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**MADHYADESH PAPERS LTD.**

**16TH ANNUAL REPORT 2008-2009**

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# MADHYADESH PAPERS LIMITED



<b>BOARD OF DIRECTORS</b>	:	SHRI VINOD MAHESHWARI	Chairman
		SHRI NIMISH V. MAHESHWARI	Managing Director
		Dr. S. L. KESWANI	Director
		SHRI VINAY PANSARI	Director
		SHRI ANANTRAI RAWELL	Director
<b>AUDITORS</b>	:	M/S. KHATRI & IYER, Chartered Accountants, 117, Zal Complex, Residency Road, Sadar, Nagpur - 440 001.	
<b>BANKERS</b>	:	STATE BANK OF INDIA Industrial Finance Branch, Bharat Nagar, Nagpur - 440 010.	
		THE FEDERAL BANK LIMITED Ramdaspath, Nagpur - 440 010.	
<b>REGD. OFFICE</b>	:	NAVA BHARAT BHAVAN, Chhatrapati Square, Wardha Road, Nagpur - 440015. PH. : 0712 - 2284013, 2284014. FAX : 0712 - 2284015.	
<b>PLANT</b>	:	Village : Manegaon Taluka : Saoner Dist. : Nagpur PH. : 07113 - 232401 FAX : 07113 - 232400	



## **NOTICE TO MEMBERS**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of MADHYADESH PAPERS LIMITED will be held on Thursday, the 3rd September, 2009 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 31<sup>st</sup> March, 2009 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 Dr. S.L. Keswani who retires by rotation and being eligible, offers himself for reappointment.
3. To re-appoint a Director in place of Shri Vinay Pansari who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

Registered Office :

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

By Order of the Board,

Nimish V. Maheshwari  
Managing Director

Dated : July 31, 2009



## 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 Register of Members and Share Transfer Books of the Company will remain closed on Thursday, the 3<sup>rd</sup> September, 2009.
3. 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.
4. 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.
5. A blank proxy form is sent herewith.
6. 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.
7. 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.
8. Members are requested to bring their copies of the Annual Report to the Meeting.
9. The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
10. 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, 1<sup>st</sup> Floor, Makwana Road, Marol Naka, Mumbai - 400 059.



**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	Dr. S.L. Keswani	Shri Vinay Pansari
Date of Birth	28.04.1932	19.02.1965
Date of Appointment	09.08.2001	31.07.2003
Expertise in specific functional areas	He is a renowned Pulp & Paper Technologist & Consulting Engineer. He is also the Managing Director of Chemprojects Consulting Pvt. Ltd. which renders engineering services to pulp, paper, chemical and other process industries. He is a member of TAPPI, USA & IPPTA, India.	He is a renowned Business man having sound financial & accounting knowledge with rich experience of over 22 years in business.
Directorships of other Public Limited Companies as on 31st March, 2009.	1) DSM Agro Products Ltd. 2) Prakash Industries Ltd. 3) Khatema Fibers Ltd. 4) Cheema Papers Ltd.	Nil
Chairman / Member of the Committees of other Companies as on 31st March, 2009	Nil	Nil
No. of shares held	Nil	8,000

**DIRECTORS' REPORT**

To the Members of '**MADHYADESH PAPERS LIMITED**'

Your Directors have pleasure in presenting their Sixteenth Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS :****(RUPEES)**

<b>SALES AND OTHER INCOME</b>		<b>51,08,50,530</b>
<b>Gross Profit</b>		<b>6,37,52,910</b>
Less : Financial Charges	3,83,61,642	
Depreciation	<u>2,37,38,393</u>	
		<b>6,21,00,035</b>
		<b>16,52,875</b>
Add : Prior Period Adjustments		<b>(12,117)</b>
<b>Profit Before Tax</b>		<b>16,40,758</b>
Less : Provision For Taxation		<b>2,64,250</b>
<b>Profit After Tax</b>		<b>13,76,508</b>
Add : Surplus Brought Forward		<b>6,38,24,674</b>
<b>Balance carried forward</b>		<b>6,52,01,182</b>

**REVIEW OF OPERATIONS :**

The Indian Economy has seen significant changes during the financial year 2008-09, owing to the global economic turmoil and overall recessionary trend prevailing in all segments of industry. The Paper Industry has also seen a sharp and continuous decline in gross sales realisations affecting the margin of operations.

