



**MALU PAPER**  
**MILLS LTD.**

**ANNUAL REPORT  
FOR THE YEAR  
2012-13**

Heera Plaza, 4<sup>th</sup> Floor,  
Near Telephone Exchange,  
Central Avenue,

**Nagpur – 440 008**

Phones : 0712-2760308,2778506, 2733100

Fax : 0712- 2760310

Email : [info@malupaper.com](mailto:info@malupaper.com)

# 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

## **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, 4<sup>th</sup> 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

## **CONTENTS**

• Notice .....	01
• Directors' Report .....	02
• Corporate Governance Report .....	07
• Auditors' Report .....	14
• Balance Sheet .....	19
• Profit & Loss Account .....	20
• Cashflow Statement .....	21
• Schedules.....	22

**MALU PAPER MILLS LIMITED**

Regd. Office: Heera Plaza, 4<sup>th</sup> 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 Tuesday, the 17<sup>th</sup> day of September, 2013 at **the registered office of the Company at 'Heera Plaza, 4<sup>th</sup> 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 31<sup>st</sup> March 2013 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 re-appoint the retiring Directors, who retire by rotation and being eligible, offer themselves for re-appointment.

***Registered Office:***

Heera Plaza, 4<sup>th</sup> floor,

Central Avenue

Nagpur- 440008

Date: 13<sup>th</sup> August, 2013

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

**Sd/-**

**Punamchand Malu  
Managing Director**

**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 09<sup>th</sup> September 2013 to 17<sup>th</sup> September 2013 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 Section 173(2) of the Companies Act, 1956 is not required.

## MALU PAPER MILLS LIMITED

### REPORT OF BOARD OF DIRECTORS.

The Directors have pleasure in presenting the Annual Report for the year ended 31st March 2013 along with the Audited Statement of Accounts with the Report of the Auditors thereon:

#### FINANCIAL RESULTS:

	2012-2013	(Rs. In Lacs) 2011-2012
Sales & Other Incomes	18021.19	16970.07
Profit Before Interest & Depreciation	361.12	(922.91)
Less: Financial Charges	1539.13	1392.08
Profit Before Depreciation	(1178.01)	(2314.99)
Less: Depreciation	617.76	612.02
Less: Provisional For Tax	(553.69)	(906.06)
Profit/(Loss) After Tax	(1242.08)	(2020.96)

#### MANAGEMENT REVIEW: 2012-13

#### INDIAN PAPER INDUSTRY SCENARIO

The Indian paper industry is expected to grow at a rate of ~6.4% CAGR to 15.5-16 Million Mt up to FY17, as compared to a 5.8% CAGR from FY08-12(E). India, the 15th largest paper manufacturer, is the world's fastest growing paper market; producing however, only 2.6% of its total output. The per capita consumption in India stands at only 9.3 kg as against 42 kg in China, 22 kg in Indonesia, 25 kg in Malaysia and 312 kg in the US.

The Indian Paper Industry is classified into three main segments –

- Paperboard & Industrial Packaging (Paperboard) comprising ~45% of the industry,
- Printing and Writing Paper (P&W), accounting for ~35% and
- Newsprint segment (Newsprint) covering ~20% of the domestic paper production.

About 70% of the total installed capacity of paper production in India is accounted by Gujarat, West Bengal, Orissa, Andhra Pradesh, Karnataka and Maharashtra. Uttar Pradesh, Tamil Nadu, Haryana, Kerala, Bihar and Assam together account for about 25% of the total paper production in India.

#### Industry Outlook

- The growth of paperboard sector in 5 years ending FY17 would be higher than 5.7% CAGR FY08-12 due to greater thrust on industrialisation, rising income levels and improving demography.
- Factors such as improvement in the domestic economic scenario, various Government programmes aimed at improving literacy, with increased outlays and efficient targeting would lead to a better performance of the W&P sector, as compared to 6.3% CAGR for past 5 years.
- Increasing circulation of newspaper/journals/magazines due to higher literacy rates, greater focus of print media companies on regional content and improved demand traction from corporate sector due to higher advertisement spending is likely to help the Newsprint segment grow at a higher CAGR up to FY17, than the growth of 4.9% in the period FY08-12.

- India is self-sufficient in most paper segments, except for Newsprint and higher grades of W&P papers on account of non-availability of superior quality of pulp. ~60% of newsprint domestic demand is met through imports due to inverted duty structure, poor economies of scale & lower product quality in comparison to international producers.

### **Technology**

The industry suffers due to use of obsolete technology. However, Malu Paper has adopted new technology in its Newsprint manufacturing plants since inception. It does not foresee any major capital investments in near future. We have invested in the latest Deinking technology and robust products of reputed European equipment manufacturers, which has paid off in the long run. The quality of Newsprint manufactured by us can be considered equivalent to the Recycled Imported Newsprint.

### **Impact of Rupee depreciation**

As ~60% of Newsprint domestic demand in India is met through imports Rupee depreciation has increased the landed cost of the Imported Newsprint, resulting in better realisation for domestic Newsprint manufactures, who will also gradually replace the imported Newsprint.

The rupee depreciation has also made the imported waste paper costlier. However at our company, the investment in technology has helped in totally replacing the imported waste paper by domestic waste paper. This has also resulted in not being affected adversely by the recent rupee depreciation.

### **INTERNAL CONTROL SYSTEM:**

Your company has adequate internal control system. Your company has developed and implemented a formal code of conduct and comprehensive business plan. Authorities have been clearly defined and delegation of authority is done as per levels of operation. Company has established and maintained an effective management information system.

### **THREATS, RISKS AND CONCERNS:**

- Manufacturing Newsprint through the waste paper is prevalent in India. Since India does not have a developed waste paper collection system, raw material availability is low and prices are high. To meet part of its raw material needs the industry has to rely on imported waste paper
- In an era of the World Wide Web(Internet), e-filing, email, pod cast etc., and several options to choose from, the electronic medium poses a big threat to the paper industry.
- Due to depreciation of rupee cost of imported coal is escalating.

### **OPPORTUNITIES & STRENGTHS:**

- Demand for Writing and printing paper (W&P) is expected to rise sharply due to the government's emphasis on education. Similarly, demand for paperboard is likely to increase as a result of growth in organised retail
- Factors like change in lifestyle and socio-economic factors have led to a sharp rise in demand for packaging paper as reflected in the improved packaging of FMCG products, rising spends on healthcare and over-the-counter medicines, and increasing preference for ready-to-eat foods. Also strong demand for consumer goods has propelled demand for packaging paper.

- Demand for Newsprint to grow by 9.5-10.5 per cent CAGR over the next 5 years from 2.1 million tonnes in 2012-13 to 3.5 million tonnes in 2017-18, driven by higher literacy levels and increase in the number of pages per newspaper due to rise in corporate advertising spends.
- Due to depreciation of rupee imported Newsprint will cost more. Therefore, Import of Newsprint is forecast to decline.
- The company is aggressively using biomass as fuel, negating the effect of rise in demand & prices of coal.

#### **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.

#### **DIRECTORS RESPONSIBILITY STATEMENT FORMING PART OF DIRECTORS REPORT:**

As required under Section 217(2AA) 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 2013 and of the profit of the company for the year ended 31st March 2013.
- 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 directors have prepared the annual accounts on a going concern basis.

#### **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.

#### **DIRECTOR**

Shri Vasudeo Malu and Shri Satyanarayan Rathi, 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.

#### **PUBLIC DEPOSITS**

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

## **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 is the Chairman.

## **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 them for re-appointment. They have given information to the effect that their appointment, if made, will be within the limits prescribed under section 224(1 B) of the Companies Act, 1956.

## **COST AUDITORS**

M/S Khanuja Patre & Associates, Cost Accountants, have been re appointed as the Cost Auditors for the year ending 31<sup>st</sup> March 2014.

