



MALU PAPER
MILLS LTD.

ANNUAL REPORT

FOR THE YEAR

2013-14

Heera Plaza, 4th Floor,
Near Telephone Exchange,
Central Avenue,

Nagpur – 440 008

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MALU PAPER MILLS LIMITED

Founder

Late Shri Bhanwarlal Malu
(1924 - 2007)

Non Executive Chairman

Shri Damodarlal Malu

Managing Director

Shri Punamchand Malu

Joint Managing Director

Shri Banwarilal Malu

Non Executive Directors

Shri Vasudeo Malu

Independent Directors

Shri Chandrakant Thakar

Shri Satyanarayan Rathi

Shri Anil Rathi **

Shri Shyamsunder Sarda

Smt. Shrutika Inani ***

** ceased w.e.f 14-05-2014

*** proposed to be appointed

Bankers

State Bank of India

Axis Bank Ltd

Bank of Baroda

Bank of India

Jammu & Kashmir Bank

Statutory Auditors

M/s. Demble Ramani & Co.

Internal Auditors

M/s. Samria & Co.

CFO & Compliance Officer

Shri Girish Malpani

Registered and Corporate Office

Heera Plaza, 4th Floor, Near Telephone
Exchange, Central Avenue, Nagpur 440008

Plants**Kraft Division**

Village Borujwada, Nagpur Saoner Road,
Taluka: Saoner, District: Nagpur

Newsprint & Writing Printing Division

Village Hetti Surla, Nagpur Bhopal Road,
Taluka: Saoner, District: Nagpur

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MALU PAPER MILLS LIMITED

Regd. Office: Heera Plaza, 4th 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 Thursday, the 25th day of September, 2014 at **the registered office of the Company at 'Heera Plaza, 4th 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 31st March 2014 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 appoint a Director in place of Shri Chandrakant Thakar (DIN: 00784189), who retire by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Shri Shyamsunder Sarda (DIN: 02399365), who retire by rotation and being eligible, offer himself for re-appointment.

SPECIAL BUSINESS:

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

5. "Resolved that pursuant to provisions of Sections 152 and 160 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to amended clause 49 of Listing Agreement Smt Shruti Inani (DIN: 06937649), notice in respect of her appointment has been received, be and is hereby appointed as Director of the company, liable to retire by rotation."

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

6. ""RESOLVED THAT pursuant to section 188 and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), the consent of the members, be and is hereby accorded to the appointment of Shri Narayan Malu, son of Shri Banwarilal Malu, Joint Managing Director of the Company, to hold and continue to hold an office or place of profit as Vice President (Project) (or any other designation which the Board of Directors of the Company may decide from time to time) on the monthly remuneration of Rs.1,00,000/- per month with effect from 01st October, 2014.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to grant annual increments from time to time upto 20% of the last salary drawn and to promote Mr. Narayan Malu to higher grade as and when required."

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

7. "RESOLVED that in partial modification of resolution no. 4 passed by the Members in 14th Annual General Meeting of Members of the Company held on 21st September 2007 and pursuant to the provisions of Section 197 & 203 and other applicable provisions, if any, of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 read together with Schedule V of the Companies Act, 2013, consent of the Members be and is hereby accorded to give remuneration to Shri Punamchand Malu Managing Director to Rs.100,000 per month with effect from 1st October, 2014 with an annual increment as the Board may decide time to time."

"RESOLVED FURTHER THAT perquisites and other benefits to Shri Punamchand Malu, as approved by the Shareholders in the 13th Annual General Meeting held on 28th August 2006, shall be payable in consonance with the revised salary, wherever applicable."

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

8. "RESOLVED that in partial modification of resolution no. 4 passed by the Members in 14th Annual General Meeting of Members of the Company held on 21st September 2007 and pursuant to the provisions of Section 197 & 203 and other applicable provisions, if any, of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 read together with Schedule V of the Companies Act, 2013, consent of the Members be and is hereby accorded to give remuneration to Shri Banwarilal Malu, Joint Managing Director to Rs.100,000 per month with effect from 1st October, 2014 with an annual increment as the Board may decide time to time."

"RESOLVED FURTHER THAT perquisites and other benefits to Shri Banwarilal Malu, as approved by the Shareholders in the 13th Annual General Meeting held on 28th August 2006, shall be payable in consonance with the revised salary, wherever applicable."

