



MADHYADESH PAPERS LTD.

17TH ANNUAL REPORT 2009-2010



MADHYADESH PAPERS LIMITED



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MADHYADESH PAPERS LIMITED



BOARD OF DIRECTORS	:	SHRI VINOD MAHESHWARI	Chairman
		SHRI NIMISH V. MAHESHWARI	Managing Director
		SHRI VINAY PANSARI	Director
		SHRIANANTRAI RAWELL	Director
AUDITORS	:	M/S.KHATRI & IYER, Chartered Accountants 117, Zal Complex, Residency Road, Sadar NAGPUR - 440 001.	
BANKERS	:	STATE BANK OF INDIA, Industrial Finance Branch, Bharat Nagar, NAGPUR - 440 010 THE FEDERAL BANK LIMITED Ramdaspath, NAGPUR - 440 010	
REGD. OFFICE	:	NAVA-BHARAT BHAWAN, Chhatrapati Square, Wardha Raod, NAGPUR - 440 015 PH : 2284013, 2284014 FAX : 0712 - 2284015	
PLANT	:	Village : Manegaon Taluka : Saoner, Dist. : NAGPUR PH : 07113 - 232401 FAX : 07113 - 232400	

MADHYADESH PAPERS LIMITED



NOTICE TO MEMBERS

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of MADHYADESH PAPERS LIMITED will be held on Tuesday, the 21st Day of September, 2010 at 9.30 A.M. at Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 440 015, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To re-appoint a Director in place of Shri Vinod Maheshwari who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and, if thought fit to pass with or without modification(s), the following as an Ordinary Resolution.

"RESOLEVED THAT pursuant to the Provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or any re enactment thereof, for the time being in force) pursuant to Article 107 of the Articles of Association Consent of the company is hereby accorded to the re-appointment of Shri Nimish V. Maheshwari as Managing Director of the Company for a period of 5 years effective from April 1, 2010 on a remuneration by way of salary of Rs. 50,000/- per month with liberty to the Board of Directors of the Company to review the same annually."

Registered Office :

Nava Bharat Bhavan,
Chhatrapati Square,
Wardha Road,
NAGPUR - 440 015

By Order of the Board,

Nimish V. Maheshwari
Managing Director

Dated : August 14, 2010



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 AND THE PROXY NEED NOT BE A MEMBER.**
2. The relative Explanatory Statement under Section 173 of the Companies Act, 1956, in regard to the business as set out in item no. 4 above and the relevant details pursuant to clause 49 of the Listing Agreement executed with the Stock Exchanges are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed on Tuesday, the 21st September, 2010.
4. Members are requested to :
 - a) Intimate the Company the changes, if any, in their registered addresses along with Pin Code Number.
 - b) Quote their Folio Number.
5. Members who have multiple folios with identical order of names are requested to intimate the same to the Company so as to enable it to consolidate all shareholdings into one folio.
6. A blank proxy form is sent herewith.
7. The instrument appointing proxy should however, be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting.
8. Shareholders requiring information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance from the date of Meeting.
9. Members are requested to bring their copies of the Annual Report to the Meeting.
10. The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting. The Members holding shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
11. Members are requested to make all correspondence relating to share transfer (both in Physical & Demat form) to our Share Transfer Agent, M/s. Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Mumbai - 400 059.



ANNEXURE TO THE NOTICE

**EXPLANATORY STATEMENT
PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

ITEM NO. 4

The term of 5 years of the office of Shri Nimish V. Maheshwari, Managing Director has expired on 31st March 2010. The Board of Directors, at their meeting held on 31st March, 2010 approved his reappointment subject to approval of the members, for a further period of five years effective from 1st April, 2010.

The Remuneration Committee has approved the re-appointment of Shri Nimish V. Maheshwari at its meeting held on 31st March 2010.

The remuneration payable to Shri Nimish Maheshwari is in conformity with the provisions of Schedule XIII of the Companies Act, 1956. Shri Nimish V. Maheshwari would be a non-rotational Director pursuant to Article 104 of the Articles of Association of the Company.

The Board recommends the resolution for approval of the members.

Shri Nimish V. Maheshwari and Shri Vinod Maheshwari are interested in the said resolution.

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Information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking appointment/re-appointment in Annual General Meeting.

Name of Director	Shri Vinod Maheshwari	Shri Nimish Maheshwari
Date of Birth	17.10.1944	05.10.1968
Date of Appointment	20.04.1993	20.04.1993
Expertise in specific functional areas	Shri Vinod Maheshwari is the Chairman of Madhyadesh Papers Ltd. He is also Managing Editor of "Nava Bharat" a renowned Hindi Daily covering three major states namely Maharashtra, Madhya Pradesh & Chhatisgarh. The activities related to printing & publishing of Newspaper "Nava Bharat" for Nagpur & Mumbai editions are handled by Shri Vinod Maheshwari. He is a dynamic & intelligent Industrialist possessing rich experience of over 40 years in Newspaper Industry.	Shri Nimish Maheshwari is the Managing Director of Madhyadesh Papers Ltd. He is son of Shri Vinod Maheshwari the Chairman of the company. He is an industrialist, possessing 15 years of rich experience in Paper Industry. He is also associated with "Nava Bharat" the Hindi Daily Newspaper at Nagpur since last 20 years.
Directorships of other Public Limited Companies as on 31st March, 2010.	1) Nava Bharat Press Ltd. 2) Madhyadesh Global Network Ltd. 3) Madhyadesh Industries Ltd. 4) Dhoot Compact Ltd.	1) Nava Bharat Press Ltd. 2) Madhyadesh Global Network Ltd. 3) Madhyadesh Industries Ltd.
Chairman / Member of the Committees of other Companies as on 31st March, 2010	Nil	Nil
No. of shares held	10,67,400	5,65,360

MADHYADESH PAPERS LIMITED



DIRECTORS' REPORT

To the Members of 'MADHYADESH PAPERS LIMITED'

Your Directors have pleasure in presenting their Seventeenth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS :

(RUPEES)

SALES AND OTHER INCOME		<u>25,43,94,348</u>
Loss before Financial Charges & Depreciation		(49,81,658)
Less : Financial Charges	3,00,16,879	
Depreciation	<u>2,39,92,493</u>	
		<u>5,40,09,372</u>
Add : Prior Period Adjustments		(5,89,91,030)
		<u>(7,78,808)</u>
Net Loss		(5,97,69,838)
Add : Surplus Brought Forward		6,52,01,182
Balance carried forward		<u><u>54,31,345</u></u>

REVIEW OF OPERATIONS :

India has shown a remarkable resilience in recovering from the global economic slow down during the financial year 2009-10. The Indian Paper Industry has also shown a similar response to the global economic turmoil.

