

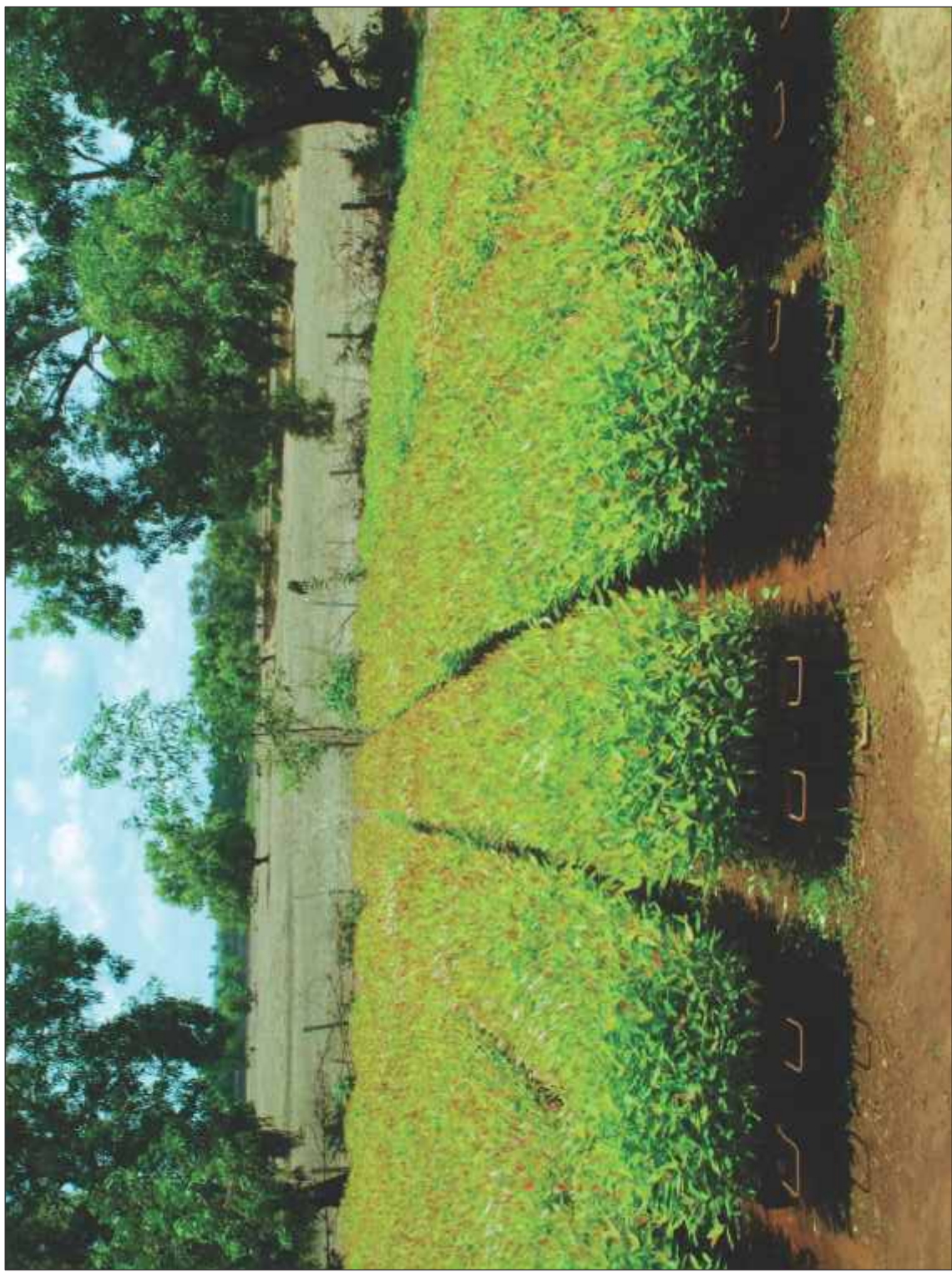


77th

Annual Report
2011-12



THE MYSORE PAPER MILLS LIMITED



MPM – Nursery



77th Annual Report

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BOARD OF DIRECTORS

1. GOVERNMENT DIRECTORS :

SHRI ARAGA JNANENDRA, Ex-MLA
CHAIRMAN

SHRI PADAM KUMAR GARG, IPS
MANAGING DIRECTOR

SHRI K JOTHIRAMALINGAM, IAS
(FROM 20.05.2011 to 22-6-2012)

