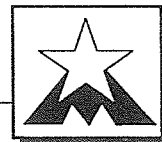




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**MADHYADESH PAPERS LTD.**  
**18TH ANNUAL REPORT 2010-2011**

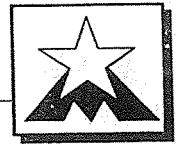
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# MADHYADESH PAPERS LIMITED



**BOARD OF DIRECTORS** :

SHRI VINOD MAHESHWARI	Chairman
SHRI NIMISH V. MAHESHWARI	Managing Director
SHRI VINAY PANSARI	Director
SHRI ANANTRAI RAWELL	Director

**AUDITORS** :

M/S. KHATRI & IYER,  
Chartered Accountants  
117, Zal Complex,  
Residency Road, Sadar  
NAGPUR - 440 001.

**BANKERS** :

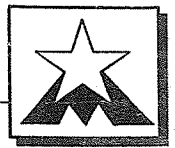
STATE BANK OF INDIA  
Industrial Finance Branch,  
Bharat Nagar, NAGPUR - 440 010  
THE FEDERAL BANK LIMITED  
Ramdaspath, NAGPUR - 440 010

**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 - 232398, 232401  
FAX : 07113 - 232400



## NOTICE TO MEMBERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of MADHYADESH PAPERS LIMITED will be held on Friday, the 15th Day of July, 2011 at 10.00 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, 2011 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 Anantrai Rawell 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 Resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 21 of the Companies Act, 1956, and subject to the approval of the Central Government (powers delegated to Registrar of Companies) the name of the Company be changed from 'MADHYADESH PAPERS LIMITED' to 'SAFFRON INDUSTRIES LIMITED' and accordingly the name 'MADHYADESH PAPERS LIMITED' where ever occurs in the Memorandum and Articles of Association of the Company be substituted by the name 'SAFFRON INDUSTRIES LIMITED'.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to apply to Central Government or any other authority approved by the Central Government to effect the said change in name of the Company."

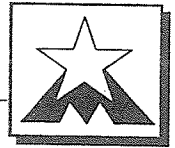
Registered Office :

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

By Order of the Board,

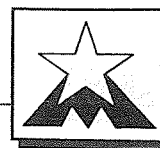
Nimish V. Maheshwari  
Managing Director

Dated : June 15, 2011



## 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 Thursday, the 15th July, 2011.
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 Company was incorporated on 20th April 1993 with the name 'Madhyadesh Papers Limited' with the Registration No. 11-71683 and the Certificate of Commencement of Business was issued to the company by the Registrar of Companies, Maharashtra on 07th October 1993.

At the time of formation of the company it was considered by the Promoters of the company that the substantial business of the company would be dealt within the part of Central India and hence the word 'Madhyadesh' with the meaning in Hindi language as 'Centre of Country' was found appropriate for using in its name, considering this the company was incorporated with the word 'Madhyadesh' and the word 'Papers' was used to reflect the object of the company.

Now, the Directors of the company are considering expansion of the area of company's business across the length and width of India. However, the word in existing name of the company - 'Madhyadesh' is suggesting restriction of its business operations limited to Central Part of India only and is considered as not suitable with the growth of the company.

The Promoters of the company are from Nagpur city which is famous for the fruit 'Orange'. The colour 'Saffron' is nearly similar to colour 'Orange', for this reason the Directors want to use the word 'Saffron' to reflect the locational belonging of the promoters of the company 'with a new look' in the proposed name of the company.

To remove the suggestive restriction created by the word 'Madhyadesh' and to give a new look to its name with the word 'Saffron' and also to take care of any diversification of business if proposed in future by using the word 'Industries' in its name, the name of the company is proposed to be changed from 'Madhyadesh Papers Limited' to 'Saffron Industries Limited', which is more suitable and appropriate for the company.

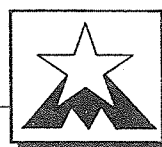
The Registrar of Companies, Maharashtra has made available the name 'Saffron Industries Limited' to your company vide its letter dated 10th June 2011.

Section 21 of the Companies Act, 1956 requires to pass a Special Resolution and also approval from Central Government is necessary for changing the name of the company.

To comply with the statutory requirements with respect to Change of name of the company considering the above mentioned facts-

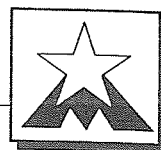
The Board recommends the Special Resolution for approval of the members.

None of the Directors are interested in the said resolution.



