

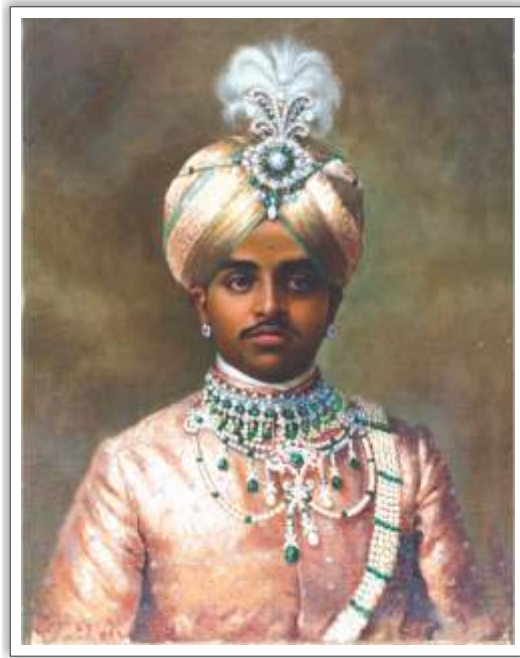


78th

**Annual Report
2012-13**



THE MYSORE PAPER MILLS LIMITED



Sri Nalvadi Krishnadevaraya



Sir M. Visvesvaraya



78th Annual Report

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BOARD OF DIRECTORS

1. GOVERNMENT DIRECTORS:

SHRI V. UMESH, IAS
CHAIRMAN (FROM 05.12.2013)

SHRI M. MAHESHWAR RAO, IAS
MANAGING DIRECTOR (FROM 18.11.2013)

SHRI ARAGA JNANENDRA, Ex-MLA
CHAIRMAN (UPTO 06.04.2013)

SHRI KAUSHIK MUKHERJEE, IAS
CHAIRMAN (FROM 06.06.2013 TO 06.11.2013)

SHRI PADAM KUMAR GARG, IPS
MANAGING DIRECTOR (UPTO 18.11.2013)

SHRI AJAY SETH . IAS (UPTO 25.06.2013)

SHRI M. N. VIDYASHANKAR, IAS

SHRI ARAVIND SHRIVASTAVA, IAS
(FROM 25.06.2013)

2. ELECTED DIRECTORS

SHRI M. LAKSHMINARAYANA, IAS

SHRI S. PARAMESWARAPPA. IFS, (RETD)

SHRI C. SHIVASHANKAR

SHRI C. B. PATIL OKALY

3. NOMINEE DIRECTORS:

SHRI V.C. RAMMOHAN (IFCI)

SHRI B.L. KHANNA (BIFR)

4. COMPANY SECRETARY

SHRI MOHAN D KULKARNI

5. AUDITORS:

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

6. LEGAL ADVISOR

SHRI M.R. C. RAVI
ILPM CONSULTANTS

7. BANKERS:

STATE BANK OF MYSORE

STATE BANK OF INDIA

CANARA BANK

INDIAN BANK

KARNATAKA BANK

VIJAYA BANK



THE MYSORE PAPER MILLS LIMITED

REGD.OFFICE, 16/4, ALI ASKER ROAD

BANGALORE - 560 052

NOTICE :

NOTICE is hereby given that the **SEVENTYEIGHTH ANNUAL GENERAL MEETING** of the members of The Mysore Paper Mills Limited will be held on Saturday, the 29th March, 2014, at 11.00 a.m. at KAS Officer's 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, 2013 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. C. Shivashankar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. C.B. Patil Okaly, 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.3,25,000/- (Rupees. Three lakhs Twentyfive thousand only) for FY 2012-13 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)/65 dated 26.07.2012".

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

MOHAN D KULKARNI
COMPANY SECRETARY

REGISTERED OFFICE:

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

Date: 20.12.2013



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 20.03.2014 to 29.03.2014 (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 to 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. Ministry of Corporate Affairs, Government of India, New Delhi, vide communication dated 19.09.2013 extended time for holding Annual General Meeting by 3 months i.e. upto 31st December, 2013.

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

MOHAN D KULKARNI
COMPANY SECRETARY

REGISTERED OFFICE:

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

Date: 20.12.2013

Note: Further, the BIFR, vide its order dated 23.01.2014 has approved extension of time for holding AGM upto 31.03.2014.



