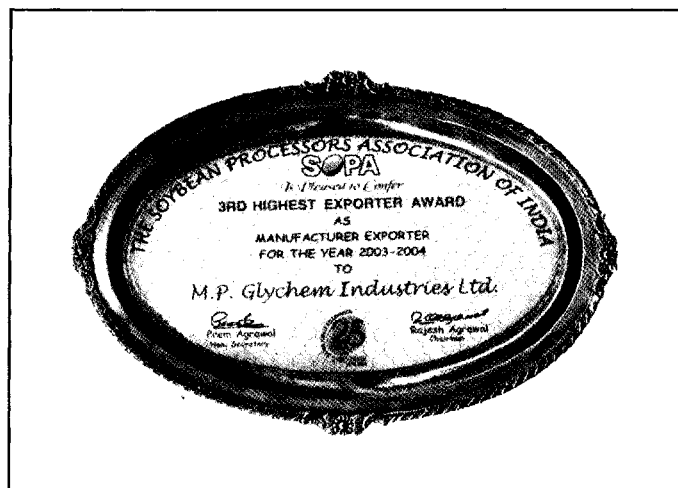
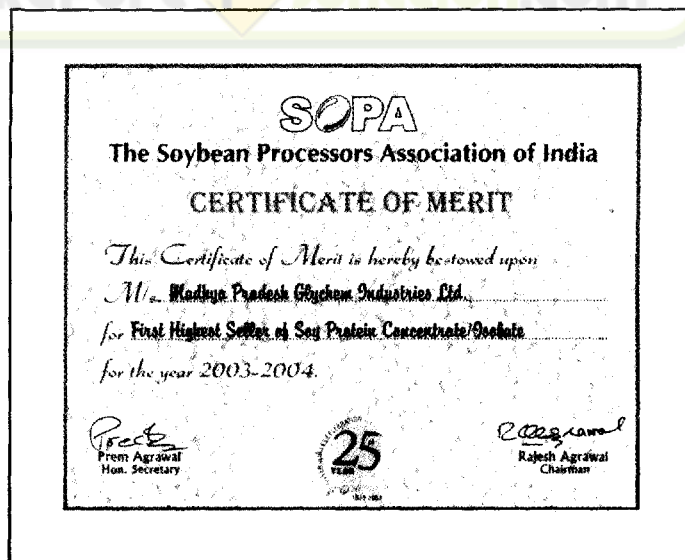


29TH ANNUAL REPORT 2004-05
Madhya Pradesh Glychem Industries Limited



SOPA 3rd Highest Exporter Award for the year 2003-2004



SOPA Certificate of merit for 1st Highest sale of Soy Protein Concentrate/Isolate for the year 2003-2004

Board of Directors

Shri Kailash Chandra Shahra
Shri Suresh Chandra Shahra
Shri Manish Shahra
Shri Ashok Trivedi
Shri P. D. Nagar
Shri P. S. Santhanakrishnan
Shri Hemant Thakkar
Shri Rakesh Khandelwal
Shri Ashok Mehta

Chairman
Managing Director
Executive Director
Whole Time Director

Company Secretary

Manish Parikh

Registered Office

610, Tulsiani Chambers,
Nariman Point, Mumbai - 400 021

Works:

Sal Unit

Vill. Dobhi Distt. Mandla (M.P.)

Food Processing Unit

Vill. Kamti Teh. Godarwara
Distt. Narsinghpur (M.P.)

Dairy (Milk Processing) Unit

Vill. Bilawali, Dewas Maksi Road,
Dewas (M.P.)

Haldia Unit

Bijoyramchak Ward No.9,
P.O. - Durgachak, Haldia
Distt. East - Midnapore (W.B.)

