

ELLORA PAPER MILLS LIMITED



36th ANNUAL REPORT
2010-11

BOARD OF DIRECTORS

Shri C. P. Goenka	:	Managing Director
Shri Sudhir Goenka	:	Executive Director
Shri Sunil Goenka	:	Director
Shri Sandeep Goenka	:	Director

AUDITORS

M/s Bhattad Rathi & Co.
Chartered Accountants
Nagpur

BANKERS

State Bank Of India

REGISTERED OFFICE

379, Pandit Jawaharlal Nehru Marg
Ashoka Vault Building, Sitabuldi
Nagpur – 440 012

FACTORY

Village : Dewada Khurd, Post : Tumsar
District : Bhandara, State : Maharashtra
Pin : 441 912

REGISTRAR & TRANSFER AGENT

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate, Sakivihar Road
Sakinaka, Andheri (e), Mumbai - 400072

NOTICE

NOTICE is hereby given that the 36th Annual General Meeting of the Members of Ellora Paper Mills Limited will be held on Friday, 30th September 2011, at 3:00 P.M. at the Registered Office of the company at 379, Pandit Jawaharlal Nehru Marg, Ashoka Vault Building, Sitabuldi, Nagpur – 440 012 to transact the following businesses:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and the reports of the Auditors and Directors thereon.
- 2) To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of Section 224 of the Companies Act, 1956, M/s. Bhattad Rathi & Co., Chartered Accountants, Nagpur be and is hereby appointed as Statutory Auditor of the Company to hold the office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting on a remuneration as may be agreed upon between the Board of Directors and Auditors."
- 3) To appoint a Director in place of Shri Sandeep Goenka, who retires by rotation and being eligible, offers himself for re-appointment.

**For and Behalf of Board of Directors
For ELLORA PAPER MILLS LIMITED**

1st September, 2011
Nagpur

Sudhir Goenka
EXECUTIVE DIRECTOR

NOTES:

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company. The instrument appointing proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before commencement of the 36th Annual General Meeting of the Company.
- 2) The register of members of the Company will remain closed from 26th September, 2011 to 30th September, 2011 (both days inclusive).
- 3) Corporate members intending to send their authorised representatives to attend the 36th Annual General Meeting are requested to send a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the meeting.
- 4) Members are requested to notify immediately the change, if any, in their registered address.
- 5) Members / proxies are requested to bring their attendance slip along with their copy of Annual Report to the Annual General Meeting.

ANNEXURE TO THE NOTICE

Details of Director seeking re-appointment at the forthcoming Annual General Meeting

Name of Director : Sandeep Chandraprakash Goenka
 Designation : Director
 Date of Appointment : 23rd April, 1992
 Qualification : B. COM
 Other Directorship :

Sr. No.	Name of the Company	Current designation of the director	Date of appointment at current designation
1	Texline Agencies Limited	Director	10/07/1984
2	Savitri Export Limited	Director	17/08/1984
3	Benupick Paper Boards Private Limited	Director	18/06/1986
4	Brajeshwari Paper Traders Private Limited	Director	20/06/1986
5	Gurukripa Resins Private Limited	Director	18/09/1990
6	Ellora Paper Mills Limited	Director	23/04/1992
7	Arcana Chemicals Limited	Director	23/09/1996
8	Ellora Cereals Limited	Director	23/09/1996
9	Snigdha Trading And Leasing Limited	Director	21/08/2000
10	Sharadha Leasing And Financing Limited	Director	22/08/2000
11	Wada Resins Private Limited	Director	12/12/2005
12	E Cube Academy Private Limited	Director	03/11/2008
13	E Cube Sports Gurukul Private Limited	Director	11/02/2009
14	Cpg Infra Limited	Director	17/06/2009
15	Lofty Vyapaar Private Limited	Additional director	24/02/2011

Membership on : Nil
 Committees of
 Other Companies

No. of Equity : 62500 Equity Share
 Shares held in Company

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

**To,
The Shareholders of
Ellora Paper Mills Limited**

The Directors are pleased to present the 36th Annual Report along with the Audited Balance Sheet of your Company for the year ended 31st March, 2011 and the Profit and Loss Account for the year ended on that date. The summarized financial results for the year are as follows:

(Rs in lacs)

Particulars	2010-11	2009-10
Sales	3136.64	4845.46
Profit Before Interest Depreciation and Tax	-469.31	290.42
Less: Interest	159.43	149.29
Depreciation	119.58	118.36
Loss/Profit Before Tax	-748.32	22.77
Less: Provision for Taxation-Current (Including tax for earlier Year Rs.Nil (P.Y.Rs.Nil)	-	3.52
Profit After Current Tax	-748.32	19.25
Add : Deferred Tax Liability	230.53	(10.26)
Add : Excess provision of earlier Year written back	92.04	-
Add : Profit brought forward from previous year	727.23	718.24
Profit carried forward to Balance Sheet	301.48	727.23

REVIEW OF OPERATIONS

During the year under review, the Company posted sales turnover of Rs. 3136.64 lacs as against Rs. 4845.46 lacs during the previous year. The performance of the Company during the year under review has severely been affected because of fire accident occurred on 6th July 2010. The paper plant could not carry out any operations till mid-November 2010. The normalcy is being restored gradually. As has been brought to the notice of members through the previous report, even the Rice Unit is not operating to the desirable extent. The process of sale of Rice Unit is underway.

FIXED DEPOSITS

The Company has accepted fixed deposits from the public during the year ended on 31st March, 2011 and complied with the relevant provisions of the Companies Act, 1956.

SAFETY AND POLLUTION CONTROL

The Company continues to give top priority to safety and pollution control aspects. It has strictly been following the requisite guidelines as received from Pollution Control Board from time to time.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Information in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, regarding Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo is given in **"Annexure A"** forming part of this Report.

PERSONNEL

During the year under review, there were no employees drawing remuneration in excess of the prescribed limits and whose particulars are required to be given in compliance with the provisions contained in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Hence the same statement has not been attached.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (a) In the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed.
- (b) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year under review.
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The annual accounts have been prepared on a going concern basis.

DIRECTORS

Shri Sandeep Goenka, Director of the Company who is liable to retire by rotation at the ensuing Annual General Meeting and is being eligible, offer himself for re-appointment as the director of the Company. The Board recommends that he may be re-appointed as the Director of the Company. The details of the Director being recommended for re-appointment are contained in the accompanying Notice of the forthcoming Annual General Meeting.

AUDITORS' REPORT

Auditors' Report for the year ended 31st March, 2011 is attached hereunder which is self explanatory.

