

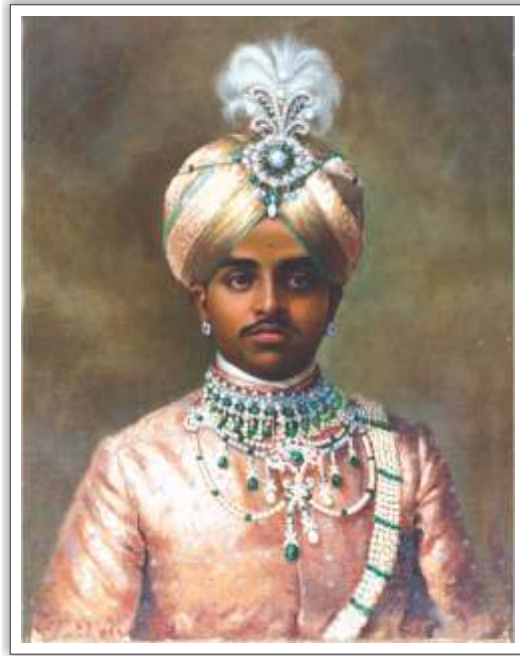


78th

**Annual Report
2012-13**



THE MYSORE PAPER MILLS LIMITED



Sri Nalvadi Krishnadevaraya



Sir M. Visvesvaraya



78th Annual Report

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BOARD OF DIRECTORS

1. GOVERNMENT DIRECTORS:

SHRI V. UMESH, IAS
CHAIRMAN (FROM 05.12.2013)

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

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

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

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

SHRI AJAY SETH . IAS (UPTO 25.06.2013)

SHRI M. N. VIDYASHANKAR, IAS

SHRI ARAVIND SHRIVASTAVA, IAS
(FROM 25.06.2013)

2. ELECTED DIRECTORS

SHRI M. LAKSHMINARAYANA, IAS

SHRI S. PARAMESWARAPPA. IFS, (RETD)

SHRI C. SHIVASHANKAR

SHRI C. B. PATIL OKALY

3. NOMINEE DIRECTORS:

SHRI V.C. RAMMOHAN (IFCI)

SHRI B.L. KHANNA (BIFR)

4. COMPANY SECRETARY

SHRI MOHAN D KULKARNI

5. AUDITORS:

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

6. LEGAL ADVISOR

SHRI M.R. C. RAVI
ILPM CONSULTANTS

7. BANKERS:

STATE BANK OF MYSORE

STATE BANK OF INDIA

CANARA BANK

INDIAN BANK

KARNATAKA BANK

VIJAYA BANK



THE MYSORE PAPER MILLS LIMITED

REGD.OFFICE, 16/4, ALI ASKER ROAD

BANGALORE - 560 052

NOTICE :

NOTICE is hereby given that the **SEVENTYEIGHTH ANNUAL GENERAL MEETING** of the members of The Mysore Paper Mills Limited will be held on Saturday, the 29th March, 2014, at 11.00 a.m. at KAS Officer's Association, No 1/1 (Near police Commissioners' Office) Infantry Road, Bangalore - 560 001 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2013 along with the Auditors' Report thereon and comments of the Comptroller and Auditor General of India.
2. To appoint a Director in place of Sri. C. Shivashankar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. C.B. Patil Okaly, who retires by rotation and being eligible, offers himself for re-appointment.
4. **"RESOLVED THAT** consent of the Company be and is hereby accorded for the payment of remuneration of Rs.3,25,000/- (Rupees. Three lakhs Twentyfive thousand only) for FY 2012-13 to M/s. MNS & Co., Bangalore, Statutory Auditors, besides reimbursement of travelling and out of pocket expenses at actuals subject to other terms and conditions laid down by the Office of the Comptroller and Auditor General of India in their letter No.CA V/COY/KARNATAKA.MPAPER(1)/65 dated 26.07.2012".

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

MOHAN D KULKARNI
COMPANY SECRETARY

REGISTERED OFFICE:

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

Date: 20.12.2013



NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IS ENCLOSED WHICH SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Register of Members and the Share Transfer Books of the Company will remain closed from 20.03.2014 to 29.03.2014 (both days inclusive).
3. Members are requested to intimate any change in their address to the Registrar & Transfer Agent quoting their Registered Folio Number.
4. Members are requested to bring their copy of Annual Report to the Meeting.
5. Members desiring any additional information on accounts and operation of the company at the Meeting are requested to write to the company at least 7 days in advance to the Annual General Meeting, so that, information may be made readily available.
6. Ministry of Corporate Affairs has announced "Green Initiatives in the Corporate Governance" and permitted Companies to serve notices / documents including Annual Reports to the members of the Company on their registered e-mail addresses. All those shareholders who have not yet registered e-mail IDs or holding shares in the physical form and wish to receive the same through e-mail are requested to register their e-mail IDs with the Company's Share Registrar and Transfer Agents. The members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants.
7. Ministry of Corporate Affairs, Government of India, New Delhi, vide communication dated 19.09.2013 extended time for holding Annual General Meeting by 3 months i.e. upto 31st December, 2013.

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

MOHAN D KULKARNI
COMPANY SECRETARY

REGISTERED OFFICE:

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

Date: 20.12.2013

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



DIRECTORS' REPORT

To the Members,

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

2. OPERATIONAL RESULTS :

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

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



Production Performance:

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

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

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

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

STATUS OF BIFR

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

1. PROJECTS:

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

A. Energy Conservation Measures :

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



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

Schemes finalized for implementation are:

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

B. Lime Sludge Re-burning Kiln :

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

2. MANAGEMENT DISCUSSION & ANALYSIS:

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

3. CASH FLOW ANALYSIS:

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

4. CAPTIVE FORESTRY:

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

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

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

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



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

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

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

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

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

6. INDUSTRIAL RELATIONS:

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

7. FIXED DEPOSITS :

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

8. DIRECTORS :

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

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

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

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



Sri. L.V. Nagarajan, IAS: Pursuant to the powers conferred under the Articles of Association of the Company, the Government of Karnataka nominated Sri. L.V. Nagarajan, IAS, ACS & Chairman, KUIDFC, as Director & also the Chairman of the Company in place of Sri. Kaushik Mukherjee, IAS, vide Govt. Notification No.CI-86 CPM-2013 dated 06.11.2013 & he held the office upto 5.12.2013.

Sri. V Umesh, IAS: Pursuant to the powers conferred under the Articles of Association of the Company, the Government of Karnataka nominated Sri. V. Umesh, IAS, ACS to GOK, as Director & also the Chairman of the Company in place of Sri. L.V. Nagarajan, IAS, vide Govt. Notification No.CI-86 CPM-2013 dated 05.12.2013.

Sri. M Maheshwar Rao, IAS: Sri. M Maheshwar Rao, IAS, was nominated as Addnl. Director of the Company by the Government of Karnataka in exercise of the powers conferred under Articles of Association of the Company vide Govt. communication No.CI-45-CMI-2013 dated 06.06.2013. Subsequently he was appointed as a nomine director of GOK vide DPAR 591 SAS 2013 Dated 13 Nov 2013. He is currently holding charge of Managing Director of the Company.

Sri. Arvind Shrivastava, IAS: Sri. Arvind Shrivastava, IAS, was nominated as a Director of the Company by the Government of Karnataka in exercise of the powers conferred under Articles of Association of the Company in place of Sri. Ajay Seth, IAS, vide Govt. communication No.CI-50-CPM-2013 dated 25.06.2013.

Sri. Vinay C Sekar: Sri Vinay C Sekar has been nominated as a Director of the Company by IFCI Ltd., in place of Sri. P.V. Srinivas, with effect from 10.07.2013. He is the Non-executive Chairman of M/s. Parijatha Business Solution Pvt. Ltd., Bangalore.

Sri. V. C. Rammohan: Sri V.C. Rammohan has been nominated as a Director of the Company by IFCI Ltd., in place of Sri. Vinay C Sekar, with effect from 17.09.2013. He is the Director of M/s. Madhuben Infra Units & M/s. NSL Tideng Power Generation (P) Ltd.



DIRECTORS' RESPONSIBILITY STATEMENT : Pursuant to the requirement under Section-217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that :

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

- a) The selected accounting policies were applied consistently, and judgements and estimates that are reasonable and prudent were made, so as to give a true and fair view of the state of financial affairs of the Company at the end of the financial year;
- b) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
- c) The annual accounts were prepared for the financial year ended 31st March, 2013 on a going concern basis.

1. AUDITORS :

- a. As per Section 619(2) of the Companies Act, 1956, the Government of India, Ministry of Corporate Affairs, appointed M/s. M N S & Co., Chartered Accountants, Bangalore, as Statutory Auditors of the Company for the year ended 31.03.2013.
- b. M/s. K.P.R. & Associates, Cost Accountants, Bangalore, were appointed as Cost Auditors of the Company for the year 2012-13 by the Board, and the approval to this effect has also been received from the Government of India.

2. PARTICULARS OF EMPLOYEES :

None of the employees of the Company have drawn salary of Rs.24 lakhs or more per annum/ Rs.2 lakhs or more per month during the year. Therefore, the particulars of employees as required under Section 217(2A) of the Companies Act, 1956, are not furnished.

3. CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a report on Corporate Governance together with Management Discussion & Analysis Report is enclosed herewith, which forms part of the Directors' Report. A Certificate from the Auditor regarding compliance of Corporate Governance, as stipulated by clause 49 of the Listing Agreement, is attached to this report.

4. COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA :

The comments by the Comptroller and Auditor General of India on the Accounts for the year ended 31.03.2013 are attached to the report at **ANNEXURE - II**.



5. ACKNOWLEDGEMENT :

Your Directors are pleased to acknowledge the dedicated efforts of all the employees and place on record their appreciation of the valuable contribution made by them during the year 2012-2013. Your Directors also thank the sugarcane growers for the supply of sugarcane. Your Directors place on record their appreciation for the assistance, support and guidance extended to the Company by the Government of Karnataka through the Departments of Commerce and Industries, Finance, Forest, Environment & Ecology, KPTCL, MESCOM, Directorate of Sugar, and by the Statutory Bodies and Financial Institutions, Karnataka State Pollution Control board & IFCI and Banks. Your Directors also thank the Government of India, Ministry of Corporate Affairs and its various departments, Controller of Accounts & Audit, Registrar for Newspapers, Ministry of Railways, Department of Coal, etc., for their continued support to the Company.

for and on behalf of the Board

BANGALORE
DATE: 20.12.2013

(M MAHESHWARA RAO)
MANAGING DIRECTOR

(C. SHIVASHANKAR)
DIRECTOR



ANNEXURE - I
TO DIRECTORS' REPORT

**ADDITIONAL INFORMATION AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS
IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

- A. ENERGY CONSERVATION :
Energy Conservation Measures:
- B. EXPENDITURE ON R&D DURING 2012-2013 - Rs 63.04 lakhs.
- C. EXPENDITURE AS A % TO THE TOTAL TURNOVER : 0.15%

FORM 'A'

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

	2010-11	2011-12	2012-13
A. POWER AND FUEL CONSUMPTION			
I ELECTRICITY			
a) Purchased Units(Lakhs.KWH)	343.93	380.92	578.89
Total Amount(Rs.Lakhs)	2072.10	2413.29	3527.09
Cost Per Unit-Rs.	6.02	6.34	6.09
b) Captive Generation (Lakhs KWH)			
(Net of Export)Through Steam Turbine	1362.08	1335.66	1166.38
(lakhs KWH) Cost per Unit (Rs.)	4.34	4.87	4.98
II COAL			
Quantity in (MT)	228351	228531	216475
Total Amount-Rs. Lakhs	7701.43	8460.41	8338.84
Average rate per tonne -Rs	3372.63	3702.09	3852.10
III FURNACE OIL (KL)			
Total Amount (Rs. Lakhs)	336.07	363.74	332.08
Average rate per KL	113.11	162.11	165.39
IV OTHER /INTERNAL GENERATION (MT)			
(a) Bagasse,Pith,Bamboo/Wood dust	33657	44567	49804
(b) Black Liquor Solids	8267	6975	3737
	75172	81476	84977

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Production- MT

Paper	76657	84282	86410
Sugar	27402	26198	17179

ELECTRICITY CONSUMPTION (KWH)

Paper	2071	1940	1948
Sugar	432	307	348

COAL CONSUMPTION(MT)

Paper	2.43	2.30	2.26
Sugar	1.55	1.32	1.24

C. FOREIGN EXCHANGE EARNINGS AND OUTGO (Rs.LAKHS)1 FOREIGN EXCHANGE EARNINGS-EXPORT
OF PAPER

437.54	736.23	0.00
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2 FOREIGN EXCHANGE OUT GO DURING THE
FINANCIAL YEAR ENDING 31-03-2013

a) Imports (on C.I.F. basis)

i) Raw Material	264.56	4376.59	3718.40
ii) Components,Spare parts ,Chemicals	89.18	263.05	90.07
iii) Capital Goods	-	-	-

b) Other than imports

i) Travel	—	—	—
ii) Interest on CDC Loan	—	—	—
iii) Loan Repayment CDC Loan	—	—	—
iv) Services	—	—	—



THE MYSORE PAPER MILLS LIMITED
CORPORATE DIVISION-BANGALORE

MANAGEMENT DISCUSSION AND ANALYSIS :

OVERALL REVIEW:

This has been covered in detail in the Directors' Report.

INDUSTRY STRUCTURE AND DEVELOPMENTS:

INDIA ranks 15th among the paper producing countries in the world. Paper industry in India is highly fragmented. There are over 700 Mills spread across the country, capacity ranging from 5tpd to over 1200 tpd (Tonnes per Day). Total installed capacity is estimated at 12 Million Tonnes with production of about 11.00 Million Tonnes. The products are broadly classified as 1) Newsprint 2) Printing and Writing Paper 3) Industrial and speciality paper. MPM produces Writing & Printing Paper particularly Creamwove, Creamwove Elegant, Azurelaid, Kraft, MG Poster and Newsprint.

Based on usage of raw material, paper Mills are divided into three categories namely wood based, agro based and waste paper based (recycled fiber). Large Mills are generally wood based. MPM uses wood, bagasse and purchased pulp domestic/imports as its raw material.

Printing and Writing paper accounts for about 35%, Newsprint 20% and Industrial and speciality papers 45%. The per capita consumption of paper is about 10 kg against the world average of 50 kg and Asian Average of 40kg. In the total capacity about 40% is wood based, 30% is agro based and the balance 30% waste paper (recycled fiber) based. About 35% of the capacity is located in North, 30% in West and 30% in south and 5% in East of India.