Wind Power Units

1. Village Gorera, Dist. Jaisalmer (Raj.)
2. Village Nagda, Dist. Dewas (M.P.)

Administrative & Corporate Office

201, Mahakosh House,
7/5, South Tukoganj, Indore - 452 001

Registrar & Share Transfer Agent

Sarthak Global Limited
170/10, Film Colony,
R.N.T. Marg,
Indore (M.P.) 452 001

Auditors

Ashok Khasgiwala & Co.
Chartered Accountants

Bankers

Dena Bank
Punjab National Bank
Central Bank of India
Oriental Bank of Commerce
State Bank of Indore
State Bank of Travancore
State Bank of Bikaner & Jaipur
Bank of India
The Jammu & Kashmir Bank Ltd.
Syndicate Bank

**29th Annual General Meeting will be held at Sunville
Deluxe Pavilion, Sunville Building, 9, Dr. Annie
Besant Road, Worli, Mumbai-400 018 on 29th
September, 2005 at 4.00 p.m.**

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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 A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Register of members and share transfer books of the company will remain closed from 23rd September, 2005 to 29th September, 2005, (both days inclusive).
3. The company has already notified closure of register of members and transfer books thereof from Friday, the 23rd September, 2005 to Thursday, the 29th September, 2005 (both days inclusive) for determining the name of members eligible for dividend, if approved, on equity shares. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the depositories for this purpose.
4. Members are requested to :
 - a. complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - b. bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - c. send their questions atleast 10 days in advance before the annual general meeting about any further information on accounts so as to enable the company to answer their questions satisfactorily.
5. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the company on all working days except Saturday between 11:00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
6. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID Nos. for easy identification of attendance at the meeting.

Regd. Office :

610, Tulsiani Chambers,
Nariman Point
Mumbai - 400 021

Place : Indore

Dated : 4th September, 2005

By order of the Board of Directors
(SURESH CHANDRA SHAHRA)
Managing Director

ANNUAL REPORT 2004-05**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting Twenty Ninth Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March, 2005.

FINANCIAL RESULTS

| | 2004-05 | (Rs.in Lacs) 2003-04 |
|--|--------------------|---------------------------------------|
| Sales and other Income | 1,08,422.30 | 1,07,747.36 |
| Gross Profit | 2,223.77 | 2,423.38 |
| Depreciation | 565.04 | 492.55 |
| Profit for the year | 1,658.73 | 1,930.83 |
| Prior period adjustment | --- | (1.64) |
| Profit before tax | 1,658.73 | 1,929.19 |
| Provision for Taxation for the year | 145.00 | 450.00 |
| Provision for Deferred Taxation for the year | 345.46 | 288.08 |
| Income Tax adjustment for earlier years | 2.66 | (25.00) |
| Profit after Taxation | 1,170.93 | 1,166.11 |
| Balance brought forward from previous year | 3,851.18 | 2,976.78 |
| Amount available for appropriation | 5,022.11 | 4,142.89 |
| Transfer to General Reserve | 29.27 | 29.15 |
| Proposed Dividend on Equity Shares | 232.21 | 232.21 |
| Tax on Dividend | 32.57 | 30.35 |
| Surplus Carried to Balance Sheet | 4,728.06 | 3,851.18 |
| | 5,022.11 | 4,142.89 |

DIVIDEND

Your Directors are pleased to recommend a dividend of 11% (Rs. 1.10/- per equity share) for the year ended 31st March, 2005 on Equity Share Capital of Rs.21.11 crores involving an outgo of Rs. 232.21 Lacs. Additionally, dividend distribution tax at 14.025 % (including surcharge & cess) will involve an outlay of Rs. 32.57 Lacs which will be borne by the Company

OPERATIONS

During the year 2004-05, the Indian economy managed to maintain growth momentum despite of deficient monsoon and increasing global prices of oil and steel. During the year under review your Company concentrated more on selling its products in consumer pack and succeeded in increasing manufacturing turnover. The international price of Soya.DOC remained under pressure due to better crop in USA & Brazil and domestic edible oil price also remained competitive due to better crop of other oilseeds. However prudent management policies, better economies of scales and stringent cost control measures enabled us to maintain competitive position in the industry.

During the year under review, Gross Turnover increased from Rs. 107747.36 lacs to Rs. 108422.30 lacs. However, Profit before tax decreased from Rs. 1930.83 lacs to Rs.1658.73 lacs mainly due to lessor Soy crop & lessor Soya crushing margins, while Post tax profit stood at Rs.1170.93 lacs which was marginally higher as compared to previous year.

