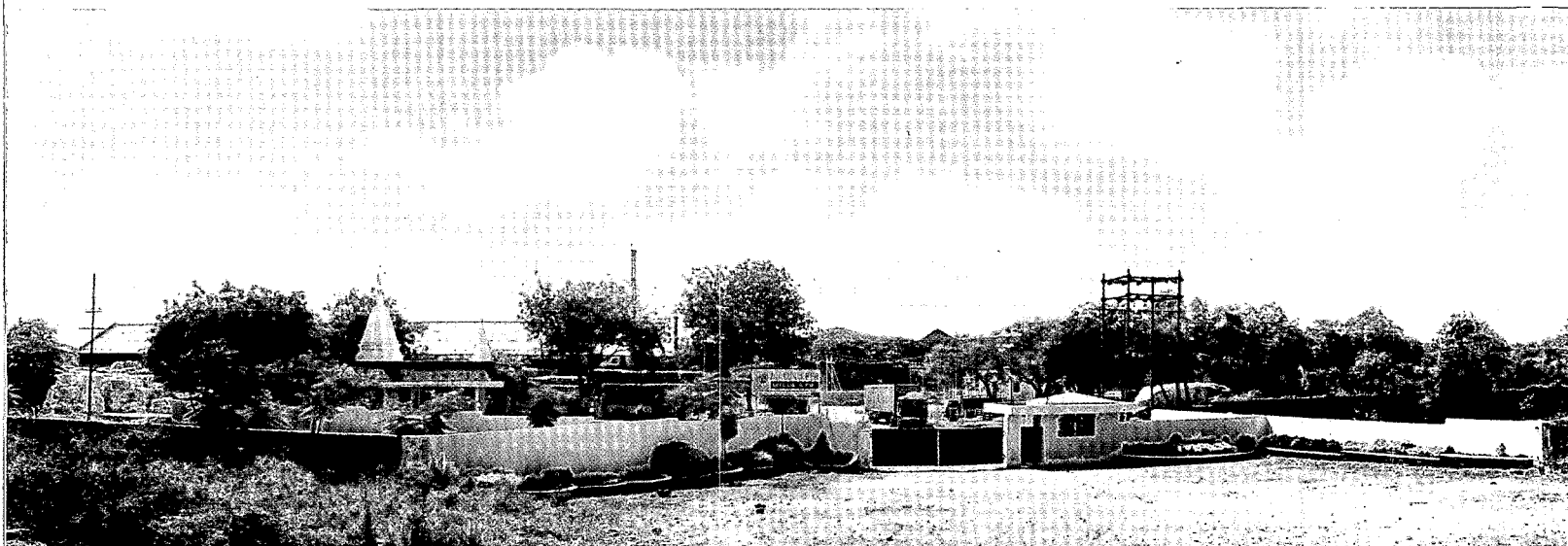




**MALU PAPER
MILLS LTD.**

16th Annual Report

2008-2009



MALU PAPER MILLS LTD.



Tribute to Founder Chairman



Late Shri Bhanwarlalji Malu (1924-2007)

MALU PAPER MILLS LIMITED

MALU PAPER MILLS LIMITED

Founder

Late Shri Bhanwarlal Malu
(1924 - 2007)

Chairman

Shri Damodarlal Malu

Managing Director

Shri Punamchand Malu

Joint Managing Director

Shri Banwarilal Malu

Non Executive Directors

Shri Vasudeo Malu
Shri Purushottam Malu *
Shri Ghasiram Malu *

Independent Directors

Shri Chandrakant Thakar
Shri Satyanarayan Rathi
Shri Satyanarayan Nuwal
Shri Anil Rathi
Shri Omprakash Bhattad *
Shri Lalit singh Mehta *

Bankers

State Bank of India
Axis Bank Ltd
Bank of Baroda
Bank of India
Jammu & Kashmir Bank

Statutory Auditors

M/s. Demble Ramani & Co.

Internal Auditors

M/s. Samria & Co.

CFO & Compliance Officer

Shri Girish Malpani

Registered and Corporate Office

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

Plants

Unit I & II

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

Unit III

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

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NOTICE

Notice is hereby given to the shareholders of Malu Paper Mills Limited that the 16th Annual General Meeting of the members will be held on Tuesday, the 29th day of September, 2009 at **the registered office of the Company at 'Heera Plaza, 4th Floor, Near Telephone Exchange Square, Central Avenue, Nagpur** at 3.00 P.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended on that date along with the reports of Director and Auditors thereon.
2. To appoint Auditors and to fix their remuneration.
3. To re-appoint the retiring Directors, Shri Damodarlal Malu who being eligible, hereby offer himself for re-election.
4. To re-appoint the retiring Directors, Shri Chandra kantbhai Thakar who being eligible, hereby offer himself for re-election.

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

**Sd/-
Punamchand Malu
Managing Director**

Registered Office:

Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 28th August, 2009

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. **A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
2. Register of Members and share transfer books of the Company will remain closed from 21st September 2009 to 29th September 2009 both days inclusive.
3. Members/Proxies should bring duly filled Attendance Slips sent herewith for attending the meeting.
4. Corporate Members are requested to send a duly certified copy of the Board resolution/Power of Attorney authorising their representative to attend and vote at the 16th Annual General Meeting.
5. Documents referred to the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days (Monday to Friday) between 11.00 a.m. and 1.00 p.m. upto the date of meeting and will also be available for inspection at the meeting.
6. **MEMBERS MAY NOTE THAT NO GIFT/GIFT COUPONS SHALL BE DISTRIBUTED AT THE VENUE OF THE MEETING.**

MALU PAPER MILLS LIMITED

REPORT OF BOARD OF DIRECTORS.

Dear Shareholders,

Your Directors have pleasure in presenting the Annual Report for the year ended 31st March 2009 along with the Audited Statement of Accounts with the Report of the Auditors thereon:

FINANCIAL RESULTS:

Your Directors are also pleased to inform that this was the first full year of the newly commissioned **Unit III** of Newsprint writing and printing plant. The quality of the product was well accepted in the market. Your company has maintained stability and has shown increase in the total sales.

The Newsprint Paper industry is going through tough times as the economic slowdown has drastically affected the newsprint industry. The prices of the newsprint have fallen by about 25 per cent in the last six months of the financial year 2008-09.

However the economic slowdown and the sudden fall in the price of Newsprint had created lot of pressure on the margins.

(Rs. In Lacs)

	2008-09	2007-08
SALES & OTHER INCOMES	15192.84	5936.67
PROFIT BEFORE INTEREST AND DEPRECIATION	1634.90	791.97
LESS: FINANCIAL CHARGES	1060.77	123.20
PROFIT BEFORE DEPRECIATION	574.13	668.77
LESS: DEPRECIATION	1316.07	254.32
LESS: PROVISION FOR TAX	(208.37)	161.17
PROFIT / (LOSS) AFTER TAX	(533.57)	253.28
ADD: BALANCE OF PROFIT FROM LAST YEAR	520.56	567.28
PROFIT / (LOSS) AVAILABLE FOR APPORTION	-	820.56
LESS: TRANSFER TO GENERAL RESERVES	-	300.00
BALANCE C/F TO BALANCE SHEET	(13.01)	520.56

DIVIDEND:

Due to losses your Directors do not recommended any dividend during the year under review.

MANAGEMENT REVIEW: 2008-09

INDUSTRY STRUCTURE AND DEVELOPMENTS

There has been noteworthy slump in the global as recession has covered the entire world. The heat of recession can also be felt on Indian Economy. Despite of economic upheaval, credit crisis - the Indian paper and newsprint industry has a huge potentials and prospects in coming future. In our country, demand for paper and newspaper is rapidly increasing. Indian paper industry is one of the underestimated industries, because India's per capita consumption of paper is just about 6 kg. whereas it is 337 kg in North America, 110 kg. in Europe and 30 kg. in China. Compare to this scenario India's per capita consumption is one of the lowest in the World.

The Indian Government has placed a larger emphasis on education as a part of its reforms agenda vide **Sarva Shiksha Abhyan**, which should enhance the off take of printing and writing paper, a segment in which your company belongs.

PERFORMANCE REVIEW

Despite of recession, heavy burden of cost of raw materials due to increase in fuel cost, sudden fall in the price of newsprint in second half and other economic factors your company has achieved turnover of Rs.15,164 Lacs (net of excise duty) as against Rs.5,919 Lacs in the previous year thereby an increase of growth of Rs.9,245 Lacs and the operating profit of the increased to Rs.1635 Lacs compared with the previous year of Rs.792 Lacs thus registered a growth of Rs.1062 Lacs.

However increased cost of borrowing, raw material cost, employee cost as well as manufacturing cost your company has posted Cash profit of Rs.574 Lacs.

