



MALU PAPER
MILLS LTD.

ANNUAL REPORT

FOR THE YEAR

2013-14

Heera Plaza, 4th Floor,
Near Telephone Exchange,
Central Avenue,
Nagpur – 440 008
Phones : 0712-2760308,2778506, 2733100
Fax : 0712- 2760310
Email : 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

Smt. Shrutika Inani ***

** ceased w.e.f 14-05-2014

*** proposed to be appointed

Bankers

State Bank of India

Axis Bank Ltd

Bank of Baroda

Bank of India

Jammu & Kashmir Bank

Statutory Auditors

M/s. Demble Ramani & Co.

Internal Auditors

M/s. Samria & Co.

CFO & Compliance Officer

Shri Girish Malpani

Registered and Corporate Office

Heera Plaza, 4th Floor, Near Telephone
Exchange, Central Avenue, Nagpur 440008

Plants

Kraft Division

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

Newsprint & Writing Printing Division

Village Hetti Surla, Nagpur Bhopal Road,
Taluka: Saoner, District: Nagpur

CONTENTS

• Notice	01
• Directors' Report	05
• Corporate Governance Report	09
• Auditors' Report.....	16
• Balance Sheet	23
• Profit & Loss Account	24
• Cashflow Statement	25
• Schedules	29

MALU PAPER MILLS LIMITED

Regd. Office: Heera Plaza, 4th 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 Thursday, the 25th day of September, 2014 at **the registered office of the Company at 'Heera Plaza, 4th Floor, Near Telephone Exchange Square, Central Avenue, Nagpur** at 3.00 P.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 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 appoint a Director in place of Shri Chandrakant Thakar (DIN: 00784189), who retire by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Shri Shyamsunder Sarda (DIN: 02399365), who retire by rotation and being eligible, offer himself for re-appointment.

SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification(s) the following resolution as ordinary resolution:

5. "Resolved that pursuant to provisions of Sections 152 and 160 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to amended clause 49 of Listing Agreement Smt Shruti Inani (DIN: 06937649), notice in respect of her appointment has been received, be and is hereby appointed as Director of the company, liable to retire by rotation."

To consider and if thought fit to pass with or without modification(s) the following resolution as Special resolution:

6. ""RESOLVED THAT pursuant to section 188 and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), the consent of the members, be and is hereby accorded to the appointment of Shri Narayan Malu, son of Shri Banwarilal Malu, Joint Managing Director of the Company, to hold and continue to hold an office or place of profit as Vice President (Project) (or any other designation which the Board of Directors of the Company may decide from time to time) on the monthly remuneration of Rs.1,00,000/- per month with effect from 01st October, 2014.

RESOLVED FURHTER THAT the Board of Directors of the company be and is hereby authorised to grant annual increments from time to time upto 20% of the last salary drawn and to promote Mr. Narayan Malu to higher grade as and when required."

To consider and if thought fit to pass with or without modification(s) the following resolution as Special resolution:

7. "RESOLVED that in partial modification of resolution no. 4 passed by the Members in 14th Annual General Meeting of Members of the Company held on 21st September 2007 and pursuant to the provisions of Section 197 & 203 and other applicable provisions, if any, of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 read together with Schedule V of the Companies Act, 2013, consent of the Members be and is hereby accorded to give remuneration to Shri Punamchand Malu Managing Director to Rs.100,000 per month with effect from 1st October, 2014 with an annual increment as the Board may decide time to time."

"RESOLVED FURTHER THAT perquisites and other benefits to Shri Punamchand Malu, as approved by the Shareholders in the 13th Annual General Meeting held on 28th August 2006, shall be payable in consonance with the revised salary, wherever applicable."

To consider and if thought fit to pass with or without modification(s) the following resolution as Special resolution:

8. "RESOLVED that in partial modification of resolution no. 4 passed by the Members in 14th Annual General Meeting of Members of the Company held on 21st September 2007 and pursuant to the provisions of Section 197 & 203 and other applicable provisions, if any, of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 read together with Schedule V of the Companies Act, 2013, consent of the Members be and is hereby accorded to give remuneration to Shri Banwarilal Malu, Joint Managing Director to Rs.100,000 per month with effect from 1st October, 2014 with an annual increment as the Board may decide time to time."

"RESOLVED FURTHER THAT perquisites and other benefits to Shri Banwarilal Malu, as approved by the Shareholders in the 13th Annual General Meeting held on 28th August 2006, shall be payable in consonance with the revised salary, wherever applicable."

Registered Office:
Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 09th August, 2014

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

Sd/-

Punamchand Malu
Managing Director
(DIN:00301030)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO 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 15th September 2014 to 25th September 2014 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 of the Companies Act, 2013 is annexed herewith.

EXPLANATORY STATEMENT

ITEM NO.5

In order to fill up the casual vacancy caused by the death of Shri Anil Rathi, Smt. Shrutika Inani, Chartered Accountant having vast experience in audit, accounts and taxation proposed to be appointed as an Independent Directors.

Your Directors recommend the said Resolutions for the approval of the members.

None of the Directors of the Company is concerned or interested in the said resolution.

ITEM NO.6

Shri Narayan Malu, Vice President (Purchase) was appointed at the Thirteenth Annual general meeting held on 28-08-2006 looking after existing operation of the company. But considering the economic recession faced by the company, he voluntarily decided not to withdraw his salary w.e.f 01.09.2009.

In order to recognize his services and to retain him for the company's interest the Board decided to give monthly remuneration from Rs.1,00,000/- w.e.f 01st October, 2014.

Your Directors recommend this Special resolution for your approval.

No Director, except Shri Banwarilal Malu is in any way concerned or interested in the resolution.

ITEM NO.7

Shri Punamchand Malu, Managing Director had also voluntary decided not to withdraw his salary taking into consideration the economic recession faced by the company effective from October 2009.