FOREIGN EXCHANGE EARNINGS

During the year under review, your company's earnings from export of goods on FOB basis was Rs. 94.91 crores as compared to Rs. 219.29 crores in previous year. During the year exports decreased mainly due to lack of proper exports opportunities of various agri-commodities.

AWARD & RECOGNITION

Once again the efforts of the Company has been recognised and the Company has been conferred with following awards from SOPA (The Soybean Processors Association of India) for the financial year 2003-2004.

1. 3rd Highest Exporter of Soybean Meal in Private Sector (Manufacturer Exporter).
2. 1st Certificate of Merit for Highest Sale of Soy Protein Concentrate / Isolet.
3. Certificate of Appreciation for Soyabean Development Work.

PUBLIC DEPOSITS

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

INSURANCE

All properties and insurable interests of the Company including Building and Plant & Machinery have been adequately insured.

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

Information as per section 217(1)(e) read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure 'B' forming part of this Report.

PARTICULARS OF EMPLOYEES

Statement of particulars of employees as required by the provisions of section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, and forming part of the Director's Report is annexed herewith as Annexure 'A'.

HUMAN RESOURCE & INDUSTRIAL RELATIONS

Industrial relations were harmonious throughout the year. The Board wishes to place on record their sincere appreciation to the co-operation extended by all employees in maintaining cordial relations.

SEBI REGULATION AND LISTING FEES

Since SEBI has stipulated electronic filing of Annual Report, Corporate Governance Report, Share holding pattern, etc on website www.sebidifar.nic.in, statements of your company can also be accessed at this website.

The Annual Listing Fees for the year under review has been paid to The Stock Exchange, Mumbai where your company's shares are listed. During the year under review, the securities of Company were delisted from Madhya Pradesh Stock Exchange.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis, Corporate Governance Report and Auditors' certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statement for the period under review. Pursuant to section 217(2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the Director hereby confirm that;

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed;
- (ii) Appropriate accounting policies have been selected and applied consistently and 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 at the end of the financial year and of the profit or loss of the Company for that period;

ANNUAL REPORT 2004-05

- (iii) Proper and sufficient care for 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 have been taken to the best of their knowledge and ability;
- (iv) The annual accounts have been prepared on a "going concern basis".

DIRECTORS

Shri P.S. Santhanakrishnan and Shri P.D. Nagar, Directors of the Company retire by rotation in accordance with the provisions of the Articles of Association of the Company and being eligible offer themselves for reappointment.

AUDITORS & AUDITORS REPORT

M/s. Ashok Khasgiwala & Co., Chartered Accountants, Statutory Auditors of the company, hold office until the conclusion of the forthcoming annual general meeting and are eligible for re-appointment. The company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub-section (3) of section 226 of the Companies Act, 1956, for such appointment.

The notes to the accounts referred to in the auditors report are self explanatory and therefore do not call for any further comments.

ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution during the year. The Directors would also like to thank the shareholders, customers, suppliers, bankers, financial institutions and all other business associates for their continues support given by them to the Company and their confidence in the management.

Dated : 4th September, 2005
Place : Indore

For and on behalf of the Board of Directors
(KAILASH CHANDRA SHAHRA)
Chairman

ANNEXURE 'A' TO THE DIRECTOR'S REPORT

Statement of particulars of employees as required by the provisions of section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, and forming part of the Director's Report for the year 2004-05.

| Name | Designation | Qualification | Experience | Date of Joining | Remuneration (in Rs.) | Age (yrs.) | Last employment |
|----------------------------|-------------------|---------------|------------|-----------------|-----------------------|------------|-----------------|
| Shri Suresh Chandra Shahra | Managing Director | B.E. | 40 years | 26-07-93 | 24,09,360 | 61 | N.A. |

Notes:

1. Nature of employment is contractual. Other terms & conditions are as per the Company's rules.
2. Shri Suresh Chandra Shahra is related to Shri Kailash Chandra Shahra, Chairman and Shri Manish Shahra, Executive Director of the Company.
3. Remuneration received includes salary, contribution to provident fund, gratuity fund and other perquisites evaluated in accordance with the Income Tax rules as applicable.