APPOINTMENT OF STATUTORY AUDITORS

M/s Bhattad Rathi & Co., Chartered Accountants, Nagpur, Statutory Auditors of the Company retires at the coming Annual General Meeting and has been proposed to be reappointed as Statutory Auditor of Company for the financial year 2011 -12 and to hold office of Statutory Auditors till the conclusion of the next Annual General Meeting.

M/s Bhattad Rathi & Co., Chartered Accountants, Nagpur, have confirmed that they are eligible for the appointment and their appointment, if confirmed, shall be within the specified limits as stipulated under Section 224(1B) of the Companies Act, 1956. The Members are requested to appoint M/s Bhattad Rathi & Co. as the Statutory Auditors of the Company

COST AUDIT

The Cost Audit of the Cost Accounts of the Company for the year ended on 31st March, 2011, is being carried out by M/S G.R.Paliwal & Co, Cost Accountants, Nagpur. They will be submitting their report on completion of the audit to the Company Law Board as required under the relevant rules.

LISTING OF SHARES

The equity shares of the company are listed on The Bombay Stock Exchange Limited, Mumbai. They are also dematerialized and made live in the CDSL and NSDL systems. M/s. Bigshare Services Private Limited have been appointed as the R & T Agent of the company. Shareholders may contact them at " E-2/3, Ansa Industrial Estate , Sakivihar Road, Saki Naka, Andheri (E),

Mumbai - 400072" regarding transfer, dematerialization, etc., of shares.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to section 383A of the Companies Act, 1956, a secretarial compliance certificate is furnished as **"Annexure B"** forming part of this Report.

ACKNOWLEDGEMENTS

Your Directors express their gratitude to the Government of India, Government of Maharashtra, Bankers and Valued Customers for their continuing goodwill and support to the Company.

Your Directors wish to place on record their deep appreciation for the dedication and loyalty shown by the officers, staff members and workers of the Company. Your Directors sincerely acknowledge the continued trust and confidence you, the shareholders, have placed in the Company.

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

1st September, 2011
Nagpur

C. P. Goenka
MANAGING DIRECTOR

Sudhir Goenka
EXECUTIVE DIRECTOR

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

1. CONSERVATION OF ENERGY:

- (a) Energy Conservation Measures taken : and
- (b) Additional investments and proposals for reduction of conservation of energy :
Cogeneration Plant at an estimated cost of Rs. 2.50 crores had been installed in 2004
- (c) Impact of measures taken at (a) & (b) : Overall savings in the cost of production by at least by five per cent
- (d) Energy consumption in total and per unit of production in form "A".

FORM – A

Form for disclosure of particulars with respect to conservation of energy

Particulars	Unit	2010-11	2009-10
(A) Power and Fuel Consumption			
1 Electricity			
a. Purchase Units	KWH	2266800	2992959
Total Cost	Rs. In lacs	118.11	131.56
Rate / Unit	Rs./KWH	5.21	4.40
b. Own Generation	KWH	4173660	6701800
2 Coal (Grade B,C or ROM depending upon availability)			
Quantity	M.T.	1648	1801
Total Cost	Rs. In lacs	43.64	51.73
Average Rate	Rs./MT	2729	2873
3 Furnance Oil		NIL	NIL
4 Others/Internal Generation			
Rice Husk	M.T.	11494	13987
Quantity	Rs. In lacs	286.99	318.51
Total Cost	Rs./MT	2497	2279
Average Rate			
(B) Consumption per unit of production–Paper (M.T.)			
Particulars	Unit	2010-2011	2009-2010
Electricity	KWH	1264	1026
Furnance Oil	M.T.	NIL	NIL
Coal	M.T.	0.32	0.19
Rice Husk	M.T.	2.26	1.48
I. TECHNOLOGY ABSORPTION			
a. Research & Development (R&D) absorption of Technology		The Company has no separate R&D Department The Company has not imported any technology.	
III. FOREIGN EXCHANGE EARNINGS AND OUTGO (Rs.in Lacs)		2010-2011	2009-2010
a. Foreign Exchange Earnings		96.96	81.76
b. Foreign Exchange Outgo		8.12	107.94

By order of the Board
For ELLORA PAPER MILLS LIMITED

1st September, 2011
Nagpur

Sudhir Goenka
EXECUTIVE DIRECTOR

SECRETARIAL COMPLIANCE CERTIFICATE**Registration No. of the Company: 11-019972**

Nominal Capital: Rs. 3,00,00,000/-

Paid-up Capital: Rs. 1,99,36,750/-

To,

The Members**ELLORA PAPER MILLS LIMITED****Nagpur (M.S.)**

I have examined the registers, records, books and papers of ELLORA PAPER MILLS LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2011 (financial year from 01.04.2010 to 31.03.2011). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company and its officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies with additional fees in respect of delayed filing.
3. The Company being a public limited Company, comments regarding number of members are not required. The Company has minimum prescribed paid up capital.
4. The Board of Directors duly met 6 (Six) times respectively on 14.05.2010, 18.08.2010, 06.09.2010, 30.10.2010, 31.01.2011 and 07.02.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members for the period of three days from 28.09.2010 to 30.09.2010 (both days inclusive) and has complied with the requirements of section 154 of the Act.
6. The annual general meeting for the financial year ended on 31st March, 2010 was held on 30.09.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under section 295 of the Act during the financial year.
9. The Company has complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. (i) The Company has delivered all the certificates on lodgment thereof for transfer or transmission in accordance with the provisions of the Act during the financial year. There was no allotment of shares during the financial year.
(ii) The Company was not required to deposit any amount in a separate bank Account as no dividend was declared during the financial year.
(iii) The Company was not required to post warrants for dividends to any members of the Company.
(iv) The Company was not required to transfer any amounts in Investor Education and Protection Fund as there were no outstanding balances in unpaid dividend account or application money due for refund or matured deposits or matured debentures and interest accrued thereon which have remained unclaimed or unpaid for the period of seven years.
(v) The Company has duly complied with the requirements of section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and the re-appointment of Director retiring by rotation has been duly made.
15. The re-appointment of Executive Director has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. As there were no outstanding preference shares or debentures, question of redemption does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has accepted public deposits within the permissible limit specified under The Companies (Acceptance of Deposits) Rules, 1975. However, the Company is yet to file/furnish with the Registrar of Companies and Reserve Bank of India the necessary Forms, documents and Return(s) prescribed under section 58A of the Act read with the said Deposit Rules.
24. The amount borrowed by the Company from the Directors, members, public, financial institutions, banks and others during the financial year ending 31.03.2011 is within the borrowing limits of the Company and that necessary resolutions as per section 293 (1)(d) of the Act have been passed in duly convened general meeting.
25. The Company has not made any loans or advances or given any guarantees or provided securities to other bodies corporate and consequently no entries have been made in the Register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has altered the provisions of the Memorandum with respect to objects of the Company during the year under scrutiny and complied with the provisions of the Act.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has regularly deposited both employee's and employer's contribution to Provident Fund. As such, the Company has not constituted any specific Fund / Trust for the said purpose and hence, the provisions of section 418 of the Act are not applicable.