The operation of the Company has been progressing satisfactorily. The Company is showing high level of operating performance during the past couple of years in the unit I & II and about 58% capacity utilization in newly commissioned third unit.

The Company's 6MW Co-generation Power plant also helped the Company in becoming self-sustainable in its power needs and considerably reducing its energy cost.

FUTURE OUTLOOK

The Indian paper industry is growing at 8 per cent per annum. It is also, expected to grow by 10 per cent by the year 2010

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

With the rapid rise in demand for newsprint from the print media and for packing containers from the FMCG industry, your company is anticipating strong revenue growth in the future. The increased focus on education by the government, an increase in the general level of literacy and continued demand from user industries will further add to the growth prospects of the Company.

However in the immediate short term the industry is likely to be impacted by the worldwide recession in paper industry. The medium to long term prospectus of Indian paper industry are positive.

The future is unpredictable. Market sentiments are unpleasant. In spite of unforeseen circumstances your company will endeavour to revitalize in the near future and are preparing the company for growth.

However, the first quarter of the current financial year has been a sobering experience for the company as we saw a build-up in stocks, slow demand and fall in prices across segments.

INTERNAL CONTROL SYSTEMS

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

THREATS, RISKS AND CONCERNS

- Fall in prices of imported Newsprint.
- Heavy burden of depreciation.
- The dollar-rupee movement has been a discouraging factor.

MALU PAPER MILLS LIMITED

- Rising crude price also affect on freight rates. Recently, crude prices breached the mark \$140, as a result pulp prices increased substantially.
- The economic downtrun will have negative effect on demand as well as profitability of paper industry in short term.

OPPORTUNITIES & STRENGTHS

- Self reliance for its power requirements.
- Steady growth in the number of local dailies thereby increase in demand for newsprint.
- The growing Indian economy will create more demand for paper. More offices and more jobs will create higher demand for paper.
- Increasing literacy level will lead to higher demand of circulation / readership of newspapers and increasing higher prevalence of using packed products.
- The industry has a strong and proportionate link with the national GDP, with GDP expected to grow in double digits over the foreseeable future, the demand and consumption of paper is expected to record a CAGR in excess of 6 per cent.
- The environment is becoming a key focus area in business today and we are proud to do our bit in saving environment from crisis by trading in waste paper

CORPORATE SOCIAL RESPONSIBILITY

Malu paper is committed to actively involve to the social and economic development of the communities located close to its operations. The Company has taken up health check up camps, tree plantations in the factory premises and in the vicinity of factory.

DIRECTORS RESPONSIBILITY STATEMENT FORMING PART OF DIRECTORS REPORT

As required under Section 217(2AA) Director's confirm that:

- 1 In the preparation of the annual accounts, the applicable accounting standards have been followed.

- 2 The Directors had selected such accounting policies and applied them consistently and made judgments and estimate that are reasonable and prudent so as to give a true and fair view of the state of affairs of Company as on 31st March 2009 and of the profit of the company for the year ended 31st March 2009.
- 3 The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- 4 The directors have prepared the annual accounts on a going concern basis.

PUBLIC DEPOSITS

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

LISTING OF SHARES

Equity Shares of Company are listed on The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE). The Company has duly paid listing fees to stock exchanges.

DIRECTOR

Shri Purushottam Malu, Shri Ghasiram Malu, Non Executive Promoter Directors and Shri Lalit Singh Mehta, Shri Omprakash Bhattad, Independent Directors resigned w.e.f. 30-07-2009.

Shri DamodarLal Malu and Shri Chandrakantbhai Thakar, Directors retire by rotation at the ensuing annual general meeting and being eligible offers themselves for re-appointment. Except this there has been no change in the composition of the Board of Directors.

AUDIT COMMITTEE

As per the provisions of the Listing Agreement and pursuant to Section 292A of the Companies Act, 1956, the Audit committee constituted to review compliances with internal control systems and other various functions of the Company. Shri Anil Rathi, Independent Director has been appointed as the Chairman of the

Committee w.e.f 30-07-2009 in place of Shri Omprakash Bhattad.

AUDITORS REPORT

The notes to the accounts to the comments made by the Auditors in their Report are self - explanatory.

AUDITORS

M/S Demble Ramani & Co., Chartered Accountants, the Auditors of the company, will retire at ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have given information to the effect that their appointment, if made, will be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

CORPORATE GOVERNANCE

Pursuant to the provisions of the Clause 49 of the Listing Agreement a report on Corporate Governance are annexed to and form part of this Annual Report.

PARTICULARS OF EMPLOYEES UNDER SECTION 217 OF COMPANIES ACT

The particulars required under section 217 (2A) of the Companies Act 1956 read with the provisions contained in companies (Particulars of Employees) Rule 1975 as amended to date are not applicable to your Company.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

As regards disclosure of particulars relating to conservation of energy, great emphasis has been given for reduction of energy consumption to reduce

cost per unit of goods. Details are attached herewith as per Annexure A.

The Company imports some portion of its raw material requirement. The foreign exchange earnings and outgo are as mentioned in the reports of the auditor of the Company.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the co-operation and support of Bankers, Customers, Business Associates, Shareholders, dealers and suppliers who are enabling the company to achieve its goals. The Directors also place on record their appreciation made by the employees at all levels.

BY ORDER OF BOARD OF DIRECTORS

Sd/-

PUNAMCHAND MALU

Managing Director

Sd/-

BANWARILAL MALU

Jt. Managing Director

NAGPUR

DATE: 28-08-2009.

MALU PAPER MILLS LIMITED

Annexure to Directors' Report - 2009

ANNEXURE A

FORM A: FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A POWER AND FUEL CONSUMPTION

1	ELECTRICITY :	Current year	Previous year
	(a) Purchased		
	Unit	17,025,347	15,981,450
	Total amount (Rs)	74,665,100	61,711,811
	Rate/ unit	4.386	3.861
	(b) Own generation	N.A.	N.A.
	(i) Through diesel generator		
	Unit		
	Units per litre of diesel oil		
	Cost/ unit		
	(ii) Through steam turbine/ generator		N.A.
	Unit	35,201,500	
	Units per litre of fuel oil / gas	—	
	Cost/ unit	3.205	
2	COAL & BIO MASS:		
	Quantity (Metric Tonnes)	74,480.15	20,032.10
	Total cost (Rs.)	148,436,685	29,527,360
	Average rate	1,992.97	1,474.00
3	FURNANCE OIL:	N.A.	N.A.
	Quantity (k. ltrs.)		
	Total amount		
	Average rate		
4	OTHERS:	N.A.	N.A.
	Quantity		
	Total cost		
	Rate/ unit		

B CONSUMPTION PER UNIT OF PRODUCTION

Standards (if any)	Current year	Previous year
Products unit (MT)	57,004.02	28,854.40
(Kraft & News print)		
1 Electricity	916.20	553.87
2 Furnace oil	N.A.	N.A.
3 Coal	1.307	0.694
4 Others (Specify)	N.A.	N.A.

FOR MALU PAPER MILLS LTD.

Sd/-
DIRECTOR

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The company believes in adopting the best practices in the areas of corporate governance. Even in a fiercely competitive business environment, the management and employees of the company are committed to uphold the core values of transparency, integrity, honesty and accountability, which are fundamentals to the Malu Paper Mills Limited (MPML).

The company will continue to focus its resources, strengths, and strategies for creation and safeguarding of shareholder's wealth and at the same time protect the interest of all its shareholders.

2. BOARD OF DIRECTORS:

The present strength of Board of Directors comprises of Ten Non-executive Directors and two Executive Directors as on 31st March 2009. The Chairman of the Board is Non-executive Chairman. In addition to the items that are required to be placed before the Board – following are also tabled for Board' periodic review / information:

- Minutes of meetings of Audit Committee and other Committees of Board.
- Annual operating plans, capitals and revenue budgets and updates.
- Information on recruitment and remuneration of senior officers, just below the Board level.
- Quarterly financial results of the Company.
- To ensures legal and ethical conduct and accurate financial reporting.

During the year under review the Board of Directors meet 06 (Six) times on 07-04-2008, 30-04-2008, 30-07-2008, 22-08-2008, 30-10-2008 and 30-01-2009.

The following table gives the composition of Directors and their attendance at the Board meetings held on above mentioned dates and the 15th Annual General Meeting of the Company held on 29-09-2008.