In recognition of invaluable contribution to the Company's growth and implementation of investment plans and business strategies by Shri Punamchand Malu, the Board of Directors of the Company decided to remunerated Shri Punamchand Malu, Managing Director with a monthly remuneration of Rs.1,00,000/-with authority to the Board to grant such increments within the said scale as it may determine from time to time, with effect from October 1, 2014, until the expiry of his term of appointment on March 31, 2015 subject to the approval of the members at the ensuing Annual General Meeting.

All other terms and conditions of the appointment of Shri Punamchand Malu as Managing Director remains unchanged.

The Directors commend the Resolution for the approval of the members.

Except for Shri Punamchand Malu and Shri Damodarlal Malu, no Director of the Company is concerned or interested in the said resolution.

ITEM NO.8

Shri Banwarilal Malu, Joint Managing Director had also voluntary decided not to withdraw his salary taking into consideration the economic recession faced by the company effective from October 2009.

In recognition of invaluable contribution to the Company's growth and implementation of investment plans and business strategies by Shri Banwarilal Malu, the Board of Directors of the Company decided to remunerated Shri Namwarilal Malu, Managing Director with a monthly remuneration of Rs.1,00,000/-with authority to the Board to grant such increments within the said scale as it may determine from time to time, with effect from October 1, 2014, until the expiry of his term of appointment on March 31, 2015 subject to the approval of the members at the ensuing Annual General Meeting.

All other terms and conditions of the appointment of Shri Banwarilal Malu as Joint Managing Director remains unchanged.

The Directors commend the Resolution for the approval of the members.

Except for Shri Banwarilal Malu and Shri Vasudeo Malu, no Director of the Company is concerned or interested in the said resolution.

Registered Office:

Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 09th August, 2014

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

Sd/-

Punamchand Malu
Managing Director
(DIN:00301030)

MALU PAPER MILLS LIMITED

REPORT OF BOARD OF DIRECTORS.

The Directors have pleasure in presenting the Annual Report for the year ended 31st March 2014 along with the Audited Statement of Accounts with the Report of the Auditors thereon:

FINANCIAL RESULTS:

	(Rs. In Lacs)	
	2013-2014	2012-2013
Sales & Other Incomes	21961.48	18021.19
Profit Before Interest & Depreciation	2369.75	361.12
Less: Financial Charges	1542.50	1539.13
Profit Before Depreciation	827.25	(1178.01)
Less: Depreciation	625.80	617.76
Less: Provisional For Tax	61.61	(553.69)
Profit/(Loss) After Tax	139.84	(1242.08)

REVIEW OF OPERATIONS

Your Company has posted impressive results when viewed in the light of the challenging business environment. For the year under review the Company recorded total income of Rs.21,961.48 Lacs while the profit before taxes was Rs.201.45 Lacs.

MANAGEMENT REVIEW: 2013-14

INDIAN PAPER INDUSTRY SCENARIO

The Indian paper industry is the 15th largest in the world and contributes Rs 25 bn (approx) to the government. The industry has recorded a volume growth of CAGR of 5.5% over the last 3 years. The industry has a 1:1 correlation with the economy. With the expected GDP growth of 7-8%, the paper sector is also expected to record a similar growth rate. India's per capita consumption of paper is at 6 kgs compared to the global level of 52 kgs. However, with the expected increase in literacy rate and growth of the economy the per capita consumption of paper is expected to increase going forward.

FUTURE OUTLOOK

The Indian paper industry is moving up with strong demand and is expected to touch by 8.5% GDP in the coming years.

Going forward, the Company continues its drive for sustainable growth. We are focused on the long term and expect that the current downturn will result in consolidation opportunities. We are adopting to successfully compete in difficult market conditions.

With the rapid rise in demand for newsprint from the print media and for packing containers from the FMCG industry, your company is anticipating strong revenue growth in the current financial year, which is backed by improving margins. The increased focus

on education by the government, an increase in the general level of literacy and continued demand from user industries will further add to the growth prospects of the Company.

The total market size of paperboard was estimated to be about Rs 217 Billion. Of the total paper board demand, Kraft paper which is used for tertiary packaging, accounted for about 59 percent. Demand for paper board has increased at a CAGR of 6.5%. Demand for Kraft paper depends on the growth in Industrial production coupled with macro economic factors like GDP growth, disposable income etc. given the high linkage of spending on consumer durables, FMCG goods etc with these variables.

The Newsprint segment is expected to grow by 8-8.5% CAGR over the next 5 years driven by higher literacy levels and due to increase in circulation and increase in number of pages per newspaper. The paper board segment is expected to grow at 5.7-6% CAGR. This demand will be driven by growth in industrial production and 8-9% CAGR increase in demand for consumer goods. Your company will endeavor to revitalize in the near future and are preparing for growth.

INTERNAL CONTROL SYSTEM:

Your Company has adequate internal control procedures commensurate with the size and nature of business. There is a periodical review mechanism for ensuring the sustenance and upgradation of these systems.

THREATS, RISKS AND CONCERNS:

- rising cost of raw materials.
- Low asset turnover ratio becomes burdensome in times of slow growth.
- The dollar-rupee movement has been a discouraging factor.
- The economic downturn will have negative effect on demand as well as profitability of paper industry.

OPPORTUNITIES & STRENGTHS:

- Increasing literacy level will lead to higher demand of circulation / readership of newspapers and increasing higher prevalence of using packed products.
- The environment is becoming a key focus area in business today and we are proud to do our bit in saving environment from crisis by recycling the waste paper.
- Steady growth in the number of local dailies thereby increases demand for newsprint.
- The growing Indian economy will create more demand for paper. A stable and decisive Central Government will reignite growth inturn resulting in higher demand for paper.
- Self reliance for its power requirements.

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.

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.