However, during the year under review the Sales Turnover of your company declined to Rs. 24.92 Crore as against Rs. 50.97 Crore in previous year due to high cost and scarce availability of raw material in the market which resulted into reduced production and the sales turnover as compare to pervious year. The fixed cost in the nature of depreciation, financial charges and the administration charges completely wiped out the profits of the company due to lack of sales realisation against the fixed cost which ultimately resulted into net loss of Rs. 5.97 Crore in current year against Profits of Rs. 13.77 Lac in last year.

MADHYADESH PAPERS LIMITED



However your company is trying to overcome the adverse situation by way of using various efforts to reduce the overall cost and to increase its sustainability by using new avenues to avail the low cost raw material and by always trying for better price gains for its product in the market and by continuing efforts for its growth as well.

FUTURE OUTLOOK:

In this scenario of high cost market, you will appreciate the hardship the company is facing. However, we expect this scenario to change by the end of this year, the market prices of raw material used in production process is expected to come under control and the domestic newsprint market is also expected to become buoyant further which would augment in improving sales realisations and profitability which would again take care of company's subsistence and growth in the market.

DIVIDEND:

In absence of profits the Directors have not recommended any dividend for the year under review.

DIRECTORS :

Shri Vinod Maheshwari, who retires by rotation and being eligible, offer himself for re-appointment. Shri Nimish Maheshwari was re-appointed as Managing Director of the Company for a further period of 5 years effective from 1st April 2010.

AUDIT COMMITTEE:

The Company has already constituted an Audit Committee of its Board of Directors with specified terms of reference. Shri Vinay Pansari is the Chairman of the Audit Committee. Shri Vinod Maheshwari and Shri Anantrai Rawell are the other members of the Audit Committee.

DEMATERIALISATION OF SHAREHOLDING:

The Company has already established electronic connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its Registrar and Transfer Agent, M/s. Adroit Corporate Services Pvt. Ltd. As such, the shares of the Company are available for dematerialisation with both the Depositories.

LISTING OF SECURITIES:

The shares of the Company are presently listed on the Stock Exchange, Mumbai and the Stock Exchange, Ahmedabad.

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CORPORATE GOVERNANCE :

A report on corporate governance including Auditors' Certificate on compliance with the conditions of corporate governance under clause 49 of the listing agreement, is appended to this report as Annexure "B"

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief hereby confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profits of the Company for the year ended 31st March, 2010;
- iii) proper and sufficient care has been taken 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;
- iv) the annual accounts have been prepared on a going concern basis.

AUDITORS :

M/s. Khatri & Iyer, Chartered Accountants, Nagpur will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

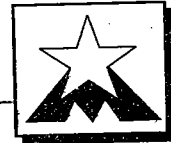
PARTICULARS OF EMPLOYEES :

None of the employees were in receipt of remuneration of Rs. 2,00,000/- or more per month during the year. Therefore the particulars of employees as required under the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not furnished.

OTHER PARTICULARS :

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed hereto (Annexure 'A') and forms part of this report.

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ACKNOWLEDGEMENTS:

Your Directors are pleased to place on record their sincere gratitude to the State Bank of India, The Federal Bank Limited, Government Authorities, Suppliers, Customers and Shareholders for their continued support and co-operation extended to the Company during the year.

Your Directors also express their deep appreciation for the sincere and devoted services rendered during the year by the workers, staff and executives at all levels of operations of the Company.

For and on behalf of the Board,

Place : Nagpur
Date : August 14, 2010

Vinod Maheshwari
Chairman

**ANNEXURE 'A' TO THE DIRECTORS' REPORT**

Statement of particulars required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1) CONSERVATION OF ENERGY :

The basic philosophy of the Company is to achieve economy in operations at all levels and ensure optimum use of resources and minimisation of energy wastes. This objective is achieved through a proper & continuous system of monitoring and maintenance adopted by the Company. The Co-generation Power Plant is contributing consistently in bringing down the energy costs of the Company with minimal wastes and is also ensuring supply of uninterrupted power & steam to the Paper Plant thus enabling the company to achieve its optimum production capacity.

Total Energy Consumption and energy conservation per unit of production is given below :

A) POWER CONSUMPTION

ELECTRICITY :		2009-2010	2008-2009
Own Generation :			
Units	(in KWH)	1,13,08,580	174,08,340
Total Amount	(in Rs. lacs)	266.46	421.28
Rate per Unit	(in Rs.)	2.36	2.42

B) CONSUMPTION PER UNIT OF PRODUCTION

Machine Production	(MT)	13226	24830
Electricity	(KWH/MT)	855	701
Finished Production	(MT)	12352	23390
Electricity	(KWH/MT)	916	744

2) TECHNOLOGY ABSORPTION : RESEARCH AND DEVELOPMENT

The technology used for the existing project is fully indigenous. The production department of the Company is constantly engaged in the process of evaluating new ways and better methods to improve the performance, quality and cost effectiveness of its products.

Great emphasis is given on upgradation of technology as suggested by the Production Department. The Company does not have a separate Research and Development activity.

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3) FOREIGN EXCHANGE EARNING AND OUTGO :

During the year under review there was no income in foreign exchange. However there was a foreign exchange outgo of Rs. 2.04 Lac towards import of raw materials, as shown in Note No. (IV) (b) of the Notes to the Accounts.

For and on behalf of the Board,

Place : Nagpur
Date : August 14, 2010

Vinod Maheshwari
Chairman



ANNEXURE 'B' TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE :

1. Company's Philosophy on code of Corporate Governance :

The Company's philosophy on Corporate Governance envisages the attainment of highest levels of transparency, accountability and equity, in all the facets of its operations, and all its interactions with the stakeholders including shareholders, employees, customers, government, suppliers and lenders and to build the confidence of the society in general.

2. Board of Directors :

Your Board comprises of an optimal composition of Executive and Non-executive Directors having in-depth knowledge of Paper Industry. During the financial year under review, the Board consisted of Three Non Executive Directors out of which two were Independent Directors and one Executive Director. The Chairman of the Board is a Non-executive Director. The composition, category of Directors and their other Directorships and Membership / Chairmanship of Committees as well as their attendance at Board Meetings and last Annual General Meeting are as under :

Sr. No.	Name of Director	Category of Directorship	Attendance of each Director		Number of other		
			Board Meeting	Last AGM	Directorship	Committee Membership	Committee Chairmanship
1)	Shri Vinod R. Maheshwari	Non-Executive Director	5	Present	11	Nil	Nil
2)	Shri Nimish V. Maheshwari	Managing Director	5	Present	9	Nil	Nil
3)	Shri Vinay Pansari	Non-Executive Independent Director	5	Present	1	Nil	Nil
4)	Shri Anantrai Rawell	Non-Executive Independent Director	5	Present	1	Nil	Nil

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Meeting of Board of Directors :

During the period under review, 5 Board Meetings were held on 30th June, 2009, 31st July, 2009, 31st October, 2009, 31st January, 2010 and 31st March, 2010.