During the year under review your Company registered a growth in production capacity from 20881.684 MT in the previous year to 23376.165 MT in the current year. Consequentially, there was a rise in the Sales Turnover of your company from Rs. 40.58 Crores in the previous year to Rs. 50.97 Crores in the current year. However, the rise in Sales Turnover did not have a corresponding effect on the Net profits of the Company which fell from Rs. 21.22 Lacs in the previous year to Rs. 13.77 Lacs in the current year owing to rise in raw material cost and financial charges. But, your Company is evaluating and implementing strategies to sustain its growth both in terms of production and profitability.



## **FUTURE OUTLOOK :**

In this scenario of global economic crisis, 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.

## **DIVIDEND :**

In view of reduced profitability and the current need for sustaining growth of your Company, the Directors have not recommended any dividend for this year.

## **DIRECTORS :**

Dr. S.L. Keswani & Shri Vinay Pansari who retire by rotation and being eligible, offer themselves for re-appointment.

## **AUDIT COMMITTEE :**

The Company has already constituted an Audit Committee of its Board of Directors with specified terms of reference. Dr. S. L. Keswani is the Chairman of the Audit Committee. Shri Vinod Maheshwari, Shri Vinay Pansari 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 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 31<sup>st</sup> March, 2009 and of the profits of the Company for the year ended 31<sup>st</sup> March, 2009;
- 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 31<sup>st</sup>, March 2009 is being conducted by the Cost Auditors and their report will be submitted to the Ministry of Company Affairs, Government of India.

## **PARTICULARS OF EMPLOYEES :**

None of the employees was 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, SICOM 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 : July 31, 2009

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 :		2008-2009	2007-2008
Own Generation :			
Units	(in KWH)	1,74,08,340	1,76,07,620
Total Amount	(Rs. in lacs)	421.28	427.86
Rate per Unit	(in Rs.)	2.42	2.43

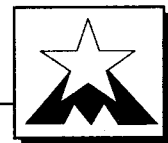
**B) CONSUMPTION PER UNIT OF PRODUCTION**

Machine Production	(MT)	24830	21946
Electricity	(KWH/MT)	701	802
Finished Production	(MT)	23390	20874
Electricity	(KWH/MT)	744	844

**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. 10.07 Lacs 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 : July 31, 2009

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 four Non Executive Directors out of which three 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	6	Present	9	Nil	Nil
2)	Shri Nimish V. Maheshwari	Managing Director	6	Present	9	Nil	Nil
3)	Dr. S. L. Keswani	Non-Executive Independent Director	5	Present	3	Nil	Nil
4)	Shri Vinay Pansari	Non-Executive Independent Director	6	Present	1	Nil	Nil
5)	Shri Anantrai Rawell	Non-Executive Independent Director	0	Absent	1	Nil	Nil

**Meeting of Board of Directors :**

During the period under review, 6 Board Meetings were held on 15<sup>th</sup> April, 2008; 30<sup>th</sup> June, 2008; 31<sup>st</sup> October, 2008, 6<sup>th</sup> December, 2008; 31<sup>st</sup> January, 2009 and 30 March, 2009

**3. Audit Committee :**

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

Shri Dr. S. L. Keswani	-	Chairman, Non-Executive Independent Director
Shri Vinod R. Maheshwari	-	Non-Executive Director
Shri Vinay Pansari	-	Non-Executive Independent Director
Shri Anantrai 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 292 A of the Companies Act 1956. The Committee reviews the financial statements before they are placed before the Board. During the period under review, four meetings of the Committee were held on 15<sup>th</sup> April, 2008, 30<sup>th</sup> June, 2008, 31<sup>st</sup> October, 2008 and 31<sup>st</sup> January, 2009. The details of attendance of the Audit Committee are as under :

Sr. No.	Name of Director	No. of Meetings Attended
1.	Dr. S. L. Keswani	4
2.	Shri Vinod R. Maheshwari	4
3.	Shri Vinay Pansari	4
4.	Shri Anantrai Rawell	0

**4. Remuneration Committee :**

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

Shri Dr. S. L. Keswani	-	Chairman, Non-Executive Independent Director
Shri Vinod R. Maheshwari	-	Non-Executive Director
Shri Vinay Pansari	-	Non-Executive Independent Director
Shri Anantrai Rawell	-	Non-Executive Independent Director

