

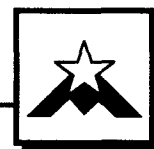
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# **MADHYADESH PAPERS LTD.**

**11TH ANNUAL REPORT 2003-2004**

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**MADHYADESH PAPERS LIMITED****C O N T E N T**

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**MADHYADESH PAPERS LIMITED**

**BOARD OF DIRECTORS** :

SHRI VINOD MAHESHWARI	Chairman
SHRI NIMISH V. MAHESHWARI	Managing Director
DR. S. L. KESWANI	Director
SHRI KIRAN SOMALWAR	Director
SHRI VINAY PANSARI	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

Report

THE FEDERAL BANK LIMITED  
Ramdaspath, NAGPUR - 440 010

**REGD. OFFICE** :

NAVA BHARAT BHAWAN,  
Chatrapati Square,  
Wardha Road,  
NAGPUR - 440 015  
PH. : 0712 - 2284013, 2284014  
FAX : 0712-2284015

**PLANT** :

Village : Manegaon  
Taluka : Saoner,  
Dist. : NAGPUR  
PH. : 07113-232398, 232401  
FAX : 07113-232400

## MADHYADESH PAPERS LIMITED



### NOTICE TO MEMBERS

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of MADHYADESH PAPERS LIMITED will be held on Saturday, the 25<sup>th</sup> September, 2004 at 10.00 A.M. at Nava-Bharat Bhavan, Chatrapati Square, Wardha Road, Nagpur - 440 015, to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2004 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To re-appoint a Director in place of Shri Vinod Maheshwari who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint a Director in place of Shri Kiran Somalwar who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

Registered Office :

Nava Bharat Bhavan,  
Chatrapati Square,  
Wardha Road,  
NAGPUR - 440 015.

By Order of the Board,

Nimish V. Maheshwari  
Managing Director

Dated : July 31, 2004

**MADHYADESH PAPERS LIMITED****N O T E S**

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 Saturday, the 25<sup>th</sup> September, 2004.
3. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31<sup>st</sup> March, 1998 which remained unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31<sup>st</sup> March, 1998 are requested to make their claims to the registered office of the Company. It may also be noted that once the unclaimed dividend is transferred to the IEPF, 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 the Company regarding 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 Registered 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 sent 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, 1<sup>st</sup> Floor, Makwana Road, Marol Naka, Mumbai - 400 059.

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

To the Members of 'MADHYADESH PAPERS LIMITED'

Your Directors have pleasure in presenting their Eleventh Annual Report and Audited Statement of Accounts for the year ended 31st March, 2004.

**FINANCIAL RESULTS :**

		(RUPEES)
SALES AND OTHER INCOME		<u>32,22,34,385</u>
Gross Profit		5,21,88,379
Less : Financial Charges	4,57,10,507	
Depreciation	<u>2,29,77,730</u>	
		<u>6,86,88,237</u>
Profit Before Tax		(1,64,99,858)
Less : Provision For Taxation		<u>0</u>
Profit After Tax		(1,64,99,858)
Add : Surplus Brought Forward		<u>5,35,52,844</u>
		3,52,60,897
Less : Appropriations		
: Transfer To General Reserves		<u>0</u>
Balance Carried Forward		<u><u>3,52,60,897</u></u>

**REVIEW OF OPERATIONS :**

During the year under review, there was an increase in production of Newsprint from 17693.650 MT in the previous year to 18643.838 MT in the current year thereby recording a growth of 5.37% with a capacity utilisation of 85.60%. Further, the turnover of the Company has also increased from Rs. 2,876.77 Lacs in the previous year to Rs. 3,190.50 Lacs in the current year, thus registering a growth of 10.91%. Consequentially, the gross profit of your Company has also increased from Rs. 442.05 Lacs in the previous year to Rs. 521.88 Lacs in the current year. The above increase has enabled your Company to curtail its losses considerably from Rs. 202.17 Lacs in the previous year to Rs. 165.00 Lacs in the current year. However, despite the above factors, your Company could not register any profits in the current year due to the recessionary trend still prevailing in the Newsprint Industry, increased interest burden and depreciation. However, your Company is already adapted to operate in recessionary situations and is evaluating and implementing strategies to sustain its growth both in terms of production and profitability.

**MADHYADESH PAPERS LIMITED****STATUS OF PLANT UPGRADATION :**

During the year under review your Company successfully implemented and commissioned its upgradation facilities comprising of Hot Dispersion and two stage De-inking facility. As envisaged earlier, the said facilities are operating successfully and are enabling the use of cheaper raw material for production of better quality of Newsprint.

The Co-generation Power Plant is also operating successfully and is ensuring supply of uninterrupted power & steam to the Paper Plant at minimal cost. The continuity of power has aided the Company in increasing its production capacity and consequentially bringing down its losses to a great extent.