	Name of the Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of outside Directorship held @
	Shri Punamchand Malu	ED	6	YES	-
	Shri Banwarilal Malu	ED	6	YES	-
	Shri Damodarlal Malu	NED	4	YES	-
*	Shri Purushottam Malu	NED	6	YES	-
	Shri Vasudeo Malu	NED	6	YES	-
*	Shri Ghasiram Malu	NED	5	YES	-
	Shri Satyanarayan Rathi	ID	5	YES	-
*	Shri Omprakash Bhattad	ID	1	YES	-
	Shri Chandrakant Thakar	ID	5	YES	-
*	Shri Lalitsingh Mehta	ID	1	NO	1
	Shri Satyanarayan Nuwal	ID	2	YES	10
	Shri Anil Rathi	ID	2	YES	1

ED- Executive Director; NED-Non Executive Director; ID – Independent Director

* Resigned with effect from 30-07-2009.

@ Excluding Private Limited companies.

3. AUDIT COMMITTEE:

During the year ended on 31st March 2009 the Audit Committee comprised of three Non Executive Independent Directors Viz. Shri Omprakash Bhattad, Chairman, Shri Satyanarayan Rathi and

MALU PAPER MILLS LIMITED

Shri Chandrakantbhai Thakar. All the members are financially literate and the Chariman is an expert in the financial sector.

During the year the Audit Committee reviewed:

- Accounting and financial policies and practices of the Company.
- Internal control and internal audit system.
- Company's financial reporting process and its financial statements.
- Quarterly, half yearly and annual financial results before submission to the Board.

The Committee met on five occasions i.e. on 30-04-2008, 30-07-2008, 22-08-2008, 30-10-2008 and 30-01-2009. The following table gives attendance record:

Sl.No.	Name of the Members of Audit Committee	Number of Meetings attended
1	Shri Omprakash Bhattad	1
2	Shri Satyanarayan Rathi	5
3	Shri Chandrakant Thakar	5

The Committee expressed its satisfaction on accounts.

4. SHAREHOLDERS' GRIEVANCE COMMITTEE:

The Shareholders' Grievance Committee as on 31st March 2009 comprised of three Directors i.e. Mr. Satyanarayan Rathi, Mr. Lalitsingh Mehta and Mr. Banwarilal Malu.

The Committee looks into redressing of shareholders / investors complaints in matters such as transfer of shares, non receipts of annual reports. The Committee met on 30-07-2008 and 30-01-2009 in which Shri Satyanarayan Rathi and Shri Banwarilal Malu were present in both the meeting whereas Shri Lalitsingh Mehta was present in one meeting.

All the queries/ complaints received from various investors relating to non-receipt of Shares/ refund cheques/ Annual Report/ dematerialisation of shares etc. were attended to the satisfaction of the investors and at the end of the year no complaint was pending for redressal.

5. THE LOCATION AND TIME OF THE LAST 3 ANNUAL GENERAL MEETINGS:

Financial year	Location	Date & Time of AGM
2007-08	VIA Hall, Udyog Bhawan, Civil Lines, Nagpur.	29-09-2008 at 3.00 PM
2006-07	VIA Hall, Udyog Bhawan, Civil Lines, Nagpur.	26-09-2007 at 3.00 PM
2005-06	VIA Hall, Udyog Bhawan, Civil Lines, Nagpur	28-08-2006 at 3.00 PM

Special Resolutions passed at the annual general meetings are as under:

- AGM held on 28th September 2006 – 2 Special Resolutions
- AGM held on 26th September 2007 – 3 Special Resolutions
- AGM held on 29th September 2008 – No Special Resolutions

6. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

There are no materially significant related party transactions of the Company, which have a potential conflict with the interest of the company at large.

The Company has adopted a Code of Conduct for Board members and senior management and is available at the company's website www.malupaper.com.

Declaration

As provided under Clause 49 of the Listing Agreement, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the code for the the year ended on 31st March, 2009.

7. DETAILS OF NON COMPLIANCE BY THE COMPANY:

There was no non-compliance by the Company on any matters related to Corporate Governance during the last three years.

8.- MEANS OF COMMUNICATION:

During the year under review, the half-yearly and yearly results were displayed on the Company's web site www.malupaper.com. The quarterly results were also published in (English) newspaper (normally Indian Express) and in one vernacular (Marathi) newspaper (Loksatta). These were not sent individually to the shareholders.

9. DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED / REAPPOINTED AS REQUIRED IN TERMS OF THE LISTING AGREEMENT:

Name of the Director	Shri Damodarlal Malu	Shri Chandrakantbhai Thakar
Date of Birth	28-03-1933	07-09-1953
Date of Appointment	11-01-1994	11-11-2005
Expertise in specific functional area	Industrialist	Taxation
Qualification	LLB	LLB
No. of equity shares held	158,333	2,232
Chairman/ Member of the Committees of the Board of Directors of the Company		Member of Audit Committee

10. GENERAL SHAREHOLDERS INFORMATION

1. Sixteenth Annual General Meeting:

Date : 29th September, 2009

Time : 3.00 PM

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

2. Dates of Book Closure: 21st September 2009 to 29th September 2009 both days inclusive.

3. Listing on Stock Exchanges:

The equity shares of the Company are listed on The Bombay Stock Exchange Limited and the National Stock Exchange of India. The requisite annual listing fees for the year 2009-10 have been paid in full to the Stock Exchanges.

4. Financial Calendar of the Company:

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

MALU PAPER MILLS LIMITED

Financial Reporting for 200-10 (Tentative)

Unaudited Financial results for the quarter ending	30-06-2009	July, 2009
Unaudited Financial results for the quarter ending	30-09-2009	October, 2009
Unaudited Financial results for the quarter ending	31-12-2009	January, 2010
Audited Financial Results for the year ending	31-03-2010	September, 2010

5. Stock Code:

The Bombay Stock Exchange Ltd. : 532728

National Stock Exchange of India Ltd. : MALUPAPER

The details of monthly high and low quotations of the equity shares of the Company traded at BSE and NSE from April 01, 2008 to March 31, 2009 are given below:

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
April 2008	34.80	28.00	37.30	28.35
May 2008	32.20	25.05	33.20	27.20
June 2008	29.45	19.40	29.35	18.65
July 2008	25.00	18.05	26.00	17.55
August 2008	22.50	19.30	22.75	16.80
September 2008	21.50	15.60	21.60	15.10
October 2008	17.30	9.70	17.50	9.25
November 2008	12.95	9.40	13.00	9.60
December 2008	12.50	9.15	13.45	9.85
January 2009	11.50	9.00	11.25	8.50
*February 2009	12.34	9.50	11.05	9.25
March 2009	12.64	9.25	11.50	9.70

6. Registrar and Transfer Agents:

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup (West), MUMBAI – 440 078.

Tel. No. 022-2596 3838 Fax No. 022- 2594 6969

Email: mumbai@linkintime.co.in

7. Share Transfer System:

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the document, provided the documents are valid and complete in all respects.

8. Dematerialisation of Shares:

As at 31st March 2009 83,33,057 Shares (48.84%) of total equity shares were held in Electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's Equity Shares have to be compulsorily traded in the electronic form. Requests for dematerialisation of shares are processed and confirmed within 7 days.

No GDRs, ADRs or warrants have been issued by the Company.

9. Distribution of Equity Shareholding as on 31-03-2009:

Nominal Value of Equity shares			Share holders		Amount	
Rs.	Rs.		Number	%	Rs.	%
1	-	5000	4070	72.73	7,601,880	4.46
5001	-	10000	717	12.81	5,722,130	3.35
10001	-	20000	325	5.81	4,915,620	2.88
20001	-	30000	137	2.45	3,457,180	2.03
30001	-	40000	53	0.95	1,867,630	1.09
40001	-	50000	55	0.98	2,597,290	1.52
50001	-	100000	80	1.43	5,994,570	3.52
100001	And	Above	159	2.84	138,436,200	81.15
TOTAL			5596	100.00	170,592,500	100.00

10. Shareholding Pattern as on 31-03-2009:

Category	No. of Shares held	% of Share holding
Indian Promoters	10,876,794	63.76
Private Corporate Bodies	1,142,201	6.70
Indian Public	5,009,360	29.36
NRIs	30,895	0.18
TOTAL	17,059,250	100.00

11. Registered Office of the Company:

Heera Plaza, 4th Floor, Near Telephone Exchange,
Central Avenue, Nagpur – 440 008 (MS) Tel. No: (0712) 2760308; 2778506
Email: info@malupaper.com

12. Plant Locations:

Unit I & II

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

Unit III

Village: Hetti Surla
Taluka: Saoner
Nagpur Bhopal Highway
District: Nagpur.

13. Address for Correspondence from Shareholders:

(Registered Office)

Malu Paper Mills Ltd. Heera Plaza, 4th Floor,
Near Telephone Exchange, Central Avenue, Nagpur – 440 008 (MS)
Tel. No: (0712) 2760308; 2778506. Email: contact@malupaper.com

MALU PAPER MILLS LIMITED

CERTIFICATE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER TO THE BOARD ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS.