ANNEXURE 'B' TO DIRECTORS' REPORT

Information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2005.

| | Current Year 2004-05 | Previous Year 2003-04 |
|--|-------------------------|--------------------------|
| 1. CONSERVATION OF ENERGY | | |
| A. Power & Fuel Consumption | | |
| 1. Electricity | | |
| (a) Units Purchased | 1,51,72,579 | 90,73,836 |
| Total Amount (Rs.) | 6,64,70,268 | 4,48,15,102 |
| Rate/Unit(Rs.) | 4.38 | 4.94 |
| (b) Own Generation | | |
| Units produced | 4,75,490 | 46,79,306 |
| Total Amount (Rs.) | 38,24,909 | 1,76,70,520 |
| Rate / Unit (Rs.) | 8.04 | 3.78 |
| 2. Coal | | |
| Quantity (in MT) | 28,893 | 26,766 |
| Total Cost (Rs.) | 5,67,35,126 | 4,88,93,449 |
| Average Rate per MT (Rs.) | 1,963.63 | 1826.69 |
| 3 Furnace Oil/SKO/ Diesel | | |
| Quantity in Ltrs | 11,43,991 | 10,45,003 |
| Total Cost (Rs.) | 2,42,79,093 | 1,25,73,751 |
| Rate Per Unit (Rs.) | 21.22 | 12.03 |
| B. Consumption per unit of production | | |
| Electricity (Unit) | 47.20 | 44.76 |
| Furnace Oil (Ltrs) | 7.78 | 6.82 |
| Coal (MT) | 0.09 | 0.09 |

2. TECHNOLOGY ABSORPTION

The company is keeping pace with the developments in the milk processing, solvent extraction and refining process and adapting its plants in line with these developments.

3. FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the foreign exchange outgo was Rs.35,648 Lacs (Previous Year Rs. 39,162 Lacs) and the foreign exchange earning on exports was Rs.9,491 Lacs (Previous year Rs. 21,929 Lacs).

For and on behalf of the Board of Directors

(KAILASH CHANDRA SHAHRA)
Chairman

Dated : 4th September, 2005
Place : Indore

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**A. Industry Structure and Developments**

After a highest growth rate of 8.5% in previous year, in 2004-05 the Indian Economy has managed to maintain growth rate of 6.9%, despite a deficient monsoon and increasing global prices of oil and steel. Though the economic growth rate in 2004-05 is less than that of 2003-04, it is still among the high growth rate in India after independence. However, agriculture growth rate fell sharply from its 2003-04 level of 9 % to 1.1% in the current year primarily because of a bad monsoon; this has resulted in declining share of agriculture in total GDP. When more than 58% of country's population depends on agriculture, this sector has produced only 22% of GDP. Thus, there is a paramount need to move Indian agriculture beyond its centuries old dependency on monsoon. This can be achieved by bringing more area under irrigation and by better water management.

B. Opportunities & Threats**a. Seed Extraction, Oil and Vanaspati Business :**

After a remarkable recovery in 2003-04 due to favourable monsoon, oils seeds production in 2004-05 has slightly came down. According to The Central Organization for Oil Industry & Trade estimates updated in March, 2005 oil seeds production in year 2004-05 is estimated at 219.30 lakh tonnes consisting of kharif 123.60 lakh tonnes and rabi 95.70 lakh tonnes as compared to total 233.00 lakh tonnes in 2003-04. The availability of indigenous edible oils has come down marginally in 2004-05 as 74.2 lakh tonnes as compared to 75.9 lakh tonnes in 2003-04. During 2004-05 edible oil imports amounted to about 44.42 lakh tonnes as against 51.70 lakh tonnes in the comparative period of last year.

After a upswing in export of oil meals in the previous years, a steep decrease has been registered in 2004-05. Export of oil meals jumped down to 26.85 lakh tonnes in 2004-05 as compared to 33.23 lakh tonnes in 2003-04.

