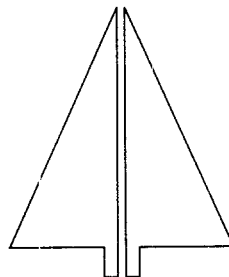
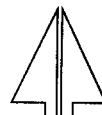


Annual Report 1999-2000



The Andhra Pradesh Paper Mills Limited

The Andhra Pradesh Paper Mills Limited



BOARD OF DIRECTORS

(As on 29.7.2000)

1. L.N. Bangur, Chairman
2. Dr. N. Tata Rao
3. J.K. Bhattacharya, IAS (Retd.)
4. Alka Bangur
5. S.N. Daga
6. N. Srinivasan
7. R.R.Dharamdasani (IFCI Nominee)
8. S.K. Arora, IAS
9. T. Gopala Rao, IAS
10. 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)

Works

P.K. Suri, Vice President (Operations)
M. Prabhakar, 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, Mumbai.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001.

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



Annual Report 1999 - 2000

		FIVE YEARS AT A GLANCE				
		1999-2000	1998-99	1997-98	1996-97	1995-96
OPERATING RESULTS :						
Production	Tons.	94,334	91,543	84,330	79,861	83,251
Sales	Tons.	95,281	93,072	84,074	77,742	83,187
Turnover	Rs. lacs	27,020.73	25,770.29	24,007.55	23,211.90	24,804.41
Profit before depreciation and tax	Rs. lacs	2,639.55	2,069.54	1,660.34	1,874.61	3,740.82
Depreciation	Rs. lacs	894.19	837.85	820.49	780.96	542.86
Provision for tax	Rs. lacs	310.00	129.33	88.00	103.94	599.39
Profit after tax	Rs. lacs	1,435.36	1,102.36	751.85	989.71	2,598.57
Dividend on Equity	Rs. lacs	253.04	140.62	140.62	225.00	225.00
Tax on Dividend	Rs. lacs	38.97	15.47	14.06	22.50	—
Retained Profit	Rs. lacs	1,143.35	946.27	597.17	742.21	2,373.57
SOURCES OF FUNDS :						
Share Capital	Rs. lacs	1,124.89	562.50	562.50	562.50	562.50
Reserves & Surplus	Rs. lacs	12,722.56	10,887.65	9,941.39	9,344.24	8,602.03
Shareholders Funds	Rs. lacs	13,847.45	11,450.15	10,503.89	9,906.74	9,164.53
Borrowings	Rs. lacs	6,295.81	6,355.54	7,720.67	7,515.15	6,566.33
Total	Rs. lacs	20,143.26	17,805.69	18,224.56	17,421.89	15,730.86
APPLICATION OF FUNDS :						
Net Fixed Assets	Rs. lacs	12,355.65	11,553.84	11,112.90	11,192.18	10,233.63
Investments	Rs. lacs	4,918.30	3,298.57	3,334.07	4,202.30	3,747.72
Net Current Assets	Rs. lacs	2,617.17	2,908.45	3,734.78	2,027.41	1,749.51
Miscellaneous Expenses (To the extent not written off)	Rs. lacs	252.14	44.83	42.81	—	—
Total	Rs. lacs	20,143.26	17,805.69	18,224.56	17,421.89	15,730.86
Book value per Equity Share	Rs.	1231.00	2,036.00	1,867.00	1,761.00	1,629.00
Earnings per Share	Rs.	128	196.00	134.00	176.00	462.00
Dividend (Equity)		25%	25%	25%	40%	40%

