



**7TH ANNUAL REPORT 1999-2000**



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**MADHYADESH PAPERS LIMITED**

**BOARD OF DIRECTORS** : SHRI VINOD MAHESHWARI Chairman  
 SHRI PRAKASH R. MAHESHWARI Vice-Chairman  
 SHRI NIMISH V. MAHESHWARI Managing Director  
 SHRI RADHAVALLABH R. DHOOT Director

**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

STATE BANK OF INDIA  
 Industrial Finance Branch,  
 Bharat Nagar,  
 NAGPUR - 440 010

THE FEDERAL BANK LIMITED  
 Ramdaspath, NAGPUR - 440 010

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

**ADMN. OFFICE** : Kshitish, 4/1, Somalwada,  
 Near Bank of India,  
 Wardha Road,  
 NAGPUR - 440 025  
 PH: 264955, 264877 FAX : 0712-264944

**PLANT** : Village : Manegaon  
 Taluka : Saoner  
 Dist. : NAGPUR  
 PH : 07113-32400, 32398  
 FAX : 07113-32401

**CERTIFIED TRUE COPY**

**for MADHYA DESH PAPERS LIMITED**

  
**VILAS D. NICHAT**  
 COMPANY SECRETARY



**MADHYADESH PAPERS LIMITED****NOTICE TO MEMBERS**

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of MADHYADESH PAPERS LIMITED will be held on Thursday, the 28th September, 2000 at 9.30 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, 2000 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Radhavallabh R. Dhoot who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

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

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(a) of the Companies Act, 1956 to the Board of Directors of the Company for mortgaging / charging in favour of The Federal Bank Limited all immovable and movable properties of the Company wheresoever situated, both present and future and the whole of the undertaking of the Company with power to take over the management of business and concern of the Company in certain events to secure a term loan of Rs. 450.00 Lacs (Rupees Four Hundred and Fifty Lacs only) from The Federal Bank Limited together with interest, commitment charges, costs and other charges and expenses payable by the Company to The Federal Bank Limited in terms of its Loan Agreement(s) / Hypothecation Agreement(s) / Composite Deed of Hypothecation / Letter of sanction / Promissory Note entered into / to be entered into by the Company in respect of the said term loan.

RESOLVED FURTHER THAT the mortgage and / or charge created / to be created and all Agreement(s)/ Deeds and Documents executed / to be executed and all acts and things done / to be done by and with the authority of the Board of Directors of the Company be and are hereby confirmed and ratified".

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

" RESOLVED THAT subject to approval of Industrial Finance Corporation of India Limited and pursuant to Section 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the re-appointment of Shri Nimish V. Maheshwari as Managing Director of the Company for a period of 5 years effective from April 1, 2000 on a remuneration by way of salary of Rs. 50,000/- per month with liberty to the Board of Directors of the Company to review the same annually."

**Registered Office :**

Nava Bharat Bhavan,  
Cotton Market,  
NAGPUR - 440 018

Dated : June 29, 2000

**By Order of the Board,**

Vilas D. Nichat  
Company Secretary



## 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 21st September to 28th September, 2000 (both days inclusive).
3. Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1998 which remained unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1998 are requested to make their claim to the administrative office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
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. A blank proxy form is sent herewith.
7. The instrument appointing proxy should however, be deposited at the Administrative Office of the Company not less than 48 hours before the time appointed for the Meeting.
8. 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.
9. Members are requested to bring their copies of the Annual Report to the Meeting.
10. The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
11. Members are requested to make all correspondence relating to share department to our Share Transfer Agent addressed below :

**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. 4 :

Looking to the availability of funds in banking sector at competitive rates of interest and thereby to save the cost of interest, the Company availed the term loan of Rs. 450.00 Lacs from The Federal Bank Limited and made premature re-payment of first term loan of Rs. 400.00 Lacs in toto and part payment of second term loan of Rs. 450.00 Lacs availed from IFCI along with liquidation of the balance of the term loan of Rs. 70.00 Lacs availed from Oriental Bank of Commerce which were carrying higher rate of interest.

As per Section 293(1)(a) of the Companies Act, 1956 consent of the Shareholders in General Meeting is required for mortgaging or otherwise disposing of the whole or substantially the whole of the undertaking of the Company. As the above loan is secured by mortgaging the immovable properties of the Company, it is necessary for the members to pass a resolution under Section 293 (1)(a) of the Companies Act, 1956.

The Directors recommend that the resolution be passed.

Copies of the letter of sanction and other relevant documents/correspondence are open for inspection at the registered office of the Company during the office hours on all working days.

None of the Directors of the Company is in any way concerned or interested in the resolution.

##### ITEM NO.5 :

The term of 5 years of the office of Shri Nimish V. Maheshwari, Managing Director has expired on March 31, 2000. Looking to the progress the Company has been able to achieve due to the sincere efforts and deliberations of Shri Nimish V. Maheshwari, your Directors thought it fit to continue him as Managing Director of the Company for a further period of 5 years. Your Board of Directors, therefore at its meeting held on March 30, 2000 approved his reappointment subject to the approval of members and IFCI effective from April 1, 2000.

It may be mentioned here that the proposed remuneration payable to Shri Nimish V. Maheshwari is in conformity with the provisions of Schedule XIII of the Companies Act, 1956. Shri Nimish V. Maheshwari would be a non-rotational Director under Article 104 of the Articles of Association of the Company.