During the year under review, two meetings were held on 31<sup>st</sup> October, 2008 and 31<sup>st</sup> January, 2009 to review 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
1.	Dr. S. L. Keswani	2
2.	Shri Vinod R. Maheshwari	2
3.	Shri Vinay Pansari	2
4.	Shri Anantrai Rawell	0



The details of remuneration paid to the Directors during the year ended on 31<sup>st</sup> March, 2009 are as under :

<b>Sr. No.</b>	<b>Name of Director</b>	<b>*Sitting Fees (including committee meetings)</b>	<b>*Salaries &amp; Allowances etc.</b>	<b>Contributions to Provident and Superannuation Funds</b>
1.	Shri Vinod R. Maheshwari	Nil	Nil	Nil
2.	Shri Nimish V. Maheshwari	Nil	Rs. 6,00,000/-	Nil
3.	Dr. S. L. Keswani	Nil	Nil	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 :

<b>Sr. No.</b>	<b>Name of Director</b>	<b>No. of Meetings Attended</b>
1.	Shri Vinod R. Maheshwari	12
2.	Shri Nimish V. Maheshwari	12

Shri Vinod R. Maheshwari heads the Shareholding Committee. Shri Lionel Jordan, Deputy 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 did not receive complaint from the shareholder during the financial year. The Shareholding committee monitors the work of the Share Transfer Agent on a continuous basis. During the financial year there were no requests for share transfers and dematerialization pending for more than two weeks.



## 6. General Body Meetings :

AGM	For the Year	Venue	Date	Time
13th	2005 - 2006	Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 15	30.09.2006	10.00 A.M.
14th	2006 - 2007	– do –	05.09.2007	10.00 A.M.
15th	2007 - 2008	– do –	22.09.2008	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 Central Chronicle 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 : 3<sup>rd</sup> September, 2009
- ii) Day : Thursday
- iii) Time : 10.00 A.M.
- iv) Venue : Nava-Bharat Bhavan, Chhatrapati Square,  
Wardha Road, Nagpur - 440 015.
- v) Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March
- vi) Book Closure : on 3<sup>rd</sup> September, 2009.
- vii) Dividend payment date : No dividend has been recommended



# MADHYADESH PAPERS LIMITED



viii) Listing on Stock Exchange : 1) The Stock Exchange, Mumbai,  
1<sup>st</sup> 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 2008	13.40	10.57
May 2008	12.35	10.74
June 2008	10.54	7.66
July 2008	9.64	6.94
August 2008	9.49	7.68
September 2008	8.47	6.91
October 2008	7.10	5.91
November 2008	7.00	6.33
December 2008	7.00	6.37
January 2009	7.45	6.77
February 2009	7.00	5.76
March 2009	5.99	4.40

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.



**xi) Share Transfer System :**

The Shareholders Committee approves and monitors the transfer and transmission of shares and all allied matters. The Company's Registrar and Share Transfer Agent, M/s. Adroit Corporate Services Pvt. Ltd. has 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.

**xii) Distribution of Shareholdings : as on 30.06.2009**

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	1065	53.98	388274	5.40
501 to 1,000	528	26.76	455180	6.33
1,001 to 2,000	161	8.16	263702	3.67
2,001 to 3,000	82	4.16	213010	2.96
3,001 to 4,000	26	1.32	93235	1.30
4,001 to 5,000	21	1.06	98472	1.37
5,001 to 10,000	37	1.88	279298	3.89
10,001 to above	53	2.69	5394029	75.07
<b>Total</b>	<b>1973</b>	<b>100.00</b>	<b>7185200</b>	<b>100.00</b>

**xiii) Dematerialisation of Shares :**

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 the Registrar of the Company, M/s. Adroit Corporate Services Pvt. Ltd. As on 31<sup>st</sup> March 2009. 4609190 shares have been dematerialised representing 64.15% of the total shares of the Company. The International Securities Identification Number (ISIN) of the Company is INE 474D01013.

**xiv) Plant Location :**

Village : Manegaon  
Tahsil : Saoner  
District : Nagpur

**xv) 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, 1<sup>st</sup> Floor, Makwana Road, Marol Naka, Mumbai - 400 059.



