



# MADHYA BHARAT PAPERS LIMITED

## NOTICE

**NOTICE** is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Members of **MADHYA BHARAT PAPERS LIMITED** will be held at the Registered Office of the Company at Village Birgahni, Rly & Post Champa-495 671, Dist. Janjgir-Champa (Chhattisgarh) on Friday, the 20<sup>th</sup> September, 2013 at 11.00 A.M. to transact the following business:

1. To consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2013 and Balance Sheet as at that date together with Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Sri Abhas Sen who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri J.N. Godbole who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration and for this purpose, to consider and if thought fit, to pass with or without modification(s) the following resolution as "**Special Resolution**":

RESOLVED that Messrs Murari Agrawal & Co., Chartered Accountants (Registration No.308095E), Kolkata be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting till conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors and/or Audit Committee.

### **SPECIAL BUSINESS**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as "**Special Resolution**":

5. RESOLVED that pursuant to the provision of sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, and subject to compliance with the provisions of Clause (B) of Section II of Part II of Schedule XIII of the said Act, consent of the Company be and is hereby accorded to the reappointment of Sri Jaydeep Chitlangia as Managing Director of the Company for the period 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2016 on the following terms and conditions:

(a) Salary : Rs.2,50,000 per month.

(b) Perquisites :

#### **Part A**

- (i) Medical Benefits: Reimbursement of medical expenses (including medical insurance) for himself and his family subject normally to a ceiling of one month's salary in a year or three months' salary over a period of three years, provided that any additional expenditure incurred for medical treatment over and above the ceiling for himself and his family may be reimbursed on actual basis subject to approval by the Remuneration Committee.
- (ii) Leave Travel Concession : For self and family as per Company's Rules once in a year.
- (iii) Personal Accident Insurance: As per rules of the Company, premium not to exceed Rs.5,000/- per annum.
- (iv) Club Fees: Fees of Clubs subject to a maximum of two clubs excluding the admission fee.

#### **Part B**

- (v) Company's contribution towards Provident Fund: Subject to a ceiling of 12% of the salary or such rate as may be prescribed under the Employees' Provident Fund and Miscellaneous Scheme, 1952.

(vi) Company's contribution towards Superannuation Fund: Such contribution together with contribution to the Provident Fund shall not exceed 27% of the salary or such other rate as may be laid down in the Income Tax Rules, 1962 from time to time.

(vii) Gratuity: Not exceeding 15 days' salary for each completed year of service.

(viii) Encashment of leave at the end of the tenure.

**Part C**

(ix) Car on Company's business: Provision of cars for use on Company's business will not be considered as perquisite.

(x) Telephone/Fax at Residence: Provision of telephone/fax at residence will not be considered as perquisite.

RESOLVED FURTHER that the aforesaid remuneration be paid to Sri Jaydeep Chitlangia, Managing Director, as minimum remuneration notwithstanding no profits or inadequate profits in any financial year.

By Order of the Board

Regd. Office:  
Village Birgahni,  
Rly & Post Champa-495 671,  
Dist. Janjgir-Champa  
Chhattisgarh.

**V.K. KHANNA**  
**President &**  
**Company Secretary.**

Dated: 30<sup>th</sup> May, 2013

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY FORM MUST REACH THE COMPANY'S REGISTERED OFFICE ATLEAST 48 HOURS PRIOR TO THE TIME OF HOLDING THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 13<sup>th</sup> September, 2013 to 20<sup>th</sup> September, 2013 (both days inclusive).
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 4 & 5 is annexed.
4. Members are requested to -
  - (a) intimate change in their address/bank mandate to the Registrar and Share Transfer Agents in respect of equity shares held in physical mode and to their depository participants (DPs) in respect of shares held in dematerialized form.
  - (b) send query(ies), if any, regarding audited accounts at least 10 days before the meeting.
  - (c) bring with them their copy of the Annual Report in the meeting.
5. Members/Proxies are requested to bring the attendance slips duly filled in and hand over the same at the entrance of the meeting hall.

