



**MALU PAPER  
MILLS LTD.**

**ANNUAL REPORT  
FOR THE YEAR  
2011-12**

**Heera Plaza, 4<sup>th</sup> Floor,  
Near Telephone Exchange,  
Central Avenue,  
Nagpur – 440 008  
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## **MALU PAPER MILLS LIMITED**

Regd. Office: Heera Plaza, 4<sup>th</sup> floor, Near Telephone Exchange, Nagpur -400008

### **NOTICE**

Notice is hereby given to the shareholders of Malu Paper Mills Limited that the Annual General Meeting of the members will be held on Friday, the 28<sup>th</sup> day of September, 2012 at **the registered office of the Company at 'Heera Plaza, 4<sup>th</sup> Floor, Near Telephone Exchange Square, Central Avenue, Nagpur** at 3.00 P.M. to transact the following businesses:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2012 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 retire by rotation and being eligible, offer themselves for re-appointment.

#### **Registered Office:**

Heera Plaza, 4<sup>th</sup> floor,  
Central Avenue  
Nagpur- 440008  
Date: 03<sup>rd</sup> September, 2012

**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 17<sup>th</sup> September 2012 to 28<sup>th</sup> September 2012 both days inclusive.
3. Members/Proxies should bring duly filled Attendance Slips sent herewith for attending the meeting.
4. 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 Annual General Meeting.
5. 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.
6. **MEMBERS MAY NOTE THAT NO GIFT/GIFT COUPONS SHALL BE DISTRIBUTED AT THE VENUE OF THE MEETING.**
7. As there were no special business, Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is not required.

## **MALU PAPER MILLS LIMITED**

### **REPORT OF BOARD OF DIRECTORS.**

The Directors have pleasure in presenting the Annual Report for the year ended 31st March 2012 along with the Audited Statement of Accounts with the Report of the Auditors thereon:

#### **FINANCIAL RESULTS:**

	<b>2011-2012</b>	<b>(Rs. In Lacs) 2010-2011</b>
Sales & Other Incomes	16970.07	17193.21
Profit Before Interest & Depreciation	(922.91)	1420.01
Less: Financial Charges	1392.08	1254.59
Profit Before Depreciation	(2314.99)	165.42
Less: Depreciation	612.02	596.18
Less: Provisional For Tax	(906.06)	(132.67)
Profit/(Loss) After Tax	(2020.96)	(298.09)

#### **DIVIDEND:**

Due to losses your Directors do not recommend any dividend during the year under review.

#### **MANAGEMENT REVIEW: 2011-12**

#### **INDIAN PAPER INDUSTRY SCENARIO**

The Indian Paper Industry is a booming industry and is expected to grow in the years to come. The usage of paper cannot be ignored and this awareness is bound to bring about changes in the paper industry for the better. It is a well known fact that the use of plastic is being objected to these days. The reason being, there are few plastics which do not possess the property of being degradable, as such, use of plastic is being discouraged. Excessive use of non degradable plastics upsets the ecological equilibrium.

#### **FUTURE OUTLOOK:**

The new millennium is going to be the millennium of the knowledge. So demand for paper would go on increasing in times to come. In view of paper industry's strategic role for the society and also for the overall industrial growth it is necessary that the paper industry performs well.

Outlook for paper industry in India looks extremely positive as the demand for newsprint and craft paper is growing up.

With the expected increase in literacy rate, demand from corporate and industrial segments and with the growth of the economy, an increase in the per capita consumption of paper is expected. As per industry estimates, paper production is likely to grow at a CAGR of 8.4% while paper consumption will grow at a CAGR of 9% till 2012-13.

**INTERNAL CONTROL SYSTEM:**

Your company has adequate internal control system. Your company has developed and implemented a formal code of conduct and comprehensive business plan. Company has clearly defined prudent and appropriate levels of delegation of authorities. Company has established and maintained an effective management information system.

**THREATS, RISKS AND CONCERNS:**

- High cost of raw materials and power cost.
- To meet part of its raw material needs the industry has to rely on imported waste paper
- In an era of the World Wide Web, e-filing, email, pod cast etc., and several options to choose from the electronic saga poses a big threat to the paper industry.
- Cost of coal is escalating

**OPPORTUNITIES & STRENGTHS:**

- Increase in allocation for Sarva Shikshya Abhiyan will add to domestic demand.
- The Company is manufacturing paper out of the waste paper and is an eco friendly project.
- Enhanced allocation for education is expected to benefit W&P papers.

**CORPORATE SOCIAL RESPONSIBILITY:**

Malu paper is committed to actively involve to the social and economic development of the communities located close to its operations. The Company has taken up health check up camps, tree plantations in the factory premises and in the vicinity of factory.

## **DIRECTORS RESPONSIBILITY STATEMENT FORMING PART OF DIRECTORS REPORT:**

As required under Section 217(2AA) Director's confirm that:

- 1 In the preparation of the annual accounts, the applicable accounting standards have been followed.
- 2 The Directors had selected such accounting policies and applied them consistently and made judgments and estimate that are reasonable and prudent so as to give a true and fair view of the state of affairs of Company as on 31st March 2012 and of the profit of the company for the year ended 31st March 2012.
- 3 The Directors have taken proper and sufficient care for 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.