PUBLIC DEPOSITS

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

DIRECTORS RESPONSIBILITY STATEMENT FORMING PART OF DIRECTORS REPORT:

As required under Section 217 (2AA) of the Companies Act, 1956, the Director's confirm that:

- 1 In the preparation of the annual accounts, the applicable accounting standards have been followed.
- 2 The Directors had selected such accounting policies and applied them consistently and made judgments and estimate that are reasonable and prudent so as to give a true and fair view of the state of affairs of Company as on 31st March 2014 and of the profit of the company for the year ended 31st March 2014.
- 3 The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- 4 The annual accounts have been prepared on a going concern basis.

DIRECTOR

It's with deep regret to inform you that Shri Anil Rathi, Independent Director passed away suddenly on 14-05-2014. He had been with the Company since 2008 during which time he provided an invaluable contribution to the company.

The Board proposes the name of Smt. Shrutika Inani as Women Independent Director at the ensuing Annual General meeting. Shri Chandrakantbhai Thakar and Shri Shyamsunder Sarda, 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.

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 was the Chairman of the Audit Committee.

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 themselves for re-appointment. They have given information to the effect that their appointment, if made, will be within the limits prescribed under section 141 (3)(g) of the Companies Act, 2013 and they are not disqualified for re-appointment.

COST AUDITORS

The Cost Auditor report for the financial year 2013-2014 shall be filed by the Cost Auditor in due course.

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: 09-08-2014

By Order Of Board Of Directors

Sd/
Punamchand Malu
Managing Director
(DIN:00301030)

Sd/
Banwarilal Malu
Jt. Managing Director
(DIN:00301297)

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 31st 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:	DIN
	a) Promoter Group	
	1 Shri Damodarlal Malu, Chairman	00301120
	2 Shri Vasudeo Malu	00301313
	b) Independent	
	1 Shri Satyanarayan Rathi	01797378
	2 Shri Chandrakant Thakar	00784189
	* 3 Shri Anil Rathi	01874539
	4 Shri Shyamsunder Sarda	02399265
ii)	Executive Directors:	
	1 Punamchand Malu	00301030
	2 Banwarilal Malu	00301297
	*ceased to be Director due to death	

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. 05 (Five) meetings of Board of Directors were held on 03/05/2013, 30/05/2013, 13/08/2013, 11/11/2013 and 14/02/2014 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 2013-14, 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	4	YES	-
Shri Damodarlal Malu	NED	2	YES	-
Shri Vasudeo Malu	NED	2	YES	-
Shri Satyanarayan Rathi	ID	5	YES	-
Shri Chandrakant Thakar	ID	3	NO	-
*Shri Anil Rathi	ID	1	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 31-03-2014 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 was Chartered Accountant and possessed expert knowledge in the area of finance and accounting.

In accordance with Clause 49 of the Listing Agreement 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 4 (Four) meetings were held on 30/05/2013, 13/08/2013, 11/11/2013 and 14/02/2014. 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	4	2
2	Shri Satyanarayan Rathi	4	4
3	Shri Chandrakant Thakar	4	2

4. SHAREHOLDERS' GRIEVANCE COMMITTEE:

The Shareholders' Grievance Committee as on 31st March 2014 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 13/08/2013 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
2012-13	Heera Plaza, 4 th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.	17-09-2013 at 3.00 PM
2011-12	Heera Plaza, 4 th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.	28-09-2012 at 3.00 PM
2010-11	Heera Plaza, 4 th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8.	29-09-2011 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 31st March, 2014.

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:

Name of the Director	Shri Shyamsunder Sarda	Shri Chandrakantbhai Thakar	Smt Shrutika Inani
DIN	02399365	00784189	06937649
Date of Birth	14-03-1958	07-09-1953	18-12-1982
Date of Appointment	29-09-2011	11-11-2005	Proposed to be appointed
Expertise in specific functional area	Industrialist	Taxation	Audit & Taxation
Qualification	B.Com	LLB	CA
No. of equity shares held	NIL	2232	NIL
Chairman/ Member of the Committees of the Board of Directors of the Company	-	Member of Audit Committee	-

9. GENERAL SHAREHOLDERS INFORMATION

1. Twentieth Annual General Meeting:

Date : 25th September, 2013.

Time : 3.00 PM

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

2. Dates of Book Closure: 15th September 2014 to 25th September 2014 (both days inclusive).

3. Financial Calendar of the Company:

The Financial Year covers the period from 01st April to 31st March.

Financial Reporting for 2014-15 (Tentative)

Unaudited Financial results for the quarter ending	30-06-2014	August, 2014
Unaudited Financial results for the quarter ending	30-09-2014	November, 2014
Unaudited Financial results for the quarter ending	31-12-2014	February, 2015
Unaudited Financial results for the quarter ending	31-03-2015	May, 2015

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 2014-15 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, 2013 to March 31, 2014 are given below:

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
April, 2013	9.60	7.15	9.85	6.50
May, 2013	9.75	7.24	7.60	6.80
June, 2013	7.40	6.00	6.55	6.50
July, 2013	7.35	5.71	6.25	5.80
August, 2013	7.25	5.80	6.35	6.15
September, 2013	5.88	5.33	-	-
October, 2013	7.75	5.40	7.00	6.45
November, 2013	7.07	6.35	7.00	7.00
December, 2013	7.35	5.75	-	-
January, 2014	7.28	5.90	7.00	5.70
February, 2014	7.31	5.80	6.80	5.95
March, 2014	7.08	6.00	7.00	5.50

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 31-03-2014:

Shareholding of Shares			Share holders		Total Shares	
			Number	%	Shares	%
1	-	500	3146	71.69	578942	3.39
501	-	1000	538	12.27	433837	2.55
1001	-	2000	279	6.35	419057	2.45
2001	-	3000	128	2.92	326556	1.92
3001	-	4000	52	1.18	183195	1.08
4001	-	5000	39	0.89	181251	1.06
5001	-	10000	75	1.71	552741	3.24
10001	And	Above	131	2.99	14383671	84.31
TOTAL			4388	100	17059250	100