## 6. Re-appointment of Directors.

A brief resume of the Directors, proposed to be re-appointed:

- a) Name of Director : Sri Abhas Sen  
Date of birth : 29<sup>th</sup> October, 1936  
Date of appointment : 24<sup>th</sup> October, 2002  
Qualification : B.A.(Hons.), Chartered Secretary  
Experience : 57 years  
Nature of Expertise : Legal/Finance/Administration  
Other Directorships : (1) Flourish Securities & Finance Pvt.Ltd  
(2) Inspectorate Griffith (India) Pvt.Ltd.  
(3) Powermax (India) Pvt.Ltd.  
(4) Spearhead Private Ltd.  
(5) Titagarh Wagons Ltd.
- Committee Memberships  
in other Companies : Nil
- Number of Shares held  
in the Company : Nil
- b) Name of Director : Sri Jayant Narayan Godbole  
Date of birth : 17<sup>th</sup> December, 1945  
Date of appointment : 25<sup>th</sup> July, 2007  
Qualification : B.Tech(Hons.)  
Experience : 45 years  
Nature of Expertise : Finance/Management  
Other Directorships : (1) Emami Paper Mills Ltd.  
(2) Embio Ltd.  
(3) Gillander Arbuthnot & Co. Ltd.  
(4) Gujarat Alkalies & Chemicals Ltd.  
(5) IDBI Asset Management Ltd.  
(6) IMP Powers Ltd.  
(7) ITL Projects Ltd.  
(8) J.K. Cements Ltd.  
(9) Kesar Multimodal Logistics Ltd.  
(10) Kesar Terminals & Infrastructure Ltd.  
(11) Saurashtra Cement Ltd.  
(12) The Oudh Sugar Mills Ltd.  
(13) Zuari Agro Chemicals Ltd.  
(14) Zuari Global Ltd.
- Committee Memberships  
in other Companies : (1) Emami Paper Mills Ltd. - Audit Committee  
(2) Embio Ltd. - Audit Committee  
(3) Gillander Arbuthnot & Co. Ltd. - Audit Committee  
(4) Gujarat Alkalies & Chem.Ltd. - Audit Committee  
(5) IDBI Asset Management Ltd. - Audit Committee  
(6) Kesar Terminals &  
Infrastructure Ltd. - Audit Committee  
(7) Zuari Global Ltd. - Audit Committee  
(8) Zuari Agro Chemical Ltd. - Audit Committee  
(9) Zuari Agro Chemcial Ltd. – Investors Grievance Committee
- Number of shares held  
in the Company : Nil

## **EXPLANATORY STATEMENT**

**Pursuant to Section 173(2) of the Companies Act, 1956.**

### **Item No.4**

Messrs Murari Agrawal & Co., Chartered Accountants (Registration No.308095E) have intimated their willingness to continue as auditors of the Company, if re-appointed. A certificate has been obtained by the Company from them to the effect that re-appointment, if made, will be in accordance with the limit specified under Section 224(1-B) of the Companies Act, 1956. As the provisions of Section 224A of the said Act are applicable to this Company, the re-appointment of the Auditors is required to be approved by special resolution.

None of the Directors of the Company is in any way interested in the Resolution.

### **Item No.5**

Sri Jaydeep Chitlangia is the Managing Director of the Company since 01.01.1990 and the Board of Directors, in their meeting held on 14.02.2013, have reappointed him as Managing Director for the period 01.04.2013 to 31.03.2016 and the Remuneration Committee in their meeting held on 14.02.2013 have determined the remuneration payable to the Managing Director for the said period as per the Companies Act, 1956, as set out in the resolution subject to approvals as may be necessary.

The said remuneration shall be paid to Sri Jaydeep Chitlangia, Managing Director, as minimum remuneration notwithstanding absence of profits or inadequate profits in any financial year.

The re-appointment made by the Board of Directors is, however, subject to the approval by the members in the General Meeting and the Board recommends for your approval.

A notice under section 302 of the Companies Act, 1956 as to the abstract of the terms of re-appointment of Sri Jaydeep Chitlangia was sent to all the shareholders of the Company.

Sri Jaydeep Chitlangia may be regarded as a person concerned with or interested in the resolution to the extent of the remuneration proposed to be paid to him. No other Director of the Company is concerned or interested in the Resolution.

**Information required under provisions of Clause (B) of Section II of Part II of Schedule XIII of the Companies Act is as under:**

#### **General Information:**

The Company is engaged in the business of manufacturing Writing & Printing Paper since 1984. The company do not have any foreign investment/collaborator or have any export business.

#### **Financial Performance based on given indicators:**

	Rs.in lacs		
	31.03.2013	31.03.2012	31.03.2011
Sales (Gross)	6954.08	6336.86	6569.42
Profit/(Loss) before tax	(594.82)	(639.34)	(99.74)
Profit/(Loss) after tax	(583.26)	(605.85)	(147.38)
Shareholders' Fund	950.58	1533.85	2139.69

#### **Information about Appointee:**

Sri Jaydeep Chitlangia is a Commerce Graduate and is the Managing Director of the Company since 01.01.1990. During the financial year 2012-13 Sri Jaydeep Chitlangia's total remuneration was Rs.39.65 lacs.

The Company has passed through a very difficult period and under the leadership of the Managing Director it has been able to restrict the losses and overcome the recessionary trend. The Company is

expected to do better in the coming year due to professional approach displayed by the Managing Director.

