



**MALU PAPER
MILLS LTD.**

ANNUAL REPORT

2004 - 2005

Heera Plaza, 4th Floor,
Near Telephone Exchange,
Central Avenue,
Nagpur – 440 008
Phones : 0712-2760308, 2778506, 2733100
Fax : 0712- 2760310
Email : info@malupaper.com

MALU PAPER MILLS LIMITED

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MALU PAPER MILLS LIMITED**Registered and Corporate Office,**

Malu Paper Mills Ltd.,
 Heera Plaza, 4th Floor,
 Near Telephone Exchange,
 Central Avenue,
 Nagpur 440 008.
 (M.S.)

BOARD OF DIRECTORS

| | |
|-----------------------|------------------------|
| Shri Bhanwarlal Malu | Chairman |
| Shri Punamchand Malu | Managing Director |
| Shri Banwarilal Malu | Jt. Managing Director |
| Shri Damodarlal Malu | Non Executive Director |
| Shri Purushottam Malu | Non Executive Director |
| Shri Vasudeo Malu | Non Executive Director |
| Shri Ghasiram Malu | Non Executive Director |

Auditors;

DEMBLE RAMANI & CO.
CHARTERED ACCOUNTANTS

Abhyankar Road, Sitabuldi,
 Nagpur 440 012

MALU PAPER MILLS LIMITED

Regd. Office: Heera Plaza, Nagpur -400008

NOTICE

Notice is hereby given to the shareholders of Malu Paper Mills Limited that the 12th Annual General Meeting of the members will be held on Friday, the 30th day of September 2005 at the registered office of the Company at Heera Plaza, Nagpur - 440008 at 10.30 A.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the year ended on that date along with the reports of Director and Auditors thereon.
2. To appoint Auditors and to fix their remuneration.
3. To re-appoint the retiring Directors, who being eligible, hereby offer themselves for re-election.

SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification(s) the following resolution as ordinary resolution:

4. Increase of Authorised Capital

"RESOLVED that in accordance with the provisions of Section 16 and section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the authorized capital as shown in Clause V of the Memorandum of Association of the Company be increased as under:

"The Authorised Share Capital of the company is **Rs. 20,00,00,000** (Rupees Twenty Crores Only) divided into 2,00,00,000 equity shares of Rs. 10/- each with power to increase and/or decrease and/or variation of share capital as may be approved from time to time and to divide the shares and the Capital for the time being into several classes and attach thereto respectively such ordinary, preferential, qualified or special rights, privileges or conditions and to vary modify or abrogate any such rights, privileges, or conditions in such manner as may for the time being be provided by the regulations of the company, subject to the provisions of the companies Act, 1956."

To consider and if thought fit to pass with or without modification(s) the following resolution as special resolution:

5. Issue of further shares to the Public

"RESOLVED that in accordance with the provisions of section 81(1A) and all other applicable provisions, if any of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum

and Articles of Association of the Company and in accordance with the listing agreement and subject to the consent of the Securities and Exchange Board of India (SEBI), Reserve bank of India (RBI) and all other concerned authorities and Departments, if any, and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "The Board" which term shall be deemed to include any committee of the Board), and subject to the Memorandum and Articles of Association of the company and subject to such conditions and modifications as may be considered appropriate by the Board, the authority, consent and approval of the company be and is hereby accorded to the Board to create, offer, issue and allot Equity shares not exceeding 1,10,00,000 (One Crore, ten Lac shares) of Rs. 10/- each out of the Capital of the company to any category of persons who may not be members of the Company for subscription for cash at a premium not exceeding Rs.30/- (Rupees Thirty) per share and on such terms and conditions as may be determined by the Board including the terms of the issue, exact price and time of the issue and all other terms and conditions and matters connected therewith and to accept any modifications in the proposal as may be required by the authorities /parties involved in such issues, but subject to such conditions as the Government of India, Reserve Bank of India and/or such other appropriate authorities including Securities and Exchange Board of India may impose at the time of the grant of such consents, approvals, permissions and sanctions and as agreed to by the Board.

RESOLVED FURTHER that the shares so allotted shall be subject to the Memorandum and Articles of Association of the company and shall rank in all respects including dividend *pari passu* from the date of allotment with the existing equity shares of the company.

