



**MALU PAPER
MILLS LTD.**

**ANNUAL REPORT
FOR THE YEAR
2011-12**

**Heera Plaza, 4th Floor,
Near Telephone Exchange,
Central Avenue,
Nagpur – 440 008
Phones : 0712-2760308,2778506, 2733100
Fax : 0712- 2760310
Email : info@malupaper.com**

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

Independent Directors

Shri Chandrakant Thakar

Shri Satyanarayan Rathi

Shri Anil Rathi

Shri Shyamsunder Sarda

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, Nagpur440008

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

CONTENTS

- Notice 01
- Directors' Report 02
- Corporate Governance Report 07
- Auditors' Report 15
- Balance Sheet 22
- Profit & Loss Account 23
- Cashflow Statement 24
- Schedules..... 25

MALU PAPER MILLS LIMITED

Regd. Office: Heera Plaza, 4th floor, Near Telephone Exchange, Nagpur –400008

NOTICE

Notice is hereby given to the shareholders of Malu Paper Mills Limited that the Annual General Meeting of the members will be held on Friday , the 28th day of September, 2012 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 2012 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, who retire by rotation and being eligible, offer themselves for re-appointment.

Registered Office:

Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 03rd September, 2012

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

**Sd/-
Punamchand Malu
Managing Director**

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 17th September 2012 to 28th September 2012 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 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.**
7. As there were no special business, Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is not required.

MALU PAPER MILLS LIMITED

REPORT OF BOARD OF DIRECTORS.

The Directors have pleasure in presenting the Annual Report for the year ended 31st March 2012 along with the Audited Statement of Accounts with the Report of the Auditors thereon:

FINANCIAL RESULTS:

| | 2011-2012 | (Rs. In Lacs) 2010-2011 |
|---------------------------------------|------------------|--|
| Sales & Other Incomes | 16970.07 | 17193.21 |
| Profit Before Interest & Depreciation | (922.91) | 1420.01 |
| Less: Financial Charges | 1392.08 | 1254.59 |
| Profit Before Depreciation | (2314.99) | 165.42 |
| Less: Depreciation | 612.02 | 596.18 |
| Less: Provisional For Tax | (906.06) | (132.67) |
| Profit/(Loss) After Tax | (2020.96) | (298.09) |

DIVIDEND:

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

MANAGEMENT REVIEW: 2011-12

INDIAN PAPER INDUSTRY SCENARIO

The Indian Paper Industry is a booming industry and is expected to grow in the years to come. The usage of paper cannot be ignored and this awareness is bound to bring about changes in the paper industry for the better. It is a well known fact that the use of plastic is being objected to these days. The reason being, there are few plastics which do not possess the property of being degradable, as such, use of plastic is being discouraged. Excessive use of non degradable plastics upsets the ecological equilibrium.

FUTURE OUTLOOK:

The new millennium is going to be the millennium of the knowledge. So demand for paper would go on increasing in times to come. In view of paper industry's strategic role for the society and also for the overall industrial growth it is necessary that the paper industry performs well.

Outlook for paper industry in India looks extremely positive as the demand for newsprint and craft paper is growing up.

With the expected increase in literacy rate, demand from corporate and industrial segments and with the growth of the economy, an increase in the per capita consumption of paper is expected. As per industry estimates, paper production is likely to grow at a CAGR of 8.4% while paper consumption will grow at a CAGR of 9% till 2012-13.

INTERNAL CONTROL SYSTEM:

Your company has adequate internal control system. Your company has developed and implemented a formal code of conduct and comprehensive business plan. Company has clearly defined prudent and appropriate levels of delegation of authorities. Company has established and maintained an effective management information system.

THREATS, RISKS AND CONCERNS:

- High cost of raw materials and power cost.
- To meet part of its raw material needs the industry has to rely on imported waste paper
- In an era of the World Wide Web, e-filing, email, pod cast etc., and several options to choose from the electronic saga poses a big threat to the paper industry.
- Cost of coal is escalating

OPPORTUNITIES & STRENGTHS:

- Increase in allocation for Sarva Shikshya Abhiyan will add to domestic demand.
- The Company is manufacturing paper out of the waste paper and is an eco friendly project.
- Enhanced allocation for education is expected to benefit W&P papers.

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 2012 and of the profit of the company for the year ended 31st March 2012.
- 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.

The directors have prepared the annual accounts on a going concern basis.

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 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 Board of Directors.

PUBLIC DEPOSITS

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

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 is the Chairman

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(1 B) 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 express sincere thanks to the Bankers, Customers, Business Associates for the co-operation and support and to the 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.

Place: Nagpur

By Order Of Board Of Directors

Date: 03-09-2012

**Sd/
Punamchand Malu
Managing Director**

**Sd/
Banwarilal Malu
Jt. Managing Director**

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Board of Directors and the Management of the company commit themselves to high standard of professionalism, integrity, accountability, fairness, disclosure and transparency, social responsiveness, business ethics in its dealings and compliance to the spirit of the law. MPML believes that the corporate governance is key to enhance and retain investor confidence.

2. BOARD OF DIRECTORS:

The Company is managed and controlled through a professional Board of Directors comprise of Six Non-executive Directors and two Executive Directors. The Board monitors performance of the Company, approves and receives policies / strategies and evaluate management performance. The Board ensures legal and ethical conduct and accurate financial reporting. The Chairman of the Board is Non-executive Director.

- i) **Non-Executive Directors:**
 - a) **Promoter Group**
 - 1 Shri Damodarlal Malu, Chairman
 - 2 Shri Vasudeo Malu
 - b) **Independent**
 - 1 Shri Satyanarayan Rathi
 - 2 Shri Chandrakant Thakar
 - * 3 Shri Satyanarayan Nuwal
 - 4 Shri Anil Rathi
 - ** 5 Shri Shyamsunder Sarda
- ii) **Executive Directors:**
 - 1 Punamchand Malu
 - 2 Banwarilal Malu

* Resigned w.e.f. 18-07-2011

** Appointed w.e.f. 29-09-2011

The Board of Directors meets at least once a quarter to review the Company's performance and financial results and more often, if necessary, to transact other business. 05 (Five) meetings of Board of Directors were held on 18-04-2011, 30-05-2011, 13-08-2011, 14-11-2011, 14-02-2012, during the financial year.

The information as specifies in Annexure 1A to Clause 49 of Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and analysis.

Attendance of each Director at the meetings of Board of Directors held during the financial year 2011-12, last Annual General Meeting and the Number of Directorships and memberships of Committees of each Director in various Companies during the period under review is as follows

| Name of the Director | Category | No. of Board Meetings attended | Attendance at last AGM | No. of outside Directorship in India |
|---------------------------|----------|--------------------------------|------------------------|--------------------------------------|
| Shri Punamchand Malu | ED | 5 | YES | - |
| Shri Banwarilal Malu | ED | 5 | YES | - |
| Shri Damodarlal Malu | NED | 1 | YES | - |
| Shri Vasudeo Malu | NED | 4 | YES | - |
| Shri Satyanarayan Rathi | ID | 3 | No | - |
| Shri Chandrakant Thakar | ID | 5 | YES | - |
| *Shri Satyanarayan Nuwal | ID | 1 | YES | 10 |
| Shri Anil Rathi | ID | 4 | YES | 1 |
| **Shri Shyamsunder Sarada | ID | - | YES | - |

Notes-

- i. ED- Executive Director; NED Non Executive Director; ID – Independent Director
- ii. Excludes Private Limited companies.
- iii. * Resigned w.e.f. 18-07-2011
- iv. ** Appointed w.e.f. 29-09-2011

3. AUDIT COMMITTEE:

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board’s oversight responsibilities, an Audit Committee has been constituted, headed by an Independent Director. All members are Independent Directors and each member has rich experience in the financial sector.