9. Shareholding Pattern as on 31-03-2014:

Category	No. of Shares held	% of Share holding
Indian Promoters	113,04,615	66.27
Private Corporate Bodies	7,57,303	4.43
Indian Public	49,68,758	29.13
NRIs	28,574	0.17
TOTAL	17,059,250	100.00

10. Dematerialisation of Shares:

As at 31st March 2014, 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, 4th Floor,
Near Telephone Exchange,
Central Avenue,
Nagpur – 440 008 (MS)
Tel. No: (0712) 2760308; 2778506
Email: 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, 4th Floor,
Near Telephone Exchange,
Central Avenue, Nagpur – 440 008 (MS)
Tel. No: (0712) 2760308; 2778506
Email: 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 2013-14, 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 2013-14 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: 09/08/2014

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, 2014, 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: 09-08-2014
Place : Nagpur

For Demble Ramani & Co.
Chartered Accountants

Sd/-
Ashok Ramani
Partner
M.NO.30537



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 31st March 2014, 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs.) and in accordance with the accounting principles generally accepted in India. 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 but not for the purpose of expressing an opinion on the effectiveness of the Company's internal

control. 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 31st March, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on 31st March 2014, and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on 31st March 2014.

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 notified under the Act (which continue to be applicable in respect of Section 133 of

Companies Act, 2013 in terms of general circular 15/2013, dated 13th September 2013 of the Ministry of Corporate Affairs).

- e. On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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 : 28.05.2014**

**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. 2774.73 lacs and yearend balance of loans taken from such parties was Rs. 2688.00 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 31st March, 2014 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 not incurred cash losses in the financial year. But the company had incurred cash losses of Rs. 1178.01 lacs in the immediately preceding financial year.
- (xi) During the Financial Year 2011-12, all the credit facilities utilised from banks are restructured under the Corporate Debts Restructure (CDR) mechanism and 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 : 28.05.2014**

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

MALU PAPER MILLS LIMITED, NAGPUR
BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars		Note No.	Figures as at 31st Mar 2014 (In Rs.)	Figures as at 31st Mar 2013 (In Rs.)
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	170,592,500	170,592,500
	(b) Reserves and surplus	3	(60,890,773)	(74,874,482)
2	Non-current liabilities			
	(a) Long-term borrowings	4	878,496,865	890,922,017
	(b) Other Long term liabilities	5	157,690,040	141,402,977
	(c) Long-term provisions	6	3,384,908	3,009,216
3	Current liabilities			
	(a) Short-term borrowings	7	166,915,435	159,857,192
	(b) Trade payables	8	150,386,959	178,846,322
	(c) Other current liabilities	9	62,535,226	59,802,248
	TOTAL :		1,529,111,159	1,529,557,990
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets			
	(i) Tangible Assets	10	932,805,914	990,690,466
	(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	121,310,000	127,194,000
	(d) Long-term loans and advances	13	65,530,794	63,475,966
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	14	129,805,645	118,501,700
	(c) Trade receivables	15	209,041,192	174,227,868
	(d) Cash and cash equivalents	16	15,293,941	22,429,799
	(e) Short-term loans and advances	17	54,223,673	31,938,190
	TOTAL :		1,529,111,159	1,529,557,990
	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 : 28.05.2014

Ashok Ramani
Partner
Mem. No. 30537
FRN 102259W

MALU PAPER MILLS LIMITED, NAGPUR
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	Note No.	2013-2014 (In Rs.)	2012-2013 (In Rs.)
I. Revenue From Operations			
Sale of products	18	2,236,763,525	1,823,897,921
Less: Excise Duty		59,220,496	48,465,410
Net Sales		2,177,543,028	1,775,432,511
II. Other income	19	18,605,549	26,685,673
III. Total Revenue (I + II)		2,196,148,578	1,802,118,185
IV. Expenses:			
Cost of materials consumed	20	1,279,730,066	1,155,953,254
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	4,958,500	(3,022,900)
Employee benefits expenses	22	44,454,695	38,147,833
Finance costs	23	154,250,519	153,912,852
Depreciation and amortization expense	10	62,580,364	61,775,506
Other expenses	24	630,029,725	574,928,917
Total expenses		2,176,003,869	1,981,695,462
Profit before exceptional and extraordinary items and tax (III-IV)		20,144,709	(179,577,277)
V. Exceptional items			
VII. Profit before extraordinary items and tax (V - VI)		20,144,709	(179,577,277)
VIII. Extraordinary Items			
IX. Profit before tax (VII- VIII)		20,144,709	(179,577,277)
X Tax expenses:			
(1) Current tax		277,000	0
(2) Deferred tax (withdrawn)		5,884,000	(55,369,000)
XI Profit (Loss) for the period from continuing operations (VII-VIII)		13,983,709	(124,208,277)
XII Profit/(loss) from discontinuing operations			
XIII Tax expense of discontinuing operations			
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			
XV Profit (Loss) for the period (XI + XIV)		13,983,709	(124,208,277)
XVI Earnings per equity share:			
(1) Basic		0.82	(7.28)
(2) Diluted		0.82	(7.28)

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 : 28.05.2014

Ashok Ramani
Partner
Mem. No. 30537
FRN 102259W

A. Cash Flows from Operating Activities

Reserve & surplus		
Net Profit before Tax	20,144,709	(179,577,277)
Adjustments for:		
Depreciation	62,580,364	61,775,506
Non Operating Income - Interest & Other	(2,016,652)	(2,363,918)
Non Operating Income - Profit on sale of Fixed Assets	(1,724,813)	(49,965)
Interest Expenses	154,250,519	153,912,852
Operating Profit before Working Capital Changes	233,234,126	33,697,198
Adjustments for:		
Trade Receivables	(34,813,324)	(6,105,987)
Other Receivables	(18,456,311)	(67,413,328)
Inventories	(11,303,945)	4,514,400
Trade Payables & Other Liabilities	(25,350,693)	121,292,018
Cash Generated from Operations	143,309,854	85,984,301
Deffered Tax	(6,161,000)	55,369,000
Net Cash from Operating Activities	137,148,854	141,353,301