**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 Anantraï Rawell
Date of Birth	18.09.1932
Date of Appointment	31.07.2009
Expertise in specific functional areas	Shri Anantraï Rawell is eminent personality of Nagpur city. He is a well known personality in Industry and Trade circle. Shri Rawell is having 60 years of rich experience in automobile Sector.
Directorships of other Public Limited Companies as on 31st March, 2011	Nil
Chairman/Member of the Committees of other Companies as on 31st March, 2011	Nil
No. of shares held	-



## DIRECTORS' REPORT

To the Members of 'MADHYADESH PAPERS LIMITED'

Your Directors have pleasure in presenting their Eighteenth Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS :

(RUPEES)

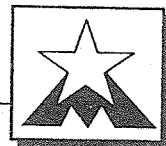
<b>SALES AND OTHER INCOME</b>		<b>25,99,24,617</b>
<b>Loss before Financial Charges &amp; Depreciation</b>		<b>(70,44,036)</b>
Less : Financial Charges	33032777	
Depreciation	<u>23991472</u>	
		<u>5,70,24,249</u>
Add : Prior Period Adjustments		<u>(6,40,68,285)</u>
		NIL
<b>Profit/(Loss) Before Tax</b>		<b>(6,40,68,285)</b>
Less : Provision For Taxation		NIL
<b>Profit/(Loss) after Tax</b>		<b>(6,40,68,285)</b>
Add : Prior Period Adjustments		1,31,097
Add: Surplus Brought Forward		54,31,345
<b>Balance carried forward</b>		<u><u>5,85,05,842</u></u>

### REVIEW OF OPERATIONS :

During the year under review the Sales Turnover of your company during current year was Rs. 25.88 Crore as against Rs. 24.92 Crore in previous year. However, the high cost and scarce availability of raw material in the market continued this year also, resulting into availability of small margins between sales turnover and the raw material consumed, which ultimately resulted into the loss of Rs. 6.40 Crore as compared to loss of Rs. 5.97 Crore in the last year.

However your company has achieved marginally better sales turnover amount this year as against the sales turnover amount of last year. 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





planning for better prospects of the company using various 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 and the domestic newsprint market is expected to become buoyant once again which would augment in improving sales realisations and profitability which will again take care of company's subsistence and growth in the market.

## **CHANGE IN NAME OF THE COMPANY :**

The Directors believe that the existing name of the company is not suitable for expansion of its business area accros the length of India. Hence the Board of Directors are of view to change the name of the Company from 'Madhyadesh Papers Limited' to 'Saffron Industries Limited'.

The Registrar of Companies, Maharashtra has made available the name 'Saffron Industries Limited' vide its letter dated 10th June 2011 to the company. However, consent of the Shareholders by passing Special Resolution in general meeting and subsequent approval of Central Government is necessary for change in name of the Company. The Directors recommend the Change in name of the company to 'Saffron Industries Limited'.

## **DIVIDEND :**

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

## **DIRECTORS :**

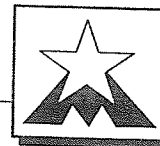
Shri Anantrai Rawell, who retires by rotation and being eligible, offer himself for re-appointment.

## **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.

## **DIRECTOR'S COMMENTS ON AUDITORS QUALIFICATION & ADVERSE REMARKS IN AUDITORS REPORT :**

The Auditors has made qualifications and marked adversely in the clause 7 (iii) (c) &(d) Clause 7(ix)(a) (b) and (xi) of the Auditors Report accompanied with the Balance Sheet and Profit & Loss Account for the year under review.



The Directors comment on these qualifications and remarks as - the Management is engineering necessary funds to regularise the payment of dues/overdues to the concerned Bankers. Also Employees Provident Fund/Profession Tax and other Taxation Dues are going to be regularised shortly.

## **DEMATERIALISATION OF SHAREHOLDING:**

The Company has already established electronic connectivity with both the depositories viz. National Depository Securities 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.

## **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"

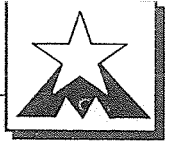
## **DIRECTORS' RESPONSIBILITY STATEMENT :**

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, 2011 and of the profits of the Company for the year ended 31st March, 2011 ;
- 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.



## **COST AUDIT :**

The audit of the Cost Accounts of the Company for the year ended 31st March 2011 is being conducted by the Cost Auditors and their report will be submitted to the Ministry of Corporate Affairs, Government of India.

The Board of Directors has appointed M/s Shriram & Co., Cost Accountants, as Cost Auditors of the Company for the Financial Year 2011-12. The Company shall make necessary application to Central Government for approval of his appointment within time prescribed.

## **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.

## **ACKNOWLEDGEMENTS :**

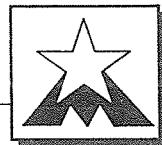
Your Directors are pleased to place on record their sincere gratitude to the State Bank of India, The Federal Bank Limited, Government Authorities, Suppliers, Customers and Shareholders for their continued support and co-operation extended to the Company during the year.

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 : June 15, 2011

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 :		2010-2011	2009-2010
Own Generation :			
Units	(in KWH)	92,13,801	1,13,08,580
Total Amount	(in Rs. lacs)	305.56	266.46
Rate per Unit	(in Rs.)	3.31	2.36

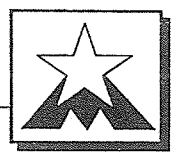
#### B) CONSUMPTION PER UNIT OF PRODUCTION

Machine Production	(MT)	12,555	13226
Electricity	(KWH/MT)	734	855
Finished Production	(MT)	11,597	12352
Electricity	(KWH/MT)	794	916

### 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.



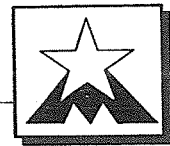
**3) FOREIGN EXCHANGE EARNING AND OUTGO :**

During the year under review there was no income in foreign exchange. However there was a foreign exchange outgo of Rs. 0.18 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 : June 15, 2011

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 Anantraï Rawell	Non-Executive Independent Director	5	Present	0	Nil	Nil



**Meeting of Board of Directors :**

During the period under review, 5 Board Meetings were held on 29th May, 2010, 14th August 2010, 08th November, 2010, 3rd January, 2011 and 14th February, 2011.