The Andhra Pradesh Paper Mills Limited



NOTICE

NOTICE is hereby given that the **Thirty Sixth Annual General Meeting** of the Members of **The Andhra Pradesh Paper Mills Limited** will be held on **Saturday, the 30th day of September, 2000 at 11.00 A.M. at Sri Venkateswara Anam Kala Kendram, Rajahmundry-533104, East Godavari District, Andhra Pradesh** to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2000, Profit and Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon;
2. To note the payment of Interim Dividend on Equity Shares and declare a final Dividend on the Equity Shares for the year ended 31st March, 2000;
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 Smt.Alka Bangur who retires by rotation under Article 142 of the Articles of Association of the Company and is eligible for re-appointment.
5. 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. Brahmayya & 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 at a remuneration of Rs.1,75,000/- net of service tax plus reimbursement of travelling and out-of-pocket expenses.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:
RESOLVED THAT Shri S.K.Arora be and is hereby appointed as a Director of the Company in the casual vacancy created by the resignation of Dr.D.Subba Rao in respect of whom the Company received a Notice under Section 257 of the Companies Act, 1956.
7. To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:
RESOLVED THAT Shri T.Gopala Rao be and is hereby appointed as a Director of the Company in the casual vacancy created by the resignation of Shri P.C.Parakh in respect of whom the Company received a Notice under Section 257 of the Companies Act, 1956.
8. 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 309 (4) of the Companies Act, 1956 and subject to such approvals as may be necessary, the directors of the Company, other than the Managing/Whole Time Director(s), if any, be paid annually such sum, by way of commission, not exceeding in aggregate such percentage of the net profits of the Company prescribed under the provisions of Section 309 of the Companies Act, 1956 and calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 or any amendment or modification thereof, to be divided amongst the Directors, who are not in whole-time employment of the Company, in such manner and subject to such limitations as the Board of Directors of the Company may from time to time determine and that such payment be made in respect of profits for whole or proportionately for a part of each of its financial years during a period of 5 years commencing from 1st April, 2000 and further that the payment of the sum in the above manner shall be in addition to the fee per meeting of the Board/Committee of Board which each such Director is entitled to receive under the provisions of the Articles of Association of the Company.
9. 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 94 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the Articles of Association of the Company and subject to the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000-(including any modification thereof) and subject to the approvals,



Annual Report 1999 - 2000

consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Equity Shares of the Company having face value of Rs.100/- (Rupees One Hundred only) per Share be sub-divided into Equity Shares having a face value of Rs.10/- (Rupees Ten only) per Share.

FURTHER RESOLVED THAT the sub-division shall be effective from such date as may be fixed by the Board of Directors in consultation with The Hyderabad Stock Exchange Ltd. and/or The Stock Exchange, Mumbai, if required.

FURTHER RESOLVED THAT for the purpose of giving effect to the above Resolutions, the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as it may consider necessary expedient or proper including cancellation or rectification of the existing Share Certificates in lieu of old Certificates and to settle any question or difficulty that may arise in regard to the sub-division of Shares as aforesaid and to delegate all or any of the powers herein vested in them to any Committee of Directors or any Director(s) to give effect to the aforesaid Resolutions.

FURTHER RESOLVED THAT the existing Clause V of Memorandum of Association of the Company 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 1,87,50,000 Equity Shares of Rs.10/- each and 1,25,000 Redeemable Cumulative Preference Shares of Rs.100/- each with a 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.

FURTHER RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, 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 "new Article 6":

The Authorised Capital of the Company is Rs.20,00,00,000/- (Rupees Twenty Crores only) divided into 1,87,50,000 Equity Shares of Rs.10/- each and 1,25,000 Redeemable Cumulative Preference Shares of Rs.100/- each.

The said 1,25,000 Redeemable Cumulative 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).

10. 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 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be amended as under:

- I The following definitions be and are hereby added and inserted after the existing definition "Register" in Article 3 of the Articles of Association of the Company :

Beneficial Owner : Beneficial Owner shall have the meaning assigned thereto by Section 2 of the Depositories Act, 1996.

Depositories Act : Depositories Act shall mean Depositories Act, 1996 and includes any statutory modification or re-enactment thereof for the time being in force.

Depository : Depository shall mean Depository as defined in Section 2 of the Depositories Act, 1996.

SEBI : SEBI means Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

Securities : Securities means the Shares, Debentures or other Securities as may be specified by Central Government, SEBI or any other concerned Authority (ies) from time to time.