The proposed package for Sri Jaydeep Chitlangia, Managing Director is considered to be fair, just and reasonable based on Comparative Industry Standard. Other than the remuneration payable, Sri Jaydeep Chitlangia has 430000 equity shares held in his name in the Company.

By Order of the Board

Regd. Office:  
Village Birgahni  
Rly & Post Champa-495 671,  
Dist. Janjgir-Champa,  
Chhattisgarh.

**V.K. KHANNA**  
**President &**  
**Company Secretary.**

Dated: 30<sup>th</sup> May, 2013



# MADHYA BHARAT PAPERS LIMITED

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 33<sup>rd</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2013.

### OPERATIONS

(Rs. in lacs)

	2012-13		2011-12	
Profit/(Loss) before Depreciation & Tax		<b>(390.89)</b>		<b>(395.60)</b>
Less: Depreciation	202.42		203.45	
Adjustment for earlier years	1.51		40.29	
Provision for taxation				
- Current & earlier year	-		2.90	
- Deferred Tax liability	(11.56)	192.37	(36.39)	210.25
Net Profit/(Loss)		<b>(583.26)</b>		<b>(605.85)</b>
Add : Balance Brought Forward from Previous year		129.81		735.66
Balance Carried Forward		<b>(453.45)</b>		<b>129.81</b>

The Company continues to face the economic recession in the paper industry, particularly, in the segment of its operation, which, coupled with sharp increase in cost of coal and other key raw materials and decrease in quality of coal has resulted into a loss of Rs.583.26 lacs.

The production during the year was 16446 tonnes (15674 tonnes previous year).

### Directors

S/Sri Abhas Sen and J.N. Godbole retire by rotation and being eligible offer themselves for re-appointment as directors.

### Energy, Technology and Foreign Exchange

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 conservation of energy, technology absorption and foreign exchange earning and outgo is given in the Annexure-1 forming part of this Report.

### Personnel

No employee of the Company is covered under Section 217(2A) of the Companies Act, 1956.

### Corporate Governance

Management Discussions and Analysis Report and a Report on Corporate Governance along with the certificate of the Statutory Auditors as required under clause 49 of the Listing Agreement are included in the Annual Report.

### Stock Exchange Listings

The Equity Shares of the Company are listed on the Stock Exchanges at Indore and Kolkata. The Company confirms payment of respective listing fees due to the above Stock Exchanges for the year 2013-14.

## **Auditors**

Messrs Murari Agrawal & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

## **Directors' Responsibility Statement**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

[i] That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2013, the applicable accounting standards have been followed;

[ii] That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

[iii] That 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;

[iv] That the Directors have got the accounts prepared for the financial year ended 31<sup>st</sup> March, 2013 on a 'going concern' basis.

## **Acknowledgement**

Your Directors gratefully acknowledge and express their appreciation for the continued support extended by the banks, customers, suppliers, shareholders and for the services rendered by the employees and workers.

On behalf of the Board

Regd. Office:  
Village Birgahni,  
Rly & Post Champa-495 671,  
Dist. Janjgir-Champa  
Chhattisgarh.

**ABHAS SEN**  
*Director*

**JAYDEEP CHITLANGIA**  
*Managing Director*

Dated: 30<sup>th</sup> May, 2013

## **ANNEXURE-1 TO DIRECTORS' REPORT**

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

### **A. CONSERVATION OF ENERGY**

#### **(a) Energy Conservation measures taken:**

Change of various pumps and motors in Paper Machine and Pulp Mill have assisted in energy conservation. Further energy conservation measures are being identified to conserve and optimize the use of energy through improved operational methods and other means.

#### **(b) Impact of the above measures:**

The Company has been able to optimize electricity.

#### **(c) Total energy consumption and energy consumption per unit of production:** Form-A enclosed.

### **B. TECHNOLOGY ABSORPTION:**

**Efforts made in technology absorption as per Form-B :** Form-B enclosed.

### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(a) The Company has not exported any of its products during the year.