RESOLVED FURTHER that for giving effect to the aforesaid issue, the Board be and is hereby authorised to offer and allot in the course of offerings the Securities through Prospectus and/or Letter of offer or Circular and/or on Private placement basis or otherwise, at such time or times in such tranche or tranches, at such price or prices, in such manner and on such terms and conditions, as may be decided and deemed appropriate by the Board, at the time of such issue or allotment, considering the prevailing market conditions and other relevant factors and also seek listing of any securities issued under the authority of this resolution on one or more Stock Exchanges in India.

RESOLVED FURTHER that the Board be and is hereby authorised to determine all terms and conditions of issue or allotment of securities and to exercise all such powers, and to do all such acts, deeds, things, and methods as the board may in its sole discretion consider necessary or desirable or appropriate for such purpose or as may be required or considered necessary or incidental thereto by the board including power to engage the services of or appoint Lead Manager(s), Co-Manager(s), Solicitors, Registrars, Legal Advisors, Bankers, Investment or Merchant Bankers and Advisor, and engage any other person or persons or

agencies in such other capacity on any matter relating to any issue or allotment of securities pursuant to the above resolutions or otherwise in respect thereof on such terms as to remuneration by way of commission, brokerage, fees or otherwise as the Board may in its sole discretion deem appropriate, and to settle any question, issue or difficulty that may arise in connection therewith in the manner the Board may in its sole discretion consider fit and appropriate."

To consider and if thought fit to pass with or without modification(s) the following resolution as ordinary resolution:

6. Issue of Bonus Shares

"RESOLVED THAT pursuant to Section 81(1) and other applicable provisions, if any, of the Companies Act, 1956, the relevant provisions of the Memorandum and Articles of Association of the Company, the sum of Rs.1,74,50,500 being part of the Company's General Reserve be capitalized and the said sum be used as bonus shares to be distributed amongst the holders of the existing issued and subscribed equity shares of the company whose names appear in the Company's register of members on 29.09.2005 as may hereafter be determined by the Board as the holders of the existing issued and subscribed 69,80,200 equity shares of Rs. 10 each (hereinafter referred to as 'the members') and be applied in payment in full at par for 17,45,050 new equity shares of Rs. 10 each in the capital of the Company and the said new equity shares credited as fully paid up be accordingly allotted as bonus shares to and amongst the members respectively in the proportion of one such bonus shares for every four existing issued and subscribed equity shares (ignoring fractions, if any) held by the members respectively, on the aforesaid date on the footing that they become entitled thereto as capital.

RESOLVED FURTHER that the said new equity shares shall rank *pari passu* in all respects with the existing issued and subscribed equity shares of the Company except that the said new equity shares shall not rank for any dividend declared prior to the allotment thereof.

RESOLVED FURTHER that the certificates in respect of the new equity shares to be issued and allotted as bonus shares as aforesaid shall be completed and made ready for delivery by the Company within two months from the date of allotment thereof.

RESOLVED FURTHER that the Board be and is hereby authorized to settle any question or difficulty whatsoever in regard to the issue and allotment of the aforesaid bonus shares including any fractional entitlement of the members in such manner as it may think necessary or expedient."

To consider and if thought fit to pass with or without modification(s) the following resolution as special resolution:

7. Change in the Articles of Association of the Company

"RESOLVED that the regulations contained in the draft Articles of Association submitted to this meeting, and for the purpose of identification initialed by the Chairman thereof, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for, and to exclusion of, all the existing articles thereof."

To consider and if thought fit to pass with or without modification(s) the following resolution as special resolution:

8. Change in Memorandum of Association of the Company

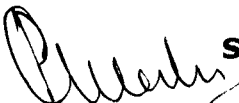
RESOLVED that pursuant to provision 17 of the Companies Act, 1956, existing Clause No.1 & 2 of Main Object be deleted and replaced with Clause No.38 of the Other Objects of Memorandum of Association of the company and also sub-clauses no. 3 to 6 of Part B i.e. Objects incidental or ancillary to the attainment of the main object, be deleted and sub clauses be renumbered consequently.

FURTHER RESOLVED that deleted sub-clauses No.1 & 2 of Main Object be shifted to the Other objects as renumbered clause No.65 & 66."

