



Mid India Industries Limited

Regd. Office : Textile Mill Area,
Mandsaur - 458 001 (M.P.) India

Board of Directors

Shri Pradeep Ganediwal, **Managing Director**
 Shri Pradyumn Ganediwal, **Director**
 Shri Shanker Prasad Mansinghaka, **Director**
 Shri Shreeram Singh, **Director**
 Shri Aneet Jain, **Director**
 Shri Ajay Kumar Dubey, **Director**

Audit Committee of the Board

Shri Shreeram Singh, **Chairman**
 Shri Aneet Jain
 Shri Shanker Prasad Mansinghaka

Share Holder's / Investor's Grievance Committee of the Board

Shri Aneet Jain, **Chairman**
 Shri Shreeram Singh
 Shri Shanker Prasad Mansinghaka

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Registered Office & Works

Textile Mill Area
 Mandsaur - 458 001 (M.P.)

Corporate Office

2/3, New Palasia
 Pt. Ramnarayan Shastri Marg
 Indore - 452 001 (M.P.)

Auditors

M/s.Kamal Nayan Singhal & Company
 Chartered Accountants
 55, Murai Mohalla
 Indore - 452 001

Cost Auditor

M/s. K.G Goyal & Co.
 Cost Accountants
 8, Chitragupta Nagar I,
 Jyoti Nagar Railway Crossing,
 Jaipur 302 005

Registrar & Transfer Agent

M/s. Ankit Consultancy Pvt. Ltd.,
 2nd Floor, Alankar Point,
 Indore - 452 001 (M.P.)

Bankers

Dena Bank

ANNUAL GENERAL MEETING

On Friday, 22nd September, 2006
 at 11.00 a.m. at Textile Mill Area,
 Mandsaur (M.P.)

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting



NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of MID INDIA INDUSTRIES LIMITED will be held on Friday the 22nd day of September, 2006 at Registered Office of the Company at Textile Mill Area, Near Railway Station, Mandsaur (M.P.) at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2006 and the Balance Sheet as on that date and Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Shri Shanker Prasad Mansinghaka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri Aneet Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the company to hold the office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following resolution, as an Ordinary Resolution:
 “RESOLVED THAT Shri Ajay Kumar Dubey, who was co-opted by the Board as an Additional Director with effect from 25th March, 2006 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company, liable to retire by rotation.”
6. To consider and if thought fit, to pass with or without modifications, the following resolution, as a Special Resolution:
 “RESOLVED THAT the Issued, Subscribed and Paid up equity share capital of the company be reduced, subject to Section 100 (1)(b) and any other applicable provisions of Companies Act, 1956, Rules and guidelines framed by the SEBI, Stock Exchanges, Board and/or any other authority and subject to such approvals, permissions and sanctions, as may be necessary and further confirmation by the appropriate bench of Hon’ble High Court of Madhya Pradesh as may be required, from the existing capital of Rs. 16,30,00,000/- (Rupees sixteen crores thirty lacs only) divided in to 1,63,00,000 (one crore sixty three lacs) Equity Shares of the face values of Rs 10/- (ten) each to Issued, subscribed and Paid up share capital of Rs. 3,26,00,000/- (Rupees three crores twenty six lacs only) divided in to 1,63,00,000 (one crore sixty three lacs) Equity Shares of the face value of Rs 2/- (two) each, by reducing the face value of the equity shares from Rs. 10/-(ten) each to Rs. 2/- (two) each and by cancelling the face value to the extent of Rs 8/- (eight) per Equity Share aggregating to Rs 13,04,00,000/- (Rupees thirteen crores four lacs only);

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RESOLVED FURTHER THAT the lost capital which is not represented by assets, to the extent of Rs 13,04,00,000/- (Rupees thirteen crores four lacs only) representing the total reduction in the Issued, Subscribed and Paid up Equity Share Capital of the Company together with the amount to the extent of Rs 5,00,000/- (Rupees five lacs only) drawn from the Capital Reserves Account be adjusted towards the debit balance of Rs 14,39,28,477/- (Rupees fourteen crores thirty nine lacs twenty eight thousand four hundred seventy seven only) under the head "Profit & Loss Account" in the Balance Sheet as at March 31, 2005, leaving the debit balance of Rs 1,30,28,477/- (Rupees one crore thirty lacs twenty eight thousand four hundred seventy seven only) in the said Account."

