



**MALU PAPER
MILLS LTD.**

**ANNUAL REPORT
FOR THE YEAR
2010-11**

Heera Plaza, 4th Floor,
Near Telephone Exchange,
Central Avenue,
Nagpur – 440 008
Phones : 0712-2760308,2778506, 2733100
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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 Satyanarayan Nuwal*
Shri Anil Rathi

* Resigned

Bankers

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

Statutory Auditors

M/s. Demble Ramani & Co.

Internal Auditors

M/s. Samria & Co.

CFO & Compliance Officer

Shri Girish Malpani

Registered and Corporate Office

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

Plants

Unit I & II

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

Unit III

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

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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 Thursday, the 29th day of September, 2011 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 2011 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.

SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification(s) the following resolution as ordinary resolution:

4. "Resolved that pursuant to provisions of 257 of the Companies Act, 1956 and pursuant to amended clause 49 of Listing Agreement Shri Shyamsunder Satyanarayan Sarda, notice in respect of his appointment has been received, be and is hereby appointed as Director of the company, liable to retire by rotation."

Registered Office:
Heera Plaza, 4th floor,
Central Avenue
Nagpur- 440008
Date: 01st September, 2011

**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 19th September 2011 to 29th September 2011 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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is given hereunder:

EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

ITEM NO.4

In order to fill up the casual vacancy caused by the resignation of Shri Satyanarayan Nuwal, Shri Shyamsunder Satyanarayan Sarda, Industrialist having vast business experience is proposed to be appointed as an Independent Directors.

Your Directors recommend the said Resolutions for the approval of the members.

None of the Directors of the Company is concerned or interested in the said resolution.

Registered Office:

Heera Plaza, 4th floor,
Central Avenue

Nagpur- 440008

Date: 01st September, 2011

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

Sd/-

**Punamchand Malu
Managing Director**

MALU PAPER MILLS LIMITED

REPORT OF BOARD OF DIRECTORS.

The Directors have pleasure in presenting the Annual Report for the year ended 31st March 2011 along with the Audited Statement of Accounts with the Report of the Auditors thereon:

FINANCIAL RESULTS:

The quality of the product was well accepted in the market. Your company has maintained stability and has shown increase in the total sales. The Company achieved Gross Sales of Rs.17298 Lacs as against Rs.12364 Lacs in the previous year. Net loss after tax is lower to Rs.298 Lacs as compared to net loss after tax of Rs.772 Lacs in the previous year. The financial results are as under:

| | 2010-2011 | (Rs. In Lacs) 2009-2010 |
|---------------------------------------|-----------|----------------------------|
| Sales & Other Incomes | 17193.21 | 12492.10 |
| Profit Before Interest & Depreciation | 1420.01 | 931.33 |
| Less: Financial Charges | 1254.59 | 909.43 |
| Profit Before Depreciation | 165.42 | 21.90 |
| Less: Depreciation | 596.18 | 477.53 |
| Less: Provisional For Tax | (132.67) | 317.30 |
| Profit/(Loss) After Tax | (298.09) | (772.93) |

DIVIDEND:

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

PERFORMANCE REVIEW:

During the year under review the turnover of the company increased by 38% as against the previous year figures whereas the Operating Profit of the Company increased by 52% amounting to Rs.1420 Lacs compared to previous year and posted cash profit of Rs.165 Lacs which is 7.5 times higher than the previous year. Though the volumes and performance improved compared to previous year, the cost could not be recovered fully due to increased cost of borrowing, raw material cost, employee cost as well as manufacturing cost.

The operation of the company has been progressing satisfactorily and all the three units of the company are performing at 100 % capacity utilization.

MANAGEMENT REVIEW: 2010-11

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.

Indian paper industry uses used paper for the manufacturing of paper after recycling. It has been estimated that around 40% of paper used is recycled.

The demand scenario in paper industry was sluggish during the year 2009 due to the economic recession and this scenario persisted till the end of the financial year 2009-2010. The weak demand followed by the economic recession, and uncontrolled imports from China and Indonesia kept prices under pressure.

However, with the fiscal supports extended by the Government of India as well as the cautious approaches by the Industry, the year 2010 from the 2nd quarter witnessed the demand cycle reversing primarily driven by demand from Educational and FMCG sectors and closure of many capacities in various parts of the world, particularly in European Union. The growth in the paper industry has mirrored the growth in GDP and the Indian paper industry has grown on an average 6.7% over the last few years.

FUTURE OUTLOOK:

India's per capita consumption of paper is one of the lowest in the world. The per capita consumption of paper in India is very low ie 7kgs in 2006 as compared to average consumption of 28 Kgs and 58 Kgs in Asia and world respectively.

According to industry estimate the total demand for the paper is around 8.0 million tonnes and is expected to grow to 10 million tonnes by 2012 and 20 million tonnes by 2020. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tons.

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:

- 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
- high cost of raw materials
- The increase in basic excise duty on W&P paper and industrial paper to 5 percent

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.
- Reduction in custom duty on waste paper to 2.5 % from 5 % is likely to lower raw material costs.
- 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 2010 and of the profit of the company for the year ended 31st March 2010.
- 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 Satyanarayan Nuwal, Director has resigned from the Directorship of the company. Shri Satyanarayan Rathi and Shri Anil Rathi, Directors retire by rotation at the ensuing annual general meeting and being eligible offers themselves for re-appointment.

Shri Shyamsunder Sarada is proposed to be appointed as Director at the ensuing General meeting.

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
Date: 13-08-2011

By Order Of Board Of Directors

| | |
|--------------------------|------------------------------|
| Sd/ | Sd/ |
| Punamchand Malu | Banwarilal Malu |
| Managing Director | Jt. Managing Director |

MALU PAPER MILLS LTD.
Annexure to Directors' Report-2011
ANNEXURE A

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

A POWER AND FUEL CONSUMPTION

| 1 | ELECTRICITY : | Current year | Previous year |
|----------|--|---------------------|----------------------|
| | (a) Purchased | | |
| | Unit | 1,20,79,424 | 1,42,84,062 |
| | Total amount (Rs) | 6,18,45,076 | 6,78,42,470 |
| | Rate/ unit | 5.120 | 4.750 |
| | (b) Own generation | | |
| | | N.A. | N.A. |
| | (i) Through diesel generator | | |
| | Unit | | |
| | Units per litre of diesel oil | | |
| | Cost/ unit | | |
| | (ii) Through steam turbine/ generator | | |
| | Unit | | |
| | Units per litre of fuel oil / gas | | |
| | Cost/ unit | | |
| 2 | COAL & BIO MASS: | | |
| | Quantity (Metric Tonnes) | 60,474.25 | 65,084.83 |
| | Total cost (Rs.) | 14,65,80,180.00 | 11,96,17,051.00 |
| | Average rate | 2,423.84 | 1,837.86 |
| 3 | FURNANCE OIL: | N.A. | N.A. |
| | Quantity (k. ltrs.) | | |
| | Total amount | | |
| | Average rate | | |
| 4 | OTHERS: | N.A. | N.A. |
| | Quantity | | |
| | Total cost | | |
| | Rate/ unit | | |

B CONSUMPTION PER UNIT OF PRODUCTION

| Standards (if any) | Current year | Previous year |
|--|--------------|---------------|
| Products unit (MT) (Kraft & News print/ Writing printing paper) | 65,565.67 | 56,775.97 |
| 1 Electricity | 184.23 | 251.59 |
| 2 Furnace oil | N.A. | N.A. |
| 3 Coal | 0.92 | 1.15 |
| 4 Others (Specify) | N.A. | N.A. |

FOR MALU PAPER MILLS LTD.