3. Audit Committee :

The following Directors were the members of the Audit Committee for the year under review :

- Shri Vinay Pansari - Chairman, Non-Executive Independent Director
- Shri Vinod R. Maheshwari - Non-Executive Director
- Shri Anantraï Rawell - Non-Executive Independent Director

The role, powers and functions of the Audit Committee are as stated in clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956. The Committee reviews the financial statements before they are placed before the Board. During the period under review, five meetings of the Committee were held on 30th April, 2009, 30th June, 2009, 31st July 2009, 31st October, 2009 & 31st January, 2010. The details of attendance of the Audit Committee are as under :

Sr. No.	Name of Director	No. of Meetings Attended
1.	Shri Vinod R. Maheshwari	5
2.	Shri Vinay Pansari	5
3.	Shri Anantraï Rawell	5

4. Remuneration Committee :

During the year under review the following Directors were members of the Remuneration Committee :

- Shri Vinay Pansari - Chairman, (Non-Executive Independent Director)
- Shri Vinod R. Maheshwari - (Non Executive Director)
- Shri Anantraï Rawell - (Non-Executive Independent Director)

During the year under review, two meetings were held on 31st October, 2009 and 31st March, 2010 to review and approve the remuneration package payable to the Directors.

The details of attendance of the Remuneration Committee are as under :

Sr. No.	Name of Director	No. of Meetings Attended
2.	Shri Vinod R. Maheshwari	2
3.	Shri Vinay Pansari	2
4.	Shri Anantraï Rawell	2

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The details of remuneration paid to the Directors during the period ended on 31st March, 2010 are as under :

Sr. No.	Name of Director	*Sitting Fees (including committee meetings)	*Salaries & Allowances etc.	Contributions to Provident and Superannuation Funds
1.	Shri Vinod R. Maheshwari	Nil	Nil	Nil
2.	Shri Nimish V. Maheshwari	Nil	Rs. 6,00,000/-	Nil
4.	Shri Vinay Pansari	Nil	Nil	Nil
5.	Shri Anantrai Rawell	Nil	Nil	Nil

* The Company pays a consolidated sum of Rs. 50,000/- per month to Shri Nimish V. Maheshwari, Managing Director. At present the Company is not making any payment towards sittings fees to its Directors.

5. Share Holders' Committee :

The following Directors are members of the Shareholders' Committee :

Sr. No.	Name of Director	No. of Meetings Attended
1.	Shri Vinod R. Maheshwari	10
2.	Shri Nimish V. Maheshwari	10

Shri Vinod R. Maheshwari heads the Shareholders' Committee. Shri Amit Kamble, Assistant Company Secretary of the Company is the Compliance Officer.

The Company has already appointed M/s. Adroit Corporate Services Pvt. Ltd. as its Registrar & Share Transfer Agent for handling physical share work as well as electronic connectivity for demat mode and for redressal of investors complaints.

During the financial year, two complaints were received by the company in respect of shareholders, out of these two complaints one complaint was received from Bombay Stock Exchange and other complaint was received from SEBI. Both the complaints were redressed by the company however, with a delay in reply to both the concerned complaining shareholders due to unavoidable circumstances. After resolution of the complaints and appropriate communication to the concerned investors, the necessary reply/report in respect of redressal of complaints was given to both the aforesaid authorities by the company.

The Shareholders' Committee monitors the work of the Share Transfer Agent on a continuous basis. During the financial year there were no complete requests for share transfers and dematerialisation pending for more than two weeks.

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6. General Body Meetings :

AGM	For the Year	Venue	Date	Time
14th	2006 - 2007	Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 15	05.09.2007	10.00 A.M.
15th	2007 - 2008	-- do --	22.09.2008	10.00 A.M.
16th	2008 - 2009	-- do --	03.09.2009	10.00 A.M.

There were no special resolutions required to be passed through Postal Ballot at any of the above Annual General Meetings. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

7. Disclosures :

- a) There are no materially significant transactions made by the Company with its promoters, directors or relatives, etc. which have potential conflict with the interest of the Company at large.
- b) There has neither been any non-compliance nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other authority, on any matter related to capital market during the last three years.

8. Means of communication :

The quarterly unaudited financial results, half yearly results and annual audited financial results are normally published in Economic Times Newspaper in English and in Nava-Bharat Newspaper in Hindi. However, the half yearly reports are not sent to each household of shareholders.

9. General Shareholder Information :

- i) Annual General Meeting date : 21st September, 2010
- ii) Day : Tuesday
- iii) Time : 9.30 A. M.
- iv) Venue : Nava-Bharat Bhavan, Chatrapati Square,
Wardha Road, Nagpur - 440 015.
- v) Financial Year : 1st April to 31st March
- vi) Book closure : on 21st September, 2010
- vii) Dividend payment date : No dividend has been recommended

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- viii) Listing on Stock Exchange : 1) The Stock Exchange, Mumbai, 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai - 400 001.
Tel : (022) 2655581, 2655626, 2655860 - 61, 2655656, 2650525
Fax : (022) 2658121, 2702041, 2702061.
- 2) The Ahmedabad Stock Exchange, Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad - 380 015.
Tel : (079) 6446733, 6441842, 6449480, 6443858, 6561856, 6446576, Fax : (079) 6442222

ix) Stock Code : 531436

x) Market Price Data - High / Low during each month of the Financial Year :

Month	The Stock Exchange Mumbai	
	High (Rs.)	Low (Rs.)
April 2009	4.85	4.19
May 2009	5.99	4.61
June 2009	7.60	5.71
July 2009	6.82	5.35
August 2009	5.14	4.67
September 2009	7.95	5.39
October 2009	8.39	7.10
November 2009	7.68	6.20
December 2009	8.60	6.63
January 2010	8.80	6.82
February 2010	6.89	6.25
March 2010	7.09	5.20

The Market Price Data - High/Low during each month of the Financial Year in respect of trading of Company's Share at Ahmedabad Stock Exchange is not available, hence the same has not been provided.

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xii) Share Transfer System :

The Shareholders Committee approves and monitors the transfer and transmission of shares and all allied matters. The Company's Registrars and Share Transfer Agents, M/s. Adroit Corporate Services Pvt. Ltd. have adequate infrastructure to process the share transfers. The share transfers are received and processed within 15 days from the date of receipt, subject to the transfer instrument being valid and complete in all respects. The shares of the Company are traded in compulsory demat mode for all investors.

xiii) Distribution of Shareholdings : as on 30.06.2010

Share or Debenture holding of nominal value of	Share holders		Shares	
	Number (2)	% to Total Nos. (3)	Number (4)	% to Total Capital
Upto 500	1047	54.08%	380741	5.30%
501 to 1,000	510	26.34%	439659	6.11%
1,001 to 2,000	156	8.06%	254439	3.54%
2,001 to 3,000	81	4.18%	209800	2.92%
3,001 to 4,000	28	1.45%	100967	1.41%
4,001 to 5,000	18	0.93%	84784	1.18%
5,001 to 10,000	39	2.01%	297161	4.14%
10,001 to above	57	2.94%	5417649	75.40%
Total	1936	100.00%	7185200	100.00%

xiv) Dematerialisation of Shares :

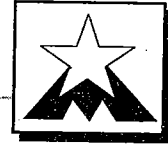
The company has already established electronic connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar of the Company M/s. Adroit Corporate Services Pvt. Ltd. As on 31st March 2010, 4640090 shares have been dematerialised representing 64.58% of the total shares of the Company. The International Securities Identification Number (ISIN) of the Company is INE 474D01013.

xv) Plant Location :

Village : Manegaon
Tahsil : Saoner
District : Nagpur

xvi) Address for Shareholders Correspondence:

Members are requested to make all correspondence relating to share transfer (both in physical & Demat form) to our Share Transfer Agent, M/s. Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Mumbai - 400 059.