Registered Office:
Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 09th August, 2014

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

Sd/-

Punamchand Malu
Managing Director
(DIN:00301030)

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 2014 to 25th September 2014 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 of the Companies Act, 2013 is annexed herewith.

EXPLANATORY STATEMENT**ITEM NO.5**

In order to fill up the casual vacancy caused by the death of Shri Anil Rath, Smt. Shrutika Inani, Chartered Accountant having vast experience in audit, accounts and taxation proposed to be appointed as an Independent Directors.

Your Directors recommend the said Resolutions for the approval of the members.

None of the Directors of the Company is concerned or interested in the said resolution.

ITEM NO.6

Shri Narayan Malu, Vice President (Purchase) was appointed at the Thirteenth Annual general meeting held on 28-08-2006 looking after existing operation of the company. But considering the economic recession faced by the company, he voluntarily decided not to withdraw his salary w.e.f 01.09.2009.

In order to recognize his services and to retain him for the company's interest the Board decided to give monthly remuneration from Rs.1,00,000/- w.e.f 01st October, 2014.

Your Directors recommend this Special resolution for your approval.

No Director, except Shri Banwarilal Malu is in any way concerned or interested in the resolution.

ITEM NO.7

Shri Punamchand Malu, Managing Director had also voluntarily decided not to withdraw his salary taking into consideration the economic recession faced by the company effective from October 2009.

In recognition of invaluable contribution to the Company's growth and implementation of investment plans and business strategies by Shri Punamchand Malu, the Board of Directors of the Company decided to remunerate Shri Punamchand Malu, Managing Director with a monthly remuneration of Rs.1,00,000/-with authority to the Board to grant such increments within the said scale as it may determine from time to time, with effect from October 1, 2014, until the expiry of his term of appointment on March 31, 2015 subject to the approval of the members at the ensuing Annual General Meeting.

All other terms and conditions of the appointment of Shri Punamchand Malu as Managing Director remains unchanged.

The Directors commend the Resolution for the approval of the members.

Except for Shri Punamchand Malu and Shri Damodar Lal Malu, no Director of the Company is concerned or interested in the said resolution.

ITEM NO.8

Shri Banwarilal Malu, Joint Managing Director had also voluntarily decided not to withdraw his salary taking into consideration the economic recession faced by the company effective from October 2009.

In recognition of invaluable contribution to the Company's growth and implementation of investment plans and business strategies by Shri Banwarilal Malu, the Board of Directors of the Company decided to remunerate Shri Banwarilal Malu, Managing Director with a monthly remuneration of Rs.1,00,000/-with authority to the Board to grant such increments within the said scale as it may determine from time to time, with effect from October 1, 2014, until the expiry of his term of appointment on March 31, 2015 subject to the approval of the members at the ensuing Annual General Meeting.

All other terms and conditions of the appointment of Shri Banwarilal Malu as Joint Managing Director remains unchanged.

The Directors commend the Resolution for the approval of the members.

Except for Shri Banwarilal Malu and Shri Vasudeo Malu, no Director of the Company is concerned or interested in the said resolution.

Registered Office:

Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 09th August, 2014

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

Sd/-

Punamchand Malu
Managing Director
(DIN:00301030)

MALU PAPER MILLS LIMITED

REPORT OF BOARD OF DIRECTORS.

The Directors have pleasure in presenting the Annual Report for the year ended 31st March 2014 along with the Audited Statement of Accounts with the Report of the Auditors thereon:

FINANCIAL RESULTS:

	(Rs. In Lacs)	
	2013-2014	2012-2013
Sales & Other Incomes	21961.48	18021.19
Profit Before Interest & Depreciation	2369.75	361.12
Less: Financial Charges	1542.50	1539.13
Profit Before Depreciation	827.25	(1178.01)
Less: Depreciation	625.80	617.76
Less: Provisional For Tax	61.61	(553.69)
Profit/(Loss) After Tax	139.84	(1242.08)

REVIEW OF OPERATIONS

Your Company has posted impressive results when viewed in the light of the challenging business environment. For the year under review the Company recorded total income of Rs.21,961.48 Lacs while the profit before taxes was Rs.201.45 Lacs.

MANAGEMENT REVIEW: 2013-14

INDIAN PAPER INDUSTRY SCENARIO

The Indian paper industry is the 15th largest in the world and contributes Rs 25 bn (approx) to the government. The industry has recorded a volume growth of CAGR of 5.5% over the last 3 years. The industry has a 1:1 correlation with the economy. With the expected GDP growth of 7-8%, the paper sector is also expected to record a similar growth rate. India's per capita consumption of paper is at 6 kgs compared to the global level of 52 kgs. However, with the expected increase in literacy rate and growth of the economy the per capita consumption of paper is expected to increase going forward.