SHRI M.N. VIDYASHANKAR, IAS
(FROM 22-6-2012)

SHRI AJAY SETH, IAS

SHRI V.P. BALIGAR, IAS
(FROM 23.01.2010 TO 20.05.2011)

2. ELECTED DIRECTORS

SHRI M LAKSHMINARAYANA, IAS

SHRI KAUSHIK MUKHERJEE, IAS.
(FROM 11.08.2011)

SHRI S. PARAMESWARAPPA. IFS, (RETD)

SHRI C. SHIVASHANKAR

SHRI C.B. PATIL OKALY

3. NOMINEE DIRECTORS :

SHRI P.V. SRINIVAS (IFCI)

4. COMPANY SECRETARY :

SHRI MOHAN D KULKARNI

5. AUDITORS :

M/S MNS & Co
CHARTERED ACCOUNTANTS
No. 163, 2nd Floor, R.V. Road,
Near Minerva Circle
BANGALORE - 560 004

6. LEGAL ADVISOR

SHRI M.R.C. RAVI
(M/S ILPM CONSULTANTS)

7. BANKERS :

STATE BANK OF MYSORE

STATE BANK OF INDIA

CANARA BANK

INDIAN BANK

VIJAYA BANK

KARNATAKA BANK



THE MYSORE PAPER MILLS LIMITED

REGD.OFFICE, 16/4, ALI ASKER ROAD

BANGALORE - 560 052

NOTICE:

NOTICE is hereby given that the **SEVENTYSEVENTH ANNUAL GENERAL MEETING** of the members of The Mysore Paper Mills Limited will be held on MONDAY the 31st December, 2012, at 10.00 a.m at KAS Officers' Association, No. 1/1 (Near Police Commissioners' Office) Infantry Road, Bangalore-560 001, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2012 along with the Auditors' Report thereon and comments of the Comptroller and Auditor General of India.
2. To appoint a Director in place of Sri. M. Laxminarayana, IAS, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. S. Parameswarappa, IFS (Retd.), who retires by rotation and being eligible, offers himself for re-appointment.
4. **"RESOLVED THAT** consent of the Company be and is hereby accorded for the payment of remuneration of Rs.3,00,000/- (Rupees Three lakhs only) for FY 2011-12 to M/s. MNS & Co., Bangalore, Statutory Auditors, besides reimbursement of travelling and out of pocket expenses at actuals subject to other terms and conditions laid down by the Office of the Comptroller and Auditor General of India in their letter No.CA V/COY/KARNATAKA,MPAPER(1)/63 dated 18.08.2011".
5. **To consider and, if thought fit, to pass, with or without modification, the following resolutions as an ORDINARY RESOLUTION :**

RESOLVED THAT the Authorised capital of the Company be increased from Rs.150,00,00,000 (Rupees one hundred fifty crores) divided into 15,00,00,000 (Fifteen crores) Equity shares of Rs.10/- (Rupees Ten) each to Rs.500,00,00,000 (Rupees Five hundred crores) divided into 50,00,00,000 (Fifty crores only) Equity Shares of Rs.10/- (Rupees Ten) each and that Clause V of the Memorandum of Association of the Company be altered accordingly.

6. **To consider and, if thought fit, to pass, the following resolution with or without modification, as an SPECIAL RESOLUTION :**

RESOLVED THAT the Authorised capital of the Company be increased from Rs.150,00,00,000 (Rupees one hundred fifty crores) divided into 15,00,00,000 (Rupees fifteen crores) Equity shares of Rs.10/- (Rupees Ten) each to Rs.500,00,00,000 (Rupees Five hundred crores) divided into 50,00,00,000 (Fifty crores) Equity Shares of Rs.10/- (Rupees Ten) each and that Article 12 of the Articles of Association of the Company be altered accordingly.

7. **To consider and, if thought fit, to pass, the following resolution with or without modification, as an SPECIAL RESOLUTION:**

"RESOLVED THAT Pursuant to Section 81(1A) and other applicable provisions of the Companies Act, 1956 and other requisites, consents, and approvals, if any, obtained/to be obtained and subject to such conditions, alterations or modifications as may be prescribed, imposed or suggested by the



appropriate authorities in that behalf and which Board of Directors of the Company is hereby expressly authorised to accept, consent of the Company be and is hereby accorded to the issue and allotment of additional Equity Shares not exceeding 10,60,25,000 Equity Shares of Rs.10/- each as fully paid aggregating to Rs.10602.50 lakhs by conversion of loan, funded interest, interest or other dues, infusion of fresh limits if any, to Government of Karnataka as explained in the explanatory statement.”

