

47TH ANNUAL REPORT 1996-97

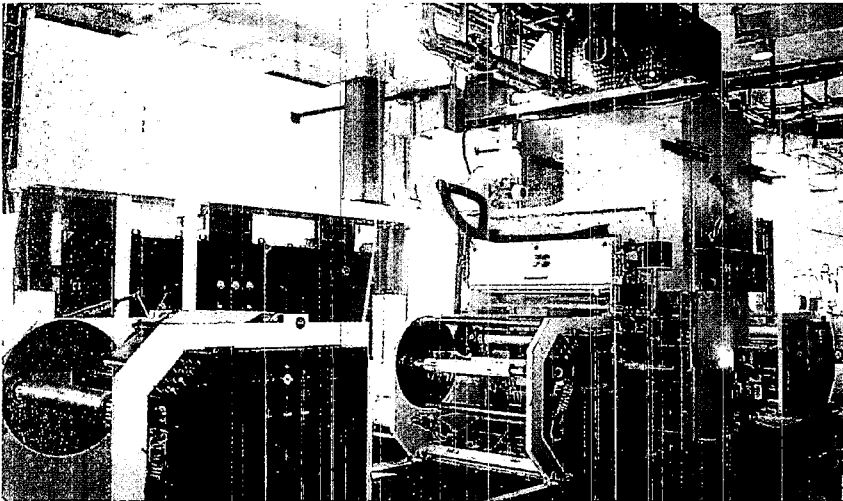
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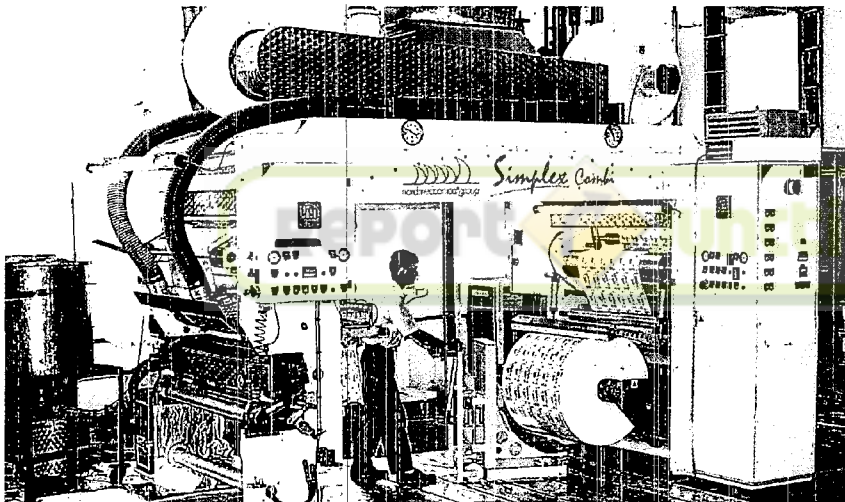
The Paper Products Ltd.

PPL — THE POWER OF FLEXIBLE PACKAGING.

