2 installments has already been written off & the balance Rs. 12,90,51,087/- is in the said account.
11. The wholly owned subsidiary companies have not started operations as such and hence Consolidated Financial Statements have not been prepared based on the fact that there are no any material transactions involved in the said companies. Further the company has applied to Ministry of Corporate Affairs (MCA) for the exemption for the same.
12. The amount spent on Rajasthan, Karnataka shown under the Non-current assets of the company based on the fact that the amount spent is of the nature of advances related to upcoming projects.



**MURLI**



## **CORPORATE GOVERNANCE REPORT**

### **The Company's Governance Philosophy :**

Corporate Governance is one of the most topical issues in the business world today. The Government and various regulatory authorities have been making efforts to stall stringent governance regimes to ensure the smooth running of corporate organizations. A corporate Governance system is defined as a more or less country specific frame work of legal, institutional and cultural factors shaping the pattern of influence that shareholders (or stakeholders) exert on managerial decision making. Corporate governance mechanism is the method employed, at the firm level, to solve corporate governance problems.

Self governance is always better than to follow the rule. The corporate governance plays an imperative part in long and sustainable growth of any organization. The growth of any corporate and its stakeholders depends on the self governance of its management and all related persons of the organization. Two main principles of corporate governance is transparency and accountability. We at MIL maintain the same as integral principle of the Company.

We at MIL maintain high value and principle in our conduct at all level of work. We can proudly say that we are committed to do all the things in the ethical and legal way. We know that long term success cannot be achieved in short cut. Hence we conduct all in right way, ethical and complied with all the provisions of the Act of the land.

It has been the endeavour of your company to give fair and equitable treatment to all its stakeholders, including employees, customer and shareholders.

### **Board of Directors**

#### **Responsibilities :**

The Board of the Directors is entrusted with the responsibility for management, general affairs, directions and sound principles of corporate governance in the Company. The Board plays a critical role in overseeing the routine management and to serve the short and long term responsibility and interest of shareholder and stakeholders. We have optimum combination of Board which reflects our belief for good corporate governance proactive under which we strive to maintain an active, informed and independent Board. The management committee of the company is headed by the Managing Director and has business/ functional head as its members, which looks after day to day function of the company.

#### **Appointment of Directors :**

The Directors of the company are appointed by the shareholders in the Annual General Meeting. All the directors except Managing Director retire on rotational basis as per section 255 of the Companies Act, 1956 and, if eligible, offer themselves for re-election, in accordance with the Articles of Association of the Company.

#### **Composition of Board, Meetings and Committees :**

The board is having optimal combination of Executive Director and Independent Director and it complies with the provision of the listing agreement. As on date of preparation of the report the Board of directors of the company consists of eleven directors out of which six directors are independent and non executive director and five directors are executive directors. The board has optimum combination of professional, knowledge and experience. None of the director is member of more than 15 companies.

The board meets to discuss and decides on company/ business policy, strategy and normal business on regular basis. The meetings usually schedule in advance and informed to the directors accordingly as directors can plan their schedule and can participate in the meeting comfortably. In case of urgent business/ need the decision obtained on resolution by circulation and same ratified in the next meeting.

During the financial year ended on 30th June, 2013 Eight board meetings were held on May 14, 2012; August 14, 2012, August 31, 2012; September 29, 2012; November 10, 2012, February 14, 2013, March 30, 2013 and May 09, 2013. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

Sr. No.	Name of Directors	Attendance Particulars		
		Board Meeting	Last AGM	Other Committee Chairmanship
1	*Shri Shobhagmal Maloo	0	Yes	None
2	Shri Nandlal Maloo	6	Yes	None
3	Shri Bajranglal Maloo	7	Yes	None
4	Shri Lalchand Maloo	5	Yes	None
5	Shri Sunil Kumar Maloo	5	Yes	None
6	Shri Yashpal Dhiman	6	Yes	None
7	Shri B. P. Ganu	6	Yes	1
8	Shri R. P. Gupta	6	Yes	1
9	Shri Vinayak P. Thergaonkar	5	No	None
10	Shri Avinash P. Mardikar	5	Yes	None
11	Shri Subhash A. Rode	6	No	1
12	Shri Alok Srivastava	4	No	None

\* Resigned from the position of Chairman and Director of the company and same approved in the board meeting held on 09.05.2013. He has been appointed as Chairman Emeritus of the company in the board meeting held on 09.05.2013.

## I. Audit Committee :

### Composition

The present member of the Audit Committee comprises of Shri B. P. Ganu - Chairman, Shri Nandlal Maloo - Member and Shri R. P. Gupta - Member. The Chairman of the Committee is a non-executive Independent director. The CFO and head of the Internal Audit, are invitee member to the Audit Committee and the Company Secretary is the Secretary to the Committee.

### Responsibilities

The Audit Committee of the board is entrusted with the responsibility to supervise the company's internal control and financial reporting process and inter alia performs the following functions:

- The reporting process of the accounts department and internal control of the same,
- Suggestion of name of the external auditor and fixation of fee of the said auditor,
- Reviewing of the unaudited financial report quarterly as well as annually with the management before submission of the same to the board for consideration,
- Reviewing of internal audit control system together with the management and also examination of effective control of the same. Further also to play important role in discussion and solution of significant finding.

### Number of Audit Committee Meetings held and the dates on which they were held

Five Meetings of Audit Committee Meeting were held during the year in question. The dates on which the meetings were held are as follows.

● 14th May, 2012	● 14th Aug., 2012	● 10th Nov., 2012	● 14th Feb., 2013	● 9th May, 2013
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The members of the committee were present are as follows: Shri B. P. Ganu - 5 of 5, Shri Nandlal Maloo - 4 of 5 and Shri R. P. Gupta - 4 of 5.



## II. Investor Grievance Committee :

### Composition

The present members of the Investor Grievance Committee comprises of Shri Subhash Rode - Chairman, Shri Avinash Mardikar - Member and Shri Nandlal Maloo - Member. The chairman of the committee is Non executive Independent Director.

### Responsibilities

The primary responsibilities of the Investor Grievance Committee, among other things, oversees redresses of shareholder and investor grievance and approves sub-division/ transmission of shares, issue of duplicate share certificates etc.

Number of Investor Grievance Committee Meetings held and the dates on which they were held

The Investor Grievance Committee met five times during the year in question and reviewed and approved the issue of duplicate certificate, transfer of shares and ratified the resolution passed by circulation by the committee. The dates on which the meetings were held are as follows.

● 14th May, 2012	● 14th Aug., 2012	● 10th Nov., 2012	● 14th Feb., 2013	● 9th May, 2013
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### Details of Shareholders' requests or complaints received and redressed :

Sr. No.	Nature of Complaints	Complaints/ requests received	Complaints/ requests redressed
1.	Non receipt of Certificate	15	15
2.	Non receipt of Dividend	14	14
3.	Others	203	202
	*Total	232	231

\* The total number mentioned above includes 192 requests of the shareholders.

The members of the committee were present are as follows: Shri Subhash Rode -3 of 5, Shri Nandlal Maloo - 4 of 5 and Shri Avinash Mardikar - 3 of 5.

## III. Project Monitoring Committee :

### Composition

The present members of the Project Monitor Committee are Shri Rajinder Paul Gupta - Chairman, Shri Vinayak Thergaonkar - Member and Shri Lalchand Maloo - Member. The Chairman of the committee is Non executive Independent Director.

### Responsibilities

The primary responsibility of the Project Monitoring Committee, among other things, oversee the progress of the ongoing projects, if any. Also the committee plays important role to monitor the progress and performance of the existing plants like Cement Plant, SBS Board Plants etc. On periodically basis they obtain the current status and compare the planned and actual works done and take the necessary decision to solve, if any, difficulties faced by the Project team.

Number of Project Monitoring Committee Meetings held and the dates on which they were held

The Project Monitor Committee met five times during the year in question. The Committee reviewed the present status of all the units. They prepared and submitted reports before the board on the performances of all existing plants of the company. The dates on which the meetings were held are as follows.

● 14th May, 2012	● 14th Aug., 2012	● 10th Nov., 2012	● 14th Feb., 2013	● 9th May, 2013
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The members of the committee were present are as follows: Shri Vinayak Thergaonkar 3 of 5, Shri Lalchand Maloo 3 of 5 and Shri R. P. Gupta 4 of 5.

#### IV. Remuneration Committee :

The present members of the Remuneration Committee are Shri Bajranglal Maloo - Chairman, Shri Yashpal Dhiman - Member and Shri B. P. Ganu - Member.

All the members were present in the sole meeting held on 9th May, 2013.

#### Responsibilities

The primary responsibilities of the Remuneration Committee, among other things, to determine /recommend the criteria for the appointment of Executive, Non- Executive and Independent Director of the Board. Identifying candidates who are qualified become directors, in senior position of the company and to recommend to the board for appointment and removal of them. The committee is also responsible for determining the remuneration package of the directors, executive directors and senior managerial personnel and also responsible for determining the policy on service contracts, notice period and severance fees for the Directors and Senior Managerial Personnel.

#### RESOLUTION PASSED THROUGH THE POSTAL BALLOT:

The following resolutions were passed through by way of Postal Ballot during the year 2012-13.

##### I. Ordinary Resolution:

- a. Authorising Board of Directors to create charge by way of mortgage etc. , immoveable properties of the Company.
- b. Authorising Board of Directors to borrow money in excess of paid up capital and free reserves of the Company.

##### II. Special Resolution:

- a. Deleting Article No.77(1) and substituted by new Article No. 77(1) of the Articles of Association of the Company.
- b. Insertion of New Article No.77(5) after the existing Article No. 77(4) of the Articles of Association of the Company.
- c. Insertion of New Article No.122 after the existing Article No.121 of the Articles of Association of the Company .
- d. Insertion of New Article No.123 after the existing Article No.122 of the Articles of Association of the Company.

The Board of directors of the company vide its resolution dated 14.02.2013 appointed CS. Jagdish P. Patel, Company Secretary, in Practice as, Scrutinizer for conducting the Postal ballot process. The aforesaid resolution were passed with the requisite majority.

#### Related Party Disclosure :

Following disclosure have been made as per the requirement of Accounting Standard 18 issued by I.C.A.I.

##### (A) Key Management Personnel

Shri Nandlal Maloo	Chairman & Managing Director
Shri Bajranglal Maloo	Director
Shri Lalchand Maloo	Director
Shri Sunil Kumar Maloo	Director



### (B) Enterprises Owned / Managed by Key Managerial Personnel

Nandlal Enterprises Limited	Raghav Finvest Private Limited
Murli Tyres Limited	Nihal Gilts Private Limited
Murli Infrastructure Limited	Vishnu Gilts Private Limited
Murli Electrode Private Limited	Mohan Venture Capital Pvt. Ltd.
Radha Software Limited	Murli Agro Products Limited

### Particulars of transactions during the year ended 30th June, 2013 with Related Parties

(Figure in Rs.)

