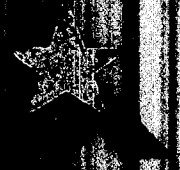
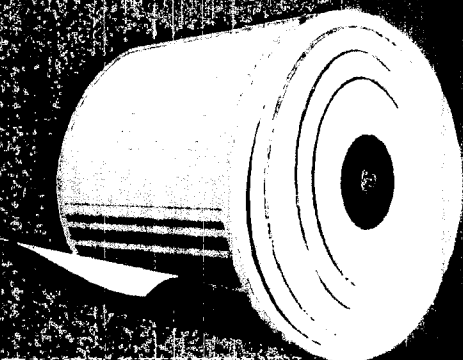


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MADEYADESH
PAPERS LTD.

5TH ANNUAL REPORT 1997-98



MADHYADESH PAPERS LIMITED



BOARD OF DIRECTORS :

| | |
|-----------------------------|------------------------|
| SHRI RAMGOPAL N. MAHESHWARI | Chairman |
| SHRI PRAKASH R. MAHESHWARI | Vice-Chairman |
| SHRI NIMISH V. MAHESHWARI | Managing Director |
| SHRI VINOD K. MAHESHWARI | Director |
| SHRI PRAFULLA K. MAHESHWARI | Director |
| SHRI SUDARSHAN L. RATHI | Director |
| SHRI RADHAVALLABH R. DHOOT | Director |
| SHRI M.R.CHANDURKAR | Director |
| SHRI NARINDER KUMAR | Nominee Director -IFCI |

COMPANY SECRETARY : SHRI VILAS D. NICHAT

AUDITORS : M/S. KHATRI & IYER,
Chartered Accountants
117, Zal Complex, Residency Road, Sadar
NAGPUR - 440 018.

BANKERS : ORIENTAL BANK OF COMMERCE
Kingsway,
NAGPUR-440 001

REGISTERED OFFICE : NAVA BHARAT BHAWAN,
Cotton Market,
NAGPUR - 440 018
PH : 726677, 88,99 FAX : +91(712) - 723444

ADMINISTRATIVE OFFICE : East High Court Road,
15, Kachipura Park, New Ramdaspeth,
NAGPUR - 440 010
PH : 527766, 553969 FAX : 0712 - 542233

PLANT : Village Manegaon
Taluka Saoner,
DIST - NAGPUR
PH : 07113-32400, 32398 FAX : 07113-32401

CERTIFIED TRUE COPY

FOR MADHYADESH PAPERS LIMITED

Vilas D. Nishat

VILAS D. NICHAT

MADHYADESH PAPERS LIMITED



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MADHYADESH PAPERS LIMITED



NOTICE TO MEMBERS

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of MADHYADESH PAPERS LIMITED will be held on Wednesday, the 5th August, 1998 at 10.00 A.M. at Vidarbha Industries Association Hall, Udyog Bhavan, Civil Lines, NAGPUR - 440 001, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Prakash R. Maheshwari who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Sudarshan L. Rathie who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Radhavallabh R. Dhoot who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of section 310 of the Companies Act, 1956 and subject to the approval of IFCL, the consent of the Company be and is hereby accorded to the increase in the remuneration of Shri. Nimish V. Maheshwari, the Managing Director of the Company from Rs. 10,000/- per month to Rs. 50,000/- per month with an option to review the same annually by way of salary with effect from 1st April, 1998, the other terms and conditions including commission and perquisites remaining unchanged."

Registered Office :

Nava Bharat Bhavan,
Cotton Market,
NAGPUR - 440 018

By Order of the Board,

VILAS D. NICHAT
COMPANY SECRETARY

Dated : June 06, 1998

MADHYADESH PAPERS LIMITED



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 THE PROXY NEED NOT BE A MEMBER.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd July to 5th August, 1998 (both days inclusive).
3. Dividend, if declared, at the Meeting will be paid to the Members whose names appear in the Register of Members on 5th August, 1998.
4. Members are requested to :
 - a) Intimate to the Company the changes, if any, in their registered addresses along with **Pin Code Number**
 - b) Quote their **Folio Number**.
5. Members who have multiple folios with identical order of names are requested to intimate to the Company these folios to enable the Company to consolidate all shareholdings into one folio.
6. It is suggested, in the interest of the Members, that they intimate the name, address of the Bank and account number to enable printing of these particulars on the dividend warrants for despatch to the members. This is advisable as a measure of abundant caution to minimize possibility of loss due to dividend warrants falling into improper hands.
7. A blank proxy form is sent herewith.
8. The instrument appointing proxy should however, be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting.
9. Shareholders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Meeting.
10. Members are requested to bring their copies of Annual Report to the Meeting.
11. The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
12. Members are requested to make all correspondence relating to share department at the following address :

LIGHTHOUSE SYSTEMS
C-22, YUGDHARMA COMPLEX,
CENTRAL BAZAR ROAD, RAMDASPETH,
NAGPUR - 440 010.

MADHYADESH PAPERS LIMITED



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

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

Item No.7

In appreciation of the substantial contributions and deliberations made by the Managing Director, Shri Nimish V. Maheshwari in the growth of your Company and in view of his increased responsibilities, the Board of Directors of the Company considered it necessary to increase his remuneration effective from 1st April, 1998.

