



MADHYADESH PAPERS LTD.

12TH ANNUAL REPORT 2004-2005

MADHYADESH PAPERS LIMITED



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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.

THE FEDERAL BANK LIMITED
Ramdaspath, NAGPUR - 440 010.

REGD. OFFICE :

NAVA BHARAT BHAVAN,
Chatrapati Square, Wardha Road,
Nagpur - 440015.
PH. : 0712 - 2284013, 2284014.
FAX : 0712 - 2284015.

PLANT :

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

MADHYADESH PAPERS LIMITED



NOTICE TO MEMBERS

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of MADHYADESH PAPERS LIMITED will be held on Friday, the 30th September, 2005 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 31st March, 2005 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 Dr. S. L. Keswani who retires by rotation and being eligible, offers himself for reappointment.
3. To re-appoint a Director in place of Shri Vinay Pansari who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

- 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, 2005 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,
Chatrapati Square,
Wardha Road,
NAGPUR - 440 015

By Order of the Board,

Nimish V. Maheshwari
Managing Director

Dated : July 30, 2005

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 30th September, 2005.
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 registered 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 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 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 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 - 440 059.

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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

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

ITEM NO. 4 :

The term of 5 years of the office of Shri Nimish V. Maheshwari, Managing Director has expired on March 31, 2005 . Having regard to the progress made by the Company during his tenure as Managing Director owing to his sincere efforts, dynamism and deliberations, 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 31, 2005 approved his reappointment subject to the approval of members and IFCL Ltd. effective from April 1, 2005.

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 Vinod Maheshwari is 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 Twelfth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS :

(RUPEES)

SALES AND OTHER INCOME		<u>36,21,05,006</u>
Gross Profit		6,36,86,318
Less : Financial Charges	3,95,29,150	
Depreciation	<u>2,35,17,704</u>	
		<u>6,30,46,854</u>
Profit Before Tax		6,39,464
Less : Provision For Taxation		<u>50,142</u>
Profit After Tax		5,89,322
Add : Surplus Brought Forward		<u>3,52,60,897</u>
		3,56,84,277
Less : Appropriations		
: Transfer to General Reserves		0
Balance carried forward		<u><u>3,56,84,277</u></u>

REVIEW OF OPERATIONS :

During the year under review, there was an increase in production of Newsprint from 18643.838 MT in the previous year to 20067.485 MT in the current year thereby recording a growth of 7.64% with a capacity utilisation of 92.14%. Further, the turnover of the Company has also increased from Rs. 3190.50 Lacs in the previous year to Rs. 3519.28 Lacs in the current year, thus registering a growth of 10.30%. Consequentially, the gross profit of your Company has also increased from Rs. 521.88 Lacs in the previous year to Rs. 636.86 Lacs in the current year. The above increase has enabled your Company to register profits of Rs. 5.89 Lacs in the current year as against a loss of Rs. 165.00 Lacs in the previous year which is commendable.

MADHYADESH PAPERS LIMITED



FUTURE OUTLOOK :

The Hot Dispersion and the two stage De-inking facility are operating successfully and contributing to the prosperity of the Company by enabling the use of cheaper raw material and by improvement in product quality.

The Co-generation Power Plant has brought about enhancement in production capacity by providing uninterrupted power & steam at reduced cost.

These facilities in entirety are contributing to the growth and prosperity of the Company and their continual effect would enable the Company to register greater profitability in the years to come.

DIVIDEND :

In view of inadequate profits, your Directors have not recommended any dividend for this year.

DIRECTORS :

Dr. S. L. Keswani & Shri Vinay Pansari 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.

LISTING OF SECURITIES :

The shares of the Company are presently listed on the Stock Exchange, Mumbai and the Stock Exchange, Ahmedabad. The Company has duly paid the listing fees to both the Exchanges for the financial year 2005-06.

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".

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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 31st March, 2005 and of the profits of the Company for the year ended 31st March, 2005;
- 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 :

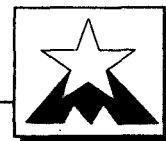
M/s. Khatri & Iyer, Chartered Accountants, Nagpur will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

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

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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 Ltd.), 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 sincere and devoted services rendered during the year by the workers, staff and executives at all levels of operations of the Company.

For and on behalf of the Board,

Place : Nagpur
Date : July 30, 2005

Vinod Maheshwari
Chairman