The directors have prepared the annual accounts on a going concern basis.

### **LISTING OF SHARES**

Equity Shares of Company are listed on The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE). The Company has duly paid listing fees to stock exchanges.

### **DIRECTOR**

Shri Damodarlal Malu and Shri Chandrakantbhai Thakar, Directors retire by rotation at the ensuing annual general meeting and being eligible offers themselves for re-appointment. Except this there has been no change in the composition of Board of Directors.

### **PUBLIC DEPOSITS**

The Company has not accepted any deposits from public during the year under review.

### **AUDIT COMMITTEE**

As per the provisions of the Listing Agreement and pursuant to Section 292A of the Companies Act, 1956, the Audit committee constituted to review compliances with internal control systems and other various functions of the Company. Shri Anil Rathi, Independent Director is the Chairman

## **AUDITORS REPORT**

The notes to the accounts to the comments made by the Auditors in their Report are self - explanatory.

## **AUDITORS**

M/S Demble Ramani & Co., Chartered Accountants, the Auditors of the company, will retire at ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have given information to the effect that their appointment, if made, will be within the limits prescribed under section 224(1 B) of the Companies Act, 1956.

## **CORPORATE GOVERNANCE**

Pursuant to the provisions of the Clause 49 of the Listing Agreement a report on Corporate Governance are annexed to and form part of this Annual Report.

## **PARTICULARS OF EMPLOYEES UNDER SECTION 217 OF COMPANIES ACT**

The particulars required under section 217 (2A) of the Companies Act 1956 read with the provisions contained in companies (Particulars of Employees) Rule 1975 as amended to date are not applicable to your Company.

## **ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

As regards disclosure of particulars relating to conservation of energy, great emphasis has been given for reduction of energy consumption to reduce cost per unit of goods. Details are attached herewith as per Annexure A.

The Company imports some portion of its raw material requirement. The foreign exchange earnings and outgo are as mentioned in the reports of the auditor of the Company.

## **ACKNOWLEDGEMENTS:**

Your Directors express sincere thanks to the Bankers, Customers, Business Associates for the co-operation and support and to the Shareholders, dealers and suppliers who are enabling the company to achieve its goals. The Directors also place on record their appreciation made by the employees at all levels.

**Place: Nagpur**

**By Order Of Board Of Directors**

**Date: 03-09-2012**

**Sd/  
Punamchand Malu  
Managing Director**

**Sd/  
Banwarilal Malu  
Jt. Managing Director**

## **CORPORATE GOVERNANCE REPORT**

### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Board of Directors and the Management of the company commit themselves to high standard of professionalism, integrity, accountability, fairness, disclosure and transparency, social responsiveness, business ethics in its dealings and compliance to the spirit of the law. MPML believes that the corporate governance is key to enhance and retain investor confidence.

### **2. BOARD OF DIRECTORS:**

The Company is managed and controlled through a professional Board of Directors comprise of Six Non-executive Directors and two Executive Directors. The Board monitors performance of the Company, approves and receives policies / strategies and evaluate management performance. The Board ensures legal and ethical conduct and accurate financial reporting. The Chairman of the Board is Non-executive Director.

- i) **Non-Executive Directors:**
  - a) **Promoter Group**
    - 1 Shri Damodarlal Malu, Chairman
    - 2 Shri Vasudeo Malu
  - b) **Independent**
    - 1 Shri Satyanarayan Rathi
    - 2 Shri Chandrakant Thakar
    - \* 3 Shri Satyanarayan Nuwal
    - 4 Shri Anil Rathi
    - \*\* 5 Shri Shyamsunder Sarda
- ii) **Executive Directors:**
  - 1 Punamchand Malu
  - 2 Banwarilal Malu

\* Resigned w.e.f. 18-07-2011

\*\* Appointed w.e.f. 29-09-2011

The Board of Directors meets at least once a quarter to review the Company's performance and financial results and more often, if necessary, to transact other business. 05 (Five) meetings of Board of Directors were held on 18-04-2011, 30-05-2011, 13-08-2011, 14-11-2011, 14-02-2012, during the financial year.

The information as specifies in Annexure 1A to Clause 49 of Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and analysis.