Date: 1st September, 2011

Place: Nagpur

VILAS NICHAT

Company Secretary

Membership No. FCS- 6561 C.P. No. 4374

ANNEXURE 'A' TO SECRETARIAL COMPLIANCE CERTIFICATE

Registers as maintained by the Company

1. Register of Members under section 150 of the Act.
2. Copies of Annual Return under section 163 of the Act.
3. Minutes Book containing minutes of Board Meetings and General Meetings under section 193 of the Act.
4. Books of Accounts under section 209 of the Act.
5. Register of contracts / Companies and firms in which directors etc. are interested under section 301 of the Act.
6. Register of Directors, Managing Directors/Manager/Secretary under section 303 of the Act.
7. Register of Directors' Shareholdings under section 307 of the Act.
8. Register of Investments or Loans made, Guarantee or Security provided under section 372A of the Act.
9. Register of Charges under section 143 of the Act
10. Register of Deposits under section 58A and Deposit Rules

Apart from above, the Company has also maintained all the requisite statutory registers, books, returns, etc. to be kept or maintained by the Company in terms of various provisions of the Act/Rules. Nevertheless, there were no entries/transactions to be recorded therein during the financial year.

ANNEXURE 'B' TO SECRETARIAL COMPLIANCE CERTIFICATE

Forms and returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the Financial Year ending on 31st March, 2011:

With Registrar of Companies, Maharashtra

1. Form 23AC with audited Balance Sheet in respect of financial year ended 31st March, 2010 attached thereto, approved and adopted at the Annual General Meeting held on 30.09.2010 due for filing on 29.10.2010, was duly e-filed under section 220 of the Act on 30.10.2010 vide Challan No. P58648965.
2. Form 23ACA with audited Profit & Loss Account in respect of financial year ended 31st March, 2010 attached thereto, approved and adopted at the Annual General Meeting held on 30.09.2010 due for filing on 29.10.2010, was duly e-filed under section 220 of the Act on 30.10.2010 vide Challan No. P58648965.
3. Form 66 with Secretarial Compliance Certificate in respect of financial year ended 31.03.2010 attached thereto, approved and adopted at an Annual General Meeting held on 30.09.2010 due for filing on 29.10.2010, was duly e-filed under proviso to section 383A of the Act read with Companies (Compliance Certificate) Rules, 2001 on 18.10.2010 vide Challan No. P54862990.
4. Form 20B with Annual Return in respect of the Annual General Meeting held on 30.09.2010, attached thereto due for filing on 28.11.2010, was duly e-filed under section 159 of the Act on 15.11.2010 vide Challan No. P59725515.
5. Form 23 dated 30.09.2010 regarding registration of special resolution passed in respect of re-appointment Executive Director, due for filing on 30.10.2010, was duly e-filed under section 192 of the Act on 26.11.2010 vide Challan No. A99099004.
6. Form 25C dated 01.07.2009 regarding return of re-appointment of Executive Director, due for filing on 28.09.2010, was duly e-filed under section 269 of the Act on 26.11.2010 vide Challan No. A99099491.
7. Form 23 dated 01.10.2010 regarding registration of special resolutions passed by postal ballot, due for filing on 31.10.2010, was duly e-filed under section 192 of the Act on 30.10.2010 vide Challan No. A97144810.

AUDITOR'S REPORT**TO THE MEMBERS OF ELLORA PAPER MILLS LIMITED**

1. We have audited the attached Balance Sheet of **ELLORA PAPER MILLS LIMITED**, as at 31st March, 2011, and the related Profit And Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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.
2. 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 the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, of India ('the Act'), and on the basis of such checks of the books and record of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above:
 - a. 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.
 - b. In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of such books.
 - c. The Balance Sheet, Profit And Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - d. In our opinion, the Balance Sheet, Profit And Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the Directors as on March 31, 2011, and taken on record by the Board of Directors, we report that, prima facie, none of the Director's is disqualified as on 31st March, 2011, from being appointed as a Director in terms of Sec.274(1)(g) of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statement read together with the notes on the accounts give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :-
 - i. in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - ii. in the case of the Profit And Loss Account, of the net profit for the year ended on that date and in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date

For **Bhattad Rathi & Co.**
Firm Reg. No. 101353W
Chartered Accountants

Nagpur
1ST September, 2011

R. S. Bhattad
Partner
M.No. 014999

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of the Auditor's Report of even date to the members of
Ellora Paper Mills Limited on the accounts for the year ended 31st March, 2011)

1. (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets of the Company are physically verified by the management according to a phased program designed to cover all the items over a period of one year, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such program, a physical verification was carried out during the year and we were informed that no material discrepancies were noticed on such verification.
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory of the Company has been physically verified by the management during the year. In respect of inventory lying with third parties, these have been substantially confirmed by them. In our opinion the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.
3. (a) The Company has not granted any interest free loans/advances repayable on demand to any firms in whom directors are interested as covered in the register maintained under section 301 of the Act. The Company has taken interest-bearing loans from directors, firms in whom directors are interested and relatives of directors as covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs.3,55,82,405/- and the year-end balance of such advances was Rs. 2,19,15,428/-.
(b) According to the information and explanations given to us, and in our opinion, the terms and conditions on which loans and advances have been given to or taken from parties listed in the register maintained under section 301 of the Act are not, prima facie, prejudicial to the interest of the Company.
(c) The parties are regular in repaying the principal amounts.
(d) According to the information and explanations given to us, and in our opinion, reasonable steps have been taken by the Company for recovery of principal amounts.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. (a) In our opinion and according to the information and explanations given to us, the transactions, that need to be entered into the Register maintained under Section 301 of Act, have been so entered.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding the value of five lac rupees in respect of any party during the year have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time.