DIRECTORS' REPORT

To the Members,

1. The Directors wish to present the 78th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2013.

2. OPERATIONAL RESULTS :

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

	FY 2012-13	FY 2011-12	% Change
I PRODUCTION (Qty.in MT)			
Writing & Printing Paper	40960	43983	-6.87
Newsprint	45450	40299	12.78
TOTAL - Paper	86410	84282	2.52
Sugar	17179	26198	-34.43
II SALES (Qty. in MT)			
Writing & Printing Paper	45927	39573	16.06
Newsprint	47208	39102	20.73
TOTAL - Paper	93135	78675	18.38
Sugar	16926	21971	-22.96
III TURNOVER (Rs. in Lakhs)			
Writing & Printing Paper	20772	18386	12.97
Newsprint	15468	12335	25.40
TOTAL - Paper	36240	30721	17.96
Sugar	5105	5887	-13.29
Molasses	353	732	-51.78
TOTAL TURNOVER	41698	37340	11.67
IV OPERATING PROFIT / (- LOSS) (Rs. in lakhs) (profit before interest and depreciation)	-3770	-3101	
V CASH PROFIT / (- LOSS) (Rs.in lakhs) (profit after interest & before depreciation)	-6635	-6649	
VI NET PROFIT / (- LOSS) (Rs. in Lakhs)	-7689	-7686	



Production Performance:

It may be noticed from the above that during the year under review the production of WPP has decreased by 6.87 % from the level of 43983 MT to 40960 MT i.e, down by 3023 MT. The quantity wise sale of WPP has increased by 16.06 % from the level of 39573 MT to 45927 MT i.e, up by 6354 MT. The production of NP has increased by 12.78 % from the level of 40299 MT to 45450 MT i.e, up by 5151 MT. The quantity wise sale of NP has also increased by 20.73% from the level of 39102 MT to 47208 MT i.e, up by 8106 MT. The marginal improvement in production of paper is 2.52 % from the level of 84282 MT in FY 2012 to 86410 MT in FY 2013 i.e, up by 2128 MT. Improvement in sale of paper in quantity from the level of 78675 MT to 93135 MT up by 18.38 % i.e, up by 14460 MT and the turnover from Rs 30721 lacs to Rs 36240 lacs up by Rs.5519 lacs. The production of sugar has gone down by 34.43% due to decrease in cane crushing activity from the level of 269549 MT (recovery of 9.57 %) in FY 2012 to 182415 MT (recovery of 9.26 %) in FY 2013. There is a substantial reduction in quantity wise sale of sugar by 22.96 %. The decrease in turnover by 13.29% due to decrease in quantity wise sales and some improvement due to improvement in average selling price of sugar from Rs 26539/MT to Rs 29214/MT i.e, up by Rs 2675/MT. The turnover from Sugar Division was Rs.54.58 Crores compared to Rs. 66.19 Crores in the previous year i.e, less by 17.54 %.

The total turnover of 2012-13 has been increased by Rs 43.58 Crores from the level of Rs 373.40 crores to Rs 416.98 crores i.e, up by 11.67 %.

During the year, the Company has incurred operating loss, Cash loss and Net loss of Rs. 37.70 Crores, Rs.66.35 Crores and Rs.76.89 Crores compared to previous year losses of Rs.31.01 Crores, Rs. 66.49 Crores and Rs. 76.86 Crores respectively.

The accumulated losses at the end of 31.03.2013 stood at Rs.347.78 Crores with that entire net worth of Rs 227.16 crores (including GOK loan of Rs 101.02 crores converted in to equity in 2011-12 and infusion fresh equity of Rs 5.00 Crores in 2011-12 and Conversion of Guarantee Commission payable upto 31.03.2012 amounting to Rs.2.18 Crores in 2012-13) has been eroded.

STATUS OF BIFR

The company has been registered as sick company as case no 601/2012 with BIFR, the revival scheme is under preparation by M/s Deloitte Touche Tohmatsu India Pvt. Limited.

1. PROJECTS:

The following projects and energy conservation measures are taken up during FY 2012-13

A. Energy Conservation Measures :

The Management has adopted systematic Energy Management plan with focus on reducing energy cost/consumption. Last year MESCOM has introduced differential tariff system using the TIME OF THE DAY concept. Accordingly, we are trying to reduce grid power usage during peak hours (6pm-10pm) and avail more grid power during night time (10 pm – 6 am). Last year, the Bureau of Energy Efficiency (BEE), New Delhi has introduced PAT.(Perform Achieve and Trade) scheme and we have to comply with it. Since the company is referred to BIFR and unable to invest on large energy savings schemes, we have appealed to BEE to exempt us from above mentioned scheme till the mill is rehabilitated.



Last year, we engaged M/s MITCON – PUNE to conduct detailed Thermal Energy Audit of the company. They have submitted draft final report. Based on findings of the report schemes with minimum investment are being taken up for implementation.