Chairman: Shri Anil Rathi

Members: Mr. Chandrakant Thakar & Mr. Satyanarayan Rathi

During the year under review 4 (Four) meetings were held on 30-05-2011, 13-08-2011, 14-11-2011, 14-02-2012. The following table gives attendance record:

| Sl. No. | Name of the Members of Audit Committee | Number of Meetings held | Number of Meetings attended |
|---------|--|-------------------------|-----------------------------|
| 1 | Shri Anil Rathi | 4 | 4 |
| 2 | Shri Satyanarayan Rathi | 4 | 3 |
| 3 | Shri Chandrakant Thakar | 4 | 4 |

The Statutory Auditors and CFO are invited to join the Audit Committee meetings. The Committee discusses with the Statutory Auditors on the “Limited Review” of the quarterly / half yearly accounts, the audit plans for the year, matters relating to compliance with Accounting Standards, the Auditors observations arising from

the annual audit of the Company's accounts and other related matters. The Committee also recommends to the Board the remuneration payable to the Executive Directors.

4. SHAREHOLDERS' GRIEVANCE COMMITTEE:

The Shareholders' Grievance Committee as on 31st March 2012 comprised of three Directors i.e. Mr. Satyanarayan Rathi, Mr. Chandrakant thakar and Mr. Banwarilal Malu

The shareholder grievance committee has been constituted to attend to and redress the shareholders / investors grievances in matters such as transfer of shares, non receipts of annual reports, dematerialization of shares etc.

The Committee met on 13/08/2011 in which all the directors were present.

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

| Financial Year | Location | Date & Time of AGM |
|----------------|--|-----------------------|
| 2010-11 | Heera Plaza, 4 th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8. | 29-09-2011 at 3.00 PM |
| 2009-10 | Heera Plaza, 4 th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8. | 21-09-2010 at 3.00 PM |
| 2008-09 | Heera Plaza, 4 th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 8. | 29-09-2009 at 3.00 PM |

No Special Resolutions passed at the annual general meetings are as under:

6. DISCLOSURES:

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

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 year ended on 31st March, 2012.

7. MEANS OF COMMUNICATION:

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

8. 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 | 345,833 | 2232 |
| Chairman/ Member of the Committees of the Board of Directors of the Company | - | Member of Audit Committee |

9. GENERAL SHAREHOLDERS INFORMATION

1. Nineteenth Annual General Meeting:

Date : 28th September, 2012

Time : 3.00 PM

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

2. Dates of Book Closure: 17th September 2012 to 28th September 2012 (both days inclusive).

3. Financial Calendar of the Company:

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

Financial Reporting for 2012-13 (Tentative)

| | | |
|--|------------|----------------|
| Unaudited Financial results for the quarter ending | 30-06-2012 | August, 2012 |
| Unaudited Financial results for the quarter ending | 30-09-2012 | November, 2012 |
| Unaudited Financial results for the quarter ending | 31-12-2012 | February, 2013 |
| Unaudited Financial results for the quarter ending | 31-03-2013 | May, 2013 |

4. 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 2012-13 have been paid in full to the Stock Exchanges.

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, 2011 to March 31, 2012 are given below:

| Month | Bombay Stock Exchange (BSE) | | National Stock Exchange (NSE) | |
|-----------------|--------------------------------|-------|----------------------------------|-------|
| | High | Low | High | Low |
| April, 2011 | 18.60 | 13.05 | 19.70 | 13.30 |
| May, 2011 | 14.00 | 11.80 | 13.75 | 10.10 |
| June, 2011 | 14.50 | 11.60 | 14.40 | 12.00 |
| July, 2011 | 14.49 | 12.75 | 14.65 | 11.50 |
| August, 2011 | 13.50 | 9.18 | 13.45 | 10.00 |
| September, 2011 | 13.95 | 11.00 | 13.85 | 10.25 |
| October, 2011 | 12.00 | 10.45 | 12.40 | 10.20 |
| November, 2011 | 11.10 | 9.01 | 11.25 | 9.25 |
| December, 2011 | 10.40 | 9.00 | 10.30 | 8.50 |
| January, 2012 | 12.65 | 9.32 | 12.60 | 9.35 |
| February, 2012 | 11.40 | 9.50 | 11.80 | 9.15 |
| March, 2012 | 10.95 | 9.04 | 12.50 | 9.00 |

6. Registrar and Transfer Agents:

Link Intime Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup (West), MUMBAI – 440 078.
Tel. No. 022-2596 3838
Fax No. 022- 2594 6969
Email: info@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. Distribution of Equity Shareholding as on 31-03-2012:

| Shareholding of Shares | | | Share holders | | Total Shares | |
|------------------------|-----|-------|---------------|---------------|-----------------|---------------|
| | | | Number | % | Shares | % |
| 1 | - | 500 | 3472 | 71.97 | 641,999 | 3.76 |
| 501 | - | 1000 | 613 | 12.71 | 496,632 | 2.91 |
| 1001 | - | 2000 | 300 | 6.22 | 450,639 | 2.64 |
| 2001 | - | 3000 | 129 | 2.67 | 331,038 | 1.94 |
| 3001 | - | 4000 | 54 | 1.12 | 189,003 | 1.11 |
| 4001 | - | 5000 | 47 | 0.97 | 218,303 | 1.28 |
| 5001 | - | 10000 | 76 | 1.58 | 558,601 | 3.28 |
| 10001 | And | Above | 133 | 2.76 | 14,173,035 | 83.08 |
| TOTAL | | | 4824 | 100.00 | 17059250 | 100.00 |

9. Shareholding Pattern as on 31-03-2012:

| Category | No. of Shares held | % of Share holding |
|--------------------------|--------------------|--------------------|
| Indian Promoters | 111,40,402 | 65.30 |
| Private Corporate Bodies | 9,03,685 | 5.30 |
| Indian Public | 49,84,708 | 29.22 |
| NRI's | 30,455 | 0.18 |
| TOTAL | 17,059,250 | 100.00 |

10. Dematerialisation of Shares:

As at 31st March 2012 170 33 838 (99.85%) of total equity capital was 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.

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: contacts@malupaper.com

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 2011-12, 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 2011-12 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.