## **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: 13-08-2013**

**By Order Of Board Of Directors**

**Sd/**  
**Punamchand Malu**  
**Managing Director**

**Sd/**  
**Banwarilal Malu**  
**Jt. Managing Director**

**MALU PAPER MILLS LTD.**  
**Annexure to Directors' Report-2013**  
**ANNEXURE A**

FORM A: FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

**A POWER AND FUEL CONSUMPTION**

1	<b>ELECTRICITY :</b>	<b>Current year</b>	<b>Previous year</b>
	(a) <b>Purchased</b>		
	Unit	14,395,597	12,109,040
	Total amount (Rs)	94,690,926	74,147,940
	Rate/ unit	6.578	6.123
	(b) <b>Own generation</b>		
		N.A.	N.A.
	(i) Through diesel generator		
	Unit		
	Units per litre of diesel oil		
	Cost/ unit		
	(ii) Through steam turbine/ generator		
	Unit	31,590,200	31,223,500
	Units per litre of fuel oil / gas		
	Cost/ unit		
2	<b>COAL &amp; BIO MASS:</b>		
	Quantity (Metric Tonnes)	84789.947	101,115.59
	Total cost (Rs.)	243,511,355	286,168,887.00
	Average rate(Rs.)	2,871.94	2,830.12
3	<b>FURNANCE OIL:</b>	N.A.	N.A.
	Quantity (k. ltrs.)		
	Total amount		
	Average rate		
4	<b>OTHERS:</b>	N.A.	N.A.
	Quantity		
	Total cost		
	Rate/ unit		

**B CONSUMPTION PER UNIT OF PRODUCTION**

Standards (if any)	Current year
Products unit (MT) (Kraft & News print/ Writing printing paper)	69902.068
	66,482.56
1 Electricity	657.86
2 Furnace oil	N.A.
3 Coal	1.21
4 Others (Specify)	N.A.
	651.79
	N.A.
	1.52
	N.A.

**FOR MALU PAPER MILLS LTD.**

Sd/-

**DIRECTOR**



## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your company believes that good Corporate Governance brings about sustained growth and long term benefits for shareholders. The Company's broad policies of Corporate Governance viz. transferability, professionalism and accountability are the guiding principles of management of the company aiming to the aspiration of the stakeholders.

### 2. BOARD OF DIRECTORS:

The Board of Directors comprises optimum mix of Six Non-executive Directors and two Executive Directors as on 31<sup>st</sup> March. The Board monitors performance of the Company, approves and receives policies / strategies and evaluate management performance. The Board ensures legal and ethical conduct and accurate financial reporting. The Chairman of the Board is Non-executive Director.

- i) **Non-Executive Directors:**
  - a) **Promoter Group**
    - 1 Shri Damodarlal Malu, Chairman
    - 2 Shri Vasudeo Malu
  - b) **Independent**
    - 1 Shri Satyanarayan Rathi
    - 2 Shri Chandrakant Thakar
    - 3 Shri Anil Rathi
    - 4 Shri Shyamsunder Sarda
- ii) **Executive Directors:**
  - 1 Punamchand Malu
  - 2 Banwarilal Malu

The Board of Directors meets at least once a quarter to review the Company's performance and financial results and more often, if necessary, to transact other business. 06 (Six) meetings of Board of Directors were held on 16/04/2012, 14/05/2012, 14/08/2012, 03/09/2012, 10/11/2012 and 13/02/2013 during the financial year.

The information as specifies in Annexure 1A to Clause 49 of Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and analysis.

Attendance of each Director at the meetings of Board of Directors held during the financial year 2012-13, last Annual General Meeting and the Number of Directorships and memberships of Committees of each Director in various Companies during the period under review is as follows

Name of the Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of outside Directorship in India
Shri Punamchand Malu	ED	5	YES	-
Shri Banwarilal Malu	ED	5	YES	-
Shri Damodarlal Malu	NED	2	YES	-
Shri Vasudeo Malu	NED	6	YES	-
Shri Satyanarayan Rathi	ID	6	YES	-
Shri Chandrakant Thakar	ID	2	NO	-
Shri Anil Rathi	ID	4	YES	1
Shri Shyamsunder Sarda	ID	1	NO	-

Notes-

- i. ED- Executive Director; NED Non Executive Director; ID – Independent Director
- ii. Excludes Private Limited companies.

### 3. AUDIT COMMITTEE:

The Audit Committee as on 31-03-2013 comprised of three independent Non-Executive Directors namely Shri Anil Rathi (Chairman of the Committee), Shri Satyanarayan Rathi and Shri Chandrakant Thakar.

Shri Anil Rathi is Chartered Accountant and possesses expert knowledge in the area of finance and accounting.

In accordance with Clause 49 of the Listing Agreement and also Section 292A of the Companies Act, 1956, the terms of reference stipulated by the Board to the Audit Committee include overseeing financial reporting process, reviewing periodic financial results, financial statements and adequacy of internal control systems with the management and adequacy of internal audit functions, discussions with auditors about the scope of audit including the observations of the auditors and discussion with internal auditors on any significant findings. The Committee also recommends to the Board the remuneration payable to the Executive Directors.

During the year under review 5 (Five) meetings were held on 14/05/2012, 14/08/2012, 03/09/2012, 10/11/2012 and 13/02/2013. The following table gives attendance record:

Sl. No.	Name of the Members of Audit Committee	Number of Meetings held	Number of Meetings attended
1	Shri Anil Rathi	5	4
2	Shri Satyanarayan Rathi	5	5
3	Shri Chandrakant Thakar	5	2

### 4. SHAREHOLDERS' GRIEVANCE COMMITTEE:

The Shareholders' Grievance Committee as on 31<sup>st</sup> March 2013 comprised of three Directors i.e. Mr. Satyanarayan Rathi, Mr. Chandrakant Thakar and Mr. Banwarilal Malu

The shareholder grievance committee has been constituted to attend to and redress the shareholders / investors grievances in matters such as transfer of shares, non receipts of annual reports, dematerialization of shares etc.

The Committee met on 10/11/2012 in which all the directors were present.

### 5. THE LOCATION AND TIME OF THE LAST 3 ANNUAL GENERAL MEETINGS:

Financial year	Location	Date & Time of AGM
2011-12	Heera Plaza, 4 <sup>th</sup> Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.	28-09-2012 at 3.00 PM
2010-11	Heera Plaza, 4 <sup>th</sup> Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.	29-09-2011 at 3.00 PM
2009-10	Heera Plaza, 4 <sup>th</sup> Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.	21-09-2010 at 3.00 PM

No Special Resolutions were passed at the annual general meetings:

## 6. DISCLOSURES:

There are no materially significant related party transactions of the Company, which have a potential conflict with the interest of the company at large.

### Declaration

As provided under Clause 49 of the Listing Agreement, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the code for the year ended on 31<sup>st</sup> March, 2013.

## 7. MEANS OF COMMUNICATION:

During the year under review, the half-yearly and yearly results were displayed on the Company's web site <http://malupaper.com>. The quarterly results were also published in (English) newspaper (normally Indian Express) and in one vernacular (Marathi) newspaper (Loksata). These were not sent individually to the shareholders.

## 8. DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED / REAPPOINTED AS REQUIRED IN TERMS OF THE LISTING AGREEMENT:

<b>Name of the Director</b>	Shri Vasudeo Malu	Shri Satyanarayan Rathi
<b>Date of Birth</b>	07/06/1960	07-09-1953
<b>Date of Appointment</b>	11/01/1994	11-11-2005
<b>Expertise in specific functional area</b>	Businessman	Businessman
<b>Qualification</b>	B.com	B.com
<b>No. of equity shares held</b>	726424	NIL
<b>Chairman/ Member of the Committees of the Board of Directors of the Company</b>	NIL	2

## 9. GENERAL SHAREHOLDERS INFORMATION

### 1. Twentieth Annual General Meeting:

Date : 17<sup>th</sup> September, 2013.

Time : 3.00 PM

Venue: Heera Plaza, 4<sup>th</sup> Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.

### 2. Dates of Book Closure: 09<sup>th</sup> September 2013 to 17<sup>th</sup> September 2013 (both days inclusive).

### 3. Financial Calendar of the Company:

The Financial Year covers the period from 01<sup>st</sup> April to 31<sup>st</sup> March.

Financial Reporting for 2013-14 (Tentative)

Unaudited Financial results for the quarter ending	30-06-2013	August, 2013
Unaudited Financial results for the quarter ending	30-09-2013	November, 2013
Unaudited Financial results for the quarter ending	31-12-2013	February, 2013
Unaudited Financial results for the quarter ending	31-03-2014	May, 2014

### 4. Listing on Stock Exchanges:

The equity shares of the Company are listed on The Bombay Stock Exchange Limited and the National Stock Exchange of India. The requisite annual listing fees for the year 2013-14 have been paid in full to the Stock Exchanges.