7. To consider and if thought fit, to pass with or without modifications, the following resolution, as a Special Resolution:

"RESOLVED THAT subject to the provisions of The Companies Act, 1956 and The Rules there under and the guidelines framed by the Securities and Exchange Board of India like SEBI (De-listing of Securities) Guidelines, 2003 and any other stipulation by the Stock Exchange (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals, permissions and sanctions, as may be necessary, consent is hereby accorded to the Board of Directors of the company to voluntarily de-list the equity shares of the company from Madhya Pradesh Stock Exchange."

Report Junction

For and on behalf of the Board

Place : MANDSAUR

(PRADEEP GANEDIWAL)

Dated : 21/08/2006

Managing 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 SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, the 20th day of September, 2006 to Thursday, the 21st day of September, 2006 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report with them for meeting.
5. The Company has entered into agreements with NSDL and CDSL for dematerialisation of its shares. The members are requested to take the benefit of the same.



EXPLANATORY STATEMENT:

The following explanatory statement relating to the Special Business No 5, 6 and 7 of the accompanying notice sets out all material facts as required under section 173 of the Companies Act, 1956.

Item No.5

The Board of Directors in its meeting held on 25th March, 2006 had appointed Shri Ajay Kumar Dubey as an Additional Non-Executive Independent Director of the Company in terms of Section 260 of the Companies Act, 1956 to hold the office only up to the date of ensuring Annual General Meeting.

Notice under Section 257 of the Companies Act, 1956 has been received from the members of the Company proposing candidature of Shree Ajay Kumar Dubey for the office of Director of the Company.

The Board of Directors recommends for your approval the appointment of Shri Ajay Kumar Dubey as Director of the Company, liable to retire by rotation.

None of the Directors except Shree Ajay Kumar Dubey is concerned or interested in the resolution.

Item No. 6

The company has incurred losses since 1997-98 resulting in complete erosion of net worth by the year 2002 i.e. the worst hit period of textiles. The company was registered as a sick Industrial unit with BIFR on 16.06.2003. The company has unabsorbed losses of Rs. 14,39,28,477/- as on 31.03.2005 as against the paid up capital of Rs. 14,39,15,000/-. As on date, the Paid-up capital of the company is Rs. 16.30 crores.

The promoters of the company are major stake holders holding more than 47% stake and also representing in the management of the company, therefore primarily keen to revive the company. The capital as stands today is not fully represented by the assets of the company. To depict the actual financial position and true picture of the affairs of the company, it is proposed to cancel the paid up capital, to the extent it is lost and not supported by the available assets.

As a measure of financial restructuring and to cancel the paid up capital which is lost and unrepresented by available assets, the Board proposes to pass a special resolution to reduce the face value of the equity shares from existing Rs. 10/-(ten) each to Rs. 2/- (two) each. It will result in reduction of company's Issued, Subscribed and Paid up equity share capital from Rs.16,30,00,000/- divided into 1,63,00,000 Equity Shares of the face values of Rs 10/- each to Rs. 3,26,00,000/- divided into 1,63,00,000 Equity Shares of the face values of Rs 2/- each, subject to confirmation by appropriate bench of Hon'ble High Court of Madhya Pradesh and/or any other Board/Authority as may be required.

The Board proposes to utilise the total reduction of Rs 13,04,00,000/- in the Issued, Subscribed and Paid up Equity Share Capital of the Company together with the amount of Rs 5,00,000/- drawn

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from Capital Reserves Account for adjustment towards the debit balance of Rs 14,39,28,477/- under the head "Profit & Loss Account" in the Balance Sheet as at March 31, 2005, leaving the debit balance of Rs 1,30,28,477/- in the said Account."