With the continuous growth of the economy and improvement in literacy rate and standard of living, the demand for paper and paper products is growing at an annual average rate of 8-9%. The demand growth in the next three years is likely to be 4-5% in Newsprint, 5-6% in non-surface sized paper, 8-10% in cut size copier paper and 5% in speciality paper. India is considered as one of the fastest growing paper markets in the world. Raw materials shortage, huge capital requirements, strict environment regulations are the major entry barriers for the industry. The Government of India has brought Newsprint and light weight coated (LWC) paper under zero duty with effect from 11.2.2009. The import duty is levied at 10% on printing and writing paper from 1.3.2007. The excise duty is increased from 4% to 5% from 1.3.2011 and further increased to 6% with effect from 17.3.2012. Excise exemption allowed on the first 3500 Metric Tonnes of printing and writing paper produced primarily out of non conventional raw material has been withdrawn.

Of the Rs.35000-crore paper industry's annual operating capacity of 12.75 Million Tonnes (mt) output in 2011-12 was 11mt against the consumption (including newsprint) of 11.23 mt, a deficit of 0.23 mt. The deficit would widen to hit 1.25 mt in 2013-14 and around 2.00 mt by 2015-16.



The forecast of India's paper consumption is likely to hit 14 mt by 2015-16 and 20mt by 2020. The estimated yearly rise is in a million tonnes. However, manufacturers have failed to announce any significant capacity additions. A major reason is rising cost of production due to the lack of a captive plantation policy, unlike in North and Latin America, Scandinavia, Australia, Japan, Indonesia & China. Mills in India have to depend on small and scattered plantations or government controlled forests for pulpwood.

In Newsprint, the country imports more than half its demand; it also exports a very small quantity.

LATEST SCENARIO OF PAPER INDUSTRY IN INDIA

The Country's paper industry is passing through a phase of consolidation due to rising input costs, raw material availability and increasing competition from global players. The global structural changes in pulp and paper manufacturing industries could impact operations of the industries in this sector.

GROWING DEMAND:

The demand for paper in the country will continue to grow at about 6-8 percent in spite of various issues that confront the sector. The Paper industry has grown well over the last five years. Most of the manufacturing units have converted themselves into integrated paper makers. Now they are in the phase of consolidation of their business and optimizing returns on their investments. The industry has braced quite well to the price increases and is faced with pressure on costs.

Due to increase in raw materials prices and difficulty in securing wood pulp, price increase has already been brought about by sector players.

CAPACITY:

The paper industry has capacity to produce about 12 million tonnes per annum in India and some more capacity is coming up. The overall market size is about Rs.60,000 crores and is growing at a steady pace aligned to the GDP growth rate. The size of the country's population, demand in the office market and education segment will continue to drive the sector growth.

SCENARIO VIS-À-VIS MPM PERFORMANCE

In the year 2011-12, in view of the better contribution by WPP vis-à-vis Newsprint, the Company continued production of combination of Newsprint and WPP and marketing of creamwove Elegant from PM-IV. The company has exported about 500MT of Newsprint to Iran and about 8.40 Lakhs notebooks to Columbia during 2012-13 through merchant exporters.

NEWSPRINT: The international price of Newsprint remained unchanged for the quarter January to March 2013 though it was expected that the prices may go up in view of the strengthening of rupee against dollar. In line with the international prices, MPM also kept the contract prices same for the quarter January to March 2013 to most of its customers. However to some customers where the prices were lower, MPM could get an increase from such customers ranging from Rs.100/- to Rs.300



per MT. It is expected that the international prices may go up during the quarter April to June 2013. MPM has also exported 500 MTS of Newsprint during 2012-13 to Iran.

MPM has produced 45450 Metric Tonnes of Newsprint which was higher by 12.78% (40299Mt) compared to 2011-12 and sold 47208MT which was higher by 20.73% (39102Mt) compared to 2011-12. The net sale realization has increased by 3.85% compared to 2011-12.

WRITING & PRINTING PAPER.

Similarly MPM has produced 40960 Metric Tonnes of Writing and Printing Paper which is lower by - 6.87% (43983) of the year 2011-12. However, due to better market opportunities for Writing & Printing Paper during 2012-13 MPM was able to sell 45927 Metric Tonnes of Writing and Printing Paper. Out of this MPM was able to sell 21949 in Elegant variety alone manufactured on PM IV. The Maharashtra segment played a significant role in an off-take of more than 10000 Metric Tonnes of Elegant Paper which was a dormant hither to for years predominantly due to the product improvement of Creamwove Elegant to an acceptable level in the highly price and quality oriented market. MPM could also extend its wing for a larger segment of Creamwove market in Andhra Pradesh, Kerala and Karnataka apart from Maharashtra/Gujarat only because of acceptable and better priced creamwove elegant. With the significant change in the trend for our Creamwove Elegant MPM hopes to have an increased market share of creamwove elegant in the coming days. MPM earned better sales realizations with a better planning of prices and timely supplies by creating a competitive spirit among the Dealers always keeping the one and the only mantra of a higher Net Sales Realization(NSR) in every tonne we sell always keeping in the mind the Mills situation on account of the onslaught of the competition, currently referred to BIFR mounting & accumulated losses in the previous years and growing cost of production and difficulties in getting the pulp at reasonable prices.

SUGAR

Sugar Production in the country for 2012-13 season was 250 Lakh Tonnes when compared to 260 lakh Tonnes in the 2011-12 Season. While on the above, the Sugar Production in MPM is in the order of 17179 Tonnes for the year 2012-13. This shows that MPM has produced 34.43% lesser production over the previous year mainly due to non availability of cane.

The decision to partially decontrol sugar sector, the only industry left under the Government control was taken by the Cabinet Committee on Economic Affairs(CCEA) during April 2013. Under this, the regulated release mechanism would be dispensed with immediately. Obligation of Levy on Sugar Mills is done away with for sugar produced after September 2012. Under the partial decontrol scenario, in the place of monthly regulated release mechanism it is now being released on half yearly basis. Due to the above changes in the government regulations, it is anticipated that the sugar prices in the market would be firm for certain longer duration when compared to earlier frequent price fluctuations.



OUTLOOK, OPPORTUNITIES AND THREATS:

The low per capita consumption of paper coupled with strong economic growth in packing /printing industry and environmental restrictions on the usage of plastic vis-à-vis paper, presents excellent growth prospects for paper industry in the country. The demand for paper was expected to grow at a CARG of 6% in 2012-13. The high growth varieties in WPP segment are branded copier, coated paper and speciality paper(tissue/security) which will grow at rates faster than other varieties of paper. In the case of Newsprint, the demand growth was expected to be 8 to 10% in 2012-13. In case of MPM since the business is more Newsprint oriented rather than WPP, the company was exposed to vagaries in the international market for Newsprint.

SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE:

The Company produces Newsprint, Writing and Printing Paper and Sugar. The detailed segment-wise information is furnished by way of notes to accounts.

RISKS AND CONCERNS :

The plant and machinery of MPM is old, the age varying from 35 years to 65 years. Also, no major modernization has been done, and no additional plants & machinery has been installed. In view of this, the variable cost (imported pulp, chemicals and power etc) as well as the fixed cost of production (large labour force) have been going up steadily. These disadvantages limit the potential to curtail variable cost of production. Added to this the large labour force with high overheads. In addition to these inherent disadvantages, the company is also concerned with the liberalized policies of the Central Government, which have adversely affected the operations of the Company. Despite all this, the Company has been able to withstand these adverse market conditions due to its goodwill on account of long presence in the market. Nevertheless, efforts are being made to reduce costs further and improve the quality of our products.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:

The company with the in-house internal audit system, and is also availing the services of auditors to review the internal control systems and its adequacy. The company has over the years been successful in implementing proper systems in internal controls in order to ensure that all the assets and properties of the company are economically utilized. The internal control system is devised in such a way that the financial and other records are reliable for preparing financial statements and other data for maintaining accountability of assets. The reports of both in-house internal audit and auditors are reviewed by the Audit Committee from time to time.

DISCUSSION ON FINANCIAL PERFORMANCE WITH REFERENCE TO OPERATING ACTIVITIES :

This has been dealt with in the Directors' Report.



HUMAN RESOURCES DEVELOPMENT:

The Mysore Paper Mills has a unwavering belief that manpower strength is not merely a group of people / employees, but it is a prime resource and plays a pivotal part in the development of the Company. Hence, the Company has been following vibrant work culture and time tested Human Resource Development policies. The HR policies are being updated from time to time. The approach is ever pragmatic, be it ISO, IMS or ERP. The Company educates its workforce through monthly magazine by name 'KAGADA', quarterly Safety Bulletin, etc., apart from conducting periodical trainings.

The Company has several committees like, Medical Consultative Committee, Canteen Management Committee. Safety Committee, EPF Trust, House Allotment Committees, Sports Committee, Award Committee etc. The employees have been inducted to the committees which meets periodically. Apart from reviewing improvements undertaken, the committees discuss about future plans and their implementation.

Other Committees like Complaints Committee on Prevention of Sexual Harassment at Work places and SC/ST Grievance Cell are also functioning to safeguard the interest of its workforce. Information sought under RTI ACT-2005 is being complied with.

Bulk of its workforce, though aged, has lots of experience and skill. The retirements were more in the last couple of years and in the years to come. The existing workforce is able to sustain the extra load. The Company has started inducting young blood into the workforce by going in for contract appointments in the light of ban on employment by the GoK.

The Company takes care of health of its workforce and dependents. It has 24 bedded hospital in the township and has Occupational Health Centre inside the Company.

With the overall proactive and workers friendly Management strategies, the Industrial Relation problems are minimum.



THE MYSORE PAPER MILLS LIMITED
CORPORATE DIVISION - BANGALORE
REPORT ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement with the Stock Exchange, a report on Corporate Governance in accordance with the SEBI prescribed format is given below.

1. COMPANY'S PHILOSOPHY :

MPM's philosophy on Corporate Governance is to attain highest level of transparency in all its operations, to deal with integrity and equity with its stakeholders including shareholders, employees, lenders and the Government, to employ skills that take pride in satisfying customer needs with superior products and services, to contribute towards higher productivity through team work and innovation, to consciously work towards conservation of resources and minimisation of wastes of all forms, to achieve customer satisfaction with consistent supply of quality products at competitive prices.

2. BOARD OF DIRECTORS:

(i) Composition and Category of Directors :

The Board comprises of a Chairman, Managing Director, two Non Executive Directors appointed by Government of Karnataka, Five independent Non-Executive Directors elected in the Annual General Meeting of the Company and one independent Non-Executive Director nominated by the Financial Institution.

a) Composition of the Board, their attendance at the Board Meetings, last AGM, details of Directorships / Committee Memberships held by the Directors in other Companies and the shares of the company held by them are given hereunder:

Sl. No.	Name of Directors / Sriyuths:	Category of Director	No. of Mtgs. held	No. of Meetings attended	Attended last AGM held on 31 st Dec. 2012	No. of other Directorship held As Director As Chairman		No. of Board Committee(s) of which he is a Chairman/ / Member	No. of shares Held
GOVT. DIRECTORS:									
1.	ARAGA JNANENDRA Ex-MLA - Chairman (upto 06.04.2013)	Non-executive	5	5	Yes	Nil	Nil	Nil	-
2.	KAUSHIK MUKHERJEE, IAS (from 11.08.2011 to 06.06.2013 as Director) (from 06.06.2013 to 6.11.2013 as Director & Chairman)	Ind. / Non-executive	5	2	No	3 & all GOK Corpn.		Nil	500



Sl. No.	Name of Directors / Sriyuths:	Category of Director	No. of Mtgs. held	No. of Meetings attended	Attended last AGM held on 31 st Dec. 2012	No. of other Directorship held As Director As Chairman		No. of Board Committee(s) of which he is a Chairman// Member	No. of shares Held
GOVT. DIRECTORS:									
3.	PADAM KUMAR GARG, IPS as MD (upto 18.11.2013)	Executive	5	5	Yes	4	Nil	Nil	-
4.	AJAY SETH, IAS (upto 25.06.2013)	Non-executive	5	-	No	7	Nil	Nil	-
5.	ARAVIND SHRIVASTAVA, IAS (from 25.06.2013)	Non-executive	-	-	-	7	Nil	Nil	-
6.	K JOTHIRAMALINGAM, IAS (upto 22.06.2012)	Non-executive	1	1	-	8	4	Nil	-
7.	M. N. VIDYASHANKAR, IAS (from 22.06.2012)	Non-executive	4	2	-	3	4	Nil	-
ELECTED DIRECTORS:									
8.	M. LAKSHMINARAYANA, IAS	Ind./Non-executive	5	1	No	7	Nil	Nil	500
9.	S. PARAMESWARAPPA, IFS [Retd],	Ind./Non-executive	5	4	Yes	Nil	Nil	Nil	600
10.	C. SHIVASHANKAR	Ind./Non-executive	5	4	Yes	Nil	Nil	Nil	500
11.	C. B. PATIL OKALY	Ind./ Non-executive	5	5	Yes	Nil	Nil	Nil	500
NOMINEE DIRECTORS:									
12.	P.V. SRINIVAS (IFCI) (upto 10.07.2013)	Ind. / Non-Executive	5	4	Yes	4	1	-	-

Note : As per Articles of Association, Govt. directors and nominees of FIs. are not required to hold qualification shares.

(ii) Brief Resume of the director/s being re-appointed at the Annual General Meeting is/ are furnished hereunder :

- Sri. C Shivashankar :** Sri. C Shivashankar is associated with the Company as a Director, since 25.05.1995. He has the rich experience in the field of finance and banking sector. He was the former Managing Director of State Bank of Indore. He holds 500 equity shares of Rs.10/- each of the company.



2. **Sri. C.B. Patil Okaly:** Sri C.B. Patil Okaly has been associated with the company as a director since 21.12.2004. He is M.A. LLB Advocate. He is not a Director of any other company. He holds 500 equity shares of Rs.10/- each of the Company.