6. The Company has accepted deposits from the public and complied with the directives issued by the Reserve Bank of India and the provisions of Section 58 A and 58 AA of the Companies Act, 1956 and the Rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209 (1) (d) of the Act. We are of the opinion, that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales-tax, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable, have been regularly deposited by the Company during the year with the appropriate authorities.
(b) According to the information and explanations given to us, no arrears of undisputed Provident Fund dues as at March 31, 2011 are remaining unpaid.
(c) According to the information and explanations given to us, there are no dues in respect of sales tax, income tax, customs duty and cess, which, have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at March 31, 2011. However it has incurred cash losses of Rs. 628.74 lacs during the financial year ended on that date.
11. Based on our audit procedures and on the information and explanations given by the management, in our opinion, the company has not defaulted in repayment of dues to any bank or financial institution as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of Security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund, nidhi, mutual benefit fund or a society. Accordingly clause 4(xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Order is not applicable.
15. The Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms

and conditions, whereof, in our opinion, are prima facie prejudicial to the interest of the Company.

16. In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanation given to us, the Company has not raised any funds on short term basis. All assets have been funded by Shareholder's Funds.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
20. The Company has not raised any money by public issue during the year. Accordingly clause 4(xx) of the Order is not applicable.
21. During the course of our examination of the books of account 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 **Bhattad Rathi & Co.**
Firm Reg. No. 101353W
Chartered Accountants

Nagpur
1th September, 2011

R. S. Bhattad
Partner
M. No. 014999

ELLORA PAPER MILLS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31.03.2011 RUPEES	AS AT 31.03.2010 RUPEES
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	1	19936750	19936750
b. Reserve & Surplus	2	36136310	78711559
c. Sub Total (a+b)		56073060	98648309
2. Loan Funds			
a. Secured Loans	3	55865620	155576475
b. Unsecured Loans	4	77060729	59900179
c. Sub Total (a+b)		132926349	215476654
3. Total (1+2)		188999409	314124963
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross Block	5	322237548	319105787
b. Less : Depreciation		153076605	141138345
c. Net Block (a-b)		169160943	177967442
d. Add: Capital Work-in-Progress		11060149	1264782
e. Sub Total (c+d)		180221092	179232224
2. Investments	6	50000	317480
3. Current Assets, Loans and Advances			
a. Inventories	7	33765903	79530250
b. Sundry Debtors	8	83271348	110107160
c. Cash and Bank Balances	9	3162780	4601310
d. Loans and Advances	10	26206424	22678077
e. Sub Total (a+b+c+d)		146406455	216916797
Less: Current Liabilities and Provisions			
f. Liabilities	11	128395093	50297183
g. Provisions	12	11395653	11104149
h. Sub Total (f+g)		139790746	61401332
i. Net Current Assets (e-h)		6615709	155515465
4. Deffered Tax			
Deffered Tax Asset		32473634	9195513
Deffered Tax Liabilities		30361026	30135719
		2112608	-20940206
5. Total (1+2+3+4)		188999409	314124963
Notes	17		

As per our attached report of even date
For and on behalf of
Bhattad Rathi & Co.
Firm Regn. No. 101353W
Chartered Accountants

R. S. Bhattad
Partner
M. No. 014999
Nagpur
1st September 2011

C.P. Goenka
Managing Director

Sudhir Goenka
Executive Director

ELLORA PAPER MILLS LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED ON 31ST MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31.03.2011 RUPEES	AS AT 31.03.2010 RUPEES
I. INCOME			
a. Sales		313664035	484546490
b. Other Income	13	6345560	2136224
c. Increase /(Decrease)in W.I.P. & Finished Goods	14	14757328	4627710
d. Total (a+b+c)		334766923	491310424
II. EXPENDITURE			
a. Manufacturing & Other Operational Expenses	15	370754581	458529392
b. Excise Duty		527663	2763077
c. Interest & Other Financial Charges	16	18530202	15904687
d. Depreciation		11957938	11835695
e. Sub Total (a+b+c+d)		401770384	489032851
III. PROFIT (LOSS)			
Profit/ Loss (-) Before Taxation & Extra ordinary item		-67003461	2277574
Less : Extra Ordinary item (Loss of Stocks in fire)		7828410	
Profit / Loss (-) Before Taxation		-74831871	2277574
Less: Provision for Taxation			
Current Tax		0	351885
Deffered Tax Liability / (Asset)		-23052814	1026081
Net Profit / Loss (-) for the year		-51779057	899608
Add : Excess provision of earlier Years written Back		9203808	0
Add: Profit as per last account		72723169	71823561
Balance of Profit carried to Balance Sheet		30147920	72723169
Current Earnings Per Share: Basic & Diluted (Rupees)		(25.89)	0.45

Notes

17

As per our attached report of even date

For and on behalf of

Bhattad Rathi & Co.

Firm Regn. No. 101353W

Chartered Accountants

C.P. Goenka
Managing Director

R. S. Bhattad

Partner

M. No. 014999

Nagpur

1st September 2011

Sudhir Goenka
Executive Director

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

PARTICULARS	RUPEES	AS AT	AS AT
		31.03.2011	31.03.2010
		RUPEES	RUPEES
Schedule 1			
SHARE CAPITAL			
Authorised			
28,00,000 Equity Share of Rs.10/- each		28000000	28000000
2,00,000 unclassified shares of Rs.10/- each		2000000	2000000
		30000000	30000000
Issued and Subscribed			
2000000 Equity Shares of Rs.10/- each fully paid-up		20000000	20000000
Less : In arrears (Other than Directors)			
Allotment money	19625		
First & Final Call Money	43625	63250	63250
TOTAL		19936750	19936750
Schedule 2			
RESERVES & SURPLUS			
a. General Reserve		5988390	5988390
b. Surplus from Profit & Loss Account		30147920	72723169
c. Total (a+b)		36136310	78711559
Schedule 3			
SECURED LOANS			
A. Term Loans from Scheduled Commercial Banks			
Term Loan from Scheduled Commercial Banks (Secured by joint first charges on the immovable properties of the Company)		16186157	22391303
		16186157	22391303
B. Working Capital Limits			
Cash Credit arrangement from Scheduled Commercial banks (Secured by hypothecation of inventories & book debts of the Company)		39621236	131738852
		39621236	131738852
C. Other Loans			
(Secured by hypothecation of motor vehicles)		58227	1446320
		58227	1446320
		55865620	155576475
D. Total (A+B+C)			
Note : The loans from banks are guaranteed by some of the directors.			
Schedule 4			
UNSECURED LOANS / LOANS & ADVANCES			
a. Interest free sales tax loan from SICOM Limited		5392941	5512718
b. Sales Tax Deferral		14252361	21928247
c. From others including public deposits		57415427	32459214
d. Total (a+b+c)		77060729	59900179

