



MALU PAPER
MILLS LTD.

ANNUAL REPORT

FOR THE YEAR

2015-16

**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 Damodar Lal 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 Shyamsunder Sarda
Smt. Shrutika Inani

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
CIN:L15142MH1994PLC076009

NOTICE

Notice is hereby given to the members of Malu Paper Mills Limited that the 23rd Annual General Meeting of the members will be held on Saturday, the 24th day of September, 2016 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 2016 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 a Director in place of Shri Damodarlal Malu (DIN: 00301120), who retire by rotation and being eligible, offer himself for re-appointment.
3. To appoint a Director in place of Shri Vasudeo Malu (DIN: 00301313), who retire by rotation and being eligible, offer himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Registered Office:

Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 13th August, 2016

**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 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING 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.**

PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES, ETC. MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION / AUTHORITY, AS APPLICABLE. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. The Statement pursuant to section 102(1) of the Companies Act, 2013 in respect of the business set out under the notice is annexed hereto.
3. The Register of Members and share transfer books of the Company will remain closed from 19th September 2016 to 24th September 2016 both days inclusive.
4. 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 Annual General Meeting and will also be available for inspection at the meeting.
5. Members/Proxies should bring attendance slips duly signed for attending the meeting.
6. Members holding shares in dematerialised form are requested to notify all the changes with respect of their address, e-mail id, ECS mandate and bank details to their depository participant.

Members (those holding shares in the physical form only) are requested to notify / send the following to the Registrar/ Transfer Agent,

- a. Particulars of their bank account and e-mail id, in case the same have not been sent earlier;
 - b. Any changes in their address/e-mail id/ECS mandate/ bank details;
 - c. Share certificate(s) held in multiple accounts in identical name or joint names in the same order of names, for consolidation of such shareholding in one account.
7. For the convenience of the members, an attendance slip is annexed with the proxy form. Photocopies of the slip will not be entertained for issuing gate pass for attending annual general meeting. However in case of non- receipt of notice of annual general meeting, members are requested to write to the company at its head office for issuing duplicate of the same. Members are requested to affix their signature at the space provided and fill up the particulars and hand over the attendance slip at the place of the meeting.
 8. Members/Proxy holders are requested to bring their copies of the annual report with them to the annual general meeting, as extra copies will not be provided.
 9. Any member desirous of getting any information on accounts or operations of the company is required to forward his/her queries to the company at least ten days prior to the meeting so that the required information can be made available at the meeting.
 10. The copy of notice shall also be made available at our official website www.malupaper.com. In case any shareholder could not receive the same, he can download it or go through our website.
 11. For any communication, the shareholders may also send requests to the Company's investor email id info@malupaper.com
 12. Pursuant to the provision of section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations 2015 (Listing Regulations), the company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

13. The facility for voting through ballot paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
14. The instructions for shareholders voting electronically are as under:
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
 - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
 - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
 - IV. The remote e-voting period commences on 20th September, 2016 (9:00 am) and ends on 23rd September, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 17th September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 - V. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
 - (i) Open email and open PDF file viz; "MPML remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL :
<https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended

not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select “EVEN” of “Malu Paper Mills Ltd”.
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to scrutinizers@malupaper.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

<u>EVEN (Remote e-voting Event Number)</u>	<u>USER ID</u>
<u>PASSWORD/PIN</u>	

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 17th September, 2016.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 17th September, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or santosh.jaiswal@linkintime.co.in.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using

“Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM).
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Ms. Yuga Kothalkar Company Secretary (Membership No. 028673) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.malupaper.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

Registered Office:

Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 13th August, 2016

**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 23rd Annual Report for the year ended 31st March 2016 along with the Audited Statement of Accounts with the Report of the Auditors thereon:

FINANCIAL RESULTS:

	2015-2016	(Rs. In Lacs) 2014-2015
Sales & Other Incomes	23001.31	23109.22
Profit Before Interest & Depreciation	2317.26	2292.23
Less: Financial Charges	1563.01	1557.52
Profit Before Depreciation	754.25	734.71
Less: Depreciation	470.53	461.40
Less: Provisional For Tax	88.40	86.03
Profit/(Loss) After Tax	195.32	187.28

REVIEW OF OPERATIONS

During the year under review the performance of the company is quite satisfactory. The has achieved the Net Sales of Rs.22775.78 Lacs and booked the net profit revenue of Rs.195 Lacs.

MANAGEMENT REVIEW: 2015-16

INDIAN PAPER INDUSTRY SCENARIO

The Indian paper & paper board industry is estimated to have grown at a CAGR of 7% during last 5 years to approx Rs 147 lakh tons. The segment wise break up and usage of paper & paper products in India is Writing & Printing Paper 31%, Packaging and Paperboard around 49%, Newsprint 18% and Speciality and other paper only 2%.