## **10. 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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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, 2009, 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 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, 2009 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,
  - i) The company is not regular in payment of term loans and working capital facilities availed from the State Bank of India.
  - ii) The following amounts of interest and principal are overdue for payments to State Bank of India.

(Rs. In lacs)

	Principal	Interest
Term loans	167.00	148.24
Working Capital Loans	7.64	29.49



- d) No amount of principal and interest was overdue to the Federal Bank Ltd., reschedulement of their loans.
- 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 Professional tax.
- (b) Undisputed Income tax dues of Rs. 20.83 lacs were outstanding for a period of more than six months, as on March 31, 2009.
- x) The company neither has accumulated losses nor less than fifty percent of its net worth has eroded at the end of the year nor has incurred cash losses during the current year and the immediately preceeding financial 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 not defaulted in repayment of dues to any financial institution or bank.



- 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 : June 27, 2009

Jagdish Khatri  
Partner

For and on behalf of KHATRI & IYER  
Chartered Accountants

# MADHYADESH PAPERS LIMITED



## BALANCE SHEET AS AT MARCH 31, 2009

SOURCES OF FUNDS	SCHEDULE REFERENCE	THIS YEAR Rs.	LAST YEAR Rs.
<b>SHAREHOLDERS FUNDS :</b>			
Share Capital	01	7,18,52,000	7,18,52,000
Reserves & Surplus	02	9,05,01,182	8,58,24,674
		<u>16,23,53,182</u>	<u>15,76,76,674</u>
<b>LOAN FUNDS :</b>			
Secured Loans	03	23,24,62,952	22,97,84,833
Unsecured Loans	04	0	33,66,50,00
		<u>23,24,62,952</u>	<u>26,34,49,833</u>
<b>TOTAL</b>		<u><u>39,48,16,134</u></u>	<u><u>42,11,26,507</u></u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS :</b>			
Gross Block	05	48,19,44,113	47,95,02,350
Less : Depreciation		20,69,10,876	18,31,72,481
Net Block		<u>27,50,33,237</u>	<u>29,63,29,868</u>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>			
Inventories	06	5,54,73,539	4,45,18,298
Sundry Debtors	07	6,65,10,244	9,19,10,817
Cash & Bank Balances	08	85,56,380	1,01,02,134
Advances & Deposits	09	4,66,41,135	2,74,14,533
		<u>17,71,81,298</u>	<u>17,39,45,782</u>
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>			
Current Liabilities	10	5,50,50,857	4,33,72,416
Provisions		23,47,544	57,76,727
		<u>5,73,98,401</u>	<u>4,91,49,143</u>
<b>NET CURRENT ASSETS</b>		<b>11,97,82,897</b>	<b>12,47,96,639</b>
<b>MISCELLANEOUS EXPENSES :</b>			
To the extent not written off or adjusted		0	0
<b>Notes on Accounts</b>	17		
<b>TOTAL</b>		<u><u>39,48,16,134</u></u>	<u><u>42,11,26,507</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 : June 27, 2009



# MADHYADESH PAPERS LIMITED



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	SCHEDULE REFERENCE	THIS YEAR Rs.	LAST YEAR Rs.
<b>INCOME :</b>			
Sales		50,97,12,560	40,57,91,371
Less : Excise Duty		16,65,308	23,12,654
		<u>50,80,47,252</u>	<u>40,34,78,717</u>
Increase/(Decrease) in stock	11	(52,818)	2,03,546
Other Income	16	28,03,278	77,01,831
		<u>51,07,97,712</u>	<u>41,13,84,093</u>
<b>EXPENDITURE :</b>			
Raw Materials Consumed	12	39,22,60,173	29,22,76,820
Manufacturing Expenses	13	95,11,850	1,40,19,678
Selling & Administrative Expenses	14	4,52,72,779	4,60,53,708
Financial Expenses	15	3,83,61,642	3,15,52,208
Depreciation	05	2,37,38,393	2,35,74,561
		<u>50,91,44,837</u>	<u>40,74,76,975</u>
<b>Profit before Tax</b>		16,52,875	39,07,118
<b>Prior Period Adjustments :</b>			
Income- tax for earlier period		(12,117)	(12,34,760)
		<u>16,40,758</u>	<u>26,72,358</u>
<b>Profit before Tax</b>		16,40,758	26,72,358
Provision for Fringe Benefit Tax		(9,40,00)	(4,08,000)
Provision for Income Tax		(17,02,50)	(4,42,676)
		<u>13,76,508</u>	<u>21,21,682</u>
<b>Profit after Tax</b>		13,76,508	21,21,682
Balance in Profit & Loss Account b/f		6,38,24,674	6,17,02,993
		<u>6,52,01,182</u>	<u>6,38,24,674</u>
<b>Balance carried to Balance Sheet</b>		6,52,01,182	6,38,24,674