We hereby certify that for the Financial Year 2008-09, we have reviewed the financial statements and cash flow statements and that to the best of our knowledge and belief:

1. These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge or belief, no transactions entered into by the Company during the year 2008-09 which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which we are aware and that we have taken the required steps to rectify these deficiencies.
5. We further certify that
 - a) there have been no significant changes in internal control over financial reporting during this year.
 - b) there have been no significant changes in accounting policies during this year.
 - c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

Punamchand Malu
Managing Director

Girish Malpani
CFO

To

The Members of
Malu Paper Mills Limited
Nagpur

We have examined the compliance of conditions of Corporate Governance by the Malu Paper Mills Limited, Nagpur for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges, in India, with the relevant records and documents maintained by the company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

Date: 28th August 2009

Place : Nagpur

For Demble Ramani & Co.

Chartered Accountants

Sd/-

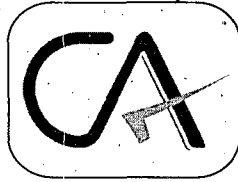
Ashok Ramani

Partner

M.NO.30537

MALU PAPER MILLS LIMITED

CA.Narayan Demble
B.Com., F.C.A.
CA.Ashok Ramani
B.Com., F.C.A.
CA.Vijay Ramani
B.Com., F.C.A.



DEMBLE RAMANI & CO.
CHARTERED ACCOUNTANTS
201, M.G. HOUSE, R.T.ROAD,
CIVIL LINES, NAGPUR-440001
PHONE : 3918630, 3918631
Fax No. 3918654
E-mail : dembleramani@yahoo.co.in

AUDITOR'S REPORT TO THE MEMBERS OF MALU PAPER MILLS LIMITED

We have audited the attached Balance Sheet of **MALU PAPER MILLS LIMITED** as at **31st March 2009** and also the Profit & Loss Account for the year ended/period 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.

As required by the Companies (Auditors) Report Order, 2003 read together with the Amendment Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in Paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred above, we report that:

- 1) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
- 2) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books;
- 3) The Balance Sheet and the Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts;
- 4) In our opinion, the Balance sheet and the 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.

- 5) On the basis of written representations received from the Directors, as on 31st March, 2009 taken on record by the Board of Directors we report that none of the Directors are disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts given 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;
- i) In the case of the Balance Sheet of the State of affairs of the Company as at 31st March, 2009 and
 - ii) In the case of the Profit and Loss Account of the Loss of the Company for the year ended/period on that date.
 - iii) In the case of Cash Flow Statement of the Cash Flow for the year ended on that date.

**For DEMBLE RAMANI & CO.
Chartered Accountants**

Place : NAGPUR.

Date : 28TH AUGUST 2009

**(ASHOK RAMANI)
Partner
Membership No. 30537.**

MALU PAPER MILLS LIMITED

ANNEXURE OF THE AUDITOR'S REPORT

(As referred to in Paragraph 3 of our report of Even-date)

- (i) a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The management has physically verified all its fixed assets at reasonable intervals and no material discrepancies were noticed on such physical verification.
- c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- (ii) a) As per the information furnished, the inventories have been physically verified by the management at reasonable intervals during the year.
- b) In our opinion and according to the information and explanations given to us procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) In our opinion and according to the information and explanations given to us, the company has not granted or taken any loans secured or unsecured to or from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956
- (iv) In our opinion and according to the information and explanation given to us, there is generally an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit no major weakness has been noticed in the internal control system.
- (v) In respect of contracts or arrangements to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements referred to under section 301 that needed to be entered into there against maintained under the said section.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits in terms of provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed books of accounts maintained by the company pursuant to the order made by the Central Government for maintenance of cost records under section 209(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 and complete.
- (ix) a) According to the information and explanations given to us and the records examined by us, the company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues wherever applicable with the appropriate authorities. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.

- b) According to the records of the company there are statutory dues, which are outstanding on account of certain disputes at the end of the year.

Name of Statute	Nature of the Dues	Amount (Rs. in Lacs)	Assessment Years	Forum where dispute is pending
Central Excise Act.	Excise Duty	14.49	2002-03	Tribunal
Central Excise Act.	Excise Duty	2.63	2003-04	Assistant Commissioner
Central Excise Act.	Excise Duty	4.33	2004-05	Assistant Commissioner
Central Excise Act.	Excise Duty	3.79	2004-05	Assistant Commissioner

- (x) The company has incurred a losses of Rs. 533.57 lacs during the financial year but the company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions or banks. The company does not have any borrowings by way of debentures.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit funds/ nidhi / mutual benefits funds/ society do not apply to the company.
- (xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by its subsidiaries and associates from banks/ financial institutions.
- (xvi) In our opinion, term loans have been applied for the purpose for which they have been raised.
- (xvii) According to the Information and explanations given to us and on an overall examination of the balance sheet to the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For DEMBLE RAMANI & CO.
Chartered Accountants

Place: NAGPUR.
Date: 28TH AUGUST 2009

Sd./-
(ASHOK RAMANI)
Partner
Membership No. 30537.

MALU PAPER MILLS LIMITED

BALANCE SHEET AS ON 31 ST MAR'2009

SR	PARTICULARS	SCHEDULE	CURRENT YEAR 31/3/2009	PREVIOUS YEAR 31/3/2008
I.	SOURCES OF FUNDS			
	Share holders' Fund			
1)	Share Capital	(A)	170,592,500	170,592,500
2)	Reserves and Surplus	(B)	210,466,899	263,823,959
			381,059,399	434,416,459
3)	Loan Funds			
	Secured Loan	(C)	750,195,702	704,812,403
	Unsecured Loan	(D)	90,900,639	71,094,001
4)	Deferred Tax Liabilities		411,000	21,366,000
	TOTAL		1,222,566,740	1,231,688,864
II.	APPLICATION OF FUNDS			
1)	Fixed Assets	(E)		
	Gross Block		1,217,118,971	1,141,385,376
	Less : Depreciation		285,312,859	153,705,345
	Net Block		931,806,112	987,680,031
	Add : Capital Work In Progress		0	0
			931,806,112	
2)	Investments	(F)	1,100,000	1,100,000
	Investments in Shares			
3)	Current Assets, Loans & Advances			
	Inventories	(G)	167,929,100	151,531,557
	Sundry Debtors	(H)	224,272,977	78,034,939
	Cash And Bank Balance	(I)	32,918,124	15,975,103
	Loans And Advances	(J)	83,418,655	100,351,232
	Total Current Assets		508,538,856	345,892,831
	Less : Current Liabilities & Provisions	(K)	218,878,229	102,983,998
	Net Current Assets		289,660,627	242,908,833
4)	Significant Accounting	(L)		
	Policies And Notes On Accounts			
	TOTAL		1,222,566,740	1,231,688,864

For Malu Paper Mills Limited.

As per our Report of Even Date
For Demble Ramani & Co.
Chartered Accountants

(PUNAMCHAND MALU)
Managing Director

(BANWARILAL MALU)
Joint Managing Director

(ASHOK RAMANI)
Partner
Membership No. 30537

PLACE : NAGPUR

DATE : 28TH AUGUST 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MAR' 2009

SR	PARTICULARS	SCHEDULE	CURRENT YEAR 31/3/2009	PREVIOUS YEAR 31/3/2008
	INCOME			
A.	Gross Sales		1,523,396,596	601,710,606
	Less : Excise Duty		7,013,082	9,773,801
	Net Sales		1,516,383,514	591,936,805
B.	Other Income	(M)	2,900,875	1,730,591
C.	Increase/Decrease In Stock	(N)	17,614,284	21,122,267
			<u>1,536,898,673</u>	<u>614,789,662</u>
D.	EXPENDITURES			
	Material Cost & Manufacturing Exp.	(O)	1,304,250,061	502,775,140
	Directors Remuneration		3,600,000	2,700,000
	Employees Remuneration & Benefits	(P)	22,957,385	8,609,086
	Administrative Expenses	(Q)	11,473,140	6,237,087
	Selling, Distribution & Other Expenses	(R)	31,127,737	15,271,203
			<u>1,373,408,324</u>	<u>535,592,517</u>
	Profit Before Depreciation & Finance Charges		163,490,349	79,197,146
	Less : Finance Charges	(S)	106,077,094	12,319,846
	Profit Before Depreciation & Tax		57,413,256	66,877,300
	Less : Depreciation	(E)	131,607,514	25,431,718
	Profit / Loss Before Tax		<u>(74,194,258)</u>	<u>41,445,582</u>
	Less : Provision for Income Tax		0	4,823,000
	Provision for Fringe Benefit Tax		91,200	111,300
	Provision for Deferred Tax		(20,955,000)	10,036,000
	Short/Excess Provision for Earlier Year		26,602	1,146,547
	Profit / Loss After Tax		<u>(53,357,060)</u>	<u>25,328,735</u>
	Balance Brought Forward From Previous Year		52,056,531	56,727,796
	Balance Available for Appropriation		<u>(1,300,529)</u>	<u>82,056,531</u>
	Less : Appropriations General Reserve		0	30,000,000
	Balance Carried to Balance Sheet		<u>(1,300,529)</u>	<u>52,056,531</u>
E.	Basic Earnings Per Share on Weighted Average (In Rs.)		(3.13)	1.48
F.	Face Value Per Equity Share (In Rs.)		10.00	10.00
G.	Number of Equity Shares (In Nos.)		17,059,250	17,059,250

For Malu Paper Mills Limited.

