



79th Annual Report 2013-14



THE MYSORE PAPER MILLS LIMITED



Shri Nalvadi Krishnaraja Wadiyar



79th Annual Report

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BOARD OF DIRECTORS

1. GOVERNMENT DIRECTORS:

SMT. K. RATNAPRABHA, IAS
CHAIRMAN (FROM 10.06.2014)

SHRI NAVEEN RAJ SINGH, IAS
MANAGING DIRECTOR (FROM 08.09.2014)

SHRI V. UMESH, IAS
CHAIRMAN (UPTO 10.06.2014)

SHRI M. MAHESHWAR RAO, IAS
MANAGING DIRECTOR (UPTO 08.09.2014)

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

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
BENGALURU-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, BENGALURU - 560 052

CIN: L99999KA1936SGC000173

Tel: +91 80 22262334, Fax: +91 80 22253478, www.mpm.co.in, E-mail: cs@mpm.co.in

NOTICE:

NOTICE is hereby given that the **SEVENTYNINTH ANNUAL GENERAL MEETING** of the members of The Mysore Paper Mills Limited will be held on Tuesday, the 30th December, 2014, at 11 a.m. at KAS Officers' Association No 1/1 (Near Police commissioner's Office), Infantry Road, Bengaluru - 560 001 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet and statement of Profit and Loss for the year ended 31st March, 2014 along with the Auditors' Report thereon and comments of the Comptroller and Auditor General of India.
2. Sri S Parameswarappa, IFS (*Retd.), Director retires by rotation. The said vacancy will be filled up soon as per the Companies Act 2013.
3. Sri M Lakshminarayana, IAS, Director retires by rotation. The said vacancy will be filled up soon as per the Companies Act 2013.
4. "RESOLVED THAT consent of the Company be and is hereby accorded for the payment of remuneration of Rs.4,55,000/- (Rupees. Four lakhs Fifty five thousand only) for FY 2013-14 to M/s. MNS & Co., Bengaluru, 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.CAV/COY/KARNATAKA.MPAPER(1)/708 dated 26.08.2013".

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

MOHAN D KULKARNI
COMPANY SECRETARY

Registered Office:
16/4, Ali Asker Road,
Bengaluru – 560 052.
Date: 18.11.2014



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. Electronic copy of the Notice of the 79th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/RTA/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email IDs, physical copies of the Notice of the 79th Annual General meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
3. Register of Members and the Share Transfer Books of the Company will remain closed from 23.12.2014 to 30.12.2014 (both days inclusive).
4. Members are requested to intimate any change in their address to the Registrar & Transfer Agent quoting their Registered Folio Number.
5. Members are requested to bring their copy of Annual Report to the Meeting.
6. 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.
7. 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.
8. Ministry of Corporate Affairs, Government of India, New Delhi has extended time for holding Annual General Meeting by 3 months i.e. up to 31st December, 2014.

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

Registered Office:
16/4, Ali Asker Road,
Bengaluru – 560 052.
Date: 18.11.2014

MOHAN D KULKARNI
COMPANY SECRETARY



DIRECTORS' REPORT

To The Members,

1. The Directors wish to present the 79th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2014.

2. OPERATIONAL RESULTS :

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

	FY 2013-14	FY 2012-13	% Change
I PRODUCTION (Qty.in MT)			
Writing & Printing Paper	38052	40960	-7.10
Newsprint	38902	45450	-14.41
TOTAL	76954	86410	-10.94
Sugar	24675	17179	43.63
II SALES (Qty. in MT)			
Writing & Printing Paper	35515	45927	-22.67
Newsprint	35316	47208	-25.19
TOTAL	70831	93135	-23.95
Sugar	24354	17797	36.84
III TURNOVER (Rs. in Lakhs)			
Writing & Printing Paper	18581	20772	-10.55
Newsprint	12990	15468	-16.02
TOTAL	31571	36240	-12.88
Sugar	7306	5105	43.11
Molasses	828	353	134.56
TOTAL TURNOVER	39705	41698	-4.78
IV OPERATING PROFIT /(LOSS) (Rs. in lakhs) (profit before interest and depreciation)	(3516)	(3770)	
V CASH PROFIT/LOSS (Rs.in lakhs) (profit after interest & before depreciation)	(6768)	(6635)	
V NET PROFIT (Rs. in Lakhs)	(7816)	(7689)	



Production Performance:

It may be noticed from the above that the production of WPP has decreased by 7.10% from the level 40960 MT to 38052 MT i.e. down by 2908 MT. The quantity wise sale of WPP has also been decreased by 22.67 % from the level 45927 MT to 35515 MT i.e. down by 10412 MT. The production of NP has been decreased by 14.41 % from the level 45450 MT to 38902 MT i.e. up by 6548 MT. The quantity wise sale of NP has also been decreased by 25.19% from the level 47208 MT to 35316 MT i.e. down by 11892 MT. The production of paper was decreased by 10.94% from the level of 86410 MT in FY 2013 to 76954 MT in FY 2014 i.e., down by 9456 MT. Reduction in sale of paper in quantity from the level of 93135 MT to 70831 MT down by 23.95% i.e less by 22304 MT and the turnover from Rs 36240 lacs to Rs 31571 lacs less by Rs.4669 lacs.