Apart from the above, the following changes have taken place during the year and their brief resume is as under :

3. **Sri. Kaushik Mukherjee, IAS:** Pursuant to the powers conferred under the Articles of Association of the Company, the Government of Karnataka nominated Sri. Kaushik Mukherjee, IAS, ACS to GOK, as Director & also the Chairman of the Company in place of Sri Araga Jnanendra, Ex-MLA, vide Govt. Notification No.CI-45 CMI-2013 dated 06.06.2013 & he held the office upto 6.11.2013.
4. **Sri. L.V. Nagarajan, IAS:** Pursuant to the powers conferred under the Articles of Association of the Company, the Government of Karnataka nominated Sri. L.V. Nagarajan, IAS, ACS & Chairman, KUIDFC, as Director & also the Chairman of the Company in place of Sri.Kaushik Mukherjee, IAS, vide Govt. Notification No.CI-86 CPM-2013 dated 06.11.2013 & he held the office upto 5.12.2013.
5. **Sri. V Umesh, IAS:** Pursuant to the powers conferred under the Articles of Association of the Company, the Government of Karnataka nominated Sri. V. Umesh, IAS, ACS to GOK, as Director & also the Chairman of the Company in place of Sri. L.V. Nagarajan, IAS, vide Govt. Notification No.CI-86 CPM-2013 dated 05.12.2013.
6. **Sri. M Maheshwar Rao, IAS:** Sri. M Maheshwar Rao, IAS was nominated as Addnl. Director of the Company by the Government of Karnataka in exercise of the powers conferred under Articles of Association of the Company vide Govt. communication No.CI-45-CMI-2013 dated 06.06.2013. Presently, he is holding the position of the Commissioner for Industrial Devt. & Director, Directorate of Industries & Commerce Dept., Govt. of Karnataka. He is director Karnataka State Industrial & Infrastructure Devt. Corpn. Ltd. (KSIIDC); Tungabhadra Minerals Pvt. Limited; Vijayanagar Miners Pvt. Limited; Karnataka State Finance Corporation Ltd., Karnataka Industrial Areas Development Board(KIADB); Karnataka State Small Industries Devt. Corporation Limited (KSSIDC); Karnataka State Coir Development Corporation (KSCDC); Mysore Sales International Limited (MSIL); Vijayanagar Steel Limited; Karnataka Trustee Co. Pvt. Ltd., Karnataka Asset Management Co. Pvt. Ltd., Mysore Sugar Company; Karnataka Vidyuth Karkhane Ltd., (KAVIKA); Food Karnataka Limited; Karnataka State Handicrafts Development Corporation (KSHDC); Karnataka State Pollution Control Board (KSPCB); Gulbarga Electric Supply Company (GESCOM); Bangalore Electric Supply Company (BESCOM); Karnataka Trade Promotion Organisation (KTPO); & Hutti Gold Mines; Managing Director of Mysore Minerals Limited; Currently he is holding charge of Managing Director of the Company.



- 7. Sri. Arvind Shrivastava, IAS:** Sri. Arvind Shrivastava, IAS was nominated as a Director of the Company by the Government of Karnataka in exercise of the powers conferred under Articles of Association of the Company in place of Sri. Ajay Seth, IAS, vide Govt. communication No.CI-50-CPM-2013 dated 25.06.2013. Presently, he is holding the position of the Secretary to Government (B&R), Govt. of Karnataka. He is also a Director on the Boards of Karnataka Forest Devt., Corporation(KFDC), Karnataka State Forest Industries Corporation (KSFIC) Karnataka State Handicrafts Devt. Corporation (KSHDC), Hutti Gold Mines Ltd.(HGML), Mysore Minerals Ltd.,(MML), Karnataka Industrial Area Development Board(KIADB); Karnataka State Beverage Corpn Ltd., (KSBCL); NABARD – Financial Services Ltd.
- 8 Sri. Vinay C Sekar:** Sri Vinay C Sekar has been nominated as a Director of the Company by IFCI Ltd., in place of Sri. P.V. Srinivas, with effect from 10.07.2013. He is the Non-executive Chairman of M/s. Parijatha Business Solution Pvt. Ltd., Bangalore.
- 9 Sri. V. C. Rammohan:** Sri V.C. Rammohan has been nominated as a Director of the Company by IFCI Ltd., in place of Sri. Vinay C Sekar, with effect from 17.09.2013. He is the Director of M/s. Madhuben Infra Units & M/s. NSL Tideng Power Generation (P) Ltd.

iii) Number of Board Meetings held and the dates on which held :

5 Board Meetings were held during the year 2012-2013 on 09th April, 2012, 22nd June, 2012, 1st September, 2012, 4th December, 2012 and 16th March, 2013. The gap between the two meetings was not more than 4 months.

a) Information placed before the Board of Directors :

It is the policy of MPM that in addition to matters statutorily requiring approval of the Board, all major items involving purchases as per Transparency Act, Capital Expenditure, Marketing, Legal, Finance, Human Resources and Forest matters are discussed by the Board. In line with this policy, all information laid down in the corporate governance code are being placed before the Board of Directors.

b) Board / Committee Meetings and its procedures:

The Company holds minimum of four Board Meetings in each year which are pre-scheduled at the end of each financial quarter. Apart from the four pre-scheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice. The meetings are invariably held at the Registered Office of the Company. All Functional / Divisional Heads in the Company are advised to plan their functions well in advance particularly with regard to matters requiring discussion/approval of the Board /Committee Meetings.

The Board/Committee is given presentations covering Finance, Production, Marketing and other major schemes and operations of the Company wherever necessary. The Annual Agenda of the Board includes determining the Directors who shall retire by rotation and



recommending appointment of Directors, authentication of Annual Accounts and approving Directors' Report, report on Corporate Governance etc. The Chairman, Managing Director and Company Secretary in consultation with other concerned team members of the senior management finalise the Agenda. The Agenda papers are circulated to the Directors, in advance, in the defined Agenda format. The Company Secretary records the minutes of the Board / Committee Meetings. The Draft minutes are circulated to all the members of the Board / Committee for their comments and the same are confirmed at the subsequent Board / Committee Meetings and maintained under the loose leaf system. Action taken report on the decisions/minutes of the previous meetings will be placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee. The Company has held atleast one meeting in every quarter of the year and the maximum time gap between any two meetings was not more than four months. None of the Directors of the Company was a member of more than ten Committees nor the Chairman of more than five Committees across all Companies in which he/she was a Director.

3. BOARD COMMITTEE :

The Company has the following Sub-committees of the Board :

A. AUDIT COMMITTEE :

i) Brief description of terms of reference :

The role of the Audit Committee and its terms of reference cover the matter specified under clause 49 of the Listing Agreement as well as in Section 292-A of the Companies Act, 1956, which, inter-alia, include reviewing the financial statements, overseeing the Company's Annual Report process and discussions with internal and external auditors periodically about the scope of audit and adequacy of internal control systems. The Audit Committee also acts as a link between the Board of Directors and the internal and external auditors.

ii) Composition, name of members and Chairperson :

The Audit Committee was constituted by the Board even much before the introduction of the Corporate Governance Code. The Audit Committee consists of the following independent, non-executive Directors and Executive Director as its members.



iii) Meetings held and attendance during the year :

Sl. No.	Directors/Sriyuths	No. of Meetings held	Attended
1.	C. SHIVASHANKAR, CHAIRMAN – AC	4	3
2.	S PARAMESWARAPPA, IFS (Retd)	4	3
3.	C.B. PATIL OKALY	4	4
4.	PADAM KUMAR GARG, IPS	4	4

The Audit Committee has met 4 times during 2012-13 on 22nd June, 2012, 1st September, 2012, 4th December, 2012 and 16th March, 2013. At the invitation of the Audit Committee, the Statutory Auditors, Internal Auditors and head of Internal Audit Dept., and functional heads attended the Audit Committee meetings to answer and clarify the queries raised at the Committee meetings. The Company Secretary acts as Secretary to the Committee.

B. REMUNERATION COMMITTEE :

The Board constituted a Remuneration Committee comprising of Sri. S Parameswarappa, Retd IFS, Chairman of the Committee, Sri C Shivashankar, non executive Directors. The Committee was constituted to recommend the remuneration package to the Directors. The Company is paying only the sitting fees of Rs.500/- to the Directors for attending the Board / Committee meetings. The Committee did not meet during the year as there was no requirement.

Details of remuneration for the year ended 31.03.2013.

Aggregate value of salary and perks paid for the year ended 31st March, 2013, to the Chairman, Managing Director/s is/are as follows:

Name / Sriyuths	Salary Rs. *	Leave salary Rs*	Pension contribution Rs.*	Total Rs.	Retire-ment Benefits
1. SRI. ARAGA JNANENDRA, Ex-MLA	NIL	NIL	NIL	NIL	* As per Govt rules
2. SRI. PADAM KUMAR GARG, IPS	17.77	1.45	1.74	20.96	



C. SHAREHOLDERS COMMITTEE :

(i) Shareholders'/ Investors Grievances Committee :

The Board had constituted a shareholder's/investor's Grievance Committee comprising of Sri. C Shivashankar, Chairman of the Committee, Sri. C B Patil Okaly and MD. The Committee looks into redressal of shareholders complaints like transfer of shares, non receipt of Balance Sheet, non receipt of declared dividend etc. No complaint was received from the shareholder during the year under review. Outstanding complaints as on 31.3.2013 was nil. The Committee met 4 times during the year viz., 22nd June, 2012, 1st September, 2012, 4th December, 2012 and 16th March, 2013. Sri. Mohan D Kulkarni, Company Secretary is the Compliance Officer.

(ii) Share Transfer Committee :

In order to expedite the process of Share transfers which are in physical form, the Board has delegated the powers of share transfers to a Committee comprising of MD Sri. Padam Kumar Garg, IPS, Chairman of the Committee, Sri. C Shivashankar and Sri. S Parameswarappa, IFS (Retd). The Share Transfer Committee met 15 times during the year 2012-13. The Share Transfer Committee attends to the Share transfer formalities. The business transacted at the Share Transfer Committee meetings are placed before the Board regularly. All valid share transfers during the year ended 31.03.2013 have been attended on time by the Committee.

4. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT:

A code of Conduct as applicable to the Directors and the members of the Senior Management had been approved by the Board. The code has been circulated to all the members of the board and Sr. Management and compliance of the same has been obtained by them. A declaration to this effect has been obtained from Managing Director. A copy of the code has been put on the Company's website

Declaration as required under Clause 49 of the Listing Agreement:

All Directors and senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2013.

MANAGING DIRECTOR



5. GENERAL BODY MEETINGS :

(i) The Details of Annual General Body Meetings held in last three years are as under:

Sl.No.	Financial Year	Location	Date	Time
1.	2009-2010	Chowdaiah Memorial Hall	31.12.2010	10.00 am
2.	2010-2011	KAS Officers Association	30.09.2011	02.30 pm
3.	2011-2012	KAS Officers Association	31.12.2012	10.00 a.m.

6. DISCLOSURES :

- i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large - There were no such transactions during the year.
- ii. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years - None.

7. MEANS OF COMMUNICATION :

- a. Quarterly results
 - b. Newspapers wherein results Normally published.
 - c. Any Website, where displayed
 - d. Whether it also displays official news released; and
 - e. The presentations made to Institutional Investors or to the analysis.
- } : Published in Newspapers viz., Business Standard, Kannada Prabha
- : Published in Co.'s website
- } No

8. GENERAL SHAREHOLDER INFORMATION :

i. Annual General Meeting

- a) Date : 29th March, 2014
- b) Time : 11 AM
- c) Venue : KAS Officers's Association No.1/1 (Near Police Commissioner Office), Infantry Road, Bangalore-560 001.

ii. At the ensuing AGM, there is no resolution proposed to be passed through postal ballot.



iii. Financial year :

Financial year : 1st April to 31st March

Tentative calendar for financial year 2013-14:

- Results for quarter ending 30-06-2013 Last week of July, 2013
- Results for quarter ending 30-09-2013 Last week of Oct, 2013
- Results for quarter ending 31-12-2013 Last week of Jan, 2014
- Results for quarter ending 31-03-2014 Last week of Apr, 2014

iv. Date of Book Closure : 20.03.2014 to 29.03.2014 (both days inclusive)

v. Dividend Payment Date: - Nil -

vi. Listing on Stock Exchange at : Bombay Stock Exchange

vii. Stock Code : Bombay Stock Exchange - 502405

viii. Market Price Data –

High & Low quotations for the year 2012-13 :

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Highest	05.55	05.14	04.73	06.70	05.17	05.24	06.00	06.65	06.50	06.10	05.07	04.84
Lowest	04.71	03.90	03.94	04.79	04.43	04.14	04.61	04.85	05.11	04.61	04.14	03.21

ix. Performance in comparison to broad based indices such as BSE Sensex, CRISIL Index etc. : Nil

x. Registrar and Transfer Agents:

M/s. Integrated Enterprises (India) Limited,
30, Ramana Residency, 4th Cross,
Sampige Road, Malleshwaram,
BANGALORE - 560 003

Tel Nos : 23460815 – 818 Fax : 080 – 23460819.

Demat for equity shares ISIN No. : NSDL - ISIN – INE924FO1012
CDSL - ISIN – INE924F01012



xi. Share Transfer System:

All transactions relating to transfer, transmission, issue of duplicate share certificates etc., in physical form are processed and approved by the Share Transfer Committee which meets twice a month. Presently, the share transfers which are received in physical form are processed and the Share Certificate are returned within 15-20 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company has, as per SEBI guidelines offered the facility of Transfer-cum-Demat.

xii. Distribution of Shareholding as on 31.03.2013:

Sl.No.	No. of equity shares held	No. of shares Held	% age of Share Holders	No. of Share-Holders	% age of share holdings
1.	1 - 500	15,187	84.10	14,61,583	1.23
2.	501 - 1000	1,101	6.10	9,92,902	0.84
3.	1001 - 2000	733	4.06	12,24,635	1.03
4.	2001 - 3000	272	1.51	7,28,867	0.61
5.	3001 - 4000	109	0.60	4,03,213	0.34
6.	4001 - 5000	197	1.09	9,57,500	0.81
7.	5001 - 10000	210	1.16	16,90,879	1.42
8.	10001 & above	249	1.38	11,14,33,853	93.73
	Total	18,058	100.00	11,88,93,432	100.00

xiii. Dematerialisation of shares & liquidity : About 33.71% of the Company's paid-up share capital has been dematerialised as on 31-03-2013. Trading in equity shares of the company at the stock exchange is permitted only in dematerialised format, as per Notification issued by the Securities and Exchange Board of India [SEBI].

xiv. Outstanding GDR's / ADR's / Warrants or any convertible instruments. Conversion dates and likely impact on equity – Nil.

xv. Plant Location :

PAPER TOWN,
BHADRAVATI - 577 302
SHIMOGA DIST. KARNATAKA STATE.
Tel Nos. : (08282) 270201-8
Fax : (08282) 270937
E-mail : works@mpm.co.in



xiv. Address for Correspondence :

- [a] The below mentioned Share Registrar & Transfer Agent of the Company may be contacted for transfer / transmission of shares, change of address, dematerialisation of shares and all other shares related matters:

M/s. Integrated Enterprises (India) Limited
30, Ramana Residency, 4th Cross,
Sampige Road, Malleshwaram,
BANGALORE - 560 003.