**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, 2010, 30th June, 2010, 31st July 2010, 31st October, 2010 & 31st January, 2011. 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 :**

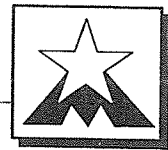
During the year under review the following Directors were members of the Remuneration Committee :

- 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, 2010 and 31st January, 2011 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



The details of remuneration paid to the Directors during the period ended on 31<sup>st</sup> March, 2011 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 Anantraï 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 :

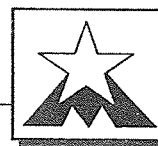
Sr. No.	Name of Director	No. of Meetings Attended
1.	Shri Vinod R. Maheshwari	10
2.	Shri Nimish V. Maheshwari	10

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.

The Company received two complaints in respect of shareholders for total five times during the financial year, one complaint was received from Bombay Stock Exchange/investor and other complaint was received from SEBI. Both the complaints although recurringly received by the company during the financial year were redressed by the company within prescribed time frame in respect of both the concerned complaining shareholders. After resolution of complaints and appropriate communication to the investors, a necessary reply/report in respect of redressal of complaints was given to both the aforesaid authorities by the company after receipt of every such complaint. 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 dematerialization pending for more than two weeks.





**6. General Body Meetings :**

AGM	For the Year	Venue	Date	Time
15th	2007 - 2008	Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 15	22.09.2008	10.00 A.M.
16th	2008 - 2009	- do -	03.09.2009	10.00 A.M.
17th	2009 - 2010	- do -	21.09.2010	9.30 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.

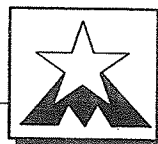
**8. Means of communication :**

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 : 15th July, 2011
- ii) Day : Friday
- iii) Time : 10.00 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 15th July, 2011
- vii) Dividend payment date : No dividend has been recommended

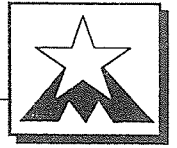
# MADHYADESH PAPERS LIMITED



- 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 2010	7.65	5.99
May 2010	8.50	7.42
June 2010	8.90	7.28
July 2010	9.03	7.37
August 2010	7.41	6.04
September 2010	13.69	7.75
October 2010	15.08	9.50
November 2010	10.01	9.17
December 2010	9.70	5.93
January 2011	8.34	6.87
February 2011	8.50	7.01
March 2011	8.50	6.22

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.



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 31.03.2011

Share or Debenture holding of nominal value of	Share holders		Shares	
	Number (2)	% to Total Nos. (3)	Number (4)	% to Total Capital
(1)				
Upto 500	1039	55.12%	374684	5.21%
501 to 1,000	492	26.10%	420840	5.86%
1,001 to 2,000	154	8.17%	249280	3.47%
2,001 to 3,000	67	3.55%	175574	2.44%
3,001 to 4,000	27	1.43%	96508	1.34%
4,001 to 5,000	15	0.80%	72400	1.01%
5,001 to 10,000	35	1.86%	281917	3.92%
10,001 to above	56	2.97%	5513997	76.74%
<b>Total</b>	<b>1885</b>	<b>100.00%</b>	<b>7185200</b>	<b>100.00%</b>

xiv) Dematerialisation of Shares :

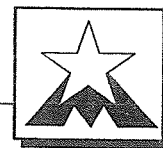
The company has already established electronic connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar of the Company M/s. Adroit Corporate Services Pvt. Ltd. As on 31st March 2011, 46,83,290 shares have been dematerialised representing 65.18% 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 one complaint received from SEBI and other one received from Stock Exchange Mumbai, both the complaints were resolved within prescribed time frame during the financial year under review by the company and satisfactory Action Taken Report/reply was submitted to SEBI and Stock Exchange Mumbai respectively within one month from the date of receipt of the complaint. However, the same complaints were received during the financial year by the company recurringly from both the above mentioned authorities although the complaints were resolved earlier. The company has submitted reply of compliance to the complaining authorities on receipt of all the complaints during the financial year under review.

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, 2011, 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 :

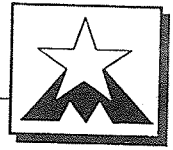
01. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
02. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
03. 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011 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.