Sd/-

DIRECTOR

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure the efficient conduct of the affairs of the Company to achieve its goal of maximizing value for all its stakeholders. Being a value-driven organization, the company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on principles of good corporate governance viz. integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

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 Damodar Lal Malu, Chairman
 - 2 Shri Vasudeo Malu
 - b) **Independent**
 - 1 Shri Satyanarayan Rathi
 - 2 Shri Chandrakant Thakar
 - * 3 Shri Satyanarayan Nuwal
 - 4 Shri Anil Rathi
- ii) **Executive Directors:**
 - 1 Punamchand Malu
 - 2 Banwarilal Malu

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

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 24/05/2010, 13/08/2010, 17/09/2010, 11/11/2010 and 14/02/2011 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 2010-11, 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 | 4 | YES | - |
| Shri Vasudeo Malu | NED | 2 | YES | - |
| Shri Satyanarayan Rathi | ID | 5 | YES | - |
| Shri Chandrakant Thakar | ID | 4 | YES | - |
| Shri Satyanarayan Nuwal | ID | 2 | YES | 10 |
| Shri Anil Rathi | ID | 3 | YES | 1 |

Notes-

- i. ED- Executive Director; NED Non Executive Director; ID – Independent Director
- ii. Excludes Private Limited companies.

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 24/05/2010, 13/08/2010, 11/11/2010 and 14/02/2011. 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 | 3 |
| 2 | Shri Satyanarayan Rathi | 4 | 4 |
| 3 | Shri Chandrakant Thakar | 4 | 3 |

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 2011 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 13/08/2010 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 |
|----------------|--|-----------------------|
| 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 |
| 2007-08 | VIA Hall, Udyog Bhawan, Civil Lines, Nagpur. | 29-09-2008 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, 2011.

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 Satyanarayan Rathi | Shri Anil Rathi | Shri Shyamsunder Sarda |
| Date of Birth | 07-09-1953 | 03-06-1954 | 14-03-1958 |
| Date of Appointment | 11-11-2005 | 29-09-2008 | Proposed in ensuing AGM |
| Expertise in specific functional area | Businessman | Taxation | Industrialist |
| Qualification | B.com | C.A. | B.Com |
| No. of equity shares held | NIL | NIL | NIL |
| Chairman/ Member of the Committees of the Board of Directors of the Company | - | - | - |

9. GENERAL SHAREHOLDERS INFORMATION

1. Sixteenth Annual General Meeting:

Date : 29th September, 2011

Time : 3.00 PM

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

2. Dates of Book Closure: 19th September 2011 to 29th September 2011 (both days inclusive).

3. Financial Calendar of the Company:

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

Financial Reporting for 2010-11 (Tentative)

| | | |
|--|------------|----------------|
| Unaudited Financial results for the quarter ending | 30-06-2010 | August, 2010 |
| Unaudited Financial results for the quarter ending | 30-09-2010 | November, 2010 |
| Unaudited Financial results for the quarter ending | 31-12-2010 | February, 2011 |
| Audited Financial Results for the year ending | 31-03-2011 | May, 2011 |

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 2011-12 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, 2010 to March 31, 2011 are given below:

| Month | Bombay Stock Exchange (BSE) | | National Stock Exchange (NSE) | |
|-----------------|-----------------------------|-------|-------------------------------|-------|
| | High | Low | High | Low |
| April, 2010 | 20.20 | 16.65 | 20.00 | 16.55 |
| May, 2010 | 20.00 | 14.55 | 20.20 | 12.40 |
| June, 2010 | 18.40 | 14.80 | 18.50 | 14.35 |
| July, 2010 | 17.20 | 15.75 | 17.10 | 15.75 |
| August, 2010 | 19.10 | 15.65 | 19.15 | 15.50 |
| September, 2010 | 20.95 | 15.60 | 20.90 | 15.80 |
| October, 2010 | 19.35 | 17.15 | 19.25 | 17.00 |
| November, 2010 | 19.00 | 14.90 | 18.90 | 15.00 |
| December, 2010 | 17.10 | 12.35 | 17.00 | 12.25 |
| January, 2011 | 14.99 | 12.50 | 14.90 | 12.25 |
| February, 2011 | 15.45 | 11.00 | 14.00 | 10.90 |
| March, 2011 | 15.42 | 10.45 | 14.40 | 11.50 |

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 31-03-2011:

| Shareholding of Shares | | | Share holders | | Total Shares | |
|------------------------|-----|-------|---------------|---------------|-----------------|---------------|
| | | | Number | % | Shares | % |
| 1 | - | 500 | 3643 | 71.59 | 683085 | 4.00 |
| 501 | - | 1000 | 653 | 12.83 | 528202 | 3.09 |
| 1001 | - | 2000 | 319 | 6.27 | 480235 | 2.82 |
| 2001 | - | 3000 | 139 | 2.73 | 359149 | 2.11 |
| 3001 | - | 4000 | 56 | 1.10 | 195691 | 1.15 |
| 4001 | - | 5000 | 47 | 0.92 | 217817 | 1.28 |
| 5001 | - | 10000 | 86 | 1.69 | 645840 | 3.78 |
| 10001 | And | Above | 146 | 2.87 | 13949231 | 81.77 |
| TOTAL | | | 5089 | 100.00 | 17059250 | 100.00 |

9. Shareholding Pattern as on 31-03-2011:

| Category | No. of Shares held | % of Share holding |
|--------------------------|--------------------|--------------------|
| Indian Promoters | 111,81,017 | 65.54 |
| Private Corporate Bodies | 8,24,629 | 4.83 |
| Indian Public | 50,21,558 | 29.44 |
| NRI's | 32,046 | |
| TOTAL | 17,059,250 | 100.00 |

10. Dematerialisation of Shares:

As at 31st March 2011 83,33,713 (48.85%) 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:

| | |
|------------------------|-----------------------|
| <u>Unit I & II</u> | <u>Unit III</u> |
| Village: Borujwada, | Village: Hetti Surla |
| Taluka: Saoner | Taluka: Saoner |
| Saoner Road. | Nagpur Bhopal Highway |
| District: Nagpur. | 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 2010-11, 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 2010-11 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, 2011, 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: 30-05-2011
Place : Nagpur

For Demble Ramani & Co.
Chartered Accountants

Sd/-
Ashok Ramani
Partner
M.NO.30537

DEMBLE RAMANI & CO.