(b) Total foreign exchange used and earned during the year	(Rs. In lacs)
(i) CIF value of imports	182.46
Expenditure in foreign currency	9.68
(ii) Foreign exchange earned	-



**FORM - A**

**Form for disclosure of particulars with respect to conservation of energy**

Particulars		2012-13	2011-12
<b>A. POWER AND FUEL CONSUMPTION</b>			
<b>1. Electricity</b>			
a) Purchased			
Units	Kwh	3,47,700	6,27,575
Total Amount	Rs.	126,60,085	134,11,577
Rate	Rs./Kwh	36.41	21.37
b) Own Generation			
i) Through Diesel Generator			
Units	Kwh	980	-
Units per Unit of Diesel Oil	Kwh/Ltr.	10.89	-
Cost/Unit	Rs./Kwh	4.21	-
ii) Through Turbine Generator			
Units	Kwh	161,58,748	151,50,058
Units per Unit of Coal	Kwh/MT	718	713
Cost per Unit	Rs/Kwh	2.84	2.59
<b>2. Coal</b>			
For steam generation & consumption in Paper Dvn.			
a) Grade B			
Quantity	M.T.	141	-
Total Cost	Rs.	6,37,648	-
Average Cost	Rs/M.T.	4,509	-
b) Grade F			
Quantity	M.T.	58,965	53,541
Total Cost	Rs.	12,05,27,559	10,53,31,265
Average Cost	Rs/M.T.	2,044	1,967
c) Washery Coal (Reject)			
Quantity	M.T.	-	255
Total Cost	Rs.	-	2,81,812
Average Cost	Rs/M.T.	-	1,104
d) Kiln Waste/Ash Char			
Quantity	M.T.	607	4,929
Total Cost	Rs.	6,24,546	27,25,027
Average Cost	Rs/M.T.	1,028	553
e) Charcoal			
Quantity	M.T.	9.9	9
Total Cost	Rs.	1,98,080	169,332
Average Cost	Rs./M.T.	20,110	18,731
f) Fire Wood			
Quantity	M.T.	1	-
Total Cost	Rs.	2,910	-
Average Cost	Rs./M.T.	2,910	-
<b>3. Furnace Oil</b>			
		-	-
<b>4. Diesel Oil</b>			
Quantity	Ltr.	90	-
Total Cost	Rs.	4,130	-
Average Cost	Rs./Ltr.	46	-
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
Electricity	Kwh/M.T.	1,004	1,007
Coal	M.T/M.T.	3.63	3.75
Diesel Oil	Ltr/M.T.	0.01	-

## FORM-B

### Form for disclosure of particulars with respect to Technology Absorption

#### RESEARCH AND DEVELOPMENT

1. **Specific areas in which R&D carried out by the Company.** The R & D activities of the Company are aimed at improvement of quality of its products, cost control and reduction of pollutants.
2. **Benefits Derived**  
The products of the Company were in reasonable demand.
3. **Future Plan of Action**  
Further improvement in quality, reduction in costs and reduction of pollutants.
4. **Expenditure on R & D :** Nil

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **Efforts made**  
The Company is taking all necessary steps to improve the designing of various equipments for achieving optimum results and is trying to absorb various technologies available in the industry.
2. **Benefits**  
The Company has been able to improve the productivity.
3. Particulars of technologies imported during the last 5 years: NIL

## **INDEPENDENT AUDITORS' REPORT**

To  
The Members of  
Madhya Bharat Papers Limited

### **Report on the Financial Statements**

We have audited the attached Financial Statements of **MADHYA BHARAT PAPERS LIMITED** as at 31<sup>st</sup> March, 2013, Comprising of the Balance Sheet, the Profit and Loss Account and the Cash flow statement for the year ended on that date, annexed thereto, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements, together with the schedules annexed thereto and notes thereon subject to non provision of Depreciation up to 31<sup>st</sup> March, 1999 on enhanced value of Fixed Assets in consequent upon revaluation of fixed assets on 30.4.1987. Had it been done, the net block and revaluation reserve account would have been lower by Rs.139.09 lacs as stated in note no.11.1 of the notes on accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2013;
- b) In the case of Profit and Loss Account, of the Losses of the company for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) order, 2003 (the 'Order') as amended by the Companies (Auditor's Report) Order, 2004, issued by the Central Government of India in terms of section 227(4A) of 'The Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said Order.
2. As required by section 227(3) of the Act, we report that :
  - i) 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.
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 to the extent applicable.
  - v) On the basis of our review of the written representations received from the Directors as on 31<sup>st</sup> March, 2013 and taken on record by the Board of Directors, none of the directors of the company disqualified as on 31<sup>st</sup> March, 2013, from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act.1956.
  - vi) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

'COMMERCE HOUSE'  
2A Ganesh Chandra Avenue  
Kolkata: 700 013.

