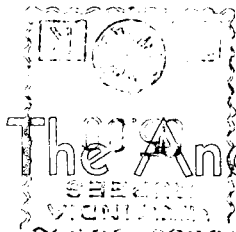
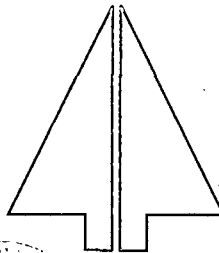


# Annual Report 1997-98

MD	/		BKC	/
CS	/		DPY	/
RO	/		DIV	/
TRA	NA		AC	/
AGM	/	/	SHI	/
YE	/	/		/

Report  junction.com



The Andhra Pradesh Paper Mills Limited





# The Andhra Pradesh Paper Mills Limited



## BOARD OF DIRECTORS

L.N. Bangur, Chairman  
 T.R. Tuli  
 Dr. N. Tata Rao  
 D. Subba Rao, IAS  
 P.C. Parakh, IAS  
 C.V. Kamalaker (IFCI Nominee)  
 J.K. Bhattacharya, IAS (Retd.)  
 S.R. Rathi  
 Alka Bangur  
 S.N. Daga  
 R.C. Mall, Executive Director

## EXECUTIVES

### Corporate Office

Sudhir Bhansali, Vice President (Finance)  
 P.B. Naidu, Vice President (Commercial)  
 L.M. Hoogan, Vice President (Projects)  
 Gautam Mullick, General Manager (Marketing)

### Factory

A. Satyanarayana, Vice President (Works)  
 B.M. Maheshwari, Vice President (Admn.)  
 P.K. Suri, General Manager (Works)

## COMPANY SECRETARY

C. Prabhakar

## AUDITORS

Brahmayya & Co.,  
 Chartered Accountants,  
 Visakhapatnam.

## PRINCIPAL BANKER

State Bank of India

## REGISTERED OFFICE & MILLS

Rajahmundry 533 105  
 East Godavari District,  
 Andhra Pradesh, India.

## CORPORATE OFFICE

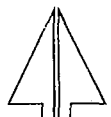
501-509, Swapnalok Complex,  
 5th Floor, 92/93 Sarojini Devi Road,  
 Secunderabad - 500 003.  
 Andhra Pradesh, India.

Names and Addresses of Stock Exchanges where the shares of the Company are listed.

The Hyderabad Stock Exchange Ltd.,  
 3-6-275, Himayatnagar,  
 Hyderabad - 500 029.

The Stock Exchange,  
 Phiroze Jeejeebhoy Towers,  
 Dalal Street, Mumbai - 400 001.

The annual listing fee has since been paid to the above Stock Exchanges.



# Annual Report 1997 - 98

		FIVE YEARS AT A GLANCE				
		1997-98	1996-97	1995-96	1994-95	1993-94
<b>OPERATING RESULTS</b>						
Production	Tons.	84,330	79,861	83,251	83,313	79,465
Sales	Tons.	84,074	77,742	83,187	84,809	78,993
Turnover	Rs. lacs	24,007.55	23,211.90	24,804.41	20,253.94	17,012.35
Profit before depreciation and tax	Rs. lacs	1,660.34	1,874.61	3,740.82	2,234.78	1,349.20
Depreciation	Rs. lacs	820.49	780.96	542.86	415.43	325.93
Provision for tax	Rs. lacs	88.00	103.94	599.39	133.50	370.60
Profit after tax	Rs. lacs	751.85	989.71	2,598.57	1,685.85	652.67
Dividend on Equity	Rs. lacs	140.62	225.00	225.00	140.62	140.62
Tax on Dividend	Rs. lacs	14.06	22.50	—	—	—
Retained Profit	Rs. lacs	597.17	742.21	2,373.57	1,545.23	512.05
<b>SOURCES OF FUNDS :</b>						
Share Capital	Rs. lacs	562.50	562.50	562.50	562.50	562.50
Reserves & Surplus	Rs. lacs	9,941.39	9,344.24	8,602.03	6,228.45	4,683.23
Shareholders Funds	Rs. lacs	10,503.89	9,906.74	9,164.53	6,790.95	5,245.73
Borrowings	Rs. lacs	7,720.67	7,515.15	6,566.33	5,954.16	3,456.82
Total	Rs. lacs	18,224.56	17,421.89	15,730.86	12,745.11	8,702.55
<b>APPLICATION OF FUNDS :</b>						
Net Fixed Assets	Rs. lacs	11,112.90	11,192.18	10,233.63	7,100.35	5,326.71
Investments	Rs. lacs	3,334.07	4,202.30	3,747.72	4,061.15	2,080.80
Net Current Assets	Rs. lacs	3,734.78	2,027.41	1,749.51	1,583.61	1,295.04
Miscellaneous Expenses (To the extent not written off)	Rs. lacs	42.81	—	—	—	—
Total	Rs. lacs	18,224.56	17,421.89	15,730.86	12,745.11	8,702.55
Book value per Equity Share	Rs.	1,867.00	1,761.00	1,629.00	1,207.00	933.00
Earnings per share	Rs.	134.00	176.00	462.00	300.00	116.00
Dividend (Equity)		25%	40%	40%	25%	25%