CONTD.....

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 2011** and also the Profit & Loss Account 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 Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- 5) On the basis of written representations received from the Directors, as on 31st March, 2011 taken on record by the Board of Directors we report that none of the Directors are disqualified as on 31st March, 2011 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, 2011 and
 - ii) In the case of the Profit and Loss Account 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
Firm Registration No. 102259W**

**Place : NAGPUR
Date : 30th May 2011**

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

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.2289.50 lacs and yearend balance of loans taken from such parties was Rs. 2289.50 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, 2011 for a period of more than six months from the date they became payable.
 - b) According to the records of the company there are statutory dues, which are outstanding on account of certain disputes at the end of the year.

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

- (x) The company has incurred a loss of Rs.298.09 Lacs (PY Rs.772.94 lacs) during the financial year but the company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions or banks. The company does not have any borrowings by way of debentures.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit funds/ nidhi / mutual benefits funds/ society do not apply to the company.
- (xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by its subsidiaries and associates from banks/ financial institutions.
- (xvi) In our opinion, term loans have been applied for the purpose for which they have been raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet to the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures.

DEMBLE RAMANI & CO.

CONTD.....

- (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
FIRM REGISTRATION NO. 102259W**

**PLACE : Nagpur
DATE : 30th May 2011**

**(ASHOK RAMANI)
Partner
MEMBERSHIP NO. 30537**

MALU PAPER MILLS LTD., NAGPUR
AUDITED BALANCE SHEET
AS ON 31st Mar'2011

| SR | PARTICULARS | SCHEDULE | CURRENT YEAR 31/03/2011 | PREVIOUS YEAR 31/03/2010 |
|---------------------------------|--|----------|-------------------------------|--------------------------------|
| I. SOURCES OF FUNDS | | | | |
| Share holders' Fund | | | | |
| 1) | Share Capital | (A) | 17,05,92,500 | 17,05,92,500 |
| 2) | Reserves and Surplus | (B) | <u>25,14,30,031</u> | <u>28,12,39,124</u> |
| | | | 42,20,22,531 | 45,18,31,624 |
| 3) | Loan Funds | | | |
| | Secured Loan | (C) | 64,94,91,473 | 71,34,90,177 |
| | Unsecured Loan | (D) | <u>34,75,02,659</u> | <u>19,70,72,311</u> |
| 4) | Deferred Tax Liabilities | | 1,87,81,000 | 3,20,48,000 |
| | TOTAL | | <u>1,43,77,97,664</u> | <u>1,39,44,42,112</u> |
| II. APPLICATION OF FUNDS | | | | |
| 1) | Fixed Assets | (E) | | |
| | Gross Block | | 1,32,76,50,556 | 1,30,50,04,397 |
| | Less : Depreciation | | <u>25,25,41,626</u> | <u>19,29,23,369</u> |
| | Net Block | | <u>1,07,51,08,930</u> | <u>1,11,20,81,027</u> |
| 2) | Investments | | | |
| | Investments in Shares | (F) | 11,00,000 | 11,00,000 |
| 3) | Current Assets, Loans & Advances | | | |
| | Inventories | (G) | 16,22,49,207 | 19,20,12,836 |
| | Sundry Debtors | (H) | 20,28,43,366 | 18,18,72,183 |
| | Cash And Bank Balance | (I) | 4,18,95,951 | 3,91,64,249 |
| | Loans And Advances | (J) | <u>9,49,16,165</u> | <u>8,51,49,976</u> |
| | Total Current Assets | | 50,19,04,689 | 49,81,99,244 |
| | Less : Current Liabilities & Provisions | (K) | <u>14,03,15,955</u> | <u>21,69,38,159</u> |
| | Net Current Assets | | 36,15,88,734 | 28,12,61,085 |
| 4) | Significant Accounting Policies And Notes On Accounts | (L) | | |
| | TOTAL | | <u>1,43,77,97,664</u> | <u>1,39,44,42,112</u> |

For Malu Paper Mills Limited.

**As per our Report of Even Date
For Demble Ramani & Co.
Chartered Accountants
Firm Registration No. 102259W**

(PUNAMCHAND MALU)
Managing Director
PLACE : NAGPUR

(BANWARILAL MALU)
Joint Managing Director
DATE : 30/05/2011

(ASHOK RAMANI)
Partner
Membership No. 30537

MALU PAPER MILLS LTD., NAGPUR
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st Mar'2011

| SR | PARTICULARS | SCHEDULE | CURRENT YEAR 31/03/2011 | PREVIOUS YEAR 31/03/2010 |
|---------------|--|----------|-------------------------------|--------------------------------|
| INCOME | | | | |
| A. | Gross Sales | | 1,72,98,09,034 | 1,23,63,86,892 |
| | Less : Excise Duty/Sales Return | | 4,15,05,481 | 1,47,11,929 |
| | Net Sales | | 1,68,83,03,553 | 1,22,16,74,963 |
| B. | Other Income | (M) | 3,10,17,345 | 2,75,35,947 |
| C. | Increase/Decrease In Stock | (N) | (4,14,99,200) | 1,32,64,700 |
| | | | 1,67,78,21,697 | 1,26,24,75,611 |
| D. | EXPENDITURES | | | |
| | Material Cost & Manufacturing Exp. | (O) | 1,44,98,00,970 | 1,10,11,63,880 |
| | Directors Remuneration | | 0 | 18,00,000 |
| | Employees Remuneration & Benefits | (P) | 3,20,84,959 | 2,13,11,616 |
| | Administrative Expenses | (Q) | 1,12,39,488 | 97,36,231 |
| | Selling, Distribution & Other Expenses | (R) | 4,26,95,298 | 3,53,30,659 |
| | | | 1,53,58,20,715 | 1,16,93,42,386 |
| | Profit Before Depreciation & Finance Charges | | 14,20,00,982 | 9,31,33,225 |
| | Less : Finance Charges | (S) | 12,54,58,818 | 9,09,43,204 |
| | Profit Before Depreciation & Tax | | 1,65,42,164 | 21,90,021 |
| | Less : Depreciation | (E) | 5,96,18,256 | 4,77,53,643 |
| | Net Before Tax | | (4,30,76,092) | (4,55,63,622) |
| | Less : Provision for Tax | | | |
| | Provision for Deferred Tax | | (1,32,67,000) | 3,16,37,000 |
| | Short/Excess Provisions for Earlier Year | | 0 | 92,980 |
| | Net After Tax | | (2,98,09,092) | (7,72,93,602) |
| | Balance Brought Forward From Previous Year | | (7,85,94,131) | -13,00,529 |
| | Balance Available for Appropriation | | (10,84,03,224) | (7,85,94,131) |
| | Less : Appropriation to General Reserve | | 0 | 0 |
| | Balance Carried to Balance Sheet | | (10,84,03,224) | (7,85,94,131) |
| E. | Basic Earnings Per Share on Weighted Average (In Rs.) | | (1.75) | (4.53) |
| F. | Face Value Per Equity Share (In Rs.) | | 10.00 | 10.00 |
| G. | Number of Equity Shares (In Nos.) | | 1,70,59,250 | 1,70,59,250 |

For Malu Paper Mills Limited.