None of the directors of the company is interested in the resolution except to the extent the shares owned by them in the Company. The Board Recommends passing of the resolution.

Item No. 7

The equity shares of the company were initially listed at Bombay Stock Exchange Ltd, Ahmedabad Stock Exchange Ltd., Ahmedabad, The Delhi Stock Exchange Association Ltd and Madhya Pradesh Stock Exchange.

The company has passed a Special Resolution in its 9th Annual General Meeting held at registered office of the company on 25th September, 2000 for de-listing of its equity shares from Ahmedabad Stock Exchange Ltd., Ahmedabad and The Delhi Stock Exchange Association Ltd. The shares were remain listed at Madhya Pradesh Stock Exchange, being regional stock exchange and Bombay Stock Exchange Limited.

In accordance with the SEBI (De-listing of Securities) Guidelines, 2003, the companies are permitted to de-list its equity shares even from the regional stock exchange subject to continued listing at any national level stock exchange.

In view of the above, your directors propose to voluntarily de-list the securities of the company from Madhya Pradesh Stock Exchange as a part of cost reduction drive and therefore seek the approval of the members by passing a Special Resolution as proposed in the notice. There is virtually no transaction in the equity shares of the company at Madhya Pradesh Stock Exchange. The members of the exchange also transact their trades through Bombay Stock Exchange Ltd. In view of the above the equity shares of the company shall remain listed at Bombay Stock Exchange Ltd.

None of the directors is interested in the resolution. The Board recommends passing the resolution.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN ANNUAL GENERAL MEETING FIXED FOR 22ND SEPTEMBER, 2006

| | | | |
|---|---|---|--------------------|
| Name of Director | Shankerprasad Mansinghka | Aneet Jain | Ajay Kumar Dubey |
| Date of Birth | 12.04.1938 | 25.07.1973 | 15.07.1957 |
| Date of Appointment | 23.04.1992 | 30.04.2002 | 25.03.2006 |
| Qualification | - | M.M.S. | B. Tech. |
| Expertise in Specific Functional Area | Finance | Commercial | Textile Technology |
| List of Companies in which outside Directorship held* | - | - | - |
| Chairman/Member of the Committee of Board of Directors of the Companies | Mid India Industries Ltd. a. Audit Committee b. Shareholder's Grievances Committee. | Mid India Industries Ltd. a. Audit Committee b. Shareholder's Grievances Committee. | - |

* Excluding Private Limited Companies.



DIRECTORS' REPORT

Your Directors have pleasure in presenting Fifteenth Annual Report on the business and operations with Audited Statement of Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

(Rs. in Lacs)

| Particulars | 01/04/2005 to 31/03/2006 | 01/04/2004 to 31/03/2005 |
|--|-----------------------------|-----------------------------|
| Turnover and Other Income | 1671.31 | 1144.12 |
| Profit/(Loss) before Interest and Depreciation | 102.46 | 130.58 |
| Interest | 0.00 | 0.00 |
| Profit/(Loss) after Interest but before Depreciation | 102.46 | 130.58 |
| Depreciation | 67.87 | 105.54 |
| Net Profit/(Loss) from Operation | 34.59 | 25.03 |
| Net Profit/(Loss) | 34.59 | 25.03 |

OPERATIONS

The company has performed better in the year. Under review it has improved its working resulting in enhanced production of 17.18 lacs Kgs of yarn as against 12.10 lacs Kgs for the previous year ended on 31st March, 2005. The turnover has increased to Rs. 1671.31 lacs as against Rs. 1144.12 lacs of the last year. It has earned net profit of Rs. 34.59 lacs after providing for depreciation.

DIVIDEND

In view of the carry forward losses of the company, the Directors regret their inability to recommend any dividend.

