



MADHYADESH PAPERS LTD.
17TH ANNUAL REPORT 2009-2010

MADHYADESH PAPERS LIMITED



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MADHYADESH PAPERS LIMITED



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

MADHYADESH PAPERS LIMITED



NOTICE TO MEMBERS

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

ORDINARY BUSINESS :

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

SPECIAL BUSINESS :

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

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

Registered Office :

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

By Order of the Board,

Nimish V. Maheshwari
Managing Director

Dated : August 14, 2010



NOTES

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



ANNEXURE TO THE NOTICE

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

ITEM NO. 4

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

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

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

The Board recommends the resolution for approval of the members.

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

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

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

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DIRECTORS' REPORT

To the Members of 'MADHYADESH PAPERS LIMITED'

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

FINANCIAL RESULTS :

(RUPEES)

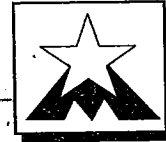
SALES AND OTHER INCOME		<u>25,43,94,348</u>
Loss before Financial Charges & Depreciation		(49,81,658)
Less : Financial Charges	3,00,16,879	
Depreciation	<u>2,39,92,493</u>	
		<u>5,40,09,372</u>
		(5,89,91,030)
Add : Prior Period Adjustments		<u>(7,78,808)</u>
Net Loss		(5,97,69,838)
Add : Surplus Brought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

REVIEW OF OPERATIONS :

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

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

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

FUTURE OUTLOOK:

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

DIVIDEND:

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

DIRECTORS :

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

AUDIT COMMITTEE:

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

DEMATERIALISATION OF SHAREHOLDING:

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

LISTING OF SECURITIES:

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

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CORPORATE GOVERNANCE :

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

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profits of the Company for the year ended 31st March, 2010;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act., 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

AUDITORS :

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

PARTICULARS OF EMPLOYEES :

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

OTHER PARTICULARS :

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