Tel Nos : 23460815 – 818 Fax : 080 – 23460819.

e-mail : alfint@vsnl.com

- [b] Query on Annual Report :

The Company Secretary
The Mysore Paper Mills Limited
16/4, Ali Asker Road,
Bangalore – 560 052.

Tel Nos : 22262334, 22266979 Fax : 22253478

e-mail : info@mpm.co.in

cs@mpm.co.in

Adoption of non-mandatory requirement of Clause 49 of Listing Agreement:

The Company complies with the following Non-mandatory requirements stipulated under Clause 49:

Remuneration Committee: The Company has constituted Remuneration Committee to recommend/review remuneration package to the Directors. However, the Committee did not meet during the year as there was no requirement.

Audit Qualification: Company is in the regime of unqualified financial statements.

Non-Executive Chairman has been provided a Chairman's office, at the Company's expense and also allowed reimbursement of expenses incurred in performance of duties as per the Government of Karnataka Order dtd. 17.06.2002 and its communication dtd. 30.04.2009.

The above report was placed before the Board at its meeting held on 20.12.2013 and was approved. The Compliance Certificate from the auditors of the company is annexed herewith.



CERTIFICATE

To
The Members of
THE MYSORE PAPER MILLS LIMITED

We have examined the compliance of conditions of Corporate Governance by THE MYSORE PAPER MILLS LIMITED for the year ended 31-03-2013, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchange.

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

In our opinion and to the best of our information and accordingly to the explanations given to us, the Company has complied with the condition of the Corporate Governance as stipulated in the above mentioned listing agreement.

We state that as on the date of this certificate no Investor grievance was pending for a period exceeding one month against the Company as per the records maintained by the Investors' grievance committee.

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

For MNS & Co.
CHARTERED ACCOUNTANTS
Firm Reg No: 003968S

Sd/-
(CA M. SRINIVAS)
MEM NO : 029180
PARTNER

Bangalore
Date : 18.02.2014



Independent Auditor's Report

To
The Members of **THE MYSORE PAPER MILLS LIMITED**
Bangalore-560052.

Report on Financial Statements:

We have audited the accompanying financial statements of **THE MYSORE PAPER MILLS LIMITED**, ("the Company") which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of Significant Accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

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 Flow of the Company in accordance with the 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.

Auditors' 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 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 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 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 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.



Basis for Qualified Opinion

- 1. As stated in note 2.12(b) Company has not identified the non moving stores & spares and has made the provision of Rs. 640.86 lacs for the same on adhoc basis instead of making provision on determined non moving stores and spares as stated in significant accounting policy 1.02 (iv). In the absence of details, the impact of the same on the financial statement of the company can not be quantified.**
- 2. As stated in Note 3.03 Rs. 124.16 lacs interest on purchase tax is not provided in the books. Hence the loss for the year and Other current liability is under stated to that extent.**

Qualified Opinion

Subject to observations stated above, in our opinion and to the best of our information and according to the explanations given to us, the 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 March 31, 2013; and
- b) In the case of the Statement of Profit and Loss of the Loss for the year ended on that date and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date

Emphasis of Matter

1. Attention is drawn to Note 3.08 (Employee Benefits) wherein deficit between plan assets and actuarial liabilities of employee benefit plans under gratuity and leave encashment obligations are substantial. As the company is sick and referred to BIFR, the company has not stated its plan to meet this deficit.
2. The company is incurring cash losses continuously and net worth of the company is fully eroded. However in the opinion of the management the company is a going concern as the Govt. of Karnataka (GOK), the main promoter, has been continuously supporting by way of financial assistance. The company believes that GOK will extend financial support in the coming years also. The rehabilitation proposal for revival of the company is under preparation.
3. The confirmations of Sundry Debtors, Creditors & Advances received are yet to be reconciled (note 2.13 (a)). The company has not received confirmations from majority of the parties, though confirmation letters have been sent by the company.



Our opinion is not qualified in respect of the above matters

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 purpose of our audit;
 - b) Except for the effects described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) Except for the effects described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; except and
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For M/s MNS &Co.
Chartered Accountants
Firm Reg. No. 003968S

Sd/-
(CA MADHAVA MURTHY K.S.)
Partner.
Membership No. 029946

Place: Bangalore
Date: 20th December, 2013



ANNEXURE

TO THE MEMBERS OF THE MYSORE PAPER MILLS LIMITED

Referred to in Paragraph 1 of our report of even date

- i) The Company has maintained proper records showing full particulars of quantitative details and situation in respect of fixed assets.
- ii) The Company has a regular program of physical verification of **plant and machinery & vehicles only**. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the fixed assets were verified by the Management during the year and according to information and explanations given to us, any discrepancies noticed on such verification have been properly dealt with, in the books of account of the Company
- iii) The Company has not disposed off substantial part of fixed assets during the year.
- iv) According to the information and explanations given to us, the Management of the Company has conducted physical verification of Inventory during the year **except for standing crops, which is estimated on yield-based formulae**.
- v) In our opinion the procedures of physical verification of inventory followed by management is reasonable & adequate having regard to the size of the Company and nature of its business.
- vi) In our opinion, the Company is maintaining proper records of inventory and according to the information and explanations given to us the discrepancies noticed, during physical verification are not material in nature and the same have been properly dealt with in the books of account of the Company.
- vii) According to the information and explanations given to us the company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under section 301 of the Act.
- viii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system, commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit **except in the case of labour payments towards captive forest plantation activities**.
- ix) According to the information and explanations given to us there are no transactions that need to be entered in pursuance of section 301 of the Companies Act, 1956.
- x) The company has accepted deposits from PF Trust of the company. **The directives issued by the Reserve Bank of India and the provisions of section 58A, 58-AA or any other**



relevant provisions of the Companies Act, 1956 and the rules framed there under have not been complied with. We have been informed that, no order has been passed by the Company Law Board, or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- xi) In our opinion and according to the explanations and information given to us, the Company has an internal audit system commensurate with the size and nature of its business. **However, timely compliance is not done and the monitoring has to be more effective.**
- xii) The maintenance of cost records has been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956. According to the information & explanations given to us, such accounts and records have been made and maintained by the Company.
- xiii) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income tax, VAT, Service Tax, Custom Duty, Excise Duty, Cess, Wealth Tax, and any other statutory dues applicable with the appropriate authorities except **VAT, CST & Entry Tax dues of Rs. 886.12 lacs and Purchase Tax on sugarcane amounting to Rs 389.05 lacs** are outstanding for a period more than six months from the date they became payable.
- xiv) According to the information and explanations given to us there are no disputed dues in respect of Income Tax, VAT, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, which are not deposited to authorities. There were no dues on account of cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
- xv) The accumulated losses of the Company as at the end of financial year are more than 50% of its net worth and the company has incurred cash loss during the current financial year and in the immediately preceding financial year.
- xvi) On the basis of verification of relevant records and documents and according to the explanations and information given to us, the Company has defaulted in repayment of dues to financial institutions, Banks & Debenture Holders as below:**

Sl. No.	NAME	Defaulted Amount Rs. In lacs	Default since
1.	Axis Bank Limited	912.31	30-09-2010
2.	IFCI	578.98	01-01-2012
3.	SBM	4140.12	01-07-2012
4.	SBI	3297.24	01-07-2012
5.	Karnataka Bank	108.53	01-07-2012
6.	Indian Bank	1612.85	01-07-2012
7.	Vijaya Bank	926.89	01-07-2012

Note: Interest on all loans accounted up to 31-03-2013.



- xvii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xviii) The Company is not a chit fund or nidhi or mutual benefit fund Company and hence the provisions of the same are not applicable to the Company.
- xix) The Company is not dealing or trading in shares, securities, debentures and other investments.
- xx) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xxi) In our opinion and on the basis of information and explanations given to us, the fund raised through Bonds of Rs. 50 crores in July 2010 out of which Rs. 42.92 crores has not been applied for the purpose for which it has been obtained.**
- xxii) On the basis of review of utilization of funds, which is based on overall examination of the Balance sheet and cash flows of the Company, related information as made available to us and as represented to us by the Management, in our opinion, the Company has not utilized the funds raised on the short-term basis for long-term investments.
- xxiii) The Company has not made any preferential allotments of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xxiv) According to the information & explanations given to us and the records examined by us, the debentures/bonds have been issued against Govt. of Karnataka guarantee. Hence no security or charge is created.
- xxv) The Company has not raised any money from public issue and hence the disclosure of the same is not applicable.
- xxvi) According to the information and explanations given to us and on the basis of examination of records, there were no material frauds on or by the Company noticed or reported during the year.

For M/s MNS &Co.
Chartered Accountants
Firm Reg. No. 003968S

Sd/-
(CA MADHAVA MURTHY K.S.)
Partner.
Membership No. 029946

Place: Bangalore
Date: 20th December, 2013



The Mysore Paper Mills Ltd

NOTE NO. 1 SIGNIFICANT ACCOUNTING POLICIES

Notes Ref

1.01 DISCLOSURE OF ACCOUNTING POLICIES: AS-1

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under historical cost convention on accrual basis, except for certain Fixed Assets which have been revalued. GAAP comprises mandatory standards as specified in the Companies (Accounting Standards) Rules 2006 and the provisions of the Companies Act, 1956.

Accounting policies have been consistently applied and followed. However where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use or a change in accounting policy is warranted for better presentation of the underlying transaction, the policy is changed accordingly & thereafter followed consistently.

Use of estimates:

The preparation of financial statements requires the management to make estimates and assumptions of some of the reported amounts of assets & liabilities, the amounts of revenue and expenses and disclosure of contingent assets and liabilities as at the balance sheet date. Actual amounts could differ from these estimates.

1.02 VALUATION OF INVENTORIES: AS-2

- (i) Stock of Raw Materials, Pulp, Chemicals, Fuel and Packing Materials is valued generally at weighted average cost.
- (ii) Finished stock namely paper and sugar is valued at cost or net realizable value whichever is lower. Molasses is valued at net realizable value. Cost in the case of Finished Goods include depreciation, packing material, Conversion cost and excise duty but excludes interest & financial charges, selling expenses and administrative and other expenses. In the case of stock in process, it is valued at cost which includes depreciation but excludes administrative and other expenses.
- (iii) Bagasse for captive consumption is valued at equated cost of raw material (i.e., sugarcane) including taxes (wherever applicable). Bagasse determined as excess is valued at net realizable value.
- (iv) Stores and Spares are valued at weighted average cost. In respect of non-moving stores and spares, as determined, 50% of the value thereof is provided in the accounts for any



loss that may arise on the items so determined.

(v) Goods in transit are recognised as at the Balance sheet date as per the terms of supplies.

(vi) Scrap is valued at estimated net realizable value.

(vii) Captive Plantations :

a) All expenses incurred for Captive Plantations are shown separately in the Balance Sheet under "Other non current Assets-Captive Forest Plantation"

b) Yield obtained from Captive Plantation is valued at cost based on the total expenditure incurred on/allocated to the year of plantation and the total quantity of yield obtained/expected from the respective year of plantation. While doing so due allowances have been made for the Lease Rent payable to Govt. of Karnataka. Similar valuation method is followed in the case of standing crops matured but not extracted.

c) The extractions of pulpwood from the captive plantations are done based on the management plan approved by competent authority from time to time.

1.03 CASH FLOW STATEMENTS: AS-3

Cash Flow Statement has been prepared under Indirect Method. Cash and Cash Equivalents comprise cash in hand, current and other accounts (including fixed deposits) held with banks.

1.04 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE: AS- 4

Assets and Liabilities & Income and Expenditure are adjusted for events occurring after the balance sheet date that provide additional evidence to assist the estimation of amounts relating to conditions existing at the balance sheet date.

1.05 NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES: AS- 5

Significant items of extra-ordinary items, and prior period incomes and expenditures, are accounted in accordance with Accounting Standard – 5

1.06 DEPRECIATION ACCOUNTING: AS - 6

(a) Fixed Assets acquired prior to 01/04/1960 are depreciated under Written Down Value (WDV) Method at the rates specified in the Income Tax Act, 1961.

(b) In respect of Fixed Assets, except Furniture & Fixtures and Office Equipments, acquired on or after 1.4.1960, depreciation is provided as detailed below:



- (i) In respect of Assets acquired upto 1.4.1987 as per the rates prescribed in the Income Tax Act, 1961, prevailing at the time of acquisition of the relevant asset.
- (ii) In respect of Assets acquired on or after 2.4.1987 at the rates prescribed in Schedule XIV to the Companies Act 1956 on Straight Line Method. Any change in the rates of depreciation in Schedule XIV is given effect in the respect of assets acquired on or after that date.
- (c) In respect of Furniture & Fixtures and Office Equipments acquired on or after 1.4.1960, the useful life of the assets has been determined as 10 years and depreciation as per Straight Line Method has been provided in the accounts accordingly.
- (d) Expenditure on internal partitions/extension of existing building costing individually Rs.20,000 and below is charged to revenue.
- (e) Depreciation on assets acquired/sold/discarded during the year is provided from/upto the month the asset is acquired/sold/discarded.
- (f) Insurance spares capital in nature is depreciated over a period of time not exceeding the useful life of the concerned principal / main asset.
- (g) Minimum depreciation is provided upto 95% of the acquisition cost/revalued amount as per Companies Act and balance 5% of the value is retained in the books.

1.07 REVENUE RECOGNITION: AS- 9

- a) Revenue from sale of goods is recognised after the significant risks and rewards of ownership of the goods have been passed on to the buyer.
- b) The amount shown against sales in the profit and loss account is as per contracts of sale and represents the value net off trade discount, excise duty, sales tax and sales returns. Sales value also includes incidentals collected from customers.
- c) Revenue from scrap is accounted on the event of sale.

1.08 ACCOUNTING FOR FIXED ASSETS: AS-10

Fixed Assets

- (i) Fixed Assets are stated at cost of construction/acquisition including any revaluation to the said asset less accumulated depreciation. The costs attributable to bring the fixed assets to a working condition are capitalised net off duties and taxes eligible for credit.
- (ii) Fixed assets includes cost of Lease hold land which is stated based on the letters of allotment / agreement to lease and the same is amortized over lease period.



Capital Work -in- progress

Advances paid for acquisition of fixed assets and cost of assets (net off duties & taxes eligible for credit) not put to use as at the Balance Sheet date are disclosed under capital work in progress. Assets are capitalized when they are ready for use/put to use.

