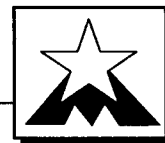




MADHYADESH PAPERS LTD.
13TH ANNUAL REPORT 2005-2006

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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
Ramdâspeth, 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

**NOTICE TO MEMBERS**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of MADHYADESH PAPERS LIMITED will be held on Saturday, the 30th September, 2006 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, 2006 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 reappointment.
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, 2006



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 Saturday, the 30th September, 2006.
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 has been transferred to the Investor Education and Protection Fund of the Central Government. In view of the 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.

MADHYADESH PAPERS LIMITED

**Information pursuant to Corporate Governance Clause of the
Listing Agreement(s) regarding the Directors seeking appointment/
re-appointment in the Annual General Meeting**

Name of Director	Shri Vinod Maheshwari	Shri Kiran Somalwar
Date of Birth	17.10.1944	30.04.1954
Date of Appointment	20.04.1993	31.07.2003
Expertise in specific functional area	He is a B.A. Graduate having rich experience of over 40 years in News Paper Industry.	He is a B.Sc. Graduate having rich experience of over 32 years in Pharmaceutical Industry.
Directorships of other Companies as on 31st March, 2006	1. Nava Bharat Press Ltd. 2. Madhyadesh Global Network Ltd. 3. Madhyadesh Industries Ltd.	Nil
Chairman / Member of Committees of other Companies as on 31st March, 2006	Nil	Nil
No. of Shares held	10,67,400	Nil

MADHYADESH PAPERS LIMITED**DIRECTORS' REPORT**

To the Members of 'MADHYADESH PAPERS LIMITED'

Your Directors have pleasure in presenting their Thirteenth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS :**(RUPEES)**

SALES AND OTHER INCOME		42,21,93,082
Gross Profit		6,71,39,578
Less : Financial Charges	3,98,44,355	
Depreciation	<u>2,37,06,167</u>	
		6,35,50,522
Profit Before Tax		35,89,056
Less : Provision For Taxation		<u>4,22,019</u>
Profit After Tax		31,67,037
Add : Surplus Brought Forward		3,56,84,277
		3,88,51,314
Less : Appropriations		
: Income Tax for earlier years		69,480
Balance carried forward		3,87,81,834

REVIEW OF OPERATIONS & FUTURE OUTLOOK :

During the year under review, your company has registered 15.99% growth in production from 20067.485 MT in the previous year to 23276.760 MT in the current year and consequently 21.05% growth in Sales Turnover from Rs. 3519.28 Lacs in the previous year to Rs. 4260.13 Lacs in the current year. As a result of improved performance, your company has registered a marginal net profit of Rs. 31.67 Lacs compared to last year's net profit of Rs. 5.89 Lacs.

MADHYADESH PAPERS LIMITED

However, at the fag end of the year 2005-06, your company has witnessed a few good indications which will go a long way in improving the performances in the ensuing years.

- 1.0 The market sales realizations has gradually reached to the level of 1993 fromwhere it crashed.
- 2.0 The capital investment in terms of Boiler internal changing, change in thiroster control drive with the latest version of digital drive has started yielding results in terms of better availability of the plant.

DIVIDEND :

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

DIRECTORS :

Shri Vinod Maheshwari & 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.

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 2006-07.

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".

MADHYADESH PAPERS LIMITED**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, 2006 and of the profits of the Company for the year ended 31st March, 2006;
- 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.

MADHYADESH PAPERS LIMITED**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 31, 2006

Vinod Maheshwari
Chairman