As per our Report of Even Date
For Demble Ramani & Co.
Chartered Accountants
Firm Registration No.102259W

(PUNAMCHAND MALU)
Managing Director
PLACE : NAGPUR

(BANWARILAL MALU)
Joint Managing Director
DATE : 30/05/2011

(ASHOK RAMANI)
Partner
Membership No. 30537

MALU PAPER MILLS LTD; NAGPUR
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st Mar'2011

| | 31st Mar,2011 | 31st March, 2010 |
|---|----------------------|-------------------------|
| <u>A. Cash Flows from Operating Activities</u> | | |
| Reserve & surplus | | |
| Net Profit before Tax | (4,30,76,092) | (4,55,63,622) |
| Adjustments for: | | |
| Depreciation | 5,96,18,256 | 4,77,53,643 |
| Non Operating Income | (30,83,185) | (52,37,447) |
| Interest Expenses | 12,54,58,818 | 9,09,43,204 |
| Operating Profit before Working Capital Changes | 13,89,17,797 | 8,78,95,777 |
| Adjustments for: | | |
| Trade Receivables | (2,09,71,183) | 4,24,00,794 |
| Other Receivables | (97,66,189) | (17,31,321) |
| Inventories | 2,97,63,629 | (2,40,83,736) |
| Trade Payables & Other Liabilities | (8,98,89,205) | 2,96,96,930 |
| Cash Generated from Operations | 4,80,54,850 | 13,41,78,445 |
| Income Taxes Paid | 1,32,67,000 | (3,17,29,980) |
| Net Cash from Operating Activities | 6,13,21,850 | 10,24,48,465 |
| <u>B. Cash Flows from Investing Activities</u> | | |
| Purchase of Fixed Assets | (2,26,46,159) | (9,08,60,366) |
| Capital Subsidy | 0 | 1,00,00,000 |
| Sale of Fixed Assets | 0 | 28,86,400 |
| Interest Received | 30,83,185 | 32,48,682 |
| Net Cash from Investing Activities | (1,95,62,975) | (7,47,25,284) |
| <u>C. Cash Flows from Financing Activities</u> | | |
| Issue of Share Capital | 0 | 0 |
| Proceeds from Borrowings | (6,39,98,704) | (3,67,05,525) |
| Share Premium | 0 | 0 |
| Increase in Inter Corporate | 13,37,18,877 | 9,52,31,762 |
| Deposits & Other Loans | 1,67,11,471 | 1,09,39,910 |
| Interest Paid | (12,54,58,818) | (9,09,43,204) |
| Net Cash used in Financing Activities | (3,90,27,174) | (2,14,77,056) |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 27,31,702 | 62,46,125 |
| Cash and Cash Equivalents at the beginning of period | 3,91,64,249 | 3,29,18,124 |
| Cash and Cash Equivalents at the end of period | 4,18,95,951 | 3,91,64,249 |
| Net Change in Cash {Inc+/Dec-} | 27,31,702 | 62,46,125 |

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
Firm Registration No.102259W

(PUNAMCHAND MALU)
 Managing Director
 PLACE : NAGPUR

(BANWARILAL MALU)
 Joint Managing Director
 DATE : 30/05/2011

(ASHOK RAMANI)
 Partner
 Membership No. 30537

MALU PAPER MILLS LTD., NAGPUR
SCHEDULE ATTACHED TO BALANCE SHEET
AS ON 31/03/2011

| PARTICULARS | CURRENT YEAR (12 Months Ended) 31/03/2011 | PREVIOUS YEAR (12 Months Ended) 31/03/2010 |
|---|--|---|
| SCHEDULE (A) | | |
| SHARE CAPITAL | | |
| Authorised Share Capital | 20,00,00,000 | 20,00,00,000 |
| 20,000,000 Equity Shares of Rs.10/- Each | | |
| Issued Subscribed & Paid Up Capital | | |
| 17,059,250 Equity Shares of Rs.10/- Each were allotted as fully paid | 17,05,92,500 | 17,05,92,500 |
| Total | 17,05,92,500 | 17,05,92,500 |
| SCHEDULE (B) | | |
| RESERVES & SURPLUS | | |
| 1) General Reserve | 21,18,80,327 | 6,38,14,500 |
| Transfer from Depreciation | 0 | 14,80,65,827 |
| (On account of Change in Method) | | |
| Total (1) | 21,18,80,327 | 21,18,80,327 |
| 2) Share Premium Account | 14,79,52,928 | 14,79,52,928 |
| 3) Net as Per Profit & Loss Account | (10,84,03,224) | (7,85,94,131) |
| Total (1+2+3) | 25,14,30,031 | 28,12,39,124 |
| SCHEDULE (C) | | |
| SECURED LOAN | | |
| From Bank of India, Mumbai | 10,79,96,000 | 12,55,00,000 |
| From Jammu & Kashmir Bank, Mumbai | 10,08,00,000 | 11,70,00,000 |
| From State Bank of India, Nagpur | 8,77,00,000 | 10,75,00,000 |
| From Bank of Baroda, Mumbai | 6,97,50,000 | 8,10,00,000 |
| From Axis Bank, Nagpur | 3,62,50,000 | 4,25,00,000 |
| (Secured by First pari passu charge on the entire Fixed Assets of the Company and Personal Guarantees of Managing & Jt. Managing Director of the Company) | | |
| FROM AXIS BANK | 9,84,06,577 | 9,35,92,189 |
| FROM STATE BANK OF INDIA | 8,89,72,739 | 8,60,46,890 |
| FROM BANK OF INDIA | 5,90,12,137 | 6,00,34,858 |
| (Secured by Hypothecation of Stock in Trade & Book Debt and by Second Charge on the Fixed Asset) | | |
| (Secured against Promisory Note & Personal Guarantee of Banwarilal Malu) | | |
| OTHERS | | |
| From Sundaram Finance Ltd | 3,37,740 | 2,52,420 |
| From Sigma Shrachi Finance Ltd | 0 | 63,820 |
| From HDFC Bank Ltd, Mumbai | 2,66,280 | 0 |
| (Secured Against Vehicles) | | |
| Total | 64,94,91,473 | 71,34,90,177 |
| SCHEDULE (D) | | |
| UNSECURED LOAN | | |
| Promoter & Promoters Group Companies | 13,12,88,914 | 9,52,31,762 |
| Other | 9,76,61,725 | 0 |
| Deferred Sales Tax | | |
| E.C.No.I | 2,28,39,239 | 2,28,39,239 |
| E.C.No.II | 8,94,07,050 | 7,39,07,920 |
| E.C.No.III | 63,05,731 | 50,93,390 |
| Total | 34,75,02,659 | 19,70,72,311 |