# The Andhra Pradesh Paper Mills Limited



## NOTICE

NOTICE is hereby given that the **Thirty Fourth Annual General Meeting** of the Members of **The Andhra Pradesh Paper Mills Limited** will be held on **Friday, the 4th day of September, 1998 at 3.00 P.M.** at **Sri Venkateswara Anam Kala Kendram, Rajahmundry - 533 104, East Godavari District, Andhra Pradesh** to transact the following business:

## ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 1998, Profit and Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon;
2. To declare Dividend on the Equity Shares for the year ended 31st March, 1998;
3. To appoint a Director in place of Dr. N. Tata Rao who retires by rotation under Article 142 of the Articles of Association of the Company and is eligible for re-appointment;
4. To appoint a Director in place of Shri P.C. Parakh who retires by rotation under Article 142 of the Articles of Association of the Company and is eligible for re-appointment;
5. To appoint a Director in place of Shri T.R. Tuli who retires by rotation under Article 142 of the Articles of Association of the Company and is eligible for re-appointment;
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors Messrs. Brahmaya & Co., Chartered Accountants, Visakhapatnam, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors in addition to reimbursement of travelling and out of pocket expenses.";

## SPECIAL BUSINESS

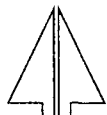
7. To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution** :

"RESOLVED THAT in supersession of the Resolution passed at the 27th Annual General Meeting of the Company held on 21st September, 1991, the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors for borrowing from time to time any sum or sums of money on such terms and conditions and with or without security as the Board of Directors may think fit which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate, for the time-being, of the Paid-up Capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount of money or monies so borrowed by the Board shall not at any time exceed the limit of Rs.300 crores.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to the Resolution.

8. To consider and if thought fit, to pass, with or without modification, the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company all such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board of Directors may determine, all or any of the movable and/or immovable properties of the Company both present and future and/or the whole or any part of the



## Annual Report 1997 - 98

undertaking(s) together with power to take over the Management of the Company in certain events of default in favour of all or any of the Financial Institutions/Banks/any other investing agencies/trustees for the holders of Debentures/Bonds/other instruments which may be issued to and subscribed by all or any of the Financial Institutions/Banks/any other investing agencies or any other person(s)/Bodies Corporate by private placement or otherwise to secure Rupee Term Loan/Foreign Currency Loans/Debentures/Bonds or other instruments of any equivalent aggregate value not exceeding Rs.300 crores together with interest at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and other monies payable by the Company to the aforesaid parties or any of them under the Agreement(s)/Arrangement(s) entered into/to be entered into by the Company in respect of the said Loans/Debentures/Bonds or any other Instruments.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating mortgage(s)/charge(s) and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may be considered necessary for the purpose of giving effect to this Resolution.

9. To consider and if thought fit, to pass with or without modification the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time-being in force), the Authorised Share Capital of the Company be and is hereby increased from Rs.7,50,00,000 (Rupees Seven Crores Fifty Lakhs only) divided into 6,25,000 Equity Shares of Rs.100/- each and 1,25,000 Cumulative Preference Shares of Rs.100/-

each to Rs.20,00,00,000 (Rupees Twenty Crores only) divided into 18,75,000 Equity Shares of Rs.100/- each and 1,25,000 Redeemable Cumulative Preference Shares of Rs.100/- each.

FURTHER RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered by deleting the same and substituting in its place and stead the following as new Clause V:

The Authorised Capital of the Company is Rs.20,00,00,000 (Rupees Twenty Crores only) divided into 18,75,000 Equity Shares of Rs.100/- each and 1,25,000 Redeemable Cumulative Preference Shares of Rs.100/- each with power to increase or reduce or modify the said Capital and to divide the shares in the capital for the time-being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time-being be provided by the Articles of Association of the Company.

10. To consider and if thought fit, to pass with or without modification the following Resolution as a **Special Resolution**:

RESOLVED THAT in accordance with the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time-being in force), the Article 6 of the Articles of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead the following as a new Article 6:

The Authorised Capital of the Company is Rs.20,00,00,000 (Rupees Twenty Crores only) divided into 18,75,000 Equity Shares of Rs.100/- each and 1,25,000 Redeemable Cumulative Preference Shares of Rs.100/- each.