It may be mentioned that the proposed increase in monthly remuneration by way of salary of Shri Nimish V. Maheshwari is in conformity with the provisions of Schedule XIII of the Companies Act, 1956.

Increase in remuneration of any Director including Managing Director requires approval of Members by an ordinary resolution pursuant to section 310 of the Companies Act, 1956. The Directors recommend that the resolution be passed.

Shri Nimish V. Maheshwari is interested in the said resolution. Shri Ramgopal N. Maheshwari, Shri Prakash R. Maheshwari, Shri Vinod K. Maheshwari and Shri Prafulla K. Maheshwari is deemed to be interested in the said resolution as relatives in terms of section 6 of the Companies Act, 1956.

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MADHYADESH PAPERS LIMITED**DIRECTORS' REPORT**

To the Members of **MADHYADESH PAPERS LIMITED**

The Directors are pleased to present the Fifth Annual Report and Audited Statement of Accounts for the year ended 31st March, 1998.

1. FINANCIAL RESULTS :

RUPEES

| | | |
|-----------------------------------|------------------|---------------------|
| SALES AND OTHER INCOME | | <u>21,54,10,811</u> |
| Gross Profit | | 3,93,32,993 |
| Less : Interest | 1,24,74,679 | |
| Depreciation | <u>67,41,297</u> | <u>1,92,15,976</u> |
| Profit Before Tax | | 2,01,17,017 |
| Less : Provision For Taxation | | <u>21,12,287</u> |
| Profit After Tax | | 1,80,04,730 |
| Add : Surplus Brought Forward | | 41,88,315 |
| : Prior Period Adjustment : | | |
| Income tax paid for earlier years | | <u>(6,03,419)</u> |
| | | 2,15,89,626 |
| Less : Appropriations | | |
| : Provision for dividend | | 71,85,200 |
| : Provision for dividend tax | | 7,18,520 |
| : Transfer to General Reserves | | <u>50,00,000</u> |
| Balance carried forward | | <u>86,85,906</u> |

As can be seen from the above, your Company has achieved a turnover of Rs. 21,54,10,811 and has been able to generate a cash to the extent of Rs. 2,68,70,445.

A provision for dividend and dividend tax of Rs. 79,03,720 and transfer to the reserves of Rs. 50,00,000 leave a balance of Rs. 86,85,906 which is carried over to the balance sheet.

DIVIDEND

Your Directors are pleased to recommend a payment of dividend of 10% i.e. Re.1.00 per share (tax free) for the year ended 31st March, 1998. The proposed dividend will be paid to all those shareholders whose names appear in the Register of Members of the Company on 5th August, 1998.

EXPANSION

Looking to the excellent performance of your Company during the year, your Directors have undertaken the expansion scheme thereby increasing the installed capacity from 46 TPD to 70 TPD.

We are glad to inform you that IFCI appraised the scheme costing Rs. 606 lacs and also sanctioned a Rupee Term Loan of Rs. 450 lacs.

MADHYADESH PAPERS LIMITED

Your Directors are confident that the Company would commence production at enhanced installed capacity soon and achieve larger turnover and profits during the current year.

CAPTIVE POWER PROJECT

In order to meet out the increased power requirements of the Company and to achieve an uninterrupted production at an increased capacity of 70 TPD, the Company is planning to set up a Captive Power Project with an installed capacity of 3.5 MW at Malegaon, Taluka - Saoner, District - Nagpur which is proposed to be financed through the Rupee Term Loans from the financial institutions and internal accruals. The project will be set up utilising indigenous technology. The entire power generated through the project is proposed to be used for captive consumption by the Company.

LISTED IN SCHEDULE I OF NEWSPRINT CONTROL ORDER, 1962

The name of the Company has been notified by the Central Government as a Mill producing Newsprint, under the Essential Commodities Act, 1955 and Newsprint Control Order, 1962 w.e.f. 20.11.1997. The Company has therefore been exempt from the payment of excise duty on the Newsprint which is providing a long term competitive edge to it.

WORKING AND FUTURE PROSPECTS

During the year under review, despite a recessionary phase of paper industry, your Company has recorded an impressive performance. Within the very first year of full operation, the Company has achieved capacity utilisation of 91 % with a production of 13,847 MT as against 5,373 MT (for six months' operation) in the previous year which was the very first year of its operation.

The Company posted a sales turnover of Rs. 2214.86 Lacs (13814 MT) as against Rs. 922.46 Lacs (5346 MT) in the previous year. The profit before tax is Rs. 201.17 Lacs as against Rs. 30.14 Lacs in the previous year.

There has been a remarkable improvement in the performance of the Company and the quality of its products over the period of time.

The Captive Power Project envisaged by the Company would certainly prove to be extremely advantageous enabling it to enhance its production of Newsprint to the optimum capacity thereby increasing the profitability during the years to come.

PARTICULARS OF EMPLOYEES

None of the employees was in receipt of remuneration of Rs.25,000/- or more per month during the year. Therefore the particulars of employees as required by provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies(Particulars Of Employees) Rules, 1975 are not furnished.

OTHER PARTICULARS

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report Of Board Of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed hereto forming part of this report.

DIRECTORS

Shri Prakash R. Maheshwari, after the acceptance of his resignation from the office of Managing Director effective