The production of sugar has gone up by 43.63% due to increase in cane crushing activity from the level of 182414.67 MT (recovery of 9.28 %) in FY 2013 to 253854.34 MT (recovery of 9.28 %) in FY 2014. There is an increase in sale of sugar by 36.84 %. The increase in turnover by 49% due to increase in quantity wise sales and there is a decrease in net sales realisation of sugar from Rs 29214/MT to Rs.29034 /MT i.e. down by Rs.180/MT. The turnover from Sugar Division was Rs.81.34 Crore compared to Rs. 54.58 Crore in the previous year i.e. up by 49 %. The total turnover of 2013-14 has been decreased by Rs 19.93 Crores from the level Rs 416.98 crores to Rs 397.05 crores i.e. down by 4.78 %.

The Company has incurred operating loss, Cash loss and Net loss of Rs. 35.16 Crores, Rs.67.68 Crores and Rs.78.16 Crores compared to previous year losses of Rs. 37.70 Crores, Rs.66.35 Crores and Rs.76.89 Crores respectively.

The accumulated losses at the end of 31.03.2014 stood at Rs.425.94 Crores with that entire net worth of Rs 287.09. 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, Rs.20 crores in 2012-13 & Rs.40 crores in 2013-14 and Conversion of Guarantee Commission payable upto 31.03.2013 amounting to Rs.2.18 Crores in 2012-13) has been eroded. The company has been registered as sick company as case no 601/2012 with BIFR, the revival scheme has been submitted by M/s Deloitte and same with Board views sent to Government for its perusal and advice.

STATUS OF BIFR:

The company has been registered as sick company as case No. 601/2012 with BIFR. The draft revival scheme prepared by M/s. Deloitte Touche Tohmatsu India Pvt. Limited have been submitted to Government of Karnataka being the promoter of the Company for their review and comments. The same has also been submitted to the State Bank of Mysore, Ambedkar Veedhi Branch, Bengaluru, the Operating Agency appointed by BIFR for their review and comments.

3. 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.



4. CASH FLOW ANALYSIS:

In conformity with the provisions of the Listing Agreement, the cash flow statement for the year ended 31st March, 2014 is included in the annual accounts.

5. CAPTIVE FORESTRY:

The Forest Wing has supplied 201195 M.T. of pulpwood by harvesting about 2486 hectares of captive plantations during 2013-14.

The lease of forest land will be expiring in the year 2020-21 wherein 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, Government 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 2013-14 the lease rent is yet to be paid, which is calculated as Rs.786 lakhs.

Totally 3700.30 ha. of harvested plantation areas were regenerated by replanting/coppicing with species like Acacia hybrid (1199.95 ha.), Eucalyptus pellita (257.65 ha.) and Eucalyptus camaldulensis (2242.70 ha.)

The Farm Forestry programme is continued by selling about 7.00 lakhs seedlings and by entering in to 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 2209.540 MT was procured @ Rs.3,683/- per MT.

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 on 100 M.T. /Ha.

The average weighted cost of Acacia and Eucalyptus pulpwood obtained from captive plantations works out to Rs.2,127/- per tonne as against Rs.5,288/- per tonne paid to M/s KFDC and M/s KSFC. Thus Rs.6359.78 lakhs plus tax were saved by obtaining 201195 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 2013-14, 105472 M.T. of Acacia wood was supplied from captive plantations which has helped in minimizing the consumption of chemicals worth over Rs.62.55 lakhs. Hence captive forestry was responsible for saving a total sum of Rs.6422.33 lakhs during 2013-14.

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

Information under Section 134 of the Companies Act, 2013, 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.



7. INDUSTRIAL RELATIONS:

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

8. DIRECTORS :

Sri S Parameswarappa, IFS(Retd.), Director retires by rotation. The said vacancy will be filled up soon as per the Companies Act 2013.

Sri. M Lakshminarayana, IAS, Director retires by rotation. The said vacancy will be filled up soon as per the Companies Act 2013.

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

Smt. K Ratna Prabha, IAS: Pursuant to the powers conferred under the Articles of Association of the Company, the Government of Karnataka nominated Smt. K Ratna Prabha, IAS, Additional Chief Secretary to GOK, Commerce & Industries Department, GoK as Director in place of Sri M. N Vidyashankar, IAS & subsequently Chairperson in place of Sri. Umesh, vide Govt. Notification No.CI 49 CMI 2014(8) dated 22.03.2014 & CI-61-CMI-2014 dated 10.06.2014 respectively.

Sri. Naveen Raj Singh, IAS : Sri. Naveen Raj Singh, IAS was nominated as Managing Director of the Company by the Government of Karnataka in exercise of the powers conferred under Articles of Association of the Company in place of Sri. M Maheshwar Rao, IAS vide Govt. Notification No.DPAR 749 sas 2014 dated 3.9.2014. He assumed charge on 08th September, 2014 as Managing Director.

10. DIRECTORS' RESPONSIBILITY STATEMENT : Pursuant to the requirement under Section-134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that :

The applicable accounting standards have been followed scrupulously, along with proper explanation relating to material departures, if any;

- a) The selected accounting policies were applied consistently, and judgements and estimates that are reasonable and prudent were made, so as to give a true and fair view of the state of financial affairs of the Company at the end of the financial year;
- b) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;