As per our Report of Even Date
For Demble Ramani & Co.
Chartered Accountants

(PUNAMCHAND MALU)
Managing Director

(BANWARILAL MALU)
Joint Managing Director

(ASHOK RAMANI)
Partner
Membership No. 30537

PLACE : NAGPUR

DATE : 28TH AUGUST 2009

MALU PAPER MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MAR'2009

	31st March, 2009	31st March, 2008
A. Cash Flows from Operating Activities		
Reserve & surplus		
Net Profit before Tax & Extraordinary Items	(74,194,258)	40,299,035
Adjustments for:		
Depreciation	131,607,514	25,431,718
Interest/Other Income	(2,900,875)	(1,730,591)
Interest Expenses	106,077,094	12,319,846
Preliminary Expenses written off		
Operating Profit before Working Capital Changes	160,589,474	76,320,008
Adjustments for:		
Trade Receivables	(146,238,038)	3,686,661
Other Receivables	16,932,576	(59,683,159)
Inventories	(16,397,544)	(75,238,337)
Trade Payables & Other Liabilities	94,939,231	77,139,809
Cash Generated from Operations	109,825,700	22,224,982
Income Taxes Paid	20,837,198	(14,970,300)
Net Cash from Operating Activities	130,662,898	7,254,682
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets & Capital W.I.P.	(75,733,595)	(386,829,251)
Interest Received	2,900,875	1,730,591
Fixed Deposits / Investments	0	0
Net Cash from Investing Activities	(72,832,720)	(385,098,660)
C. Cash Flows from Financing Activities		
Issue of Share Capital		
Proceeds from Borrowings	65,189,936	388,497,955
Share Premium		
Increase in Inter Corporate Deposits & Other Loans		
Share Issue Expenses		
Interest Paid	(106,077,094)	(12,319,846)
Net Cash used in Financing Activities	(40,887,157)	376,178,109
Net Increase/(Decrease) in Cash and Cash		
Equivalents (A+B+C)	16,943,021	(1,665,869)
Cash and Cash Equivalents at the beginning of period	15,975,102	17,640,971
Cash and Cash Equivalents at the end of period	32,918,123	15,975,102
Net Change in Cash {Inc+/Dec-}	16,943,021	(1,665,869)

Note:

The above Cash Flow has been prepared under "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statement issued by Institute of Chartered Accountants of India.

SCHEDULE ATTACHED TO BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	CURRENT YEAR 31/3/2009	PREVIOUS YEAR 31/3/2008
<u>SCHEDULE (A)</u>		
SHARE CAPITAL		
Authorised Share Capital	200,000,000	200,000,000
20,000,000 Equity Shares of Rs.10/- Each		
Issued Subscribed & Paid Up Capital		
17,059,250 Equity Shares of Rs.10/-	170,592,500	170,592,500
Each were allotted as fully paid		
Total	170,592,500	170,592,500
<u>SCHEDULE (B)</u>		
RESERVES & SURPLUS		
1) General Reserve	63,814,500	33,814,500
Add : Current Year/Period Appropriations	0	30,000,000
Total (1)	63,814,500	63,814,500
2) Share Premium Account	147,952,928	147,952,928
3) Surplus As Per Profit & Loss Account	(1,300,529)	52,056,531
Total (1+2+3)	210,466,899	263,823,959
<u>SCHEDULE (C)</u>		
SECURED LOAN		
From State Bank of India, Nagpur	117,500,000	140,000,000
From Bank of Baroda, Mumbai	81,000,000	90,000,000
From Bank of India, Mumbai	126,000,000	140,000,000
From Jammu & Kashmir Bank, Mumbai	117,000,000	130,000,000
From Axis Bank, Nagpur	42,500,000	50,000,000
(Secured by First pari passu charge on the entire Fixed Assets of the Company with all Lenders and by Second Charge on the Current Assets)		
FROM STATE BANK OF INDIA	106,020,959	51,543,049
FROM AXIS BANK	98,910,505	99,945,939
FROM BANK OF INDIA	59,762,641	0
(Secured by Hypothecation of Stock in Trade & Book Debt and by Second Charge on the Fixed Asset)		
OTHERS		
From ICICI Bank Ltd, Nagpur	394,488	2,469,336
From Sigma Shrachi Finance Ltd	287,920	0
From Sundaram Finance Ltd	685,140	0
From CITI Bank NAA/c CFIL, Nagpur	0	183,835
From SBI Car Loan, Nagpur	134,049	670,245
(Secured Against Vehicles)		
Total	750,195,702	704,812,403

MALU PAPER MILLS LIMITED

SCHEDULE ATTACHED TO BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	CURRENT YEAR 31/3/2009	PREVIOUS YEAR 31/3/2008
SCHEDULE (D)		
UNSECURED LOAN		
STATE LOAN ACCOUNT		
Deferred Sales Tax Loan		
E.C.No.I	22,839,239	18,872,385
E.C.No.II	64,176,042	49,072,164
E.C.No.III	3,885,358	3,149,452
Total	90,900,639	71,094,001

SCHEDULE (E) FIXED ASSETS AS ON 31ST MARCH, 2009

PARTICULARS	RATE (%) WDV	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		AS ON 01/04/2008	ADDITION	CENVAT/ MODVAT CREDIT	AS ON 31/3/2009	AS ON 01/04/2008	FOR THE YEAR	AS ON 31/3/2009	AS ON 31/3/2009	AS ON 31/3/2008
Freehold Land	NIL	7,794,222	0		7,794,222	0	0	0	7,794,222	7,794,222
Leasehold Land	NIL	8,573,045	0		8,573,045	0	0	0	8,573,045	8,573,045
Factory Building	10.00%	168,321,294	20,098,677		188,419,971	26,971,891	14,134,940	41,106,831	147,313,140	141,349,404
Office Building	5.00%	702,610			702,610	263,724	21,944	285,668	416,942	438,886
Office Building (Ho)	5.00%	1,065,670			1,065,670	196,049	43,481	239,530	826,140	869,621
Staff Quarters	5.00%	1,712,841			1,712,841	744,622	48,411	793,033	919,808	968,219
Plant & Machinery	13.91%	617,332,373	36,858,046	1,293,805	652,896,614	92,530,657	73,135,466	165,666,123	487,230,491	524,801,715
Furniture & Fixture	18.10%	1,865,461	1,192,682		3,058,143	1,098,462	182,760	1,281,222	1,776,921	766,999
Office Equipment	13.91%	819,963	101,250		921,213	339,265	71,917	411,182	510,031	480,698
Computers & Software	40.00%	1,163,381	243,320		1,406,701	671,585	243,743	915,328	491,373	491,796
Boiler	13.91%	11,145,624			11,145,624	7,817,055	463,004	8,280,059	2,865,565	3,328,569
Captive Power Plant	13.91%	159,287,166	7,962,512	195,808	167,053,870	1,274,777	21,979,523	23,254,300	143,799,570	158,012,388
Water Supply Equipments	13.91%	252,811			252,811	212,282	5,638	217,920	34,891	40,529
Fire Fighting Equipments	13.91%	194,152			194,152	109,171	11,821	120,992	73,160	84,981
Effluent Treatment	13.91%	17,463,605	5,110,160	507,584	22,066,181	5,106,735	1,994,001	7,100,736	14,965,445	12,356,869
Electrical Installation	13.91%	104,601,204	3,428,876	97,872	107,932,208	7,184,826	13,550,618	20,735,444	87,196,764	97,416,378
Misc. Fixed Assets	13.91%	20,781,368	969,011	28,327	21,722,052	1,468,964	2,692,230	4,161,194	17,560,858	19,312,404
Vehicle (Four Wheeler)	25.89%	7,700,845	631,272		8,332,117	4,001,295	957,813	4,959,108	3,373,009	3,699,550
Vehicle (Industrial)	25.89%	10,291,586	1,261,185	0	11,552,771	3,510,102	1,905,014	5,415,116	6,137,655	6,781,484
Vehicle (Two Wheeler)	25.89%	316,155			316,155	203,881	165,190	369,071	-52,916	112,274
TOTAL		1,141,385,376	77,856,991	2,123,396	1,217,118,971	153,705,345	131,607,514	285,312,859	931,806,112	987,680,031
PREV. YEAR		263,847,832	917,534,224	39,996,680	1,141,385,376	128,273,627	25,431,718	153,705,345	987,680,031	