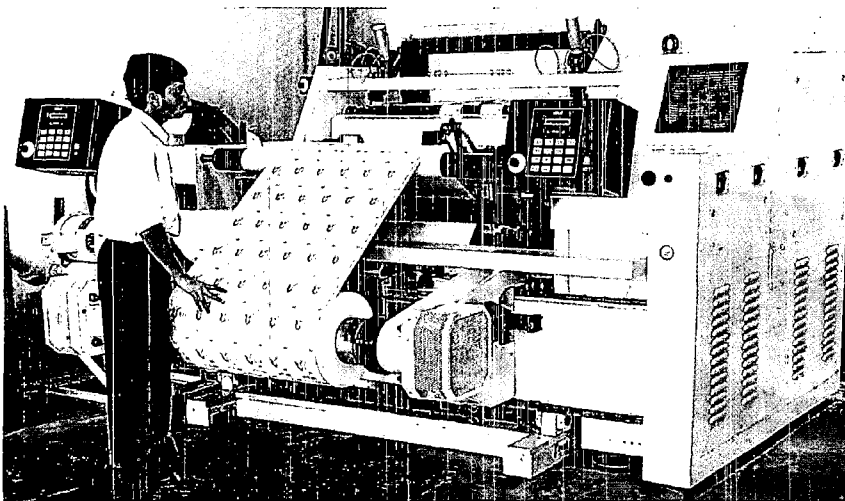
The New Flexible Packaging



Duplex Laminator from Italy



Solventless Laminator from Italy



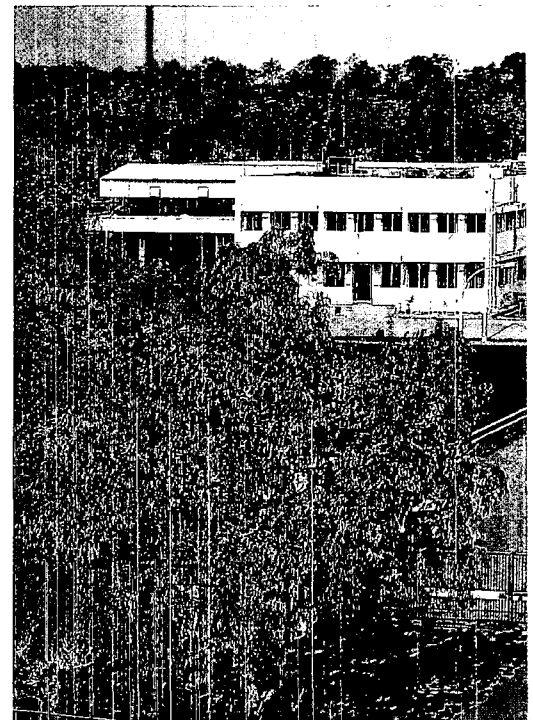
Slitter from U.K.

PPL's second flexible packaging factory located at Silvassa, about 160 Km north of Mumbai, is a world class facility equipped with the most modern machinery, and dedicated to good manufacturing practices. It is completely air-conditioned and designed for a dust free and hygienic environment. It went into commercial production in June 1996 and during its first year of production the unit has set new standards in productivity and efficiency.

To maintain a high communication standard required for efficient customer service, the facility is equipped with dedicated data and communication linkage through V-SAT with company head quarters.

The complex has a comfortable fully equipped residential facility on site for the technicians. The team is specially selected to ensure a thinking environment. A close knit interactive environment has helped create a learning organisation tuned to meet customer demands. The focus on both quality and delivery schedule adherence has helped the unit remain competitive in today's market-place.

The phase II unit in the Silvassa complex will commence commercial production in a phased manner during second quarter of current financial year.





The Paper Products Ltd.

Registered Office:

504, 506, Ansal Chambers-II, 6, Bhikaji Cama Place, New Delhi-110 066

NOTICE

Notice is hereby given that the 47th Annual General Meeting of the Company will be held on Wednesday the 6th August, 1997 at 12.00 Noon at Siri Fort Culture Complex AUDITORIUM NO. II, Asian Games Village, New Delhi-110 049 to transact the following Business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 1997, the Profit and Loss Account for the year ended on that date, together with the Directors' Report and Auditor's report thereon.
2. To declare a dividend.
3. To appoint a director in place of Shri P.N. Khanna who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a director in place of Shri Suresh Gupta, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint auditors and to fix their remuneration and for the purpose to consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED as a Special Resolution that, pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs Mehra Khanna & Co., the retiring Auditors of the Company, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and they are hereby authorised to fix their remuneration."

6. To consider, and if thought fit, to pass with or without modification the following Resolution as an ordinary resolution.

"RESOLVED that Shri Mahendra V. Doshi be and is hereby appointed Director of the Company."

7. To consider and if thought fit, to pass, the following Resolution, as a Special Resolution:

"RESOLVED that subject to provisions of the relevant laws as applicable from time to time and subject to such consents, permissions and sanctions as may be required from appropriate authorities, the consent of the Company be and is hereby authorised accorded for acquiring and holding of Equity Shares of the Company, by the Foreign Institutional Investors (FIIs), Overseas Corporate Bodies (OCBs) and Non-Resident Indians (NRIs) upto an aggregate limit of 30% of the paid-up Equity Share Capital of the Company or upto such other limit as may be permitted by law and approved by the Board of Directors of the Company, provided however that the Equity Share holding of a single FII or a sub account of an FII, in the Company shall not at any time exceed 10 percent of the Equity Share Capital of the Company or such other limit as may be permitted by law and approved by the Board of Directors of the Company".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and execute all such documents, deeds and writings as may be required for the aforesaid purpose and which it may deem fit in the interest of the Company."

By Order of the Board
for THE PAPER PRODUCTS LIMITED

New Delhi.

Dated: 29th June 1997

APRESH RAJAN

Director-Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a PROXY to attend & vote instead of himself. The Proxy so appointed need not be a member of the Company.