Nature of Transactions	Key Management Personnel	Relative of Key Management Personnel	Enterprises Owned/ Managed by Key Management Personnel	Total
Rent	36,72,000	-	9,60,000	46,32,000
Directors and their Relatives' Remuneration	23,40,000	66,00,000	-	89,40,000
Purchase of Goods & Raw material/ Services	-	-	12,04,17,819	12,04,17,819
Loans Taken /(Repaid)	(1,54,92,622)	1,23,30,746	(11,89,877)	(43,52,053)
Outstanding as at the year end	47,20,253	6,02,87,763	30,58,968	6,80,66,984

### Shareholder Information : Details of Last Three Annual General Meetings :

Financial Year ended	Date and Time	Venue
March 31, 2010	September 29, 2010 at 11.00 a.m.	Corporate Office, 'Radha House', 239, East Wardhaman Nagar, Central Avenue, Nagpur - 440008 (Maharashtra)
March 31, 2011	September 30, 2011 at 11.00 a.m.	Corporate Office, 'Radha House', 239, East Wardhaman Nagar, Central Avenue, Nagpur - 440008 (Maharashtra)
March 31, 2012	September 29, 2012 at 11.00 a.m.	Corporate Office, 'Radha House', 239, East Wardhaman Nagar, Central Avenue, Nagpur - 440008 (Maharashtra)

### Annual General Meeting 2013

Date	December 14, 2013
Venue	Corporate Office, 'Radha House' 239, East Wardhaman Nagar, Central Avenue Road, Nagpur - 440 008
Time	11.00 a.m.
Book Closures Dates	7th December, 2013 to 14th December, 2013 (both days inclusive)
Last Date of receipt of Proxy forms	12th December, 2013 before 11.00 a.m. at the Registered Office of the Company.

The Board Meetings for approval of the Un-audited quarterly financial results during the fifteen months period ended June 30, 2013 were held on the following dates :

First Quarter Results	Second Quarter & Half yearly Results	Third Quarter Results	Fourth Quarter & Year Ended Results	Fourth Quarter & Year Ended Results
May 14, 2012	August 14, 2012	November 10, 2012	February 14, 2013	May 09, 2013

The tentative dates of Board Meeting for consideration of financial results for the year ending June 30, 2014 are as follows:

First Quarter Results	Second Quarter & Half yearly Results	Third Quarter Results	Fourth Quarter & Year Ended Results
November 14, 2013	February 14, 2014	May 15, 2014	August 30, 2014

### Dividend :

The Board of directors at their meeting held on 14th November, 2013 recommended that the company has suffered through loss hence the dividend should not be declared and also there will not be transfer of any amount in the General Reserve this year.

### Unclaimed Dividend :

Under the Companies Act, 1956 dividends that are unclaimed for a period of seven years statutorily get transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government, and thereafter cannot be claimed by the investor. To ensure maximum disbursement of unclaimed dividend, the company sends reminders to the concerned investor, before transfer of dividend to IEPF.

Due dates for transfer of Unclaimed dividend to IEPF

Year	Dividend	Dividend Rate per share (₹)	Date of Declaration	Number of Warrants			Dividend Amount (₹ in Lac)			Due date
				Issued	Unclaimed as on 30.06.2013	%	Dividend	Unclaimed as on 30.06.2013	%	
2005-06	Final	2.50	18.09.06	2696	618	22.92	176.97	4.81	2.72	22.09.2013
2006-07	Interim	2.00	20.11.06	3200	664	20.75	191.57	5.19	2.71	22.11.2013
2007-08	Final	2.00	25.09.08	3880	921	23.74	204.84	3.33	1.62	30.09.2015
2008-09	Final	2.00	30.09.09	4141	987	23.83	204.84	3.73	1.82	29.09.2016
2009-10	Final	0.40*	27.09.10	5619	813	14.47	214.84	2.89	1.34	26.09.2017

Note : \*20% on the face value Rs. 2 per share

**MURLI****Distribution of Shareholding as on June 30, 2013**

Share Holding of Nominal Value of Rs.	Number of Shareholders	Percentage of Total	Share Amount in ₹	Percentage of Total
1 - 1000	4,852	73.32	19,99,354.00	1.38
1001 - 2000	878	13.08	15,46,814.00	1.07
2001 - 4000	384	5.72	12,15,690.00	0.84
4001 - 6000	176	2.62	8,90,122.00	0.62
6001 - 8000	84	1.25	6,06,772.00	0.42
8001 - 10000	81	1.21	7,59,114.00	0.53
10001 - 20000	102	1.52	14,98,794.00	1.04
20001 and above	152	2.26	13,56,98,890.00	94.09
Total	6,709	100.00	14,42,15,550.00	100.00

**Categories of Shareholding as on June 30, 2013**

Category	Demated		Physical		Total		
	Shares	Holders	Shares	Holders	Shares	Value	%
Corporate Bodies (Promoter Company)	2500000	4	2800000	4	5300000	10,600,000.00	7.35
Other Bodies Corporate	4694186	200	15679775	10	20373961	4,07,47,922.00	28.25
Clearing Member	92129	55	0	0	92129	1,84,258.00	0.13
Financial Institutions	22874194	3	0	0	22874194	4,57,48,388.00	31.72
Directors	4560785	5	0	0	4560785	91,21,570.00	6.33
Non Nationalised Bank	10	1	0	0	10	20.00	0.00
Non Resident Indians	19677	25	0	0	19677	39,354.00	0.03
Non Resident (non Repatriable)	10500	4	0	0	10500	21,000.00	0.01
Public	5515659	5382	1110045	995	6625704	1,32,51,408.00	9.19
Promoters	12250815	21	0	0	12250815	2,45,01,630.00	16.99
Total	52517955	5700	19589820	1009	72107775	14,42,15,550.00	100.00

**Top 10 Shareholders other than promoters**

Sr. No.	Name of the shareholder	Number of shares	Percentage of Holding
1	IFCI LIMITED	1,99,44,800	27.66
2	CHAMBAL TRANSPORT SERVICES PVT LTD	31,19,355	4.33
3	GOMTI VINTRADE PVT LIMITED	31,19,355	4.33
4	GANGA DEALTRADE PVT LIMITED	31,19,355	4.33
5	DWARKA TRADING PVT LIMITED	31,19,355	4.33
6	ASOKA SOLAR POWER SOLUTION PVT LTD.	31,19,355	4.33
7	SICOM LIMITED	16,29,395	2.26
8	GENERAL INSURANCE CORPORATION OF INDIA	12,99,999	1.80
9	SIMPLE MINING & POWER PVT LTD.	9,93,925	1.38
10	LAKHI PACKAGING PVT LTD.	9,72,350	1.35
	TOTAL	4,04,37,244	56.10



### Bifurcation of Shares Held In Demat And Physical Form as on June 30, 2013

Sr. No.	Particulars	Number of Shares	Percentage
1.	Physical	19589820	27.17
2.	NSDL	43871490	60.84
3.	CDSL	8646465	11.99
	TOTAL	72107775	100.00

### Listing of shares on Stock Exchanges

Stock Exchanges	Stock Code	Stock Exchanges	Stock Code
National Stock Exchange of India Limited, 'Exchange Plaza', Bandra Kurla Complex, Bandra (E) Mumbai - 400 051 Website : www.nseindia.com	MURLIIND	Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Website : www.bseindia.com ISIN : INE806B01028	519323

The listing fee for the financial year 2012-13 has been paid to the Stock Exchanges.

### Monthly High & Low quotes and volume of shares traded on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)

Year & Month	NSE			BSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
2012 April	23.90	18.00	33,774	22.90	18.05	50,412
May	19.20	13.25	33,079	19.10	13.25	75,890
June	18.25	13.20	49,722	18.30	13.25	23,100
July	19.45	15.65	49,429	19.95	14.15	73,283
August	18.50	13.10	32,633	18.90	13.80	28,902
September	17.95	13.55	67,066	17.89	13.54	47,772
October	16.85	14.30	43,962	17.35	13.05	30,845
November	16.00	13.70	43,887	17.50	13.41	46,036
December	15.40	13.50	14,780	15.60	12.90	38,557
2013 January	15.50	10.30	28,723	16.64	10.75	28,647
February	14.55	7.80	28,831	14.30	7.71	1,05,109
March	11.85	6.40	95,960	11.70	6.60	84,331
April	9.85	8.00	11,130	9.81	8.03	11,475
May	8.95	7.00	11,722	8.99	6.80	11,116
June	7.70	5.05	39,165	7.31	5.11	26,804

Note : The high and low prices given above are on the basis of Face Value of ₹ 2/- per share.

Source : NSE & BSE site



**MURLI**



### Address for Correspondence :

All shareholders' correspondence should be forwarded to Link Intime India Private Limited, Mumbai the Registrar and Transfer Agents of the Company or to the Investor Service Department at the Corporate Office of the Company at the address mentioned below :

#### **LINK INTIME INDIA PRIVATE LIMITED**

C-13, Pannalal Silk Mills Compound,  
L.B.S Marg, Bhandup (West),  
Mumbai - 400 078  
Phone : 022-25960320, 25963838  
Fax : 022-25962691  
E-mail : helpline@linkintime.co.in

Compliance Officer

#### **Murli Industries Ltd. ,**

'Radha House' 239, East Wardhman Nagar,  
Central Avenue Road, Nagpur - 440 008  
Phone : 0712 - 3050200  
Fax : 0712 - 2684422  
E-mail : complianceofficer@murliindustries.com

### Plant Locations :

#### Solvent Extraction & Refinery Units

UNIT I : M.I.D.C. Industrial Area, Hingna Road, Nagpur 440016  
UNIT II : Durkheda Road, Umred, Dist. Nagpur

#### Paper Manufacturing Units

Duplex Board : Vill : Vadoda, Tah. Kamptee, Dist. Nagpur  
Newsprint Unit : Vill : Vadoda, Tah. Kamptee, Dist. Nagpur  
Writing & Printing : Vill : Vadoda, Tah. Kamptee, Dist. Nagpur  
Power Unit (18 MW) : Vill : Vadoda, Tah. Kamptee, Dist. Nagpur  
Power Unit (50 MW) : Vill : Naranda, Tah. Korpana, Dist. Chandrapur  
Pulp Mill : Vill : Vadoda, Tah. Kamptee, Dist. Nagpur  
SBS Board Unit : Vill : Vadoda, Tah. Kamptee, Dist. Nagpur  
Cement Unit : Vill : Naranda, Tah. Korpana, Dist. Chandrapur

### Any query on Annual Report :

Compliance Officer,  
Murli Industries Limited,  
'Radha House' 239, East Wardhman Nagar,  
Central Avenue Road, Nagpur - 440 008  
Phone : 0712 - 3050200  
Fax : 0712 - 2684422  
E-mail : complianceofficer@murliindustries.com

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

Date : 14th November, 2013  
Place : Nagpur

Nandlal Maloo  
Chairman & Managing Director

Bajranglal Maloo  
Director

## Certificate from Auditor regarding compliance of Corporate Governance Auditors' Certificate

We have examined the compliance of the conditions of Corporate Governance by Murli Industries Limited for the period ended 30th June, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliances of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company or effectiveness with which the management has conducted the affairs of the Company.