FUTURE OUTLOOK

The Indian paper industry is moving up with strong demand and is expected to touch by 8.5% GDP in the coming years.

Going forward, the Company continues its drive for sustainable growth. We are focused on the long term and expect that the current downturn will result in consolidation opportunities. We are adopting to successfully compete in difficult market conditions.

With the rapid rise in demand for newsprint from the print media and for packing containers from the FMCG industry, your company is anticipating strong revenue growth in the current financial year, which is backed by improving margins. The increased focus

on education by the government, an increase in the general level of literacy and continued demand from user industries will further add to the growth prospects of the Company.

The total market size of paperboard was estimated to be about Rs 217 Billion. Of the total paper board demand, Kraft paper which is used for tertiary packaging, accounted for about 59 percent. Demand for paper board has increased at a CAGR of 6.5%. Demand for Kraft paper depends on the growth in Industrial production coupled with macro economic factors like GDP growth, disposable income etc. given the high linkage of spending on consumer durables, FMCG goods etc with these variables.

The Newsprint segment is expected to grow by 8-8.5% CAGR over the next 5 years driven by higher literacy levels and due to increase in circulation and increase in number of pages per newspaper. The paper board segment is expected to grow at 5.7-6% CAGR. This demand will be driven by growth in industrial production and 8-9% CAGR increase in demand for consumer goods. Your company will endeavor to revitalize in the near future and are preparing for growth.

INTERNAL CONTROL SYSTEM:

Your Company has adequate internal control procedures commensurate with the size and nature of business. There is a periodical review mechanism for ensuring the sustenance and upgradation of these systems.

THREATS, RISKS AND CONCERNS:

- rising cost of raw materials.
- Low asset turnover ratio becomes burdensome in times of slow growth.
- The dollar-rupee movement has been a discouraging factor.
- The economic downturn will have negative effect on demand as well as profitability of paper industry.

OPPORTUNITIES & STRENGTHS:

- Increasing literacy level will lead to higher demand of circulation / readership of newspapers and increasing higher prevalence of using packed products.
- The environment is becoming a key focus area in business today and we are proud to do our bit in saving environment from crisis by recycling the waste paper.
- Steady growth in the number of local dailies thereby increases demand for newsprint.
- The growing Indian economy will create more demand for paper. A stable and decisive Central Government will reignite growth inturn resulting in higher demand for paper.
- Self reliance for its power requirements.

CORPORATE SOCIAL RESPONSIBILITY:

Your company has always discharged its social responsibility as a part of its corporate governance philosophy. The company has lend helping hand by taking up health check up camps, drinking water supply, tree plantations in the factory premises and in the vicinity of factory.

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.

PUBLIC DEPOSITS

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

DIRECTORS RESPONSIBILITY STATEMENT FORMING PART OF DIRECTORS REPORT:

As required under Section 217 (2AA) of the Companies Act, 1956, the 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 2014 and of the profit of the company for the year ended 31st March 2014.
- 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.
- 4 The annual accounts have been prepared on a going concern basis.

DIRECTOR

It's with deep regret to inform you that Shri Anil Rathi, Independent Director passed away suddenly on 14-05-2014. He had been with the Company since 2008 during which time he provided an invaluable contribution to the company.

The Board proposes the name of Smt. Shrutika Inani as Women Independent Director at the ensuing Annual General meeting. Shri Chandrakantbhai Thakar and Shri Shyamsunder Sarda, 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.

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 was the Chairman of the Audit Committee.

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 141 (3)(g) of the Companies Act, 2013 and they are not disqualified for re-appointment.

COST AUDITORS

The Cost Auditor report for the financial year 2013-2014 shall be filed by the Cost Auditor in due course.

CORPORATE GOVERNANCE

A report on Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges together with Auditors' Certificate forms part of the 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 wish to place on record their gratitude to Bankers, Customers, Business Associates for the co-operation and support and to the Shareholders, dealers and suppliers, staff and workers for their contribution to the company's growth.

Place: Nagpur

Date: 09-08-2014

By Order Of Board Of Directors

Sd/

**Punamchand Malu
Managing Director
(DIN:00301030)**

Sd/

**Banwarilal Malu
Jt. Managing Director
(DIN:00301297)**