For **MURARI AGRAWAL & CO.**  
*Chartered accountants*  
*F.R.No-308095E*

Dated: - 30<sup>th</sup> May'2013

**S.M. AGRAWAL**  
Partner  
Membership No. - 053923

## ANNEXURE

Referred to in paragraph 3 of our report of even date,

1.
  - (a) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) As per the information and explanation given to us, the Fixed Assets have been physically verified by the management during the year in a phased periodical manner, which, in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
  - (c) During the year, in our opinion, the Company has not disposed of substantial part of Fixed assets and the going concern status of the company is not affected
2.
  - (a) According to the information and explanations given to us, the Inventory has been physically verified during the year by the management at regular interval. 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 Inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of Inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3.
  - (a) The Company has not granted any unsecured loan to any company listed in the Register maintained under section 301 of the Companies Act, 1956.
  - (b) The Company has taken unsecured loans from one company listed in the Register cover under section 301 of the Companies Act, 1956 during the year. The maximum loan outstanding during the year was Rs.708.94 lacs and the year end balance was Rs.695.65 lacs.
  - (c) In our opinion, the rate of interest and other terms and conditions on which loans have been given to / taken from Company as listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
4. In our opinion and according to the information given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
  - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section
  - (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 Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public during the year except trade deposit from its customers. Hence provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposit accepted from the public does not apply to the company.

According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposit.

7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under clause (d) of subsection (1) of section 209 of the Act, we have broadly reviewed the books of accounts and records of the company in this connection and 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 same.
9. (a) According to the information and explanations given to us and the records of the company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sale Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Cess were in arrears, as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31<sup>st</sup> March, 2013 which have not been deposited on account of dispute, are as follows :-

<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Amount Rs.</b>	<b>Forum where dispute is pending</b>
Central Excise Act, 1944	Excise duty F Y 1993-94	20,732,142	Appellate Authority Tribunal level
	F Y 2009-10	32,52,281	CESTAT, New Delhi
U.P.G.S.T. Act	F Y 2012-13	7,12,868	Asst. Commissioner, Commercial Taxes, Allahabad, U.P.

10. The company has net worth of Rs.950.58 lacs as at 31<sup>st</sup> March, 2013 and has eroded more than 50% of its peak net worth in the current year. The Company has also incurred cash losses during the period covered by the report and in the financial year immediately preceding the period covered by the report.
11. 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 institution, or Bank or Debenture holders as at the Balance Sheet date.
12. As per the information and explanations given to us 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. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi/mutual benefit fund/societies are not applicable to the Company.

14. The company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the company in its own name.
15. In our opinion, and as per the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long term investment.
18. According to the information and explanation given to us, during the year, 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.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debenture, in respect of debenture issued in earlier years the company has created necessary securities or charge.
20. According to the information and explanation given to us the company has not raised any money by way of public issues during the year
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit, that causes the financial statements to be materially misstated.

COMMERCE HOUSE'  
2A Ganesh Chandra Avenue  
Kolkata: 700 013.

For **MURARI AGRAWAL & CO.**  
Chartered accountants  
*F.R.No-308095E*

Dated: - 30<sup>th</sup> May' 2013.

**S. M. AGRAWAL**  
Partner  
Membership No. - 053923

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### Overall Review

Accounting year 2012-13 was a difficult year for the paper industry. The Company continues to be affected by adverse factors of spiraling input cost of key raw materials. The Company has been able to pass on a part increase in the cost, to its customers and the Company is hopeful that the realization will enhance atleast to the extent of cost increase which will enhance the performance level in the forthcoming year.

### **Business Segment – Paper**

#### a) Industry Structure & Development

The paper industry is cyclical in nature and has strong linkages with the country's general industrial, social performance and gross domestic product ("GDP") due to its application in the print media, education, packaging, etc. The Indian paper industry is growing consistently but large capital investment need restricts growth for the small paper mills.

During the year, the division has achieved 99.67% capacity utilization.

#### b) Opportunities & Threats

The country is envisaging an inclusive growth and Government is taking steps to increase literacy levels which will give impetus to paper industry.

Global slow down may affect the demand and growth of the paper industry. Unabated steep increase in the raw materials and fuel cost is likely to impact the performance.

#### c) Segment Performance

During the year 2012-13, segment revenue increased from Rs.6010.08 lacs to Rs.6548.22 lacs i.e. increase of 8.95% and suffered a loss of Rs.372.93 lacs before interest and tax compared with previous year's loss of Rs.467.42 lacs.

The Government of India has removed the Paper Industry from the core sector for supply of coal which has increased the price of coal abnormally.

#### d) Outlook

The consumption of paper continues to grow in the developing economy of India and therefore, the

Company's outlook for future growth is reasonably good despite economic slowdown.

#### e) Risks and Concerns:

The Government has through Corporate Responsibility for Environment Protection (CREP) laid greater emphasis on environment protection. Non-compliance with Environment Protection Policies or related issues could dent operations and the plant may face closure.

### **Business Segment – Power**

#### a) Industry Structure & Development

The Company is generating power for captive consumption and is working at its optimum capacity.