Schemes finalized for implementation are:

- In Sugar Mill vapor line juice heater is being introduced to reduce the energy consumption.
- Modification in coal handling plant to separate fines and feed to CFBC boiler.

B. Lime Sludge Re-burning Kiln :

The Company has taken up installation of Rotary Lime Kiln Project in order to meet the stringent environmental norms costing Rs.35 crores. The civil works for installation of Lime Sludge Re-burning Kiln is under progress. Around 78% of the civil works have been completed. Around 75% of the plant and machinery have been received at MPM site.

2. MANAGEMENT DISCUSSION & ANALYSIS:

Segmentwise analysis and operational performance of each of the business segments have been comprehensively covered in the Management Discussion & Analysis which forms part of this Directors' Report.

3. CASH FLOW ANALYSIS:

In conformity with the provisions of the Listing Agreement, the cash flow statement for the year ended 31st March, 2013 is included in the annual accounts.

4. CAPTIVE FORESTRY:

The Forest Wing has supplied 194596 M.T. of pulpwood by harvesting about 2986 hectares of captive plantations during 2012-13.

The Public Interest Litigation in Hon'ble High Court in W.P. No.14644/1998 was heard for final hearing and the writ petition was dismissed in favour of MPM. However, the Hon'ble High Court has directed MPM to adhere to the conditions stipulated in the Management plan approved by the Ministry of Environment and Forests, Govt. of India as per the Forest Conservation Act 1980. The lease of forest land will be expiring in the year 2020-21 where in the plantation crop to be raised in 2014-15 would be the last rotation of crop and till then the management plan has been approved by the Ministry of Environment and Forests, Govt. of India. The Management plan for a period from 2015-16 to 2020-21 need to be submitted to Govt. of India for approval.

The lease rentals from 1991-92 to 2000-2001 and from 2001-02 to 2009-10 are settled with the Government and from 2010-11 to 2012-13 the lease rent is yet to be paid, which works out to Rs.529 lakhs.

Totally 2994.65 ha. of harvested plantation areas were regenerated by replanting/coppicing with species like Acacia hybrid (1231.45 ha.), Eucalyptus pellita (255.95 ha.) and Eucalyptus camaldulensis (1507.25 ha.).



The Form Forestry programme is continued by selling about 5.52 lakhs seedlings and by entering into a buy-back agreement with farmers on a plain paper wherever they have availed seedlings in the programme. The Gate purchase of pulpwood is being continued and totally 3159 MT was procured @ Rs.3,250/- per MT. during 2012-13

The programme of raising large scale clonal plants of Eucalyptus species in dry-zone nurseries has been continued which will double the present yield from average 30 MT/ha. to over 60 MT/ha. Where about 1/3 of the captive plantations are located in dry-zone. The achievement with clonal plantations of Acacia hybrid in wet zone is already with an average yield of 100 M.T./ha.

The average weighted cost of Acacia and Eucalyptus pulpwood obtained from captive plantations works out to Rs.1,701/- per tonne as against Rs.4,025/- per tonne paid to M/s. KFDC and M/s. KSFC. Thus Rs.4522.50 lakhs plus tax were saved by obtaining 194596 M.T. pulpwood from captive plantations and also which has minimized the consumption of chemicals and maximized the yield of pulp to fabricate the paper. During 2012-13, 96100 M.T. of Acacia wood was supplied from captive plantations which has helped in minimizing the consumption of chemicals worth over Rs.57.00 lakhs. Hence captive forestry was helped in saving a total sum of Rs.4579.50 lakhs during 2012-13.

5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE OUTGO:

Information under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are furnished at **ANNEXURE - I**, which form part of this report.

6. INDUSTRIAL RELATIONS:

The overall industrial relations were cordial during the year under review.

7. FIXED DEPOSITS :

The Company's Fixed Deposits at the end of the year stood at NIL (Rs.1313 lakhs in the previous year).

8. DIRECTORS :

Sri C Shivashankar, Director of the Company retire by rotation and is eligible for reappointment at the Annual General Meeting.

Sri. C.B. Patil Okaly, Director of the Company, retire by rotation and is eligible for reappointment at the Annual General Meeting.

Apart from the above, the following changes amongst Directors have also taken place during the year under review :

Sri. Kaushik Mukherjee, IAS: Pursuant to the powers conferred under the Articles of Association of the Company, the Government of Karnataka nominated Sri. Kaushik Mukherjee, IAS, ACS to GOK, as Director & also the Chairman of the Company in place of Sri Araga Jnanendra, Ex-MLA, vide Govt. Notification No.CI-45 CMI-2013 dated 06.06.2013 & he held the office upto 6.11.2013.