Shri Nimish V. Maheshwari is interested in the said resolution.

Shri Prakash R. Maheshwari and Shri Vinod Maheshwari are deemed to be interested in the said resolution in terms of section 6 of the Companies Act, 1956.



**MADHYADESH PAPERS LIMITED****DIRECTORS' REPORT**

To the Members of **MADHYADESH PAPERS LIMITED**

Your Directors have pleasure in presenting their Seventh Annual Report and Audited Statement of Accounts for the year ended 31st March, 2000.

**FINANCIAL RESULTS :**

	RUPEES
<b>SALES AND OTHER INCOME</b>	<b><u>28,19,49,174</u></b>
<b>Gross Profit</b>	<b>5,21,95,405</b>
Less : Interest	2,27,42,802
Depreciation	<u>1,00,14,826</u>
	<b><u>3,27,57,628</u></b>
<b>Profit Before Tax</b>	<b>1,94,37,777</b>
Less : Provision For Taxation	<u>22,45,063</u>
<b>Profit After Tax</b>	<b><u>1,71,92,714</u></b>
Add : Surplus Brought Forward	2,07,85,839
: Prior Period Adjustment :	
: Income tax paid for earlier years	<u>(4,40,236)</u>
	<b>3,75,38,317</b>
Less : Appropriations	
: Transfer to General Reserves	<u>50,00,000</u>
<b>Balance carried forward</b>	<b><u><u>3,25,38,316</u></u></b>

As can be seen from the above that your Company has achieved a turnover of Rs. 28,19,49,174 with an increase in Gross Profit of 15% to Rs. 5,21,95,405 generating a cash to the extent of Rs. 2,94,52,603.

**STATUS OF CO-GENERATION POWER PLANT AND PLANT UPGRADATION :**

As already reported, the Company is going to set up a Co-generation Power plant at Village : Malegaon, Tahsil : Saoner, Dist.: Nagpur adjacent to the existing Paper Plant of the Company on a 3.88 Hectares of Land already acquired. The requisite prospecting work such as sanctions, approvals, permissions etc. from the various Government Agencies has been completed. The State Bank of India has sanctioned a term loan of Rs. 10.00 Crores to part finance the cost of project estimated at Rs. 24.72 Crores. The cost of project is proposed to be financed through the term loans aggregating to Rs. 15.80 Crores, internal accruals of Rs. 5.50 Crores and unsecured loans of Rs. 3.42 Crores. The State Bank of India has so far disbursed Rs. 2.83 Crores.

The Company entered into contracts with various parties to complete the civil work which is in progress. About 90% of site development work has been completed. The foundation work of Boiler, Turbine House and Control Room is completed upto ground level. The civil work upto first floor is expected to be completed by the end of August, 2000. Shed for Pulper House is also completed.

The Company also placed orders with the suppliers of various Plant & Machinery i. e. Boiler, Steam Turbine Generator, Cooling Tower etc. comprising the Project. The Company has also received the delivery of Plant & Machinery required at the initial stage of the implementation of



**MADHYADESH PAPERS LIMITED**

the Project and the balance Plant and Machinery ordered for is expected to be received shortly. Order for supply of other additional equipments will be placed by August, 2000. The capital expenditure incurred so far by the Company in respect of the above is amounting to Rs. 5.35 Crores.

The Project is scheduled to be implemented by September 1, 2001 but your Directors are confident that the Project will be completed much ahead of the Schedule.

An application for balance term loan of Rs. 5.80 Crores has already been made by the Company and the same is under processing.

**DIVIDEND :**

In order to meet out urgent need of funds to defray the further capital expenditure in respect of the Co-generation Power Plant of the Company under implementation, your Directors are not recommending any dividend for this year.

**WORKING & FUTURE PROSPECTS :**

During the year under review, the recessionary trend in the Paper Industry affected the sales realisation and profitability of the Company. Besides, during the year the Production was also affected due to frequent power problem from MSEB.

The Company still achieved capacity utilisation of 75% with production of 16165 MT as against 15721 MT during the previous year.

The Company posted Sales Turnover of Rs. 2811.26 Lacs (16096 MT) as against Rs. 2631.74 Lacs (15673 MT) in the previous year. The profit before tax is Rs. 194.38 Lacs as against Rs.196.40 Lacs in the previous year. The decline in the profit for the year under review despite the increase in sales turnover has been due to an increased interest burden on account of low sales realisations.

Your Directors are glad to state that the Company's performance during the first 3 months of the current year is impressive one. The sales during the said period are Rs.738.39 Lacs as against Rs. 661.23 Lacs for the corresponding period of the previous year reflecting a net profit after tax of Rs. 61.10 Lacs as against Rs.33.18 Lacs during the previous year. Your Directors look forward to have a further improvement in the performance of the Company for rest of the period of the current year.

The Co-generation Power Plant under implementation when commissioned would certainly bring about optimisation of production capacity with reduced cost and multiple profits. The installation of Hot dispersion and two stage de-inking facilities would further improve the product quality as well as profitability of the Company.

**PARTICULARS OF EMPLOYEES :**

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in the statement annexed hereto (Annexure 'A') and forms part of this report.

**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 (Annexure 'B') and forms part of this report.