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

Schedule 5

FIXED ASSETS

Particulars of Assets	Gross Block At Cost				Depreciation	Net Block	
	As at 01.04.2010	Additions Rupees	Deductions Rupees	As at 31.03.2011	Till 31.03.2011 Rupees	As At 31.03.2011 Rupees	As At 31.03.2010 Rupees
Land	3292337	0	0	3292337		3292337	3292337
Building	39430635	272219	0	39702854	10370725	29332129	30044180
Plant & Machinery	228374400	2134016	0	230508416	117388792	113119624	119692766
Water Works Distribution System	2188527	0	0	2188527	2162254	26273	27744
Borewell	476915		0	476915	297680	179235	188668
Furniture, Fixture & office Equipment	14216636	1507446	0	15724082	9652080	6072002	5401399
Drawing Equipment	14695		0	14695	14618	77	94
Laboratory Equipemnt	357034	99451	0	456485	283887	172598	87622
Vehicles	10797008	0	912058	9884950	5890525	3994425	5252816
Workshop & Construction Machinery	427806	30687	0	458493	399351	59142	35542
Co-Generation Power Plant	19529794		0	19529794	6616693	12913101	13944274
Total	319105787	4043819	912058	322237548	153076605	169160943	177967442
Previous Year's Total	309974184	9879297	747694	319105787	141138345	177967442	180095856

PARTICULARS	RUPEES	AS AT 31.03.2011 RUPEES	AS AT 31.03.2010 RUPEES
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Schedule 6

INVESTMENTS (At cost)

Unquoted

National Saving Certificates

50000 50000

Quoted

Shares & Stocks

357 Shares of Hindalco Industries Ltd.

0 34272

500 Shares of ITC Ltd.

0 71387

100 Shares of Reliance

0 60979

50 Shares of Reliance Industries Ltd.

0 43922

2000 Shares of Satyam Computers

0 56920

Total

50000 317480

Schedule 7

INVENTORIES

(As ascertained, Valued and certified by Managing Director)

a. Stores, Chemicals, Spare parts and Husk (At Cost)

10522839 15152646

Including in transit Rs.NIL

b. Raw Materials (at cost)

12651824 41955645

c. Finished Goods

4408668 20721209

(at cost or market value which ever is lower)

(Including Rs Nil with consignees, Previous year

Rs 451556/-)

d. Work-in-Process (At Cost)

6182572 1700750

e. Total (a+b+c+d)

33765903 79530250

Schedule 8

SUNDRY DEBTORS (Unsecured)

a. Debts outstanding for a period exceding six months considered good

9410027 13138480

b. Other Debts Considered good

73861321 96968681

c. Total (a+b)

83271348 110107161

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

PARTICULARS	RUPEES	AS AT 31.03.2011 RUPEES	AS AT 31.03.2010 RUPEES
Schedule 9			
CASH & BANK BALANCES			
a. Cash in Hand		526949	897123
b. Balance with Scheduled Bank in current Accounts		813848	1852448
c. Balance with Scheduled Banks, TDRs & Margin Money Deposits		1821983	1851739
d. Total (a+b+c)		3162780	4601310
Schedule 10			
LOANS & ADVANCES			
a. Advances recoverable in cash or in kind or for value to be received		23832261	20294048
b. Sundry Deposits		2333809	2333809
c. Balance with central Excise Authorities		40354	50219
d. Total (a+b+c)		26206424	22678076
Schedule 11			
CURRENT LIABILITIES			
a. Sundry Creditors		14235017	33258881
b. Current Liabilities		22544319	16805538
c. Other Liabilities		253712	232764
d. Advance from Customer		91362045	0
d. Total (a+b+c+d)		128395093	50297183
Schedule 12			
PROVISIONS			
a. Provision for Income Tax		0	351885
b. Fringe Benefit Tax		0	266094
c. Gratuity Provision		11395653	10486170
d. Total (a+b+c)		11395653	11104149

SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT

PARTICULARS	RUPEES	AS AT	AS AT
		31.03.2011 RUPEES	31.03.2010 RUPEES
Schedule 13			
OTHER INCOME			
a. Interest Received (Gross) (Tax deducted at source Rs. 22213/-,P.Y.Rs.20215/-		388700	317825
b. Dividend received		656	3925
c. Miscellaneous Receipts		2320700	571071
d. Provisions no longer required		1480233	210269
e. Sundry balances appropriated		953690	87687
f. Claims Received		358535	773811
g. Profit on sale of Assets & Investments		843046	171636
h. Total (a+b+c+d+e+f+g)		6345560	2136224
Schedule 14			
INCREASE/(DECREASE) IN FINISHED GOODS AND WORK IN PROCESS			
A. Closing Stock			
a. Finished goods		4408668	20721209
b. Work-in-Process		6182572	1700750
c. Sub Total(a+b)		10591240	22421959
B. Opening stock			
a. Finished goods		20721209	16043799
b. Work-in-Process		1700750	1750450
c. Sub Total(a+b)		22421959	17794249
C. Stock Loss due to Fire Accident		26588047	0
D. Increase / (Decrease) (A-B+C)		14757328	4627710
Schedule 15			
MANUFACTURING AND OTHER OPERATIONAL EXPENSES			
Raw Material consumed		243154298	336050631
Stores,Spares, Chemicals and Packing Materials Consumed		15071150	8420406
Power & Fuel		44874702	50224339
Conversion Charges		3462528	3901770
Payment to and Provision for Employees			
Salaries, Wages, Bonus, Gratuity & Allowance etc.	20740478		
Contribution to Provident fund	1336235		
Welfare Expenses	536222	22612935	23342388
Rent		2851500	2555000
Rates and Taxes		737634	538156
Insurance		1424440	1835633

SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT

PARTICULARS	RUPEES	AS AT 31.03.2011 RUPEES	AS AT 31.03.2010 RUPEES
Repairs & Maintenance			
Buildings	294083		
Plant & Machinery	3292677		
Others	2340593	5927353	3783234
Commission		2382403	3466035
Cash Discount		4660329	2676374
Freight & Forwarding Expenses		5946888	8123831
Legal & Professional Charges		886952	613300
Postage, Telegram & Telephone expenses		862784	839990
Printing & stationery		176364	182445
Travelling Expenses		3294195	1652434
Vehicle Expenses		1532892	1053641
Charity & Donation		16501	36010
Miscellaneous Expenses		6266386	5595575
Sundry Balance Written off		1287747	438600
Directors' Sitting Fees		100000	0
Managing Director's Remuneration			
Remuneration	1500000		
Contribution to Provident Fund	180000		
Reimbursement of Medical Expenses / LTA	25000	1705000	1680000
Executive Director's Remuneration			
Remuneration	1200000		
Contribution to Provident Fund	144000		
Reimbursement of Medical Expenses / LTA	0	1344000	1344000
Statutory Auditors' Fees		150000	150000
Cost Auditors' Fees		25600	25600
Total		370754581	458529392
Schedule 16			
INTEREST AND OTHER FINANCE CHARGES			
a. Interest on Fixed Loans		4733282	8227832
b. Other Interest		11210111	6701358
c. Bank Charges & Commission		2586809	975497
d. Total (a+b+c)		18530202	15904687