The Andhra Pradesh Paper Mills Limited



II. The following Article be and is hereby inserted as Article 5 A after Article 5:

5A: Dematerialisation of Securities

- i) Dematerialisation of Securities : Notwithstanding anything to the contrary contained in these Articles, the Company shall be entitled to dematerialise its Securities and to offer Securities in a dematerialised form pursuant to the Depositories Act.
- ii) Option to hold Securities in physical form or with Depository : Every person subscribing to or holding Securities of the Company through Allotment or otherwise shall have the option to receive and hold the same in the form of Security Certificate(s) or to receive and hold the same in dematerialised form with Depository.
- iii) Allotment of Securities dealt with in a Depository : Notwithstanding anything contained in the Act or these Articles, where Securities are dealt with in a dematerialised form, the Company shall inform the details of allotment of Securities to the Depository immediately on allotment of such Securities.
- iv) Distinctive Nos. of Securities held in a Depository : Nothing contained in the Act or these Articles regarding the necessity of having Distinctive Nos. for Securities issued by the Company shall apply to Securities held with a Depository.
- v) Beneficial Owner may opt out of a Depository : Every person holding Securities of the Company with a Depository, being the beneficial owner thereof, may at any time opt out of the Depository in the manner provided under the provisions of the Depositories Act and the Rules, if any, prescribed thereunder and on fulfilment of the conditions prescribed by the Company from time to time, the Company shall issue the relevant Security Certificate to the beneficial owner thereof.
- vi) Securities in Depositories to be fungible form : All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the beneficial owner.
- vii) Rights of Depositories and Beneficial Owner :
 - a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purpose of effecting transfer of ownership of Security on behalf of the beneficial owner and shall not have any voting rights or any other rights in respect of the Securities held by it.
 - b) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the Securities shall be entitled to all the rights and benefits and shall be subject to all the liabilities in respect of his Securities which are held by the Depository.
- viii) Transfer of Securities : Nothing contained in Section 108 of the Act or these Articles shall apply to the transfer of Securities effected by transferor(s) and transferee(s) both of whom are entered as beneficial owners in the records of a Depository.
- ix) Other matters : Notwithstanding anything contained in these Articles, the provisions of Depositories Act relating to dematerialisation of Securities (including any modification or re-enactment thereof) and Rules and Regulations made thereunder shall prevail and apply accordingly.

III The existing Article 7 be and is hereby altered by deleting the same and substituting in its place and stead the following as a new Article 7:

- 7. Register of Members and Index of members and Security Holders : The Company shall cause to be kept at its Registered Office or such other place as may be decided, Register of Members and Index of Members and Security Holders in accordance with Sections 150, 151 and 152 and other applicable provisions of the Act.
The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members and Security Holders for the purposes of these Articles. The Company shall have the power to keep in any State or Country outside India, Register of Members for the residents in that State or Country.



Annual Report 1999 - 2000

IV The following new Article be and is hereby inserted as Article 211A:

Service of Documents on the Company : 211A: Where the Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company or its transfer agent by means of electronic mode or by delivery of floppies or disks.

11. 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 Sections 109A, 109B (including any modification or re-enactment thereof) and Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be amended by insertion of the following new Article 18A after Article 18:

Power of Company to purchase its own Securities : 18A: Notwithstanding anything contained in these Articles, but subject to the provisions of Sections 77A, 77AA and 77B of the Act (including any modification or re-enactment thereof), the Company may purchase its own shares or other specified securities out of:

(a) Free Reserves or (b) Securities Premium Account or (c) Proceeds of any Shares or other specified Securities in accordance with the Rules/Regulations prescribed by Central Government, Securities and Exchange Board of India or any other appropriate authority in this behalf.

12. 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 Sections 109A and 109B (including any modification or reenactment thereof) and Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be amended by insertion of the following new Articles 56A & 56B after Article 56:

Nomination 56A:

- (1) Every holder of shares in, or debentures of the Company may at any time nominate in the manner prescribed under the Act, a person to whom his shares in, or debentures of, the Company shall vest in the event of death of such holder.
- (2) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time-being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company, or as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company, as the case may be, of all the joint holders in such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint, in the manner prescribed under the provisions of the Act, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.
- (5) The provisions of this Article shall apply mutatis mutandis to a deposit of money with the Company as per the provisions of Section 58A of the Act.

Option 56B :

- (1) Any person who becomes a nominee by virtue of Article 56A upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either
 - (i) to register himself as holder of the shares or debentures, as the case may be; or
 - (ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debentureholder, could have made.
- (2) If the nominee elects himself to be registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the death certificate of the deceased holder.