9. Auditors Certificate on compliance of conditions of Corporate Governance :

We have examined the compliance of conditions of Corporate Governance by Madhyadesh Papers Ltd. for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

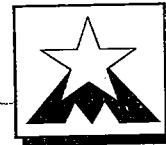
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company, except two Investor Complaints received by the company, the first complaint was received from Bombay Stock Exchange which was resolved with a delay of more than two months and second Investor Complaint received from SEBI which was resolved by way of appropriate procedural communication after 31st March 2010 with a delay of more than three months to the concerned investor. The company has given the appropriate report to Bombay Stock Exchange and SEBI respectively regarding the action taken by the company for redressal in respect of the investor complaints.

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

For Khatri & Iyer
Chartered Accountants,

Jagdish Khatri
Partner



AUDITOR'S REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **MADHYADESH PAPERS LIMITED**, as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement, for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that, we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments above, we report that :

01. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
02. 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.
03. The Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
04. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
05. On the basis of written representations received from the Directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
06. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2010 and
 - b. In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - c. In case of Cash Flow Statement, of the cash flows for the year ended on that date.

MADHYADESH PAPERS LIMITED



07. As required by the Companies (Auditors' Reports) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks, as we considered appropriate and on the basis of information given to us and to the extent the above order, in our opinion, is relevant to the Company for the year, we further report that :

- i)
 - a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - b) The fixed assets of the Company have been physically verified during the year by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed.
 - c) As informed to us, the Company has not disposed off any substantial part of its Fixed Assets and this has not affected the Company, as a going concern.
- ii)
 - a) As explained to us, the stocks of inventory of the Company have been physically verified by the management from time to time, during the year. In our opinion, the frequency of the verification was reasonable.
 - b) In our opinion and according to information and explanations given to us, the procedures of physical verification of stocks, followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) The company is maintaining proper records of inventory and the material discrepancies noticed on physical verification, have been properly dealt with in the books of account.
- iii)
 - a) The Company has neither taken nor granted any loan from any company, firm or other party covered in the register maintained under section 301 of the Companies Act except during the regular course of business.
 - b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions of loans given or taken by the company secured or unsecured, are prima facie, not prejudicial to the interest of the company.
 - c) As per the information and explanation given to us,
The company is not regular in payment of term loans and working capital facilities availed from the State Bank of India and Federal Bank Ltd.
 - d) The following amounts of interest and principal are overdue for payments to State Bank of India and the Federal Bank Ltd. (Rs. In lacs)

	Principal	Interest
Term loans - State Bank of India	515.00	329.92
- Federal Bank Ltd.	111.68	39.87
Working Capital Loans	-	22.45

MADHYADESH PAPERS LIMITED



- iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods. During the course of audit, we have not observed any area of continuous failure to correct major weakness in internal control system.
- v) a) The company has entered the transactions that need to be entered into a register, in pursuance of section 301 of the Act.
- b) In our opinion, these transactions during the year, in cases of transactions exceeding Rupees five lacs, in respect of any party, have been made at the prices, which are reasonable having regard to prevailing market prices, at the relevant time.
- vi) In our opinion and according to information and explanations given to us, the Company has not accepted during the year, any deposit from public in contravention of the directives of Reserve Bank of India and Section 58A and 58AA of the Companies Act, 1956 and rules framed thereunder.
- vii) The company has an internal audit system, conducted by the employees of the company. In our opinion this needs to be strengthened, in view of volume and nature of transactions of the company to make it commensurate with the size and the nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the central government for maintenance of cost records under section 201 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we are not required to carry out and have not carried out a detailed examination of the records with a view to determine, whether they are accurate or complete.
- ix) (a) The Company is generally late in payment of undisputed statutory dues including Employees Provident Fund and Profession tax.
- (b) Undisputed Income tax dues of Rs. 26.47 lacs and Provident Fund dues of Rs. 23.79 lacs, were outstanding for a period exceeding six months, as on March 31, 2010.
- x) The company neither has accumulated losses nor less than fifty percent of its net worth has eroded at the end of the year and company has not incurred cash losses income immediately preceding financial year. However, the company has uncured cash losses of Rs. 357.73 lacs during the current year.
- xi) On the basis of the information and explanations given to us by the management and read with our comments in Para (iii) (d) above, the company has defaulted in repayment of dues to its bankers.

MADHYADESH PAPERS LIMITED



- xii) As per the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares and other securities.
- xiii) The company is not a Chit Fund / Nidhi / Mutual benefit company. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- xiv) As per the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investment.
- xv) As explained to us, the company has not given any guarantee for loan taken by others, from banks or financial institutions.
- xvi) In our opinion and according to explanations given to us, the company has applied term loans for the purpose for which these loans were obtained.
- xvii) According to the records examined by us and as per information and explanations given to us, we are of the opinion that, the funds raised on short term basis, have not been used for long term investment and vice versa.
- xviii) The company has not made preferential allotment of any shares during the year.
- xix) The company has not issued any debenture during the year.
- xx) The company has not raised any money by public issue during the year.
- xxi) To the best of our knowledge and belief and according to information and explanations given to us, no fraud on or by the company has been noticed or reported.