Registered Office:

Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 1 September 2005

**By order of the Board
For MALU PAPER MILLS LIMITED**

 **Sd/-**

PunamChand Malu
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. **A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
2. Register of Members and share transfer books of the Company will remain closed from 15th September 2005 to 29th September 2005 both days inclusive.
3. Shareholders of the Company are informed that pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend which remains unclaimed / unpaid for a period of seven years would be transferred to the Investors Education & Protection Fund constituted by the Central Government and the Shareholders would not be able to claim any amount of the dividend so transferred to the fund. As such, Shareholders who have not encashed their dividend warrants are requested in their own interest to write to the company immediately, claiming dividends declared by the company during the years 1999 and onwards and still remaining outstanding.
4. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in relation to the above items is annexed hereto.
5. Members/Proxies should bring duly filled Attendance Slips sent herewith for attending the meeting.
6. Corporate Members are requested to send a duly certified copy of the Board resolution/Power of Attorney authorising their representative to attend and vote at the 12th Annual General Meeting.
7. Documents referred to the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days (Monday to Friday) between 11.00 a.m. and 1.00 p.m. upto the date of meeting and will also be available for inspection at the meeting.
8. **MEMBERS MAY NOTE THAT NO GIFT/GIFT COUPONS SHALL BE DISTRIBUTED AT THE VENUE OF THE MEETING.**
9. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is given hereunder:

EXPLANATORY STATEMENT**(Pursuant to section 173(2) of the Companies Act, 1956)****ITEM NO.4****Increase in Authorised Capital:**

The Company proposes to expand the operations of the Company and establish another plant, to increase the capacity by 150 TPD. To part finance the expansion the Company proposes to come out with a public issue shortly. To enable this, the Authorised Capital is being raised from Rs. 750 Lacs to Rs. 2000 Lacs.

ITEM NO.5**Issue of further shares to public:**

The Company proposes to expand the operations of the Company and establish another plant, to increase the capacity by 150 TPD. The proposed expansion will be located near the present plant. Suitable site for the same has already been finalised and the Project is underway.

The project cost is estimated to be about Rs. 70 Crores. The same is being funded as Rs. 45 Crores from debt and balance Rs. 25 Crores through fresh equity. The Company proposes to come out with a public issue shortly for that.

ITEM NO.6**Issue of Bonus shares:**

The present paid-up share capital of the Company of Rs.6,98,02,000 which is divided into 69,80,200 equity shares of Rs. 10 each fully paid. up does not reflect the actual capital employed in the Company. The Board accordingly considers that the paid-up capital of the Company should be increased so that it more closely represents the capital employed in the business. The Board, therefore, recommends that a sum of Rs. 1,74,50,500 / being part of the General Reserve be capitalized and this amount be applied in paying up in full 17,45,050 new equity shares of Rs. 10 each to be allotted as Bonus shares to the holders of the existing issued equity shares of the Company who are registered as members on such date as may be determined by the Board hereafter in the proportion of one new equity shares for every four existing equity shares held by such members respectively.

The issue of the bonus shares and payments, if any, for fractional entitlements to the respective shareholders of the Company will be subject also to the sanction of the appropriate financial institutions mentioned in the Resolution.

The new equity shares to be allotted as bonus shares shall rank *pari passu* with the existing equity shares in all respects save and except that the new shares will not rank for any dividend that may be declared before the allotment thereof. The fraction entitlements, if any, of the respective members will be settled in the manner indicated in the Resolution.

Article 118 of the Company's Articles of Association authorizes the capitalization and the issue of the bonus shares by the Company in the manner proposed. Resolution is intended to give effect to the above proposal and the Board recommends that the Resolution be passed.

The Directors of the Company may be deemed to be interested in the Resolution to the extent of the bonus shares which may be allotted to them in respect of their existing holdings in the share capital of the Company.

ITEM NO.7**Change in Articles of Association**

Since the incorporation of the Company on 11th January 1994, the Company's Articles of Association have not been substantially altered. Your Directors consider it desirable to take this opportunity of adopting new Articles of Association which would not only be in conformity with the provisions of the Act and the various Rules made there-under but also with the requirements of the various Stock Exchange with which the Company's shares are proposed to be listed.

ITEM NO.8**Change in Memorandum of Association**

The Company is engaged primarily in the Business of Production and Sale of Paper is christened as Paper Mill. However the same is not reflected in the Main Objects of the business which still reflects the previous main business of Solvent extraction. The same is being amended herewith to correctly reflect the business reality.

None of the Directors is interested in the resolutions 4, 5, 7 & 8 above.

Registered Office:

Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 1st September 2005

**By order of the Board
For MALU PAPER MILLS LIMITED**

**Sd/-**

PunamChand Malu
Managing Director