1.09 FOREIGN CURRENCY TRANSACTIONS: AS-11

Foreign currency transactions are recognised at the exchange rate prevailing on the date of transaction. As at the balance sheet date outstanding foreign currency items are restated at the closing rate prevailing on that date. Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expenditure in the year in which they arise.

Contingent liabilities on foreign currency transactions as at the balance sheet date are disclosed at the closing rate.

1.10 ACCOUNTING OF GOVERNMENT GRANTS: AS-12

Government grants are reckoned in the accounts after its sanction by the competent authorities. Grants received against specific asset/s are credited to the respective asset/s. In the case of grant towards a specific project the same is reduced from the project cost. Grants in the form of assets received free of cost are taken into books of accounts at nominal value. Grants relating to revenue are recognized and shown under Rebates & Incentives as other income.

1.11 INVESTMENTS: AS-13

Long-term investments are valued at cost. Provision, if any, is made to recognize a decline other than a temporary decline in the value of long-term investments. Current investments if any, are valued at lower of cost or fair market value.

1.12 EMPLOYEE BENEFITS: AS-15

(a) Short term employee benefits are charged at actuals to Profit and Loss account in the year in which the related services are rendered.

(b) Provident Fund:

(i) It is a Defined Benefit Plan covering permanent employees, TPF/HPF workers and Forest workers wherein the company pays fixed contribution at pre-determined rates to a separate Provident Fund Trust approved by competent authority. The contribution to the fund for the period is charged to Profit and Loss Account. As the company is obliged to



pay the amount of interest declared by the government from time to time, any short fall in the interest rate declared by the trust will be made good by the company.

(ii) In respect of other contract workers fixed contribution at the pre- determined rates are remitted to state defined contribution plan operated by Regional Provident Funcommissioner and is charged to profit and loss account.

(c) Accumulated Compensated Absences.

Liability towards Leave Encashment and sick leave is provided based on Actuarial Valuation and charged to Profit & Loss Account.

(d) Superannuation:

It is a Defined Contribution Plan. Certain employees of the company are participants of superannuation scheme. The company makes/provides pre-determined rate of contribution to the superannuation fund administered by Life Insurance Corporation of India and the same is charged to Profit & Loss Account. The company has no further obligation/s to the scheme beyond its contribution.

(e) Gratuity

It is a Defined Benefit Plan. The Company provides for gratuity to eligible employees, contract workers & forest workers in accordance with the payment of Gratuity Act, 1972. Liability with regard to gratuity is determined by actuarial valuation as at the Balance Sheet date. Amount charged to profit & loss account is the difference between actuarial valuation and the corpus (including accrued interest) of the trust.

(f) Voluntary Retirement Scheme (VRS)

The expenditure incurred on VRS to employees is charged-off to profit and loss account.

1.13 BORROWING COST: AS-16

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the asset. In respect of funds which are borrowed generally and used for the purpose of obtaining qualifying assets, the borrowing cost is determined by applying weighted average rate of the borrowing cost of the respective year. Other borrowing costs are recognised as expenditure in the year in which they are incurred.

1.14 SEGMENT REPORTING: AS-17

(a) The company has identified two business segments viz. Paper and Sugar. Revenue and expenses have been identified to respective segments on the basis of operating activities of the company. Non-allocable revenue and expenses to a segment but relate to the company as a whole has been disclosed as unallocable revenue and expenses on a reasonable basis.



- (b) Segment assets and liabilities represent assets and liabilities in respective segments. Other assets and liabilities that cannot be allocated to a segment have been disclosed as unallocable assets and liabilities on a reasonable basis.
- (c) Inter segment revenue/expenditure is recognized as per Accounting Policy No. 1.02 (iii).
- (d) There are no geographical segments to be reported as defined in Accounting standard – 17.

1.15 RELATED PARTY TRANSACTIONS: AS-18

There are no related parties transactions except Remuneration to Key Managerial Personnel, other than independent non-executive directors.

1.16 EARNINGS PER SHARE: AS-20

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of extra-ordinary/exceptional items, if any. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

1.17 ACCOUNTING FOR TAXES ON INCOME: AS-22

Income tax expense is accounted in accordance with AS 22 which includes current taxes and deferred taxes. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets.

1.18 INTANGIBLE ASSETS: AS-26

Research and Development expenses excluding items of capital in nature and those relating to Captive Forestry are charged to Profit & Loss Account as and when incurred.

1.19 IMPAIRMENT OF ASSETS: AS-28

In accordance with the AS-28 at each balance sheet date the company determines whether there is any indication of impairment of the carrying amount of the company's fixed assets. In case of any indication of impairment i.e., the carrying amount of the fixed assets exceeds its estimated recoverable amount, impairment loss is recognized and charged to Profit & Loss Account.



1.20 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS: AS-29

- (a) Provision is recognized when
 - i. The company has a present obligation as a result of past event.
 - ii. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and
 - iii. A reliable estimate can be made of the amount of the obligation.

 - (b) Contingent liabilities are disclosed by way of Notes to accounts.

 - (c) Contingent assets are neither recognised nor disclosed.
-



THE MYSORE PAPER MILLS LIMITED

Balance Sheet as at 31st March 2013

	Notes	As at 31 st March 2013 Rs in Lacs		As at 31 st March 2012 Rs in Lacs	
Equity and liabilities					
Shareholders' funds					
Share capital	2.01	11889.34		11889.34	
Reserves and surplus	2.02	-34405.94	-22516.60	-26630.05	-14740.71
Share application money pending allotment			10821.21		10602.50
Non-current liabilities					
Long-term borrowings	2.03	14625.00		8590.89	
Long-term provisions	2.04	6429.01	21054.01	5776.67	14367.56
Current liabilities					
Short-term borrowings	2.03	12158.97		12156.54	
Trade payables	2.05	9877.05		12904.06	
Other current liabilities	2.06	9938.21		8715.72	
Short-term provisions	2.04	937.13		820.02	
			32911.36		34596.34
Total			42269.98		44825.69
Assets					
Non-current assets					
Fixed assets					
Tangible assets	2.07	10743.51		10960.66	
Capital work-in-progress	2.08	3511.24		3484.22	
Non-current investments	2.09	62.33		62.33	
Long-term loans and advances	2.10	526.48		525.39	
Other non-current assets	2.11	6419.92		5818.33	
			21263.48		20850.93



THE MYSORE PAPER MILLS LIMITED

Balance Sheet as at 31st March 2013

	Notes	As at 31 st March 2013 Rs in Lacs		As at 31 st March 2012 Rs in Lacs	
Current assets					
Inventories	2.12	14391.19		15973.79	
Trade receivables	2.13	1566.13		2892.46	
Cash and bank balances	2.14	3239.96		3418.00	
Short-term loans and advances	2.10	1524.95		1443.23	
Other current assets	2.15	284.27		247.28	
			21006.50		23974.76
Total			42269.98		44825.69
Significant Accounting Policies	1.00				
Other Notes forming part of the Accounts	3.00				
Cash Flow Statement	4.00				

For and on behalf of Board of Directors

As per our report attached
For M N S & Co.
Chartered Accountants
Firm Reg No: 003968S

Sd/-
C SHIVASHANKAR
DIRECTOR

Sd/-
M MAHESHWAR RAO, IAS
MANAGING DIRECTOR

Sd/-
K. S. MADHAVA MURTHY
Partner
Membership. No.29946

Sd/-
M D KULKARNI
COMPANY SECRETARY

Sd/-
V S MALGHAN
CHIEF FINANCE OFFICER

Place :Bengaluru.
Date : 20.12.2013



THE MYSORE PAPER MILLS LIMITED

Statement of Profit and Loss for the year ended 31st March 2013.

	Notes	Year ended 31 st March 2013 Rs in Lacs	Year ended 31 st March 2012 Rs in Lacs
Revenue			
Revenue from operations (gross)	2.16	41697.65	37339.50
Less : Excise duty		1275.09	1154.26
Revenue from operations (net)		40422.56	36185.24
Other income	2.17	1349.78	1928.52
Total revenue		41772.34	38113.76
Expenses			
Cost of materials consumed	2.18	29185.09	29741.57
Changes in inventories of finished goods, work-in-progress and traded goods	2.19	2385.95	(2915.82)
Employee benefits	2.20	11110.74	10854.98
Finance costs	2.21	2864.88	3547.62
Depreciation and amortisation expense	2.07	1053.50	1037.61
Other expenses	2.22	2889.86	3549.07
Prior period items	2.23	(29.03)	(14.80)
Total expenses		49460.99	45800.23
Profit / (loss) before tax		(7688.65)	(7686.47)
Tax expense			
Current tax		0.00	0.00
Deferred tax		0.00	0.00
Profit / (loss) for the year		(7688.65)	(7686.47)



THE MYSORE PAPER MILLS LIMITED

Statement of Profit and Loss for the year ended 31st March 2013.

	Notes	Year ended 31 st March 2013 Rs in Lacs	Year ended 31 st March 2012 Rs in Lacs
Earnings per equity share			
Including extra-ordinary items			
Basic		-6.47	-6.47
Diluted		-3.42	-6.38
Significant Accounting Policies	1.00		
Other Notes forming part of the Accounts	3.00		
Cash Flow Statement	4.00		

For and on behalf of Board of Directors

As per our report attached
For M N S & Co.
Chartered Accountants
Firm Reg No: 003968S

Sd/-
C SHIVASHANKAR
DIRECTOR

Sd/-
M MAHESHWAR RAO, IAS
MANAGING DIRECTOR

Sd/-
K. S. MADHAVA MURTHY
Partner
Membership. No.29946

Sd/-
M D KULKARNI
COMPANY SECRETARY

Sd/-
V S MALGHAN
CHIEF FINANCE OFFICER

Place :Bengaluru.
Date : 20.12.2013



THE MYSORE PAPER MILLS LIMITED

Notes to the financial statements for the year ended 31st March 2013

Particulars	As at 31 st March 2013		As at 31 st March 2012	
		Amount (Rs In Lakhs)		Amount (Rs In Lakhs)
2.01 Share capital				
Authorised share capital 15,00,00,000 Equity Shares of Rs.10/- each		15000.00		15000.00
		15000.00		15000.00
Issued, subscribed and fully paid up 11,88,93,432* Equity Shares of Rs.10/- each fully paid		11889.34		11889.34
Total		11889.34		11889.34

* The Company in its 77th AGM held on 31.12.2012 has approved the enhancement of Authorised Capital from 150.00 Crs to Rs 500.00 Crs. The Company has obtained exemption from BIFR for payment of stamp duty towards issue of share certificate to GOK and also towards filling fees to MCA. However exemption of stamp duty from GOK is awaited. Due to above, formalities for enhancement of authorised capital is pending and consequently amount received from GOK is shown under share Application Money pending allotment.

** Includes 9,00,000 shares allotted by way of Bonus Shares by capitalisation of Share Premium and General Reserve

	As at 31 st March 2013		As at 31 st March 2012	
	Number	Amount (Rs. In Lakhs)	Number	Amount (Rs. In Lakhs)
a) Reconciliation of share capital (Equity)				
Balance at the beginning of the year	118893432	11889.34	118893432	11889.34
Balance at the end of the year	118893432	11889.34	118893432	11889.34
Shareholding structure				
b) Shareholders holding more than 5% of the shares	Number	Amount (Rs. In Lakhs)	Number	Amount (Rs. In Lakhs)
i) Government of Karnataka	76971094	7697.11	76971094	7697.11
ii) Financial Institutions	12206892	1220.69	15522520	1552.25
iii) Insurance Companies	6672862	667.29	3546725	354.67
	95850848	9585.09	96040339	9604.03

c) Details of shares issued pursuant to contract without payment being received in cash during preceeding five years:

	2011-12	2010-11	2009-10	2008-09	2007-08
No. of shares allotted	-	-	-	48600	-
Amount (Rs.In Lakhs)	-	-	-	4.86	-



THE MYSORE PAPER MILLS LIMITED

Notes to the financial statements for the year ended 31st March 2013

2.02 Reserves and surplus

Particulars	As at	As at
	31 st March 2013	31 st March 2012
	Rs in Lacs	Rs in Lacs
Capital reserves		
Balance at the beginning of the year	5.50	5.50
Add : Additions made during the year	-	-
Less : Deletions made during the year	-	-
Balance at the end of the year	A 5.50	5.50
Revaluation reserve		
Balance at the beginning of the year	454.12	513.91
Add : Additions made during the year	-	-
Less : Deletions made during the year	87.24	59.79
Balance at the end of the year	B 366.88	454.12
Surplus in the statement of profit and loss		
Balance at the beginning of the year	-27089.67	-19403.20
Add : Transferred from statement of profit and loss	-7688.65	-7686.47
Balance at the end of the year	C -34778.32	-27089.67
TOTAL A+B+C	-34405.94	-26630.05



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Notes to the financial statements for the year ended 31st March 2013

2.03 Borrowings

	As at 31 st March 2013		As at 31 st March 2012	
	Long term	Short term	Long term	Short term
	Rs in Lacs	Rs in Lacs	Rs in Lacs	Rs in Lacs
Secured:				
Bonds / debentures ((refer note 2.03 (iii))	-	451.35	-	451.35
Term loans - From banks (Refer note 2.03 (ii))	-	7.04	90.89	500.00
Loans repayable on demand - From banks (refer note 2.03 (i))		10,025.58		7,290.43
Loan against Fixed Deposit		-		1,800.00
A	-	10,483.97	90.89	10,041.78
Unsecured:				
Bonds / debentures (Refer note 2.03 (vi))	12,625.00	875.00	8,500.00	
Term loans - From banks (Refer note 2.03 (vii))		800.00		800.00
From Govt of Karnataka ((refer note 2.03 (v)) Deposits	2,000.00		-	1,314.76
B	14,625.00	1,675.00	8,500.00	2,114.76
Total borrowings (A+B)	14,625.00	12,158.97	8,590.89	12,156.54

- i) Working Capital facilities obtained from banks are secured by hypothecation of company's present and future stock of raw materials, consumable stores, finished goods, materials in process and book debts and by second charge on the present and future assets of the company, which are offered by way of first charge as security to Financial Institutions (IFCI) and Debenture Trustees.