Sd/
Punamchand Malu
Managing Director

Sd/
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, 2012, 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: 03-09-2012
Place : Nagpur

For Demble Ramani & Co.
Chartered Accountants

Sd/-
Ashok Ramani
Partner
M.NO.30537

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 2012** and also the Statement of Profit & Loss for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our Audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to, obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial Statements. An Audit also includes assessing the Accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors) Report Order, 2003 read 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 Statement of Profit & Loss 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, 2012 taken on record by the Board of Directors we report that none of the Directors are disqualified as on 31st March, 2012 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 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting principles generally accepted in India;
 - i) In the case of the Balance Sheet of the State of affairs of the Company as at 31st March, 2012 and
 - ii) In the case of the Statement of Profit & Loss of the Loss of the Company for the year ended 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 : 03.09.2012**

**(ASHOK RAMANI)
Partner
Membership No. 30537
Firm Registration No. 102259W**

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)
 - a) In our opinion and according to the information and explanations given to us, the company has not granted any secured or unsecured loans to companies, firms or other parties covered in the register maintained u/s 301 of Companies Act, 1956. Hence the clause iii (a), (b), (c) and (d) of the order are not applicable.
 - e) The company has taken demand loans from companies, firms or other parties covered in the register maintained u/s 301 of Companies Act, 1956. The maximum amount involved during the year was Rs.2735.05 lacs and yearend balance of loans taken from such parties was Rs. 2735.05 lacs.
 - f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the company.
 - g) In our opinion and as per the information and explanations given to us, the company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

- (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 particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that 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.
- (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, 2012 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 | Asstt. Commissioner of CEST (Appeal) |
| Central Excise Act. | Excise Duty | 4.33 | 2004-05 | Asstt. Commissioner of CEST (Appeal) |
| Central Excise Act. | Excise Duty | 3.79 | 2004-05 | Asstt. Commissioner of CEST (Appeal) |

- (x) The company has registered for a period of not less than five years and it has accumulated losses at the end of the financial year not more than fifty percent of its net worth. The company has also incurred cash loss of Rs.2315.00 Lacs in the financial year however the company has not incurred any cash loss in the immediate preceding financial year.
- (xi) During the financial year all the credit facilities utilized from banks are restructured under the Corporate Debts Restructure (CDR) mechanism and 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 : 03.09.2012**

**(ASHOK RAMANI)
Partner
Membership No. 30537
Firm Registration No. 102259W**

MALU PAPER MILLS LIMITED, NAGPUR
BALANCE SHEET AS AT 31ST MARCH, 2012

| Particulars | | Note No. | Figures as at 31 st March 2012 | Figures as at 31 st March 2011 |
|-------------|--|----------|---|---|
| I. | EQUITY AND LIABILITIES | | | |
| 1 | Shareholders' funds | | | |
| | (a) Share capital | 2 | 170,592,500 | 170,592,500 |
| | (b) Reserves and surplus | 3 | 49,333,795 | 251,430,031 |
| 2 | Non-current liabilities | | | |
| | (a) Long-term borrowings | 4 | 858,645,364 | 611,978,439 |
| | (b) Other Long term liabilities | 5 | 140,606,973 | 118,552,020 |
| | (c) Long-term provisions | 6 | 2,754,100 | 2,207,193 |
| 3 | Current liabilities | | | |
| | (a) Short-term borrowings | 7 | 153,102,593 | 246,391,454 |
| | (b) Trade payables | 8 | 86,716,433 | 123,989,351 |
| | (c) Other current liabilities | 9 | 30,895,235 | 34,191,630 |
| | TOTAL : | | 1,492,646,993 | 1,559,332,618 |
| II. | ASSETS | | | |
| | Non-current assets | | | |
| 1 | (a) Fixed assets | | | |
| | (i) Tangible Assets | 10 | 1,029,386,875 | 1,075,108,929 |
| | (ii) Intangible Assets | | - | - |
| | (iii) Capital work-in-progress | | - | - |
| | (iv) Intangible Assets under development | | - | - |
| | (b) Non-current investments | 11 | 1,100,000 | 1,100,000 |
| | (c) Deferred tax assets (Net) | 12 | 71,825,000 | (18,781,000) |
| | (d) Long-term loans and advances | 13 | 50,732,234 | 53,324,811 |
| 2 | Current assets | | | |
| | (a) Current investments | | - | - |
| | (b) Inventories | 14 | 123,016,100 | 162,249,207 |
| | (c) Trade receivables | 15 | 168,121,881 | 202,843,366 |
| | (d) Cash and cash equivalents | 16 | 24,567,042 | 41,895,951 |
| | (e) Short-term loans and advances | 17 | 23,897,860 | 41,591,354 |
| | TOTAL : | | 1,492,646,993 | 1,559,332,618 |
| | Significant Accounting Policies | 1 | | |

For Malu Paper Mills Limited.

**As per our Report of even date,
For Demble Ramani & Co.
Chartered Accountants**

Sd/
Punamchand Malu
(Managing Director) (Jt. Managing Director)
Place : Nagpur
Date : 03.09.2012

Sd/-
Banwarilal Malu

Sd/-
Ashok Ramani
Partner

MALU PAPER MILLS LIMITED, NAGPUR
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

| Particulars | Note No. | 2011-2012 | 2010-2011 |
|---|----------|----------------------|----------------------|
| I. Revenue From Operations | | | |
| Sale of products | 18 | 1,731,526,379 | 1,729,809,034 |
| Less: Excise Duty | | 38,623,665 | 41,505,481 |
| Net Sales | | 1,692,902,714 | 1,688,303,553 |
| II. Other income | 19 | 4,104,957 | 31,017,345 |
| III. Total Revenue (I + II) | | 1,697,007,671 | 1,719,320,898 |
| IV. Expenses: | | | |
| Cost of materials consumed | 20 | 1,124,163,164 | 1,043,595,316 |
| Changes in inventories of finished goods work-in-progress and Stock-in-Trade | 21 | (991,700) | 41,499,200 |
| Employee benefits expense | 22 | 34,865,028 | 32,084,959 |
| Finance costs | 23 | 139,208,394 | 125,458,819 |
| Depreciation and amortization expense | 10 | 61,202,371 | 59,618,257 |
| Other expenses | 24 | 631,262,650 | 460,140,440 |
| Total expenses | | 1,989,709,907 | 1,762,396,991 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | (292,702,236) | (43,076,093) |
| VI. Exceptional items | | | |
| VII. Profit before extraordinary items and tax (V - VI) | | (292,702,236) | (43,076,093) |
| VIII. Extraordinary Items | | | |
| IX. Profit before tax (VII- VIII) | | (292,702,236) | (43,076,093) |
| X Tax expenses: | | | |
| (1) Current tax | | | |
| (2) Deferred tax (withdrawn) | | (90,606,000) | (13,267,000) |
| (3) Tax for Earlier period | | | |
| XI Profit (Loss) for the period from continuing operations (VII-VIII) | | (202,096,236) | (29,809,093) |
| XII Profit/(loss) from discontinuing operations | | | |
| XIII Tax expense of discontinuing operations | | | |
| XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) | | | |
| XV Profit (Loss) for the period (XI + XIV) | | (202,096,236) | (29,809,093) |
| XVI Earnings per equity share: | | | |
| (1) Basic | | (11.85) | (1.75) |
| (2) Diluted | | (11.85) | (1.75) |

For Malu Paper Mills Limited.