“FURTHER RESOLVED THAT the aforesaid Equity Shares allotted on conversion shall rank for dividend, if any, for the financial year in which they are allotted and be subject to the Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution, including to prescribe, finalise and approve such forms and documents as may be required, to settle any question, difficulties or doubts that may arise in regard to the offer, issue and allotment of the above shares as they may think fit.”

By the order of the Board
For The Mysore Paper Mills Ltd.,

REGISTERED OFFICE:

16/4, Ali Asker Road,
Bangalore – 560 052

Date:1st September 2012

MOHAN D KULKARNI
COMPANY SECRETARY



NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IS ENCLOSED WHICH SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Register of Members and the Share Transfer Books of the Company will remain closed from 24-12-2012 to 31-12-2012 (both days inclusive).
3. Members are requested to intimate any change in their address to the Registrar & Transfer Agent quoting their Registered Folio Number.
4. Members are requested to bring their copy of Annual Report to the Meeting.
5. Members desiring any additional information on Accounts and operation of the Company at the Meeting are requested to write to the Company at least 7 days in advance of the Annual General Meeting, so that, information may be made readily available.
6. Ministry of Corporate Affairs has announced "Green Initiatives in the Corporate Governance" and permitted Companies to serve notices / documents including Annual Reports to the members of the Company on their registered e-mail addresses. All those shareholders who have not yet registered e-mail IDs or holding shares in the physical form and wish to receive the same through e-mail are requested to register their e-mail IDs with the Company's Share Registrar and Transfer Agents. The members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants.
7. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
8. Ministry of Corporate Affairs, Government of India New Delhi, vide communication dated 09-11-2012 extended time for holding Annual Genreal Meeting by 3 months i.e. upto 31st December, 2012.

By the order of the Board
For The Mysore Paper Mills Limited,

REGISTERED OFFICE:

16/4, Ali Asker Road,
Bangalore – 560 052

Date: 1st September 2012

MOHAN D KULKARNI
COMPANY SECRETARY



ANNEXURE TO THE NOTICE

Explanatory statement as required under Section 173(2) of the Companies Act 1956:

Item No. 5, 6 & 7

1. As the shareholder aware that, with the accumulated losses of Rs.194.03 Crores for the year ended 31.03.2011 resulting in complete erosion of the networth of RS.118.89 Crores, the Company has become a Sick Industrial Company under provisions of Sick Industrial Companies (Special Provisions) Act 1985. (SICA) Based on the Annual Accounts of 31.03.2011, a reference has been made to BIFR. Accordingly, the BIFR has registered the said reference of the Company as Case NO.601 /2012 and the hearings by BIFR are under progress.
2. In order to tide over the situation and to help the Company, the Government of Karnataka has infused Rs.500 lakhs as equity vide its order No. CI 86 CPM 2011 dt 19.12.2011 and has also accorded permission for conversion of its loan of Rs.10102.50 lakhs into equity vide its order No. CI 86 CPM 2011 dt 31.03.2012 aggregating to Rs. 10602.50 lakhs (Rupees One hundred six crores two lakhs and fifty thousand only) as equity of the Company.
3. The Board of Directors at its meetings held on 06.03.2012 and 22.06.2012 have noted and approved the said infusion of equity and conversion of Govt. loan into equity subject to approval of Shareholders of the Company, SEBI and other regulatory authorities. At present the said amount has been treated as Share Application Money. Therefore, it is proposed to allot 10,60,25,000 equity shares at par with the face value of the shares @ Rs.10/- each to the extent of aforesaid infusion and conversion of the Govt. loan to the Government of Karnataka being promoters to the exclusion of other shareholders. The holding of Government of Karnataka after the proposed allotment of shares will increase from 64.74% to 81.36%.
4. The present Authorised Capital of the Company is Rs.150,00,00,000 (Rupees one hundred fifty crores only) divided in 15,00,00,000 (Fifteen crores) shares of Rs.10/- each and the Paid up capital is Rs.118,39,24,320/- divided in 118,392,432 equity shares of Rs.10/- each. The balance amount i.e., available for allotment is only Rs.31,45,95,280/-. As per the present requirement, we have to allot equity shares of Rs.106,02.50 lakhs. In view of this and for future requirement, it is necessary to increase the Authorised Capital of the company to enable conversion of loan in to equity and allotment of shares for fresh infusion of funds, in favour of Government of Karnataka. Hence, the resolution 5,6 and 7 are recommended for approve of the share holders.