SCHEDULE 17**NOTES FORMING PART OF THE ACCOUNTS**

- | 1. Contingent Liabilities not Provided for in respect of : | 2010-11 | 2009-10 |
|---|----------------|----------------|
| (i) Disputed demands of Income Tax Department | NIL | NIL |
| (ii) Claims against the Company not acknowledged as debts | NIL | 166000 |
| (iii) Performance guarantees given by a Bank | 6964000 | 2375000 |
| (iv) Disputed Bank Penal Interest | NIL | 611000 |
2. The incremental liability towards gratuity for the Accounting year as per actuarial valuation amounting to Rs.909483/- has been provided in the current accounting year (Previous year Rs. 850000/-).
 3. In the opinion of the Board of Directors, the Current Assets are approximately of the value as stated against them if realized in the ordinary course of business, unless otherwise stated. The Provision of depreciation and all known liabilities is adequate and not in excess of the amount reasonably necessary.
 4. The balances of debtors/creditors and sundry deposits are as per Books of Account only.
 5. Excise duty in respect of goods manufactured by the Company and according to the method of accounting consistently followed, is accounted at the time of removal of goods from the factory for sale and captive consumption. Such excise duty liability as at 31st March, 2011 is estimated at Rs. NIL (Previous year Rs.NIL). This accounting practice, however, has no impact on the profit for the year.
 6. In view of the amendments to part I of Schedule VI of the Companies Act, 1956, vide notification No. GSR 129 (E) dated 22nd February, 1999, issued by the Department of the Company Affairs (DCA) relating to Small Scale Industrial undertakings and considering the multiplicity and difficulty in identification of accounts of such undertakings, the information of determining the particulars in respect of indebtedness of such undertakings as on 31st March 2011 is not available. However, there are no specific claims from suppliers under the "Interest on delayed payment to Small Scale and Ancillary Industrial Undertaking Act, 1993".
 7. Provision towards repayment of Interest free Sales Tax Loan, received from SICOM Limited has been made on the basis of Present Value @ 1.25 per cent per month.
 8.
 - a. The company received an interest free sales tax loan of Rs.17616777/- from State Industrial and Investment Corporation of Maharashtra Limited during the period from 27.01.1981 to 15.03.1994. The loan is repayable after 18 years in three equal annual installments from the date of disbursement. Considering the above fact and taking into account the differed nature of liability, the provision of Rs.17616777/- was revised to Rs.3971598/- as on 31.03.1998 on the basis of present value @ 1.25 percent per month. The position has been reviewed again as of 31.03.2011 with reference to the changes in the rate of interest. All the outstanding installments of the said loan as of 31.03.2011 have been discounted at a present value of 11% per annum in place of 1.25% per annum as was done earlier. In order to cover the difference between the current and previous rates of present value, an additional amount of Rs. 2330732/- is provided as a liability on this account as of 31.03.2011.
 - b. Sales tax amounting to Rs 25786900/- was availed by the company during the period from April 2004 to April 2009 as Deferral. This liability is payable in installments over the period of time spanning from April-2011 to April-2024. In order to present a realistic picture of the liability, the said liability has been reviewed and discounted at 11% per annum. The discounted value works out to Rs 14252361/- as of 31.03.2011. The excess provision amounting to Rs. 11534539/- has been written back and is credited to the head of account "Excess provision of earlier year written back" in the Profit & Loss account.
 - c. The net effect of notes "a" & "b" as stated above together works out to excess provision of Rs. 9203808/- . This net effect has been written back through Profit & Loss account.
 9. Sales include trading sales of Rs.114.67 lacs and the corresponding finished goods purchased during the year are included in Raw material consumed.
 10. a. As against a stock loss, due to fire, of Rs 26588047/-, the Insurance Company has settled the claim at Rs 18759637/-

only. The resultant loss of Rs. 7828410/- has been treated as an extra ordinary items of expenditure and has been shown accordingly in Profit and Loss Account.

b. The assessment of the fire loss of Rs. 8,12,98,519/- in respect of Fixed Assets has not, yet, been finalized by the Insurer. An amount of Rs.1.20 crore, received on account from the insurer, has been credited to the Fire Claim Account.

11. Details of Licensed Capacity etc. (per annum)

		2010-2011	2009-2010
Writing, Printing, Kraft and Packing Paper & News Print			
Licensed Capacity	M.T.	13200	13200
Installed Capacity	M.T.	11250	11250
(As Certified by the Management and accepted by the Auditors being a technical matter)			
Production	M.T.	5097	9447

12. Particulars of Sales & Stock

Opening Stock of Finished Goods – Quantity	M.T.	382	268
Opening Stock of Finished Goods – Value	Rs.	10703476	7297141
Sales – Quantity	M.T.	5380	9333
Sales – Value	Rs.	137492513	295234246
Closing Stock of Finished Goods – Quantity	M.T.	99	382
Closing Stock of Finished Goods – Value	Rs..	1930893	10703476

13. (i) Raw Material Consumed

	2010-2011		2009-2010	
	Quantity	Amount	Quantity	Amount
	M.T.	Rs.	M.T.	Rs.
	6458	88105347	11899	169941463

(ii) Percentage of Raw Material Consumed

	Value Rs.	%	Value Rs.	%
Imported	1699512	1.93	16957216	9.98
Indigenous	86405835	98.07	152984247	90.02

88105347 100.00 169941463 100.00

	2010-2011	2009-2010
	Rs.	Rs.
(iii) C.I.F. Value of Imports		
Raw Materials	548592	10632271
(iv) Expenditure in Foreign Currency		
Travelling	263111	161641
(v) Earning in Foreign Exchange	9696040	8175672

14. Previous year's figures have been regrouped and recast wherever necessary.

Significant Accounting Policies followed by the Company is disclosed in the statement annexed to this schedule.

Signature to Schedules 1 to 17

As per our attached report of even date

For and on behalf of

For **Bhattad Rathi & Co.**

Firm Regn. No. 101353W

Chartered Accountants

R.S. Bhattad

Partner

M.No. 014999

1st September, 2011

Nagpur

ELLORA PAPER MILLS LIMITED

C. P. Goenka

Managing Director

Sudhir Goenka

Executive Director

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**1. RECOGNITION OF INCOME AND EXPENDITURE**

The Company generally follows the mercantile system of Accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.