B. Cash Flows from Investing Activities

Purchase of Fixed Assets	(5,488,388)	(23,279,132)
Sale of Fixed Assets	2,517,389	250,000
Interest Received & Others	2,016,652	2,363,918
Net Cash from Investing Activities	(954,346)	(20,665,214)

C. Cash Flows from Financing Activities

Proceeds from Borrowings	15,783,091	(17,013,748)
Increase in Inter Corporate	(21,150,000)	56,045,000
Deposits & Other Loans	16,287,063	796,004
Interest Paid	(154,250,519)	(153,912,852)
Net Cash used in Financing Activities	(143,330,366)	(114,085,596)

Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(7,135,858)	6,602,491
Cash and Cash Equivalents at the beginning of period	22,429,799	15,827,308
Cash and Cash Equivalents at the end of period	15,293,941	22,429,799
Net Change in Cash {Inc+/Dec-}	(7,135,858)	6,602,491

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 : 28.05.2014**

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

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.

MALU PAPER MILLS LIMITED, NAGPUR

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.

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.

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.

MALU PAPER MILLS LIMITED, NAGPUR

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 LIMITED, NAGPUR

NOTE	PARTICULARS	AS ON 31ST MARCH'2014		AS ON 31ST MARCH'2013	
		AMOUNT		AMOUNT	
NOTE 2	SHARE CAPITAL				
		Number		Number	
a	Authorised				
	Equity Shares of `Rs.10 each	20,000,000	200,000,000	20,000,000	200,000,000
b	Issued				
	Equity Shares of ` Rs.10 each fully paid	17,059,250	170,592,500	17,059,250	170,592,500
c	Subscribed & fully Paid up				
	Equity Shares of ` Rs.10 each fully paid	17,059,250	170,592,500	17,059,250	170,592,500
	Total :	17,059,250	170,592,500	17,059,250	170,592,500

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	5.64%	962,222	5.64%
Wistaria Farms Pvt Ltd	1,033,500	6.06%	1,033,500	6.06%
Kaveri Malu	1,052,487	6.17%	1,052,487	6.17%

NOTE 3 RESERVES & SURPLUS

a	General Reserves		
	Opening Balance	211,880,327	211,880,327
	Movement During the Reporting Period		
	Closing Balance	211,880,327	211,880,327
b	Securities Premium Account		
	Opening Balance	147,952,928	147,952,928
	Movement During the Reporting Period		
	Closing Balance	147,952,928	147,952,928
c	Profit & Loss Account		
	Opening balance	(434,707,737)	(310,499,460)
	(+) Net Profit/(Net Loss) For the period	13,983,709	(124,208,277)
	Closing Balance	(420,724,028)	(434,707,737)
	Total (a+b+c) :	(60,890,773)	(74,874,482)

NOTE 4 LONG-TERM BORROWINGS**a SECURED LOANS**

i	Bank of India, Mumbai	154,024,829	150,397,229
ii	Jammu & Kashmir Bank, Mumbai	102,151,487	94,141,196
iii	State Bank of India, Nagpur	149,896,442	143,584,502
iv	Bank of Baroda, Mumbai	60,099,904	65,059,396
v	Axis Bank, Nagpur	103,062,880	106,609,305
vi	Sundaram Fianance Ltd	39,190	-
vii	ICICI Bank Ltd	657,132	1,220,388
viii	State Bank of India	165,000	360,000
	Total (a) :	570,096,865	561,372,017

- 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 pasu 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

REPAYMENT SCHEDULE OF TERM LOANS	Repayable after 1 year from the date of Balance Sheet	Repayment in FY 14-15	Terms of Payment - 4 Quaterly Instalment	Rate of Interest
Bank of India, Mumbai	93,238,848	8,759,700	2,189,925	15.5%
Bank of India, Mumbai	44,285,981	4,065,000	1,016,250	11.5%
Bank of India, Mumbai	16,500,000	2,750,000	687,500	14.0%
Jammu & Kashmir Bank, Mumbai	86,328,976	7,997,612	1,999,403	15.5%
Jammu & Kashmir Bank, Mumbai	15,822,511	2,566,664	641,666	14.0%
State Bank of India, Nagpur	75,653,729	7,117,500	1,779,375	15.5%
State Bank of India, Nagpur	57,305,059	5,220,000	1,305,000	11.5%
State Bank of India, Nagpur	16,937,654	2,700,000	675,000	14.0%
Bank of Baroda, Mumbai	60,099,904	5,752,164	1,438,041	15.5%
Axis Bank, Nagpur	33,221,127	3,264,000	816,000	23.5%
Axis Bank, Nagpur	63,943,876	6,168,000	1,542,000	11.5%
Axis Bank, Nagpur	5,897,877	1,000,000	250,000	14.0%
Total (i) :	569,235,543	57,360,640	14,340,160	

REPAYMENT SCHEDULE OF VEHICLE LOANS	Repayable after 1 year from the date of Balance Sheet	Repayment in FY 14-15	Terms of Payment - Monthly Instalment	Rate of Interest
Sundaram Fianance Ltd	39,190	470,280	39,190	9.50%
ICICI Bank Ltd; Nagpur	657,132	563,256	46,938	10.50%
State Bank of India	165,000	180,000	15,000	10.50%
Total (ii) :	861,322	1,213,536	101,128	
Total (I + ii) :	570,096,865	58,574,176	14,441,288	

b UNSECURED LOANS

(a) Loans and advances from related parties	268,800,000	210,650,000
(b) Loans and advances from others	39,600,000	118,900,000
Total (b) :	308,400,000	329,550,000
Total (a + b) :	878,496,865	890,922,017

NOTE 5**OTHER LONG TERM LIABILITIES**

Deffered Sales Tax	157,690,040	141,402,977
Total :	157,690,040	141,402,977

Deffered Sales Tax Liability includes:

(1) Interest free deffered Sales Tax Liability amounting to Rs. 1589.47 Lacs (PY Rs 1426.60 Lacs) has been outstanding at the year end. During the year company has availed further deffered sales tax liability in Kraft Division of Rs.162.87 Lacs (PY Rs. 00.00 Lacs)

(2) The repayment of the Deffered sales tax liability will be made after 31.03.2014 as per the schedule.