NAGPUR
Date : May 29, 2010

Jagdish Khatri
Patner
For and on behalf of KHATRI & IYER
Chartered Accountants

MADHYADESH PAPERS LIMITED



BALANCE SHEET AS AT MARCH 31, 2010

SOURCES OF FUNDS	SCHEDULE REFERENCE	THIS YEAR Rs.	LAST YEAR Rs.
SHAREHOLDERS FUNDS :			
Share Capital	01	7,18,52,000	7,18,52,000
Reserves & Surplus	02	3,07,31,345	9,05,01,182
		<u>10,25,83,345</u>	<u>16,23,53,182</u>
LOAN FUNDS :			
Secured Loans	03		
		24,63,62,966	23,24,62,952
TOTAL		<u><u>34,89,46,311</u></u>	<u><u>39,48,16,134</u></u>
APPLICATION OF FUNDS			
FIXED ASSETS :			
Gross Block	04	48,66,45,347	48,19,44,113
Less : Depreciation		23,09,03,369	20,69,10,876
Net Block		25,57,41,978	27,50,33,237
CURRENT ASSETS, LOANS & ADVANCES :			
Inventories	05	6,50,45,640	5,54,73,539
Sundry Debtors	06	4,68,26,193	6,65,10,244
Cash & Bank Balances	07	1,85,63,095	85,56,380
Advances & Deposits	08	3,65,22,963	4,66,41,135
		<u>16,69,57,891</u>	<u>17,71,81,298</u>
CURRENT LIABILITIES & PROVISIONS :			
Current Liabilities	09	7,11,06,525	5,50,50,857
Provisions		26,47,033	23,47,544
		<u>7,37,53,558</u>	<u>5,73,98,401</u>
NET CURRENT ASSETS		9,32,04,333	11,97,82,897
MISCELLANEOUS EXPENSES :			
To the extent not written off or adjusted		0	0
Notes on Accounts	16		
TOTAL		<u><u>34,89,46,311</u></u>	<u><u>39,48,16,134</u></u>

This is the Balance Sheet referred to in our Audit Report of even date attached.

The Schedules referred to above form the integral part of the accounts.

For MADHYADESH PAPERS LIMITED

Jagdish Khatri
Partner
For & on behalf of Khatri & Iyer
Chartered Accountants

Nimish V. Maheshwari
Managing Director

Vinod Maheshwari
Chairman

NAGPUR
Dated : May 29, 2009

MADHYADESH PAPERS LIMITED



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	SCHEDULE REFERENCE	THIS YEAR Rs.	LAST YEAR Rs.
INCOME :			
Sales		24,92,24,209	50,97,12,560
Less : Excise Duty		3,22,406	16,65,308
		<u>24,89,01,803</u>	<u>50,80,47,252</u>
Increase/(Decrease) in stock	10	12,91,022	(52,818)
Other Income	15	54,92,545	28,03,278
		<u>25,56,85,370</u>	<u>51,07,97,712</u>
EXPENDITURE :			
Raw Materials Consumed	11	20,68,09,698	39,22,60,173
Manufacturing Expenses	12	74,56,145	95,11,850
Selling & Administrative Expenses	13	4,64,01,186	4,52,72,779
Financial Expenses	14	3,00,16,879	3,83,61,642
Depreciation	04	2,39,92,493	2,37,38,393
		<u>31,46,76,400</u>	<u>50,91,44,837</u>
Profit before Tax		(58,99,10,30)	16,52,875
Prior Period Adjustments :			
Income- tax for earlier period		(7,78,808)	(12,117)
Profit before Tax		(5,97,69,838)	16,40,758
Provision for Fringe Benefit Tax		0	(94,000)
Provision for Income Tax		0	(1,70,250)
Profit after Tax		(5,97,69,838)	13,76,508
Balance in Profit & Loss Account b/f		652,01,182	6,38,24,674
Balance carried to Balance Sheet		54,31,345	6,52,01,182

This is the Profit & Loss Account referred to in our Audit Report of even date attached.

The Schedules referred to above form an integral part of the Profit & Loss Account.

For MADHYADESH PAPERS LIMITED

Jagdish Khatri
Partner
For & on behalf of Khatri & Iyer
Chartered Accountants

Nimish V. Maheshwari
Managing Director

Vinod Maheshwari
Chairman

NAGPUR
Dated : May 29, 2010

MADHYADESH PAPERS LIMITED



SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	THIS YEAR RS.	LAST YEAR RS.
<u>SCHEDULE - 01</u>		
SHARE CAPITAL		
AUTHORISED:		
78,00,000 Equity shares of Rs. 10 each fully paid-up (Last year 78,00,000)	<u>7,80,00,000</u>	<u>7,80,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP:		
71,85,200 Equity shares of Rs. 10 each, fully paid-up (Last year 71,85,200)	<u>7,18,52,000</u>	<u>7,18,52,000</u>
<u>SCHEDULE - 02</u>		
RESERVES AND SURPLUS		
01. General Reserve :		
▲ Opening Balance	2,20,00,000	2,20,00,000
02. Capital Reserve :		
○ Optionally Convertible Preference share money forfeited	33,00,000	33,00,000
03. Profit and Loss Account		
	<u>54,31,345</u>	<u>6,52,01,182</u>
	<u>3,07,31,345</u>	<u>9,05,01,182</u>
<u>SCHEDULE - 03</u>		
I. TERM LOANS :		
1. The Federal Bank Ltd.		
a) Rupee Loans	3,93,93,923	3,74,75,851
b) Foreign Currency Loans	2,21,91,888	2,75,50,920
2. State Bank of India, IFB, Nagpur		
a) Rupee Term Loan	8,49,43,223	7,53,37,670
b) Working Capital Term Loan-1	4,03,17,666	3,57,58,462
b) Working Capital Term Loan-2	4,10,71,633	3,64,27,169
	<u>22,79,18,333</u>	<u>21,25,50,072</u>

(The above loans are secured against first charge [pari-passu] over all the assets of the Company, present & future and joint and several and personal guarantees of two Directors of the Company and Corporate Guarantees of Navabharat Press Ltd. Bionova Papercraft Pvt. Ltd., Madhyadesh Press Pvt. Ltd. and Navabharat Press, Nagpur.)

MADHYADESH PAPERS LIMITED



	THIS YEAR RS.	LAST YEAR RS.
III. WORKING CAPITAL LOANS :		
i) Cash Credit from State Bank of India, Industrial Finance Branch, Nagpur (Secured by hypothecation of stock of raw material, stock-in-process & finished products and lien over book debts, second charge over fixed assets of the company & personal guarantees of two Directors of the company and corporate guarantees of four associate concerns mentioned above)	1,84,44,633	1,99,12,880
	<u>24,63,62,966</u>	<u>23,24,62,952</u>
 SCHEDULE - 05		
INVENTORIES :		
As taken, valued and certified by the Management		
Waste Papers	3,21,82,706	3,16,76,425
Coal, Fuel Pellets / Rice Husk	2,37,52,599	1,53,08,371
Chemicals	26,79,672	28,04,968
Stores & Spares	36,55,489	41,30,693
Packing materials	1,84,090	2,53,020
Finished Goods	16,98,493	9,39,033
Stock-in-process	8,92,591	3,61,029
	<u>6,50,45,640</u>	<u>5,54,73,539</u>
 SCHEDULE - 06		
SUNDRY DEBTORS :		
Unsecured considered good		
a. Outstanding for a period exceeding six months :		
i) Considered good	1,32,87,339	46,50,263
ii) Considered doubtful-not provided for	1,38,23,688	89,64,515
b. Others	1,97,15,166	5,28,95,466
	<u>4,68,26,193</u>	<u>6,65,10,244</u>
 Out of the above :		
Debts due from Directors	0	0
From Companies & Concerns under the same management	48,70,038	2,30,94,313
	<u>48,70,038</u>	<u>2,30,94,313</u>