- (ii) (a) Term loans from Financial Institutions and Banks are secured by a First charge on the company's present and future immovable properties, Plant and Machinery, Spares, Tools, accessories and certain other movable properties and Second charge on the other assets offered as security to banks for cash credit.
- (b) Interest free term loan sanctioned by banks are governed by the terms and conditions as set out in "Scheme for extending financial assistance to sugar undertaking" in accordance with notification dated 07.12.2007 issued by Government of India. These loans are secured in favour of concerned banks by residual pari – passu charge on the company's current and fixed assets (movable and immovable properties) both present and future. During the year, the company has repaid a sum of Rs. 83.85 Lakhs (Rs.318.35 Lakhs).
- iii) (a) 12.75 % Optionally Fully Convertible Debentures issued to IFCI on conversion of entire overdue interest & funded interest term loan aggregating to Rs.677.02 lakhs were redeemable in three equal annual installments during FY 2010 to FY2012 with earliest redemption due on 01.01.2010. In the event of default, IFCI have the right to convert all the defaulted amounts into equity at par. These debentures are secured by way of first charge on the fixed assets of the company present and future on pari-passu basis.
- (b) The rescheduled repayment of First and Second Installment which was due on 01.01.2012 has not been paid by the company. Total amount due to IFCI as on 31.03.2013 is Rs. 451.35 Lakhs and the same is shown under short term borrowing secured, as the company had defaulted the repayment of loan Interest has been provided at band rate.
- iv) The mortgage and first charge on the company's present and future immovable properties, plant and machinery, spares, tools, accessories and certain other movable properties and second charge on other assets offered as security to banks for cash credit facility, rank pari-passu in respect of term loans from financial institutions and banks. Similarly hypothecation of present and future current assets together with second charge on present and future assets of the company secured for cash credit facility rank pari-passu among the consortium of bankers.
- v) From Govt. of Karnataka
- a) During the F.Y. 2012-13 the GOK has released working capital support vide GOK order (i)GO CI.131.CPM 2012 Dated 02.11.2012 for Rs 1000 lacs and (ii) CI.131.CPM 2012 Dated 8.02.2013 for Rs 1000 lacs . In the absence of terms of sanction company has disclosed the said loan under long term unsecured borrowings and has provided interest @ 9%.



vi) (i) 8.27% Unsecured redeemable Non convertible bonds:

8.27% Unsecured redeemable non convertible bonds of Rs.3500 lakhs guaranteed by Government of Karnataka are redeemable in 4 equal installments from financial year 2013-14 onwards. Amount payable less than one year to the extent of Rs 875 Lakhs have been shown under short term borrowings

(ii) 8.49% Unsecured redeemable Non convertible bonds:

During 2010-11 the Company had raised Rs 5000 lakhs by issue of 8.49 % Unsecured redeemable Non convertible bonds Guaranteed by Government of Karnataka towards implementation of augmentation of power plant, installing wet lap machine and implementing energy conservation measures, which are redeemable in 4 equal installments from financial year 2017-18 onwards. Due to non feasibility of the project part of the amount to the extent of Rs. 4130.97 lakhs has not been utilised for the purpose, out of which amount to the extent of Rs.3146.93 lakhs (Rs.3307.71 lakhs) is deposited in a scheduled bank is grouped/shown under cash and bank balances schedule no. 2.14.

iii) 9.65% Unsecured redeemable Non convertible bonds:

During the F.y. 2012-13 company has raised Rs.5000 Lakhs by issue of 9.65% Unsecured Redeemable Non-Convertible Taxable Bonds Guaranteed by Government of Karnataka towards working capital requirement. The Bonds are for a tenure of 10 years with call option at the discretion of the company from 7th Year and Redemption in 4 equal installments from F.Y. 2019-2020 onwards.

vii) Short Term Loan from M/s Axis Bank Limited to the extent of Rs. 800 lakhs (Rs.800 lakhs) is due for repayment and the same is outstanding as on 31.03.2013.



THE MYSORE PAPER MILLS LIMITED

Notes to the financial statements for the year ended 31st March 2013

2.04 Provisions

	As at 31 st March 2013		As at 31 st March 2012	
	Long term	Short term	Long term	Short term
	Rs in Lacs	Rs in Lacs	Rs in Lacs	Rs in Lacs
Provisions for employee benefits : Leave Encashment, Sick Leave, Gratuity and Superannuation	6429.01	937.13	5776.67	820.02
	6429.01	937.13	5776.67	820.02



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Notes to the financial statements for the year ended 31st March 2013.

2.05 Trade payables

	As at 31 st March 2013	As at 31 st March 2012
	Rs in Lacs	Rs in Lacs
Dues to micro and small enterprises (refer note below)		
Dues to others- Bills for Supply of Materials	8004.24	10480.71
Trade Advances & Deposits	1872.81	2423.35
	9877.05	12904.06

Note: The company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence no disclosure is made in respect of ;

- i) Amount due and outstanding to suppliers as at the end of the accounting year.
- ii) Interest paid during the year.
- iii) Interest payable at the end of the accounting year, and
- iv) Interest accrued and unpaid at the end of the accounting year.

2.06 Other current liabilities

	As at 31 st March 2013	As at 31 st March 2012
	Rs in Lacs	Rs in Lacs
Interest accrued and due on borrowings	4,289.31	2,945.96
Statutory dues	2,371.31	3,481.24
Other payables:		
- To Employees*	2,812.91	1,655.86
- To Others	464.68	632.66
	9,938.21	8,715.72

* Payable towards employees includes arrears of DA of Rs. 385.50 lacs, Rs. 724.23 lacs and Rs. 1031.39 for FY 2010-11, FY 2011-12 and FY2012-13 respectively.

2.07 Tangible assets

Rs in Lacs

Gross block	Land	Leasehold Land	Buildings	Railway Siding	Plant & Equipments	Furniture & office equipments	Vehicles	Earth Moving Equipment	Total
Balance as at 01 April 2011	317.76	34.07	5774.02	6.23	44143.43	348.24	123.15	520.65	51267.55
Additions	0.00	0.00	30.60	0.00	449.39	6.79	0.00	0.00	486.78
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	9.77	0.00	9.77
Other adjustments	0.00	-2.50	0.00	0.00	0.00	0.00	0.00	0.00	-2.50
Balance as at 31 March 2012	317.76	31.57	5804.62	6.23	44592.82	355.03	113.38	520.65	51742.06
Additions	0.00	0.00	29.82	0.00	936.45	7.47	0.00	0.00	973.74
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other adjustments	0.00	-1.13	0.00	0.00	0.00	0.00	0.00	0.00	-1.13
Balance as at 31 March 2013	317.76	30.44	5834.44	6.23	45529.27	362.50	113.38	520.65	52714.68
Accumulated depreciation and amortisation									
Balance as at 01 April 2011	0.00	0.00	3605.13	6.00	35262.91	244.88	60.78	502.64	39682.35
Depreciation charge	0.00	0.00	172.90	0.00	914.82	13.36	4.60	2.67	1108.35
Reversal on disposal of assets	0.00	0.00	0.00	0.00	0.00	0.00	-9.29	0.00	-9.29
Balance as at 31 March 2012	0.00	0.00	3778.03	6.00	36177.73	258.24	56.09	505.31	40781.41
Depreciation charge	0.00	0.00	172.06	0.00	997.68	12.82	4.54	2.67	1189.76
Reversal on disposal of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance as at 31 March 2013	0.00	0.00	3950.09	6.00	37175.41	271.06	60.63	507.98	41971.17
Net block									
Balance as at 31 March 2012	317.76	31.57	2026.59	0.23	8415.09	96.79	57.29	15.34	10960.66
Balance as at 31 March 2013	317.76	30.44	1884.35	0.23	8353.86	91.45	52.75	12.67	10743.51

*Value of lease hold land is amortised over the lease period in accordance with the allotment letter issued by Bangalore Development Authority.

	<u>2012-13</u> (Rs in Lacs)	<u>2011-12</u> (Rs in Lacs)
Depreciation for the year	1189.76	1108.35
Less : 1. Transferred to Revaluation Reserve	87.24	59.79
2. Transferred to Captive Plantation	1.16	1.20
3. Transferred to Prior Period Adjustment.	47.86	9.75
Transferred to Profit & Loss Account	<u>1053.50</u>	<u>1037.61</u>

a) Fixed assets include building, plant and machinery, furniture and fittings, office equipments, vehicles and earth moving equipments relating to captive forest plantation.

b) Based on the Verification and mangagement assessment there are no impairment of assets as at 31st March, 2013.

c) The company has leased 4 acres of land for 20 years to M/s Anudeep Corbonates (P) Ltd, for setting up of an ancillary unit for manufacture of Burnt Lime and the same is governed by the Lease agreement dtd.15.11.1997.



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Notes to the financial statements for the year ended 31st March 2013

2.08 Capital work-in-progress

	As at 31 st March 2013	As at 31 st March 2012
	Rs in Lacs	Rs in Lacs
Buildings, Roads & Drains And Other Civil Works	506.24	368.11
Plant and Machinery*	3,005.00	3,116.11
	3,511.24	3,484.22

* CWIP- Plant & Machinery Includes Rs.1134.88lakhs (810.82 lakhs) interest capitalised.



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Notes to the financial statements for the year ended 31st March 2013.

2.09 Non-current investments (Valued at cost unless stated otherwise)

	As at 31 st March 2013		As at 31 st March 2012	
	Trade	Others	Trade	Others
	Rs in Lacs	Rs in Lacs	Rs in Lacs	Rs in Lacs
Un-Quoted investments considered good				
6,23,300 Shares of Rs.10 each in Mysore Electrical Industries Ltd.,	0.00	62.33	0.00	62.33
	0.00	62.33	0.00	62.33



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Notes to the financial statements for the year ended 31st March 2013

2.10 Loans and advances

	As at 31 st March 2013		As at 31 st March 2012	
	Long term	Short term	Long term	Short term
	Rs in Lacs	Rs in Lacs	Rs in Lacs	Rs in Lacs
Capital advances				
- Unsecured, considered good	45.71	-	39.41	-
- Doubtful	-		-	
	45.71	-	39.41	-
Allowances for bad and doubtful advances	-	-	-	-
A	45.71	-	39.41	-
Security deposits				
- Unsecured, considered good	390.26	-	390.26	0.00
- Doubtful	-	-	-	0.00
	390.26	0.00	390.26	0.00
Allowances for bad and doubtful deposits	-	-	-	0.00
B	390.26	0.00	390.26	0.00
Other loans and advances:				
- Unsecured, considered good				
Loans & Advances to Employees*	90.51	14.46	95.72	47.99
Loans & Advances to Others	-	1590.21	-	1478.16
Prepaid Expenses	-	17.20	-	14.00
Doubtful - Deposit in Mysore Lamps Ltd	50.00	-	50.00	-
	140.51	1621.87	145.72	1540.15
Allowances for bad and doubtful advances	50.00	96.92	50.00	96.92
C	90.51	1524.95	95.72	1443.23
Total - A+B+C	526.48	1524.95	525.39	1443.23

*Loans and Advances (Unsecured considered good) includes an amount of Rs.90.51 Lakhs (95.72 lakhs) paid towards special advance to employees and the same is classified under long term.



THE MYSORE PAPER MILLS LIMITED

Notes to the financial statements for the year ended 31st March 2013.

2.11 Other non-current assets - Unsecured, considered good

CAPTIVE FOREST PLANTATION		Rs in Lacs	
P A R T I C U L A R S	U P T O	A D D N / D E D N	U P T O
	31 st March 2012	D U R I N G T H E Y E A R	31 st March 2013
Plantation Expenses	10429.02	782.72	11211.74
Nursery	2123.28	196.92	2320.20
Repairs & Maintenance of Machinery & Equipments (Earth Moving Equipment, Tractors, Pumpsets, Implements and Vehicles)	1053.98	78.32	1132.30
Stores Consumption	533.29	48.88	582.17
Salaries, Wages and other staff expenses	9252.11	905.36	10157.47
Travelling Expenses	136.97	1.86	138.83
Extraction and Transportation	681.30	0.00	681.30
Interest on Term Loans	3663.93	0.00	3663.93
Interest on Working capital	1415.07	168.28	1583.35
Depreciation	558.92	1.16	560.08
Foreign Exchange fluctuation Reserve	1089.31	0.00	1089.31
TOTAL	30937.16	2183.52	33120.68
Less :1.Yield from Captive Plantations	22877.41	1399.53	24276.94
2. Value of Standing Crops	1601.90	182.40	1784.30
3. Grants from Govt. of Karnataka	213.97	0.00	213.97
4. Expenses on Wild life Area surrenderd	425.55	0.00	425.55
	5818.33	601.59	6419.92



- i. Expenditure relating to Captive Forest plantation other than fixed assets are grouped under other current assets and is shown at note 2.11 and will be charged to profit & loss account as per Accounting Policy No.1.02 (vii).
- ii. Government of Karnataka has leased 30,000 hectares of degraded forest land and C and D class of lands to the company for raising captive plantations and use it for meeting pulp wood requirement.
- iii. Out of total leased area, the company has surrendered 4665.30 hectares of wild life areas to the Government as per the orders of the Hon'ble Supreme Court. Further, as per the interim order of the Hon'ble High Court, 3813 hectares of non-forestry land has to be surrendered to the Government after extracting the yield from such areas in respective maturity years and 1121 hectares have been surrendered so far.
- iv. Phase-I of the Captive Forest Plantation Programme has been financed by Overseas Development Agency, London, through Govt. of Karnataka, partly by Grant and partly by Loan and Equity. Government grants are accounted as per accounting Policy No. 1.10.
- v. Company has received 194596.880 MT (185994 MT) of Wood from Captive Forest Plantations during the year out of 2986.45 hectares (2871.50 hectares) of land & has provided Rs.174.94 lakhs (Rs. 207.91 lakhs) towards 12.5% royalty/lease rental payable to Government of Karnataka.
- vi. Farm forestry expenditure is charged-off to the profit and loss account.



THE MYSORE PAPER MILLS LIMITED

Notes for the financial statements for the year ended 31st March 2013

2.12 Inventories (valued at cost or lower of net realisable value)

	As at 31 st March 2013	As at 31 st March 2012
	Rs in Lacs	Rs in Lacs
Raw materials, Chemicals and Coal (a)	4611.27	3914.84
Work-in-progress	155.32	195.44
Finished goods	6158.65	8041.17
Stores and spares	3758.85	3651.93
Others - Bagasse	347.96	811.27
	15032.05	16614.65
Less: Provision for Slow & non Moving stores (b)	640.86	640.86
	14391.19	15973.79

a) Value of Raw materials and Stores & spares includes Goods in Transit

	Current Year Rs. In Lacs	Previous Year Rs. In Lacs
Raw Material	41.44	260.93
Stores & spares	31.84	16.38
Coal	0.00	121.56

b) The company is in the process of indentifying the Non-Moving items of Stores & Spares, pending which the company has retained the provision towards Non Moving Stores & Spares to the extent of Rs 640.86 lacs as on 31.03.2010 which is adequate.