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 : June 27, 2009

# MADHYADESH PAPERS LIMITED



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

	THIS YEAR Rs.	LAST YEAR Rs.
<b><u>SCHEDULE - 01</u></b>		
<b>SHARE CAPITAL</b>		
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>
<b><u>SCHEDULE - 02</u></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	0
<b>03. Profit and Loss Account</b>	<u>6,52,01,182</u>	<u>6,38,24,674</u>
	<u>9,05,01,182</u>	<u>8,58,24,674</u>
<b><u>SCHEDULE - 03</u></b>		
<b>I. TERM LOANS :</b>		
1. The Federal Bank Ltd.		
a) Rupee Term Loan	3,74,75,851	3,84,22,950
b) Foreign Currency Loan	2,75,50,920	2,99,70,896
2. State Bank of India, IFB, Nagpur		
a) Rupee Term Loan	7,53,37,670	7,10,69,312
b) Working Capital Term Loan-1	3,57,58,462	3,31,56,954
b) Working Capital Term Loan-2	3,64,27,169	3,41,59,109
	<u>21,25,50,072</u>	<u>20,67,79,221</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)	1,99,12,880	1,97,52,369
ii) Overdraft in The Federal Bank Ltd. Secured against Fixed Deposits in the Bank	0	32,53,243
	<b>23,24,62,952</b>	<b>22,97,84,833</b>

## SCHEDULE - 04

## UNSECURED LOANS :

Intercompany Deposits	0	3,36,65,000
	<b>0</b>	<b>3,36,65,000</b>

## SCHEDULE - 06

## INVENTORIES :

As taken, valued and certified by the Management

Waste Papers	3,16,76,425	1,98,78,979
Coal, Fuel Pellets / Rice Husk	1,53,08,371	1,53,61,719
Chemicals	28,04,968	28,70,916
Stores & Spares	41,30,693	46,33,418
Packing materials	2,53,020	4,20,386
Finished Goods	9,39,033	8,32,564
Stock-in-process	3,61,029	5,20,316
	<b>5,54,73,539</b>	<b>4,45,18,298</b>

## SCHEDULE - 07

## SUNDRY DEBTORS :

Unsecured considered good

a. Outstanding for a period exceeding six months :		
i) Considered good	46,50,263	2,29,03,626
ii) Considered doubtful-not provided for	89,64,515	64,29,087
b. Others	5,28,95,466	6,25,78,104
	<b>6,65,10,244</b>	<b>9,19,10,817</b>

Out of the above :

Debts due from Directors	0	0
From Companies & Concerns under the same management	2,30,94,313	2,54,69,900
	<b>2,30,94,313</b>	<b>2,54,69,900</b>

**SCHEDULE - 05****FIXED ASSETS**

PARTICULARS	GROSS BLOCK AS ON 31.03.2008	ADDITIONS/ DEDUCTIONS	GROSS BLOCK AS ON 31.03.2009	Depreciation upto 31.03.2008	Depreciation for the year	Depreciation upto 31.03.2009	NET BLOCK AS ON 31.03.2009	NET BLOCK AS ON 31.03.2008
Freehold Land	48,54,906	0	48,54,906	0	0	0	48,54,906	48,54,906
Buildings & Site Developments	7,43,35,409	2,67,858	7,46,03,267	2,04,98,951	24,84,273	2,29,83,224	5,16,20,043	5,38,36,458
Plant & Machinery	38,63,77,394	13,43,605	38,77,20,999	15,39,75,236	2,04,28,884	17,44,04,120	21,33,16,879	23,24,02,158
Electric Installations	70,27,528	0	70,27,528	37,78,994	3,71,053	41,50,048	28,77,480	32,48,533
Office Equipments	8,34,723	15,076	8,49,799	4,42,788	40,161	4,82,950	3,66,849	3,91,934
Computers	12,01,803	27,144	12,28,947	11,70,148	35,273	12,05,421	23,526	31,655
Furnitures & Fixtures	17,46,256	0	17,46,256	10,47,187	1,10,538	11,57,725	5,88,531	6,99,069
Vehicles	31,24,331	7,88,081	39,12,412	22,59,178	2,68,210	25,27,388	13,85,024	8,65,153
<b>TOTAL</b>	<b>47,95,02,350</b>	<b>24,41,764</b>	<b>48,19,44,113</b>	<b>18,31,72,483</b>	<b>2,37,38,393</b>	<b>20,69,10,876</b>	<b>27,50,33,238</b>	<b>29,63,29,866</b>
PREVIOUS YEAR	47,80,27,565	14,74,785	47,95,02,350	15,95,97,922	2,35,74,561	18,31,72,481	29,63,29,866	31,84,29,643