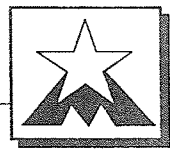
07. As required by the Companies (Auditors' Reports) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks, as we considered appropriate and on the basis of information given to us and to the extent the above order, in our opinion,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

	Principal	Interest
Term loans - State Bank of India	927.00	548.39
- Federal Bank Ltd.	375.99	133.68
Working Capital Loans	-	45.96



- (v) 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.
- (i) 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.
- (ii) 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.
- (iii) 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.
- (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 ₹ 26.47 lacs, Service Tax ₹ 2.21 lacs and Provident Fund dues of ₹ 28.09 lacs, were outstanding for a period exceeding six months, as on March 31, 2011.
- The company has accumulated losses of ₹ 585.06 lacs at the end of the year. The company has not incurred cash losses of ₹ 400.77 lacs during the current year and ₹ 357.77 lacs in last year..
- (v) 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.



- 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 30, 2011

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



# MADHYADESH PAPERS LIMITED



## BALANCE SHEET AS AT MARCH 31, 2011

SOURCES OF FUNDS	SCHEDULE REFERENCE	THIS YEAR ₹		LAST YEAR ₹
<b>SHAREHOLDERS FUNDS :</b>				
Share Capital	01	7,18,52,000	7,18,52,000	
Reserves & Surplus	02	<u>2,53,00,000</u>	9,71,52,000	3,07,31,345
				10,25,83,345
<b>LOAN FUNDS :</b>				
Secured Loans	03	27,93,02,796	24,63,62,966	
Unsecured Loans	04	<u>35,70,000</u>	28,28,72,796	0
				24,63,62,966
<b>TOTAL</b>			<u><u>38,00,24,796</u></u>	<u><u>34,89,46,311</u></u>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS :</b>				
Gross Block	05	48,71,56,220	48,66,45,347	
Less : Depreciation		<u>25,47,63,744</u>	23,09,03,369	
Net Block			23,23,92,477	25,57,41,978
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>				
Inventories	06	6,50,32,710	6,50,45,640	
Sundry Debtors	07	4,66,01,958	4,68,26,193	
Cash & Bank Balances	08	1,15,16,138	1,85,63,094	
Advances & Deposits	09	<u>3,39,03,759</u>	3,65,22,964	
		<u>15,70,54,565</u>	<u>16,69,57,891</u>	
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>				
Current Liabilities	10	6,52,81,055	7,11,06,525	
Provisions		<u>26,47,033</u>	26,47,033	
		<u>6,79,28,088</u>	<u>7,37,53,558</u>	
<b>NET CURRENT ASSETS</b>			8,91,26,477	9,32,04,333
<b>MISCELLANEOUS EXPENSES :</b>				
To the extent not written off or adjusted			0	0
<b>PROFIT &amp; LOSS ACCOUNT</b>				
Notes on Accounts	18		5,85,05,842	0
<b>TOTAL</b>			<u><u>38,00,24,796</u></u>	<u><u>34,89,46,311</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 30, 2011

# MADHYADESH PAPERS LIMITED



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	SCHEDULE REFERENCE	THIS YEAR ₹	LAST YEAR ₹
<b>INCOME :</b>			
Sales		258834881	249224209
Less : Excise Duty		550992	322406
		<u>258283889</u>	<u>248901803</u>
Increase/(Decrease) in stock	11	(1736431)	1291022
Other Income	17	1640728	5492545
		<u>258188186</u>	<u>255685370</u>
<b>EXPENDITURE :</b>			
Raw Materials Consumed	12	225161496	206809698
Manufacturing Expenses	13	4648717	7456145
Employees Benefit Expenses	14	20142329	21670270
Selling & Administrative Expenses	15	15279680	25464065
Financial Expenses	16	33032777	29283730
Depreciation	05	23991472	23992493
		<u>322256471</u>	<u>314676400</u>
<b>Profit before Tax</b>		<b>(64068285)</b>	<b>(58991030)</b>
<b>Prior Period Adjustments :</b>			
Income- tax for earlier period		0	(778808)
<b>Profit before Tax</b>		<b>(64068285)</b>	<b>(59769838)</b>
Provision for Income Tax		0	0
<b>Profit after Tax</b>		<b>(64068285)</b>	<b>(59769838)</b>
<b>Prior Period Adjustments :</b>			
Excess depreciation charged earlier		131097	0
Balance in Profit & Loss Account b/f		5431345	65201182
<b>Balance carried to Balance Sheet</b>		<b>(58505842)</b>	<b>5431345</b>

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

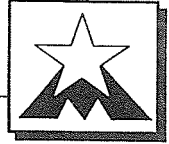
Nimish V. Maheshwari  
Managing Director

Vinod Maheshwari  
Chairman

NAGPUR  
Dated : May 30, 2011

[Annual 2]