**As per our Report of even date,
For Demble Ramani & Co.
Chartered Accountants**

Sd/-
Punamchand Malu
(Managing Director) (Jt. Managing Director)
Place : Nagpur
Date : 03.09.2012

Sd/-
Banwarilal Malu

Sd/-
Ashok Ramani
Partner

MALU PAPER MILLS LIMITED, NAGPUR
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2012

| | 31st March, 2012 | 31st March, 2011 |
|---|-------------------------|-------------------------|
| A. Cash Flows from Operating Activities | | |
| Reserve & surplus | | |
| Net Profit before Tax | (292,702,236) | (43,076,092) |
| Adjustments for: | | |
| Depreciation | 61,202,371 | 59,618,256 |
| Non Operating Income | (4,104,957) | (3,083,185) |
| Interest Expenses | 139,208,394 | 125,458,818 |
| Operating Profit before Working Capital Changes | (96,396,428) | 138,917,797 |
| Adjustments for: | | |
| Trade Receivables | 34,721,485 | (20,971,183) |
| Other Receivables | (70,319,929) | (9,766,189) |
| Inventories | 39,233,107 | 29,763,629 |
| Trade Payables & Other Liabilities | (40,022,406) | (89,889,205) |
| Cash Generated from Operations | (132,784,171) | 48,054,850 |
| Deffered Tax | 90,606,000 | 13,267,000 |
| Net Cash from Operating Activities | (42,178,171) | 61,321,850 |
| B. Cash Flows from Investing Activities | | |
| Purchase of Fixed Assets | (15,480,317) | (22,646,159) |
| Interest Received | 4,104,957 | 3,083,185 |
| Net Cash from Investing Activities | (11,375,360) | (19,562,975) |
| C. Cash Flows from Financing Activities | | |
| Proceeds from Borrowings | 108,823,702 | (63,998,704) |
| Increase in Inter Corporate | 44,554,361 | 133,718,877 |
| Deposits & Other Loans | 22,054,953 | 16,711,471 |
| Interest Paid | (139,208,394) | (125,458,818) |
| Net Cash used in Financing Activities | 36,224,622 | (39,027,174) |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | (17,328,909) | 2,731,702 |
| Cash and Cash Equivalents at the beginning of period | 41,895,951 | 39,164,249 |
| Cash and Cash Equivalents at the end of period | 24,567,042 | 41,895,951 |
| Net Change in Cash {Inc+/Dec-} | (17,328,909) | 2,731,702 |

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.

For Malu Paper Mills Limited.

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

Punamchand Malu Banwarilal Malu
(Managing Director) (Jt. Managing Director)
Place : Nagpur
Date : 03.09.2012

Ashok Ramani
Partner

MALU PAPER MILLS LIMITED, NAGPUR

Note 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) **System of Accounting :-**

The Financial Statements of the company have been prepared in accordance with the accounting principles generally accepted in India (Indian GAAP) 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..The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statement are consistent with those followed in previous year.

b) **Use of Estimates :-**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities, including the disclosure of contingent liabilities (if any) as of the date of the financial statements and the reported incomes and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could vary from those estimates. Any revision to accounting estimates is recognized in the period in which the results are known / materialized.

c) **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.

d) **Depreciation :-**

Depreciation on Fixed Assets is provided using Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 and is provided on pro rata basis on the assets acquired during the year. Depreciation is not charged on the Fixed Assets sold during the Year.

Cost of leasehold assets are amortised over the useful life of assets.

e) **Impairment of Assets :-**

The carrying amounts of assets / cash generating units are reviewed at each balance sheet date if there is any indication of Impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre tax weighted average cost of capital.

MALU PAPER MILLS LIMITED, NAGPUR

- f) **Inventories:-**
Inventories comprising of raw materials, finished goods, consumables. Inventories are valued at cost or estimated net realizable value after providing for obsolescence and other losses, where considered necessary. The cost of inventories comprises of all cost of purchase, cost of conversion and other cost incurred in bringing inventories to their present location and condition. In the case of raw materials, stores and spares, and finished goods, cost is determined on the First-In-First-Out (FIFO) basis.
- g) **Sales:-**
Sales and Job works charges are recognised when goods are supplied in accordance with the terms of sales and are recorded net of duties and taxes, trade discounts & rebates.
- h) **Borrowing Costs :-**
Borrowing costs include interest and bank charges. Borrowing costs are capitalized as a part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.
- i) **Taxes on Income :-**
Income tax expenses for the year comprises of current tax and deferred tax. Current tax provision has been determined on the basis of relief and deduction available under the Income tax Act-1961. Since there is a brought forward losses and unabsorbed depreciation hence no provision in respect of current tax has been made during the year.

Deferred tax Assets 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 is one or more subsequent periods.
- j) **Investments:-**
Long term Investments are valued at cost. These are classified as non Trade Investment.
- k) **Retirement Benefits :**
Provisions for / contributions to retirement benefit scheme are made as follows :
a) Providend Fund on actual liability basis.
B) Liability in respect of future payment of Gratuity to retiring employees is provided on the accrual basis on estimation at the end of each financial year.

MALU PAPER MILLS LIMITED, NAGPUR

l) **Foreign Currency Transactions :**

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

m) **Earning Per Share :-**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

n) **Provisions, Contingent Liabilities and Contingent Assets :-**

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

| NOTE | PARTICULARS | AS ON 31ST MARCH'2012 AMOUNT | | AS ON 31ST MARCH'2011 AMOUNT | |
|---------------|--|---------------------------------|----------------------|---------------------------------|----------------------|
| NOTE 2 | SHARE CAPITAL | | | | |
| | | Number | | Number | |
| a | Authorised | | | | |
| | Equity Shares of ` Rs.10 each | 20,000,000 | 200,000,000 | 20,000,000 | 200,000,000 |
| b | Issued | | | | |
| | Equity Shares of ` Rs.10 each fully paid | 17,059,250 | 170,592,500 | 17,059,250 | 170,592,500 |
| c | Subscribed & fully Paid up | | | | |
| | Equity Shares of ` Rs.10 each fully paid | 17,059,250 | 170,592,500 | 17,059,250 | 170,592,500 |
| | Total : | 17,059,250 | 170,592,500 | 17,059,250 | 170,592,500 |
| d | Reconciliation of Number of Shares Outstanding : | | | | |
| | Shares outstanding at the beginning of the year | 17,059,250 | 170,592,500 | 17,059,250 | 170,592,500 |
| | Movement During the Year | 0 | 0 | 0 | 0 |
| | Shares outstanding at the end of the year | 17,059,250 | 170,592,500 | 17,059,250 | 170,592,500 |
| e | Rights, preference & restriction attached to Equity Shares | | | | |
| | The company has only one class of equity Share. Each Shareholder is eligible for one vote per share. In the event of liquidation of company, the shareholders are entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution shall be in proportion to number of equity shares held by the shareholder. | | | | |
| f | Details of Shareholders, holding more than 5% of the Paid up Equity Share Capital of the Company with Voting Rights : | | | | |
| | Name of Shareholder | Number of Shares held | % of Holding | Number of Shares held | % of Holding |
| | Frontline Commercial Pvt Ltd | 962,222 | 5.64% | 962,222 | 5.64% |
| | Wistaria Farms Pvt Ltd | 1,033,500 | 6.06% | 1,033,500 | 6.06% |
| | Kaveri Malu | 1,052,487 | 6.17% | 1,052,487 | 6.17% |
| NOTE 3 | RESERVES & SURPLUS | | | | |
| a | General Reserves | | | | |
| | Opening Balance | | 211,880,327 | | 211,880,327 |
| | Movement During the Reporting Period | | | | |
| | Closing Balance | | 211,880,327 | | 211,880,327 |
| b | Securities Premium Account | | | | |
| | Opening Balance | | 147,952,928 | | 147,952,928 |
| | Movement During the Reporting Period | | | | |
| | Closing Balance | | 147,952,928 | | 147,952,928 |
| c | Profit & Loss Account | | | | |
| | Opening balance | | (108,403,224) | | (78,594,131) |
| | (+) Net Profit/(Net Loss) For the period | | (202,096,236) | | (29,809,093) |
| | Closing Balance | | (310,499,460) | | (108,403,224) |
| | Total (a+b+c) : | | 49,333,795 | | 251,430,031 |