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SCHEDULE - 04
FIXED ASSETS

PARTICULARS	GROSS BLOCK AS ON 31.03.2009	ADDITIONS/ DEDUCTIONS	GROSS BLOCK AS ON 31.03.2010	Depreciation upto 31.03.2009	Depreciation for the year	Depreciation upto 31.03.2010	NET BLOCK AS ON 31.03.2010	NET BLOCK AS ON 31.03.2009
Freehold Land	48,54,906	0	4854906	0	0	0	4854906	4854906
Buildings & Site Developments	74603267	272464	74875731	22983224	2492444	25475669	49400063	51620043
Plant & Machinery	387720999	4368620	392089619	174404120	20487694	194891813	197197805	213316879
Electric Installations	7027528	0	7027528	4150048	371053	4521101	2506426	2877480
Office Equipments	849799	0	849799	482950	40365	523315	326483	366849
Computers	1228947	60150	1289097	1205421	215478	1420899	- 131802	23526
Furnitures & Fixtures	1746256	0	1746256	1157725	110538	1268263	477993	588531
Vehicles	3912412	0	3912412	2527388	274920	2802308	1110104	1385024
TOTAL	481944113	4701234	486645347	206910876	23992493	230903369	255741978	275033237
PREVIOUS YEAR	479502350	2441764	481944113	183172483	23738393	206910876	275033237	296329867

MADHYADESH PAPERS LIMITED



	THIS YEAR RS.	LAST YEAR RS.
<u>SCHEDULE - 07</u>		
CASH AND BANK BALANCES :		
Cash-in-hand	94,395	17,45,810
Balances with Scheduled Banks :		
In Current Accounts	18,789	3,10,659
In Fixed Deposits	1,84,49,910	64,99,911
	1,85,63,095	85,56,380
<u>SCHEDULE - 08</u>		
ADVANCES & DEPOSITS :		
Deposits for Power & Other Utilities	71,951	71,951
Advances on Capital Account	11,20,000	11,43,034
Other Advances & Deposits	3,53,31,013	4,54,26,150
	3,65,22,963	4,66,41,135
Out of the above advances :		
Advances to the Directors (During the year Maximum Balance Outstanding - Nil)	0	0
Advances to Concerns in which Directors are interested	47,14,004	46,74,946
Maximum Balances outstanding during the year	46,74,946	46,74,946
<u>SCHEDULE - 9</u>		
CURRENT LIABILITIES :		
Payable on Capital Accounts	10,44,070	11,47,275
Advances against sales	7,35,246	14,00,968
Sundry Creditors	5,59,00,557	3,91,01,664
Payable for Expenses	84,90,010	74,13,924
Other Liabilities	49,36,641	59,87,026
	7,11,06,525	5,50,50,857
Out of the above; debts due to Small Scale Industries for more than one year for more than Rs. 1.00 Lac		
	0	0
PROVISIONS		
For Income-tax	26,47,033	22,53,544
For Fringe Benefit Tax	0	94,000
	26,47,033	23,47,544

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	THIS YEAR RS.	LAST YEAR RS.
SCHEDULE - 10		
INCREASE / DECREASE IN STOCK		
Opening Stock :	9,39,033	8,32,564
Finished Goods	3,61,029	5,20,316
Stock-In-Process	<u>13,00,062</u>	<u>13,52,880</u>
Closing Stock :	16,98,493	9,39,033
Finished Goods	8,92,591	3,61,029
Stock-In-Process	<u>25,91,084</u>	<u>13,00,062</u>
INCREASE / (DECREASE) IN STOCK	<u><u>12,91,022</u></u>	<u><u>(52,818)</u></u>
SCHEDULE - 11		
RAW MATERIALS CONSUMED :		
Opening Stock	5,41,73,477	4,31,65,418
Purchases	<u>21,50,90,777</u>	<u>40,32,68,232</u>
Closing Stock	26,92,64,254	44,64,33,650
	<u>6,24,54,556</u>	<u>5,41,73,477</u>
	<u><u>20,68,09,698</u></u>	<u><u>39,22,60,173</u></u>
SCHEDULE - 12		
MANUFACTURING EXPENSES :		
Transportation Charges	37,30,927	57,47,102
Customs Duty	73,104	2,69,313
Machinery Repairs & Maintenance	26,37,259	20,24,408
Other Manufacturing Expenses	<u>10,14,855</u>	<u>14,71,027</u>
	<u><u>74,56,145</u></u>	<u><u>95,11,850</u></u>

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	THIS YEAR RS.	LAST YEAR RS.
<u>SCHEDULE - 13</u>		
SELLING AND ADMINISTRATIVE EXPENSES :		
Salaries & Bonus	1,97,13,168	2,11,47,946
Insurance	1,79,104	7,04,274
Repairs & Maintenance	4,48,692	5,10,867
Legal & Statutory Expenses	1,18,487	91,328
Professional & Consultancy Fees	5,43,079	8,23,556
Security Charges	9,28,916	7,99,712
Printing & Stationery	1,85,375	2,36,818
Travelling Expenses	3,23,488	3,36,851
Miscellaneous Expenses	2,82,197	1,58,099
Staff Welfare	19,57,102	23,87,024
Telephone Expenses	2,81,936	3,11,460
Rent, Rates & Taxes	3,82,400	1,05,906
Directors' Remuneration	6,00,000	6,00,000
Vehicle Expenses	5,53,074	6,66,152
Advertisement Expenses	1,84,266	0
Auditor's Remuneration :		
As Audit Fee	77,210	
For Taxation Matters	57,908	
Postage & Courier	24,891	33,169
Listing Fees	29,200	27,836
Sales Tax	7,021	47,894
Commission on Sales	16,72,974	25,62,309
Discounts & Rebates	1,56,16,282	1,15,59,383
Factory Maintenance Expenses	17,97,769	15,54,901
Prior Period Expenses	4,36,647	4,78,304
	<u>4,64,01,186</u>	<u>4,52,72,779</u>
<u>SCHEDULE - 14</u>		
FINANCIAL EXPENSES :		
Interest on Working Capital Loans	21,98,753	29,49,348
Interest on Term Loans	2,65,80,423	2,64,00,775
Other Interest	5,04,554	14,18
Bank Commission & Charges	7,33,149	15,46,580
Loss on Foreign Currency Variations	0	74,63,521
	<u>3,00,16,879</u>	<u>3,83,61,642</u>
<u>SCHEDULE - 15</u>		
OTHER INCOME		
Scrap Sales	9,27,670	19,25,177
Interest	7,90,966	5,84,427
Sales Tax Refund	5,13,579	2,93,674
Other Receipt	1,73,600	0
Income on Foreign Currency Variations	30,86,730	0
	<u>54,92,545</u>	<u>28,03,278</u>



SCHEDULE - 16

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010.

1. SIGNIFICANT ACCOUNTING POLICIES :

A. Method of Accounting :

The accounts are prepared under the historical cost convention and on accrual basis.