Place : NAGPUR  
Date : 29th August, 2013

FOR DEMBLE RAMANI & CO.,  
Chartered Accountants  
Registration No. 102259W  
Anand Deshpande, Partner  
Membership No. 033618

## Secretarial Audit Report :

### To the Board of Directors Murli Industries Limited

101, Jai Bhawani Society,  
Wardhaman Nagar,  
Central Avenue Road,  
Nagpur - 440008

I have examined the registers, records and documents of Murli Industries Limited ("the Company") for the financial year covering 15 months period commencing from 1st April, 2012 and ended on 30th June, 2013 consequent upon extension of financial year by 3 months according to the provisions of -

- The Companies Act, 1956 and the Rules made under the Act;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under the Act ;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under the Act;
- The Foreign Exchange Management Act, 1999 and the Rules and Regulations made under the Act to the extent applicable to Overseas Direct Investment (ODI). Foreign Direct Investment (FDI), External Commercial Borrowing (ECB);
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
- The Equity Listing Agreement with BSE Limited, National Stock Exchange of India Limited and Calcutta Stock Exchange Limited.



**MURLI**



1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complies with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to;

- (a) maintenance of various statutory registers and documents and making necessary entries therein;
- (b) closure of the Register of Members;
- (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- (d) *service of documents by the Company on its Members, Auditors and the Registrar of Companies;*
- (e) notice of Board Meetings and Committee meetings of Directors;
- (f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- (g) the 21st Annual General Meeting held on September 29th, 2012 ;
- (h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- (i) approvals of the Members, the Board of Directors, the Committees of Directors and the Government authorities, where required;
- (j) constitution of the Board of Directors / Committees of Directors, appointment, retirement and re-appointment of Directors including Whole-time Directors;
- (k) payment of remuneration to Directors including the Managing Director and Whole-time Directors;
- (l) appointment and remuneration of Auditors and Cost Auditors;
- (m) transfers and transmissions of the Company's shares and debentures, and issue and dispatch of duplicate certificates of shares;
- (n) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;
- (o) borrowings and registration, modification and satisfaction of charges wherever applicable;
- (p) investment of the Company's funds including inter corporate loans and investments and loans to others;
- (q) giving guarantees in connection with the loans taken by subsidiaries and associate companies;
- (r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- (s) Directors' report;
- (t) contracts, common seal, registered office and publication of name of the Company; and
- (u) generally, all other applicable provisions of the Act and the Rules made under the Act.

2. I further report that:

- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
- (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel;
- (c) the Company has obtained all necessary approvals under the various provisions of the Act; and
- (d) there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

3. I further report that the Company has complied with the provisions of Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.

4. I further report that :

- (a) the Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited, the National Stock Exchange of India Limited and Calcutta Stock Exchange Limited.
- (b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 / 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- (c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records under the Regulations.

Notes :

- i) Financial year of the Company stands extended by 3 months ended on 30th June, 2013 instead of 31st March, 2013 vide Board Resolution passed in the meeting of Board of Directors dated 30th March, 2013. Hence, Secretarial Audit Report is for 15 months period from 1st April, 2013 to 30th June, 2013.
- ii) The Company is voluntarily delisted from The Stock Exchange, Kolkata with effect from 13th March, 2013.

Place: Nagpur  
Date: 16th August, 2013

For R.A. Daga & Co.,  
Company Secretaries  
Sd/-  
Rachana Daga  
Proprietor  
Membership No: 5522  
C.P. No: 5073



## AUDITOR'S REPORT

### Independent Auditors' Report to the Members of Murli Industries Limited

#### 1. Report on the Financial Statements

We have audited the accompanying financial statements of **MURLI INDUSTRIES LIMITED**, which comprise the Balance Sheet as at 30th June 2013, and the Statement of Profit and Loss for the period of fifteen months then ended, and a summary of the significant accounting policies and other explanatory information.

#### 2. Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### 4. Basis of Qualified Opinion

- i. As mentioned in note no. 48, the financial statements of the company have been prepared on the going concern basis notwithstanding the fact that the networth of the company is completely eroded and the company has a negative networth of (Minus Rs.189.82 crores) as on balance sheet date. The appropriateness of the said basis is interalia dependent of the Company's ability to infuse requisite funds for meeting its obligations, reschedulement of its debts and resuming normal operations.
- ii. As mentioned in note no. 31 and 32, the company has not complied with Accounting Standards-15 (Employee Benefits) & Accounting Standards-11 (Effects of changes in Foreign exchange Rates).
- iii. As mentioned in note no. 39, the balances of trade receivables and payables, lenders and loans and advances are subject to confirmation / reconciliation and subsequent adjustments if any. As such, we are unable to express any opinion as to effect thereof on the financial statements of the period under audit.
- iv. As mentioned in note 43, the Company has Capitalized expenses to the tune of Rs. 3.16 Crores incurred in 'Pulp Mill Unit', instead of charging these expenses to Profit & Loss A/c. As a result of above the loss of the Company for the period of fifteen months ended 30th June, 2013 is understated by Rs. 3.16 Crores.
- v. As mentioned in note 44 regarding recognition of deferred tax credit on account of unabsorbed losses and depreciation during the year amounting to Rs. 88.76 crores (last year 138.19 crores) total amount recognized up till date is Rs. 226.95 crores. This does not satisfy the virtual certainty test for recognition

of deferred tax credit as laid down in Accounting Standard-22. As such we do not express our opinion on the reasonability of recognition of the income. As such loss after tax for the period under audit is understated by Rs.88.76 crores. The networth of the company is overstated by Rs.226.95 crores as on balance sheet date.

- vi. As mentioned in note 45, the company has not ascertained impairment loss on account of inoperative Pulp Unit from last some years.
- vii. The company has no policy of ascertaining impairment losses, which is in contravention of Accounting Standard 28. As such, we are unable to express any opinion as to effect thereof on the financial statements of the period under audit.
- viii. All loan accounts of the company from Banks except from IDBI Bank and vehicle loan accounts have been treated as Non Performing Assets (NPAs) by the respective banks due to non payment of dues. The company has recorded the interest on these accounts for the period till 30th June 2013 @10.50% p.a. instead of the actual payable amount which varies from 10.50% to 18% p.a. The difference between the exact interest as chargeable by the bank and interest accounted for by the company remains unquantifiable. As such non current liabilities are overstated and current liabilities are understated. The amount of over/ under statement remains unascertained.
- ix. The Company has liability outstanding in respect of FCCB (Foreign Currency Convertible Bonds) issued of US\$ 5.5 million the due date of payment of which was 6th of Feb, 2012. The lenders have not exercised option for conversion. Hence the amount is payable at the agreed enhanced value. The amount outstanding in respect of the same is being shown in the balance sheet at original conversation rate of Rs.43.94 per US\$ as at the time of actual receipt of the amount. The actual liability due in respect of the same as per terms comes to 149.81% of US\$5.5 Million i.e. US\$ 8.27 Million and the rate as on 30th June 2013 being Rs.59.52 per US\$, the liability in respect of the same is understated by Rs.24.88 Crores. As such loss of the company is under stated to that extent. The redemption reserve in respect of repayment of the same has also not been created.
- x. Accounting Standard - 5, Net Profit or loss for the period, Prior Period Items & change in accounting policies requires the company to disclose the nature & amount of Prior period items to be disclosed separately in a manner that their impact on current profit or loss can be perceived. The Company has not complied with the provisions thereby inflating the current period's losses by Rs. 7.16 crores.
- xi. As per the requirements of Accounting Standard - 26 "Intangible Assets", any deferred revenue expenditure is to be written off in the Profit & loss Statement, since they do not meet the definition of an "asset" under AS-26, The Company has not written off its expenses amounting to Rs. 12.90 Crores.

The consequential effect of sub para[ii, iii, vi, vii & viii ] above on the assets an liabilities as at 30th June 2013 and loss for the period of fifteen months ended 30th June 2013 are not ascertainable. Had the effect of above as stated in sub para [iv,v, ix , x & xi ] have been given, the loss for the period under audit would have been higher by Rs. 122.54 Crores.

#### 5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matters described in the Basis of Qualified Opinion Paragraph as mentioned above read together with the other notes, give information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the principles generally accepted in India;

- i. In the case of the Balance Sheet, of the state of affairs of the Company as on 30th June, 2013;
- ii. In the case of the Profit and Loss Account, of the loss for a period of fifteen months ended on that date;  
and
- iii. In the case of cash flow statement, of the cash flows for a period of fifteen months ended on that date.



**6. Emphasis of Matter  
Attention is drawn to :**

- a. The company has not shown the amounts of loans maturing shortly under the sub-head "Current Maturities of Long Term Loans" under "Other Current Liabilities", but the same are shown under the head "Long Term Borrowings" under "Non Current Liabilities" Similarly the company has not disclosed the details of loans and their terms and conditions including repayment etc including defaults. This is deviation from requirements of the new Schedule VI of the Companies Act.
- b. The company has an investment of Rs. 0.05 Crores in each of four, wholly owned subsidiaries namely Murli Cement Limited, Murli Cement (Karnataka) Limited, Murli Cement (Maharashtra) Limited, Murli Cement (Rajasthan) Limited. The company has not complied with Accounting Standard 21 by presenting the Consolidated Financial Statements. As explained these companies have not started operations as such Consolidated Financial Statements have not been prepared.
- c. The non-current assets of the company include a sum of Rs. 31.07 Crores spent on Rajasthan, Karnataka which includes land. These should have been part of fixed assets.

**7. Report on Other Legal and Regulatory Requirements**

- A. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- B. As required by Section 227(3) of the Act, 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 as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet and the Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet and the Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
  - e. On the basis of the written representations received from the directors as on 30th June, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 30th June, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

FOR DEMBLE RAMANI & CO.  
Chartered Accountants  
Registration No. 102259W

NAGPUR  
Dated: 29th August, 2013

Anand Deshpande  
Partner  
M. No.033618



## ANNEXURE TO THE AUDITOR'S REPORT

(AS REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

- (I) a) The company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) Therefore, physical verification of the same has not been carried out;
  - c) During the period under audit, the Company has not disposed off any of its assets
- (ii) a) As explained to us, Physical verification of inventory has been conducted by the management at reasonable intervals.
  - b) As also certified by management and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) As per the documents produced by the management and the explanations given by them, the process carried out for the physical verification of the stock is commensurate with the size & nature of the company; but as far as the valuation of the same is considered, the management was unable to explain the exact basis for the valuation hence we are unable to express our opinion on the same and hence there is a diversion to compliance of Accounting Standard 2.
- (iii) a) The company has granted interest free unsecured loan to companies, firms or other parties covered in the register maintained u/s.301 of the Act. The amount involved is Rs.2.44 Crores and the number of party involved are two.
  - b) The rate of interest and other terms and conditions of the unsecured loans given by the Company mentioned in (a) above are prima facie prejudicial to the interest of the Company, since these loans are interest free and no specific terms have been specified for their repayment.
  - c) As per the information and explanations given by the management, there are no specific terms and conditions for repayment of principal and interest due thereon.
  - d) As there is no specific repayment due dates, there are no over dues shown.
  - e) The company has taken unsecured loan from companies, firms and other parties concerned in the register maintained u/s 301 of the Act. The amount involved in the transactions is Rs.6.81 Crores & no. of parties involved is 34.
  - f) As per the information and explanations given by the management, there are no specific terms and conditions for repayment of principal and interest due thereon; hence, prima facie it seems that the terms of accepting the loan are not prejudicial to the interest of the company.
- (iv) In our opinion and according to the information and explanations given to us, the internal control systems needs to be strengthened considering the size of the company and the nature of its business.
- (v) a) The company has entered into the Register of Contracts & arrangements referred to in section 301 of the Companies Act, 1956.
  - b) The transactions in pursuance of such contracts have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