**5. Stock Code:**

The Bombay Stock Exchange Ltd. 532728  
National Stock Exchange of India Ltd. MALUPAPER

The details of monthly high and low quotations of the equity shares of the Company traded at BSE and NSE from April 01, 2012 to March 31, 2013 are given below:

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
April, 2012	10.30	9.11	10.45	9.05
May, 2012	9.90	8.70	10.00	8.90
June, 2012	10.62	9.00	10.50	9.10
July, 2012	10.78	9.00	10.50	8.80
August, 2012	9.60	8.81	9.80	8.25
September, 2012	10.48	9.00	10.40	9.10
October, 2012	10.32	9.00	10.30	8.90
November, 2012	10.25	8.75	9.95	8.90
December, 2012	10.05	9.00	10.10	8.80
January, 2013	10.00	8.52	10.50	8.60
February, 2013	9.17	7.40	9.45	7.80
March, 2013	8.49	6.80	8.40	7.00

**6. Registrar and Transfer Agents:**

Link Intime Private Limited  
C-13, Pannalal Silk Mills Compound,  
LBS Road, Bhandup (West), MUMBAI – 440 078.  
Tel. No. 022-2596 3838  
Fax No. 022- 2594 6969  
Email: info@linkintime.co.in

**7. Share Transfer System:**

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the document, provided the documents are valid and complete in all respects.

**8. Distribution of Equity Shareholding as on 31-03-2013:**

Shareholding of Shares			Share holders		Total Shares	
			Number	%	Shares	%
1	-	500	3243	71.89	599,262	3.51
501	-	1000	557	12.35	450,092	2.64
1001	-	2000	294	6.52	443,430	2.60
2001	-	3000	117	2.60	301,720	1.77
3001	-	4000	52	1.15	183,160	1.07
4001	-	5000	47	1.04	216,711	1.27
5001	-	10000	71	1.57	522,988	3.07
10001	And	Above	130	2.88	14,341,887	84.07
<b>TOTAL</b>			<b>4511</b>	<b>100.00</b>	<b>17,059,250</b>	<b>100.00</b>

**9. Shareholding Pattern as on 31-03-2013:**

Category	No. of Shares held	% of Share holding
Indian Promoters	11,238,221	65.88
Private Corporate Bodies	886,855	5.20
Indian Public	4,902,917	28.74
NRI's	31,257	0.18
<b>TOTAL</b>	<b>17,059,250</b>	<b>100.00</b>

**10. Dematerialisation of Shares:**

As at 31st March 2013 170,58,838 (99.99%) of total equity capital was held in Electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's Equity Shares have to be compulsorily traded in the electronic form. Requests for dematerialisation of shares are processed and confirmed within 7 days. No GDRs, ADRs or warrants have been issued by the Company.

**11. Registered Office of the Company:**

Heera Plaza, 4<sup>th</sup> Floor,  
Near Telephone Exchange,  
Central Avenue,  
Nagpur – 440 008 (MS)  
Tel. No: (0712) 2760308; 2778506  
Email: [info@malupaper.com](mailto:info@malupaper.com)

**12. Plant Locations:**Kraft Division

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

Newsprint & Writing Printing Division

Village: Heti Surla  
Taluka: Saoner  
Nagpur Bhopal Highway  
District: Nagpur.

**13. Address for Correspondence from Shareholders:**

(Registered Office)  
Malu Paper Mills Ltd.  
Heera Plaza, 4<sup>th</sup> Floor,  
Near Telephone Exchange,  
Central Avenue, Nagpur – 440 008 (MS)  
Tel. No: (0712) 2760308; 2778506  
Email: [contacts@malupaper.com](mailto:contacts@malupaper.com)

\*\*\*\*\*

CERTIFICATE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER  
TO THE BOARD ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE  
GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS.

We hereby certify that for the Financial Year 2012-13, we have reviewed the financial statements and cash flow statements and that to the best of our knowledge and belief:

1. These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge or belief, no transactions entered into by the Company during the year 2012-13 which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which we are aware and that we have taken the required steps to rectify these deficiencies.
5. We further certify that
  - a) there have been no significant changes in internal control over financial reporting during this year.
  - b) there have been no significant changes in accounting policies during this year.
  - c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: 13/08/2013

Sd/-  
**Punamchand Malu**  
Managing Director

Sd/-  
**Girish Malpani**  
CFO

To,  
The Members of  
Malu Paper Mills Limited,  
Nagpur.

We have examined the compliance of conditions of Corporate Governance by the Malu Paper Mills Limited, Nagpur for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges, in India, with the relevant records and documents maintained by the company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 30-05-2013  
Place : Nagpur

**For Demble Ramani & Co.**  
**Chartered Accountants**

**Sd/-**  
**Ashok Ramani**  
**Partner**  
**M.NO.30537**

CA.Narayan Demble  
B.Com., F.C.A.  
CA.Ashok Ramani  
B.Com., F.C.A.  
CA.Vijay Ramani  
B.Com., F.C.A.



**DEMBLE RAMANI & CO.**  
**CHARTERED ACCOUNTANTS**  
201, M.G. HOUSE, R.T.ROAD,  
CIVIL LINES, NAGPUR-440001  
PHONE : 3918630, 3918631  
Fax No. 3918654  
E-mail : dembleramani@yahoo.co.in

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MALU PAPER MILLS LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **MALU PAPER MILLS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on 31<sup>st</sup> March 2013, and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on 31<sup>st</sup> March 2013.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For DEMBLE RAMANI & CO.**  
**Chartered Accountants**

**Place : NAGPUR**  
**Date : 30.05.2013**

Sd/-  
**ASHOK RAMANI**  
**Partner**  
**Mem No. : 30537**  
**FRN : 102259W**

**ANNEXURE OF THE INDEPENDENT AUDITOR'S REPORT**  
**(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)**

- (i) a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, the management has physically verified all its fixed assets at reasonable intervals and no material discrepancies were noticed on such physical verification.
- c) In our opinion, the Company has not disposed off any substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) a) As per the information furnished, the inventories have been physically verified by the management at reasonable intervals during the year.
- b) In our opinion and according to the information and explanations given to us procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) a) In our opinion and according to the information and explanations given to us, the company has not granted any secured or unsecured loans to companies, firms or other parties covered in the register maintained u/s 301 of Companies Act, 1956. Hence the clause iii (a), (b), (c) and (d) of the order are not applicable.
- e) The company has taken demand loans from companies, firms or other parties covered in the register maintained u/s 301 of Companies Act, 1956. The maximum amount involved during the year was Rs. 2106.50 lacs and year end balance of loans taken from such parties was Rs. 2106.50 lacs.
- f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the company.
- g) In our opinion and as per the information and explanations given to us, the company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (iv) In our opinion and according to the information and explanation given to us, there is generally an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit no major weakness has been noticed in the internal control system.
- (v) In respect of contracts or arrangements to be entered in the register maintained in

pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, there were no particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section

- (vi) According to the information and explanations given to us, the Company has not accepted deposits in terms of provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion; the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed books of accounts maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix)
  - a) According to the information and explanations given to us and the records examined by us, the company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues wherever applicable with the appropriate authorities. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.
  - b) According to the records of the company there are statutory dues, which are outstanding on account of certain disputes at the end of the year.

Name of Statute	Nature of the Dues	Amount (Rs.in Lacs)	Assessment Years	Forum where dispute is pending
Central Excise Act.	Excise Duty	2.63	2003-04	Asstt. Commissioner of CEST (Appeal)
Central Excise Act.	Excise Duty	4.33	2004-05	Asstt. Commissioner of CEST (Appeal)
Central Excise Act.	Excise Duty	3.79	2004-05	Asstt. Commissioner of CEST (Appeal)

- (x) The company has been registered for a period of not less than five years and it has accumulated losses at the end of the financial year not more than fifty percent of its net worth. The company has incurred cash losses of Rs. 1178.01 lacs in the financial year. The Company has also incurred cash losses of Rs. 2315.00 Lacs in the immediate preceding financial year.