DIRECTORS

In accordance with provisions of Companies Act, 1956 and Company's Articles of Association Shri Shanker Prasad Mansinghka and Shri Aneet Jain retire by rotation and are eligible for reappointment.

Your directors are pleased to report that during the year under review, Shree Ajay Kumar Dubey was co-opted as an Additional Director. Shri Ajay Kumar Dubey, hold office, u/s 260 of the Companies Act, 1956, only upto conclusion of this Annual General Meeting and as such, their candidature for directorship are being propose at this Annual General Meeting.

**CORPORATE GOVERNANCE**

A separate section on Corporate Governance forming part of the Director's Report and the certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the listing agreement is included in the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors state as under:

- (i) That in the preparation of Annual Accounts, the applicable accounting standards have been followed and there has been no material departure;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgment 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 to the financial year and of the profit of the Company for that period;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for prevention and detecting fraud and other irregularities to the best of their knowledge and ability;
- (iv) That the Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s Kamal Nayan Singhal & Co., Statutory auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received certificate from Auditor to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956.

AUDITORS OBSERVATIONS

The observations of the Auditors as referred to in the Auditors' Report are suitably explained in the Notes to the Accounts.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 is not applicable as there is no employee coming under the preview of Section 217(2A) of the Act.



INDUSTRIAL RELATIONS

The directors are happy to report that the company had harmonious industrial relations at all levels of organisation. It will be the endeavor of the company to continue to maintain good industrial climate.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOINGS.

In term of Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the report of Board of Directors):

| | | |
|--|--|-------------------------|
| 1. Conservation of energy: | | |
| Power & Fuel consumption: | 01/04/05 to 31/03/06 | 01/04/04 to 31/03/05 |
| (a) Electricity: | | |
| Purchased: | | |
| Unit (Kwh) | 4842025 | 3313925 |
| Total Amount (Rs.) | 19070199 | 14448979 |
| Rate per Unit (Rs./Kwh) | 3.94 | 4.36 |
| (b) Consumption per Unit of production: | | |
| Production (Kgs.) | 1718379 | 1210190 |
| Electricity (Kwh/Kg.) | 2.82 | 2.74 |
| 2. Technology absorption: | | |
| The plant do not require any specific technology | | |
| 3. Foreign Exchange earnings/outgo | 01/04/05 (Rs. in Lakhs) to 31/03/06 | 01/04/04 to 31/03/05 |
| (a) Foreign Exchange earned | | |
| i) Sale of Yarn | -- | -- |
| ii) Other Income | 247.09 | 68.91 |
| (b) Foreign Exchange used | | |
| i) Foreign Travel Expenses | 3.21 | 7.32 |
| ii) Stores & Spares | 0.00 | 0.52 |

**Annual Report for the year ended 31-03-2006**

APPRECIATION

Your Directors would take this opportunity to place on record their profound appreciation for the pains taking efforts made by the Officers, staff and workers of the company. The directors also wish to express their sincere appreciation to valued clients, bankers, Government Departments and Shareholders for their continued support.

for and on behalf of the Board

MANDSAUR

21/08/2006

(PRADEEP GANEDIWAL)

CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRY STRUCTURE AND DEVELOPMENT**

The company is engaged in manufacturing and marketing of different types of Cotton Yarn. There has been growing demand of the products manufactured by your Company.

HIGHLIGHTS OF PERFORMANCE

The same has been given in the Directors Report under the heading of 'FINANCIAL RESULTS.' And 'OPERATIONS'.

OPPORTUNITIES AND THREATS/ RISK AND CONCERNS

With the opening of international market of textiles there are vast opportunities for the products of the Company. There are some threats from the global competitors.

INTERNAL CONTROL SYSTEM

The Company has proper internal control system which provides adequate safeguard and effective monitoring of the transactions.

HUMAN RESOURCES

Various initiatives have been taken to enhance the skills, knowledge and competency of the employees. The industrial relations remained harmonious throughout the year.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could influence the Company's operations include competition, government policies and regulations.