# MADHYADESH PAPERS LIMITED



THIS YEAR  
Rs.

LAST YEAR  
Rs.

## SCHEDULE - 08

### **CASH AND BANK BALANCES :**

Cash-in-hand	17,45,810	49,20,500
Balances with Scheduled Banks :		
In Current Accounts	3,10,659	52,472
In Fixed Deposits	64,99,911	51,29,162
	<u>85,56,380</u>	<u>1,01,02,134</u>

## SCHEDULE - 09

### **ADVANCES & DEPOSITS :**

Deposits for Power & Other Utilities	71,951	71,951
Advances on Capital Accounts	11,43,034	11,20,000
Other Advances & Deposits	4,54,26,150	2,62,22,583
	<u>4,66,41,135</u>	<u>2,74,14,533</u>

Out of the above advances :

Advances to the Directors (During the year Maximum Balance Outstanding - Nil)	Nil	Nil
Advances to Concerns in which Directors are interested	46,74,946	43,88,995
Maximum Balances outstanding during the year	<u>46,74,946</u>	<u>43,88,995</u>

## SCHEDULE - 10

### **CURRENT LIABILITIES :**

Payable on Capital Accounts	11,47,275	12,49,583
Advances against sales	14,00,968	14,48,950
Sundry Creditors	3,91,01,664	2,21,30,477
Payable for Expenses	74,13,924	82,35,085
Other Liabilities	59,87,026	1,03,08,320
	<u>5,50,50,857</u>	<u>4,33,72,416</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	22,53,544	56,68,727
For Fringe Benefit Tax	94,000	1,08,000
	<u>23,47,544</u>	<u>57,76,727</u>



	THIS YEAR Rs.	LAST YEAR Rs.
<b><u>SCHEDULE - 11</u></b>		
<b>INCREASE / DECREASE IN STOCK</b>		
Opening Stock :		
Finished Goods	8,32,564	8,34,820
Stock-In-Process	5,20,316	3,14,514
	<u>13,52,880</u>	<u>11,49,334</u>
Closing Stock :		
Finished Goods	9,39,033	8,32,564
Stock-In-Process	3,61,029	5,20,316
	<u>13,00,062</u>	<u>13,52,880</u>
<b>INCREASE / (DECREASE) IN STOCK</b>	<u>(52,818)</u>	<u>2,03,546</u>
<b><u>SCHEDULE - 12</u></b>		
<b>RAW MATERIALS CONSUMED :</b>		
Opening Stock	4,31,65,418	6,40,42,313
Purchases	40,32,68,232	27,13,99,925
	<u>44,64,33,650</u>	<u>33,54,42,238</u>
Closing Stock	5,41,73,477	4,31,65,418
	<u>39,22,60,173</u>	<u>29,22,76,820</u>
<b><u>SCHEDULE - 13</u></b>		
<b>MANUFACTURING EXPENSES :</b>		
Transportation Charges	57,47,102	94,28,128
Customs Duty	2,69,313	1,90,932
Machinery Repairs & Maintenance	20,24,408	39,64,150
Other Manufacturing Expenses	14,71,027	4,36,468
	<u>95,11,850</u>	<u>1,40,19,678</u>

# MADHYADESH PAPERS LIMITED



THIS YEAR  
Rs.

LAST YEAR  
Rs.