- (xi) According to the records of the company examined by us and the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to any financial institutions or banks. The company does not have any borrowings by way of debentures.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit funds/ nidhi / mutual benefits funds/ society do not apply to the company.
- (xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by its subsidiaries and associates from banks/ financial institutions.
- (xvi) In our opinion, term loans have been applied for the purpose for which they have been raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet to the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

**For DEMBLE RAMANI & CO.  
Chartered Accountants**

**Place : NAGPUR  
Date : 30.05.2013**

Sd/-  
**ASHOK RAMANI  
Partner  
Mem. No.: 30537  
FRN : 102259W**

**MALU PAPER MILLS LIMITED, NAGPUR**  
**BALANCE SHEET AS AT 31ST MAR, 2013**

Particulars		Note No.	Figures as at 31 <sup>st</sup> March 2013 (In Rs.)	Figures as at 31 <sup>st</sup> March 2012 (In Rs.)
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' funds</b>			
	(a) Share capital	2	170,592,500	170,592,500
	(b) Reserves and surplus	3	(74,874,482)	49,333,795
2	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	4	890,922,017	858,645,364
	(b) Other Long term liabilities	5	141,402,977	140,606,973
	(c) Long-term provisions	6	3,009,216	2,754,100
3	<b>Current liabilities</b>			
	(a) Short-term borrowings	7	159,857,192	153,102,593
	(b) Trade payables	8	178,846,322	86,716,433
	(c) Other current liabilities	9	59,802,248	30,895,235
	<b>TOTAL :</b>		<b>1,529,557,990</b>	<b>1,492,646,993</b>
<b>II.</b>	<b>ASSETS</b>			
	<b>Non-current assets</b>			
1	(a) Fixed assets			
	(i) Tangible Assets	10	990,690,466	1,029,386,875
	(ii) Intangible Assets		-	-
	(iii) Capital work-in-progress		-	-
	(iv) Intangible Assets under development		-	-
	(b) Non-current investments	11	1,100,000	1,100,000
	(c) Deferred tax assets (Net)	12	127,194,000	71,825,000
	(d) Long-term loans and advances	13	63,475,966	60,966,567
2	<b>Current assets</b>			
	(a) Current investments		-	-
	(b) Inventories	14	118,501,700	123,016,100
	(c) Trade receivables	15	174,227,868	168,121,881
	(d) Cash and cash equivalents	16	22,429,799	15,827,308
	(e) Short-term loans and advances	17	31,938,190	22,403,262
	<b>TOTAL :</b>		<b>1,529,557,990</b>	<b>1,492,646,993</b>
	Significant Accounting Policies	1		

For Malu Paper Mills Limited.

As per our Report of even date,  
For Demble Ramani & Co.  
Chartered Accountants

Punamchand Malu      Banwarilal Malu  
(Managing Director) (Jt. Managing Director)  
Place : Nagpur  
Date : 30.05.2013

Ashok Ramani  
Partner  
Mem. No. 30537  
FRN 102259W

**MALU PAPER MILLS LIMITED, NAGPUR**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MAR'2013**

Particulars	Note No.	2012-2013 (In Rs.)	2011-2012 (In Rs.)
<b>I. Revenue From Operations</b>			
Sale of products	18	1,823,897,921	1,731,526,379
Less: Excise Duty		48,465,410	38,623,665
<b>Net Sales</b>		<b>1,775,432,511</b>	<b>1,692,902,714</b>
<b>II. Other income</b>	19	26,685,673	4,104,957
<b>III. Total Revenue (I + II)</b>		<b>1,802,118,185</b>	<b>1,697,007,671</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	20	1,155,953,254	1,124,163,164
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	(3,022,900)	(991,700)
Employee benefits expense	22	38,147,833	34,865,028
Finance costs	23	153,912,852	139,208,394
Depreciation and amortization expense	10	61,775,506	61,202,371
Other expenses	24	574,928,917	631,262,650
<b>Total expenses</b>		<b>1,981,695,462</b>	<b>1,989,709,907</b>
<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>(179,577,277)</b>	<b>(292,702,236)</b>
<b>V. Exceptional items</b>			
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		<b>(179,577,277)</b>	<b>(292,702,236)</b>
<b>VIII. Extraordinary Items</b>			
<b>IX. Profit before tax (VII- VIII)</b>		<b>(179,577,277)</b>	<b>(292,702,236)</b>
<b>X Tax expenses:</b>			
(1) Current tax			
(2) Deferred tax (withdrawn)		(55,369,000)	(90,606,000)
(3) Tax for Earlier period			
<b>XI Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>(124,208,277)</b>	<b>(202,096,236)</b>
XII Profit/(loss) from discontinuing operations			
XIII Tax expense of discontinuing operations			
<b>XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>			
<b>XV Profit (Loss) for the period (XI + XIV)</b>		<b>(124,208,277)</b>	<b>(202,096,236)</b>
<b>XVI Earnings per equity share:</b>			
(1) Basic		(7.28)	(11.85)
(2) Diluted		(7.28)	(11.85)

**For Malu Paper Mills Limited.**

**As per our Report of even date,  
For Demble Ramani & Co.  
Chartered Accountants**

**Punamchand Malu      Banwarilal Malu**  
**(Managing Director) (Jt. Managing Director)**  
**Place : Nagpur**  
**Date : 30.05.2013**

**Ashok Ramani**  
**Partner**  
**Mem. No. 30537**  
**FRN 102259W**

**MALU PAPER MILLS LIMITED, NAGPUR**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED**

31st March, 2013

31st March, 2012

**A. Cash Flows from Operating Activities**

Reserve & surplus

Net Profit before Tax	(179,577,277)	(292,702,236)
Adjustments for:		
Depreciation	61,775,506	61,202,371
Non Operating Income	(26,685,673)	(4,104,957)
Interest Expenses	153,912,852	139,208,394
<b>Operating Profit before Working Capital Changes</b>	<b>9,425,407</b>	<b>(96,396,428)</b>
<b>Adjustments for:</b>		
Trade Receivables	(6,105,987)	34,721,485
Other Receivables	(67,413,328)	(70,319,929)
Inventories	4,514,400	39,233,107
Trade Payables & Other Liabilities	121,292,018	(40,022,406)
<b>Cash Generated from Operations</b>	<b>61,712,511</b>	<b>(132,784,171)</b>
Deffered Tax	55,369,000	90,606,000
<b>Net Cash from Operating Activities</b>	<b>117,081,511</b>	<b>(42,178,171)</b>

**B. Cash Flows from Investing Activities**

Purchase of Fixed Assets	(23,279,132)	(15,480,317)
Sale of Fixed Assets	200,035	0
Interest Received	26,685,673	4,104,957
<b>Net Cash from Investing Activities</b>	<b>3,606,576</b>	<b>(11,375,360)</b>

**C. Cash Flows from Financing Activities**

Proceeds from Borrowings	(17,013,748)	108,823,702
Increase in Inter Corporate	56,045,000	44,554,361
Deposits & Other Loans	796,004	22,054,953
Interest Paid	(153,912,852)	(139,208,394)
<b>Net Cash used in Financing Activities</b>	<b>(114,085,596)</b>	<b>36,224,622</b>

Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	6,602,491	(17,328,909)
Cash and Cash Equivalents at the beginning of period	15,827,308	41,895,951
Cash and Cash Equivalents at the end of period	22,429,799	15,827,308
Net Change in Cash {Inc+/Dec-}	6,602,491	(17,328,909)

Note:

The above Cash Flow has been prepared under "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statement issued by Institute of Chartered Accountants of India.

For Malu Paper Mills Limited.

As per our Report of Even Date  
For Demble Ramani & Co.  
Chartered Accountants

Punamchand Malu    Banwarilal Malu  
(Managing Director) (Jt. Managing Director)  
Place : Nagpur  
Date : 30.05.2013

Ashok Ramani  
Partner  
Mem. No. 30537  
FRN 102259W

## **MALU PAPER MILLS LIMITED, NAGPUR**

### **Note 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

a) **System of Accounting :-**

The Financial Statements of the company have been prepared in accordance with the accounting principles generally accepted in India (Indian GAAP) and are in line with the relevant laws as well as the guidelines prescribed by the Department of Company Affairs, Ministry of Law, Justice & Company affairs & The Institute of Chartered Accountants of India..The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statement are consistent with those followed in previous year.

b) **Use of Estimates :-**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities, including the disclosure of contingent liabilities (if any) as of the date of the financial statements and the reported incomes and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could vary from those estimates. Any revision to accounting estimates is recognized in the period in which the results are known / materialized.

c) **Fixed Assets :-**

Fixed Assets are carried at cost. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use and after providing for Cenvat Credit and VAT Credit.

d) **Depreciation :-**

Depreciation on Fixed Assets is provided using Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 and is provided on pro rata basis on the assets acquired during the year. Depreciation is not charged on the Fixed Assets sold during the Year. Cost of leasehold assets are amortised over the useful life of assets.

e) **Impairment of Assets :-**

The carrying amounts of assets / cash generating units are reviewed at each balance sheet date if there is any indication of Impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre tax weighted average cost of capital.

f) **Inventories:-**

Inventories comprising of raw materials, stock-in-progress, finished goods and consumable stores. Inventories are valued at cost or estimated net realizable value after providing for obsolescence and other losses, where considered necessary. The cost of inventories comprises of all cost of purchase, cost of conversion and other cost incurred in bringing inventories to their present location and condition. In the case of raw materials, stores and spares, and finished goods, cost is determined on the First-In-First-Out (FIFO) basis.

g) **Sales:-**

- (1) Sales of goods are recognised when goods are supplied in accordance with the terms of sales and are recorded inclusive of duties and taxes.
- (2) Sale of Carbon Credit and Interest Income are recognised on accrual basis.
- (3) Sale of scrap are recorded on cash basis.