THE MYSORE PAPER MILLS LIMITED

Notes to the financial statements for the year ended 31st March 2013.

2.13 Trade receivables

	As at 31 st March 2013	As at 31 st March 2012
	Rs in Lacs	Rs in Lacs
Outstanding for a period exceeding six months		
Secured, considered good	0.00	19.77
Unsecured considered good	71.38	0.00
Doubtful	1066.16	1029.01
	1137.54	1048.78
Less : Provisions for bad and doubtful debts	1066.16	1029.01
	A 71.38	19.77
Other debts		
Secured, considered good	268.11	224.61
Unsecured considered good	1226.64	2648.08
	1494.75	2872.69
Less : Provisions for bad and doubtful debts	0.00	0.00
	B 1494.75	2872.69
Total - A+B	1566.13	2892.46

- a) Confirmation of balances received/to be received from debtors are required to be reconciled wherever necessary and suitably adjusted.
- b) The company has written back Rs 62 lakhs (Rs.217.01 lakhs) for which the provision for bad and doubtful debts was made during earlier years.
- c) Doubtful debts includes an amount of Rs.454.72 Lakhs (Rs. 435.53 lakhs) being Interest provided on defaulted outstanding upto 31.03.2013. The same has been provided in full and accounted under Provision for bad & doubtful debts.



THE MYSORE PAPER MILLS LIMITED

Notes to the financial statements for the year ended 31st March 2013

2.14 Cash and bank balances

	As at 31 st March 2013		As at 31 st March 2012	
	Current	Non Current	Current	Non Current
	Rs in Lacs	Rs in Lacs	Rs in Lacs	Rs in Lacs
Cash and cash equivalents				
Cash on hand	1.54	-	1.63	-
Balances with banks				
- in current accounts	91.49	-	108.66	-
- in deposit account (with maturity upto 3 months)*	1074.89	-	-	-
A	1167.92	0.00	110.29	0.00
Other bank balances:				
Fixed Deposits with banks -				
Security against borrowings (Refer note 2.03 (vi))	0.00	-	2205.14	-
Others*	2072.04	-	1102.57	-
B	2072.04	0.00	3307.71	0.00
Total A+B	3239.96	0.00	3418.00	0.00

* Fixed Deposits have been given as Collateral Security for availing Bank Guarantee and Letter of Credit from Banks.



THE MYSORE PAPER MILLS LIMITED

Notes for the financial statements for the year ended 31st March 2013

2.15 Other current assets

	As at 31 st March 2013	As at 31 st March 2012
	Rs in Lacs	Rs in Lacs
Other current assets - Claims Receivable	284.27	247.28
	284.27	247.28



THE MYSORE PAPER MILLS LIMITED

Notes for the financial statements for the year ended 31st March 2013

	Year ended 31 st March 2013 Rs in Lacs	Year ended 31 st March 2012 Rs in Lacs
2.16 Revenue		
Revenue from operations		
Sale of products		
Export	0.00	827.22
Domestic	41697.65	36512.28
Revenue from operations (Gross)*	41697.65	37339.50
Less : Excise duty	1275.09	1154.26
Revenue from operations (Net)	40422.56	36185.24
*Details of products sold		
- Manufactured goods		
Sale Of Writing & Printing Paper	20771.85	18386.38
Sale Of News Print	15467.75	12334.86
Sale Of Sugar	5104.59	5886.70
Sale Of Molasses	353.46	731.56
	41697.65	37339.50
2.17 Other income		
Filtered Water Supply	292.53	304.38
Interest		
On Deposits and Advances (a)	346.93	473.32
On Sales Transactions and Others	12.87	10.25
Rebates & Incentives(Govt.Grants)	0.46	500.00
Rent	28.85	32.22
Profit on Sales of Fixed Assets	0.00	0.43
Sale of Energy to MESCOM	54.23	149.79
Variation in Excise Duty on Closing Stock	87.58	0.00
Interest on Income Tax Refund	116.45	0.00
Sale of Scrap and Process Wastes	121.72	18.61
Provision no longer required - written back (b)	106.56	217.01
Others	181.60	222.51
	1349.78	1928.52



a) Interest on Deposits and Advances include interest earned on Fixed Deposits to the extent of Rs. 306.63 Lakhs

b) Provision no longer required-written back is on withdrawal of Provision for Bad & Doubtful Debts provided during earlier years withdrawn on collection from debtors.

	Year ended 31 st March 2013	Year ended 31 st March 2012
	Rs in Lacs	Rs in Lacs
2.18 Cost of materials consumed		
Raw Materials Consumed	11728.48	13616.58
Additional Cane Price - 2009-10	0.00	435.25
Chemicals Consumed	4737.25	4013.88
Stores Consumed	689.51	640.04
Power & Fuel	12029.85	11035.82
	29185.09	29741.57

2.19 Changes in inventories of finished goods, work-in-progress and traded goods

Closing stock		
- Manufactured goods	6158.65	8041.17
- Work-in-progress	155.32	195.44
- Bagasse	347.96	811.27
	6661.93	9047.88
Opening stock		
- Manufactured goods	8041.17	5230.89
- Work-in-progress	195.44	100.29
- Bagasse	811.27	800.88
	9047.88	6132.06
	(2385.95)	2915.82

2.20 Employee benefit

i) Employees:		
Salary & Wages and Bonus	6785.51	6381.76
Contribution to Provident Fund	654.59	660.33
Contribution to Superannuation Fund	250.00	262.80
Gratuity	704.56	890.54
Leave Salary	337.96	329.51
Sick Leave	0.00	35.60
Welfare Expenses	570.56	476.54
	9303.18	9037.08
ii) Contract Labours :	1807.56	1817.90
	11110.74	10854.98



THE MYSORE PAPER MILLS LIMITED

Notes for the financial statements for the year ended 31st March 2013

	Year ended 31 st March 2013	Year ended 31 st March 2012
	Rs in Lacs	Rs in Lacs
2.21 Finance costs		
Term Loans	1343.92	2187.63
Dealers' Deposits	0.00	2.09
Cash Credit	1196.44	951.40
Fixed Deposit	109.00	111.60
Others (ref note :a)	215.52	294.90
	2864.88	3547.62

a) Interest on others includes Rs. 29.41 Lakhs (Rs. 197.60 lakhs) being interest on delayed payment to Provident Fund Trust.



THE MYSORE PAPER MILLS LIMITED

Notes for the financial statements for the year ended 31st March 2013

	Year ended 31 st March 2013	Year ended 31 st March 2012
2.22 Other expenses	Rs in Lacs	Rs in Lacs
i) Repairs & Maintenance :		
Buildings	22.81	11.92
Plant and Machinery	622.39	507.93
Others	68.56	98.59
	713.76	618.44
ii) Selling Expenses:		
Packing and Forwarding (a)	633.28	975.67
Cash Discount on Sales (b)	418.04	380.52
	1051.32	1356.19
iii) Administrative & Other Expenses		
Rent	41.30	47.05
Insurance	21.97	18.48
Rates and Taxes	97.95	178.94
Vehicle Maintenance	105.96	68.33
Vehicle Hire Charges.	32.25	21.06
Travelling and Conveyance	21.97	19.35
Communications	21.54	21.32
Security charges	143.83	142.25
Printing & Stationery	9.97	16.18
Bank charges	148.44	216.40
Auditors Remuneration-(Note 3.09 (G))	4.80	4.37
Directors Sitting Fees	0.31	0.34
Research & Development	63.04	68.14
Advertisement	19.43	18.60
Legal & Professional	132.98	242.59
Freight Charges	114.96	98.68
Variation in Excise Duty on Closing Stock	0.00	79.48
Foreign Exchange fluctuation loss	48.37	210.21
Miscellaneous Expenses	95.71	102.67
	1124.78	1574.44
Total of (i) (ii) and (iii)	2889.86	3549.07



a) The Packing and Forwarding expenses accounted under the head 'Selling Expenses' is net off cost of Rs.24.07 Lakhs (Rs.8.14 Lakhs) of Ream Wrapper paper produced and used in packing of Writing & Printing Paper and Newsprint.

b) Cash Discount on sales includes Cash Discount, Reel Rebate, Quarterly Incentive, Annual incentive and Special Discount.

	Year ended 31st March 2013	Year ended 31st March 2012
2.23 Prior period item	Rs in Lacs	Rs in Lacs
Net Prior Period Item*	-29.03	-14.80
	-29.03	-14.80

*Certain items of income and expenditure relating to prior period with net credit of Rs.29.03 Lakhs (Rs.14.80 Lakhs credit) arising mainly on account of Income recognised due to Penalty levied on supplies to the extent of 281.20 Lakhs credit , Under provisioning of works contract expenses to the extent of Rs. 159.98 Lakhs, Depreciation short provided during earlier years to the extent of Rs. 47.86 Lakhs and Penal Interest on Government Loan for the period 2010-11 & 2011-12 to the extent of Rs. 38.05 Lakhs.



THE MYSORE PAPER MILLS LIMITED
Notes to the financial statements for the year ended 31st March 2013

3.01

- (a) Government of Karnataka has released Rs.500 lacs towards fresh cash equity infusion vide G.O.No. CI 86/CPM 2011, Bangalore Dated 12.01.2012. The same is disclosed under “Share application money pending allotment” vide approval by members in the 77th AGM held on 31.12.2012. However approval from appropriate authorities is awaited for allotment of shares.
- (b) During the year Government of Karnataka has converted outstanding Guarantee Commission Payable as on 31.03.2013 as Investment to the extent of Rs.218.71 Lacs vide its order No. CI 86 CPM 2011 Dt. 30.03.2013. The same is grouped under Share Application Pending Allotment till further approval from members and SEBI.

3.02 Contingent liabilities and commitments

	31.03.2013	31.03.2012
	Rs. In Lacs	Rs. In Lacs
(a) Claims against the company not acknowledged as debt	977.88	904.42
(b) Letters of Credit and Guarantees	800.00	3271.78
(c) Estimated amount of contracts remaining to be executed on capital account and not provided for	1177.43	2061.20
	<u>2955.31</u>	<u>6237.40</u>

3.03 An amount of Rs.124.16 lacs interest payable towards purchase tax for the period Sep-09 to Mar-13 has not been provided as the company has requested the Government for waiver of Purchase Tax payable and the proposal is under active consideration of the Government.

3.04 Pending reconciliation with MESCOM an amount of Rs.677.94 Lacs (Rs.369.52 lacs) being the disputed amount claimed is not provided in the books as on 31.03.2013. Total arrears claimed by MESCOM as on 31.03.2013 is Rs. 2779.09 lacs and provision held by MPM is to the extent of Rs.2101.15 lacs.

3.05 Figures for the previous year have been regrouped / reclassified/recast wherever necessary to conform to current year’s presentation.

3.06 Amounts have been rounded off to the nearest two decimal points of lakh of rupees.



3.07 The computation table of basic and diluted earnings per share is as under:

Particulars	31.03.2013	31.03.2012
	Amt Rs in Lacs	Amt Rs in Lacs
a) Profit (Loss) after tax for the year	-7688.65	-7686.47
b) Weighted average number of Basic equity shares	118893432	118893432
c) Weighted average number of Diluted (Basic and potential) equity shares outstanding during the year.	224930448	120526377
d) Nominal value of shares (Rs.)	10	10
e) Earnings per share – Basic (a/b)	(6.47)	(6.47)
f) Earnings per share – Diluted (a/c)	(3.42)	(6.38)



3.08 EMPLOYEE BENEFITS

a) The fair value of the assets of the provident fund trust including the return on the assets thereof as on the Balance Sheet date being greater than the obligations under the defined benefit plan, no further charge to the profit and loss account is required.

b) The disclosure in respect of defined benefits as per Accounting Standard- 15 is as under:

Rs.Lacs

Particulars	Gratuity		Leave Encashment (PL & SL)	
	Current Year	Previous Year	Current Year	Previous Year
Change in benefit obligations:				
Obligations at period beginning	6,653.97	5722.06	1,381.70	1083.01
Service Cost	494.63	1078.84	261.08	280.47
Interest Cost	512.66	148.10	105.99	89.47
Benefit Paid	(491.37)	(250.95)	(113.76)	(60.92)
Acturial (gain)/loss	(44.14)	(44.08)	(25.00)	(10.32)
Obligations at period end	7,125.75	6653.97	1,610.01	1381.71
Change in plan assets:				
Plan assets at the period beginning, at fair value	3,304.24	3085.78	-	-
Expected return on plan assets	255.13	244.99	-	-
Acturial gain/(loss)	62.02	20.22	-	-
Contributions	421.88	310.17	113.76	60.92
Benefits paid	(652.07)	(356.80)	(113.76)	(60.92)
Expenses	(0.76)	(0.13)	-	-
Plan assets at the period end, at fair value	3390.44	3304.23	0.00	0.00
Funded Status:				
Fair value of plan assets at the end of the period	3,390.45	3304.24	-	-
Present value of the obligations at the end of the period	7,125.76	6653.97	1,610.00	1381.70
Accrued Liability	3,735.31	3349.73	1,610.00	1381.70
Add: Provision for payable to employees retired prior to 31.03.2013	220.44	194.91	2.50	6.60
Liability recognised in Balance sheet	3,955.75	3544.64	1,612.50	1,388.30
Gratuity cost for the period:				
Service Cost	494.63	1078.84	261.08	280.47
Interest Cost	512.66	148.10	105.99	89.47
Expected return on plan assets	(255.13)	(244.99)	-	-
Acturial (gain)/ loss	(106.16)	(64.30)	(25.00)	(60.92)
Expenses	(0.76)	(0.13)	-	-
Net Gratuity cost	645.24	917.52	342.06	309.02
Assumptions				
Discount Rate	8.00%	8.50%	8.00%	8.50%
Salary escalation rate	2.00%	2.00%	2.00%	2.00%
Attrition rate	0.50%	0.50%	0.50%	0.50%
Estimated rate of return on plan assets	8.00%	8.00%	8.00%	8.00%



Rs lacs

Experience adjustment for Gratuity					
Particulars	2013	2012	2011	2010	2009
Present Value of Defined Obligation	7,125.76	6,653.97	5722.06	4560.46	4497.43
Present Value of the fair value of Plan assets	3390.45	3304.24	3085.78	3262.16	3010.29
Surplus / (Deficit)	(3,735.31)	(3,349.74)	(2,636.28)	(1,298.30)	(1,487.14)
Experience Adjustment :					
On Plan Liability (gain)/Loss	(44.14)	(44.08)	(228.55)	(89.22)	(179.34)
On Plan Assets gain	62.02	20.22	12.68	11.05	-10.28

Experience adjustment for Leave encashment					
Particulars	2013	2012	2011	2010	2009
Present Value of Defined Obligation	1,610.00	1,381.70	1083.01	864.23	785.10
Present Value of the fair value of Plan assets	-	-	-	-	-
Surplus / (Deficit)	(1,610.00)	(1,381.70)	(1,083.01)	(864.23)	(785.10)
Experience Adjustment :					
On Plan Liability (gain)/Loss	(25.00)	(60.92)	(51.40)	(7.27)	(28.82)
On Plan Assets gain	-	-	-	-	-

3.09 SEGMENT INFORMATION

Particulars	2012 - 2013			2011-2012		
	PAPER	SUGAR	TOTAL	PAPER	SUGAR	TOTAL
(a) Information about Business Segment Revenue :						
External	36239.60	5458.05	41697.65	30721.24	6618.27	37339.51
Internal –Segment-(Bagasse)	-1349.54	1349.54		-1719.91	1719.91	
Total Revenue	34890.06	6807.59	41697.65	29001.33	8338.18	37339.51
(b) Segment Result	-3390.96	-1821.63	-5212.59	-2389.71	-2385.77	-4775.49
Unallocated Income (Expenditure) net off			29.03			153.09
Interest Expenses			-2864.88			-3547.62
Interest Income			359.80			483.57
Profit from ordinary activities			-			-
Net Profit/(Loss)(profit after tax)			-7688.65			-7686.47
(c) Other information :						
Segment Assets	34235.48	8034.51	42269.99	38492.29	6333.40	44825.69
Unallocated Corporate Asset (Accumulated Loss)			34778.31			27089.67
Segment Liability	48665.60	5299.77	53965.37	42571.19	5077.95	47649.14
Unallocated Corporate Liability			23082.93			24266.22
Depreciation	1031.78	21.72	1053.50	1015.88	21.73	1037.61



THE MYSORE PAPER MILLS LIMITED

Notes to the financial statements for the year ended 31st March 2013.