## **SCHEDULE - 14**

### **SELLING AND ADMINISTRATIVE EXPENSES :**

Salaries & Bonus	2,11,47,946	1,88,51,856
Insurance	7,04,274	7,83,802
Repairs & Maintenance	5,10,867	2,75,556
Legal & Statutory Expenses	91,328	5,46,950
Professional & Consultancy Fees	8,23,556	6,26,059
Security Charges	7,99,712	7,34,120
Printing & Stationery	2,36,818	1,,95,448
Travelling Expenses	3,36,851	8,75,264
Miscellaneous Expenses	1,58,099	3,15,436
Staff Welfare	23,87,024	19,63,884
Telephone Expenses	3,11,460	3,75,090
Rent, Rates & Taxes	1,05,906	3,51,783
Directors' Remuneration	6,00,000	6,00,000
Vehicle Expenses	6,66,152	7,59,487
Auditor's Remuneration :		
As Audit Fee	70,000	
For Taxation Matters	58,989	
Postage & Courier	33,169	46,280
Listing Fees	27,836	25,000
Balances written off	5,12,289	1,56,912
Loss on sales of assets	0	28,21,475
Sales Tax	47,894	0
Commission on Sales	25,62,309	0
Discounts & Rebates	1,10,47,094	1,29,66,310
Factory Maintenance Expenses	15,54,901	26,45,497
Prior Period Expenses	4,78,304	0
	<b>4,52,72,779</b>	<b>4,60,53,708</b>

## **SCHEDULE - 15**

### **FINANCIAL EXPENSES :**

Interest on Working Capital Loans	29,49,348	51,10,279
Interest on Term Loans	2,64,00,775	2,54,56,327
Other Interest	1,418	49,832
Bank Commission & Charges	15,46,580	9,35,769
Loss on Foreign Currency Variations	74,63,521	0
	<b>3,83,61,642</b>	<b>3,15,52,208</b>

## **SCHEDULE - 16**

### **OTHER INCOME**

Scrap Sales	19,25,177	15,93,306
Interest	5,84,427	3,67,867
Sales Tax Refund	2,93,674	0
Income on Foreign Currency Variations	0	57,40,658
	<b>28,03,278</b>	<b>77,01,831</b>



## SCHEDULE - 17

### NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009.

#### 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.

iii) 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.260 lacs (Last year Rs. 270 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 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.

2. The Company has issued optionally convertible preferential share warrants, in favour of six investors, giving them rights to subscribe to 15,00,000 shares of the company with face value of Rs. 10/- at a premium of Rs. 12/-. The company has received Rs. 33,00,000/- (being 10% of total payable amount) against these share warrants. As these investors did not exercise their rights, this amount is forfeited and shown as Capital Reserve.



# MADHYADESH PAPERS LIMITED



## II. Contingent Liabilities :

- a) Bank Guarantees outstanding : **Rs. 62.77 Lacs** (Last year : Rs. 9.44)
- 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 : Nil)
- c) Contracts remaining to be executed on Capital accounts : **Nil** (Last Year : Nil)
- d) Contingent Liability of right to recompense arising out of reschedulment of credit facilities by State Bank of India : **Rs. 156.00 Lacs** (Last year : Rs. 156.00 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.10.07 Lacs** (Last year : Rs. 6.07 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
<b>Opening Stock :</b>						
-Quantity (MT)	2440 (5384)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
-Value (Rs.)	19878979 (38629119)	15361719 (16595158)	2870916 (3502843)	420386 (467715)	4633418 (4847478)	43165418 (64042313)
<b>Purchases :</b>						
- Quantity (MT)	28473 (22966)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
-Value (Rs.)	269978066 (175790280)	88351921 (55910491)	27766528 (21255620)	4938139 (5024025)	12233578 (13419509)	403268232 (271399925)
<b>Closing Stock :</b>						
-Quantity (MT)	3519 (2440)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
-Value (Rs.)	31676425 (19878979)	15308371 (15361719)	2804968 (2870916)	253020 (420386)	4130693 (4633418)	54173477 (43165418)
<b>Consumption :</b>						
-Quantity (MT)	27394 (25910)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
-Value (Rs.)	258180620 (194540420)	88405269 (57143930)	27832476 (21887547)	5105505 (5071354)	12736303 (13633569)	392260173 (292276820)



## 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	:	56.708 MT (Last year 64.553 MT)
e)	Production	:	23390.204 MT (Last year 20873.839 MT)
f)	Sales	:	23376.165 MT (Last year 20881.684 MT)
g)	Closing Stock	:	70.747 MT (Last year 56.708 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	0	9
---	---	---	---