- (vi) The company has not accepted any deposits during the period under audit from Public within the meaning of Section 58A, Section 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under.
- (vii) The company has not appointed internal auditor for period of this audit report. This is a violation of section 227 of the Companies Act, 1956 and further the company is a listed company. We are unable to ascertain whether the company has monitored internal control policies and processes. In absence of internal audit system, the completeness, adequacy and independence will have a bearing of efficacy of internal control system and audit risk.
- (viii) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government u/s. 209(1)(d) of the Companies Act, 1956 and our of the opinion that prima facie the prescribed cost records have been maintained. However, no cost auditor's report has been provided to us. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanation given to us in respect of statutory dues :
- a) The company has generally not been regular in depositing the undisputed statutory dues e.g. Provident Fund, Excise Duty including VAT amounting to Rs.43.37 Crores.
- b) Details of dues of Income-tax, Sales Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 30th June, 2013 on account of disputes are given below:

Sr. No.	Particulars	Amount (Rs. in crores)	Pending Since	Forum
1	Central Excise & Customs	0.12	2002	High Court, Nagpur
2	Commission on FCCB	0.43	2008	CESTAT, Mumbai
3	Excise	0.39	2008	CESTAT, Mumbai
4	Central Excise & Customs	2.37	2007	High Court, Nagpur
5	Central Excise & Customs	3.43	2009	CESTAT, Mumbai
6	Central Excise & Customs	0.28	2010	CESTAT, Mumbai
7	SEBI	Not Ascertainable	2011-2012	SEBI
8	Income Tax (A.Y -07-08)	0.67	2011-2012	ITAT
9	Income Tax (A.Y -08-09)	20.02	2011-2012	CIT(A)
10	Income Tax (A.Y -09-10)	4.48	2011-2012	CIT(A)

- (x) At the end of the period under audit, the company has accumulated losses of Rs.204.25 crores. The cash losses of the company during the period of fifteen months under audit are Rs. 243.07 crores. The networth of the company is completely eroded and the company has a negative networth of (Minus Rs.189.82 crores) as on balance sheet date.
- (xi) The company has defaulted in repayment of dues to financial institutions and banks; details of which have been shown below:

Name of the Financial Institute/Bank Nature of facilities	Default Amount		Default since
	Principal (Rs.Crores)	Interest (Rs.Crores)	
Term Loans	79.47	109.10	FY 2012-13
Financial Institutions (Suit Filed)	96.50	15.69	Jan-11

- (xii) The company has not granted any loans and/or advances on the basis of securities by way of pledge of shares, debentures and other securities.

- (xiii) The provisions of any special statute applicable to chit fund and nidhi/mutual benefit fund/societies are not applicable to the company.
- (xiv) The company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) The Company has given Guarantee to SICOM Ltd. on behalf of Nandlal Enterprises Ltd. for an Inter Corporate Deposit of Rs. 20 crores. The company has assigned rights on the limestone mining lease awarded to the company, admeasuring 42.16 hectares of land. The terms of the guarantee are prejudicial to the interest of the company.
- (xvi) In our opinion and as per the information and explanations given, "No new Term Loans" have been raised during the period under audit.
- (xvii) As in the past the company has continued to use short term loans for long term purposes.
- (xviii) During the period under audit the company has not made preferential allotment of shares to parties or companies covered in the Register maintained u/s 301 of the Act.
- (xix) The company has outstanding FCCBs (bonds) amounting to Rs24.17 crores (as per balance sheet amount) which have already become due in February 2012 which are not secured. The details in respect of same are pointed out in sub point no "viii" in Basis of Qualified Opinion.
- (xx) The company has not raised any money through a public issue during the period under audit.
- (xxi) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the period under audit.

FOR DEMBLE RAMANI & CO.  
Chartered Accountants  
Registration No. 102259W

NAGPUR  
Dated- 29-08-2013

Anand Deshpande  
Partner  
M. No.033618

**MURLI**

## BALANCE SHEET AS ON 30th JUNE, 2013

(Figures in ₹)

Particulars	Note No	As on 30th June, 2013	As on 31st March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Share holders' Fund</b>			
(a) Share Capital	2	144,215,550	144,215,550
(b) Reserves and Surplus	3	(2,042,500,832)	301,814,312
(c) Money received against share warrants	4	-	-
(2) Share application money pending allotment		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	13,906,715,060	12,640,186,283
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	6	-	-
(d) Long term provisions	7	-	-
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	8	1,614,753,871	1,177,185,265
(b) Trade payables	9	1,283,332,685	1,197,038,795
(c) Other current liabilities	10	680,679,467	397,196,420
(d) Short-term provisions	11	-	-
Total		<u>15,587,195,800</u>	<u>15,857,636,625</u>
<b>II. Assets</b>			
<b>Non-current Assets</b>			
<b>(1)(a) Fixed assets</b>			
(i) Tangible assets	12	8,625,551,512	9,237,368,050
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		824,500,146	785,638,407
(iv) Intangible assets under development		-	-
(b) Non-current investments	13	2,861,500	2,861,500
(c) Deferred tax assets (net)		2,269,532,893	1,381,964,484
(d) Long term loans and advances	14	12,380,148	11,090,383
(e) Other non-current assets	15	514,256,566	576,606,426
<b>(2) Current Assets</b>			
(a) Current investments	16	-	-
(b) Inventories	17	1,486,206,076	2,474,516,046
(c) Trade receivables	18	487,927,900	552,251,930
(d) Cash and cash equivalents	19	46,912,392	35,913,742
(e) Short-term loans and advances	20	1,317,066,667	799,425,655
(f) Other current assets	21	-	-
Total		<u>15,587,195,800</u>	<u>15,857,636,625</u>

The Notes referred to above are an integral part of Financial Statement.

Significant Accounting Policies and Notes on Financial Statement (1-29)

As per our report of even date,

For DEMBLE RAMANI & CO

Chartered Accountants

Firm Reg. No.:-102259W

FOR AND ON BEHALF OF THE BOARD

ANAND DESHPANDE

Partner

Membership No. 033618

Place : NAGPUR

Date : 29th August, 2013

NANDLAL B MALOO  
CHAIRMAN & MANAGING DIRECTOR

BAJRANGLAL B MALOO  
DIRECTOR

Tarun K Singh  
Company Secretary

**Profit & Loss Account**  
**PROFIT & LOSS STATEMENT FOR 15 MONTHS ENDED 30TH JUNE, 2013**

(Figures in ` )

Particulars	Note No	For the Year Ended 30th June, 2013	For the Year Ended 31st March, 2012
I. Revenue from operations	22	7,994,093,830	10,904,392,570
II. Other Income	23	7,765,838	7,621,077
III. Total Revenue (I +II)		<u>8,001,859,668</u>	<u>10,912,013,647</u>
IV. Expenses :			
Cost of materials consumed	24	4,660,076,750	8,026,595,921
Purchase of Stock-in-Trade			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	315,943,514	85,113,629
Employee benefit expense	26	370,701,425	292,534,316
Financial costs	27	2,006,326,582	1,270,497,141
Depreciation and amortization expense	12	799,872,632	667,320,576
Other expenses	28	3,079,542,998	3,520,059,869
Total Expenses		<u>11,232,463,901</u>	<u>13,862,121,452</u>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	<u>(3,230,604,233)</u>	<u>(2,950,107,806)</u>
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax	(V - VI)	(3,230,604,233)	(2,950,107,806)
VIII. Extraordinary Items		-	-
IX. Profit before tax	(VII - VIII)	<u>(3,230,604,233)</u>	<u>(2,950,107,806)</u>
X. Tax expense:			
(1) Current tax (Earlier Years)		1,279,321	37,654,095
(2) Deferred tax		887,568,409	1,381,964,484
XI. Profit / (Loss) from the period from continuing operations	(IX-X)	(2,344,315,144)	(1,605,797,417)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations	(XII - XIII)	-	-
XV. Profit/(Loss) for the period	(XI + XIV)	<u>(2,344,315,144)</u>	<u>(1,605,797,417)</u>
XVI. Earning per equity share:			
(1) Basic		(32.51)	(24.03)
(2) Diluted		(32.51)	(24.03)

The Notes referred to above are an integral part of Financial Statement.

Significant Accounting Policies and Notes on Financial Statement (1-29)

As per our report of even date,  
For DEMBLE RAMANI & CO  
Chartered Accountants  
Firm Reg. No. :-102259W

FOR AND ON BEHALF OF THE BOARD

ANAND DESHPANDE  
Partner  
Membership No. 033618  
Place : NAGPUR  
Date : 29th August, 2013

NANDLAL B MALOO  
CHAIRMAN & MANAGING DIRECTOR

BAJRANGLAL B MALOO  
DIRECTOR

Tarun K Singh  
Company Secretary



## NOTES ON FINANCIAL STATEMENTS FOR FIFTEEN MONTHS THE YEAR ENDED 30th JUNE, 2013

(Figures in ₹)

Notes Forming Part of Balance Sheet	Note No	As at 30th June, 2013	As at 31st March, 2012
<b>Note : 2 Share Capital</b>			
<b>AUTHORISED SHARE CAPITAL :</b>			
12,07,00,000 Equity Shares of Rs. 2/- each (Previous Year 12,07,00,000 Equity Shares of Rs. 2/- each)		241,400,000	241,400,000
86,000 (P.Y. 86,000) 15% Cumulative Redeemable Preference Shares of Rs. 100/- each		8,600,000	8,600,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL :</b>			
7,21,07,775 Equity Shares of Rs. 2/- each fully paid (Previous Year 5,90,11,000 Equity Shares of Rs. 2/- each fully paid)			
As at Commencement of the Year		144,215,550	118,022,000
Add : Transferred from Share Warrant Application Money		-	26,193,550
Shareholders holding more than 5% shares in the Company			
Name of Shareholder	2013	2012	
Shri Lalchand Maloo	39,77,000(5.51%)	39,77,000(5.51%)	
IFCI Ltd	1,99,44,800(27.65%)	1,99,44,800(27.65%)	
		<u>144,215,550</u>	<u>144,215,550</u>
<b>Note : 3 Reserve &amp; Surplus</b>			
<b>Share Premium Account</b>			
As at Commencement of the Year		1,607,984,490	984,578,000
Add : Transferred from Share Warrant Application Money		-	623,406,490
Add : Received during the Year		-	-
General Reserve		<u>1,607,984,490</u>	<u>1,607,984,490</u>
As at Commencement of the Year		169,724,006	169,724,006
Add : Transferred from Profit & Loss Account		-	-
<b>Capital Reserve</b>			
As at Commencement of the Year		113,187,460	307,000
Add : Forfeiture of Share Warrant Money		-	112,880,460
Balance as per Profit & Loss Account		<u>113,187,460</u>	<u>113,187,460</u>
As at Commencement of the Year		(1,589,081,644)	16,715,773
Add : Transferred from Profit & Loss Account		<u>(2,344,315,144)</u>	<u>(1,605,797,417)</u>
		<u>(3,933,396,788)</u>	<u>(1,589,081,644)</u>
		<u>(2,042,500,832)</u>	<u>301,814,311</u>

Note : 4 Share Warrant Money

As at Commencement of the Year	-	275,720,000
Add : Received during the Year	-	486,760,500
Less: Transferred to Share Capital	-	26,193,550
Less: Transferred to Share Premium	-	623,406,490
Less: Transferred to Capital Reserve on Forfeiture of Share	-	112,880,460
	-	-
	-	-