None of the Directors of the company are intended in the resolution.

By the order of the Board
For The Mysore Paper Mills Limited,

MOHAN D KULKARNI
COMPANY SECRETARY

16/4, Ali Asker Road,
Bangalore – 560 052

Date: 1st September 2012



DIRECTORS' REPORT

To the Members,

- The Directors wish to present the 77th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2012.

2. OPERATIONAL RESULTS :

The operational results for the year under review are as follows:

(Rs. in Lakhs)

	FY 2011-12	FY 2010-11	% Change
I PRODUCTION (Qty.in MT)			
Writing & Printing Paper	43983	43050	2.17
Newsprint	40299	33608	19.90
TOTAL	84282	76658	9.95
Sugar	26198	27402	-4.39
II SALES (Qty. in MT)			
Writing & Printing Paper	39573	47137	-16.04
Newsprint	39102	33642	16.23
TOTAL	78675	80779	-2.60
Sugar	21962	14470	51.78
III TURNOVER (Rs. in Lakhs)			
Writing & Printing Paper	18386	19709	-6.71
Newsprint	12335	9806	25.79
TOTAL	30721	29515	4.09
Sugar	5887	3943	49.30
Molasses	732	268	173.13
TOTAL TURNOVER	37339	33726	10.71
IV OPERATING PROFIT (Rs. in lakhs) (profit before Interest and depreciation)	- 3101	-5521	
V Interest	3547	1918	
VI CASH PROFIT / LOSS (Rs.in lakhs) (profit after interest & before depreciation)	-6649	-7439	
VII Depreciation	1038	1039	
VIII NET PROFIT (Rs. in Lakhs)	-7686	-8478	



It may be noticed from the above that during the year under review the production of WPP has increased by 2.17 % from the level 43050 MT to 43983 MT i.e. up by 933 MT. The quantity wise sale of WPP has decreased by 16.04 % from the level 47137 MT to 39573 MT i.e. less by 7564 MT. The production of NP has increased by 19.90 % from the level 33608 MT to 40299 MT i.e. up by 6691 MT. The quantity wise sale of NP has also increased by 16.23 % from the level 33642 MT to 39102 MT i.e. up by 5460 MT. The overall improvement in production of paper is 9.95 % from the level of 76658 MT in FY 2011 to 84282 MT in FY 2012 ie less by 7624 MT. The overall improvement in the quantity of paper sold was decreased marginally by 2.60 % i.e. from 80779 MT to 78675 MT. Improvement in production of paper has helped in achieving higher turnover of by 4.09 % i.e. from Rs 29515 lacs to Rs 30721 lacs .

The production of sugar has gone down by 4.39% due to decrease in cane crushing activity from the level of 291576 MT(recovery of 9.37 %) in FY 2010 to 269549 MT (recovery of 9.57 %) in FY 2012. There is a substantial improvement in sale of sugar quantity by 51.78 %. The increase in turnover by 49.30% due to higher quantity sales and coupled with improvement in average selling price of sugar from Rs 26272/MT to Rs 26539/MT ie up by Rs 267/MT. The turnover of Sugar Division was Rs.66.19 Crore compared to Rs. 42.11 Crore in the previous year i.e. up by 57.18%. The total turnover of 2012 has been increased by Rs 36.13 Crores from the level Rs 337.26 crores to Rs 373.39 Crores i.e. up by 10.71 %.

Production Performance:

During the year 2011-12, the overall production capacity utilization again suffered due to :

- Adverse market condition. However, during the second half of the year, the Newsprint market showed upward trend.
- Lack of infrastructure to produce adequate quantity of hard wood chemical pulp to keep all the four machines running whenever WPP order was taken on PM-4.
- Shortage of purchased pulp due to increase in price.
- Shortage of coal.

Production on PM-4 continued as a mix of WPP and Newsprint depending upon the availability of captive chemical pulp and also market demand. During the second half of the year, due to increased Newsprint market, production of Newsprint on PM-4 increased. The company continues to manufacture Note Books through an outsourced agency.

During the year, the company has incurred operating loss, Cash loss and Net loss of Rs. 31.01 Crores, Rs.66.49 Crores and Rs.76.86 Crores compared to previous year losses of Rs.55.21 Crores, Rs. 74.39 Crores and Rs. 84.78 Crores respectively.