MALU PAPER MILLS LTD., NAGPUR
SCHEDULE ATTACHED TO BALANCE SHEET
AS ON 31/03/2011

| PARTICULARS | CURRENT YEAR (12 Months Ended) 31/03/2011 | PREVIOUS YEAR (12 Months Ended) 31/03/2010 |
|--|--|---|
| SCHEDULE (F) | | |
| INVESTMENTS | | |
| Shares, Bonds and Debentures | | |
| Unquoted - Fully Paid | | |
| 110,000 Equity Shares of Rs. 10/- each of Ganga Care Hospital Ltd | 11,00,000 | 11,00,000 |
| Total | 11,00,000 | 11,00,000 |
| SCHEDULE (G) | | |
| INVENTORIES | | |
| Valued at Cost or Net Realisable Value whichever is less and as Valued and Certified by Management | | |
| Raw Material | | |
| Waste Paper-Indian | 2,31,03,200 | 5,61,50,800 |
| Waste Paper-Imported | 2,59,29,700 | 76,14,400 |
| Chemical | 1,72,55,462 | 1,67,73,776 |
| Fuel | 4,34,54,000 | 2,35,96,460 |
| Stores & Spares | 3,74,45,200 | 3,16,31,500 |
| Stock In Process | 37,27,500 | 37,27,500 |
| Finished Goods | 94,47,900 | 5,09,47,100 |
| Packing Material | 18,86,245 | 15,71,300 |
| Total | 16,22,49,207 | 19,20,12,836 |
| SCHEDULE (H) | | |
| SUNDRY DEBTORS | | |
| (Unsecured & Considered Good) | | |
| Debtors Outstanding | | |
| Upto 6 Months | 19,73,47,950 | 17,00,49,105 |
| More Than 6 Months | 54,95,416 | 1,18,23,078 |
| Total | 20,28,43,366 | 18,18,72,183 |
| SCHEDULE (I) | | |
| CASH & BANK BALANCES | | |
| Cash In Hand | | |
| | 25,28,008 | 29,81,255 |
| Cash At Bank With Schedule Bank | | |
| A) In Current Account | 5,90,312 | 3,30,589 |
| B) In Fixed Deposits (Against Margin Money For Letters of Credit & Bank Guarantees) | 3,87,77,631 | 3,58,52,405 |
| Total | 4,18,95,951 | 3,91,64,249 |

MALU PAPER MILLS LTD., NAGPUR
SCHEDULE ATTACHED TO BALANCE SHEET
AS ON 31/03/2011

| PARTICULARS | CURRENT YEAR (12 Months Ended) 31/03/2011 | PREVIOUS YEAR (12 Months Ended) 31/03/2010 |
|---|--|---|
| SCHEDULE (J) | | |
| LOANS & ADVANCES | | |
| Unsecured | | |
| Considered Good : | | |
| a) Deposits and Balances with Government and Other Authorities (including accrued interest) | 5,70,36,626 | 6,94,10,898 |
| b) Advances Recoverable in Cash or in Kind or for Value to be Received | 3,78,79,539 | 1,57,39,078 |
| Total | 9,49,16,165 | 8,51,49,976 |
| SCHEDULE (K) | | |
| CURRENT LIABILITIES & PROVISION | | |
| A. CURRENT LIABILITIES | | |
| 1) Sundry Creditors | | |
| A) Micro Small & Medium Enterprises | 19,72,325 | 40,77,210 |
| (To the Extent Identified With Available Information) | | |
| B) Others | 12,20,17,026 | 20,15,36,466 |
| 2) Other Liabilities | 1,41,19,410 | 96,53,137 |
| B. Provisions | | |
| Provision For Taxation | 0 | 0 |
| Retirement Benefits | 22,07,193 | 16,71,346 |
| Total | 14,03,15,955 | 21,69,38,159 |

MALU PAPER MILLS LTD., NAGPUR
SCHEDULE ATTACHED TO BALANCE SHEET
AS ON 31/03/2011

| PARTICULARS | CURRENT YEAR (12 Months Ended) 31/03/2011 | PREVIOUS YEAR (12 Months Ended) 31/03/2010 |
|--|--|---|
| SCHEDULE (M) | | |
| OTHER INCOME | | |
| Interest on FDR | 26,73,211 | 28,38,708 |
| Interest on Security Deposit | 4,09,974 | 4,09,974 |
| Income from Carbon Credit | 2,76,48,000 | 2,20,00,000 |
| Sale of Scrap | 2,86,160 | 2,98,500 |
| Profit/Loss on Sale of Old Machinery/Vehicle | 0 | 19,88,765 |
| Total | 3,10,17,345 | 2,75,35,947 |
| SCHEDULE (N) | | |
| INCREASE/(DECREASE) IN STOCKS | | |
| Closing Stock | | |
| Finished Goods | 94,47,900 | 5,09,47,100 |
| Stock in Process | 37,27,500 | 37,27,500 |
| | 1,31,75,400 | 5,46,74,600 |
| Opening Stock | | |
| Finished Goods | 5,09,47,100 | 3,76,82,400 |
| Stock in Process | 37,27,500 | 37,27,500 |
| | 5,46,74,600 | 4,14,09,900 |
| Total | (4,14,99,200) | 1,32,64,700 |
| SCHEDULE (O) | | |
| MATERIAL COST & MANUFACTURING COST | | |
| I) Material Consumed - Raw Material | | |
| Stock at Commencement | 8,05,38,976 | 8,35,99,170 |
| Purchase | 1,02,07,66,235 | 71,87,42,505 |
| | 1,10,13,05,211 | 80,23,41,675 |
| Less : Stock at Close | 6,62,88,362 | 8,05,38,976 |
| Total (I) | 1,03,50,16,849 | 72,18,02,699 |
| II) Manufacturing Expenses | | |
| Power & Fuel | 20,84,25,256 | 18,74,59,521 |
| Packing Material | 1,62,48,549 | 1,51,74,446 |
| Consumable Stores & Spares | 85,78,467 | 65,45,624 |
| Freight Inward | 7,66,42,625 | 9,68,04,850 |
| Contractor Payment | 1,55,05,019 | 65,12,073 |
| Clearing & Forwarding | 21,87,351 | 23,38,158 |
| Custom Duty | 1,07,11,848 | 1,14,87,803 |
| Water Charges | 26,88,715 | 21,23,879 |
| Sales Tax | 5,40,63,119 | 3,36,86,264 |
| Repairs & Maintenance | | |
| Building | 3,56,118 | 4,67,032 |
| Plant & Machinery | 1,93,77,055 | 1,67,61,530 |
| Others | | |
| Total (II) | 41,47,84,121 | 37,93,61,180 |
| Total (I + II) | 1,44,98,00,970 | 1,10,11,63,880 |
| SCHEDULE (P) | | |
| EMPLOYEES REMUNERATION & BENEFITS : | | |
| Salary, Wages & Bonus | 2,85,23,708 | 1,86,28,277 |
| Employees Provident Fund | 18,81,247 | 13,76,792 |
| Medical Expenses | 1,78,659 | 1,52,166 |
| Canteen Expenses | 9,65,498 | 8,06,170 |
| Retirement Benefits | 5,35,847 | 3,48,211 |
| Total | 3,20,84,959 | 2,13,11,616 |