(3) Repayment schedule

REPAYMENT SCHEDULE OF DEFFERED SALES TAX	Repayable after 1 year from the date of Balance Sheet	Repayable in FY 14-15	Total
Deffered Sales Tax	157,690,040	1,257,116	158,947,156
Total	157,690,040	1,257,116	158,947,156

NOTE 6**Long Term Provisions**

Retirement Benefits		
Provision for Gratuity	3,384,908	3,009,216
Total :	3,384,908	3,009,216

NOTE 7**SHORT TERM BORROWINGS****Secured****a Loans repayable on demand Working Capital Limit from**

i Axis Bank Ltd; Nagpur	42,112,324	40,153,098
ii State Bank of India, Nagpur	39,624,803	38,518,592
iii Bank of India, Mumbai	43,910,260	41,043,581
iv Jammu & Kashmir Bank, Mumbai	20,259,498	19,761,384
v Bank of Baroda, Mumbai	21,008,549	20,380,538
Total :	166,915,435	159,857,192

(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	150,386,959	178,846,322
Total :	150,386,959	178,846,322

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)	58,574,176	49,012,536
b Deffered Sales Tax (As per Note 5 above)	1,257,116	1,257,116
c Duties & Taxes	1,984,634	9,150,376
d Other Payables	719,300	382,220
Total :	62,535,226	59,802,248

MALU PAPER MILLS LIMITED, NAGPUR

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 2013	Additions during the year	Disposal / Transfer during the year	Balance as at 31 Mar 2014	Balance as at 1 April 2013	Depreciation charge for the year	Tr. Of depreciation on Assets Sold	Balance as at 31 Mar 2014	Balance as at 1 April 2013	Balance as at 31 Mar 2014
a	Tangible Assets (Under Lease)											
1	Leasehold Land	0.00	8573045			8,573,045	631701.00	90,243		721,944	7,941,344	7851101
b	Tangible Assets (Not Under Lease)											
1	Freehold Land	0.00	7794222		163,051	7,631,171	0.00	0	0	0	7,794,222	7631171
2	Factory Building	3.34%	202828354	3,156,405		205,984,759	44690070.00	6,783,421		51,473,491	158,138,284	154511268
3	Office Building	1.63%	702610			702,610	171795.00	11,453		183,248	530,815	519362
4	Office Building (Ho)	1.63%	1065670			1,065,670	156330.00	17,370		173,700	909,340	891970
5	Staff Quarters	1.63%	1712841			1,712,841	457615.00	27,919		485,534	1,255,226	1227307
6	Plant & Machinery	4.75%	729860194	1,238,125		731,098,319	208554992.00	34,686,244		243,241,236	521,305,202	487857083
7	Furniture & Fixture	6.33%	3135642			3,135,642	1624370.00	198,486		1,822,856	1,511,272	1312786
8	Office Equipment	4.75%	1002474			1,002,474	507027.00	47,618		554,645	495,447	447829
9	Computers	16.21%	1693506	60,286		1,753,792	1537935.00	215,857		1,753,792	155,571	0
10	Boiler	4.75%	12059151			12,059,151	7222901.00	572,810		7,795,711	4,836,250	4263440
11	Captive Power Plant	4.75%	201377144			201,377,144	51246652.00	9,565,414		60,812,066	150,130,492	140565078
12	Water Supply Equipments	4.75%	252811			252,811	204153.00	12,009		216,162	48,658	36649
13	Fire Fighting Equipments	4.75%	214497			214,497	102888.00	10,189		113,077	111,609	101420
14	Effluent Treatment	4.75%	26077357			26,077,357	8445324.00	1,238,674		9,683,998	17,632,033	16393359
15	Electrical Installation	4.75%	120371331			120,371,331	29776136.00	5,717,638		35,493,774	90,595,195	84877557
16	Misc.Fixed Assets	4.75%	23797930	1,033,572		24,831,502	5917937.00	1,171,426		7,089,363	17,879,993	17742139
17	Vehicle (Four Wheeler)	9.50%	9496563		1,757,643	7,738,920	6167666.00	902,173	1,128,118	5,941,721	3,328,897	1797199
18	Vehicle (Industrial)	9.50%	13308528			13,308,528	7409373.00	1,264,310		8,673,683	5,899,155	4634845
19	Vehicle (Two Wheeler)	9.50%	495896			495,896	304434.00	47,110		351,544	191,462	144352
	Total		1365819765	5,488,388	1,920,694	1,369,387,459	375129299.00	62,580,364	1,128,118	436,581,545	990,690,466	932805914