## **MALU PAPER MILLS LIMITED, NAGPUR**

h) **Borrowing Costs** :-

Borrowing costs include interest and bank charges. Borrowing costs are capitalized as a part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

i) **Taxes on Income** :-

Income tax expenses for the year comprises of current tax and deferred tax. Current tax provision has been determined on the basis of relief and deduction available under the Income tax Act-1961. Since there is a business loss and unabsorbed depreciation no provision in respect of current tax has been made during the year.

Deferred tax Assets is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal is one or more subsequent periods.

j) **Investments**:-

Long term Investments are valued at cost. These are classified as non Trade Investment.

k) **Retirement Benefits** :

Provisions for / contributions to retirement benefit scheme are made as follows :

a) Provident Fund on actual liability basis.

B) Liability in respect of future payment of Gratuity to retiring employees is provided on the accrual basis on estimation at the end of each financial year.

l) **Foreign Currency Transactions** :

Foreign Currency Transactions are accounted for at the rates prevailing on the dates of the transactions converted at contracted rate.

m) **Earning Per Share** :-

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

n) **Provisions, Contingent Liabilities and Contingent Assets** :-

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

NOTE	PARTICULARS	AS ON 31ST MARCH'2013		AS ON 31ST MARCH'2012	
		AMOUNT		AMOUNT	

**NOTE 2**

**SHARE CAPITAL**

	Number		Number		
<b>a <u>Authorised</u></b>					
Equity Shares of `Rs.10 each	20,000,000	200,000,000	20,000,000	200,000,000	
<b>b <u>Issued</u></b>					
Equity Shares of ` Rs.10 each fully paid	17,059,250	170,592,500	17,059,250	170,592,500	
<b>c <u>Subscribed &amp; fully Paid up</u></b>					
Equity Shares of ` Rs.10 each fully paid	17,059,250	170,592,500	17,059,250	170,592,500	
<b>Total :</b>	<b>17,059,250</b>	<b>170,592,500</b>	<b>17,059,250</b>	<b>170,592,500</b>	

**d Reconciliation of Number of Shares Outstanding :**

Shares outstanding at the beginning of the year	17,059,250	170,592,500	17,059,250	170,592,500
Movement During the Year	0	0	0	0
Shares outstanding at the end of the year	17,059,250	170,592,500	17,059,250	170,592,500

**e Rights, preference & restriction attached to Equity Shares**

The company has only one class of equity Share. Each Shareholder is eligible for one vote per share. In the event of liquidation of company, the shareholders are entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution shall be in proportion to number of equity shares held by the shareholder.

**f Details of Shareholders, holding more than 5% of the Paid up Equity Share Capital of the Company with Voting Rights :**

Name of Shareholder	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Frontline Commercial Pvt Ltd	962,222	0	962,222	5.64%
Wistaria Farms Pvt Ltd	1,033,500	0	1,033,500	6.06%
Kaveri Malu	1,052,487	0	1,052,487	6.17%

**NOTE 3**

**RESERVES & SURPLUS**

<b>a <u>General Reserves</u></b>			
Opening Balance		211,880,327	211,880,327
Movement During the Reporting Period			
Closing Balance		<b>211,880,327</b>	<b>211,880,327</b>
<b>b <u>Securities Premium Account</u></b>			
Opening Balance		147,952,928	147,952,928
Movement During the Reporting Period			
Closing Balance		<b>147,952,928</b>	<b>147,952,928</b>
<b>c <u>Profit &amp; Loss Account</u></b>			
Opening balance		(310,499,460)	(108,403,224)
(+) Net Profit/(Net Loss) For the period		(124,208,277)	(202,096,236)
Closing Balance		<b>(434,707,737)</b>	<b>(310,499,460)</b>
<b>Total (a+b+c) :</b>		<b>(74,874,482)</b>	<b>49,333,795</b>

**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

**NOTE 4**                      **LONG-TERM BORROWINGS**

**a**    **SECURED LOANS**

i	Bank of India, Mumbai	150,397,229	159,638,352
ii	Jammu & Kashmir Bank, Mumbai	94,141,196	98,859,504
iii	State Bank of India, Nagpur	143,584,502	147,997,254
iv	Bank of Baroda, Mumbai	65,059,396	68,290,493
v	Axis Bank, Nagpur	106,609,305	110,329,981
vi	Sundaram Finance Ltd	-	24,780
vii	ICICI Bank Ltd	1,220,388	-
viii	State Bank of India	360,000	-
<b>Total (a) :</b>		<b>561,372,017</b>	<b>585,140,364</b>

1 (Loans of Sr. No a (i) to (v) of Note 4 are secured by :

1. Primary : First pari passu charge on the entire Fixed Assets of the Company both present & future.
2. Collateral : Second pari passu charge on entire current assets of the company and First pari passu charge by way of equitable mortgage of Land and Plant & Machinery of Solar Carbon Pvt Ltd.
3. Guarantee : Personal guarantee of Directors Shri Punamchand Malu & Shri Banwarilal Malu and corporate guarantee of Solar Carbons Pvt Ltd.)
4. Pledge of Promoters Shareholding to the extent of 51% of the paid up capital of the Company.

2 (Loans of Sr. No a (vi) and (viii) of Note 4 are secured by hypothecation of vehicle of company.)

3 In the financial year 2011-12, Loans of Sr. No. a (i) to (v) of Note 4 are restructured under the Corporate Debts Restructure (CDR) mechanism.

**DETAILS OF RATE OF INTEEST & TERMS OF REPAYMENT OF TERM LOANS**

<b>REPAYMENT SCHEDULE OF TERM LOANS</b>	<b>Repayable after 1 year from the date of Balance Sheet</b>	<b>Repayment in FY 13-14</b>	<b>Terms of Payment - 4 Quarterly Instalment</b>	<b>Rate of Interest</b>
Bank of India, Mumbai	101,858,766	8,767,500	2,191,875	15.0%
Bank of India, Mumbai	48,538,463	4,065,000	1,016,250	11.5%
Jammu & Kashmir Bank, Mumbai	94,141,196	7,972,500	1,993,125	15.0%
State Bank of India, Nagpur	81,675,261	7,117,500	1,779,375	15.5%
State Bank of India, Nagpur	61,909,241	5,220,000	1,305,000	11.5%
Bank of Baroda, Mumbai	65,059,396	5,670,000	1,417,500	15.0%
Axis Bank, Nagpur	36,486,505	3,264,000	816,000	19.0%
Axis Bank, Nagpur	70,122,800	6,168,000	1,542,000	11.5%
<b>Total (i) :</b>	<b>559,791,629</b>	<b>48,244,500</b>	<b>12,061,125</b>	

<b>REPAYMENT SCHEDULE OF VEHICLE LOANS</b>	<b>Repayable after 1 year from the date of Balance Sheet</b>	<b>Repayment in FY 13-14</b>	<b>Terms of Payment - Monthly Instalment</b>	<b>Rate of Interest</b>
Sundaram Finance Ltd	-	24,780	12,390	9.5%
ICICI Bank Ltd; Nagpur	1,220,388	563,256	46,938	10.5%
State Bank of India	360,000	180,000	15,000	10.5%
<b>Total (ii) :</b>	<b>1,580,388</b>	<b>768,036</b>	<b>74,328</b>	

**Total (I + ii) :**

**561,372,017**

**49,012,536**

**12,135,453**

**b**    **UNSECURED LOANS**

(a) Loans and advances from related parties	210,650,000	156,205,000
(b) Loans and advances from others	118,900,000	117,300,000
<b>Total (b) :</b>	<b>329,550,000</b>	<b>273,505,000</b>
<b>Total (a + b) :</b>	<b>890,922,017</b>	<b>858,645,364</b>

**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

**NOTE 5**

**OTHER LONG TERM LIABILITIES**

Deffered Sales Tax	141,402,977	140,606,973
<b>Total :</b>	<b>141,402,977</b>	<b>140,606,973</b>

**Deferred Sales Tax Liability includes:**

- (1) Interest free deferred Sales Tax Liability amounting to Rs. 1426.60 Lacs (PY Rs 1406.07 Lacs) has been outstanding at the year end. During the year company has availed further deferred sales tax liability in Kraft Division of Rs. 20.53 Lacs (PY Rs. 220.55 Lacs)
- (2) The repayment of the Deferred sales tax liability will be made after 31.03.2013 as per the schedule.