MALU PAPER MILLS LTD., NAGPUR
SCHEDULE ATTACHED TO BALANCE SHEET
AS ON 31/03/2011

| PARTICULARS | CURRENT YEAR (12 Months Ended) 31/03/2011 | PREVIOUS YEAR (12 Months Ended) 31/03/2010 |
|--|--|---|
| SCHEDULE (Q) | | |
| ADMINISTRATIVE EXPENSES : | | |
| Audit Fees | 2,00,000 | 2,24,720 |
| Annual Listing Fees | 1,48,905 | 1,49,205 |
| Internal Audit Fees | 1,50,000 | 1,50,000 |
| Computer Maintenance | 12,817 | 22,509 |
| Consultancy Charges | 14,69,015 | 23,19,585 |
| Conveyance Charges & Vehicle Maintenance | 6,01,167 | 6,44,919 |
| Donation | 1,42,000 | 2,350 |
| Insurance Charges | 17,19,682 | 10,75,823 |
| Labour Welfare Fund | 26,544 | 21,504 |
| Laboratory Expenses | 0 | 13,125 |
| Legal Expenses | 51,878 | 30,000 |
| Office & Misc. Expenses | 2,74,300 | 4,32,879 |
| Office Maintenance | 1,06,551 | 1,93,263 |
| Periodicals & Subscription | 38,251 | 40,715 |
| Workman Compensation | 13,82,300 | 0 |
| Postage | 3,26,851 | 2,31,656 |
| Printing & Stationery | 3,89,134 | 3,28,977 |
| Rent, Rates & Taxes | 7,08,205 | 6,46,110 |
| Sitting Fess Expenses | 34,000 | 42,000 |
| Security Expenses | 17,63,398 | 16,54,728 |
| Telephone Expenses | 6,37,523 | 6,66,716 |
| Travelling Expenses - India | 10,56,968 | 8,45,447 |
| Total | 1,12,39,488 | 97,36,231 |
| SCHEDULE (R) | | |
| SELLING & DISTRIBUTION EXPENSES : | | |
| Advertisement | 3,08,263 | 2,41,720 |
| Sales Promotion | 4,23,87,035 | 3,50,88,939 |
| Total | 4,26,95,298 | 3,53,30,659 |
| SCHEDULE (S) | | |
| FINANCE CHARGES : | | |
| Interest To : | | |
| Bank Interest | 9,70,97,900 | 7,90,55,161 |
| Bank Charges | 98,69,402 | 65,34,459 |
| Interest on Unsecured Loans | 1,84,91,516 | 6,24,083 |
| Total | 12,54,58,818 | 9,09,43,204 |

MALU PAPER MILLS LIMITED, NAGPUR
FIXED ASSETS
AS ON 31/03/2011.
SCHEDULE 'E'

| PARTICULARS | RATE (%) SLM | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|--------------------------|--------------|-------------------|--------------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|
| | | AS ON 01/04/2010 | ADDITION DURING THE YEAR | AS ON 31/03/2011 | AS ON 01/04/2010 | FOR THE YEAR | AS ON 31/03/2011 | AS ON 31/03/2011 | AS ON 31/03/2010 | AS ON 31/03/2010 |
| Freehold Land | NIL | 7794222 | | 7794222 | 0 | 0 | 0 | 7794222 | 7794222 | 7794222 |
| Leasehold Land | NIL | 8573045 | | 8573045 | 0 | 0 | 0 | 8573045 | 8573045 | 8573045 |
| Factory Building | 3.34% | 200406392 | 553672 | 200960064 | 24534956 | 6705885 | 31240841 | 169719223 | 175871436 | 175871436 |
| Office Building | 1.63% | 702610 | | 702610 | 137436 | 11453 | 148889 | 553721 | 565174 | 565174 |
| Office Building (Ho) | 1.63% | 1065670 | | 1065670 | 104220 | 17370 | 121590 | 944080 | 961450 | 961450 |
| Staff Quarters | 1.63% | 1712841 | | 1712841 | 373858 | 27919 | 401777 | 1311064 | 1338983 | 1338983 |
| Plant & Machinery | 4.75% | 702794727 | 13483783 | 716278510 | 106185494 | 33456869 | 139642363 | 576636147 | 596609234 | 596609234 |
| Furniture & Fixture | 6.33% | 3085442 | 10800 | 3096242 | 1031966 | 195877 | 1227843 | 1868399 | 2053476 | 2053476 |
| Office Equipment | 4.75% | 1002474 | | 1002474 | 364173 | 47618 | 411791 | 590683 | 638301 | 638301 |
| Computers | 16.21% | 1530797 | 92119 | 1622916 | 908994 | 203546 | 1112540 | 510376 | 621802 | 621802 |
| Boiler | 4.75% | 12059151 | | 12059151 | 5504471 | 572810 | 6077281 | 5981870 | 6554680 | 6554680 |
| Captive Power Plant | 4.75% | 179652283 | 4227861 | 183880144 | 24737112 | 8616563 | 33353675 | 150526469 | 154915171 | 154915171 |
| Water Supply Equipments | 4.75% | 252811 | | 252811 | 168126 | 12009 | 180135 | 72676 | 84685 | 84685 |
| Fire Fighting Equipments | 4.75% | 214497 | | 214497 | 72321 | 10189 | 82510 | 131987 | 142176 | 142176 |
| Effluent Treatment | 4.75% | 25897357 | | 25897357 | 4742841 | 1230124 | 5972965 | 19924392 | 21154517 | 21154517 |
| Electrical Installation | 4.75% | 115026105 | 3151049 | 118177154 | 12942888 | 5494591 | 18437479 | 99739675 | 102083216 | 102083216 |
| Misc. Fixed Assets | 4.75% | 23032930 | | 23032930 | 2608467 | 1094064 | 3702531 | 19330399 | 20424463 | 20424463 |
| Vehicle (Four Wheeler) | 9.50% | 8332117 | 1081430 | 9413547 | 4286047 | 791551 | 5077598 | 4335949 | 4041154 | 4041154 |
| Vehicle (Industrial) | 9.50% | 11552771 | | 11552771 | 4005788 | 1097513 | 5103301 | 6449470 | 7546983 | 7546983 |
| Vehicle (Two Wheeler) | 9.50% | 316155 | 45446 | 361601 | 214212 | 32306 | 246518 | 115083 | 106860 | 106860 |
| T O T A L | | 1305004397 | 22646159 | 0 | 1327650556 | 192923370 | 59618256 | 252541626 | 1075108929 | 1112081027 |
| PREV. YEAR | | 1217118971 | 90860366 | 2974940 | 1305004397 | 285312859 | 47753643 | 192923370 | 1112081027 | |

Malu Paper Mills Ltd.