Attendance of each Director at the meetings of Board of Directors held during the financial year 2011-12, last Annual General Meeting and the Number of Directorships and memberships of Committees of each Director in various Companies during the period under review is as follows

Name of the Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of outside Directorship in India
Shri Punamchand Malu	ED	5	YES	-
Shri Banwarilal Malu	ED	5	YES	-
Shri Damodarilal Malu	NED	1	YES	-
Shri Vasudeo Malu	NED	4	YES	-
Shri Satyanarayan Rathi	ID	3	No	-
Shri Chandrakant Thakar	ID	5	YES	-
*Shri Satyanarayan Nuwal	ID	1	YES	10
Shri Anil Rathi	ID	4	YES	1
**Shri Shyamsunder Sarda	ID	-	YES	-

**Notes-**

- ED- Executive Director; NED Non Executive Director; ID – Independent Director
- Excludes Private Limited companies.
- \* Resigned w.e.f. 18-07-2011
- \*\* Appointed w.e.f. 29-09-2011

**3. AUDIT COMMITTEE:**

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted, headed by an Independent Director. All members are Independent Directors and each member has rich experience in the financial sector.

Chairman: Shri Anil Rathi

Members: Mr. Chandrakant Thakar & Mr. Satyanarayan Rathi

During the year under review 4 (Four) meetings were held on 30-05-2011, 13-08-2011, 14-11-2011, 14-02-2012. The following table gives attendance record:

Sl. No	Name of the Members of Audit Committee	Number of Meetings held	Number of Meetings attended
1	Shri Anil Rathi	4	4
2	Shri Satyanarayan Rathi	4	3
3	Shri Chandrakant Thakar	4	4

The Statutory Auditors and CFO are invited to join the Audit Committee meetings. The Committee discusses with the Statutory Auditors on the "Limited Review" of the quarterly / half yearly accounts, the audit plans for the year, matters relating to compliance with Accounting Standards, the Auditors observations arising from



the annual audit of the Company's accounts and other related matters. The Committee also recommends to the Board the remuneration payable to the Executive Directors.

#### **4. SHAREHOLDERS' GRIEVANCE COMMITTEE:**

The Shareholders' Grievance Committee as on 31<sup>st</sup> March 2012 comprised of three Directors i.e. Mr. Satyanarayan Rathi, Mr. Chandrakant thakar and Mr. Banwarilal Malu

The shareholder grievance committee has been constituted to attend to and redress the shareholders / investors grievances in matters such as transfer of shares, non receipts of annual reports, dematerialization of shares etc.

The Committee met on 13/08/2011 in which all the directors were present.

#### **5. THE LOCATION AND TIME OF THE LAST 3 ANNUAL GENERAL MEETINGS:**

Financial Year	Location	Date & Time of AGM
2010-11	Heera Plaza, 4 <sup>th</sup> Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.	29-09-2011 at 3.00 PM
2009-10	Heera Plaza, 4 <sup>th</sup> Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.	21-09-2010 at 3.00 PM
2008-09	Heera Plaza, 4 <sup>th</sup> Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.	29-09-2009 at 3.00 PM

No Special Resolutions passed at the annual general meetings are as under:

#### **6. DISCLOSURES:**

There are no materially significant related party transactions of the Company, which have a potential conflict with the interest of the company at large.

##### **Declaration**

As provided under Clause 49 of the Listing Agreement, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the code for the year ended on 31<sup>st</sup> March, 2012.

#### **7. MEANS OF COMMUNICATION:**

During the year under review, the half-yearly and yearly results were displayed on the Company's web site <http://malupaper.com>. The quarterly results were also published in (English) newspaper (normally Indian Express) and in one vernacular (Marathi) newspaper (Loksata). These were not sent individually to the shareholders.

**8. DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED / REAPPOINTED AS REQUIRED IN TERMS OF THE LISTING AGREEMENT:**

<b>Name of the Director</b>	<b>Shri Damodarlal Malu</b>	<b>Shri Chandrakantbhai Thakar</b>
<b>Date of Birth</b>	28-03-1933	07-09-1953
<b>Date of Appointment</b>	11-01-1994	11-11-2005
<b>Expertise in specific functional area</b>	Industrialist	Taxation
<b>Qualification</b>	LLB	LLB
<b>No. of equity shares held</b>	345,833	2232
<b>Chairman/ Member of the Committees of the Board of Directors of the Company</b>	-	Member of Audit Committee

**9. GENERAL SHAREHOLDERS INFORMATION**

**1. Nineteenth Annual General Meeting:**

Date : 28<sup>th</sup> September, 2012

Time : 3.00 PM

Venue : Heera Plaza, 4<sup>th</sup> Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.

**2. Dates of Book Closure:** 17<sup>th</sup> September 2012 to 28<sup>th</sup> September 2012 (both days inclusive).

**3. Financial Calendar of the Company:**

The Financial Year covers the period from 01<sup>st</sup> April to 31<sup>st</sup> March.

Financial Reporting for 2012-13 (Tentative)

Unaudited Financial results for the quarter ending	30-06-2012	August, 2012
Unaudited Financial results for the quarter ending	30-09-2012	November, 2012
Unaudited Financial results for the quarter ending	31-12-2012	February, 2013
Unaudited Financial results for the quarter ending	31-03-2013	May, 2013

**4. Listing on Stock Exchanges:**

The equity shares of the Company are listed on The Bombay Stock Exchange Limited and the National Stock Exchange of India. The requisite annual listing fees for the year 2012-13 have been paid in full to the Stock Exchanges.