(3) Repayment schedule

<b>REPAYMENT SCHEDULE OF DEFFERED SALES TAX</b>	<b>Repayable after 1 year from the date of Balance Sheet</b>	<b>Repayable in FY 13-14</b>	<b>Total</b>
Deffered Sales Tax	141,402,977	1,257,116	142,660,093
<b>Total</b>	<b>141,402,977</b>	<b>1,257,116</b>	<b>142,660,093</b>

**NOTE 6**

**Long Term Provisions**

Retirement Benefits		
Provision for Gratuity	3,009,216	2,754,100
<b>Total :</b>	<b>3,009,216</b>	<b>2,754,100</b>

**NOTE 7**

**SHORT TERM BORROWINGS**

**Secured**

**a Loans repayable on demand**

**Working Capital Limit from**

i Axis Bank Ltd; Nagpur	40,153,098	57,818,932
ii State Bank of India, Nagpur	38,518,592	57,976,084
iii Bank of India, Mumbai	41,043,581	37,307,577
iv Jammu & Kashmir Bank, Mumbai	19,761,384	-
v Bank of Baroda, Mumbai	20,380,538	-
<b>Total :</b>	<b>159,857,192</b>	<b>153,102,593</b>

(Loans of Sr. No a (i) to (v) of Note 7 are secured by :

1. Primary : First pari passu charge on the entire Fixed Assets of the Company both present & future.
2. Collateral : Second pari passu charge on entire current assets of the company and First pari passu charge by way of equitable mortgage of Land and Plant & Machinery of Solar Carbon Pvt Ltd.
3. Guarantee : Personal guarantee of Directors Shri Punamchand Malu & Shri Banwarilal Malu and corporate guarantee of Solar Carbons Pvt Ltd.)
4. Pledge of Promoters Shareholding to the extent of 51% of the paid up capital of the Company.

**NOTE 8**

**TRADE PAYABLE**

a Trade Payable	178,846,322	86,716,433
<b>Total :</b>	<b>178,846,322</b>	<b>86,716,433</b>

- b The information required to be disclosed under Micro, Small & Medium Enterprises Development Act, 2006 is not available with the Company.

**NOTE 9**

**OTHER CURRENT LIABILITIES**

a Current Maturities of Long Term Debt (As per Note 4 above)	49,012,536	28,012,940
b Deffered Sales Tax (As per Note 5 above)	1,257,116	0
c Duties & Taxes	9,150,376	2,500,075
d Other Payables	382,220	382,220
<b>Total :</b>	<b>59,802,248</b>	<b>30,895,235</b>

**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

**NOTE 11**            **NON- CURRENT INVESTMENTS**

Investment in Equity instruments Unquoted Ganga Care Hospitals Ltd. (110000 Equity Shares of Rs. 10 each)	1,100,000	1,100,000
<b>Total :</b>	<b>1,100,000</b>	<b>1,100,000</b>

**NOTE 12**            **DEFERRED TAX ASSETS (NET)**

<b>a Deferred Tax Assets</b>		
Unabsorbed Depreciation & Business Loss	309,426,000	252,017,000
<b>b Deferred Tax Liability</b>		
Depreciation & Amortisation	182,232,000	127,194,000
<b>Total :</b>	<b>127,194,000</b>	<b>71,825,000</b>

**NOTE 13**            **LONG-TERM LOANS & ADVANCES**

<b>a Security Deposits</b>		
Unsecured, considered good	9,486,483	9,486,483
<b>b Deposits with Government Authorities</b>	46,063,710	41,245,751
<b>c Fixed Deposit with Bank</b> (Against Margin Money for Letter of Credit & Bank Guarantee)	6,493,000	8,739,735
<b>d Accrued Interest on FDR</b>	1,432,773	1,494,598
<b>Total :</b>	<b>63,475,966</b>	<b>60,966,567</b>

**NOTE 14**            **INVENTORIES**

<b>a Raw Materials and components (Valued at cost or NRV whichever is lower)</b>		
Waste Paper - Indian	11,898,400	22,440,000
Waste Paper - Imported	8,341,500	11,581,900
Chemical	14,610,900	11,565,500
Fuel	12,315,500	14,538,650
Packing Material	2,895,400	2,141,200
<b>Total (a) :</b>	<b>50,061,700</b>	<b>62,267,250</b>
<b>b Finished goods (Valued at cost or NRV whichever is less)</b>		
Internally Manufactured	17,190,000	14,167,100
Finished Goods	13,202,000	10,279,600
Stock In Process	3,988,000	3,887,500
<b>Total (b) :</b>	<b>17,190,000</b>	<b>14,167,100</b>
<b>c Consumable Stores (Valued at cost or NRV whichever is lower)</b>	51,250,000	46,581,750
<b>Total (c) :</b>	<b>51,250,000</b>	<b>46,581,750</b>
<b>Total (a+b+c) :</b>	<b>118,501,700</b>	<b>123,016,100</b>

**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

**NOTE 15**                    **TRADE RECEIVABLES**

**a** Trade receivables outstanding for a period less than six months from the date they are due for payment

Unsecured, considered good	169,901,250	148,795,665
<b>Total (a) :</b>	<b>169,901,250</b>	<b>148,795,665</b>

**b** Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	4,326,618	19,326,216
<b>Total (b) :</b>	<b>4,326,618</b>	<b>19,326,216</b>
<b>Total (a + b) :</b>	<b>174,227,868</b>	<b>168,121,881</b>

**NOTE 16**                    **CASH AND CASH EQUIVALENTS**

**a** Balances with Banks

**In current Account with**

State Bank of India, Saoner	259,167	625,084
ICICI Bank Ltd, Nagpur.	11,279	3,930,390
Jammu & Kashmir Bank, Mumbai	5,000	5,000
Oriental Bank of Commerce, Nagpur	28,908	-
Bank of India, Nagpur	30,838	609
Axis Bank Ltd; Nagpur	-	38,076
Axis Bank Ltd; Nagpur - Collection Inflow	5,671,571	-
<b>Total :</b>	<b>6,006,763</b>	<b>4,599,160</b>

FDR with Bank (Against Margin Money for Letter of Credit & Bank Guarantee)	14,280,558	10,556,790
-------------------------------------------------------------------------------	------------	------------

**b** Cash in hand

	2,142,478	671,359
<b>Total :</b>	<b>22,429,799</b>	<b>15,827,308</b>

**NOTE 17**                    **SHORT TERM LOANS AND ADVANCES**

**Unsecured, considered good**

**a** Deposits and Balances with Government and Other Authorities

	596,020	3,210,521
--	---------	-----------

**b** Advances Recoverable in Cash or in Kind or for value to be received

	30,251,414	18,532,385
--	------------	------------

**c** Accrued Interest on FDR

	1,090,756	660,356
--	-----------	---------

<b>Total :</b>	<b>31,938,190</b>	<b>22,403,262</b>
----------------	-------------------	-------------------

**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

**NOTE 18**                    **REVENUE FROM OPERATION**

	Sale of products; Manufacturing Goods			
a	Kraft Paper	820,901,445	763,998,786	
b	Newsprint Paper	1,002,996,476	967,527,593	
	<b>Total :</b>		<b>1,823,897,921</b>	<b>1,731,526,379</b>