MALU PAPER MILLS LIMITED
Schedule 'L'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

(FIG.IN.Rs Lacs)

I STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

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

1. System of Accounting:

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

2. Fixed Assets:

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

3. Investment:

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

4. Impairment of Assets:

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

5. Foreign Currency transactions:

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

Malu Paper Mills Ltd.

6. Depreciation:

Depreciation is calculated on Straight Line Method and is provided on prorata basis from the date of assets being put to use or from the date of commencement of commercial production during the year.

The rates of depreciation are as specified in the schedule XIV to the Companies Act 1956.

7. Inventories :

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

8. Borrowing Costs :

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

9. Retirement Benefits:

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

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

10. Taxes on Income:

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

11. Sales:

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

12. Provisions, Contingent Liabilities and Contingent Assets :

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

Malu Paper Mills Ltd.

II NOTES TO ACCOUNTS

1. Balances in various personal accounts remain unverified since confirmations from the parties are awaited.
2. The major components of the deferred tax liability/ assets based on the tax effect of the timing difference are as under:

| | 2010-11 | 2009-10 |
|---|----------------|----------------|
| Deferred Tax Liability | | |
| Depreciation (Difference between Companies Act and Income Tax Act) | 1757.42 | 1650.74 |
| Deferred Tax Asset | | |
| Unabsorbed Deprecation Losses as per Income Tax Act) | 1569.61 | 1330.26 |
| Net Closing Deffered Tax Liability | 187.81 | 320.48 |

3. 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.

4. Deferred Sales Tax Liability:

Interest free deferred Sales Tax Liability amounting to Rs. 1185.52 Lacs (PY Rs.1018.41 Lacs) has been outstanding at the year-end. During the year company has availed further deferred sales tax liability in Unit I Rs.12.12 Lacs (PY Rs.12.08 Lacs) and Unit II Rs.154.99 Lacs (PY Rs.97.32 Lacs.)

Malu Paper Mills Ltd.

5. Payments due to Micro Small & Medium Enterprises:

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

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

- | | |
|--|---|
| 1. Harish Industries, Nagpur | 4. Paper Machine Wire Industries, Nasik |
| 2. Malhar Industries, Nagpur | 5. Sark Chemicals Pvt Ltd; Aurangabad |
| 3. MBM Engineering InfoTech Ltd; Chennai | 6. Niraj Engineering Co Pvt Ltd; Indore |

6. Impaired assets:

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

7. Managerial Remuneration

(To Managing Director and Joint Managing Director)

Rs.lacs

| | 2010-11 | 2009-10 |
|---------------------------------|----------------|----------------|
| Salary including all allowances | 0.00 | 18.00 |

The Directors of the company have voluntarily waived the director's remuneration for the year.

8. Auditor's Remuneration includes

Rs.lacs

| | 2010-11 | 2009-10 |
|------------------------------|----------------|----------------|
| Audit Fees | 2.247 | 2.247 |
| | (2.247) | (2.247) |
| Company law Consultancy fees | 0.075 | 0.075 |
| | (0.075) | (0.075) |

9. Segment Information:

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

Malu Paper Mills Ltd.

| 10. Disclosure of related parties/ related party transactions: | | | |
|---|---|--|----------------------------|
| SR | NAME OF THE PARTY | NATURE OF TRANSACTIONS | AMOUNT Rs. Lacs |
| 1 | Malu Electrodes Pvt Ltd | Purchase of Welding Electrodes Unsecured Loans Received Interest on Loan Accrued | 0.72 529.00 35.07 |
| 2 | Salasar Alloy & Steel Ind. Pvt. Ltd | Purchase of Castings Unsecured Loans Paid Interest on Loan Paid | 0.49 350.00 63.32 |
| 3 | Narayan Coal Traders Pvt Ltd | Unsecured Loans Received Interest on Loan Accrued | 0.00 3.27 |
| 4 | Frontline Commercials Pvt. Ltd. | Unsecured Loans Received Interest on Loan Accrued | 0.00 6.56 |
| 5 | Neelkamal Financial Services Pvt. Ltd. | Unsecured Loans Received Interest on Loan Accrued | 0.00 9.83 |
| 6 | Solar Carbon Pvt. Ltd | Unsecured Loans Received Interest on Loan Accrued | 0.00 13.13 |
| 7 | Vasudeo Malu | Unsecured Loans Received Interest on Loan Accrued | 47.50 19.62 |
| 8 | Banwarilal Malu (HUF) | Unsecured Loans Received Interest on Loan Accrued | 10.00 0.72 |
| 9 | Kaveri Malu | Unsecured Loans Received Interest on Loan Accrued | 22.50 1.60 |
| 10 | Malu Infrastructure Pvt Ltd | Unsecured Loans Received Interest on Loan Accrued | 295.00 04.46 |
| 11 | Manisha Malu | Unsecured Loans Received Interest on Loan Accrued | 14.00 2.00 |
| 12 | Shashi Malu | Unsecured Loans Received Interest on Loan Accrued | 21.00 1.49 |
| 13 | Wistaria Farms Ltd | Unsecured Loans Received Interest on Loan Accrued | 10.00 0.71 |

Malu Paper Mills Ltd.

11. Secured Loans :

- From State Bank of India, Nagpur & Bank of Baroda, Mumbai & Bank of India, Mumbai & Jammu & Kashmir Bank, Mumbai & Axis Bank, Nagpur secured by First pari passu charge on the entire Fixed Assets of the Company with all Lenders and second charge on the Current Assets and Personal Guarantees of Shri Punamchand R Malu (Managing Director) and Shri Banwarilal B Malu (Jt. Managing Director) of the Company.
- From State Bank of India, Nagpur, Bank of India, Mumbai & Axis Bank, Nagpur secured by hypothecation of stock-in-trade & books debts & by second charge on the fixed assets.
- From Sundaram Finance Ltd; & HDFC Bank Ltd, Nagpur (Secured against Vehicles).

12. Contingent Liabilities

| | 2010-11 | 2009-10 |
|---|----------------|----------------|
| | Rs. Lacs | Rs. Lacs |
| Bank Guarantee Outstanding | 124.95 | 156.87 |
| Letters of Credit | 839.05 | 364.58 |
| Bonds Executed in Favour of Govt. Authorities in respect of EPCG Licence towards duty saved against which Export obligation has to be made. | 614.01 | 614.01 |

13. Expenditure in Foreign Currency:

| Sr. | Particulars | Currency | (Rs. Lacs) |
|------------|--------------------------|-----------------|-------------------|
| 1. | Raw Material/Consumables | 153070 USD | 70.41 |
| | | 32000 EURO | 20.31 |

14. Earnings in Foreign Exchange: NIL (PY : NIL)

Malu Paper Mills Ltd.