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

NOTE 4 **LONG-TERM BORROWINGS**

a **SECURED LOANS**

| | | | |
|--------------------|------------------------------|---------------------------|---------------------------|
| i | Bank of India, Mumbai | 159,638,352 | 107,996,000 |
| ii | Jammu & Kashmir Bank, Mumbai | 98,859,504 | 93,800,000 |
| iii | State Bank of India, Nagpur | 147,997,254 | 82,500,000 |
| iv | Bank of Baroda, Mumbai | 68,290,493 | 64,937,500 |
| v | Axis Bank, Nagpur | 110,329,981 | 33,575,000 |
| vi | Sundaram Fianance Ltd | 24,780 | 109,500 |
| vii | HDFC Bank Ltd; Mumbai | 0 | 109,800 |
| Total (a) : | | <u>585,140,364</u> | <u>383,027,800</u> |

1 (Loans of Sr. No a (i) to (v) of Note 4 are secured by :

1. Primary : First pari passu charge on the entire Fixed Assets of the Company both present & future.
2. Collateral : Second pari pasu charge on entire current assets of the company and First pari passu charge by way of equitable mortgage of Land and Plant & Machinery of Solar Carbon Pvt Ltd.
3. Guarantee : Personal guarantee of Directors Shri Punamchand Malu & Shri Banwarilal Malu and corporate guarantee of Solar Carbon Pvt Ltd.)

2 (Loans of Sr. No a (vi) and (vii) of Note 4 are secured by hypothecation of vehicle of company.)

3 During the financial year 2011-12, Loans of Sr. No. a (i) to (v) of Note 4 are restructured under the Corporate Debts Restructure (CDR) mechanism.

DETAILS OF REPAYMENT OF TERM LOANS

| REPAYMENT SCHEDULE OF TERM LOANS | Repayable after 1 year from the date of Balance Sheet | Repayment in FY 12-13 | Terms of Payment - 4 Quaterly Instalment | Rate of Interest |
|---|--|------------------------------|---|-------------------------|
| Bank of India, Mumbai | 12,64,34,089 | 7,569,800 | Rs.15,37,450/- | 13.5% |
| | & | | & | & |
| | 3,32,04,263 | | Rs.3,55,000/- | 11.5% |
| Jammu & Kashmir Bank, Mumbai | 98,859,504 | 5,331,740 | Rs.13,32,935/- | 13.5% |
| State Bank of India, Nagpur | 8,36,00,414 | 6,825,000 | Rs.11,76,250/- | 13.5% |
| | & | | & | & |
| | 6,43,96,840 | | Rs.5,30,000/- | 11.5% |
| Bank of Baroda, Mumbai | 68,290,493 | 3,731,880 | Rs.9,32,970/- | 13.5% |
| Axis Bank, Nagpur | 3,98,89,840 | 4,360,000 | Rs.5,77,000/- | 18.0% |
| | & | | & | & |
| | 7,04,40,141 | | Rs.5,13,000/- | 11.5% |
| Total (i) : | <u>585,115,584</u> | <u>27,818,420</u> | | |

| REPAYMENT SCHEDULE OF VEHICLE LOANS | Repayable after 1 year from the date of Balance Sheet | Repayment in FY 12-13 | Terms of Payment - Monthly Instalment | Rate of Interest |
|--|--|------------------------------|--|-------------------------|
| Sundaram Fianance Ltd | 181,260 | 156,480 | Rs.13,040/- | 9.5% |
| HDFC Bank Ltd; Mumbai | 38,040 | 38,040 | Rs.19,020/- | 9.5% |
| Total (ii) : | <u>219,300</u> | <u>194,520</u> | | |
| Total (I + ii) : | <u>585,334,884</u> | <u>28,012,940</u> | | |

b **UNSECURED LOANS**

| | | |
|--|---------------------------|---------------------------|
| (a) Loans and advances from related parties | 156,205,000 | 131,288,914 |
| (b) Loans and advances from others | 117,300,000 | 97,661,725 |
| Total (b) : | <u>273,505,000</u> | <u>228,950,639</u> |
| Total (a + b) : | <u>858,645,364</u> | <u>611,978,439</u> |

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

NOTE 5 **c** **OTHER LONG TERM LIABILITIES**

| | | |
|--------------------|--------------------|--------------------|
| Deffered Sales Tax | 140,606,973 | 118,552,020 |
| Total : | 140,606,973 | 118,552,020 |

Deferred Sales Tax Liability includes:

(1) Interest free deferred Sales Tax Liability amounting to Rs. 1406.07 Lacs (PY Rs 1185.52 Lacs) has been outstanding at the year end. During the year company has availed further deferred sales tax liability in Kraft Division of Rs. 220.55 Lacs (PY Rs. 156.11 Lacs)

(2) The repayment of the Deferred sales tax liability will be made after 31.03.2013 as per the schedule.

(3) Repayment schedule

| Maturity Profile | Amount Repayable |
|------------------|------------------|
| 0 - 1 year | - |
| 1 - 2 year | 2,420,881 |
| 2 - 3 year | 4,152,158 |
| After 3 year | 134,033,934 |

NOTE 6 **d** **Long Term Provisions**

| | | |
|------------------------|------------------|------------------|
| Retirement Benefits | | |
| Provision for Gratuity | 2,754,100 | 2,207,193 |
| Total : | 2,754,100 | 2,207,193 |

NOTE 7 **SHORT TERM BORROWINGS**

Secured

a **Loans repayable on demand**

Working Capital Limit from

| | | |
|--------------------------------|--------------------|--------------------|
| i Axis Bank Ltd; Nagpur | 57,818,932 | 98,406,577 |
| ii State Bank of India, Nagpur | 57,976,084 | 88,972,740 |
| iii Bank of India, Mumbai | 37,307,577 | 59,012,137 |
| Total : | 153,102,593 | 246,391,454 |

((Loans of Sr. No a (i) to (iii) of Note 5 are secured by :

(1) Primary : First pari passu charge by way of hypothecation on entire current assets of the Company including Raw Materials, Finished Goods, Stock In Process and Book Debts.

(2) Collateral : Second pari passu charge on the entire Fixed Assets of the Company and First pari passu charge by way of equitable mortgage of Land and Plant & Machinery of Solar Carbon Pvt Ltd.

(3) Personal guarantee of Directors Shri Punamchand Malu & Shri Banwarilal Malu and corporate guarantee of Solar Carbon Pvt Ltd.)

NOTE 8 **TRADE PAYABLE**

| | | |
|-----------------|-------------------|--------------------|
| a Trade Payable | 86,716,433 | 123,989,351 |
| Total : | 86,716,433 | 123,989,351 |

b The information required to be disclosed under Micro, Small & Medium Enterprises Development Act, 2006 is not available with the Company.