**NOTE 19**                    **OTHER INCOME**

	Interest on FDR	1,611,063		3,272,263
	Interest on Security Deposit	629,775		450,006
	Income from Carbon Credit Sale	24,271,790		-
	Income from Profit on Sale of Vehicle	49,965		-
	Income from Gain on Forex Fluctuation	-		122,408
	Sale of Scrap	123,080		260,280
	<b>Total :</b>	<b>26,685,673</b>		<b>4,104,957</b>

**NOTE 20**                    **COST OF MATERIALS CONSUMED**

**Details of Raw Material Consumed**

	Raw Material at the beginning of the year	45,587,400		66,288,362
	Add: Purchases	1,119,127,810		1,094,006,225
	Total :	1,164,715,210		1,160,294,587
	Less: Raw Material at the end of the year	34,850,800		45,587,400
	Cost of Raw Material consumed	<b>1,129,864,410</b>		<b>1,114,707,187</b>

**Item wise details of Raw Material Consumed**

	Waste Paper - Indian - Kraft	326,548,507	324,648,514	
	Waste Paper - Imported - Kraft	156,268,331	146,497,757	
	Chemical - Kraft	38,083,773	42,154,374	
	Waste Paper - Indian - Newsprint	531,964,380	537,406,641	
	Waste Paper - Imported - Newsprint	9,623,727	8,212,450	
	Chemical - Newsprint	67,375,692	55,787,451	
	<b>Total</b>	<b>1,129,864,410</b>	<b>1,114,707,187</b>	

**Details of Consumable Stores Consumed**

	Consumable Stores at the beginning of the year	46,581,750		46,581,750
	Add: Purchases	30,757,094		9,455,977
	Total :	77,338,844		56,037,727
	Less: Consumable Stores at the end of the year	51,250,000		46,581,750
	Cost of Consumable Stores consumed	<b>26,088,844</b>		<b>9,455,977</b>
	<b>Total :</b>	<b>1,155,953,254</b>		<b>1,124,163,164</b>

**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

**NOTE 21**

**Details of changes in Inventory**

**Inventory at the end of the year**

**Particulars**

Stock in Process	3,988,000	3,887,500
Finished Goods	13,202,000	10,279,600
<b>Total :</b>	<b><u>17,190,000</u></b>	<b><u>14,167,100</u></b>

**Inventory at the beginning of the year**

**Particulars**

Stock in Process	3,887,500	3,727,500
Finished Goods	10,279,600	9,447,900
<b>Total :</b>	<b><u>14,167,100</u></b>	<b><u>13,175,400</u></b>

**Increase/Decrease in Inventory**

**Particulars**

Stock in Process	-100,500	(160,000)
Finished Goods	-2,922,400	(831,700)
<b>Total :</b>	<b><u>-3,022,900</u></b>	<b><u>(991,700)</u></b>

**NOTE 22**

**EMPLOYEE BENEFITS**

Salary & Allowances	34,729,586	31,405,749
Providend Fund	2,072,815	2,013,055
Staff Welfare Expenses	1,090,316	899,317
Retirement Benefits	255,116	546,907
<b>Total :</b>	<b><u>38,147,833</u></b>	<b><u>34,865,028</u></b>

**NOTE 23**

**FINANCE COSTS**

Bank Charges	5,534,853	7,493,693
Interest to Bank	102,237,920	94,452,268
Interest on Unsecured Loan	46,140,080	37,262,433
<b>Total :</b>	<b><u>153,912,852</u></b>	<b><u>139,208,394</u></b>



**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

**NOTE 24**

**OTHER EXPENSES**

Power & Fuel	338,202,281	360,316,827
Packing Material	20,629,090	18,596,435
Freight Inward	46,316,704	53,542,192
Contractor Payment	13,405,302	15,689,001
Clearing & Forwarding	2,065,321	1,898,803
Custom Duty	994,140	3,442,332
Water Charges	1,799,968	2,321,383
VAT/CST	45,952,037	54,094,352
VAT (2008-09)	2,622,321	-
<b>Repairs &amp; Maintenance</b>		
Building	2,948,030	1,000,816
Plant & Machinery	57,180,895	35,372,868
Audit Fees	224,720	224,720
Internal Audit Fees	150,000	150,000
Annual Listing Fees	177,304	174,415
ROC Fees Expenses	53,000	-
Computer Maintenance	-	123,115
Consultancy Charges	3,372,654	6,433,206
Conveyance Charges & Vehicle Maintenance	830,889	1,017,692
Donation	122,000	13,211
Insurance Charges	2,353,073	1,718,139
Labour Welfare Fund	31,728	28,080
Legal Expenses	66,000	64,000
Office & Misc. Expenses	1,016,701	961,167
Periodicals & Subscription	124,825	75,061
Workman Compensation	-	55,000
Postage	187,692	212,570
Printing & Stationery	248,778	237,669
Rent, Rates & Taxes	1,440,703	1,188,201
Sitting Fess Expenses	38,000	38,000
Security Expenses	1,752,649	1,540,223
Security Creation Stamp Fees	1,003,900	-
Telephone Expenses	776,975	760,349
Travelling Expenses	1,401,533	1,226,583
Tds as per AO	271,082	-
Advertisement	270,670	380,915
Loss on sale of Carbon Credit	-	17,955,117
Selling & Distribution Expenses	26,897,952	50,410,208
<b>Total :</b>	<b><u>574,928,917</u></b>	<b><u>631,262,650</u></b>

**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

**NOTE 25**                      **DISCLOSURE OF RELATED PARTY TRANSACTIONS :**

List of related parties with whom transactions have taken place during the year

**a**    **Associate Companies**

Malu Electrodes Pvt. Ltd.  
Frontline Commercials Pvt Ltd  
Narayan Coal Traders Pvt Ltd  
Neelkamal Financial Services Pvt Ltd  
Shree Sales Corporation Pvt Ltd  
Solar Carbons Pvt Ltd  
Wistaria Farms Pvt Ltd  
Malu Infrastructure Pvt Ltd

**b**    **Key Management Persons**

Poonamchand Malu  
Banwarilal Malu

**c**    **Transactions with Related Party**

**Associate Company**

**Malu Electrodes Pvt. Ltd.**

Purchases during the year	134,079	233,171
Finance Taken	23,325,000	7,600,000
Interest on Loan	11,861,111	11,109,393

**Frontline Commercials Pvt Ltd**

Finance Taken	2,505,000	--
Interest on Loan	883,333	819,898

**Narayan Coal Traders Pvt Ltd**

Interest on Loan	406,667	408,199
------------------	---------	---------

**Neelkamal Financial Services Pvt Ltd**

Interest on Loan	1,222,222	1,226,284
------------------	-----------	-----------

**Shree Sales Corporation Pvt Ltd**

Finance Taken	7,500,000	--
Interest on Loan	455,556	--

**Solar Carbons Pvt Ltd**

Interest on Loan	1,633,333	1,637,420
------------------	-----------	-----------

**Wistaria Farms Pvt Ltd**

Interest on Loan	145,556	144,216
------------------	---------	---------

**Malu Infrastructure Pvt Ltd**

Finance Taken	4,100,000	14,998,645
Interest on Loan	9,837,900	6,257,790

**Relatives of Key Management Persons**

	<b>Interest on Loan</b>	<b>Interest on Loan</b>
Banwarilal Malu (HUF)	145,556	143,886
Kaveri Malu	372,222	323,553
Manisha Malu	425,556	213,583
Shashi Malu	354,444	301,981
Vasudeo Malu	2,966,667	2,911,682

**Amount Payable as on reporting Date**

Banwarilal Malu (HUF)	1,300,000	1,194,000
Frontline Commercials Pvt Ltd	10,100,000	6,800,000
Kaveri Malu	8,000,000	2,685,000
Malu Electrodes Pvt. Ltd.	122,700,000	88,700,000
Manisha Malu	2,150,000	1,772,000
Narayan Coal Traders Pvt Ltd	3,700,000	3,389,000
Neelkamal Financial Services Pvt Ltd	11,300,000	10,180,000
Shashi Malu	7,800,000	2,506,000
Shree Sales Corporation Pvt Ltd	7,900,000	--
Solar Carbons Pvt Ltd	15,050,000	13,600,000
Vasudeo Malu	19,350,000	24,185,000
Wistaria Farms Pvt Ltd	1,300,000	1,194,000
Malu Electrodes Pvt. Ltd. (Purchase)	7,711	28,457
Malu Infrastructure Pvt Ltd	49,000,000	44,900,000

**NOTE 26**                      **PAYMENT TO AUDITORS IN OTHER EXPENSES (NOTE 24) CONSISTS OF:**

Statutory & Tax Audit Fees	200,000	200,000
Service Tax	24,720	24,720
<b>Total</b>	<b>224,720</b>	<b>224,720</b>

**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

**NOTE 27**                    **SEGMENT INFORMATION :**

The Company operates in only one main segment i.e. manufacturing of paper. Since the company has only one reportable business segment and geographical segment, no further disclosure is required as per the Accounting Standard 17 on Segment Reporting.