1.0 Statement of additional Information :

	2012-13	2011-12
A. STOCK OF FINISHED GOODS	Rs in lakhs	Rs in lakhs
1. Writing, Printing & Speciality Papers		
Opening	2902.93	1123.12
Closing	754.13	2902.93
2. Newsprint :		
Opening	608.56	255.82
Closing	11.36	608.56
3. Sugar:		
Opening	4493.54	3598.52
Closing	5119.95	4493.54
4. Molasses:		
Opening	36.15	253.44
Closing	273.20	36.15
B. RAW MATERIALS & CHEMICALS CONSUMED		
1. Raw Materials:		
Bamboo	29.70	141.68
Wood	2393.44	1784.41
Eucalyptus	1301.00	1473.12
Wood Pulp	3516.69	4664.66
	7240.83	8063.87
Sugarcane Crushed	4487.65	5552.71
Additional Cane Price for 2009-10	0.00	435.25
	4487.65	5987.96
Total Raw Materials	11728.48	14051.83
2. Chemicals:		
Caustic Soda Lye	1560.47	984.16
Sodium Sulphate	165.08	147.35
Hydrogen Peroxide	433.55	382.23
Burnt Lime	1108.09	1069.94
Others	1470.06	1430.20
	4737.25	4013.88

Bagasse generated in Sugar Mill is being used for Captive pulp production and as Fuel in Boilers



	2012-13		2011-12	
	Rs in lakhs	%	Rs in lakhs	%
C. BREAK UP OF :				
(i) RAW MATERIALS & CHEMICALS CONSUMED				
1. Indigenous	13373.67	81.22	13495.10	74.70
2. Imported	3092.06	18.78	4570.61	25.30
Total	16465.73	100.00	18065.71	100.00
(ii) SPARES CONSUMED				
1. Indigenous	597.25	86.62	379.04	59.22
2. Imported	92.26	13.38	261.00	40.78
Total	689.51	100.00	640.04	100.00
D. VALUE OF IMPORTS - C.I.F BASIS			Rs.in lacs 2012-13	Rs. In lacs 2011-12
1. Raw Materials			3718.40	4141.12
2. Spare Parts			90.07	263.05
			3808.47	4404.17
E. EXPENDITURE IN FOREIGN CURRENCY				
Foreign travel			1.80	-
Consultancy Charges			85.72	136.77
F. EARNING FROM EXPORTS				
1.Export of Goods -FOB Basis			—	827.22
G. AUDITORS' REMUNERATION				
i) Statutory Audit			3.25	3.00
ii) Tax Audit			0.50	0.50
iii) Other Services			0.65	0.65
iv) Out of pocket expenses			0.40	0.22
			4.80	4.37
H. Amounts remitted in Foreign Currency during the year on account of Dividends to Non-resident Shareholders and the years to which such dividends relate :-				
1. No. of Shareholders			239	242
2. No. of Shares held by them			1656386	1600229
3. Amount remitted(Net of tax)			Nil	Nil
4. Year to which such dividends relate			Nil	Nil



For and on behalf of Board of Directors.

**As per our report attached
For M N S & Co.,
Chartered Accountants
Firm Reg No: 003968S**

Sd/-
C SHIVASHANKAR
DIRECTOR

Sd/-
M MAHESHWAR RAO, IAS
MANAGING DIRECTOR

Sd/-
K. S. MADHAVA MURTHY
Partner
Membership. No.29946

Sd/-
M D KULKARNI
COMPANY SECRETARY

Sd/-
V S MALGHAN
CHIEF FINANCE OFFICER

Place :Bengaluru.
Date : 20.12.2013



THE MYSORE PAPER MILLS LIMITED
4.00-CASH FLOW STATEMENT FOR THE YEAR 2012-13

	Rs in Lacs		
	Current Year	Previous Year	
CASH FLOWS FROM OPERATION ACTIVITIES			
Net Profit/Loss(-) after Tax		-7688.65	-7686.47
Add : Taxes Paid		0.00	0.00
Profit before tax		-7688.65	-7686.47
Adjustment for :			
Depreciation*	1102.51		1047.36
*Rs -47.86 (-9.75) lacs accounted -Prior Period Adj.			
Interest Expenses	2864.88		3547.62
Profit on sale of Fixed Asset	0.00		-0.43
		3967.39	4594.55
Operating Profit/Loss(-) Before working Capital changes		-3721.26	-3091.92
Less:			
Increase in Inventories	0.00		3987.62
Decrease in Trade & Other Payable	816.36		—
Increase in Loans and Advances	119.80		—
		936.16	3987.62
		-4657.42	-7079.54
ADD:			
Increase in Trade & Other Payables	—		8774.29
Decrease in Inventories	1582.60		0.00
Decrease in Loans and Advances	-		2975.74
Decrease in Trade & Other Receivables	1326.33		393.15
		2908.93	12143.18
Cash Generated from Opearations (A)		-1748.49	5063.64
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	-1000.76		- 2015.82
Sale/Adjustment of Fixed Assets	0.00		0.90
Captive Plantation	-600.45		-698.92
Net Cash Used in Investing Activities (B)		-1601.21	-2713.84



THE MYSORE PAPER MILLS LIMITED
CASH FLOW STATEMENT FOR THE YEAR 2012-13

	Rs in Lacs			
	Current Year		Previous Year	
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans/Equity from Govt, Financial Institutions and Banks	4721.78		540.20	
Fixed Deposits	1314.76		0.00	
Interest paid	-2864.88		-3547.62	
Net Cash used in Financing Activities (C)		3171.66		-3007.42
Net Increase/Decrease(-) in Cash & Cash Equivalents (A+B+C)		-178.04		-657.61
Cash & Cash Equivalents at the beginning of the year		3418.00		4075.61
Cash & Cash Equivalents at the end of the year		3239.96		3418.00

Note:

Cash & Cash Equivalent includes fixed deposit to the extent of Rs. 3146.93 lacs , which are given as collateral security towards Bank gurantee and Letter of Credits issued by Banks

For and on behalf of Board of Directors

As per our report attached
For M N S & Co.
Chartered Accountants
Firm Reg No: 003968S

Sd/-
C SHIVASHANKAR
DIRECTOR

Sd/-
M MAHESHWAR RAO, IAS
MANAGING DIRECTOR

Sd/-
K. S. MADHAVA MURTHY
Partner
Membership. No.29946

Sd/-
M D KULKARNI
COMPANY SECRETARY

Sd/-
V S MALGHAN
CHIEF FINANCE OFFICER

Place :Bengaluru.
Date : 20.12.2013



ANNEXURE - II

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE MYSORE PAPER MILLS LIMITED, BANGALORE, FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of **The Mysore Paper Mills Limited, Bangalore**, for the year ended **31 March 2013** in accordance with the financial reporting framework prescribed under Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **20 December 2013**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit, under section 619(3)(b) of the Companies Act, 1956, of the financial statements of "**The Mysore Paper Mills Limited, Bangalore**" for the year ended **31 March 2013**. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller & Auditor General of India**

**Sd/-
(ANITA PATTANAYAK)
PR.ACCOUNTANT GENERAL
(ECONOMIC & REVENUE SECTOR AUDIT)
KARNATAKA, BANGALORE**

**BANGALORE
DATED: 24.02.2014**



THE MYSORE PAPER MILLS LIMITED
Regd. Office: 16/4, Ali Asker Road, Bangalore - 560 052.

ATTENDANCE SLIP

Ledger Folio No.:.....

Name of the Member

No. of Share(s) held

D.P. Id*	
Client Id*	

I hereby record my presence at 78th Annual General Meeting of the Company held on Saturday, the 29th March 2014, at 11.00 A.M. at KAS Officers Association (Near Police Commissioner's Office), No. 1/1, Infantry Road, Bangalore - 560 001.

THE MYSORE PAPER MILLS LIMITED
Regd. Office: 16/4, Ali Asker Road, Bangalore - 560 052.

PROXY FORM

I / We..... being member(s) of the above Company hereby appoint oforfailing him of as /our proxy to attend and vote for me/us on my/our behalf at the 78th Annual General Meeting of the Company to be held on Saturday, the 29th March, 2014 and / or at any adjournment thereof. As witness my/our hand(s) this day of 2014.

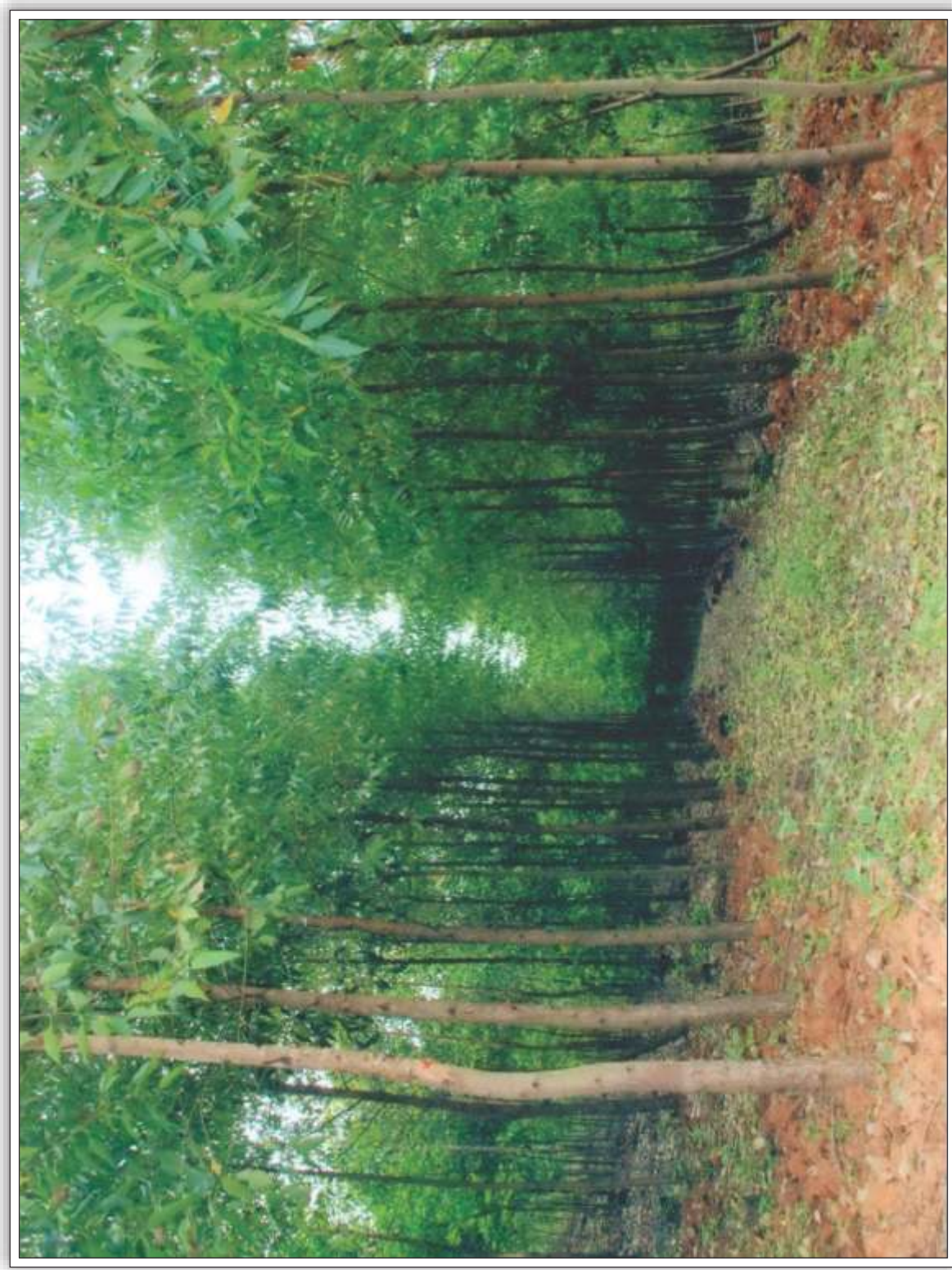
- Notes:
1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
 2. A proxy need not be a member.
 3. The form thus completed should be deposited at the Registered Office of the Company at Bangalore not less than FORTY EIGHT HOURS BEFORE THE MEETING.

D.P. Id*	
Client Id*	

Affix
Revenue
stamp
Re. 1

Signature of the Member / Proxy

*Applicable for Shareholder in Electronic form.



Euc. Urophylla clonal plantation

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To

XXX

If undelivered please return to :

M/s. Integrated Enterprises India Ltd

30, Ramana Residency, 4th Cross

Sampige Road, Malleswaram

Bangalore - 560 003.