NOTE 9 **OTHER CURRENT LIABILITIES**

| | | |
|---|-------------------|-------------------|
| Current Maturities of Long Term Debt (As per Note 4 above) | 28,012,940 | 20,072,220 |
| Duties & Taxes | 2,882,295 | 14,119,410 |
| Total : | 30,895,235 | 34,191,630 |

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

NOTE 11 NON- CURRENT INVESTMENTS

| | | |
|--|------------------|------------------|
| Investment in Equity instruments Unquoted Ganga Care Hospitals Ltd. (110000 Equity Shares of Rs. 10 each) | 1,100,000 | 1,100,000 |
| Total : | 1,100,000 | 1,100,000 |

NOTE 12 DEFERRED TAX ASSETS (NET)

| | | |
|---|-------------------|---------------------|
| a Deffered Tax Assets | | |
| Unabsorbed Depreciation & Business Loss | 252,017,000 | 156,961,000 |
| b Deffered Tax Liability | | |
| Depreciation & Amortisation | 180,192,000 | 71,825,000 |
| Total : | 71,825,000 | (18,781,000) |

NOTE 13 LONG-TERM LOANS & ADVANCES

| | | |
|---|-------------------|-------------------|
| a Security Deposits | | |
| Unsecured, considered good | 9,486,483 | 9,373,383 |
| b Deposits with Government Authorities | | |
| | 41,245,751 | 43,951,428 |
| Total : | 50,732,234 | 53,324,811 |

NOTE 14 INVENTORIES

| | | |
|--|--------------------|--------------------|
| a Raw Materials and components (Valued at cost or NRV whichever is lower) | | |
| Waste Paper - Indian | 22,440,000 | 62,267,250 |
| Waste Paper - Imported | 11,581,900 | 23,103,200 |
| Chemical | 11,565,500 | 25,929,700 |
| Fuel | 14,538,650 | 17,255,462 |
| Packing Material | 2,141,200 | 43,454,000 |
| | | 1,886,245 |
| Total (a) : | 62,267,250 | 111,628,607 |
| b Finished goods (Valued at cost or NRV whichever is less) | | |
| Internally Manufactured Finished Goods | 14,167,100 | 13,175,400 |
| Stock In Process | 10,279,600 | 9,447,900 |
| | 3,887,500 | 3,727,500 |
| Total (b) : | 14,167,100 | 13,175,400 |
| c Consumable Stores (Valued at cost or NRV whichever is lower) | | |
| | 46,581,750 | 37,445,200 |
| Total (c) : | 46,581,750 | 37,445,200 |
| Total (a+b+c) : | 123,016,100 | 162,249,207 |

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

NOTE 15 **TRADE RECEIVABLES**

a Trade receivables outstanding for a period less than six months from the date they are due for payment

| | | |
|----------------------------|--------------------|--------------------|
| Unsecured, considered good | 148,795,665 | 197,347,950 |
| Total (a) : | 148,795,665 | 197,347,950 |

b Trade receivables outstanding for a period exceeding six months from the date they are due for payment

| | | |
|----------------------------|--------------------|--------------------|
| Unsecured, considered good | 19,326,216 | 5,495,416 |
| Total (b) : | 19,326,216 | 5,495,416 |
| Total (a + b) : | 168,121,881 | 202,843,366 |

NOTE 16 **CASH AND CASH EQUIVALENTS**

a Balances with Banks

In current Account with

| | | |
|------------------------------|------------------|----------------|
| State Bank of India, Saoner | 625,084 | 175,604 |
| ICICI Bank Ltd, Nagpur. | 3,930,390 | 8,906 |
| Jammu & Kashmir Bank, Mumbai | 5,000 | 5,000 |
| Bank of India, Nagpur | 609 | 49,747 |
| Axis Bank Ltd; Nagpur | 38,076 | 351,055 |
| Total : | 4,599,159 | 590,312 |

| | | |
|---|------------|------------|
| FDR with Bank (Against Margin Money for Letter of Credit & Bank Guarantee) | 19,296,524 | 38,777,631 |
|---|------------|------------|

b Cash in hand

| | | |
|----------------|-------------------|-------------------|
| | 671,359 | 2,528,008 |
| Total : | 24,567,042 | 41,895,951 |

NOTE 17 **SHORT TERM LOANS AND ADVANCES**

Unsecured, considered good

a Deposits and Balances with Government and Other Authorities

| | | |
|--|-----------|-----------|
| | 5,365,475 | 3,711,815 |
|--|-----------|-----------|

b Advances Recoverable in Cash or in Kind or for value to be received

| | | |
|----------------|-------------------|-------------------|
| | 18,532,385 | 37,879,539 |
| Total : | 23,897,860 | 41,591,354 |

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

NOTE 18 **REVENUE FROM OPERATION**

| | | | |
|---------------------|-----------------|----------------------|----------------------|
| Sale of products; | | | |
| Manufacturing Goods | | | |
| a | Kraft Paper | 763,998,786 | 707,877,601 |
| b | Newsprint Paper | 967,527,593 | 1,021,931,433 |
| Total : | | 1,731,526,379 | 1,729,809,034 |

NOTE 19 **OTHER INCOME**

| | | |
|--------------------------------|-----------|-------------------|
| Interest on FDR | 3,272,263 | 2,673,211 |
| Interest on Security Deposit | 450,006 | 409,974 |
| Income from Carbon Credit Sale | 0 | 27,648,000 |
| Gain on Forex Fluctuation | 122,408 | 0 |
| Sale of Scrap | 260,280 | 286,160 |
| Total : | | 31,017,345 |

During the Financial year 2011-12, the Company has not made any provision on account of Carbon Credit (CER)

NOTE 20 **COST OF MATERIALS CONSUMED**

Details of Raw Material Consumed

| | | |
|---|----------------------|----------------------|
| Raw Material at the beginning of the year | 66,288,362 | 80,538,976 |
| Add: Purchases | 1,094,006,225 | 1,020,766,235 |
| Total : | 1,160,294,587 | 1,101,305,211 |
| Less: Raw Material at the end of the year | 45,587,400 | 66,288,362 |
| Cost of Raw Material consumed | 1,114,707,187 | 1,035,016,849 |

Item wise details of Raw Material Consumed

| | | |
|------------------------------------|----------------------|----------------------|
| Waste Paper - Indian - Kraft | 324,648,514 | 298,779,161 |
| Waste Paper - Imported - Kraft | 146,497,757 | 72,875,335 |
| Chemical - Kraft | 42,154,374 | 33,271,282 |
| Waste Paper - Indian - Newsprint | 537,406,641 | 480,613,899 |
| Waste Paper - Imported - Newsprint | 8,212,450 | 64,908,221 |
| Chemical - Newsprint | 55,787,451 | 84,568,951 |
| Total | 1,114,707,187 | 1,035,016,849 |

Details of Consumable Stores Consumed

| | | |
|--|------------------|----------------------|
| Consumable Stores at the beginning of the year | 37,445,200 | 31,631,500 |
| Add: Purchases | 18,592,527 | 14,392,167 |
| Total : | 56,037,727 | 46,023,667 |
| Less: Consumable Stores at the end of the year | 46,581,750 | 37,445,200 |
| Cost of Consumable Stores consumed | 9,455,977 | 8,578,467 |
| Total : | | 1,043,595,316 |

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

NOTE 21

Details of changes in Inventory
Inventory at the end of the year

Particulars

| | | |
|------------------|--------------------------|--------------------------|
| Stock in Process | 3,887,500 | 3,727,500 |
| Finished Goods | 10,279,600 | 9,447,900 |
| Total : | <u>14,167,100</u> | <u>13,175,400</u> |

Inventory at the beginning of the year

Particulars

| | | |
|------------------|--------------------------|--------------------------|
| Stock in Process | 3,727,500 | 3,727,500 |
| Finished Goods | 9,447,900 | 50,947,100 |
| Total : | <u>13,175,400</u> | <u>54,674,600</u> |

Increase/Decrease in Inventory

Particulars

| | | |
|------------------|-------------------------|--------------------------|
| Stock in Process | (160,000) | 0 |
| Finished Goods | (831,700) | 41,499,200 |
| Total : | <u>(991,700)</u> | <u>41,499,200</u> |