Note : 5 Long-Term Borrowing

A) Secured Loans

Long Term Loans - From Banks

Ruppee Term Loan	12,563,547,075	11,406,894,583
Foreign currency Loans	338,776,000	338,776,000
(Both are Secured by first charge on entire fixed assets and personal Guarantee of Directors of the company)		
Vehicle Finance Loans from Banks	12,260,104	13,384,055
(Secured by hypothecation of vehicles financed out of proceeds of loans)		

Long Term Loans - Others

B) Unsecured Loans

Long Term Loans - Others

From Directors & Relatives	68,066,984	72,419,037
Sales Tax Payable (Deferred Payment)	319,381,180	256,817,306
CST Payable (Deferred Payment)	341,495,800	288,707,385
FCCB (USD 5.5 Millions) (P.Y.USD 5.5 Millions)	241,670,000	241,670,000
(Conversion Price Face Value Rs. 2/-and a Premium of Rs. 73.80 Share) (Reset Price)		
KIP Loan	19,740,000	19,740,000
Murli Cement Ltd	470,000	470,000
Murli Cement Karnataka Ltd	470,000	470,000
Murli Cement Maharashtra Ltd	470,000	470,000
Murli Cement Rajasthan Ltd	367,917	367,917
	13,906,715,060	12,640,186,283
	13,906,715,060	12,640,186,283

Note : 6 Other Long Term Liabilities

Other	-	-
	-	-
	-	-

Note : 7 Long Term Provisions

Other	-	-
	-	-
	-	-

Note : 8 Short Term Borrowings

A) Secured Loans

Working Capital	1,607,314,981	1,176,550,182
(Secured by Hypothecation of Stock and Debtors and Personal guarantee given by Directors)		

B) Unsecured Loans

Short Term Loans : - Others

Credit Balance in Bank current Accounts	7,438,889	635,083
(Due to Reconciliation)		
	-	-
	1,614,753,871	1,177,185,265



**MURLI**



**Note : 9 Trade Payable**

Sundry Creditors	1,106,048,650	1,092,832,924
Advance Recd from Customers	177,284,035	104,205,872
	<b><u>1,283,332,685</u></b>	<b><u>1,197,038,796</u></b>

**Note : 10 Other Current Liabilities**

Outstanding Liabilities	240,929,808	95,940,008
VAT Payable	433,736,008	274,918,507
Electricity Payable	-	530,695
Salary Payable	6,013,651	14,255,732
Interest Payable	-	11,551,480
	<b><u>680,679,467</u></b>	<b><u>397,196,422</u></b>

Note : 11 Short-Term Provisions

Other	-	-
	<u>-</u>	<u>-</u>

NOTE 12  
FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01/04/2012	Additions	Deletions	As at 30/06/13	Upto 31/03/2012	For the year	Upto 30/06/2013	As at 30/06/2013	As at 31/03/2012
Land	281,046,504	3,000,000	0	284,046,504	0	0	0	284,046,504	281,046,504
Factory Building	1,240,935,586	787,988	0	1,241,723,574	271,118,316	54,555,685	325,674,001	916,049,572	969,817,270
Plant & Machinery	10,186,120,813	169,744,626	0	10,355,865,439	2,561,234,167	694,441,285	3,255,675,452	7,100,189,987	7,624,886,646
Electrification	374,034,151	802,646	0	374,836,797	124,870,988	26,597,473	151,468,461	223,368,336	249,163,163
Furniture	13,244,031	378,620	0	13,622,651	7,558,354	893,852	8,452,206	5,170,446	5,685,677
Office Equipment	38,443,838	1,181,800	0	39,625,638	21,562,102	2,819,609	24,381,711	15,243,927	16,881,736
Vehicles	122,490,763	11,377,240	0	133,868,003	59,969,159	12,418,810	72,387,969	61,480,033	62,521,604
Computer	40,686,322	783,171	0	41,469,493	13,320,869	8,145,918	21,466,787	20,002,706	27,365,453
<b>TOTAL :</b>	<b>12,297,002,006</b>	<b>188,056,090</b>	<b>0</b>	<b>12,485,058,098</b>	<b>3,059,633,956</b>	<b>799,872,632</b>	<b>3,859,506,587</b>	<b>8,625,551,512</b>	<b>9,237,368,053</b>
Previous Year	12230187267	66887864	73125	12297002006	2392313380	667320576	3059633956	9237368053	

Note : 13 Non-Current Investments

Long Term Investment

Shikshak Sahakari Bank Ltd	(25000 shares @ Rs 10 face value)	250,000	250,000
Ganga Care Hospital	(55000 shares @ Rs 10 face value)	550,000	550,000
Vimla Infrastructure	(5000 shares @ Rs 10 face value)	50,000	50,000
National Savings Certificate		11,500	11,500
Murli Cement Ltd.		500,000	500,000
Murli Cement Karnataka Ltd.		500,000	500,000
Murli Cement Maharashtra Ltd.		500,000	500,000
Murli Cement Rajasthan Ltd.		500,000	500,000
		<b><u>2,861,500</u></b>	<b><u>2,861,500</u></b>



Note : 14 Long-Term Loans & Advances

A) Secured Advances		
MSEB Deposit	4,332,655	3,122,954
MSC Security Deposit	320,000	320,000
Telephone Deposit	179,800	179,800
Water Deposit	182,274	71,519
Security Deposits	3,547,439	4,150,880
B) Unsecured Advances		
Rent Deposit	3,214,539	3,245,230
Security Deposits	603,441	-
	<u>12,380,148</u>	<u>11,090,383</u>

Note : 15 Other Non Current Assets

A-1) Secured Advances	-	-
A-2) Unsecured Advances		
Advances to Sponge Iron Unit	282,323	282,323
Advances to Murli Tyres	11,403,573	11,403,573
Advances to Murli Infrastructure Ltd	12,979,072	13,269,650
Others	21,266,992	24,811,490
Deferred Revenue Expenses	129,051,087	172,068,117
Other Advances	331,438,569	346,936,323
B) FDR having maturity more than one year	7,834,950	7,834,950
	<u>514,256,566</u>	<u>576,606,426</u>

Note : 16 Current Investment

-	-
-	-
<u>-</u>	<u>-</u>

Note : 17 Inventories

Raw Material	791,466,335	1,289,980,754
Stores & Spares	202,090,464	215,754,382
Consumables Stores	299,329,301	460,466,867
Packing Material	22,613,943	21,664,495
Finished Goods	170,706,033	486,649,546
	<u>1,486,206,076</u>	<u>2,474,516,046</u>

Note : 18 Trade Receivables

Debtors outstanding for a period within six months	283,571,118	463,096,715
Debtors outstanding for a period exceeding six months	204,356,782	89,155,215
	<u>487,927,900</u>	<u>552,251,930</u>

Note : 19 Cash & Cash Equivalent

Cash in Hand	3,895,452	3,590,571
Balance with Scheduled Banks :		
In Current Accounts	6,292,137	1,402,243
FDR with Bank	36,724,803	30,920,928
	<u>46,912,392</u>	<u>35,913,741</u>

Note : 20 Short-term Loans & Advances

A) Secured Advances		
T.D.S. Deposit	1,450,601	1,657,419
TDS Deposit with Govt. Auth. 26Q	373,849	416,533
CENVAT Cr Receivable on Input	54,837,897	15,871,133
CENVAT Cr CG Deferred Account	3,251,421	17,009,085
		(contd...)



(...contd.)

Duty Draw Back Receivable	1,329,345	1,382,007
Service Tax On Hold	8,632,596	972,591
Excise Rebate Receivable	55,818	412,579
TDS Deposit with Govt. Auth. 24Q	55,179	55,179
VAT Receivable	63,991,219	26,649,984
PLA	116,017	97,452
Royalty on Coal	68,596,882	19,980,639
MEGA VAT Receivables	791,591,803	393,461,440
CENVAT Cr Receivables on CG 50%	1,220,704	10,109,291
TCS Paid	1,033,414	877,816
CENVAT Cr Receivables Service Tax	53,425,161	68,200,293
CENVAT Cr Receivables Old	92,116,525	161,961,424
B) Unsecured Advances		
Interest Receivables	-	92,423
Prepaid Expenses	1,843,379	2,012,297
Advance to Staff & Contractors	14,914,570	9,061,475
Advance to Suppliers & Others	158,230,289	69,144,595
	<u>1,317,066,667</u>	<u>799,425,655</u>
Note : 21 Other Current Assets	-	-
	<u>-</u>	<u>-</u>

NOTES FORMING PART OF PROFIT & LOSS STATEMENT

For the Year Ended 30th June, 2013 For the Year Ended 31st March, 2012

Note : 22 Sales

Revenue from Operations	9,102,289,778	11,581,591,420
Less : Freight & Insurance recd. On Sales	233,333,682	48,692,082
Excise Duty	508,164,050	211,264,664
VAT / CST	366,691,045	417,242,104
	<u>7,994,093,830</u>	<u>10,904,392,570</u>

Note :23 Other Incomes

Interest Income	6,250,442	5,937,554
Other Income	1,400,246	1,683,523
Agriculture Income	115,150	-
	<u>7,765,838</u>	<u>7,621,077</u>

Note : 24 Cost of Materials Consumed

A) Raw Material Consumed	3,795,756,082	6,894,730,486
B) Stores, Spares, Chemicals & Consumables Consumed	704,001,570	933,981,938
C) Packing Material Consumed	160,319,098	197,883,497
Total (A+B+C)	<u>4,660,076,750</u>	<u>8,026,595,921</u>

Note : 25 Increase/(Decrease) in Stocks

Finished Goods	315,943,514	85,113,629
	315,943,514	85,113,629

Note : 26 Employees Remuneration & benefits

Salary, Wages, Allowances & other Benefits	339,780,254	267,577,806
Education Allowance	222,079	229,803
Conveyance Allowance	586,069	506,286
Contribution to PF, ESIC, LWF, etc	8,852,674	10,191,186
House Rent Allowance	2,894,100	2,328,084
Staff Welfare Expenses	5,151,962	3,767,296
Security Charges	13,214,287	7,933,855
	370,701,425	292,534,316

Note : 27 Financial Cost

Interest on :		
Term Loan	1,639,798,936	1,007,604,730
Interest to Bank & Others	209,403,962	107,408,645
Bank Commission & Financial Charges	157,123,685	155,483,766
	2,006,326,582	1,270,497,141

Note : 28 Other Expenses

A) Manufacturing Expenses

Electricity Charges	1,224,984,715	1,439,846,059
Freight Inward	328,304,498	412,174,843
Clearing & Forwarding	98,705,353	159,553,438
Repairs & Maintenance	67,309,272	43,716,935
Water Charges	2,304,709	5,407,785
Coal Handling Charges	270,590	1,114,533
Factory Expenses	25,988,066	7,426,642
Mandi Cess	3,553,660	20,460,859
Excise Duty on Input	3,126,179	-
CST Paid	11,050,542	12,631,275
Service Tax on Input	-	564,350
Brokerage & Commission	5,177,250	5,636,700
Royalty on Lime Stone	100,020,673	24,267,234
Loading & Unloading Charges	19,065,196	11,676,323

B) Administrative & Other Expenses

Payment to Auditors:		750,000	850,000
1. For Taxation Matters	50,000		
2. For Audit Fees	675,000		
3. For Certification Charges	25,000		
Books & Periodicals		9,139	7,426
Charity & Donations		922,030	98,500
Conveyance Exp.		5,963,202	4,717,034
Listing Fees		770,575	472,489
Gardening Expenses		761,086	455,694
Insurance Charges		10,519,810	6,506,299
Retainership Charges		7,566,351	3,666,073
License & Filing Fees		1,601,584	659,327

(contd...)