#### b) Opportunities & Threats



The uninterrupted quality power is available. The availability of coal and its price is a matter of concern as the Company has to procure coal through e-auction market regularly which is very costly than the normal allocation.

c) Segment Performance

During the year 2012-13, segment revenue increased from Rs.549.02 lacs to Rs.657.10 lacs but incurred a loss of Rs.41.62 lacs before interest and tax against loss of Rs.85.77 lacs in the previous year. However, there is a cash profit of Rs.50.62 lacs in this division. Sustained efforts are being taken to improve performance through efficient operations.

d) Outlook

The outlook remains positive.

e) Risks and Concerns:

Imposition of tighter and continuous change in Environmental laws is a concern to the Company. However, the company is continuously upgrading the same to mitigate the risk.

**Internal Control systems and their adequacy**

The Company has adequate internal control systems as per requirements of the Company. A qualified Chartered Accountants firm conducts internal audit, including systems audit, at regular intervals. The Audit Committee of the Company periodically reviews the existing internal control systems and take necessary steps for updation/modification of the same as and when considered necessary.

**Financial Performance & Analysis highlights**

Particulars	Rs.in lacs	
	2012-13	2011-12
Gross Turnover (excluding inter divisional transfers)	6954.08	6336.86
Net Sales	6548.22	6010.08
PBIDT	(239.26)	(278.73)
Interest	151.63	116.87
Profit/(Loss) after Interest	(390.89)	(395.60)
Depreciation	202.42	203.45
Net adjustments in respect of earlier years	1.51	40.29
Provision for Taxation		
- Earlier years	-	2.90
- Deferred Tax	(11.56)	(36.39)
Net Profit/(Loss)	583.26	(605.85)

**Human Resource Development/Industrial Relations**

The Company firmly believes that Human Resources are invaluable assets for any Organization. The effective deployment of capital and furtherance of Company's business are intimately dependent on the quality of human resources. There is, therefore, a continuous review by the Management of the potentiality of the people employed and enhancement of their contribution to the Company through training and development programmes. Industrial relations with the employees remain cordial throughout the year under review. The total manpower strength as on 31<sup>st</sup> March, 2013 was 322.

**Cautionary Statement**

Statement in the "Management's Discussion and Analysis" section describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulation, tax regimes, economic developments within India and other factors such as litigation and labour negotiations.

## Report on Corporate Governance

### 1. Company's Philosophy on Corporate Governance

The Company is committed to good corporate governance and aims at achieving increased levels of transparency and accountability to its shareholders and other key stakeholders.

### 2. Board of Directors

#### a) Composition of the Board

The Board of the Company consists of 5 Directors, out of which 4 are Non-Executive Independent Directors while one is Managing Director. None of the Directors are related to each other.

#### b) Board meetings held during the year

During the year under review, four Board meetings were held on 28<sup>th</sup> May, 2012, 14<sup>th</sup> August, 2012, 08<sup>th</sup> November, 2012 and 14<sup>th</sup> February, 2013.

#### c) Attendance of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies:

Name of the Director/ Age(in Yrs)	Category of Directorship	Attendance particulars			No. of Directorship in other Public Limited Companies (excluding Private Limited/Foreign Companies) and Committee Membership/ Chairmanship		
		Board Meetings Held	Attended	Last AG M	Other Directorships	Committee Member - ships	Committee Chairmanships
Sri J. Chitlangia (50) (Managing Director)	Promoter/ Executive	4	4	No	2	1	-
Sri Abhas Sen (77)	} Non-Executive	4	4	No	1	1	1
Sri Raju Bharat (51)		4	-	No	2	-	-
Sri J.N. Godbole (67)	} & } Independent	4	3	No	14	7	3
Sri Rajeev Ginodia(48)		4	2	No	1	2	-

### 3. Audit Committee

#### Composition

The Audit Committee comprises of three Non-Executive Directors, all of them are Independent Directors. The names of the members of the Audit Committee are Sri Abhas Sen, Sri J.N. Godbole and Sri Rajeev Ginodia. The Managing Director is permanent invitee in all meetings of the Committee. The Company Secretary acts as the Secretary of the Committee.

#### Terms of Reference:

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act. These broadly include approval of annual internal audit plan, review of financial reporting systems, internal control systems, ensuring compliance with regulatory guidelines, discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal and cost auditors, recommendation for appointment of statutory, internal and cost auditors' and their remuneration.

In addition to the above, the committee also reviews the following:

- Management's Discussions and Analysis of Company's operations
- Periodical Internal Audit Reports
- Significant related party transactions
- Financial statements
- Risk framework.

The Company has framed the Audit Committee Charter for the purpose of effective compliance of Clause 49 of the Listing Agreement.