NOTE 22

EMPLOYEE BENEFITS

| | | |
|------------------------|--------------------------|--------------------------|
| Salary & Allowances | 31,405,749 | 28,523,708 |
| Providend Fund | 2,013,055 | 1,881,247 |
| Staff Welfare Expenses | 899,317 | 1,144,157 |
| Retirement Benefits | 546,907 | 535,847 |
| Total : | <u>34,865,028</u> | <u>32,084,959</u> |

NOTE 23

FINANCE COSTS

| | | |
|-------------------------|---------------------------|---------------------------|
| Bank Charges | 7,493,693 | 9,869,402 |
| Interest to Bank | 94,452,268 | 97,097,900 |
| Interest Unsecured Loan | 37,262,433 | 18,491,517 |
| Total : | <u>139,208,394</u> | <u>125,458,819</u> |

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

NOTE 24

OTHER EXPENSES

| | | |
|--|---------------------------|---------------------------|
| Power & Fuel | 360,316,827 | 208,425,256 |
| Packing Material | 18,596,435 | 16,248,549 |
| Freight Inward | 53,542,192 | 76,642,625 |
| Contractor Payment | 15,689,001 | 15,505,019 |
| Clearing & Forwarding | 1,898,803 | 2,187,351 |
| Custom Duty | 3,442,332 | 10,711,848 |
| Water Charges | 2,321,383 | 2,688,715 |
| Sales Tax | 54,094,352 | 54,063,119 |
| Repairs & Maintenance | | |
| Building | 1,000,816 | 356,118 |
| Plant & Machinery | 35,372,868 | 19,377,055 |
| Audit Fees | 224,720 | 200,000 |
| Internal Audit Fees | 150,000 | 150,000 |
| Annual Listing Fees | 174,415 | 148,905 |
| Computer Maintenance | 123,115 | 12,817 |
| Consultancy Charges | 6,433,206 | 1,469,015 |
| Conveyance Charges & Vehicle Maintenance | 1,017,692 | 601,167 |
| Donation | 13,211 | 142,000 |
| Insurance Charges | 1,718,139 | 1,719,682 |
| Labour Welfare Fund | 28,080 | 26,544 |
| Legal Expenses | 64,000 | 51,878 |
| Office & Misc. Expenses | 961,167 | 380,851 |
| Periodicals & Subscription | 75,061 | 38,251 |
| Workman Compensation | 55,000 | 1,382,300 |
| Postage | 212,570 | 326,851 |
| Printing & Stationery | 237,669 | 389,134 |
| Rent, Rates & Taxes | 1,188,201 | 708,205 |
| Sitting Fess Expenses | 38,000 | 34,000 |
| Security Expenses | 1,540,223 | 1,763,398 |
| Telephone Expenses | 760,349 | 637,523 |
| Travelling Expenses | 1,226,583 | 1,056,968 |
| Advertisement | 380,915 | 308,263 |
| Loss on sale of Carbon Credit | 17,955,117 | 0 |
| Selling & Distribution Expenses | 50,410,208 | 42,387,035 |
| Total : | <u>631,262,650</u> | <u>460,140,440</u> |

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

NOTE 25 **DISCLOSURE OF RELATED PARTY TRANSACTIONS :**

a List of related parties with whom transactions have taken place during the year

Associate Companies

Malu Electrodes Pvt. Ltd.
Frontline Commercials Pvt Ltd
Narayan Coal Traders Pvt Ltd
Neelkamal Financial Services Pvt Ltd
Solar Carbons Pvt Ltd
Wistaria Farms Pvt Ltd
Malu Infrastructure Pvt Ltd

b Key Management Persons

Poonamchand Malu
Banwarilal Malu

c Transactions with Related Party

1) **Associate Company**

a **Malu Electrodes Pvt. Ltd.**

| | | |
|---------------------------|------------|------------|
| Purchases during the year | 233,171 | 72,170 |
| Finance Taken | 7,600,000 | 52,900,000 |
| Interest on Loan | 11,109,393 | 3,507,300 |

b **Frontline Commercials Pvt Ltd**

| | | |
|------------------|---------|---------|
| Interest on Loan | 819,898 | 656,540 |
|------------------|---------|---------|

c **Narayan Coal Traders Pvt Ltd**

| | | |
|------------------|---------|---------|
| Interest on Loan | 408,199 | 327,250 |
|------------------|---------|---------|

d **Neelkamal Financial Services Pvt Ltd**

| | | |
|------------------|-----------|---------|
| Interest on Loan | 1,226,284 | 983,000 |
|------------------|-----------|---------|

e **Solar Carbons Pvt Ltd**

| | | |
|------------------|-----------|-----------|
| Interest on Loan | 1,637,420 | 1,313,320 |
|------------------|-----------|-----------|

f **Wistaria Farms Pvt Ltd**

| | | |
|------------------|---------|--------|
| Interest on Loan | 144,216 | 71,340 |
|------------------|---------|--------|

g **Malu Infrastructure Pvt Ltd**

| | | |
|------------------|------------|------------|
| Finance Taken | 14,998,645 | 29,500,000 |
| Interest on Loan | 6,257,790 | 445,950 |

3) **Relatives of Key Management Persons**

| | Interest on Loan | Interest on Loan |
|-------------------------|-------------------------|-------------------------|
| a Banwarilal Malu (HUF) | 143,886 | 71,670 |
| b Kaveri Malu | 323,553 | 159,780 |
| c Manisha Malu | 213,583 | 199,750 |
| d Shashi Malu | 301,981 | 149,130 |
| e Vasudeo Malu | 2,911,682 | 1,961,850 |

4) **Amount Payable as on reporting Date**

| | | |
|--|------------|------------|
| a Banwarilal Malu (HUF) | 1,194,000 | 1,064,503 |
| b Frontline Commercials Pvt Ltd | 6,800,000 | 6,062,092 |
| c Kaveri Malu | 2,685,000 | 2,393,802 |
| d Malu Electrodes Pvt. Ltd. (Loan A/c) | 88,700,000 | 71,101,546 |
| e Manisha Malu | 1,772,000 | 1,579,775 |
| f Narayan Coal Traders Pvt Ltd | 3,389,000 | 3,021,621 |
| g Neelkamal Financial Services Pvt Ltd | 10,180,000 | 9,076,344 |
| h Shashi Malu | 2,506,000 | 2,234,217 |
| i Solar Carbons Pvt Ltd | 13,600,000 | 12,126,322 |
| j Vasudeo Malu | 24,185,000 | 21,564,486 |
| k Wistaria Farms Pvt Ltd | 1,194,000 | 1,064,206 |
| l Malu Electrodes Pvt. Ltd. | 28,457 | 18,292 |
| m Malu Infrastructure Pvt Ltd | 44,900,000 | 29,901,355 |

NOTE 26 **PAYMENT TO AUDITORS IN OTHER EXPENSES (NOTE 25) CONSISTS OF:**

| | | |
|----------------------------|----------------|----------------|
| Statutory & Tax Audit Fees | 200,000 | 200,000 |
| Service Tax | 24,720 | 24,720 |
| Total | 224,720 | 224,720 |

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

NOTE 27 SEGMENT INFORMATION :

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

NOTE 28 EARNING PER SHARE (EPS)