MALU PAPER MILLS LIMITED

SCHEDULE ATTACHED TO BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	CURRENT YEAR 31/3/2009	PREVIOUS YEAR 31/3/2008
<u>SCHEDULE (F)</u>		
INVESTMENTS		
a) Long Term Investments		
Shares, Bonds and Debentures		
Equity Shares - Fully Paid		
Unquoted - Fully Paid		
110,000 Equity Shares of Rs.10/- each of Ganga Care Hospital Ltd	1,100,000	1,100,000
Total	1,100,000	1,100,000
<u>SCHEDULE (G)</u>		
INVENTORIES		
Valued at Cost or Net Realisable Value whichever is less and as Valued and Certified by Management		
Raw Material		
Waste Paper-Indian	30,068,400	18,500,190
Waste Paper-Imported	44,051,400	82,461,560
Chemical	9,479,370	5,567,390
Coal	16,869,580	7,964,470
Stores & Spares	24,696,250	12,380,750
Stock In Process	3,727,500	2,601,750
Finished Goods	37,682,400	21,193,867
Packing Material	1,354,200	861,580
Total	167,929,100	151,531,557
<u>SCHEDULE (H)</u>		
SUNDRY DEBTORS		
(Unsecured & Considered Good)		
Debtors Outstanding		
Upto 6 Months	219,559,003	75,316,576
More Than 6 Months	4,713,974	2,718,363
Total	224,272,977	78,034,939
<u>SCHEDULE (I)</u>		
CASH & BANK BALANCES		
Cash In Hand	867,337	742,407
Cash At Bank With Schedule Bank		
A) In Current Account	1,034,830	1,337,946
B) In Fixed Deposits	31,015,958	13,894,750
(Lien under Margin Money For Letter of Credit & Bank Guarantees)		
Total	32,918,124	15,975,103

SCHEDULE ATTACHED TO BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	CURRENT YEAR 31/3/2009	PREVIOUS YEAR 31/3/2008
<u>SCHEDULE (J)</u>		
LOANS & ADVANCES		
Unsecured		
Considered Good :		
a) Deposits and Balances with Government and Other Authorities (Including accrued interest)	69,303,687	70,433,958
b) Advances Recoverable in Cash or in Kind or for Value to be Received	14,114,968	29,917,274
Total	<u>83,418,655</u>	<u>100,351,232</u>

SCHEDULE (K)

CURRENT LIABILITIES & PROVISION

A. CURRENT LIABILITIES

1) Sundry Creditors

A) Micro Small & Medium Enterprises

(To the Extent Identified With Available Information)

B) Others

2) Other Liabilities

B. Provisions

Provision For Taxation (Net of Advance Tax)

Retirement Benefits

Total

5,649,492	3,022,511
201,112,299	87,934,654
10,702,103	8,956,145
91,200	2,172,072
1,323,135	898,616
<u>218,878,229</u>	<u>102,983,998</u>

MALU PAPER MILLS LIMITED

Schedule 'L'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

(FIG.IN.LAKHS)

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

The accounts are prepared in accordance with the accounting principles generally accepted in India and are in line with the relevant laws as well as the guidelines prescribed by the Department of Company Affairs, Ministry of Law, Justice & Company affairs & The Institute of Chartered Accountants of India.

1. **System of Accounting:**

The financial Statements are prepared under the historical cost convention on an accrual basis

2. **Fixed Assets:**

Fixed Assets are carried at cost. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use and after providing for Cenvat Credit.

3. **Investment:**

Long term Investments are stated at cost less provision for decline in value other than temporary if any. Current Investments are stated at lower of cost and fair market value on category of investment basis. Fixed Assets are carried at cost.

4. **Impairment of Assets:**

Carrying amounts of assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

5. **Foreign Currency transactions:**

Foreign currency transactions are accounted for at the rates prevailing on the dates of the transactions converted at contracted rate.

6. **Depreciation:**

Depreciation on Fixed Assets is calculated on Written down Value Method and is provided on prorata basis on the assets acquired during the year. The rates of depreciation are as specified in the schedule XIV to the Companies Act 1956.

7. **Inventories :**

- i) Stock in trade comprising of raw materials, finished goods & other products is valued at cost or net realizable value, whichever is less.
- ii) Stores & Spares, consumable stores & packing materials have been valued at cost or net realizable value, whichever is less.

8. **Borrowing Costs :**

Borrowing Costs charged to Profit & Loss Account include interest on short and long term bank borrowings.

9. **Retirement Benefits:**

Provisions for/contributions to retirement benefit scheme are made as follows:

- a) Provident Fund on actual liability basis.
- b) Liability in respect of future payments of Gratuity to retiring employees is provided on the accrual basis on estimation at the end of each financial year.

10. **Taxes on Income:**

Income tax expense for the year comprises of current tax and deferred tax. Since there is a

depreciation loss, hence no provision for current tax has been made during the year. Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

11. Sales:

Sales are recognized when goods are supplied in accordance with the terms of sale. Sales are recorded net of rebates and adjustments.

12. Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation are recognised when there is present obligation and it is probable that it is payable. Contingent Liabilities are not recognised but are disclosed in Notes. Contingent Assets are neither recognised nor disclosed in the accounts.

II. NOTES TO ACCOUNTS

1. Balances in various personal accounts remain unverified since confirmations from the parties are awaited.
2. Since there is a depreciation loss, hence no provision for Income Tax has been made during the year.
3. The major components of the deferred tax liability/ assets based on the tax effect of the timing difference are as under:

	2008-09	2007-08
Deferred tax liability		
Depreciation (Difference for Accounting & Tax purpose)	1064.89	684.29
Deferred Tax Asset		
Amortisation of Expenses & Others	1060.78	470.62
Net Liability	4.11	213.67

4. In the opinion of the board, the current assets, loans and advances are approximately of the values stated if realized in the ordinary course of business. The provision for depreciation and all known liabilities are adequate and not in excess of the amount considered reasonably necessary.

5. Deferred Sales Tax Liability:

Interest free deferred Sales Tax Liability amounting to Rs. 909.01 Lacs (PY Rs.710.94 Lacs) has been outstanding at the year-end. During the year company has availed further deferred sales tax liability in kraft paper unit Rs. 47.03 Lacs and Newsprint unit Rs.151.04 Lacs.

6. Payments due to Micro Small & Medium Enterprises:

The identification of suppliers as Micro Small & Medium Enterprises has been done on the basis of the information to the extent provided by the suppliers of the company and has been relied upon by the Auditors.

The Names of Micro Small & Medium Enterprises to whom the amount is outstanding for more than 45 days are as under:

- | | |
|--|---|
| 1 Atulya Dyestuff Pvt.Ltd; Mumbai. | 6 Sark Chemicals Pvt. Ltd; Aurangabad. |
| 2 Malhar Industries, Nagpur. | 7 Sharda Paper Products Pvt Ltd; Nagpur |
| 3 MBM Engineering Infotech Ltd; Chennai. | 8 Malu Electrodes Pvt Ltd; Nagpur |
| 4 Paper Machine Wire Industries; Nasik. | 9 Niraj Engineering Co.Pvt Ltd; Indore |
| 5 Harish Industries, Nagpur | |

7. Impaired assets:

There are no impaired assets in pursuance to Accounting Standard (AS) 28.

MALU PAPER MILLS LIMITED

8. Managerial Remuneration (To Managing Director and Joint Managing Director)

	2008-09	2007-08
Salary including all allowances	36.00	27.00

9. Auditor's Remuneration includes

Audit Fees	2.247 (2.247)
Company law Consultancy fees	0.075 (0.075)

10. Segment Information:

The Company operates in only one main segments i.e. manufacturing of Paper. Since the company has only one reportable business segment and geographical segment, no further disclosure is required under Accounting Standard 17 on Segment Reporting.