2. The Proxy form duly executed and stamped should reach the company at its registered Office at least 48 hours before the time fixed for meeting.
3. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of item nos. 5, 6 and 7 is annexed hereto.
4. The Register of members and share transfer books of the company will remain closed from 16th July, 1997 to 6th August, 1997 (both days inclusive).
5. Members are requested to inform the Company any change in their address quoting their folio number immediately so as to enable the company to despatch dividend warrants and any future communications at their correct addresses.
6. With a view to provide protection against FRAUDULENT ENCASHMENT OF DIVIDEND WARRANTS, THE MEMBERS ARE REQUESTED TO PROVIDE THEIR BANK ACCOUNT NUMBERS, NAME AND ADDRESS OF THE BANK BRANCHES TO ENABLE THE COMPANY TO INCORPORATE THE SAID DETAILS IN THE DIVIDEND WARRANTS, SO AS TO REACH THE COMPANY BEFORE 6TH AUGUST 1997.
7. DUE TO HIGH COST OF PRINTING IT WILL NOT BE POSSIBLE TO DISTRIBUTE COPIES OF ANNUAL REPORT AT THE MEETING. MEMBERS MAY PLEASE BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.
8. Members holding shares in identical order of names in more than one Folio number are requested to write to the Company's Share Department enclosing their share certificates to enable the company to consolidate their holdings in one folio.
9. The members are requested to claim their unclaimed dividend, if any, of the financial year ending 31st March, 1994 at the earliest. The unclaimed dividend for the aforesaid financial year will be credited with Central Government on 21st September, 1997.

The amount of unclaimed dividend for the year ending 31st March, 1993 has already been transferred to the Central Revenue Account of the Central Government, in terms of the section 205-A of the Companies Act, 1956. Those members who have not claimed the dividend for the aforesaid financial year may claim their dividend by submitting an application in form no. II to the Registrar of Companies, Delhi & Haryana, Paryavaran Building, CGO Complex, Lodi Road, New Delhi-110 003 by giving the Company No. 1798.

Encl: PROXY FORM

Explanatory Statement

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

Item No. 5

Section 224A of the Companies Act, 1956 provides for the appointment or re-appointment of an Auditors by a Special Resolution, if the subscribed share capital of the Company held either singly or in combination with Public Financial Institutions, Nationalised Banks, State and Central Governments Corporations. The holding of above category of members in the Company exceeds 25% of its subscribed share capital, hence the re-appointment of the Auditors require special resolution. The Directors recommend the appointment.

None of the Directors is interested in the above resolution.

Item No. 6

The Board had appointed Shri Mahendra V. Doshi as an Additional Director in their meeting held on 25th July 1996, accordingly he holds office up to the conclusion of this Annual General Meeting. The company has received a notice from a shareholder alongwith security as required under Section 257 of the Companies Act, 1956. The Board recommends continuation of Shri Doshi on the Board as Director.

(Excepting Mr. Mahendra V. Doshi none of the Directors are interested in the above resolution).

Item No. 7

The Ministry of Finance vide their notification dated 4th April, 1997 has allowed Foreign Financial Institutions (FII's), Overseas Corporate Bodies (OCBs) and Non Resident Indians (NRIs) to hold in aggregate upto 30% of the Paid-up Equity Capital of any Indian Company, from the existing limits of 24%, subject to the approval of the Members by way of a Special Resolution in the General Meeting. Increasing the limit to 30% will enable further investment by FIIs in India and thereby increase the foreign exchange inflow to the country. Accordingly, it is proposed to increase the ceiling of holdings by FIIs, OCBs and the NRIs from the present limit of 24% to 30% for which Members approval is being sought. Your Board of Directors recommend the passing of the Resolution as set out in the Item No. 7 of the accompanying Notice.

None of the Directors of the Company are interested or concerned with the passing of the Resolution.

By Order of the Board
for THE PAPER PRODUCTS LIMITED

New Delhi.
Dated: 29th June 1997

APRESH RAJAN
Director-Secretary

Complex At Silvassa



Eight Colour Rotogravure Printer from Japan

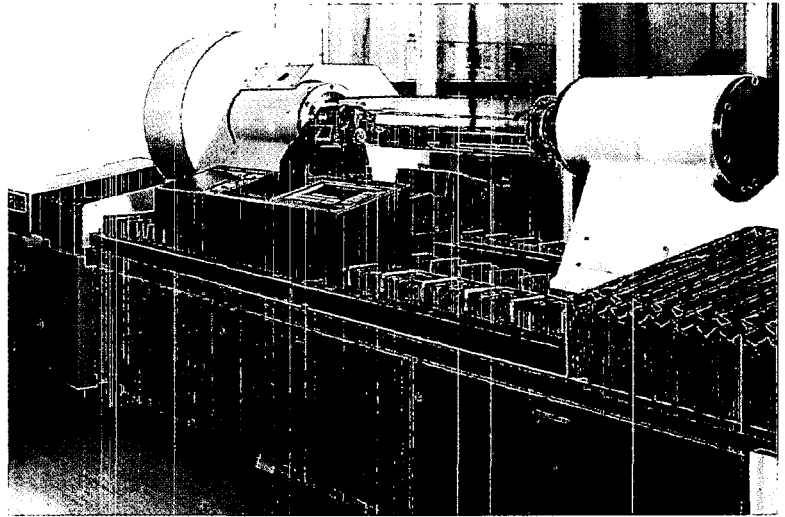


View of Silvassa Plant

The Flagship Factory At



Prepress and Image Processing System from U.S.A.