**FUTURE OUTLOOK :**

The Hot Dispersion and the two stage De-inking facility which have enabled the use of cheaper raw material and have also brought about improvement in the product quality are ensuring growth and competitiveness of the Company, despite the recessionary environment in which it operates.

The Co-generation Power Plant is also contributing to the growth and prosperity of the Company by providing uninterrupted power and steam at reduced cost. The combined effect of these facilities will help the Company in registering growth and profitability in the years to come.

**DIVIDEND :**

In view of loss incurred by the Company for the second consecutive year and the recessionary trend still prevailing in the Newsprint Industry, your Directors have not recommended any dividend for this year.

**DIRECTORS :**

Shri Vinod Maheshwari and Shri Kiran Somalwar who retire by rotation and being eligible, offer themselves for re-appointment.

**AUDIT COMMITTEE :**

The Company has already constituted an Audit Committee of its Board of Directors with specified terms of reference. Dr. S. L. Keswani is the Chairman of the Audit Committee. Shri Vinod Maheshwari, Shri Kiran Somalwar and Shri Vinay Pansari are the other members of the Audit Committee.

**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.

**MADHYADESH PAPERS LIMITED****LISTING OF SECURITIES :**

The shares of the Company are presently listed on the Stock Exchange, Mumbai and the Stock Exchange, Ahmedabad.

**CORPORATE GOVERNANCE :**

A report on corporate governance including Auditors' Certificate on compliance with the conditions of corporate governance under clause 49 of the listing agreement, is appended to this report as Annexure "B".

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief hereby 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 31<sup>st</sup> March, 2004 and of the profits of the Company for the year ended 31<sup>st</sup> March, 2004;
- 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 :**

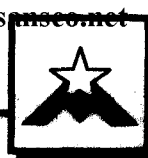
M/s. Khatri & Iyer, Chartered Accountants, Nagpur will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**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 increasing 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.
- ii) Provident Fund : The Company has already taken steps to ensure the timely deposit of Provident Fund dues with the appropriate authority.



**MADHYADESH PAPERS LIMITED**

- iii) Income Tax : The delay in making payments of Income Tax dues has been due to slow recovery of funds from the debtors of the Company. However, the same will be paid shortly.

**PARTICULARS OF EMPLOYEES :**

None of the employees was in receipt of remuneration of Rs. 2,00,000/- or more per month during the year. Therefore the particulars of employees as required under the 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 (Annexure 'A') and forms part of this report.

**ACKNOWLEDGEMENTS :**

Your Directors are pleased to place on record their sincere gratitude to the Industrial Finance Corporation of India Limited (IFCI), State Bank of India, The Federal Bank Limited, SICOM Limited, Government Authorities, Suppliers, Customers and Shareholders for their continued support and co-operation extended to the Company during the year.

Your Directors also express their deep appreciation for the devoted and sincere services rendered by the workers, staff and executives at all levels of operations of the Company during the year.

For and on behalf of the Board,

Place : Nagpur  
Date : July 31, 2004

Vinod Maheshwari  
Chairman

**MADHYADESH PAPERS LIMITED****ANNEXURE 'A' TO THE DIRECTORS' REPORT**

Statement of particulars required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**1. CONSERVATION OF ENERGY :**

The Company is consistently adhering to its basic philosophy of achieving economy in operations at all levels and minimisation of energy wastes thus ensuring maximum energy conservation through proper monitoring and maintenance. The Co-generation Power Plant is contributing consistently in bringing down the energy costs of the Company and is also ensuring supply of uninterrupted power & steam to the Paper Plant and has thus enabled the increase in production capacity and reduction in energy costs with minimal wastes.

Total Energy Consumption and energy conservation per unit of production is given below :

**A) POWER CONSUMPTION**

ELECTRICITY :		2003-2004	2002-2003
Own Generation :			
Units	(in KWH)	1,73,66,498	1,66,13,690
Total Amount	(Rs. in lacs)	448.94	395.04
Rate per Unit	(in Rs.)	2.59	2.38

**B) CONSUMPTION PER UNIT OF PRODUCTION**

Machine Production	(MT)	19769	18839
Electricity	(KWH/MT)	722	728
Finished Production	(MT)	18644	17753
Electricity	(KWH/MT)	766	772

**2. TECHNOLOGY ABSORPTION : RESEARCH AND DEVELOPMENT**

The technology used for the existing project is fully indigenous. The production department of the Company is constantly involved in the process of evaluating new ways and methods to improve the performance, quality and cost effectiveness of its products.

Great emphasis is given on updation of technology as suggested by the Production Department. The Company does not have a separate Research and Development activity.