The Andhra Pradesh Paper Mills Limited



- (3) Subject to provisions of the Act and these Articles, the relevant shares or debentures may be registered in the name of the nominee or the transferee as if the death of the holder of the shares or debentures had not occurred and the notice or transfer signed by the registered holder.
- (4) A nominee on becoming entitled to any shares or debentures by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would have been entitled if he were the registered holder of the shares or debentures except that he shall not, before being registered as a member of such shares or debentures, be entitled in respect of them to exercise any right conferred on a member or debentureholder in relation to meetings of the Company.
- (5) The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable in respect of the relevant shares or debentures, until the requirements of the notice have been complied with.
- (6) The provisions of this Article shall apply mutatis mutandis to a deposit of money with the Company as per the provisions of Section 58A of the Act.

13. 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 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 185 be and is hereby substituted with the following Article:

Unclaimed/Unpaid : 185 : The Company shall comply with the provisions of Sections 205A and 205B read Dividend etc. with Section 205C of the Act, in respect of unclaimed or unpaid dividend.

The Company shall also comply with the provisions of Section 205C of the Act in respect of any moneys remaining unpaid with the Company in the nature of (i) the application moneys received by the Company for allotment of any securities and due for refund (ii) deposits received by the Company and due for repayment (iii) debentures issued by the Company and matured for redemption and (iv) the interest, if any, accrued on the amounts referred to at items (i), (ii) and (iii) respectively.

14. 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 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 131 be and is hereby deleted.

15. 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 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 179 (b) be and is hereby deleted.

16. 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 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 177 of the Articles of Association of the Company be and is hereby replaced by the following new Article:

177: The Company may pay dividends in proportion to the amount paid up or credited as paid on each share or alternatively pay dividend on the shares for the full year irrespective of the date of allotment of shares at the absolute discretion of the Board of Directors or Committee of the Board.

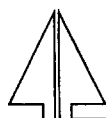
Registered Office:

Rajahmundry-533 105
East Godavari District,
Andhra Pradesh.

Date: 29th July, 2000

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

C. Prabhakar
Company Secretary



Annual Report 1999 - 2000

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. 6 to 16 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 15-9-2000 to 30-9-2000 (both days inclusive).
4. Securities and Exchange Board of India (SEBI) informed that trading in equity shares of the Company would be compulsory in dematerialised form by all investors with effect from 28th August, 2000. The Company has already entered into agreements in March, 2000 with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can dematerialise their equity shares in the Company through their Depository Participants.
5. The final dividend for the year ended 31st March, 2000 as recommended by the Board, if sanctioned, at the Meeting will be payable on or after 2nd November, 2000 to those Members whose names appear in the Company's Register of Members as on 30th September, 2000. In respect of shares held in Electronic form, the Dividend will be payable on the basis of beneficial ownership as per the details furnished by NSDL and CDSL for this purpose.
6. The Members holding shares in physical form are requested to notify any change in their address immediately to the Company and those members holding shares in electronic form should inform change in address to their Depository Participants.
7. The Members are requested to bring their copies of Annual Report to the Meeting.
8. The Members who have so far not encashed their dividend warrants for the years ended 31st March, 1995, 1996, 1997, 1998 and 1999 may immediately approach the Company with their dividend warrants for revalidation.
9. Investors desirous of availing the facility of Electronic Credit of dividend are requested to fill in the form attached to this Annual Report.
10. As per the provisions of the amended Companies Act, 1956 facility for making nominations is available to the shareholders in respect of the shares held by them in physical form. Nomination forms can be obtained from the Secretarial Department at the Registered Office. In respect of shares held in electronic form, the nomination should be recorded with the respective Depository Participants. The Company would not accept any nomination in respect of such shares.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Regarding Item No.6

Pursuant to the provisions of Section 262 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Shri S.K.Arora was appointed as Director by the Board of Directors of the Company on 6.5.1999 to fill up the casual vacancy created by the resignation of Dr.D.Subba Rao.

A Notice under Section 257 of the Companies Act, 1956 has been received from a Member of the Company signifying his intention to propose the name of Shri S.K.Arora as a Director of the Company. Your Directors feel that it is in the interests of the Company to continue the appointment of Shri S.K.Arora as a Director of the Company and accordingly recommend his appointment by the members.

None of the Directors except Shri S.K.Arora is concerned or interested in this Resolution.

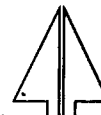
Regarding Item No.7

Pursuant to the provisions of Section 262 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Shri T.Gopala Rao was appointed as Director by the Board of Directors of the Company on 31.7.1999 to fill up the casual vacancy created by the resignation of Shri P.C.Parakh.