# MADHYADESH PAPERS LIMITED

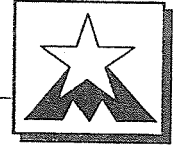


## SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	THIS YEAR ₹	LAST YEAR ₹
<b>SCHEDULE - 01</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
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>
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b>		
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>
<b>SCHEDULE - 02</b>		
<b>RESERVES AND SURPLUS</b>		
<b>01. General Reserve :</b>		
Opening Balance	2,20,00,000	2,20,00,000
<b>02. Capital Reserve :</b>		
Optionally Convertible Preference share money forfeited	33,00,000	33,00,000
<b>03. Profit and Loss Account</b>		
	0	54,31,345
	<u>2,53,00,000</u>	<u>3,07,31,345</u>
<b>SCHEDULE - 03</b>		
<b>I. TERM LOANS :</b>		
<b>1. The Federal Bank Ltd.</b>		
a) Rupee Loans	4,55,10,775	3,93,93,923
b) Rupee Loans	2,54,55,779	2,21,91,888
<b>2. State Bank of India, IFB, Nagpur</b>		
a) Rupee Term Loan	9,57,73,484	8,49,43,223
b) Working Capital Term Loan-1	4,54,58,168	4,03,17,666
b) Working Capital Term Loan-2	4,63,08,266	4,10,71,633
	<u>25,85,06,472</u>	<u>27,79,18,333</u>

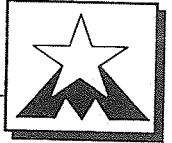
(The above loans are secured against first charge [*pari-passu*] over all the assets of the Company, present & future and joint and several and personal guarantees of two Directors of the Company and Corporate Guarantees of Navabharat Press Ltd. Bionova Papercraft Pvt. Ltd., Madhyadesh Press Pvt. Ltd.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

# MADHYADESH PAPERS LIMITED



	THIS YEAR ₹	LAST YEAR ₹
<b>III. WORKING CAPITAL LOANS :</b>		
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)	2,07,96,324	1,84,44,633
	<u>27,93,02,796</u>	<u>24,63,62,966</u>
<b>SCHEDULE - 04 UNSECURED LOANS</b>		
From Associate Concerns	35,70,000	0
	<u>35,70,000</u>	<u>0</u>
<b>SCHEDULE - 06 INVENTORIES :</b>		
As taken, valued and certified by the Management		
Waste Papers	3,47,53,476	3,21,82,706
Coal, Fuel Pellets / Rice Husk	2,19,93,209	2,37,52,599
Chemicals	33,62,456	26,79,672
Stores & Spares	39,59,529	36,55,489
Packing materials	1,09,387	1,84,090
Finished Goods	8,54,653	16,98,493
Stock-in-process	0	8,92,591
	<u>6,50,32,710</u>	<u>6,50,45,640</u>
<b>SCHEDULE - 07 SUNDRY DEBTORS :</b>		
Unsecured considered good		
a. Outstanding for a period exceeding six months :		
i) Considered good	31,15,554	1,32,87,339
ii) Considered doubtful-not provided for	2,73,21,807	1,38,23,688
b. Others	1,61,64,597	1,97,15,166
	<u>4,66,01,958</u>	<u>4,68,26,193</u>
Out of the above :		
Debts due from Directors	0	0
From Companies & Concerns under the same management	22,79,227	48,70,038
	<u>22,79,227</u>	<u>48,70,038</u>

# MADHYADESH PAPERS LIMITED

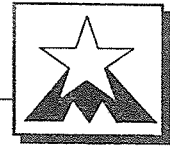


## SCHEDULE - 05

### FIXED ASSETS

PARTICULARS	GROSS BLOCK AS ON 31.03.2010	ADDITIONS/ DEDUCTIONS	GROSS BLOCK AS ON 31.03.2011	Depreciation upto 31.03.2010	Depreciation for the year	Depreciation Adjustment	Depreciation upto 31.03.2011	NET BLOCK AS ON 31.03.2011	NET BLOCK AS ON 31.03.2010
<b>Tangible Assets</b>									
Freehold Land	4854906	0	4854906	0	0	0	0	4854906	4854906
Buildings & Site Developments	74875731	0	74875731	25475669	2500849	0	27976518	46899213	49400063
Plant & Machinery	392089619	504373	392593992	194891813	20711730	0	- 215603543	176990449	197197805
Electric Installations	7027528	0	7027528	4521101	371053	0	4892155	2135373	2506426
Office Equipments	849799	0	849799	523315	40365	0	563681	286118	326483
Computers	1289097	6500	1295597	1420899	705	(131097)	1290507	5090	(131802)
Furnitures & Fixtures	1746256	0	1746256	1268263	110538	0	1378801	367455	477993
Vehicles	3912412	0	3912412	2802308	256231	0	3058539	853873	1110104
<b>TOTAL</b>	<b>486645347</b>	<b>510873</b>	<b>487156220</b>	<b>230903369</b>	<b>23991472</b>	<b>(131097)</b>	<b>254763744</b>	<b>232392477</b>	<b>255741977</b>
<b>PREVIOUS YEAR</b>	<b>481944113</b>	<b>4701234</b>	<b>486645346</b>	<b>206910876</b>	<b>23992493</b>	<b>0</b>	<b>230903369</b>	<b>255741977</b>	<b>275033237</b>

# MADHYADESH PAPERS LIMITED



THIS YEAR  
₹

LAST YEAR  
₹

## SCHEDULE - 08

### CASH AND BANK BALANCES :

Cash-in-hand	736031	94395
Balances with Scheduled Banks :		
In Current Accounts	2483400	18789
In Fixed Deposits	8296707	18449910
	<u>11516138</u>	<u>18563094</u>