**Meetings and Attendance**

Four audit committee meetings were held during the year on 28<sup>th</sup> May, 2012, 14<sup>th</sup> August, 2012, 08<sup>th</sup> November, 2012 and 14<sup>th</sup> February, 2013.

Name of Director	No.of meetings held	No.of meetings attended
Sri Abhas Sen	4	4
Sri J.N. Godbole	4	3
Sri Rajeev Ginodia	4	2

**4. Remuneration Committee****Composition:**

The Remuneration Committee comprises of two Non-Executive Directors, all of whom are Independent Directors. The names of the members of the Committee are Sri Abhas Sen and Sri Rajeev Ginodia.

**Terms of Reference:**

The terms of reference of Remuneration Committee are to recommend/review the remuneration package of the Managing/Whole-time Directors, based on performance. The remuneration to the whole-time Directors are decided on the basis of following broad criteria:

- Industry trend
- Remuneration package in other comparable corporates.
- Job contents
- Company's performance and individual's key performance areas.

**Meetings and Attendance:**

During the year one meeting was held on 14<sup>th</sup> February, 2013 and attended by Sri Abhas Sen and Sri Rajeev Ginodia.

Details of remuneration to Directors per annum:

Name	Basic Salary (Rs)	Perquisites/ Allowances (Rs)	Sitting Fees (Rs.)	Total (Rs)
Sri J. Chitlangia	3000000	965456	-	3965456
Sri Abhas Sen	-	-	76000	76000
Sri Raju Bharat	-	-	-	-
Sri J.N. Godbole	-	-	52500	52500
Sri Rajeev Ginodia	-	-	41000	41000

**Notes:**

- Appointment of Sri J. Chitlangia, Managing Director was upto 31.03.2013 and has been re-appointed for the period 01.04.2013 to 31.03.2016 subject to approval of the members in General Meeting.
- The Company does not have any scheme for grant of stock options to its Directors or employees.
- The company does not pay any commission or performance linked incentives to any of its Directors.

**Shareholding of Non-Executive Directors**

None of the Non-Executive Directors hold any shares in the Company.

## 5. Shareholders'/Investors' Grievance Committee

### Composition

The Shareholders'/Investors' Grievance Committee consists of Sri Abhas Sen, Non-Executive Independent Director (Chairman of the Committee), Sri Rajeev Ginodia, Non-Executive Independent Director and Sri J. Chitlangia, Managing Director.

### Compliance Officer

Sri V.K. Khanna, President & Company Secretary is the Compliance Officer.

### Shareholders' Complaints

There was no complaint from its shareholders during the year.

## 6. Annual General Meeting

Details of the last three Annual General Meetings are as under:

Year	Location	Date	Time
2009-10	Village Birgahni, Rly & Post Champa-495 671, Dist. Janjgir-Champa, Chhattisgarh.	17.09.2010	11.00 a.m.
2010-11	Same as above	26.08.2011	11.00 a.m.
2011-12	Same as above	21.09.2012	11.00 a.m.

In the last three Annual General Meetings, special resolutions were passed for the re-appointment of M/s. Murari Agrawal & Co., as Auditors of the Company and in the Annual General Meeting held on 17<sup>th</sup> September, 2010, special resolution was passed for reappointment and payment of remuneration to Managing Director. During the year 2012-13, there was no resolution passed by the Company's Members through postal ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passed through postal ballot.

## 7. Disclosures

- a) There are no materially significant transactions with the related parties which Promoters, Directors or the Management, their subsidiaries or relatives conflicting with the company's interests. Suitable disclosures as required by the Accounting Standard (AS 18) have been made in the Annual Report.
- b) There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interest of the Company at large.
- c) Senior Management has made the disclosures to the Board and confirmed that they had no material, financial and commercial transactions that could have a potential conflict with the interest of the company at large.
- d) No penalties or strictures have been imposed on the Company by any Stock Exchange or SEBI or any other statutory authority on any matter relating to capital markets during the last three years.
- e) The Company has not adopted any whistle blower policy. However, no personnel was denied access to the audit committee.
- f) Management Discussion & Analysis, which has been reviewed by the Audit Committee of the company, is a part of the Annual Report.
- g) The Board has adopted a Code of Conduct for Directors and Senior Management. The declaration signed by the Managing Director to the effect that all Board members and Senior Management personnel have affirmed compliance with the code forms part of the Annual Report.
- h) The Chief Executive Officer (Managing Director) and Chief Financial Officer (Company Secretary) have submitted a certificate to the Board of Directors of the Company in connection

with the matters specified in sub-clause V of Clause 49 of the Listing Agreement and forms part of the Annual Report.