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(...contd.)

Legal, Professional Fee & Consultancy Charges	19,245,602	13,534,368
Computer Maintenance	658,328	605,742
Membership Fee & Subscription	303,647	103,536
Office & General Exp.	1,837,785	1,087,246
Postage, telegram	682,310	654,270
Printing & Stationary	3,411,635	2,301,727
Rent, Rates & Taxes	15,355,656	13,094,221
Repairs & Maintenance	17,541,875	14,562,691
Telephone & Telex Charges	7,507,636	6,080,648
Refreshment Expenses	2,233,349	1,604,562
Tour & Travelling Exp.	16,898,348	7,701,565
Vehicle Running & Maintenance	6,789,262	4,555,796
Miscellaneous Expenses	4,249,725	3,988,758
Directors Sitting Fees	437,000	365,000
Professional Tax	2,500	-
Agricultural Expenses	227,844	-
Keyman Insurance Policy	6,662,124	4,708,047
Software Expenses	299,440	299,440
Guest House Expenses	897,275	761,425
Preliminary expenses written off	3,544,498	3,544,498
Equipment Hire Charges	54,334,050	57,862,188
Deferred Revenue Exp written off	43,017,030	43,017,030
Entry Tax	687,851	3,239,553
C) Selling & Distribution Expenses		
Advertisement & Publicity	12,815,504	7,281,084
Brokerage & Commission	15,082,978	29,887,100
Business Promotion Expenses	54,893,779	88,590,824
Freight Outward	270,766,559	500,752,212
Octroi	21,378	101,702
Analysis Charges	427,483	562,252
Demurrage Rake	2,260,034	4,919,232
Shortage, Quality Rebate and Discount	290,238,873	148,927,575
Weighment Charges	5,500	33,340
Loading & Unloading (Despatch)	286,309,588	382,313,889
Godown/Depo Rent	21,172,073	11,108,533
Total	<u>3,079,542,998</u>	<u>3,520,059,869</u>

## NOTE " 1 "

### Significant Accounting Policies

#### a. Presentation & Disclosure of Financial Statements:

During the period of fifteen months ended 30th June, 2013, the Revised Schedule VI notified under The Companies Act, 1956 has been followed by the company for preparation and presentation of its financial statements. Assets & Liabilities have been classified as Current & Non-Current as per the companies normal operating cycle and other criteria set out in Schedule VI of The Companies Act, 1956. Based on the nature of the activity carried out and the period between the procurement and realization of cash & cash equivalents, the company has ascertained its operating cycle as 12 Months for the purpose of Current - non Current classification of assets & liabilities.

The Company has also reclassified/regrouped the previous year figures in accordance with the requirements applicable in the current period. The figures are not comparable because the previous year was of twelve months and the current year has been extended to fifteen months. The Company has not bifurcated its borrowings from banks and financial institutions in respect of the amounts which are already due for payment or due for payment within an year's time and the same is being shown under the head Non Current Liabilities instead of Current Liabilities.

#### b. Accounting Convention:

The financial statements of the Company are prepared under the historical cost convention using accrual system of accounting with generally accepted accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the Provisions of The Companies Act 1956.

#### c. Use of Estimates:

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balance of assets & liabilities as of the date of the financial statements and reported amounts of income and expenditure during the period. Management believes that the estimates used in the preparation of financial statements are prudent & reasonable.

#### d. Fixed Assets:

Fixed Assets have been stated at Cost less Accumulated Depreciation. The actual cost is inclusive of all the incidental cost of acquisition & installation expenses incurred till the asset is put to use. Assets are shown net of "CENVAT" claimed. The assets are not tested for impairment. Depreciation on Fixed Assets is provided, on pro rata basis, on Written Down Value Basis except in case of assets of SBS Board & Cement Unit at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

#### e. Impairment of Assets:

The company does not have any policy of impairment of its assets.

#### f. Investments:

Investments are classified into Non Current & Current Investments.

Non-Current investments are carried at cost. Provision for diminution, if any in the value of each Non-Current investment is made to recognize a decline, other than of temporary nature.

Current Investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

#### g. Inventories:

Inventories comprise all cost of purchase, conversion and other costs incurred in bringing the inventory to their present location & condition.

Raw Materials and bought out components are valued at lower of cost or Net realizable Value. Cost is determined on the basis of the Average Method.

Finished goods produced and purchased for sale, manufactured are carried at cost or Net realizable value whichever is lower.

#### h. Retirement Benefits:

No provision has been made for Gratuity. However Gratuity is accounted for in the books as & when it is actually



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paid. The Company has not taken any kind of policy to provide for Retirement of employees. The Company does not follow AS-15 regarding provision for Employees benefits.

**i. Provisions & Contingent Liabilities:**

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

**j. Earning Per Share:**

Basic earnings per share is calculated by dividing net profit or loss after tax for the year attributable to equity shareholders by weighted average number of equity share outstanding during the period.

For the purpose of calculating diluted EPS, net profit or loss after tax for the period attributable to equity shareholder are divided by the weighted average number of equity shares outstanding during the year and are adjusted for the effects of all dilutive potential equity shares.

**k. Revenue Recognition:**

- i. Sales are recognized on an accrual basis when all significant risks & rewards of ownership are transferred to the buyer and the company retains no effective control of goods transferred.
- ii. Gross sales (net of returns) do not include excise duty, but the same is, wherever applicable, added back for complying with the disclosure requirements of Schedule VI.
- iii. Other income is recognized on an accrual basis.
- iv. Dividend income is recognized when the right to receive the dividend is established.
- v. Interest income is recognized when no significant uncertainty as to its realization exists & is accounted on time proportion basis at contracted rates.
- vi. Insurance and other miscellaneous claims are recognized on receipt/ acceptance of claims. Contractual pass though incentives, benefits, etc. are recognized on receipt basis.

**l. Provision for Taxation:**

Tax expense comprises both current & deferred tax.

Current Tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates & tax laws.

Deferred tax assets & liabilities are recognized for future tax consequences attributable to the timing difference between taxable income & accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the balance sheet date. Deferred tax assets are not recognized unless, in the management judgment, there is a virtual certainty that sufficient future taxable income will be available against which such differed tax asset may be realized. The carrying amount of deferred tax is reviewed at each balance sheet date.

MAT paid in accordance with the tax laws which give future economic benefit in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax against which the MAT paid will be adjusted.

**m. Borrowing Cost:**

Borrowing cost directly attributable to the Acquisition, Construction or Production of qualifying assets is capitalized till the assets are ready to use. Other borrowing costs are recognized as an expense in the period in which these are incurred.

As per our report of even date,

For DEMBLE RAMANI & CO

Chartered Accountants  
Firm Reg. No. :-102259W

ANAND DESHPANDE

Partner  
Membership No. 033618

Place : NAGPUR

Date : 29.08.2013

Notes to Accounts :

29. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Contingent Liability for pending litigation(s) are not accounted for in the books of account.

Claims not acknowledged as debts

	Current Period	Previous Year
Customs & Excise & Other Disputed Liabilities	76.46 Crores	76.46 Crores

30. PAYMENTS DUE TO MSME UNITS: In the absence of comprehensive details of MICRO, SMALL & MEDIUM ENTERPRISES industrial undertaking, and non-intimation by the suppliers of their being MSME industrial undertaking, the amount due to such suppliers as on 30.06.2013 could not be determined.

31. ACCRUAL SYSTEM OF ACCOUNTING : The company is generally following the accrual system in its accounting, except Royalty on Limestone, Employee Benefits, which are accounted on cash basis.

32. FOREIGN EXCHANGE TRANSACTION : The Company has accounted Foreign Exchange transactions on actual payment basis to the respective account instead of showing separately in Exchange Fluctuation Account which is a diversion from method specified in Accounting Standard -11.

33. EXCISE / CUSTOMS : The Company has maintained excise records in manual as well as computerized formats. Generally, the manual records of units have been audited and accepted by the Excise department. However, the amounts reflected in the records maintained on ERP, which are incorporated in the balance sheet, are pending reconciliation with manual records. The impact of the same on the profitability of the company remains unquantifiable.

34. SEGMENT INFORMATION: The Company is operating in Eight Business Segments viz. Solvent Extraction, Duplex Paper Board, News Print, Captive Power Generation, Writing & Printing, SBS Board, Pulp Mill & Cement Unit. The segment wise disclosure is as under:

(Rs. in thousands)

PARTICULARS	UNITS								
	Solvent Unit	Duplex Paper	News-Print	Writing & printing	Power	Pulp	SBS	Cement	Total
Segment Revenue									
External Sales	7,686	4,382	6,732	11,260	-	-	9,377	29,443	68,879
Inter-segment sales	-	-	-	-	11,062	-	-	-	11,062
Total	7,686	4,382	6,732	11,260	11,062	-	9,377	29,443	79,941
Less : Elimination	-	-	-	-	(11,062)	-	-	-	(11,062)
Total Revenue	7,686	4,382	6,732	11,260	-	-	9,377	29,443	68,879
Segment Results	(932)	(797)	324	(1,400)	(741)	-	(160)	(8,615)	(12,320)
Unallocated Expenses	--	--	--	--	--	-	-	-	-
Operating Profit/ Loss	(382)	(55)	1,509	206	1,026	-	1,186	7,793	11,282
Interest Expenses	1,353	99	699	498	2,428	-	1,957	13,031	20,063
Other Income	2	14	7	18	6	-	17	13	78
Extra Ordinary loss	-	-	-	-	-	-	-	-	-
Other Information									
Segment Assets	28,043	10,081	11,735	25,516	19,644	7,741	17,582	101,604	221,947
Segment Liabilities	11,222	3,619	6,760	8,434	9,086	2,670	16,808	116,257	174,855
Depreciation	103	88	594	711	1,328	-	746	4,427	7,999



SECONDARY SEGMENT ITEM	GEOGRAPHICAL SEGMENTS			
	EXPORT	DOMESTIC	INTER SEGMENT ELIMINATIONS	TOTAL
<b>Revenues :</b>				
Sales to External Customers	260	79,681	-	79,941
Less :Inter Unit Sales	-	-	-	-
<b>Total Revenue</b>	<b>260</b>	<b>79,681</b>	<b>-</b>	<b>79,941</b>

35. PAYMENTS TO AUDITORS:

For Audit Fees	: Rs. 6,75,000
For Certification Charges	: Rs. 25,000
For Taxation matters	: Rs. 50,000

36. RELATED PARTY DISCLOSURE : Following disclosure has been made as per the requirement of accounting standards 18 issued by I.C.A.I.