B. Fixed Assets :

- i) Fixed assets are stated at cost, alongwith costs directly attributable to bring the asset to their working condition. The MODVAT Credit available on fixed assets in respect of Paper Plant and Kraft Upgradation Plant were deducted from cost of the respective assets. Fixed Assets acquired for Power Project and for upgradation of existing plant, are stated at cost inclusive of excise duty.
- ii) Depreciation has been provided in the manner and at the rates specified in the Schedule XIV of the Companies Act, 1956, on straight line method.

C. Sales-tax :

The unit is eligible for incentives under the Package Scheme of Incentives 1993, of the State Government. In view of this the company is exempt from payment of sales tax. Sales tax refunds and set off, available is accounted for on accrual basis. However, that up to the year ended on March 31, 2005 these were accounted for, on completion of assessment.

D. Inventories :

Inventories comprising of raw materials, chemicals, packing materials, goods in process and finished products have been valued at lower of cost (inclusive of Excise Duty) or net realisable value. The consumables have been valued at cost.

E. Deferred Tax Liability :

No Provision has been made in respect of Deferred Income tax liability calculated as per Accounting Standard 22, of about Rs. 210 lacs (Last year Rs. 260 lacs), arising due to timing differences in the depreciation charged under the Income Tax Act, 1961 and that charged under the Companies Act, 1956, and unabsorbed loss brought forward in view of the profitability trends, the amount of Unabsorbed Depreciation available and the liability of the company for payment of income tax in near future.

F. General :

Other accounting policies of the Company are consistent with generally accepted accounting policies.

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II. Contingent Liabilities :

a) Bank Guarantees outstanding	: Rs. 83.10 Lacs (Last year : Rs. 62.77 Lacs)
b) Claims against company not acknowledged	:
i) Bills of M.S.E.D.C. Ltd.,	: Rs. 30.12 Lacs (Last year : Rs. 30.12 Lacs)
ii) Sales tax liabilities, disputed in Appeals	: Rs. 46.10 Lacs (Last year : Rs. 46.10 Lacs)
c) Contracts remaining to be executed on Capital accounts	: Nil (Last Year : Nil)
d) Contingent Liability of right to recompense arising out of re-schedulement of credit facilities by State Bank of India	: Rs. 156.00 Lacs (Last year : Rs. 156 Lacs)

III. Remuneration paid / payable to :

Managing Director	: Rs. 600000 (Last year : Rs. 600000)
-------------------	---------------------------------------

IV. a. Earnings in foreign currency :

: Nil (Last year : Nil)

b. Remittances in foreign currency

i) For purchase of Raw Materials	Rs. 2.04 Lacs (Last year : Rs. 10.07 Lacs)
----------------------------------	--

V. Break up of raw materials & consumables :

Figures in parentheses denote those relating to last year.

	Waste Paper	Coal Rice Husk etc.	Chemicals	Packing Materials	Stores & Consumables	Total
Opening Stock :						
-Quantity (MT)	3519 (2440)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
-Value (Rs.)	31676425 (19878979)	15308371 (15361719)	2804968 (2870916)	253020 (420386)	4130693 (4633418)	54173477 (43165418)
Purchases :						
-Quantity (MT)	15390 (28473)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
-Value (Rs.)	136671338 (269978066)	52854837 (88351921)	13860445 (27766528)	3521563 (4938139)	8182594 (12233578)	215090777 (403268232)
Closing Stock :						
-Quantity (MT)	3632 (3519)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
-Value (Rs.)	32182706 (31676425)	23752599 (15308371)	2679672 (2804968)	184090 (253020)	3655489 (4130693)	62454556 (54173477)
Consumption :						
-Quantity (MT)	15277 (27394)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
-Value (Rs.)	136165057 (258180620)	44410609 (88405269)	13985741 (27832476)	3590493 (5105505)	8657798 (12736303)	206809698 (392260173)

MADHYADESH PAPERS LIMITED



VI. Particulars in respect of goods manufactured :

a)	Name of the product	:	Newsprint in Rolls / sheets and Kraft Paper
b)	Licensed Capacity	:	25000 TPA (Last year 25000 TPA)
c)	Installed Capacity	:	21780 TPA (Last year 21780 TPA)
d)	Opening Stock	:	70.747 MT (Last year 56.708 MT)
e)	Production	:	12351.994 MT (Last year 23390.204 MT)
f)	Sales	:	12363.129 MT (Last year 23376.165 MT)
g)	Closing Stock	:	59.612 MT (Last year 70.747 MT)

VII. Balance Sheet abstract and Company's general business profile :

1. Registration Details :

Registration No. -

State Code :

Balance Sheet Date :
Date Month Year

2. Capital raised during the year : (Amount Rs. in thousands)

Public issue

Right issue

3. Position of Mobilisation and Deployment of Funds :

Total Liabilities

Total Assets

Source of Funds :

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds :

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

MADHYADESH PAPERS LIMITED



Accumulated Losses

						N	I	L	

4. Performance of the Company :

Turnover

		2	4	9	2	2	4		
--	--	---	---	---	---	---	---	--	--

Loss before tax

		(5	8	9	9	1)	
--	--	---	---	---	---	---	---	---	--

Earning per share (Rs.)

						N	I	L	

Total Expenses

		3	0	8	2	1	5		
--	--	---	---	---	---	---	---	--	--

Loss after tax

		(5	9	7	7	0)	
--	--	---	---	---	---	---	---	---	--

Dividend & Dividend tax

						N	I	L	

5. Generic Name of two principal products of Company :

Item Code No. (ITC Code) :

4	8	.	0	1					
---	---	---	---	---	--	--	--	--	--

Product Description :

N	E	W	S	P	R	I	N	T		I	N		R	O	L	L	S		
O	R		S	H	E	E	T	S											

Item Code No. (ITC Code) :

4	8	.	0	2					
---	---	---	---	---	--	--	--	--	--

Product Description :

U	N	C	O	A	T	E	D		P	A	P	E	R		O	F				
A									K	I	N	D								
U	S	E	D						F	O	R									
W	R	I	T	I	N	G	,		P	R	I	N	T	I	N	G				
O	R								O	T	H	E	R							
G	R	A	P	H	I	C														
P	U	R	P	O	S	E	S	,		I	N									
R	O	L	L	S																
O	R								S	H	E	E	T	S						

MADHYADESH PAPERS LIMITED



6. Related Party Disclosure :

- a) The company has the following related parties with whom transactions have taken place during the year :

Associates :

- Navabharat Press Ltd.
- Madhyadesh Press Pvt. Ltd.
- Madhyadesh Construction & Finance Pvt. Ltd.
- Navabharat Press, Nagpur
- Shri Bio Fuels
- Bionova Paper Krafts Pvt. Ltd.