- i) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1D of Clause 49 of the Listing Agreement.
  - (i) The Company has set up a Remuneration Committee, details whereof have been given in para 4 of this report.
  - (ii) Financial statements of the Company are unqualified.

**8. Means of Communication**

- a) Quarterly results are normally published in Financial Express in English and Dainik Bhaskar in Hindi.
- b) Latest quarterly financial results are displayed on its website [www.mbpl.in](http://www.mbpl.in)
- c) No presentations were made to institutional investors or analysts.

**9. General Shareholder Information**

**I. Annual General Meeting**

Date and Time : 20<sup>th</sup> September, 2013 at 11.00 a.m.  
 Venue : Village Birgahni, Rly & Post Champa-495 671,  
 Dist. Janjgir-Champa, Chhattisgarh.

**II. Financial Calendar for the year 2013-14 (tentative)**

Results for first quarter : 1<sup>st</sup> week of August  
 Results for second quarter : 1<sup>st</sup> week of November  
 Results for third quarter : 1<sup>st</sup> week of February  
 Annual Audited Results : Last week of May

**III. Book Closure Date** : 13<sup>th</sup> September to 20<sup>th</sup> September, 2013  
 (both days inclusive).

**IV. Dividend Payment Date** : Not Applicable

**V. Listing on Stock Exchanges** : Madhya Pradesh Stock Exchange Ltd., Indore and  
 The Calcutta Stock Exchange Ltd., Kolkata.

**VI. Stock Code Details**

Name of Stock Exchange	Stock Code
Madhya Pradesh Stock Exchange Ltd.	MBPAPE2141
The Calcutta Stock Exchange Ltd.	10023013

**VII. Market Price Data**

No transactions were recorded at the aforesaid Stock Exchanges during the year.

**VIII. Share Transfer System**

Maheshwari Datamatics Pvt.Ltd. are the Share Transfer Agents/Registrars (both for physical as well as demat segments) of the Company. The Company follows a fortnightly cycle for processing and updating share transfers and accordingly all valid transfers are effected within a fortnight.

**IX. Distribution of Shareholding as on 31<sup>st</sup> March, 2013**

No. of shares of Rs.10 each	No. of Shareholders	% of shareholders	No. of shares Held	Shareholding %
1 – 500	219	80.2198	35043	1.0277
501 – 1000	16	5.8608	13050	0.3827
1001 – 2000	6	2.1978	9614	0.2819
2001 – 4000	7	2.5641	19100	0.5601
4001 – 5000	2	0.7326	10000	0.2933
5001 – 10000	3	1.0989	26300	0.7713
10001 & above	20	7.3260	3296893	96.6831
Total	273	100.00	3410000	100.00

#### X. Categories of Shareholding as on 31<sup>st</sup> March, 2013

Categories of Shareholders	No.of shares Held	Shareholding %
Indian Promoters	1948137	57.1301
Banks/Financial Institutions	1255856	36.8286
Private Corporate Bodies	81800	2.3988
Indian Public	124207	3.6425
Total	3410000	100.00

#### XI. Dematerialisation of Equity Shares

The Company's shares are available for dematerialization with NSDL and CDSL. The ISIN allotted to the Company's equity shares is INE697E01017. As on 31.03.2013, 97.26% of total equity share capital is held in dematerialised form with NSDL and CDSL.

#### XII. Outstanding GDR/Warrants and Convertible Instruments: Not Applicable.

XIII. **Plant Location** : Village Birgahni, Rly & Post Champa-495 671  
Dist. Janjgir-Champa, Chhattisgarh.

#### XIV. Address for Correspondence:

Registrar : Maheshwari Datamatics Pvt.Ltd.,  
6, Mangoe Lane, Kolkata-700 001.  
e-mail: [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in)

Company- Registered Office : Madhya Bharat Papers Ltd.,  
Village Birgahni, Rly & Post Champa-495 671  
Dist. Janjgir-Champa, Chhattisgarh.

E-mail id for investor grievances: [mbplcal@vsnl.net](mailto:mbplcal@vsnl.net)

#### **Auditors' Certificate on Corporate Governance to the members of Madhya Bharat Papers Ltd.**

We have examined the compliance of conditions of Corporate Governance by Madhya Bharat Papers Limited for the year ended 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 the conditions of the 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 and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained, there were no Investors' Grievances remaining unattended/pending for more than 30 days as at 31<sup>st</sup> March, 2013 except those under litigation, disputes or court orders.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Murari Agrawal & Co.,  
Chartered Accountants**

**2A, Ganesh Chandra Avenue,  
Kolkata-700 013.  
Dated: 30<sup>th</sup> May, 2013**

**S.M. Agrawal  
Partner.  
Membership No. 53923**