MALU PAPER MILLS LIMITED, NAGPUR

NOTE	PARTICULARS	AS ON 31ST MARCH'2014		AS ON 31ST MARCH'2013	
		AMOUNT		AMOUNT	
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
	Total :		1,100,000		1,100,000
NOTE 12	DEFERRED TAX ASSETS (NET)				
a	Deferred Tax Assets				
	Unabsorbed Depreciation & Business Loss	302,629,000			309,426,000
b	Deferred Tax Liability				
	Depreciation & Amortisation	181,319,000	121,310,000		182,232,000
	Total :		121,310,000		127,194,000
NOTE 13	LONG-TERM LOANS & ADVANCES				
a	Security Deposits				
	Unsecured, considered good		11,178,983		9,486,483
b	Deposits with Government Authorities		50,276,721		46,063,710
c	Fixed Deposit with Bank (Against Margin Money for Letter of Credit & Bank Guarantee)		3,917,951		6,493,000
d	Accrued Interest on FDR		157,139		1,432,773
	Total :		65,530,794		63,475,966
NOTE 14	INVENTORIES				
a	Raw Materials and components (Valued at cost or NRV whichever is lower)		32,950,300		34,850,800
	Waste Paper - Indian	14,081,000		11,898,400	
	Waste Paper - Imported	3,304,300		8,341,500	
	Chemical	15,565,000		14,610,900	
b	Fuel		26,508,000		12,315,500
c	Packing Material		2,875,845		2,895,400
	Total (a+b+c) :		62,334,145		50,061,700
d	Finished goods (Valued at cost or NRV whichever is less)				
	Internally Manufactured		12,231,500		17,190,000
	Finished Goods	7,873,500		13,202,000	
	Stock In Process	4,358,000		3,988,000	
	Total (d) :		12,231,500		17,190,000
e	Consumable Stores (Valued at cost or NRV whichever is lower)		55,240,000		51,250,000
	Total (e) :		55,240,000		51,250,000
	Total (a+b+c+d+e) :		129,805,645		118,501,700

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	204,595,685	169,901,250
Total (a) :	204,595,685	169,901,250

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

Unsecured, considered good	4,445,507	4,326,618
Total (b) :	4,445,507	4,326,618
Total (a + b) :	209,041,192	174,227,868

NOTE 16 **CASH AND CASH EQUIVALENTS****a** **Balances with Banks****In current Account with**

State Bank of India, Saoner	332,896	259,167
ICICI Bank Ltd, Nagpur.	0	11,279
Jammu & Kashmir Bank, Mumbai	5,000	5,000
Oriental Bank of Commerce, Nagpur	63,599	28,908
Bank of India, Nagpur	61,188	30,838
Axis Bank Ltd; Nagpur - Collection Inflow	98,760	5,671,571
Total :	561,443	6,006,763

FDR with Bank (Against Margin Money for Letter of Credit & Bank Guarantee)	14,194,782	14,280,558
--	------------	------------

b Cash in hand	537,716	2,142,478
Total :	15,293,941	22,429,799

NOTE 17 **SHORT TERM LOANS AND ADVANCES****Unsecured, considered good**

a Deposits and Balances with Government and Other Authorities	8,908,262	596,020
b Advances Recoverable in Cash or in Kind or for value to be received	44,833,412	30,251,414
c Accrued Interest on FDR	481,999	1,090,756
Total :	54,223,673	31,938,190

NOTE 18 REVENUE FROM OPERATIONSale of products;
Manufacturing Goods

a Kraft Paper	984,358,585	820,901,445
b Newsprint Paper	<u>1,252,404,940</u>	<u>1,002,996,476</u>
Total :	2,236,763,525	1,823,897,921

NOTE 19 OTHER INCOME

Interest on FDR	1,093,255	1,611,063
Interest on Security Deposit	709,097	629,775
Income from Carbon Credit Sale	14,864,084	24,271,790
Income from Profit on Acquisition of Land	1,704,338	-
Income from Profit on Sale of Vehicle	20,475	49,965
Sale of Scrap	214,300	123,080
Total :	<u>18,605,549</u>	<u>26,685,673</u>

NOTE 20 COST OF MATERIALS CONSUMED**Details of Raw Material Consumed**

Raw Material at the beginning of the year	34,850,800	45,587,400
Add: Purchases	<u>1,256,404,790</u>	<u>1,119,127,810</u>
Total :	1,291,255,590	1,164,715,210
Less: Raw Material at the end of the year	32,950,300	34,850,800
Cost of Raw Material consumed	1,258,305,290	1,129,864,410

Item wise details of Raw Material Consumed

Waste Paper - Indian - Kraft	366,473,729	326,548,507
Waste Paper - Imported - Kraft	201,331,972	156,268,331
Chemical - Kraft	42,854,577	38,083,773
Waste Paper - Indian - Newsprint	594,196,007	531,964,380
Waste Paper - Imported - Newsprint	2,118,945	9,623,727
Chemical - Newsprint	<u>51,330,061</u>	<u>67,375,692</u>
Total	<u>1,258,305,290</u>	<u>1,129,864,410</u>

Details of Consumable Stores Consumed

Consumable Stores at the beginning of the year	51,250,000	46,581,750
Add: Purchases	<u>25,414,776</u>	<u>30,757,094</u>
Total :	76,664,776	77,338,844
Less: Consumable Stores at the end of the year	55,240,000	51,250,000
Cost of Consumable Stores consumed	21,424,776	26,088,844
Total :	<u>1,279,730,066</u>	<u>1,155,953,254</u>

NOTE 21 **Details of changes in Inventory**
Inventory at the end of the year**Particulars**

Stock in Process	4,358,000	3,988,000
Finished Goods	7,873,500	13,202,000
Total :	<u>12,231,500</u>	<u>17,190,000</u>

Inventory at the beginning of the year**Particulars**

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

Increase/Decrease in Inventory**Particulars**

Stock in Process	(370,000)	(100,500)
Finished Goods	5,328,500	(2,922,400)
Total :	<u>4,958,500</u>	<u>(3,022,900)</u>

NOTE 22 **EMPLOYEE BENEFITS**

Salary & Allowances	41,035,675	34,729,586
Providend Fund	2,152,067	2,072,815
Staff Welfare Expenses	891,261	1,090,316
Retirement Benefits	375,692	255,116
Total :	<u>44,454,695</u>	<u>38,147,833</u>

NOTE 23 **FINANCE COSTS**

Bank Charges	9,122,897	5,534,853
Interest to Bank	121,101,676	102,237,920
Interest on Unsecured Loan	24,025,946	46,140,080
Total :	<u>154,250,519</u>	<u>153,912,852</u>