The said 1,25,000 Redeemable Cumulative

# The Andhra Pradesh Paper Mills Limited



Preference Shares of Rs.100/- each shall carry the Dividend at such rate as may be determined by the Board of Directors from time to time and shall be issued in terms of Sections 80 and 80A and other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof).

11. To consider and if thought fit, to pass with or without modification the following Resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time-being in force) and the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Securities of the Company are listed and the prevailing guidelines of the relevant authorities in that behalf and subject to such approvals, consents, permissions and/or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authorities while granting such approvals, consents, permissions and/or sanctions and which may be agreed to by the Board of Directors (hereinafter referred to as "the Board" which term shall include any Committee which the Board may constitute to exercise its powers including the powers conferred by this Resolution), the consent of the Company be and is hereby accorded to the Board to issue/offer and allot 5,62,500 Equity Shares of Rs.100/- for cash at a premium of Rs.150/- per Share on rights basis to the Members of the Company whose names will appear in the Register of Members of the Company on such date as the Board may determine in the proportion of one Equity Share of Rs.100/- for every existing one Equity Share of Rs.100/- held by such Members as on the date aforesaid mentioned on the following terms and conditions:

- a) The amount of Rs.250/- per Share (Rs.100/- per Share on Capital Account and Rs.150/- per Share on Premium Account) be called from the applicants

in such manner as the Board of Directors may decide.

- b) The unoffered/unsubscribed portion, if any, of the above mentioned issue will be disposed of by the Board as it may think most beneficial to the Company and the Board of Directors is authorised accordingly.
- c) The Equity Shares to be issued as aforesaid shall be subject to Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid Equity Shares of the Company save and except that the said new Equity Shares shall be entitled to such dividend as may be declared by the Board from the date of allotment on the amount paid up thereon on a prorata basis.
- d) The offer of the Equity Shares as aforesaid shall be issued on such other terms and conditions as the Board may determine and the Board be and is hereby authorised to finalise the same and wherever deemed fit or necessary in consultation with any Authority.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised on behalf of the Company to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable or as may be incidental or ancillary and to settle all questions, difficulties or doubts that may arise in regard to such issue or allotment in order to give effect to this Resolution without being required to obtain any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly by the authority of this Resolution.

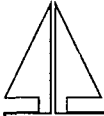
By Order of the Board,  
for The Andhra Pradesh Paper Mills Limited

C. Prabhakar  
Company Secretary

**Registered Office:**

Rajahmundry-533105  
East Godavari District,  
Andhra Pradesh.

Date : 28th July, 1998



## Annual Report 1997 - 98

### NOTES :

1. A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy form duly completed must reach the Registered Office of the Company atleast forty eight hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 7 to 11 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 7th August, 1998 to 18th August, 1998 (both days inclusive).
4. The dividend, when sanctioned, will be payable at par on or after 7th October, 1998 to those members whose names appear in the Register of Members of the Company as on 18th August, 1998.
5. The Members are requested to notify any change in their address immediately to the Company.
6. The Members are requested to bring their copies of Annual Report to the Meeting.
7. The Members who have so far not encashed their dividend warrants for the years ended 31st March, 1995, 1996 and 1997 may immediately approach the Company with their dividend warrants for revalidation.
8. The amount of unclaimed dividend for the financial year ended 31st March, 1995 will be transferred on or after 3rd November, 1998 to the General Revenue Account of the Central Government pursuant to the provisions of Section 205A of the Companies Act, 1956. Those who do not claim their dividend for the said financial year before the above date may claim their dividend from the Registrar of Companies, Andhra Pradesh, Hyderabad.



# The Andhra Pradesh Paper Mills Limited



## Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

### Regarding Item No.7

The Company proposes to undertake a Mill Development Plan (MDP) involving technological upgradation, product diversification and capacity augmentation upto 1,08,000 tons per annum mainly with a view to face the competition with the opening up of the Indian Economy and offer new and quality products as per the market requirements. The MDP costing around Rs.196 Crores is proposed to be implemented in 2 Phases. For financing a part of the capital outlay, the Company would be approaching Financial institutions, Banks and other Agencies for raising Loans, Non-Convertible Debentures, etc. In order to enable the Board to borrow monies in this regard, the Shareholders are requested to authorize the Board under Section 293 (1) (d) of the Companies Act, 1956 to borrow upto Rs.300 Crores as against Rs.100 Crores authorised earlier.

The Board recommends this Resolution for approval by the Members.