A Notice under Section 257 of the Companies Act, 1956 has been received from a Member of the Company signifying his intention to propose the name of Shri T.Gopala Rao as a Director of the Company. Your Directors feel that it is in the interests of the Company to continue the appointment of Shri T.Gopala Rao as a Director of the Company and accordingly recommend his appointment by the members.

None of the Directors except Shri T.Gopala Rao is concerned or interested in this Resolution.

The Andhra Pradesh Paper Mills Limited



Regarding Item No.8

Section 309 of the Companies Act, 1956 provides for payment of commission to directors, who are not in whole time employment of the Company, if authorised by a Special Resolution. As per provisions of this Section, commission can be paid to all the Directors in aggregate not exceeding 1% of the net profits of the Company where there is a Managing/Wholetime Director and 3% of the net profits of the Company where there is no Managing/Wholetime Director(s).

The earlier Resolution passed by the Shareholders at the Annual General Meeting held on 27.9.1995 expired on 31.3.2000.

It is, therefore, proposed that non-executive directors be paid, in aggregate, a commission not exceeding such percentage per annum of the net profits of the Company prescribed under Section 309 of the Companies Act, 1956 and computed as per provisions of Sections 198, 349 and 350 of the Companies Act, 1956, as may be determined by the Board of Directors from time to time for a further period of 5 years for each financial year commencing from 1st April, 2000. The proportion of such payment and distribution amongst the eligible directors is proposed to be left to the discretion of the Board of Directors.

Your Directors recommend the resolution for approval by the members.

All the Directors of the Company except Shri R.C.Mall are interested in this resolution.

Regarding Item No.9

Presently, the face value of both Equity and Preference Shares of the Company is Rs.100/- per share. Of late, many Companies, in order to bring down the unit market value of their shares to make them more affordable to the investing public, have brought down the face value of their Equity Shares by splitting/sub-dividing the shares. Some Shareholders have also been requesting the Company to split/sub-divide the face value of Equity Shares from Rs.100/- per Share to a lower value to make them more affordable.

Article 73 of the Articles of Association and Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 permit sub-division of shares, with the approval of members.

In view of the foregoing, it is proposed to sub-divide the face value of the Equity Shares from Rs.100/- per Share to Rs.10/- per Share. This sub-division also requires consequential amendments to the Memorandum and the Articles of Association of the Company as proposed in the Resolution.

After the resolution is approved by the members, the Company if required, will fix the record date for splitting the Shares. The Shareholders holding the Shares in Electronic form will receive the split/sub-divided shares in Electronic form (Demat mode). However, the Shareholders holding shares in physical form will receive the share certificates.

Your Directors recommend the resolution for approval by the members.

None of the Directors of the Company is concerned or interested in the said resolutions except to the extent of their shareholding in the Company as would appear in the Register of Members.

Regarding Item No.10

Securities and Exchange Board of India (SEBI) informed the Company vide its letter dated 15.2.2000 that it was decided to include the shares of the Company in the list in which trading is compulsory for Institutional Investors and Overseas Corporate Bodies in dematerialised form from 26th June, 2000 and also advised the Company to enter into agreements with National Securities Depository Ltd., (NSDL) and Central Depository Services(India) Ltd., (CDSL) for dematerialisation of the shares of the Company and for establishment of Electronic connectivity on or before 31st March, 2000.

Accordingly, the Company and Sathguru Management Consultants (P) Ltd.(Depository Transfer Agent) entered into a tripartite agreement with CDSL on 21st March,2000 and with NSDL on 24th March,2000 providing Demat facility for all the Shareholders of the Company.

SEBI vide its letter dt.29.5.2000 also informed that trading in the Equity Shares of the Company would be compulsory in dematerialised form by all investors from 28.8.2000.

Consequent upon providing the Demat facility, it has become necessary to make amendments to the Articles of Association of the Company as given in the Notice.

Your Directors recommend the resolution for approval by the members.

None of the Directors of the Company is concerned or interested in this resolution.

Regarding Item No.11

The Companies (Amendment) Act,1999 now permitted the Companies to buy-back their own shares subject to the conditions specified in Sections77A, 77AA & 77B therein.