11. Disclosure of related parties/ related party transactions:

SR	NAME OF THE PARTY	NATURE OF TRANSACTIONS	AMOUNT
1.	Malu Electrodes Pvt Ltd; Nagpur	Purchase of Welding Electrodes	1.48
2.	Salasar Alloy & Steel Ind. Pvt. Ltd; Nagpur	Purchase of Casting	0.85
3.	Shree Sales Corporation Pvt Ltd	Sale of Coal	74.62
4.	Sunflame Fuels Pvt Ltd	Purchase of DEPB	0.30
5.	Venogopal Malu	Salary	6.00
6.	Narayan Malu	Salary	6.00

12. Secured Loans :

- From State Bank of India, Nagpur & Bank of Baroda, Mumbai & Bank of India, Mumbai & Jammu & Kashmir Bank, Mumbai & Axis Bank, Nagpur secured by First pari passu charge on the entire Fixed Assets of the Company with all Lenders and second charge on the Current Assets.
- From State Bank of India, Nagpur, Bank of India, Mumbai & Axis Bank, Nagpur secured by hypothecation of stock-in-trade & books debts & by second charge on the fixed assets.
- From ICICI Bank Ltd., Sigma Shrachi Finance Ltd; Sundaram Finance Ltd; & SBI Car Loan, Nagpur (secured against Vehicles).

13. Capital Commitments :

NIL

NIL

14. Contingent Liabilities

	2008-09	2007-08
Bank Guarantee Outstanding	297.22	108.02
Letters of Credit	347.45	62.76
Bonds Executed in Favour of Govt. Authorities in respect of EPCG Licence towards duty saved against which Export obligation has to be made.	614.01	614.01

14. Expenditure in Foreign Currency:

Sr.	Particulars	Currency	INR (Lac)
1	Raw Material	2235386.56 \$	991.58
2.	Purchase of Machinery Items	164404 \$	79.41
	Purchase of Machinery Items	54359 EURO	35.94

15. **Earnings in Foreign Exchange: NIL**

16. **Earnings per share**

Calculation of Net Profit available to Equity Shareholders

	Current Year	Previous Year
A Net Profit (Loss) attributable to Equity Shareholders	(-) 533.57	253.29
B Weighted Average number of Equity Shares of Rs.10/- Each	170.59	170.59
C Basic Earnings per Share	(-) RS.3.13	RS.1.48
D Diluted Earnings per Share	(-) RS.3.13	RS.1.48
E Earning per share	(-) RS.3.13	RS.1.48

17. Additional Information pursuant to Paragraph 3,4c & 4D of Part II of Schedule VI of the Companies Act, 1956.

A) UNIT I

PARTICULARS		KRAFT PAPER DIVISION (UNIT I)			
		2008-09		2007-08	
LICENCED CAPACITY		N.A.		N.A.	
INSTALLED CAPACITY		25 TPD 8250 TPA		25 TPD 8250 TPA	
OPENING STOCK		25.349 MT		62.090 MT	
PRODUCTION		10800.550 MT		8929.399 MT	
SALES 10749.916 MT		8966.140 MT			
CLOSING STOCK		75.986 MT		25.349 MT	
	Particulars	Quantity	Value	Quantity	Value
	TURNOVER	10749.913	1968.40	8966.140	1553.98
1	INDIAN - WASTE PAPER	11146.535	1016.90	8862.940	673.37
2	IMPORTED - WASTE PAPER	1020.822	46.59	1512.206	106.68
3	SODIUM SILICATE			118.980	8.50
4	SODIUM HYDROSULPHITE			9.000	6.76
5	DEINKING CHEM			2.400	11.09
6	GUMCOL			16.020	6.16
7	CAUSIC SODA			80.500	19.72
8	FERRICALUM	583.865	46.58	361.835	24.24
9	ROSIN	74.339	35.31	52.360	21.49
10	STARCH	192.040	41.99	139.500	32.49
11	DEFOAMER	10.260	5.12	4.230	1.75
12	MISC CHEMICALS		35.28		10.32
	TOTAL :	13027.861	1227.77	11159.971	922.57

MALU PAPER MILLS LIMITED

B) UNIT II

PARTICULARS		NEWSPRINT DIVISION (UNIT II)			
		2008-09		2007-08	
LICENCED CAPACITY		N.A.		N.A.	
INSTALLED CAPACITY		60 TPD 19800 TPA		60 TPD 19800 TPA	
OPENING STOCK		121.700 MT		29.102 MT	
PRODUCTION		18060.022 MT		19027.512 MT	
SALES		17931.580 MT		18934.914 MT	
CLOSING STOCK		250.142 MT		121.700 MT	
	Particulars	Quantity	Value	Quantity	Value
	1 TURNOVER	17931.580	4724.16	18934.914	4388.65
	2 INDIAN - WASTE PAPER	13135.295	1551.12	13943.600	1176.80
	3 IMPORTED - WASTE PAPER	15242.998	1044.30	13457.095	809.94
	4 SODIUM SILICATE	77.492	6.15	129.707	9.30
	5 SULPHURIC ACID	36.815	5.11	60.285	4.50
	6 HYDROZEN PER OXIDE	91.672	23.15	130.157	32.50
	7 SODIUM HYDROSULPHITE	117.366	78.07	115.193	75.30
	8 BLUETONE	20.045	21.70	1.200	1.30
	9 SOAP STONE POWDER	104.608	3.97	148.331	6.00
	10 HYDROCHLORIC ACID	93.700	4.55	105.980	6.50
	11 CAUSIC SODA	91.431	30.45	184.780	42.50
	12 FERRIC ALUM	110.205	8.45	198.640	9.90
	13 DEFOAMER	14.742	5.82	13.161	4.22
	13 MISC CHEMICALS		12.96		
TOTAL :		29136.369	2795.80	28488.129	2178.76

C) UNIT III

PARTICULARS		NEWSPRINT DIVISION (UNIT III)	
		2008-09	2007-08
LICENCED CAPACITY		N.A.	N.A.
INSTALLED CAPACITY		150 TPD 49500 TPA	150 TPD 49500 TPA
OPENING STOCK		616.033 MT	0.000 MT
PRODUCTION		28186.733 MT	897.490 MT
SALES		27826.836 MT	281.457 MT
CLOSING STOCK		932.647 MT	616.033 MT

Particulars	Quantity	Value	Quantity	Value
TURNOVER	27826.836	8541.41	281.457	74.48
1 INDIAN - WASTE PAPER	19708.590	1840.70	578.271	46.03
2 IMPORTED - WASTE PAPER	22958.886	2092.68	908.060	51.16
3 HYDROGEN PEROXIDE	408.329	125.56		
4 SOAP STONE POWDER	270.995	15.07		
5 FERRIC ALUM	375.849	29.30		
6 EMPI DIW	13.370	9.88		
7 DEFOAMER	9.771	4.15		
8 SODIUM HYDROCHLORIDE	13.920	4.15		
9 EMPI SUPRINAL	11.783	9.75		
10 SODIUM BI SULPHATE	70.042	28.30		
11 DEOSIN	47.097	19.72		
12 SODIUM SILICATE	552.657	73.10		
13 MAGNESIUM SULPHATE	2.006	0.50		
14 RISHLITE OWA	27.393	18.50		
15 PAC	216.860	17.50		
16 CAUSTIC SODA LIE	408.425	56.97		
17 SULPHURIC ACID	26.025	3.65		
18 SODIUM HYDROSULPHITE	214.666	195.03		
19 CAUSTIC SODA FLAKES	80.286	35.11		
20 HYDROCHLORIC ACID	116.589	5.85		
21 MISC CHEMICALS		82.89		18.23
TOTAL :	45533.539	4668.36	1486.331	115.42

18. Figures of the previpus year have been suitably rearranged / regrouped and rounded off wherever necessary, to conform to this years groupings.

For Malu Paper Mills Limited.