The Indian paper industry continues to remain fragmented in nature. The average price utilization across all the sectors continued to improve in the last five years. The industry is expecting demand revival for writing and printing paper and paperboard segment in the coming years due to continued focus of the government on education, increased penetration of organised retail in rural sectors, urbanisation and higher growth in the processed food industries, FMCG, Pharmaceutical industry and other related industries.

Newsprint demand is expected to grow at a healthy pace over the next couple of years, driven by demand for vernacular newspapers, increasing literacy in the rural areas and with the increasing government spending on infrastructure the tender advertisement is set to increase in the print media leading to rise in the number of pages per newspaper. The per capita consumption of paper in India is a mere 12 kg in comparison to world average of 57 kg. The growth of paper industry is directly correlated to the growth in the economy, with the Indian economy expected to grow at a healthy pace, the paper industry will perform better in the coming years.

FUTURE OUTLOOK

The passing of GST amendment legislation in the parliament and its implementation in the next financial year is anticipated to have a positive effect on the GDP of the nation; GST is also poised to remove the trade barriers caused by individual state taxation. The growth prospects of paper & paper board industry are closely aligned with that of the economy in

general and the growth in paper industry has historically followed the national GDP growth rate. The company is located centrally and equidistant from major markets. Therefore, the implementation of the GST act may open new frontiers and possibilities for the company.

In keeping with the industry growth trends and share of segments in the paper and paper products industry, the company has focused on increasing the production of packaging and paper board segment. The company has been adopting its product portfolio to compete in emerging market conditions. The packaging paper is the largest segment of the Indian paper and paper products industry and is likely to grow at a CAGR of about 9%, the highest among all the segments. The company is focusing on the production capacity of its Kraft division by smoothening the production process with minimum capex and correspondingly shown the revenue growth in this segment during the past financial year.

The increased focus on education by the government and increase in the general level of literacy and continued demand from print media will further add to the growth prospects of the Newsprint Division. . The Newsprint segment of industry is expected to grow at a CAGR of 5% in the coming years. The company continues to focus on the long term and it continues its drive for sustainable growth.

In the past years industry witnessed overall declining trend in capacity utilization. Many small manufacturing units who were unable to compete have either completely or partially stopped running their capacities. There has been very few new capacity addition in the Newsprint and writing and printing paper segments, only packaging paper and board segment has seen some new capacity addition. But the new capacity addition has also been set off by closure of small manufacturing units. The capacity utilization of the industry is expected to rise in next couple of years with lower capacity addition and increase in demand. The company has withstood the turbulent years and we hope to consolidate our position in the coming years.

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:

- Availability of raw materials.
- Cyclical nature of the paper industry.
- The import duty structure of Newsprint.
- The increased focus of the Government on environment protection.

OPPORTUNITIES & STRENGTHS:

- Increasing trend in use of environment friendly packaging of all type of goods.
- Increasing trend in organized retail and e-commerce sales casting positive impact on the packaging industry.
- Increasing awareness and education in the rural economy, higher literacy at national level will lead to higher circulation of newspapers.
- The environment protection measures taken by Govt. and promotion of bio degradable packaging is leading to newer avenues for paper packaging, earlier catered to by other industries.
- Decisive Central Government is working on ease of doing business, spending on education and general infrastructure with special focus on Education and healthcare. The growing Indian economy will create more demand for paper.

- Government initiative to make available cheap and reliable electricity, Lower cost of fuel in the world economy with advent of newer source such as shale gas and emphasis on solar power will support the power intensive paper industry.

CORPORATE SOCIAL RESPONSIBILITY:

The Company is not required to constitute CSR Committee as per the provisions of Section 135 (1) of the Companies Act 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. However, 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.

PUBLIC DEPOSITS

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

DETAILS OF DIRECTOR / KEY MANAGERIAL PERSONNEL APPOINTED/ RETIRED DURING THE YEAR

Shri Damodarlal Malu (DIN 00301120) and Shri Vasideo Malu (DIN 00301313), Directors retire by rotation at the ensuing annual general meeting and being eligible offers themselves for re-appointment.

DECLARATION BY DIRECTORS

The Company has received declaration from all the Independent Directors under section 149(7) of the Companies Act, 2013 in respect of meeting the criteria of independence provided under section 149(6) of the said Act.

DIRECTORS RESPONSIBILITY STATEMENT FORMING PART OF DIRECTORS REPORT:

As required under Section 134(5) of the Companies Act, 2013, 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 2016 and of the profit of the company for that period.
- 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.
- 5 The directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- 6 The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and these were adequate and operating effectively.