15. Earnings per share

Calculation of Net Profit available to Equity Shareholders

| | Current Year | Previous Year |
|--|---------------------|----------------------|
| A Net Profit (Loss) attributable to Equity Shareholders | (-) 298.09 | (-) 772.94 |
| B Weighted Average number of Equity Shares of Rs.10/- Each | 170.59 | 170.59 |
| C Basic Earnings per Share (Rs./Share) | (-) 1.75 | (-) 4.53 |
| D Diluted Earnings per Share (Rs./Share) | (-) 1.75 | (-) 4.53 |

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

(Quantity in MT, Value in Lakhs)

A) UNIT I

| PARTICULARS | (UNIT I) | |
|--------------------|---------------------|---------------------|
| | 2010-11 | 2009-10 |
| FINISHED GOODS | | |
| LICENCED CAPACITY | N.A. | N.A. |
| INSTALLED CAPACITY | 25 TPD i.e 8250 TPA | 25 TPD i.e 8250 TPA |
| OPENING STOCK | 121.680 MT | 75.986 MT |
| PRODUCTION | 12085.982 MT | 11835.616 MT |
| SALES | 12092.513 MT | 11789.922 MT |
| CLOSING STOCK | 115.149 MT | 121.680 MT |

| Particulars | Quantity | Value | Quantity | Value |
|--------------------|-----------------|--------------|-----------------|--------------|
| TURNOVER | 12092.513 | 2793.54 | 11789.922 | 2074.74 |

| RAW MATERIAL CONSUMED | | | | | |
|------------------------------|------------------------|---------------------|----------------|---------------------|----------------|
| 1 | INDIAN - WASTE PAPER | 10098.565 | 1082.62 | 10687.992 | 805.48 |
| 2 | IMPORTED - WASTE PAPER | 3626.561 | 359.41 | 2459.794 | 109.82 |
| 3 | CHEMICAL COST | | 155.65 | | 119.67 |
| | TOTAL : | 13724.126 MT | 1597.68 | 13147.786 MT | 1034.97 |

Malu Paper Mills Ltd.

B) UNIT II

| PARTICULARS | (UNIT II) | | | |
|--------------------|-----------------------|--------------|--------------|-------------|
| | 2010-11 | | 2009-10 | |
| | Newsprint | Kraft Paper | Newsprint | Kraft Paper |
| LICENCED CAPACITY | N.A. | N.A. | N.A. | N.A. |
| INSTALLED CAPACITY | 60 TPD i.e. 19800 TPA | | | |
| OPENING STOCK | 74.150 MT | 143.473 MT | 250.142 MT | 0.00 MT |
| PRODUCTION | 0.000 MT | 19790.405 MT | 12321.117 MT | 3919.836 MT |
| SALES | 74.150 MT | 19742.515 MT | 12497.109 MT | 3776.363 MT |
| CLOSING STOCK | 0.000 MT | 191.363 MT | 74.150 MT | 143.473 MT |

| Particulars | Quantity | Value | Quantity | Value |
|--------------------------|---------------------|----------------|---------------------|----------------|
| TURNOVER | 19816.665 | 4285.34 | 16273.472 | 3275.82 |
| RAW MATERIAL CONSUMED | | | | |
| 1 INDIAN - WASTE PAPER | 17484.355 | 1905.17 | 11174.985 MT | 885.32 |
| 2 IMPORTED - WASTE PAPER | 4983.888 | 369.35 | 11372.585 MT | 780.32 |
| 3 CHEMICAL | | 177.05 | | 144.45 |
| TOTAL : | 22468.243 MT | 2451.57 | 29136.369 MT | 1810.09 |

C) UNIT III

| PARTICULARS | (UNIT III) | | | |
|--------------------|-----------------------|--------------------|--------------|--------------------|
| | 2010-11 | | 2009-10 | |
| | Newsprint | Writing & Printing | Newsprint | Writing & Printing |
| LICENCED CAPACITY | N.A. | N.A. | N.A. | N.A. |
| INSTALLED CAPACITY | 150 TPD i.e.49500 TPA | | | |
| OPENING STOCK | 298.877 MT | 1111.752 MT | 975.930 MT | 0.00 MT |
| PRODUCTION | 25245.524 MT | 8443.757 MT | 23060.263 MT | 5771.725 MT |
| SALES | 25482.455 MT | 9864.523 MT | 23737.316 MT | 4659.973 MT |
| CLOSING STOCK | 73.195 MT | 0.000 MT | 298.877 MT | 1111.752 MT |

| Particulars | Quantity | Value | Quantity | Value |
|--------------------------|---------------------|----------------|---------------------|----------------|
| TURNOVER | 35346.978 | 10219.31 | 28397.289MT | 7013.31 |
| RAW MATERIAL CONSUMED | | | | |
| 1 INDIAN - WASTE PAPER | 42409.123 | 4806.14 | 28937.517 MT | 2705.52 |
| 2 IMPORTED - WASTE PAPER | 4909.191 | 649.08 | 12259.084 MT | 1109.20 |
| 3 CHEMICALS | | 845.69 | | 558.24 |
| TOTAL : | 47318.314 MT | 6300.91 | 41194.601 MT | 4372.96 |

Malu Paper Mills Ltd.

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

For Malu Paper Mills Limited.

**FOR DEMBLE RAMANI & CO.
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 102259W**

**(PUNAMCHAND MALU)
Managing Director**

**(BANWARILAL MALU)
Joint Managing Director**

**(ASHOK RAMANI)
Partner
MEMBERSHIP NO. 30537**

**PLACE : NAGPUR
DATE : 30th May 2011**



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

PROXY FORM

ANNUAL GENERAL MEETING 2010-11

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 Thursday, the 29th day of September, 2011 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 Thursday, the 29th day of September, 2011.

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.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration

Balance Sheet Date

State Code

Date Month Year

Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

Bonus issue

Right Issue

Private Placement (Debenture)

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities

Sources of Funds

Paid-up-Capital

Secured Loan

Deferred Tax Liabilities

Application of Funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Total Assets

Reserves & Surplus

Unsecured Loans

Investments

Misc. Expenditure

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)

Profit before tax

Earning per share (in Rs.)

Total Expenditure

Profit after Tax

Dividend Rate(%)

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Item Code No. (ITC Code)

Product Description

Product Description

FOR MALU PAPER MILLS LIMITED

Sd/-

(PUNAMCHAND MALU)
Managing Director

Sd/-

(BANWARILAL MALU)
Joint Managing Director