## SCHEDULE - 09

### ADVANCES & DEPOSITS :

Deposits for Power & Other Utilities	71951	71951
Advances on Capital Account	1170000	1120000
Other Advances & Deposits	32661808	35331013
	<u>33903759</u>	<u>36522964</u>

### 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	5045404	4714004
Maximum Balances outstanding during the year	<u>5045404</u>	<u>4674946</u>

## SCHEDULE - 10

### CURRENT LIABILITIES :

Payable on Capital Accounts	978671	1044070
Advances against sales	941296	735246
Sundry Creditors	49744115	55900557
Payable for Expenses	9813606	8490010
Other Liabilities	3803364	4936641
	<u>65281055</u>	<u>71106525</u>

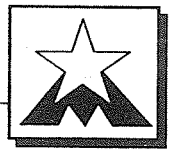
### Out of the above; debts due to Small Scale Industries for more than one year for more than Rs. 1.00 Lac

0 0

### PROVISIONS

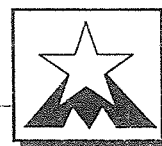
For Income-tax	26,47,033	26,47,033
	<u>26,47,033</u>	<u>26,47,033</u>

# MADHYADESH PAPERS LIMITED



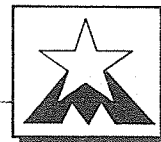
	THIS YEAR ₹	LAST YEAR ₹
<b>SCHEDULE - 11</b>		
<b>INCREASE / DECREASE IN STOCK</b>		
Opening Stock :		
Finished Goods	16,98,493	9,39,033
Stock-In-Process	8,92,591	3,61,029
	25,91,084	13,00,062
Closing Stock :		
Finished Goods	8,54,653	16,98,493
Stock-In-Process	0	8,92,591
	8,54,653	25,91,084
<b>INCREASE / (DECREASE) IN STOCK</b>	<b>(17,36,431)</b>	<b>12,91,022</b>
<b>SCHEDULE - 12</b>		
<b>RAW MATERIALS CONSUMED :</b>		
Opening Stock	6,24,54,556	5,41,73,477
Purchases	22,68,84,997	21,50,90,777
	28,93,39,553	26,92,64,254
Closing Stock	6,41,78,057	6,24,54,556
	22,51,61,496	20,68,09,698
<b>SCHEDULE - 13</b>		
<b>MANUFACTURING EXPENSES :</b>		
Transportation Charges	15,29,563	37,30,927
Customs Duty	4,266	73,104
Machinery Repairs & Maintenance	18,94,773	26,37,259
Other Manufacturing Expenses	12,20,115	10,14,855
	46,48,171	74,56,145
<b>SCHEDULE - 14</b>		
<b>EMPLOYEES BENEFIT EXPENSES :</b>		
Salaries & Bonus	1,79,89,143	1,97,13,168
Staff Welfare Expenses	6,17,978	2,29,034
Gratuity	2,70,681	3,57,293
Employer's Contributions to PF	12,64,527	13,70,775
	2,01,42,329	2,16,70,270

# MADHYADESH PAPERS LIMITED



	THIS YEAR ₹	LAST YEAR ₹
<b>SCHEDULE - 15</b>		
<b>SELLING AND ADMINISTRATIVE EXPENSES :</b>		
Bank Commission & Charges	2,50,839	7,33,149
Insurance	2,09,922	1,79,104
Repairs & Maintenance	2,33,094	4,48,692
Legal & Statutory Expenses	1,01,311	1,18,487
Professional & Consultancy Fees	2,63,334	5,43,079
Security Charges	7,72,153	9,28,916
Printing & Stationery	1,46,341	1,85,375
Travelling Expenses	2,20,507	3,23,488
Miscellaneous Expenses	2,45,167	2,82,197
Telephone Expenses	2,24,111	2,81,936
Rent, Rates & Taxes	3,47,510	3,82,400
Directors' Remuneration	6,00,000	6,00,000
Vehicle Expenses	4,57,876	5,53,074
Advertisement Expenses	28,084	1,84,266
Auditor's Remuneration :		
As Audit Fee	77,210	
For Taxation Matters	57,908	
Postage & Courier	57,508	24,891
Listing Fees	27,575	29,200
Sales Tax	4,19,479	7,021
Commission on Sales	11,58,473	16,72,974
Discounts & Rebates	70,19,434	1,56,16,282
Factory Maintenance Expenses	19,41,301	17,97,769
Prior Period Expenses	4,20,543	4,36,647
	<b>1,52,79,680</b>	<b>2,54,64,065</b>
<b>SCHEDULE - 16</b>		
<b>FINANCIAL EXPENSES :</b>		
Interest on Working Capital Loans	23,51,691	21,98,753
Interest on Term Loans	3,05,88,139	2,65,80,423
Other Interest	92,947	5,04,554
	<b>3,30,32,777</b>	<b>2,92,83,730</b>
<b>SCHEDULE - 17</b>		
<b>OTHER INCOME</b>		
Scrap Sales	4,16,452	9,27,670
Interest	10,12,276	7,90,966
Sales Tax Refund	0	5,13,579
Other Receipt	2,12,000	1,73,600
Income on Foreign Currency Variations	0	30,86,730
	<b>16,40,728</b>	<b>54,92,545</b>





## SCHEDULE - 18

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.