(A) Key Management Personnel

Nandlal Maloo	Chairman & Managing Director
Bajranglal Maloo	Director
Lalchand Maloo	Director
Sunil Kumar Maloo	Director

(B) Enterprises Owned / Managed by Key Managerial Personnel

Nandlal Enterprises Limited	Radha Software Limited
Murli Tyres Limited	Murli Infrastructure Limited
Murli Electrode Private Limited	Murli Cement Limited
Murli Cement Karnataka Limited	Murli Cement Maharashtra Limited
Murli Cement (Rajasthan) Limited	

Particulars of Transactions during the period of fifteen months ended 30th june, 2013 with Related parties  
(Amount in Rs.)

Nature of Transactions	Key Management Personnel	Relative of Key Management Personnel	Enterprises Owned/ Managed by Key Management Personnel	Total
Rent	36,72,000	-	9,60,000	46,32,000
Directors and their Relatives' Remuneration	23,40,000	66,00,000	-	89,40,000
Purchase of Goods & Raw material/ Services		-	12,04,17,819	12,04,17,819
Loans Taken /(Repaid)	(1,54,92,622)	1,23,30,746	(11,89,877)	(43,52,053)
Outstanding as at the year end	47,20,253	6,02,87,763	30,58,968	6,80,66,984



37. NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGE IN ACCOUNTING POLICIES :  
The Company is not complying with the disclosure requirements of AS-5, there are prior period expenses accounted for during the current year amounting to Rs. 7,16,40,103/-

38. EARNING PER SHARE: As per Accounting Standard 20 of I.C.A.I., the Basic Earnings per Share of the company is as follows :

$$\frac{\text{Net Profit / (Loss)}}{\text{No. of Shares}} = \frac{(\text{Rs. 234.43 Crores})}{7,21,07,775} = \text{Rs. (32.51) Per share}$$

39. CONFIRMATIONS: The balance shown in Sundry Debtors, Sundry Creditors, Advances, stock with depots and bank balances are subject to confirmation from respective parties.

40. Value of Imports on C.I.F. Basis (Duplex, SBS, & Writing Printing) Raw Material: Rs.15.53 Crores (\$0.293 Crores) [P.Y. Rs.47.63 Crores] (\$1.02 Crores) Imported Capital Goods: Rs.0.00 Crores (\$ 0.00 Crores) [P.Y. Rs. 0.11 Crores (\$0.0024 Crores)]

41. Earnings in Foreign Exchange: Export Value of Goods on F.O.B. Basis is Rs. 0.42 Crores (\$ 0.008 Crores), P.Y. Rs. 2.02 Crores (\$0.04 Crores).

42. EXPORT TURNOVER: Total Turnover includes Export Turnover of Rs.2.60 Crores (P.Y. Rs. 60.2 Crores).

43. CAPITALISATION OF EXPENSES: The Company has capitalized expenses of Rs.3.16 crores incurred in PULP Mill Unit as the Unit was not in operation in the whole period. The PULP Mill Unit was not run as manufacturing pulp from Waste paper was not cost effective.

44. DEFFERED TAX ASSET: The Company has recognized deferred tax asset during the period. The total deferred tax asset as on balance sheet date amounts to Rs.226.95 crore. The deffered tax asset on unabsorbed depreciation and business losses has been recognized on the basis of business plan which takes into account future income. The management is of the opinion that there is virtual certainty that sufficient future taxable income will be available against which the deffered tax asset can be realized.

45. The Pulp Unit is not operational from last more than three years. The management has not ascertained impairment loss if any on account of closure of unit from last several years.

46. INCOME TAX: The Company does not have taxable income as per income tax act and hence company has not made any provision for payment of income tax.

47. WEALTH TAX: The Company has not made any provision for payment of wealth tax.

48. The Company has incurred substantial losses and its net worth has been eroded. The financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

For DEMBLE RAMANI & CO  
CHARTERED ACCOUNTANTS  
Firm Reg. No.:-102259W

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
Murli Industries Limited

ANAND DESHPANDE  
PARTNER  
Membership No. 033618

NANDLAL B MALOO  
CHAIRMAN & MANAGING DIRECTOR

BAJRANGLAL B MALOO  
DIRECTOR

Place : NAGPUR  
Date : 29th August, 2013

**MURLI**

**MURLI INDUSTRIES LIMITED**  
**INFORMATION PURSUANT TO THE LISTING AGREEMENT**  
**CASH FLOW STATEMENT FOR 15 MONTHS ENDED 30th JUNE 2013**

(Figure in ₹)

<b>A. Cash Flow from Operating Activities :</b>	<b>15 Months ended on 30th June 2013</b>	<b>12 Months ended on 31st March 2012</b>
<b>A. Cash Flow From Operating Activities:</b>		
<b>Net profit before Tax and extraordinary items</b>	(3,230,604,233)	(2,950,107,806)
Adjustment for:		
Depreciation	799,872,632	667,320,576
Interest (Net)	1,842,952,456	1,109,075,821
Preliminary Expenses W/o	3,544,498	3,544,498
Deferred Expenses W/o	43,017,030	43,017,030
Operating Profit before working capital changes	(541,217,617)	(1,127,149,881)
Adjustment for :-		
(Increase)/Decrease in Inventories	988,309,970	750,784,724
(Increase)/Decrease in Trade and Other Receivables	64,324,031	(198,650,172)
Increase/(Decrease) in Trade and Other Payables	86,293,890	372,321,828
( Increase)/Decrease in Loans & Advances	(518,930,778)	(41,065,054)
( Increase)/Decrease in Other Current Liability	283,483,047	37,024,906
( Increase)/Decrease in Other Current Assets	290,578	(16,015,000)
( Increase)/Decrease in Non Current Assets	15,497,754	(19,171,935)
Cash Generated from Operations	378,050,875	(241,920,584)
Interest Paid Gross	(1,849,202,898)	(1,115,013,375)
Direct Taxes Paid	(1,279,321)	(37,654,095)
Net Cash From Operating Activities (A)	(1,472,431,344)	(1,394,588,054)
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(188,056,090)	(66,814,739)
Interest Received	6,250,442	5,937,554
(Increase)/Decrease in Investment	(0)	(2,000,000)
(Increase)/Decrease in Capital Work in Progress	(38,861,739)	(17,141,969)
Net Cash From Investing Activities (B)	(220,667,388)	(80,019,154)
<b>C. Cash Flow From Financing Activities</b>		
Proceeds From Issue of share capital	-	486,760,500
Proceeds From Long term and other borrowings	1,704,097,381	898,530,428
Net Cash Used in Financing Activities (C)	1,704,097,381	1,385,290,928
Net increase in Cash and Cash equivalents (A+B+C)	10,998,649	(89,316,281)
Cash and cash equivalents as at Commencement of the year	35,913,743	125,230,024
Cash and cash equivalents as at End of the year	46,912,392	35,913,743
Note : Figures in brackets represent Cash Outflows.		

For and on behalf of Board of Directors,

Nandlal Maloo, Chairman &amp; Managing Director

Bajranglal Maloo, Director

Tarun K. Singh, Company Secretary

**Auditor's Certificate**

We have examined the Cash Flow Statement of MURLI INDUSTRIES LIMITED for the year ended 30th June, 2013. The statement has been prepared in accordance with the requirements of the listing agreements with the Stock Exchange and is based on and in agreement with the corresponding Balance Sheet and Profit and Loss Account of the Company covered by our Report of 29/08/2013 to the members of the Company.

For Demble Ramani & Co.  
Chartered Accountants. Reg. No. 102259W

Anand Deshpande  
Partner. Membership No. 033618

Place : Nagpur  
Date : 29th Aug., 2013

## Code of Conducts

### Code of Conduct for Director and Senior Management

#### Introduction :

This Code of Conduct applies to :

The directors of Murli Industries Limited

Personnel of Murli Industries Limited (hereinafter "the Company") who are members of its core management team excluding the Board of Directors. It will also apply to all members of management one level below the executive directors including all functional heads (hereinafter collectively referred to as "Senior Executive") and any other employee or officer of the Company who has opportunity to materially influence the integrity, start and operation of the business and financial performance of the Company.

#### Purpose :

The Purpose of this Code of Conduct is to :

1. Set the high principles of honesty, integrity, ethical and law abiding behavior expected of Directors and Senior Executive;
2. Guide Directors and Senior Executive as to the practice necessary to maintain confidence in the Company's lawful behavior;
3. Ensure that the business practice of the Company creates highest level of confidence amongst its standard;

#### Honesty and Integrity :

- 1.1. The Directors and Senior Management will not discriminate with integrity in all their dealings done for the Company.
- 1.2. The Directors and Senior Management will not discriminate on the grounds of a person's race, religion, gender, marital status or disability.
- 1.3. Directors and Senior Management will not make promises, commitment that the Company does not intend, or would be unable to honour.
- 1.4. Directors and Senior Management shall adhere to the truth and they should not mislead directly or indirectly nor make false statements, nor mislead by omission.

#### Personal Transaction :

- 1.5. Directors' and Senior Management's / personnel other business dealings will be kept separate from their dealings as a director or employee of the Company.
- 1.6. Directors and Senior Management shall not use the name of the Company to further any personal or other business transactions unrelated to the Company.
- 1.7. Directors and Senior Management shall use goods, services and facilities provided to them by the Company, strictly in accordance with the terms on which they are provided.

#### Confidentiality of Information :

- 1.8. Directors and Senior Management will ensure that the confidential information relating to customers, employees and Company's operations is not given either inadvertently or deliberately to third parties, except to the extent necessary for the Company's business without the consent of the Company.
- 1.9. Directors and Senior Management will not use Company's information obtained by them for personal gain financial or otherwise, nor will that information be used to derive financial or other benefits for any other person or business.
- 1.10. Directors and Senior Management shall respect the privacy of others.



### **Disclosure of Interests :**

- 1.11. Directors and Senior Management shall fully disclose active private or other business interests promptly and any other matters which may lead to potential or actual conflicts of interest with the Company in accordance with such policies that the Directors may adopt from time to time.
- 1.12. Directors' and Senior Management's dealings with the Company must always be at arms length to avoid the possibility of actual or potential conflict of interest.

### **Protection and proper use of assets :**

- 1.13. The Company expects every Director and Senior Executive to use all reasonable endeavours to protect any Company assets and to ensure its efficient use.
- 1.14. A Director or Senior Executive may only use a Company asset for example, a product, vehicle, computer or money for legitimate business purposes.
- 1.15. Each Director and Senior Executive must immediately report any suspected fraud or theft of a Company asset for investigation.

### **Compliance with laws, regulations, policies and procedures :**

Each Director and Senior Executive must :

Comply with the letter and spirit of any applicable law, rule or regulation;

Comply with the protocols, policies and procedures of the Company, including its corporate Code of Conduct and Code of Conduct for insider trading; and

Encourage other officers and employees to do the same.

Reporting of any illegal or unethical behavior :

Director and Senior Management are encouraged to promptly contact the Chairman of the Board or the Managing Director if any Director believes that he or she has observed illegal or unethical behavior by any employee, officer or director or by anyone supposed to be acting on Company's behalf. Any such reports may be made anonymously. Confidentiality will be maintained, to the extent permitted by law.

### **Payments, Gifts, Entertainment and Travel :**

- 1.16. Directors and Senior Management shall not use their status to seek personal gain from those doing business or seeking to do business with the Company.
- 1.17. Directors and Senior Management shall not accept any personal gain of any material significance, if offered.