2. SALES

Sales are invoiced on the dispatch of goods to the Customers. Sales include Excise Duty and exclude Sales Tax.

3. FIXED ASSETS

- (i) Fixed Assets (other than land) are stated at cost less accumulated depreciation. Plant & Machinery are stated at book value, cost comprises of purchase price and freight, duties, levies and all other incidentals attributable to bringing the asset to its working condition for its intended use.
- (ii) The carrying amounts are reviewed at each balance sheet date when required to assess whether they are required to be recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

4. DEPRECIATION ON FIXED ASSETS

- (i) The Company's practice is to provide the depreciation of Building, Plant & Machinery and Water Works Distribution System added prior to 2ⁿ^d April, 1987 on Straight Line Method pursuant to circular No.1.1/1986-CLV No.14(50) 84 L.L.VI dated 21st May, 1986 issued by the Department of Company Affairs and in accordance with the Provisions of Section 205(2) (b) of the Companies Act, 1956 at the rates corresponding to the rates applicable under Income Tax Rules in force from time to time.
- (ii) On all the additions made after 1st April 1987 towards Building, Plant & Machinery and Water Distribution System, the depreciation is provided on Straight Line Method as per the rates specified, and in the manner specified in Schedule XIV of the Companies Act, 1956. Pursuant to revision in the rates vide notification No.GSR 756 (E) dated 16.12.93 issued by the Ministry of Law, Justice and Company affairs depreciation has been calculated at revised rates on all additions made after the said date.
- (iii) On remaining assets, the depreciation is provided on Written Down Value method as per the rates specified and in the manner specified in Schedule XIV of the Companies Act, 1956.

5. INVESTMENT

Investments are stated at cost of acquisition.

Earnings from investments, where appropriate are accrued or taken into renewed in full on declaration on receipts.

6. VALUATION OF INVENTORIES

- (i) Raw material, stores & spare parts, chemicals, coal and rice husk are stated at cost of acquisition (including freight etc.) or market value whichever is lower.
- (ii) Finished Goods are valued at cost or market value whichever is lower.
- (iii) Work in Process is stated at cost.

7. EMPLOYEE RETIREMENT BENEFITS

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is unfunded.

The following table summarises the components of net benefit expense recognized in the profit and loss account and the amounts recognized in the balance sheet.

Profit and Loss Account

Figures in Rupees

	Gratuity-2011
Current Service Cost	459735
Interest cost on Defined benefit obligation	859797
Expected Return on Plan Assets	0
Net Actuarial Losses/(gains) recognized in the Year	(38355)
Actual Return on Plan Assets	0
Total, Included in Employee Benefit Expenses	1281177

Balance Sheet

Figures in Rupees

	Gratuity-2011
Present value of Unfunded obligations	11395653
Unrecognised past service cost	0
Net Liability	11395653
Amounts in Balance Sheet	
Liability	11395653
Assets	0
Net Liability	11395653

The Principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

	2011 (%)
Discount Rate	8.05
Expected Rate of Return on Assets	0
Employee Turnover	
Non Management	
21 – 44	2
45 – 59	1

8. ACCOUNTING OF MODVAT CREDIT

Modvat credit is accounted only when utilised for clearance of excisable goods during the year.

9. FOREIGN EXCHANGE TRANSACTIONS

The transactions of foreign exchange are recorded at the exchange rate prevailing on the date of the transaction.

10. LEASE RENT

In respect of leased assets acquired prior to 01.04.2001, rental and all other expenses are treated as revenue expenses. The Company has not taken / given any asset on lease on or after 01.04.2001.

11. PRIOR PERIOD AND EXTRAORDINARY ITEMS :

Prior period and extraordinary items and changes in accounting policies having material impact on the financial affairs of the company are disclosed.

12. PROVISIONS AND CONTINGENT LIABILITIES :

The company recognizes provisions where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation as a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation as a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

13. TAXATION

(a) Current Tax is determined as the amount of tax payable with respect to the taxable income for the current year.

(b) Deferred Tax, with respect to deferred tax assets / liabilities, is recognized at the current rate of tax, on the basis of timing differences between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods.

(c) Major components of deferred tax assets / (liability) are as follows.

Item	2010-11 (Rupees)	2009-10 (Rupees)
Depreciation	-225307	-1197260
Gratuity	281006	288915
Bonus	253088	0
Leave encashment	37242	0
Income Tax Return Loss	22706785	-117736
Total	23052814	-1026081

14. BORROWING COSTS

Interest and other borrowing costs on specific borrowings relating to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.

15. SEGMENT REPORTING

The Company operates in two segments, viz. Manufacturing of Paper and Rice Milling. The Company has chosen these business segments as its primary segments considering the dominant source and nature of risks and returns and the internal organization and management structure.

(Figures in rupees)

Particulars	Paper		Rice Milling		Total	
	2011	2010	2011	2010	2011	2010
External Turnover	148959123	322652090	164704912	161894400	313664035	484546490
Other Income	-					
Result	(41690577)	19023821	(7341498)	88,57,910	(49032075)	27881731
Unallocated Corporate expenses	-				6176100	
Operating Profit	(41690577)	19023821	(7341498)	8857910	(55208175)	27881731
Interest & Finance Charges	9835526	11065280	8694676	4839406	18530202	15904686
Profit / (Loss) Extra ordinary items / Prior Period Items	(7828410)		-		(7828410)	11977045
Interest & Dividend income	364169		25187		389356	
Miscellaneous Income	5994236	2093389	351324	42835	6345560	2136224
Income Taxes	18228676		4824138		23052814	
Net Profit	(40943532)	10051930	(10835525)	4061339	(51779057)	14113269
Other Information						14113269
Segment Assets	220014468	258050955	82540426	110818679	302554895	368869634
Unallocated corporate assets					24122652	27596867
Total assets					326677547	396466501
Segment Liabilities	131433058	39877413	8357688	10453099	139790746	50330512
Unallocated corporate liabilities					-	10752264
Total Liabilities					139790746	61082776
Capital Expenditure	4000546		43273		4043819	
Depreciation	9143867	9085967	2814071	2749728	11957938	11835695
Non cash expenses other than depreciation and amortization						

B. INFORMATION ABOUT SECONDARY SEGMENTS

Revenue as per Geographical Markets

(Figures in rupees)

	2010-2011	2009-2010
India	303967997	476370819
Outside India	9696040	8175672
Total	313664035	484546491