Managing Director - Mr. Nimish Maheshwari

		(Rs. in Lacs)	
		<u>2010</u>	<u>2009</u>
b)	Transactions with related Parties :		
i)	Sales to Associates :	574.18	1153.64
ii)	Purchases of Waste Papers & Fuel Pellets from Associates :	-	196.58
iii)	Directors remuneration to the Managing Director :	6.00	6.00
c)	Outstanding Balances :	<u>2010</u>	<u>2009</u>
•	Sundry Debtors :	48.70	230.94
•	Unsecured Loans :	Nil	Nil
•	Advances :	<u>47.14</u>	<u>46.73</u>

Schedules 01 to 17 form an integral part of the accounts and are signed for the purpose of identification.

For MADHYADESH PAPERS LIMITED

Jagdish Khatri
Partner
For & on behalf of Khatri & Iyer
Chartered Accountants

Nimish V. Maheshwari
Managing Director

Vinod Maheshwari
Chairman

NAGPUR
Dated : May 29, 2010

MADHYADESH PAPERS LIMITED



CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD FROM APRIL 01, 2009 TO MARCH 31, 2010

(Rs. in thousands)

A. CASH FLOW FROM OPERATING ACTIVITIES :

Net Profit before extra ordinary items	(59782)
Less : Depreciation	23992
Interest Expenses	30017
Operating Loss before extra ordinary items	(5773)
Extra ordinary items	(779)
Operating Loss before capital changes in working capital	(6551)
Increase in Inventories	(9572)
Decrease in Receivables	19684
Increase in Sundry Creditors	16799
Decrease in other current liabilities	(1154)
Increase in payable for expenses & advances against sales	410
Net Decrease in Working Capital	26168
Cash Flow from operating activities	19616

B. CASH FLOW FROM INVESTING ACTIVITIES :

Increase in fixed assets	(4701)
Interest Income	791
Increase in other current assets	10118
Increase in Provisions	299
Cash flow from Investing Activities	6507

C. CASH FLOW FROM FINANCING ACTIVITIES :

Increase in longterm borrowings	15368
Decrease in cash credit	(1468)
Increase in short term borrowings	0
Increase in Capital Reserves	0
Interest paid	(30017)
Cash flow from financing activities	(16117)
Increase in cash & cash equivalent	10007
Opening cash & cash equivalents	8556
Closing cash & cash equivalents	18563

For & on behalf of the Board

NAGPUR

Dated : May 29, 2010

Nimish Maheshwari
Managing Director

Vinod Maheshwari
Chairman



AUDITORS' REPORT

We have verified the attached Cash Flow Statement of MADHYADESH PAPERS LTD., for the year ended on March 31, 2010. The statement has been prepared by the Company in accordance with the requirements of the listing agreement and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of May 29, 2010 to the Members of the Company.

Nagpur
Dated : May 29, 2010

Jagdish Khatri
Partner
For & on behalf of Khatri & Iyer
Chartered Accountants

MADHYADESH PAPERS LIMITED



Nomination Request Form (For shares held in physical form)

To,
Madhyadesh Papers Limited
C/o. Adroit Corporate Services Pvt. Ltd.,
19, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road, Marol Naka,
Mumbai - 400 059.

From _____
Folio No. _____
No. of Shares /
Debentures _____

I am / we are holder (s) of Shares/Debentures of the Company as mentioned above. I/We nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of shares/ debentures shall vest in the event of my/our death.

Nominee's name								Age				
To be furnished in case the nominee is a minor						Date of Birth						
Guardian's Name*												
Occupation of Nominee Tick (✓)	1	Service	2	Business	3	Student	4	Household				
	5	Professional	6	Farmer	7	Others						
Nominee's Address												
							Pin Code					
Telephone No.							Fax No					
Email Address							Std code					
Specimen signature of nominee / Guardian (In case nominee is minor)												

* To be filled in case nominee is a minor
Kindly take the aforesaid details on record.

Thanking you,
Yours faithfully,

	Name of all the holder(s) (as appearing on the Certificate(s))	Signature as per specimen recorded with company
Sole / 1 st holder		
2 nd holder		
3 rd holder		
4 th holder		

MADHYADESH PAPERS LIMITED



Signature of two Witnesses

	Name and Address	Signature with date
1.		
2.		

INSTRUCTIONS :

1. Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per instructions, the same will be rejected.
2. The nomination can be made by individuals only. Non individuals including society, trust, body, corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares/debentures are held jointly all joint holders will sign (as per the specimen registered with the Company) the nomination form.
3. A minor can be nominated by a holder of shares/debentures and in that event the name and address of the Guardian shall be given by the holder.
4. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family, or a power of attorney holder. A non-resident Indian can be a nominee on repatriable basis.
5. Transfer of share/debenture in favour of a nominee and repayment of amount to nominee shall be a valid discharge by a company against the legal heir.
6. Only one person can be nominated for a given folio.
7. Details of all holders in a folio need to be filed; else the request will be rejected.
8. The nomination will be registered only when it is complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the company) and (b) the nominee.
9. Whenever the Shares/Debentures in the given folio are entirely transferred or transposed with some other folio, then this nomination will stand rescinded.
10. Upon receipt of a duly executed nomination form, the Company/Transfer Agent of the Company will register the form and allot a registration number. This number and folio no. should be quoted by the nominee in all future correspondence.
11. The nomination can be varied or cancelled by executing fresh nomination form.
12. The company will not entertain any claims other than those of a registered nominee, unless so directed by a Court.

FOR OFFICE USE ONLY
Nomination Registration Number
Date of Registration
Checked by and Signature of Employee

MADHYADESH PAPERS LIMITED



MADHYADESH PAPERS LIMITED

Regd. Office : Nava Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 440015

PROXY FORM

Regd. Folio No. _____ No. of shares held _____
I/We _____ of _____
in the district of _____ being a member/members of the above named Company hereby
appoint _____ of _____ in
the District of _____ or failing him/her _____
of _____ in the district of _____ as my/our proxy to vote for me/us on
my/our behalf at the **SEVENTEENTH ANNUAL GENERAL MEETING** of the Company to be held on Tuesday,
September 21, 2010 and at any adjournment thereof.

Signed this _____ day of _____ 2010

Signature
(affix Re. 1/- stamp)



NOTE:

This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

MADHYADESH PAPERS LIMITED

Regd. Office : Nava Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 440015

ATTENDANCE SLIP

Regd. Folio No. _____ No. of Shares held _____

ANNUAL GENERAL MEETING

I certify that I am a registered share holder / proxy for the registered shareholder of the Company.

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of Company at NAVA
BHARAT BHAVAN, CHHATRAPATI SQUARE, WARDHA ROAD, NAGPUR - 440015 on Tuesday,
September 21, 2010

(Member's/Proxy's Name in Block Letters)

(Signature of Member/Proxy)

NOTE:

Please fill this attendance slip and hand it over at the **ENTRANCE OF THE MEETING HALL**

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MADHYADESH PAPERS LTD.

Registered Office :

Nava Bharat Bhavan, Chatrapati Square,
Wardha Road, Nagpur- 440 015.