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

### Regarding Item No.8

As already indicated under Item No.7, the Company would be borrowing money to part finance the MDP. For this purpose, the Company would be required to create mortgage/charge on the movable and immovable properties in favour of the lenders. Any such creation of mortgage/charge in favour of the lender, may be regarded as disposal of the Company's undertaking within the meaning of Section 293 (1) (a) of the Companies Act, 1956. Hence, it is necessary for the Members to pass a Resolution before creation of mortgage/charge.

The Board recommends this Resolution for approval by the Members.

None of the Directors of the Company except Shri C.V. Kamalaker (IFCI Nominee) may be deemed to be concerned or interested in the Resolution.

### Regarding Item Nos. 9 & 10

As the Company proposes to part finance Mill Development Plan by raising further Equity Share Capital, it is necessary to increase the present Authorised Capital which stands at Rs.7.5 Crores.

It is therefore proposed to increase the present Authorised Capital from Rs.7.5 Crores (Rupees Seven Crores Fifty Lakhs only) to Rs.20 Crores (Rupees Twenty Crores only) keeping in view the requirements in the future. The amendment to Clause V of the Memorandum of Association is consequential in nature.

Similarly, the alteration to Article 6 of the Articles of Association is also consequent upon increase in the Authorised Capital. As regards the issue of Preference Shares, it is proposed to bring Article 6 in line with the amendments to Section 80 of the Companies Act, 1956.

The Board recommends these Resolutions for approval by the Members.

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

### Regarding Item No.11

In order to part finance the Mill Development Plan, it is proposed to raise further Equity Share Capital by way of Rights Issue. Accordingly, the consent of the Shareholders is being sought pursuant to the provisions of the Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchanges where the Company's Shares are listed.

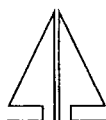
The Board recommends the Resolution for approval by the Members.

The Directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the Shares that may be offered to them on rights basis or otherwise.

By order of the Board,  
for The Andhra Pradesh Paper Mills Limited

C. Prabhakar  
Company Secretary

Registered Office :  
Rajahmundry - 533 105  
East Godavari District.,  
Andhra Pradesh.  
Date : 28th July, 1998



## Annual Report 1997 - 98

### DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting their Thirty Fourth Annual Report and the Audited Accounts for the year ended 31st March, 1998.

#### Financial Results

	1997-98 <u>Rs/crores</u>	1996-97 <u>Rs/crores</u>
<b>Sales and other income</b> (including accretion in stock)	<b>246.75</b>	240.97
<b>Gross Profit</b>	<b>16.60</b>	18.75
Less : Depreciation	8.20	7.81
Provision for taxation	0.88	1.50
Add: Provision for taxation written back	—	0.46
<b>Net Profit</b>	<b>7.52</b>	9.90
<b>Add :</b>		
Transfer from Investment Allowance Reserve	—	0.92
Profit brought forward from previous year	3.32	2.98
<b>Profit available for appropriation</b>	<b>10.84</b>	13.80
<b>Allocations</b>		
Proposed Dividend	1.41	2.25
Tax on proposed dividend	0.14	0.23
General Reserve	0.75	8.00
Balance carried over to next year	8.54	3.32
	<b>10.84</b>	13.80

During the year under review the production was 84,330 tonnes as against 79,861 tonnes during the previous year. The sales stood at Rs.240.08 crores as compared to Rs.232.12 crores in the previous year. Despite the continued demand recession and supply and demand imbalances, the Company could earn a Net Profit of Rs.7.52 crores as against Rs.9.90 crores in the previous year.

#### Dividend

Your Directors are pleased to recommend a Dividend of Rs.25/- per Equity Share, as against Rs.40/- per Equity Share in the previous year with a view to conserve the resources for the future needs of the Company. This aggregates to Rs.1,40,62,500/- on 5,62,500 Equity Shares of Rs.100/- each.

#### Marketing

Sales for the year 1997-98 was 84,074 Mts. of which, 4,184 MTs. was on account of Exports, as compared to the Sales of 1996-97 which was 77,742 Mts. which included Exports of 1,729 MTs. The recession in demand for paper continued both in the Domestic and International Markets and an immediate turn around in demand is not anticipated. During the year, the Company developed customer oriented products which enabled the Company to maintain a higher sales level.

Focussing on customer needs, improving on customer services, thrust in exports and an overall up-gradation of the quality of almost all of our products has been the marketing strategy, to enable the Company in its effort to over-come the present recession in demand for paper.

#### Outlook for the Industry

The domestic paper industry did not get any respite during the year under review on account of deep recessionary trend, continued cheaper imports and supply-demand imbalances. This situation calls for Indian Companies to make all out efforts for technological upgradation to bring in cost effectiveness and product improvement and diversification mainly with a view to face global competition. Your company is not lagging behind in this direction and