**NOTE 28**                    **EARNING PER SHARE (EPS)**

EPS is calculated by dividing the earning available for equity shareholders or loss attributable to equity shareholders by the weighted average number of equity

Profit (Loss) after tax	(124,208,277)	(202,096,236)
Weighted Number of Shares - Basic	17,059,250	17,059,250
EPS	(7.28)	(11.85)
Basic/Diluted Earning Per Share	(7.28)	(11.85)
Face value per share	10	10.00

**NOTE 29**                    **ADDITIONAL INFORMATION**

a Value of imports calculated on C.I.F basis by the company during the financial year in respect of –

I. Raw materials;	162,651,658
II. Components and spare parts;	9,929,075
III. Capital goods;	-
IV. Purchase of Trading Goods:-	-

b Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;                    **NIL**

c Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;                    165,892,058 (14%)  
990,061,196 (86%)  
1,155,953,254(100%)

d The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends                    **NIL**

e Earnings in foreign exchange classified under the following heads, namely:-

I. Export of goods calculated on F.O.B. basis;	10,727,735
II. Royalty, know-how ,professional and consultation fees;	--
III. Interest and dividend;	--
IV. Other income (Sale of CER)	24,271,790

**NOTE 30**                    **CONTINGENT LIABILITIES :**

Bank Guarantee Outstanding	13,494,775
Letter of Credit	116,201,000
Bonds Executed in Favour of Government Authorities in respect of EPCG Licence towards duty saved against which Export obligation has to be made.	61,401,000

**NOTE 31**                    **OTHERS :**

a Balances in various personal accounts remain unverified since confirmations from the parties are awaited.

b The current assets, loans and advances are approximately of the values stated if realized in the ordinary course of business. The provision for depreciation and all known liabilities are adequate and not in excess of the amount considered reasonably necessary.

c Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For Malu Paper Mills Ltd;

**As per our Report of even date,**  
**For Demble Ramani & Co.**  
**Chartered Accountants**

Punamchand Malu                    Banwarilal Malu  
(Managing Director)                    (Jt. Managing Director)  
Place : Nagpur  
Date : 30.05.2013

Ashok Ramani  
Partner  
Mem. No. 30537  
FRN 102259W

**MALU PAPER MILLS LTD; NAGPUR**  
**NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**  
**AS ON 31/03/2013**

**NOTE 10 : FIXED ASSETS**

Sr. No.	Fixed Assets	Rate of Depreciation (As per SLM)	Gross Block				Accumulated Depreciation				Net Block	
			Balance as at 1 April 2012	Additions during the year	Disposal / Transfer during the year	Balance as at 31 Mar 2013	Balance as at 1 April 2012	Depreciation charge for the year	Tr. Of depreciation on Assets Sold	Balance as at 31 Mar 2013	Balance as at 1 April 2012	Balance as at 31 Mar 2013
a	<b>Tangible Assets (Under Lease)</b>											
1	Leasehold Land	0.00	8,573,045			8,573,045	541,458	90,243		631,701	8,031,587	7,941,344
b	<b>Tangible Assets (Not Under Lease)</b>											
1	Freehold Land	0.00	7,794,222			7,794,222	0	0	0	0	7,794,222	7,794,222
2	Factory Building	3.34%	200,960,064	1,868,290		202,828,354	37,952,907	6,737,163		44,690,070	163,007,157	158,138,284
3	Office Building	1.63%	702,610			702,610	160,342	11,453		171,795	542,268	530,815
4	Office Building (Ho)	1.63%	1,065,670			1,065,670	138,960	17,370		156,330	926,710	909,340
5	Staff Quarters	1.63%	1,712,841			1,712,841	429,696	27,919		457,615	1,283,145	1,255,226
6	Plant & Machinery	4.75%	729,282,859	577,335		729,860,194	173,891,216	34,663,776		208,554,992	555,391,643	521,305,202
7	Furniture & Fixture	6.33%	3,135,642			3,135,642	1,425,884	198,486		1,624,370	1,709,758	1,511,272
8	Office Equipment	4.75%	1,002,474			1,002,474	459,409	47,618		507,027	543,065	495,447
9	Computers	16.21%	1,634,821	58,685		1,693,506	1,321,907	216,028		1,537,935	312,914	155,571
10	Boiler	4.75%	12,059,151			12,059,151	6,650,091	572,810		7,222,901	5,409,060	4,836,250
11	Captive Power Plant	4.75%	185,005,336	16,371,808		201,377,144	42,137,182	9,109,470		51,246,652	142,868,154	150,130,492
12	Water Supply Equipments	4.75%	252,811			252,811	192,144	12,009		204,153	60,667	48,658
13	Fire Fighting Equipments	4.75%	214,497			214,497	92,699	10,189		102,888	121,798	111,609
14	Effluent Treatment	4.75%	26,077,357			26,077,357	7,206,650	1,238,674		8,445,324	18,870,707	17,632,033
15	Electrical Installation	4.75%	119,246,612	1,124,719		120,371,331	24,071,817	5,704,319		29,776,136	95,174,795	90,595,195
16	Misc.Fixed Assets	4.75%	23,032,930	765,000		23,797,930	4,796,595	1,121,342		5,917,937	18,236,335	17,879,993
17	Vehicle ( Four Wheeler)	9.50%	9,413,547	673,256	590,240	9,496,563	5,816,245	741,626	390,205	6,167,666	3,597,302	3,328,897
18	Vehicle (Industrial)	9.50%	11,552,771	1,755,757		13,308,528	6,200,814	1,208,559		7,409,373	5,351,957	5,899,155
19	Vehicle ( Two Wheeler)	9.50%	411,614	84,282		495,896	257,982	46,452		304,434	153,632	191,462
	<b>Total</b>		<b>1,343,130,873</b>	<b>23,279,132</b>	<b>590,240</b>	<b>1,365,819,765</b>	<b>313,743,998</b>	<b>61,775,506</b>	<b>390,205</b>	<b>375,129,299</b>	<b>1,029,386,875</b>	<b>990,690,466</b>



**MALU PAPER MILLS LIMITED**

Regd. Office:- Heera Plaza, 4<sup>th</sup> Floor, Near Telephone Exchange,  
Central Avenue, Nagpur – 440 008.

**PROXY FORM**

**ANNUAL GENERAL MEETING 2012-13**

Folio No. \_\_\_\_\_ DPID: \_\_\_\_\_ Client ID: \_\_\_\_\_

I/ We \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ being a member / members of the above named company, hereby appoint Mr./Mrs/Kum \_\_\_\_\_ as my /our proxy to attend and vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at **Heera Plaza, 4<sup>th</sup> Floor, Near Telephone Exchange, Central Avenue, Nagpur – 440 008** on Tuesday, the 17<sup>th</sup> day of September, 2013 at 3.00 PM and at any adjournment thereof.

Affix Re.1  
Revenue  
Stamp

Date: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_

**Note:** The proxy form duly completed must be deposited at Registered Office not less than 48 hours before the time for commencement of the meeting. A proxy need not be a member.



**MALU PAPER MILLS LIMITED**

Regd. Office:- Heera Plaza, 4<sup>th</sup> Floor, Near Telephone Exchange,  
Central Avenue, Nagpur – 440 008.

**ATTENDANC SLIP**

I hereby record my presence at the Seventeenth Annual General Meeting of the Company to be held at **Heera Plaza, 4<sup>th</sup> Floor, Near Telephone Exchange, Central Avenue, Nagpur – 440 008** on Tuesday, the 17<sup>th</sup> day of September, 2013.

Full Name of the Shareholders (in Block letters) \_\_\_\_\_

\_\_\_\_\_  
Signature

Folio No. \_\_\_\_\_ DPID: \_\_\_\_\_ Client ID: \_\_\_\_\_

Full name of the proxy (in block letters) \_\_\_\_\_  
Signature

**Note:** Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand at the entrance of the meeting. Please carry a copy of the Annual report.