  
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	9	4	8	1	6
--	--	---	---	---	---	---	---

Total Assets  

		3	9	4	8	1	6
--	--	---	---	---	---	---	---

#### Source of Funds :

Paid-up Capital  

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

Reserves & Surplus  

			9	0	5	0	1
--	--	--	---	---	---	---	---

Secured Loans  

		2	3	2	4	6	3
--	--	---	---	---	---	---	---

Unsecured Loans  

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

#### Application of Funds :

Net Fixed Assets  

		2	7	5	0	3	3
--	--	---	---	---	---	---	---

Investments  

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

Net Current Assets  

		1	1	9	7	8	3
--	--	---	---	---	---	---	---

Miscellaneous Expenditure  

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

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

		5	0	9	7	1	3
--	--	---	---	---	---	---	---

				1	6	5	3
--	--	--	--	---	---	---	---

				0	.	1	9
--	--	--	--	---	---	---	---

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

				1-	3	7	7
--	--	--	--	----	---	---	---

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

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	:	UNCOATED PAPER OF
		A KIND USED FOR
		WRITING, PRINTING
		OR OTHER GRAPHIC
		PURPOSES, IN ROLLS
		OR SHEETS



## 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)	
b)	Transactions with related Parties :	<u>2009</u>	<u>2008</u>
i)	Sales to Associates :	1153.64	530.96
ii)	Purchases of Waste Papers & Fuel Pellets from Associates :	196.58	101.73
iii)	Directors remuneration to the Managing Director :	6.00	6.00
c)	Outstanding Balances :	<u>2009</u>	<u>2008</u>
•	Sundry Debtors :	230.94	253.79
•	Unsecured Loans :	Nil	336.65
•	Advances :	<u>46.73</u>	<u>31.89</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 : June 27, 2009

# MADHYADESH PAPERS LIMITED



## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD FROM APRIL 01, 2008 TO MARCH 31, 2009

(Rs. in thousands)

### A. CASH FLOW FROM OPERATING ACTIVITIES :

Net Profit before extraordinary items	8268
Add : Depreciation	23738
Interest Expenses	38362
<b>Operating Profit before extra ordinary items</b>	<b>70368</b>
Extra ordinary items	(7476)
<b>Operating profit before capital changes in working capital</b>	<b>62892</b>
Increase in Inventories	(10955)
Decrease in Receivables	25401
Increase in Sundry Creditors	16971
Decrease in other current liabilities	(4424)
Increase in payable for expenses & advances against sales	(869)
<b>Net Decrease in Working Capital</b>	<b>26124</b>
<b>Cash Flow from operating activities</b>	<b>89016</b>

### B. CASH FLOW FROM INVESTING ACTIVITIES :

Increase in fixed assets	(2442)
Interest Income	584
Increase in other current assets	(19227)
Increase in Provisions	(3429)
<b>Cash flow from Investing Activities</b>	<b>(24513)</b>

### C. CASH FLOW FROM FINANCING ACTIVITIES :

Decrease in longterm borrowings	(31147)
Decrease in cash credit	161
Increase in short term borrowings	0
Increase in Capital Reserves	3300
Interest paid	(38362)
<b>Cash flow from financing activities</b>	<b>(66049)</b>
<b>Decrease in cash &amp; cash equivalent</b>	<b>(1546)</b>
<b>Opening cash &amp; cash equivalents</b>	<b>10102</b>
<b>Closing cash &amp; cash equivalents</b>	<b>8556</b>

For & on behalf of the Board

NAGPUR

Dated : June 27, 2009

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, 2009. 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 June 27, 2009 to the Members of the Company.

Nagpur

Dated : June 27, 2009

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 ( ✓ )																													
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.

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 **SIXTEENTH ANNUAL GENERAL MEETING** of the Company to be held on Thursday,  
September 03, 2009 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008

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 **SIXTEENTH ANNUAL GENERAL MEETING** of Company at **NAVA BHARAT BHAVAN, CHHATRAPATI SQUARE, WARDHA ROAD, NAGPUR - 440015** on Thursday, September 03, 2009

\_\_\_\_\_  
(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**



**MADHYADESH PAPERS LIMITED**

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If Undelivered, Please Return to :



**MADHYADESH PAPERS LTD.**

**Registered Office :**

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