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MADHYADESH PAPERS LTD.
9TH ANNUAL REPORT 2001-2002

MADHYADESH PAPERS LIMITED



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MADHYADESH PAPERS LIMITED



BOARD OF DIRECTORS	:	SHRI VINOD MAHESHWARI	Chairman
		SHRI NIMISH V. MAHESHWARI	Managing Director
		SHRI RADHAVALLABH R. DHOOT	Director
		DR. S. L. KESWANI	Director
AUDITORS	:	M/S. KHATRI & IYER, Chartered Accountants 117, Zal Complex, Residency Road, Sadar NAGPUR - 440 001.	
BANKERS	:	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	:	11, Ramkrishna Nagar, Opp. Nagpur Nagrik Sahakari Bank Ltd. Ajni Square, Wardha Road, NAGPUR - 440 015 PH : 243115, 243116, 243119, TELEFAX : 0712-247369.	
PLANT	:	Village	: Manegaon
		Taluka	: Saoner
		Dist.	: NAGPUR
		PH	: 07113-32400, 32398
		FAX	: 07113-32401

MADHYADESH PAPERS LIMITED



NOTICE TO MEMBERS

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of MADHYADESH PAPERS LIMITED will be held on Friday, the 20th September, 2002 at 10.00 A.M. at Nava-Bharat Bhavan, Plot No. 1, Sneh Nagar, Wardha Road, Nagpur - 440 025, 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, 2002 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.

Registered Office :
Nava Bharat Bhavan,
Cotton Market,
NAGPUR - 440 018

By Order of the Board,

Nimish V. Maheshwari
Managing Director

Dated : June 29, 2002



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 on Friday, the 20th September, 2002.
3. Pursuant to the provisions 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 claims 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 claims 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 from the date 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 enclosed herewith duly filled in for attending the Meeting.
11. Member are requested to make all correspondence relating to share transfer (both in physical & Demat form) to our Share Transfer Agent, M/s . Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Mumbai - 400 059.

MADHYADESH PAPERS LIMITED**GENERAL INFORMATION FOR SHAREHOLDERS****I. Ninth Annual General Meeting Details :**

Day & Date : Friday, 20th September, 2002
 Time : 10.00 A. M.
 Venue : Nava-Bharat Bhavan, Plot No. 1,
 Sneha Nagar, Wardha Road,
 Nagpur – 440 025.
 Book closure : on 20th September, 2002.
 E-mail Address : mplpaper@nagpur.dot.net.in

II. Listing of Company's Scrips :

The scrips of the Company are listed on the following Stock Exchanges in India. The Company has paid the annual listing fees for the year 2002-2003.

The Stock Exchange, Mumbai : 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001. Tel : (022) 2655581, 2655626, 2655860 – 61, 2655656, 2650525 Fax : (022) 2658121, 2702041, 2702061.

The Ahmedabad Stock Exchange : Kandhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad – 380 015. Tel : (079) 6446733, 6441842, 6449480, 6443858, 6561856, 6446576, Fax : (079) 6442222

III. Nomination :

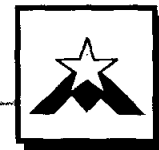
The Companies (Amendment) Act, 1999 has introduced the concept of nomination of Shares. The shareholders desirous of nominating any person as their nominee may send the nomination form duly filled in at the Administrative Office of the Company.

IV. Dematerialisation of Shares :

Name of Depositories for Dematerialisation	International Securities Identification Number (ISIN)
National Depository Securities Limited (NSDL) Central Depository Services (India) Limited (CDSL)	INE 474D01013

Shares in Demat/Physical Form :
 (As on June 29, 2002)

	Percentage
Demat	: 15.16
Physical	: 84.84
Total	100.00

MADHYADESH PAPERS LIMITED**DIRECTORS' REPORT**

To the Members of 'MADHYADESH PAPERS LIMITED'

Your Directors have pleasure in presenting their Ninth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS :

		(RUPEES)
SALES AND OTHER INCOME		<u>33,67,06,596</u>
Gross Profit		4,73,45,980
Less : Interest	2,71,49,755	
Depreciation	<u>1,36,04,743</u>	
		<u>4,07,54,498</u>
Profit Before Tax		65,91,482
Less : Provision For Taxation		<u>5,09,192</u>
Profit After Tax		60,82,290
Add : Surplus Brought Forward		6,96,87,108
		<u>7,57,69,398</u>
Less : Appropriations		
: Transfer To General Reserve		<u>20,00,000</u>
Balance Carried Forward		<u><u>7,37,69,398</u></u>

REVIEW OF OPERATIONS :

During the year under review, your Company recorded a growth of 7.5% in the production of Newsprint from 16113.66 MT in the previous year to 17315.91 MT in the current year with a capacity utilisation of 80%. The increase in production is attributable to the successful commissioning of the Co-generation Power Plant which has enabled the optimisation of production capacity by providing uninterrupted Power & Steam to the Paper Plant.