**Disciplinary Action:** Directors and Senior Management are subject to disciplinary action for violations of this Code of Conduct. Subject to and in accordance with the Company's bylaws, the Board of Directors shall determine the appropriate disciplinary action for violation of this Code of Conduct.

**Waivers and Modifications:** Waivers of this Code of Conduct will be granted only when determined to be appropriate under the circumstances and in accordance with applicable law and only upon approval by the Board of Directors or an authorised committee thereof. All such waivers will be disclosed to shareholders and the public as and when required by applicable law or regulation. Subject to the foregoing, this Code of Conduct is subject to modification by the Board of Directors at any time in order to ensure continued compliance with applicable laws, rules and regulations.

### **General :**

Every Director shall perform his duties as a Director, including his duties as a member of any committee of the Board of Directors upon which he may serve, in good faith, in a manner he reasonably believes to be in Company's best interests, and with such care as an ordinary prudent person in similar position would use under similar circumstances.

## Proxy Form

22nd Annual General Meeting on 14th December, 2013

Corporate Office : 'Radha House' 239, East Wardhaman Nagar, Nagpur - 440 008.  
Phones : 0712 - 3050000 Fax : 0712 - 2684422



**MURLI**

MURLI INDUSTRIES LTD.

Registered Folio Number : \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of the above named company, hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Saturday, 14th Day of December, 2013 at 11.00 am.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013



✂ Note : This form of Proxy duly completed, stamped and signed should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.



### Murli Industries Limited

Corporate Office : 'Radha House' 239, East Wardhaman Nagar, Nagpur - 440 008.

#### ATTENDANCE SLIP

22nd Annual General Meeting on 14th December, 2013

Name of the Member \_\_\_\_\_  
(In Block Letters)

Folio Number \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Name of the Proxy \_\_\_\_\_  
(In Block Letters. To be filled in the Proxy attends instead of the Member)

I hereby record my presence at the 22nd Annual General Meeting of the Company at the Corporate Office : "Radha House" 239, East Wardhaman Nagar, Nagpur - 440 008 on Saturday, the 14th Day of December, 2013 at 11.00 a.m.

Member/Proxy's Signature

Note : To be signed at the time of handing over this slip at the entrance of the meeting hall.



**MURLI**

**MURLI INDUSTRIES LTD.**

**REGISTERED OFFICE**

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

P : +91 712 2768912 F : +91 72 2761145

E : [info@murliindustries.com](mailto:info@murliindustries.com)

W: [www.murliindustries.com](http://www.murliindustries.com)

**CORPORATE OFFICE**

'Radha House', 239, East Wardhaman Nagar,  
Nagpur 440 008. India.

P : +91 712 3050200 F : +91 712 2684422

E : [info@murliindustries.com](mailto:info@murliindustries.com)

W: [www.murliindustries.com](http://www.murliindustries.com)



## FORM B

*Format of covering letter of the Annual Report to be filed with the Stock Exchanges*

1.	Name of the Company	Murli Industries Limited
2.	Annual financial statements for the year ended	30 <sup>th</sup> June, 2013
3.	Type of Audit qualification	Qualified
4.	Frequencies of qualification	Annual
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the director report:	<p><i>Q.1. As mentioned in note no. 48, the financial statements of the company have been prepared on the going concern basis notwithstanding the fact that the networth of the company is completely eroded and the company has a negative networth of (Minus Rs.189.82 crores) as on balance sheet date. The appropriateness of the said basis is interalia dependent of the Company's ability to infuse requisite funds for meeting its obligations, reschedulement of its debts and resuming normal operations.</i></p> <p>R.1. The financial statements of the company have been prepared on the basis of going concern concept. In view of the accumulated losses exceeding the net worth, the company has become a sick industrial company and meet the laid down criteria in this regard and file a references u/s 15(1) of the SICA 1985 to the BIFR.</p> <p><i>Q.2. As mentioned in note no. 31 and 32, the company has not complied with Accounting Standards-15 (Employee Benefits) &amp; Accounting Standards-11(Effects of changes in Foreign exchange Rates).</i></p> <p>R.2. The accounting for the same is being done on cash basis since inception of the company. To ensure consistency in the policy the accounting for employee benefits and foreign exchange is being done on cash basis. The company will carry out actuarial valuation in future so as to comply with AS-15 on Employee Benefits.</p> <p><i>Q.3. As mentioned in note no. 39, the balances of trade receivables and payables, lenders and loans and advances are subject to confirmation / reconciliation and subsequent adjustments if any. As such, we are unable to express any opinion as to effect thereof on the financial</i></p>



*statements of the period under audit.*

R.3. The Company has taken steps to get the confirmation of the balances from trade receivables and payables, lenders and loans and advances. The confirmation received by the company has already been submitted to the auditors.

*Q.4. As mentioned in note 43, the Company has Capitalized expenses to the tune of Rs.3.16 Crores incurred in 'Pulp Mill Unit', instead of charging these expenses to Profit & Loss A/c. As a result of above the loss of the Company for the period of fifteen months ended 30<sup>th</sup> June, 2013 is understated by Rs. 3.16 Crores.*

R.4. The Company has capitalized expenses to the tune of Rs. 3.16 Crores for PULP Mill unit as the said unit was not in operation during the current financial year. All the expenses incurred were capitalized however no depreciation has been claimed during the year.

*Q.5. As mentioned in note 44 regarding recognition of deferred tax credit on account of unabsorbed losses and depreciation during the year amounting to Rs.88.76 crores (last year 138.19 crores) total amount recognized up till date is Rs.226.95 crores. This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard-22. As such we do not express our opinion on the reasonability of recognition of the income. As such loss after tax for the period under audit is understated by Rs.88.76 crores. The networth of the company is overstated by Rs.226.95 crores as on balance sheet date.*

R.5. During the year an amount of Rs. 88.76 crores (last year 138.19 crores) has been accounted for as deferred tax assets as per AS 22. However, during the year under review, the company, on re-examination of future profitability and as a consideration of prudence has decided to account for the deferred tax assets in respect of unabsorbed depreciation as per income tax assessments only. As per AS 22, deferred tax can be





recognized provided there is sufficient future income available against which deferred tax can be realized.

*Q.6. As mentioned in note 45, the company has not ascertained impairment loss on account of inoperative Pulp Unit from last some years.*

*Q.7. The company has no policy of ascertaining impairment losses, which is in contravention of Accounting Standard 28. As such, we are unable to express any opinion as to effect thereof on the financial statements of the period under audit.*

R.6 & 7. Comments of the Auditors have been noted with regard to impairment loss on account of inoperative pulp unit for future compliance.

*Q.8. All loan accounts of the company from Banks except from IDBI Bank and vehicle loan accounts have been treated as Non Performing Assets (NPAs) by the respective banks due to non payment of dues. The company has recorded the interest on these accounts for the period till 30<sup>th</sup> June 2013 @10.50% p.a. instead of the actual payable amount which varies from 10.50% to 18% p.a. The difference between the exact interest as chargeable by the bank and interest accounted for by the company remains unquantifiable. As such non current liabilities are overstated and current liabilities are understated. The amount of over/ under statement remains unascertained.*

R.8. Cash Credit and Term Loan classified as "Non-performing Accounts" by the bank. The accounting policy of the company have been maintained on accrual basis hence interest has been provided @10.50% as the rate applicable at the time of CDR however bankers have not charged the interest due to NPA.

*Q.9. The Company has liability outstanding in respect of FCCB (Foreign Currency Convertible Bonds) issued of US\$ 5.5 million the due date of payment of which was 6<sup>th</sup>*



of Feb, 2012. The lenders have not exercised option for conversion. Hence the amount is payable at the agreed enhanced value. The amount outstanding in respect of the same is being shown in the balance sheet at original conversation rate of Rs.43.94 per US\$ as at the time of actual receipt of the amount. The actual liability due in respect of the same as per terms comes to 149.81% of US\$5.5 Million i.e. US\$ 8.27 Million and the rate as on 30<sup>th</sup> June 2013 being Rs.59.52 per US\$, the liability in respect of the same is understated by Rs.24.88 Crores. As such loss of the company is under stated to that extent. The redemption reserve in respect of repayment of the same has also not been created.

R.9. The Company is in discussion with FCCB holders to buy back at discounted rate. Same yet to be finalized. Once it finalized the same will be repaid. Hence in this regard the provision of the same is being done on cash basis.

*Q.10. Accounting Standard – 5, Net Profit or loss for the period, Prior Period Items & change in accounting policies requires the company to disclose the nature & amount of Prior period items to be disclosed separately in a manner that their impact on current profit or loss can be perceived. The Company has not complied with the provisions thereby inflating the current period's losses by Rs. 7.16 crores.*

R.10. With regard to comment of the auditor on AS-5, some of the expenses have been booked on cash basis which may be related with previous year but the amount is not significant hence the impact is not material. However the company will comply the provision As-5 in future.

*Q.11. As per the requirements of Accounting Standard – 26 "Intangible Assets", any deferred revenue expenditure is to be written off in the Profit & loss Statement, since they do not meet the definition of an "asset" under AS-26, The Company has not written off its expenses amounting to Rs.12.90 Crores.*

R.11. The Deferred Revenue Expenditure of Rs.





21,50,85,147/- has been incurred in the year 2010-2011 at the time of launching of cement product in the market which was written off in 5 equal installments out of which 2 installments has already been written off & the balance Rs. 12,90,51,087/- is in the said account.

*Q.12. The company has not shown the amounts of loans maturing shortly under the sub-head "Current Maturities of Long Term Loans" under "Other Current Liabilities", but the same are shown under the head "Long Term Borrowings" under "Non Current Liabilities" Similarly the company has not disclosed the details of loans and their terms and conditions including repayment etc including defaults. This is deviation from requirements of the new Schedule VI of the Companies Act.*

R.12. Due to NPA account the same is not bifurcated.

*Q.13. The company has an investment of Rs. 0.05 Crores in each of four, wholly owned subsidiaries namely Murli Cement Limited, Murli Cement (Karnataka) Limited, Murli Cement (Maharashtra) Limited, Murli Cement (Rajasthan) Limited. The company has not complied with Accounting Standard 21 by presenting the Consolidated Financial Statements. As explained these companies have not started operations as such Consolidated Financial Statements have not been prepared.*

R.13. The wholly owned subsidiaries companies have not started operations as such and hence Consolidated Financial Statements have not been prepared based on the fact that there are no any material transactions involved in the said companies. Further the company has applied to Ministry of Corporate Affairs (MCA) for the exemption for the same.



Q.14. The non-current assets of the company include a sum of Rs. 31.07 Crores spent on Rajasthan, Karnataka which includes land. These should have been part of fixed assets.

R.14. The amount spent on Rajasthan, Karnataka shown under the Non-current assets of the company because based on the fact that the amount spent is of the nature of advanced related to upcoming projects.

6. Additional comments from the board/ Audit committee chair:

None

7. To be signed by:

- Managing Director




- Auditor of the Company

The management's response to the Audit Qualifications in its Directors report is not made available. Notwithstanding Managements response, comments and explanation in respect of Audit Qualifications, as the case may be, under column (1) to (6) herein above in this format B for Murli Industries Ltd., we doth hereby confirm our qualification in our report of 30th June 2013 which qualification remains unchanged.

For **DEMBLE RAMANI & CO.**  
Chartered Accountants



  
**ANAND DESHPANDE**  
Membership No.33618

Dated: 11-12-2013