NOTE 24**OTHER EXPENSES**

Power & Fuel	371,968,744	338,202,281
Packing Material	23,240,148	20,629,090
Freight Inward	59,880,140	46,316,704
Contractor Payment	13,795,620	13,405,302
Clearing & Forwarding	1,624,027	2,065,321
Custom Duty	1,526,920	994,140
Water Charges	1,881,549	1,799,968
VAT/CST	66,112,272	45,952,037
VAT (2005-06) & (2008-09)	1,223,299	2,622,321
Repairs & Maintenance		
Building	1,253,017	2,948,030
Plant & Machinery	40,080,008	57,180,895
Advertisement	232,047	270,670
Annual Listing Fees	110,438	177,304
Audit Fees	561,800	224,720
Consultancy Charges	3,263,081	3,372,654
Conveyance Charges & Vehicle Maintenance	910,590	830,889
Donation	25,500	122,000
Insurance Charges	1,549,730	2,353,073
Internal Audit Fees	150,000	150,000
Labour Welfare Fund	32,352	31,728
Legal Expenses	15,000	66,000
Office & Misc. Expenses	1,023,143	1,016,701
Periodicals & Subscription	90,139	124,825
Postage	161,286	187,692
Printing & Stationery	353,580	248,778
Rent, Rates & Taxes	903,601	1,440,703
ROC Fees Expenses	23,000	53,000
Security Creation Stamp Fees	-	1,003,900
Security Expenses	2,332,199	1,752,649
Selling & Distribution Expenses	29,827,066	24,863,285
Carriage Outward	4,188,806	2,034,667
Service Tax	17,883	-
Sitting Fess Expenses	34,000	38,000
Interest on Tds and Late Fees	78,395	271,082
Telephone Expenses	879,300	776,975
Travelling Expenses	635,023	1,401,533
Workman Compensation	46,022	-
Total :	630,029,725	574,928,917

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	182,265	134,079
Finance Taken	45,156,000	23,325,000
Interest on Loan	5,160,000	11,861,111

Frontline Commercials Pvt Ltd

Finance Taken	36,400	2,505,000
Interest on Loan	404,000	883,333

Narayan Coal Traders Pvt Ltd

Finance Taken	300	-
Interest on Loan	333,000	406,667

Neelkamal Financial Services Pvt Ltd

Interest on Loan	1,356,000	1,222,222
Finance Paid	20,400	-

Shree Sales Corporation Pvt Ltd

Finance Taken	1,046,000	7,500,000
Interest on Loan	1,060,000	455,556

Solar Carbons Pvt Ltd

Interest on Loan	1,354,500	1,633,333
Finance Paid	19,050	-

Wistaria Farms Pvt Ltd

Interest on Loan	117,000	145,556
Finance Paid	5,300	-

Malu Infrastructure Pvt Ltd

Finance Taken	-	4,100,000
Finance Paid	45,900,000	-
Interest on Loan	3,375,390	9,837,900

Relatives of Key Management Persons

	Interest on Loan	Interest on Loan
Banwarilal Malu (HUF)	117,000	145,556
Kaveri Malu	720,000	372,222
Manisha Malu	258,000	425,556
Shashi Malu	702,000	354,444
Vasudeo Malu	1,741,500	2,966,667

Amount Payable as on reporting Date

Banwarilal Malu (HUF)	1,400,000	1,300,000
Frontline Commercials Pvt Ltd	10,500,000	10,100,000
Kaveri Malu	8,650,000	8,000,000
Malu Electrodes Pvt. Ltd.	172,500,000	122,700,000
Manisha Malu	2,400,000	2,150,000
Narayan Coal Traders Pvt Ltd	4,000,000	3,700,000
Neelkamal Financial Services Pvt Ltd	12,500,000	11,300,000
Shashi Malu	8,400,000	7,800,000
Shree Sales Corporation Pvt Ltd	9,900,000	7,900,000
Solar Carbons Pvt Ltd	16,250,000	15,050,000
Vasudeo Malu	20,900,000	19,350,000
Wistaria Farms Pvt Ltd	1,400,000	1,300,000
Malu Electrodes Pvt. Ltd. (Purchase)	58,826	7,711
Malu Infrastructure Pvt Ltd	3,100,000	49,000,000

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

Statutory & Tax Audit Fees	500,000	200,000
Service Tax	61,800	24,720
Total	561,800	224,720

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

Profit (Loss) after tax	13,983,709	(124,208,277)
Weighted Number of Shares - Basic	17,059,250	17,059,250
EPS	0.82	(7)
Basic/Diluted Earning Per Share	0.82	(7)
Face value per share	10.00	10

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;	198,413,717	162,651,658
II. Components and spare parts;	10,329,228	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	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;	213780145 (17%) 1065949920 (83%) 1279730065(100%)	165892058 (14%) 990061196 (86%) 1155953254(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 related;	NIL	NIL
e Earnings in foreign exchange classified under the following heads, namely:-		
I. Export of goods calculated on F.O.B. basis;	39,171,834	10,727,735
II. Royalty, know-how ,professional and consultation fees;	-	-
III. Interest and dividend;	-	-
IV. Other income (Sale of CER)	14,864,084	24,271,790

NOTE 30 CONTINGENT LIABILITIES :

Bank Guarantee Outstanding	14,423,377	13,494,775
Letter of Credit/Buyer's Credit	113,431,776	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	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 : 28.05.2014

Ashok Ramani
Partner
Mem. No. 30537
FRN 102259W



MALU PAPER MILLS LIMITED

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

PROXY FORM

ANNUAL GENERAL MEETING 2013-14

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 Eighteenth Annual General Meeting of the Company to be held at **Heera Plaza, 4th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 440 008** on Thursday, the 25th day of September, 2014 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, 4th Floor, Near Telephone Exchange,
Central Avenue, Nagpur – 440 008.

ATTENDANC SLIP

I hereby record my presence at the Eighteenth Annual General Meeting of the Company to be held at **Heera Plaza, 4th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 440 008** on Thursday, the 25th day of September, 2014.

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.