Irrespective of the increase in production and sales quantity, the turnover of your Company has reduced from Rs. 3652.55 Lacs in the previous year to Rs. 3349.02 Lacs in the current year due to substantial fall in the newsprint prices as a result of the recessionary trend prevailing in the Newsprint Industry. Consequentially, the gross profit of your Company has also fallen from Rs. 808.46 Lacs in the previous year to Rs. 473.46 Lacs in the current year. As a result of the steep fall in newsprint prices, increased interest burden and depreciation, the profitability of your Company has also reduced from Rs. 422.25 Lacs in the previous year to Rs. 60.82 Lacs in the current year.

MADHYADESH PAPERS LIMITED**STATUS OF CO-GENERATION POWER PLANT AND PLANT UPGRADATION :**

The Co-generation Power Plant was commissioned on 15th December, 2002 and since then the Plant is successfully operating and providing uninterrupted power & steam to the Paper Plant at a considerable lower cost as compared to the present rates of power being supplied by Maharashtra State Electricity Board (MSEB). The reduced cost of power is contributing to the increase in the profitability of the Company. The Co-generation Power Plant is also providing power & steam without any interruption or break, thereby enabling the Company to optimise its production capacity.

The implementation of the Up-gradation facilities of the Company is under completion stage. The Hot dispersion facility has already been commissioned and the second stage of the De-inking cell will be commissioned shortly. The addition of these Up-gradation facilities will further improve the quality of Newsprint manufactured and thus make your Company more competitive in the Newsprint market.

FUTURE OUTLOOK :

The Co-generation Power Plant having been successfully commissioned, is contributing to the profitability of the Company by providing uninterrupted power & steam at reduced cost. The enhancement in production capacity due to uninterrupted power supply and the cost savings resulting from reduced power costs will further boost the profitability of the Company in the years to come.

The Hot Dispersion and the two stage De-inking facility would further improve the quality of Newsprint and increase its competitiveness and sales realisation, thereby contributing towards the profitability of the Company in the near future.

DIVIDEND :

As a result of reduced profitability on account of steep fall in newsprint prices there is a need to plough back the profits to finance the cost of Up-gradation facilities. Hence, your Directors have expressed their inability to recommend any dividend for this year.

DIRECTORS :

Shri Radhavallabh R. Dhoot, Director of the Company who retires by rotation and being eligible, offers himself for re-appointment.

AUDIT COMMITTEE :

The Company has already constituted an Audit Committee of its Board of Directors with specified terms of reference. The constituent members of the Audit Committee are Shri Vinod Maheshwari, Shri Radhavallabh Dhoot and Dr. S.L. Keswani. Shri Radhavallabh Dhoot is the Chairman of the said committee.

MADHYADESH PAPERS LIMITED



DEMATERIALISATION OF SHAREHOLDING :

The Company has already established electronic connectivity with both the depositories viz. National Depository Securities Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its Registrar and Transfer Agent, M/s. Adroit Corporate Services Pvt. Ltd. As such, the shares of the Company are available for dematerialisation with both the Depositories.

LISTING OF SECURITIES :

The shares of the Company are presently listed on The Stock Exchange, Mumbai and The Ahmedabad Stock Exchange. The Company has duly paid the listing fees to both the Exchanges for the financial year 2002-03.

CORPORATE GOVERNANCE :

Your Company is committed to good corporate governance to ensure that all functions of the Company are discharged in a professionally sound, competent and transparent manner in order to safeguard and add value to the interest of the shareholders. Your Company has already taken steps for complying with all the mandatory provisions of corporate governance well within the stipulated period i.e. by the end of March, 2003.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of the profits of the Company for the year ended 31st March, 2002;
- iii) proper and sufficient care has been taken 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) the annual accounts have been prepared on a going concern basis.

AUDITORS :

M/s. Khatri & Iyer, Chartered Accountants, Nagpur will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

AUDITORS' REPORT :

The Auditors' Report on the accounts of the Company for the year under review appearing hereinafter requires the following explanations:

- i) Internal Audit System : In order to strengthen the present Internal Audit System vis-à-vis increased volume of transactions of the Company, the Company has already appointed an independent qualified Chartered Accountant to head the team of employees conducting the Internal Audit System.