According to projections made by the Ministry of Agriculture, the targeted production of oil seeds is 278 and 294 lakh tonnes in 2005-06 and 2006-07 against which the demand is projected at 379 and 402 lakh tonnes respectively. This will result in a massive 27 percent shortage in each of the two seasons. This will result in increase in import of crude oil.

b. Dairy Business :

According to Food & Agriculture Organization of United States in its Dairy Market Assessment of June-05, world milk output is likely to grow by 2.8% with the bulk of the growth expected among developing countries including India, the world's largest milk producing country having output growth of 5% annually with milk production of 95.4 million tonnes in 2004-05, which amounts to half of the total milk output of Asia.

In India with increasing understanding of quality milk and dairy products, consciousness about nutrition and unadulterated pasteurized liquid milk and increasing demand of western dairy products like cheese, butter and ice-cream, companies are increasingly coming up with new milk base beverages and the products are well accepted in the market place. In years to come greater demand for unadulterated pasteurized liquid milk in poly pouches will be the thrust area for growth.

c. Others :

In spite of deficient monsoon, the current year has seen reasonable growth in agrj sector. The company tried hard to keep pace with exceptional performance of previous year and got success in same. Our core competence remained in import-export operations and vast experience in agro-industry. The company proposes to continue to recognize the full potential of agro commodities offer.

The future performance of your company would depend to a large extent on its ability to successfully introduce and market refined vegetable oils, vanaspati & dairy products. We are hopeful that through the combination of market developments and expansion activity, there will be healthy growth over the next few years.

MADHYA PRADESH GLYCHEM INDUSTRIES LIMITED**C. Segment-wise or product-wise performance**

Your company has identified five business segments in line with the accounting standard on segment reporting.

These are:

| | | |
|-----------------|---|--|
| Oil | - | Crude oil and Refined oil |
| Vanaspati | - | Vanaspati |
| Seed Extraction | - | All types of Seed Extraction |
| Dairy Products | - | Milk, Ghee, Milk Powder and other Dairy products |
| Wind Power | - | Wind Power Generation |
| Others | - | Wheat, Pulses, Kerosene (SKO), etc. |

The segment wise performance in detail is given in Schedule 21, note 16 to the audited accounts of the company as available in this annual report.

D. Outlook

After successful entry in eastern part of India, the state of Orissa and Bihar have also welcomed edible oil products of Haldia unit and endeavors are continue to enter into market of other parts of India. We have started concentrating more on consumer packaged products instead of bulk and hopeful that this will further strengthen position in the market.

Further, in addition to Wind Power Project in Rajsthan, we have also commissioned second Wind Power Project in Madhya Pradesh. Both plants have started generating electricity in 2004-05. Electricity produced in Rajsthan Plant is being sold to Rajsthan State Electricity Board (RSEB) while in Madhya Pradesh we have captive consumption in our plant and remaining electricity, if any, is sold to Madhya Pradesh Electricity Board. We see ecological power generation as the sunrise industry of tomorrow and have positioned ourselves to save the nature and to reap the reward for our stakeholders.

Due to scanty monsoon, oilseeds crop is likely to decrease in current year but the Company will not have negative impact of the same on production since farmers are having buffer stocks of oilseeds and the same will be available to the Company during shortage of oilseeds.

With our strong focus on core business activities and our competitive position, better performance is expected in the years to come.

E. Risk and concerns

The major risk and concerns attributed to the performance of the company are :

- The company is exposed to risks from market fluctuation of foreign exchange. Hence the erratic movement in foreign exchange rates and international prices of edible oil may influence the performance of the company. Change in duty structure may affect adversely.
- Increase in input costs, change in tax structure, change in interest rates, changes in govt. policies / laws of land, development and stability of Indian economy against the negative external and internal forces may also impact the overall performance of the company.
- Profitability may be affected on account of competition from existing and prospective manufacturers of the company's products.

F. Internal control system and their adequacy

Your company has good and effective internal control system for its various units in respect of efficiency of operations, financial reporting, proper recording and safeguarding of assets, compliance with applicable laws and regulations, etc.

The adequacy of the same has been reported by the statutory auditors of your company in their report as required under the Companies (Auditors Report) Order, 2003.