**FOR DEMBLE RAMANI & CO.
CHARTERED ACCOUNTANTS**

(PUNAMCHAND MALU)
Managing Director

(BANWARILAL MALU)
Joint Managing Director

(ASHOK RAMANI)
Partner
MEMBERSHIP NO. 30537

PLACE : NAGPUR
DATE : 28TH AUGUST 2009

MALU PAPER MILLS LIMITED

SCHEDULE ATTACHED TO BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	CURRENT YEAR 31/3/2009	PREVIOUS YEAR 31/3/2008
SCHEDULE (M)		
OTHER INCOME		
Interest on FDR	2,257,982	954,996
Interest on Security Deposit (MSEB)	407,140	405,195
Income from Derrivative Forex Transactions	0	185,000
Interest on Others	6,053	0
Sale of Scrap	229,700	185,400
Total	2,900,875	1,730,591
SCHEDULE (N)		
INCREASE/(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods	37,682,400	21,193,867
Stock in Process	3,727,500	2,601,750
	41,409,900	23,795,617
Opening Stock		
Finished Goods	21,193,867	1,571,600
Stock in Process	2,601,750	1,101,750
	23,795,617	2,673,350
Total	17,614,284	21,122,267
SCHEDULE (O)		
MATERIAL COST & MANUFACTURING COST		
I) Material Consumed - Raw Material		
Stock at Commencement	106,529,140	59,620,320
Purchase	846,263,826	368,583,300
	952,792,966	428,203,620
Less : Stock at Close	83,599,170	106,529,140
Total (I)	869,193,796	321,674,480
II) Manufacturing Expenses		
Power & Fuel	223,101,785	91,239,171
Packing Material	16,997,303	6,219,408
Consumable Stores & Spares	5,107,039	3,737,522
Freight Inward	115,948,131	43,107,207
Contractor Payment	6,313,119	2,997,338
Clearing & Forwarding	840,452	630,675
Custom Duty	17,682,167	7,777,415
Repairs & Maintenance Building	76,174	208,850
Plant & Machinery	25,195,332	12,881,701
Water Charges	1,554,772	0
Sales Tax	22,239,992	12,301,374
Total (II)	435,056,265	181,100,660
Total (I + II)	1,304,250,061	502,775,140

SCHEDULE ATTACHED TO BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	CURRENT YEAR 31/3/2009	PREVIOUS YEAR 31/3/2008
<u>SCHEDULE (P)</u>		
EMPLOYEES REMUNERATION & BENEFITS :		
Salary, Wages & Bonus	20,710,580	6,818,647
Employees Provident Fund	1,232,379	1,139,687
Medical Expenses	242,825	193,147
Canteen Expenses	347,082	304,836
Retirement Benefits	424,519	152,769
Total	<u>22,957,385</u>	<u>8,609,086</u>

MALU PAPER MILLS LIMITED

SCHEDULE ATTACHED TO BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	CURRENT YEAR 31/3/2009	PREVIOUS YEAR 31/3/2008
SCHEDULE (Q)		
ADMINISTRATIVE EXPENSES :		
Audit Fees	224,720	224,720
Annual Listing Fees	128,071	103,292
Internal Audit Fees	150,000	150,000
Computer Maintenance	219,615	83,508
Consultancy Charges	1,817,820	278,970
Conveyance Charges & Vehicle Maintenance	809,207	228,254
Donation - Political Parties	175,000	0
Donation - Others	55,300	317,501
Insurance Charges	1,796,579	821,449
Labour Welfare Fund	7,920	28,636
Laboratory Expenses	213,308	12,108
Legal Expenses	28,500	13,500
Office & Misc. Expenses	397,946	326,307
Office Maintenance	304,671	182,009
Professional Tax	0	10,000
Periodicals & Subscription	28,540	31,660
Workman Compensation	150,000	500,082
Postage	175,578	163,584
Printing & Stationery	423,967	343,236
Rent, Rates & Taxes	417,463	352,780
Sitting Fess Expenses	70,000	58,000
Security Expenses	1,776,019	1,032,180
Telephone Expenses	791,469	532,834
Travelling Expenses - India	1,311,447	317,852
Travelling Expenses - Foreign	0	124,625
Total	11,473,140	6,237,087
SCHEDULE (R)		
SELLING & DISTRIBUTION EXPENSES :		
Advertisement	600,016	626,729
Discount & Settlement	30,527,721	14,644,474
Total	31,127,737	15,271,203
SCHEDULE (S)		
FINANCE CHARGES :		
Interest To :		
A) Sicom	0	1,233,498
B) Bank	94,772,693	8,864,130
C) Bank Charges	11,304,401	2,222,218
Total	106,077,094	12,319,846



MALU PAPER MILLS LIMITED

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

PROXY FORM

ANNUAL GENERAL MEETING 2008-09

Folio No. _____ DPID: _____ Client ID: _____

I/We _____ of _____ in the
District of _____ being a member / members of the above named company,
hereby appoint Mr./MS/Kum _____ as my /our proxy to attend
and vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be
held at **Heera Plaza, 4th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 440 008** on
Tuesday, the 29th day of September, 2009 at 3.00 PM and at any adjournment there of.

Date : _____

Address : _____

Signature : _____

Note: The proxy form duly completed must be deposited at Registered Office not less than 48 hours
before the time for commencement of the meeting. A proxy need not be a member.



MALU PAPER MILLS LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the Sixteenth Annual General Meeting of the Company to be held at
Heera Plaza, 4th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 440 008 on Tuesday,
the 29th day of September, 2009.

Full Name of the Shareholders (in Block letters) _____

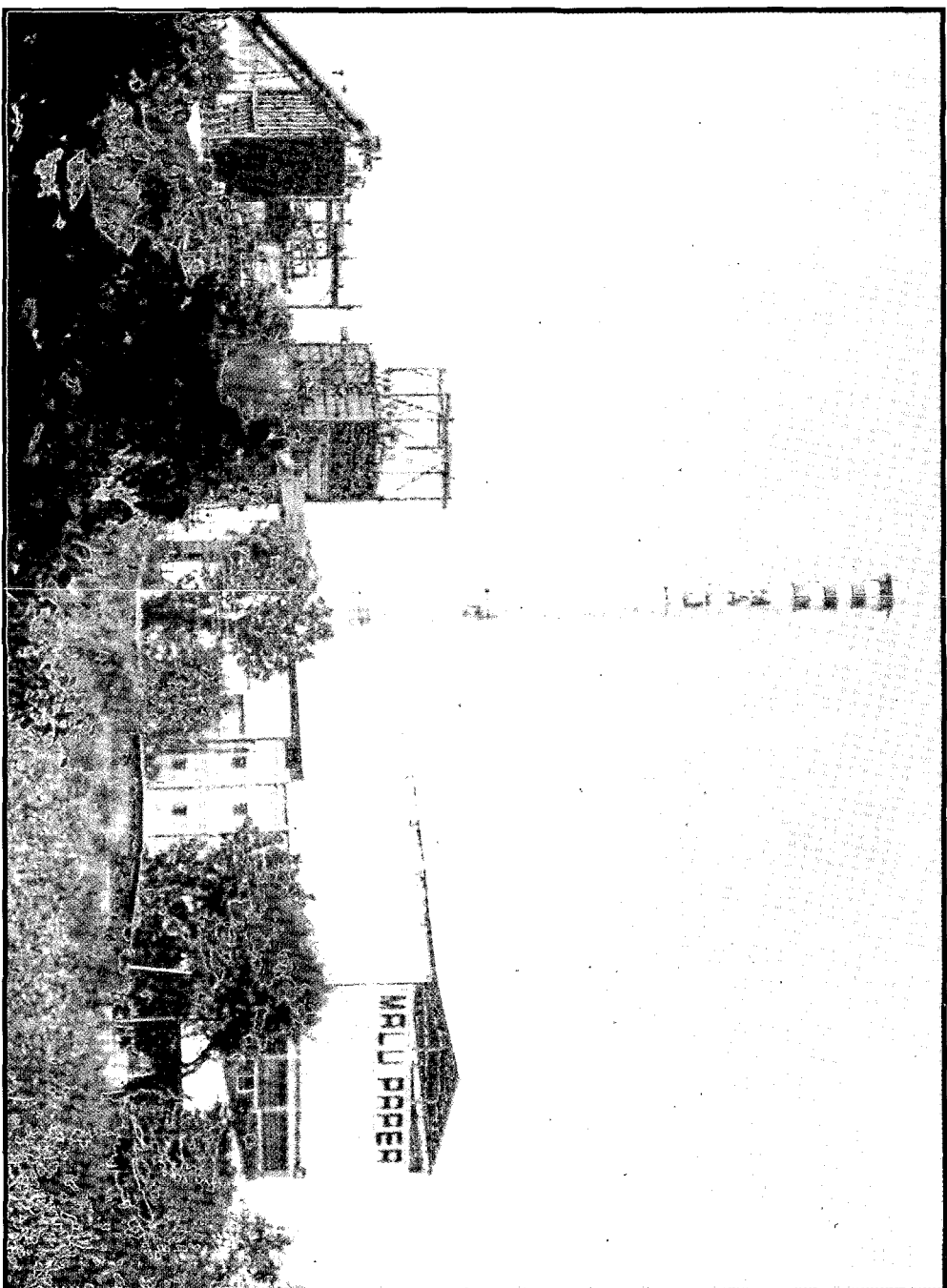
Signature

Folio No. _____ DPID: _____ Client ID: _____

Full name of the proxy (in block letters) _____

Signature

Note: Shareholders attending the meeting in person or by proxy are requested to complete the
attendance slip and hand at the entrance of the meeting. Please carry a copy of the Annual report.



BOOK POST



**MALU PAPER
MILLS LTD.**

**Registered Office of the Company at:
Heera Plaza, 4th Floor, Near Telephone Exchange,
Central Avenue, Nagpur - 400 008
www.malupaper.com**

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