### 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.

#### D. Inventories :

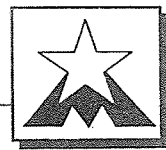
Inventories comprising of raw materials, chemicals, packing materials, goods in process and finished products have been valued at lower of cost (inclusive of Excise Duty) or net realisable value. The consumables have been valued at cost.

#### 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. 250 lacs (Last year Rs. 210 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.



## II. Contingent Liabilities :

a) Bank Guarantees outstanding	: ₹ 70.01 Lacs (Last year : ₹ 83.10 Lacs)
b) Claims against company not acknowledged :	
i) Bills of M.S.E.D.C. Ltd.,	: ₹ 30.12 Lacs (Last year : ₹ 30.12 Lacs)
ii) Sales tax liabilities, disputed in Appeals	: ₹. 46.10 Lacs (Last year : ₹ 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	: ₹ 156.00 Lacs (Last year : ₹ 156 Lacs)

## III. Remuneration paid / payable to :

Managing Director	: ₹ 600000 (Last year : ₹ 600000)
-------------------	-----------------------------------

## IV. a. Earnings in foreign currency :

: Nil (Last year : Nil)

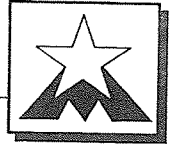
## b. Remittances in foreign currency

i) For purchase of Raw Materials/Spares	: ₹ 0.18 Lacs (Last year : ₹ 2.04 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
<b>Opening Stock :</b>						
-Quantity (MT)	3632	--	--	--	--	--
	(3519)	(--)	(--)	(--)	(--)	(--)
-Value (₹)	32182706	23752599	2679672	184090	3655489	62454556
	(31676425)	(15308371)	(2804968)	(253020)	(4130693)	(54173477)
<b>Purchases :</b>						
- Quantity (MT)	13339	--	--	--	--	--
	(15390)	(--)	(--)	(--)	(--)	(--)
-Value (₹)	148576505	59353993	8258779	2273137	8422583	226884997
	(136671338)	(52854837)	(13860445)	(3521563)	(8182594)	(215090777)
<b>Closing Stock :</b>						
-Quantity (MT)	3133	--	--	--	--	--
	(3632)	(--)	(--)	(--)	(--)	(--)
-Value (₹)	34753476	21993209	3362456	109387	3959529	64178057
	(32182706)	(23752599)	(2679672)	(184090)	(3655489)	(62454556)
<b>Consumption :</b>						
-Quantity (MT)	13838	--	--	--	--	--
	(15277)	(--)	(--)	(--)	(--)	(--)
-Value (₹)	146005735	61113383	7575995	2347840	8118543	225161496
	(136165057)	(44410609)	(13985741)	(3590493)	(8657798)	(206809698)



**VI. Particulars in respect of goods manufactured :**

a)	Name of the product	:	Newsprint in Rolls / sheets and Kraft Paper
b)	Licenced Capacity	:	25000 TPA (Last year 25000 TPA)
c)	Installed Capacity	:	21780 TPA (Last year 21780 TPA)
d)	Opening Stock	:	59.612 MT (Last year 70.747 MT)
e)	Production	:	11597.289 MT (Last year 12351.994 MT)
f)	Sales	:	11609.58 MT (Last year 12363.129 MT)
g)	Closing Stock	:	47.320 MT (Last year 59.612 MT)

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

**1. Registration Details :**

Registration No. 

1	1	-	7	1	6	8	3
---	---	---	---	---	---	---	---

State Code : 

1	1
---	---

Balance Sheet Date : 

3	1
---	---

 / 

0	3
---	---

 / 

2	0	1	1
---	---	---	---

  
Date Month Year

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

Public issue

						N	I	L
--	--	--	--	--	--	---	---	---

Right issue

						N	I	L
--	--	--	--	--	--	---	---	---

**3. Position of Mobilisation and Deployment of Funds :**

Total Liabilities

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

Total Assets

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

**Source of Funds :**

Paid-up Capital

		7	1	8	5	2
--	--	---	---	---	---	---

Reserves & Surplus

		2	5	3	0	0
--	--	---	---	---	---	---

Secured Loans

		2	7	9	3	0	3
--	--	---	---	---	---	---	---

Unsecured Loans

				3	5	7	0
--	--	--	--	---	---	---	---

**Application of Funds :**

Net Fixed Assets

		2	3	2	3	9	2
--	--	---	---	---	---	---	---

Investments

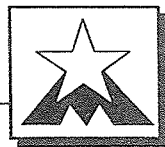
						N	I	L
--	--	--	--	--	--	---	---	---

Net Current Assets

		8	9	1	2	7
--	--	---	---	---	---	---

Miscellaneous Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---



### Accumulated Losses

			5	8	5	0	6
--	--	--	---	---	---	---	---

### 4. Performance of the Company :

Turnover

		2	5	8	8	3	5
--	--	---	---	---	---	---	---

Loss before tax

	(	6	3	9	3	7	)
--	---	---	---	---	---	---	---

Earning per share (Rs.)