16. EARNING PER SHARE

(Figures in rupees)

	2010-2011	2009-2010
a) Weighted average number of Equity Shares of Rs 10/- each outstanding during the year	2000000	2000000
b) Net : Profit/ (Loss) after tax attributable to Equity shareholders	-51779057	899608
c) Basic and Diluted Earnings per share (in Rs.)	-25.89	0.45

17 RELATED PARTY INFORMATION

(i) Relationships

(a) Key Management Personnel

Shri C. P. Goenka, Managing Director
Shri Sudhir Goenka, Executive Director

(b) Relatives & enterprises of key management personnel where transactions have taken place

Smt.Kusum Goenka
Smt.Archana Goenka
Smt. Savitri Devi Goenka
Shri Ashok Dalmia
Ashok Dalmia HUF
Shri Parikshit Dalmia
Sudhir Goenka HUF
Ms.Twisha Goenka
Ms.Megha Goenka
Shri.Shashank Goenka
Shri Sandeep Goenka
Shri C.P. Goneka (HUF)

(c) Enterprises where control exists

Ellora Plantations Limited
Brajeshwari Paper Traders
Eqube Academy Private Limited
Richards Pharma Lab Limited
Citizen Welfare Association
Benupick Paper Board Private Limited
Texline Agencies Limited

(ii) Transactions with Related Parties

(Figures in rupees)

Particulars	Related Parties		
	Referred in (i)(a) above	Referred in (i)(b) above	Referred in (i)(c) above
Expenses			
Interest on unsecured Loan	720477	1740170	1339219
Rent		1620000	216000
Remuneration & perks	2424000		
Pollution Prevention Exp			300000
Stores Purchases			5544
Finance & Investments			
Loans Given / Repaid	1350000	13018512	1493206
Loan Received	2000000	6700000	1400000

18. AUDITORS REMUNERATION

(i) Statutory Auditors	2010-2011	2009-2010
- As Audit fee	150000	150000
- Any other service	-	-
(ii) Cost Auditors		
- As Audit fee	25600	25000
- Any other service	-	-

A. CASH FLOW FROM OPERATING ACTIVITIES	For Year ended 31.3.2011		For the Year ended 31.3.2010	
	(Rs.in Lacs)	(Rs.in Lacs)	(Rs.in Lacs)	(Rs.in Lacs)
Net Loss (-) / Profit before Tax	(748.32)		22.78	
Adjustment for:				
Depreciation:	119.58		118.36	
Loss/(Profit) on Sale of Assets	0.92		(1.48)	
Loss/(Profit) on Sale of Investment	(4.10)		(0.24)	
Interest (net)	155.55		149.29	
Provisions no longer required written back	(24.34)		(2.10)	
Bad debts written off	12.88		4.39	
Operating Profit before Working Capital Changes		(487.83)		291.00
Adjustment for :				
Trade & Other Receivables	220.20		(537.76)	
Inventories	457.64		(334.99)	
Trade Payable & Other liabilities	808.23		172.92	
	1486.07		(699.84)	
Net Cash flow Operating Activities		998.24		(408.84)
Cash flow from investing Activities:				
Purchase of Fixed Assets	(138.39)		(106.21)	
Sale of Fixed Assets	8.00		3.20	
Sales of Investments	6.78		2.64	
Interest received from Investment	3.89		0.00	
Purchase of Investments	0.00		(0.05)	
Net Cash flow from investing Activities		(119.73)		(100.43)
Cash flow from Financing Activities:				
Proceeds from loan Borrower	0.00		648.21	
Repayment of Loan	(736.90)		0.00	
Interest Paid	(156.00)		(143.08)	
Net Cash flow from Financing Activities		(892.90)		505.13
Net Increase/(Decrease) in Cash & Cash Equivalents		(14.39)		(4.13)
Cash & Cash Equivalents as at 1 st April 2010		46.00		50.15
Cash & Cash Equivalents as at 31st March 2011		31.62		46.01

Notes:

1. Cash flow statement has been prepared following the indirect method except in case of interest paid/received which has been considered on the basis of actual movements of cash with necessary adjustments in the corresponding assets and liabilities.
2. Purchases of fixed assets include movements of capital work in progress between the beginning and the end of the year
3. Cash and Cash equivalents consist of cash in hand and balance with banks.

C. P. Goenka
Managing Director

Sudhir Goenka
Executive Director

Nagpur
1st September, 2011

Auditors Certificate

The Board of Directors

ELLORA PAPER MILLS LTD., NAGPUR

We have examined the above Cash Flow Statement of M/s. Ellora Paper Mills Limited, for the year ended on 31st March 2011. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the Stock Exchange and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 1st September, 2011 to the members of the Company.

Nagpur,
01st September 2011

For **Bhattad Rathi & Co.**
Firm Regn. No. 101353W
Chartered Accountants
R. S. Bhattad
Partner
M.No. 014999



ELLORA PAPER MILLS LIMITED

379, Pandit Jawaharlal Nehru Marg, Sitabuldi, Nagpur – 440 012

PROXY FORM

Regd. Folio No. : _____

No. of Shares : _____

I/We _____

of _____ being a member/members of Ellora Paper Mills Limited hereby appoint _____

_____ of _____ or failing him/her _____ of _____ as my/our Proxy

to attend and vote for me/us and on my/our behalf at the 36th Annual General Meeting of the Company held on Friday the 30th September, 2011 at 3.00 p.m. and at any adjournment thereof.

As WITNESS my hand /our hand this _____ day of _____ 2011

Signed by the said _____

Affix 1 Rupees Revenue Stamp

Note : The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting



ELLORA PAPER MILLS LIMITED

379, Pandit Jawaharlal Nehru Marg, Sitabuldi, Nagpur – 440 012

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)

Folio No./ Client Id _____

I certify that I am a registered Shareholder/beneficiary of the Company and hold _____ Equity shares.

I hereby record my presence at the THIRTY SIXTH ANNUAL GENERAL MEETING of the Company, held at 379, Pandit Jawaharlal Nehru Marg, Sitabuldi, Nagpur – 440 012 on Friday, the 30th September 2011 at 3.00 p. m. and at any adjournment thereof.

Name of the Member/proxy in Block Letter

Member's/Proxy's signature

NOTES:

1. A member/proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance duly signed.
2. If you intend to appoint a proxy, please complete the proxy form given below and deposit it at the Company's Registered Office at least 48 hours before the meeting.

BOOK POST

If undelivered please return to :
Ellora Paper Mills Limited
379, Pandit Jawaharlal Nehru Marg,
Ashoka Vault Building, Sitabuldi,
Nagpur-440 012.