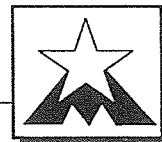




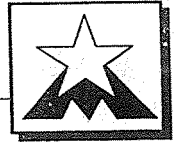
MADHYADESH PAPERS LTD.
18TH ANNUAL REPORT 2010-2011



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MADHYADESH PAPERS LIMITED



BOARD OF DIRECTORS : **SHRI VINOD MAHESHWARI** Chairman
SHRI NIMISH V. MAHESHWARI Managing Director
SHRI VINAY PANSARI Director
SHRI ANANTRAI RAWELL Director

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

BANKERS : **STATE BANK OF INDIA**
Industrial Finance Branch,
Bharat Nagar, NAGPUR - 440 010
THE FEDERAL BANK LIMITED
Ramdaspeth, 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 - 232398, 232401
FAX : 07113 - 232400



NOTICE TO MEMBERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of MADHYADESH PAPERS LIMITED will be held on Friday, the 15th Day of July, 2011 at 10.00 A.M. at Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 440 015, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To re-appoint a Director in place of Shri Anantrai Rawell who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

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

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

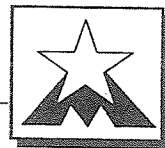
Registered Office :

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

By Order of the Board,

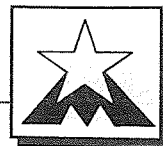
Nimish V. Maheshwari
Managing Director

Dated : June 15, 2011



NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The relative Explanatory Statement under Section 173 of the Companies Act, 1956, in regard to the business as set out in item no. 4 above and the relevant details pursuant to clause 49 of the Listing Agreement executed with the Stock Exchanges are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed on Thursday, the 15th July, 2011.
4. Members are requested to :
 - a) Intimate the Company the changes, if any, in their registered addresses along with Pin Code Number.
 - b) Quote their Folio Number.
5. Members who have multiple folios with identical order of names are requested to intimate the same to the Company so as to enable it to consolidate all shareholdings into one folio.
6. A blank proxy form is sent herewith.
7. The instrument appointing proxy should however, be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting.
8. Shareholders requiring information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance from the date of Meeting.
9. Members are requested to bring their copies of the Annual Report to the Meeting.
10. The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting. The Members holding shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
11. Members are requested to make all correspondence relating to share transfer (both in Physical & Demat form) to our Share Transfer Agent, M/s. Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Mumbai - 400 059.



ANNEXURE TO THE NOTICE

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

ITEM NO. 4

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

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

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

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

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

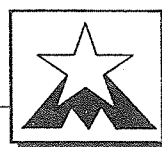
The Registrar of Companies, Maharashtra has made available the name 'Saffron Industries Limited' to your company vide its letter dated 10th June 2011.

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

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

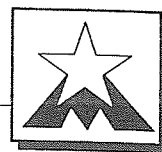
The Board recommends the Special Resolution for approval of the members.

None of the Directors are interested in the said resolution.



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

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



DIRECTORS' REPORT

To the Members of 'MADHYADESH PAPERS LIMITED'

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

FINANCIAL RESULTS :

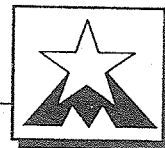
(RUPEES)

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

REVIEW OF OPERATIONS :

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

However your company has achieved marginally better sales turnover amount this year as against the sales turnover amount of last year. Your company is trying to overcome the adverse situation by way of using various efforts to reduce the overall cost and to increase its sustainability by



planning for better prospects of the company using various new avenues to avail the low cost raw material and by always trying for better price gains for its product in the market and by continuing efforts for its growth as well.

FUTURE OUTLOOK:

In this scenario of high cost market, you will appreciate the hardship the company is facing. However, we expect this scenario to change by the end of this year and the domestic newsprint market is expected to become buoyant once again which would augment in improving sales realisations and profitability which will again take care of company's subsistence and growth in the market.

CHANGE IN NAME OF THE COMPANY :

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

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

DIVIDEND :

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

DIRECTORS :

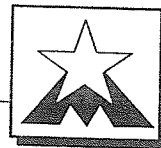
Shri Anantrai Rawell, who retires by rotation and being eligible, offer himself for re-appointment.

AUDIT COMMITTEE :

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

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

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



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

DEMATERIALISATION OF SHAREHOLDING:

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

LISTING OF SECURITIES :

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

CORPORATE GOVERNANCE:

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

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profits of the Company for the year ended 31st March, 2011 ;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act., 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

AUDITORS :

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