EPS is calculated by dividing the earning available for equity shareholders or loss attributable to equity shareholders by

| | | |
|-----------------------------------|---------------|--------------|
| Profit (Loss) after tax | (202,096,236) | (29,809,093) |
| Weighted Number of Shares - Basic | 17,059,250 | 17,059,250 |
| EPS | (11.85) | (1.75) |
| Basic/Diluted Earning Per Share | (11.85) | (1.75) |
| Face value per share | 10.00 | 10.00 |

NOTE 29 ADDITIONAL INFORMATION

a Value of imports calculated on C.I.F basis by the company during the financial year in respect of –

| | |
|---------------------------------|-------------|
| I. Raw materials; | 140,362,407 |
| II. Components and spare parts; | 2,405,542 |
| III. Capital goods; | - |
| IV. Purchase of Trading Goods:- | - |

b Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters; **NIL**

c Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;

| |
|------------------|
| 157115749 (14%) |
| 967047415 (86%) |
| 1124163164(100%) |

d The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on **NIL**

e Earnings in foreign exchange classified under the following heads, namely:-

| | |
|--|------------|
| I. Export of goods calculated on F.O.B. basis; | |
| II. Royalty, know-how ,professional and consultation fees; | NIL |
| III. Interest and dividend; | |
| IV. Other income, indicating the nature thereof | |

NOTE 30 CONTINGENT LIABILITIES :

| | |
|--|------------|
| Bank Guarantee Outstanding | 13,240,938 |
| Letter of Credit | 84,530,000 |
| Bonds Executed in Favour of Government Authorities in respect of EPCG Licence towards duty saved against which Export obligation has to be made. | 61,401,000 |

NOTE 31 OTHERS :

a Balances in various personal accounts remain unverified since confirmations from the parties are awaited.

b 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.

c The Revised Schedule VI has become effective from 1 April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For Malu Paper Mills Ltd;

**As per our Report of even date,
For Demble Ramani & Co.
Chartered Accountants**

Punamchand Malu Banwarilal Malu
(Managing Director) (Jt. Managing Director)
Place : Nagpur
Date : 03.09.2012

Ashok Ramani
Partner

MALU PAPER MILLS LTD; NAGPUR
NOTES ATTACHED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT
AS ON 31/03/2012

NOTE 11 FIXED ASSETS

| Sr. No. | Fixed Assets | Rate of Depreciation (As per SLM) | Gross Block | | | Accumulated Depreciation | | | Net Block | |
|---------|--|-----------------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|----------------------------------|-----------------------------|----------------------------|-----------------------------|
| | | | Balance as at 1 April 2011 | Additions during the year | Balance as at 31 March 2012 | Balance as at 1 April 2011 | Depreciation charge for the year | Balance as at 31 March 2012 | Balance as at 1 April 2011 | Balance as at 31 March 2012 |
| a | Tangible Assets (Under Lease) | | | | | | | | | |
| 1 | Leasehold Land | 0.00 | 8,573,045 | | 8,573,045 | 0 | 541,458 | 541,458 | 8,573,045 | 8,031,587 |
| b | Tangible Assets (Not Under Lease) | | | | | | | | | |
| 1 | Freehold Land | 0.00 | 7,794,222 | | 7,794,222 | 0 | 0 | 0 | 7,794,222 | 7,794,222 |
| 2 | Factory Building | 3.34% | 200,960,064 | | 200,960,064 | 31,240,841 | 6,712,066 | 37,952,907 | 169,719,223 | 163,007,157 |
| 3 | Office Building | 1.63% | 702,610 | | 702,610 | 148,889 | 11,453 | 160,342 | 553,721 | 542,268 |
| 4 | Office Building (Ho) | 1.63% | 1,065,670 | | 1,065,670 | 121,590 | 17,370 | 138,960 | 944,080 | 926,710 |
| 5 | Staff Quarters | 1.63% | 1,712,841 | | 1,712,841 | 401,777 | 27,919 | 429,696 | 1,311,064 | 1,283,145 |
| 6 | Plant & Machinery | 4.75% | 716,278,510 | 13,004,349 | 729,282,859 | 139,642,363 | 34,248,853 | 173,891,216 | 576,636,147 | 555,391,643 |
| 7 | Furniture & Fixture | 6.33% | 3,096,242 | 39,400 | 3,135,642 | 1,227,843 | 198,041 | 1,425,884 | 1,868,399 | 1,709,758 |
| 8 | Office Equipment | 4.75% | 1,002,474 | | 1,002,474 | 411,791 | 47,618 | 459,409 | 590,683 | 543,065 |
| 9 | Computers | 16.21% | 1,622,916 | 11,905 | 1,634,821 | 1,112,540 | 209,367 | 1,321,907 | 510,376 | 312,914 |
| 10 | Boiler | 4.75% | 12,059,151 | | 12,059,151 | 6,077,281 | 572,810 | 6,650,091 | 5,981,870 | 5,409,060 |
| 11 | Captive Power Plant | 4.75% | 183,880,144 | 1,125,192 | 185,005,336 | 33,353,675 | 8,783,507 | 42,137,182 | 150,526,469 | 142,868,154 |
| 12 | Water Supply Equipments | 4.75% | 252,811 | | 252,811 | 180,135 | 12,009 | 192,144 | 72,676 | 60,667 |
| 13 | Fire Fighting Equipments | 4.75% | 214,497 | | 214,497 | 82,510 | 10,189 | 92,699 | 131,987 | 121,798 |
| 14 | Effluent Treatment | 4.75% | 25,897,357 | 180,000 | 26,077,357 | 5,972,965 | 1,233,685 | 7,206,650 | 19,924,392 | 18,870,707 |
| 15 | Electrical Installation | 4.75% | 118,177,154 | 1,069,458 | 119,246,612 | 18,437,479 | 5,634,338 | 24,071,817 | 99,739,675 | 95,174,795 |
| 16 | Misc. Fixed Assets | 4.75% | 23,032,930 | | 23,032,930 | 3,702,531 | 1,094,064 | 4,796,595 | 19,330,399 | 18,236,335 |
| 17 | Vehicle (Four Wheeler) | 9.50% | 9,413,547 | | 9,413,547 | 5,077,598 | 738,647 | 5,816,245 | 4,335,949 | 3,597,302 |
| 18 | Vehicle (Industrial) | 9.50% | 11,552,771 | | 11,552,771 | 5,103,301 | 1,097,513 | 6,200,814 | 6,449,470 | 5,351,957 |
| 19 | Vehicle (Two Wheeler) | 9.50% | 361,601 | 50,013 | 411,614 | 246,518 | 11,464 | 257,982 | 115,083 | 153,632 |
| | Total | | 1,327,650,556 | 15,480,317 | 1,343,130,873 | 252,541,627 | 61,202,371 | 313,743,998 | 1,075,108,929 | 1,029,386,875 |

Nore 1) Depreciation includes amortization of leasehold land of Rs. 4,51,215/- related to prior periods.



MALU PAPER MILLS LIMITED

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

PROXY FORM

ANNUAL GENERAL MEETING 2011-12

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 Seventeenth Annual General Meeting of the Company to be held at **Heera Plaza, 4th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 440 008** on Friday, the 28th day of September, 2012 at 3.00 PM and at any adjournment thereof.

Affix Re.1
Revenue
Stamp

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.

ATTENDANC SLIP

I hereby record my presence at the Seventeenth Annual General Meeting of the Company to be held at **Heera Plaza, 4th Floor, Near Telephone Exchange, Central Avenue, Nagpur – 440 008** on Friday, the 28th day of September, 2012.

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.