					N	I	L
--	--	--	--	--	---	---	---

Total Expenses

		3	2	2	7	7	2
--	--	---	---	---	---	---	---

Loss after tax

	(	6	3	9	3	7	)
--	---	---	---	---	---	---	---

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 : 

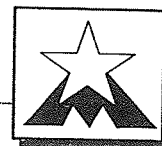
N	E	W	S	P	R	I	N	T		I	N		R	O	L	L	S
O	R		S	H	E	E	T	S									

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									



## 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.
- Navabharat Real Estate Pvt. Ltd.

### Managing Director - Mr. Nimish Maheshwari

		(Rs. in Lacs)	
		<u>2011</u>	<u>2010</u>
b)	Transactions with related Parties :		
i)	Sales to Associates :	624.13	574.18
ii)	Purchases of Waste Papers & Fuel Pellets from Associates :	20.30	—
iii)	Directors remuneration to the Managing Director :	6.00	6.00
c)	Outstanding Balances :	<u>2011</u>	<u>2010</u>
•	Sundry Debtors :	22.79	48.40
•	Unsecured Loans :	35.70	Nil
•	Advances :	<u>50.45</u>	<u>47.14</u>

Schedules 01 to 18 form an integral part of the accounts and are signed for the purpose of identification.

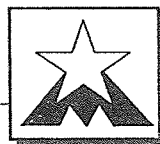
For MADHYADESH PAPERS LIMITED

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

Nimish V. Maheshwari  
Managing Director

Vinod Maheshwari  
Chairman

NAGPUR  
Dated : May 30, 2011



## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD FROM APRIL 01, 2010 TO MARCH 31, 2011

(₹ in thousands)

### A. CASH FLOW FROM OPERATING ACTIVITIES :

Net Profit before extra ordinary items	(64949)
Less : Depreciation	23991
Interest Expenses	33033
<b>Operating Loss before extra ordinary items</b>	<b>(7925)</b>
Extra ordinary items (Income)	(131)
<b>Operating Loss before capital changes in working capital</b>	<b>(8056)</b>
Decrease in Inventories	13
Decrease in Receivables	224
Decrease in Sundry Creditors	(6156)
Decrease in other current liabilities	(1199)
Increase in payable for expenses & advances against sales	1530
<b>Net Decrease in Working Capital</b>	<b>(5588)</b>
<b>Cash Flow from operating activities</b>	<b>(13645)</b>

### B. CASH FLOW FROM INVESTING ACTIVITIES :

Increase in fixed assets	(511)
Interest Income	1012
Decrease in other current assets	2619
Increase in Provisions	0
<b>Cash flow from Investing Activities</b>	<b>3121</b>

### C. CASH FLOW FROM FINANCING ACTIVITIES :

Increase in longterm borrowings	34158
Decrease in cash credit	2352
Increase in short term borrowings	0
Decrease in Capital Reserves	0
Interest paid	(33033)
<b>Cash flow from financing activities</b>	<b>3477</b>
<b>Increase in cash &amp; cash equivalent</b>	<b>(7047)</b>
<b>Opening cash &amp; cash equivalents</b>	<b>18563</b>
<b>Closing cash &amp; cash equivalents</b>	<b>11516</b>

For & on behalf of the Board

NAGPUR

Dated : May 30, 2011

Nimish Maheshwari  
Managing Director

Vinod Maheshwari  
Chairman

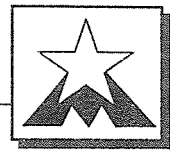


**AUDITORS' REPORT**

We have verified the attached Cash Flow Statement of MADHYADESH PAPERS LTD., for the year ended on March 31, 2011. 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 30, 2011 to the Members of the Company.

Nagpur  
Dated : May 30, 2011

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



## 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.

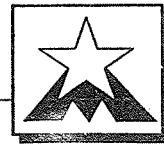
Nominee's name								Age			
To be furnished in case the nominee is a minor						Date of Birth					
Guardian's Name*											
Occupation of Nominee Tick (✓)	1	Service	2	Business	3	Student	4	Household			
	5	Professional	6	Farmer	7	Others					
Nominee's Address											
								Pin Code			
Telephone 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 <sup>st</sup> holder		
2 <sup>nd</sup> holder		
3 <sup>rd</sup> holder		
4 <sup>th</sup> holder		





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 re-patriable 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.

<b>FOR OFFICE USE ONLY</b>
Nomination Registration Number
Date of Registration
Checked by and Signature of Employee



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 EIGHTEENTH ANNUAL GENERAL MEETING of the Company to be held on Friday, July  
15, 2011 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

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 EIGHTEENTH ANNUAL GENERAL MEETING of Company at  
NAVA BHARAT BHAVAN, CHHATRAPATI SQUARE, WARDHA ROAD, NAGPUR - 440015 on Friday,  
July 15, 2011

\_\_\_\_\_  
(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

[Annual 2]

**BOOK-POST**

If Undelivered, Please Return to :



**MADHYADESH PAPERS LTD.**

**Registered Office :**

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