State-of-the Art Engraver from U.S.A.

The flag ship factory of the company at Thane has been in existence since 1959 and has been a pioneer in flexible packaging in India.

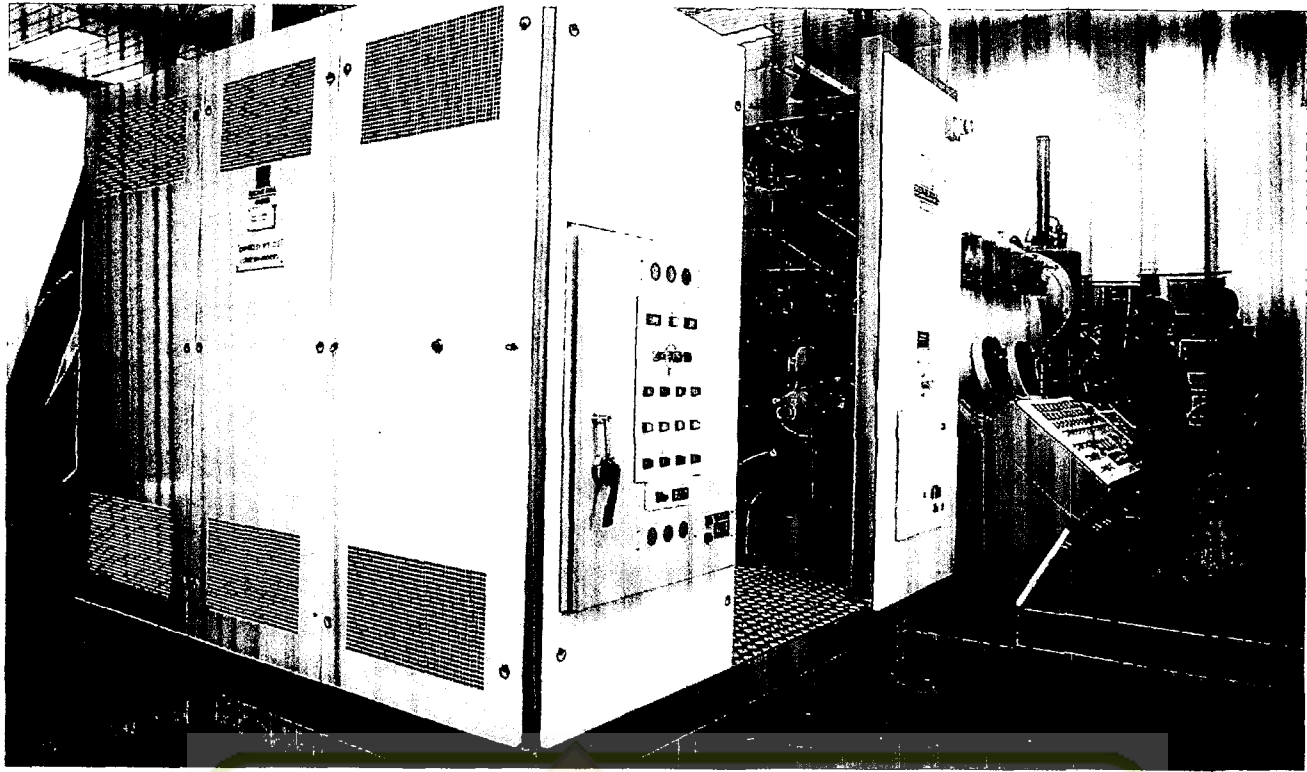
Since its very inception the Thane plant has always been fortified with the latest generation technology. Today Thane factory is an integrated complex encompassing various technologies such as state-of-the-art image processing, cylinder making, printing, barrier metallising, labelling and customised application machinery manufacture, coating, laminating, slitting, bag making. The varied complex technologies are represented by equipments from the world's leading and most reputed equipment manufacturers based in U.K., U.S.A., Japan, Switzerland and Italy.

A trained, highly skilled and motivated workforce ensures all machines are utilised to the best of their capabilities and deliver materials to customers comparable in quality to best international standards.



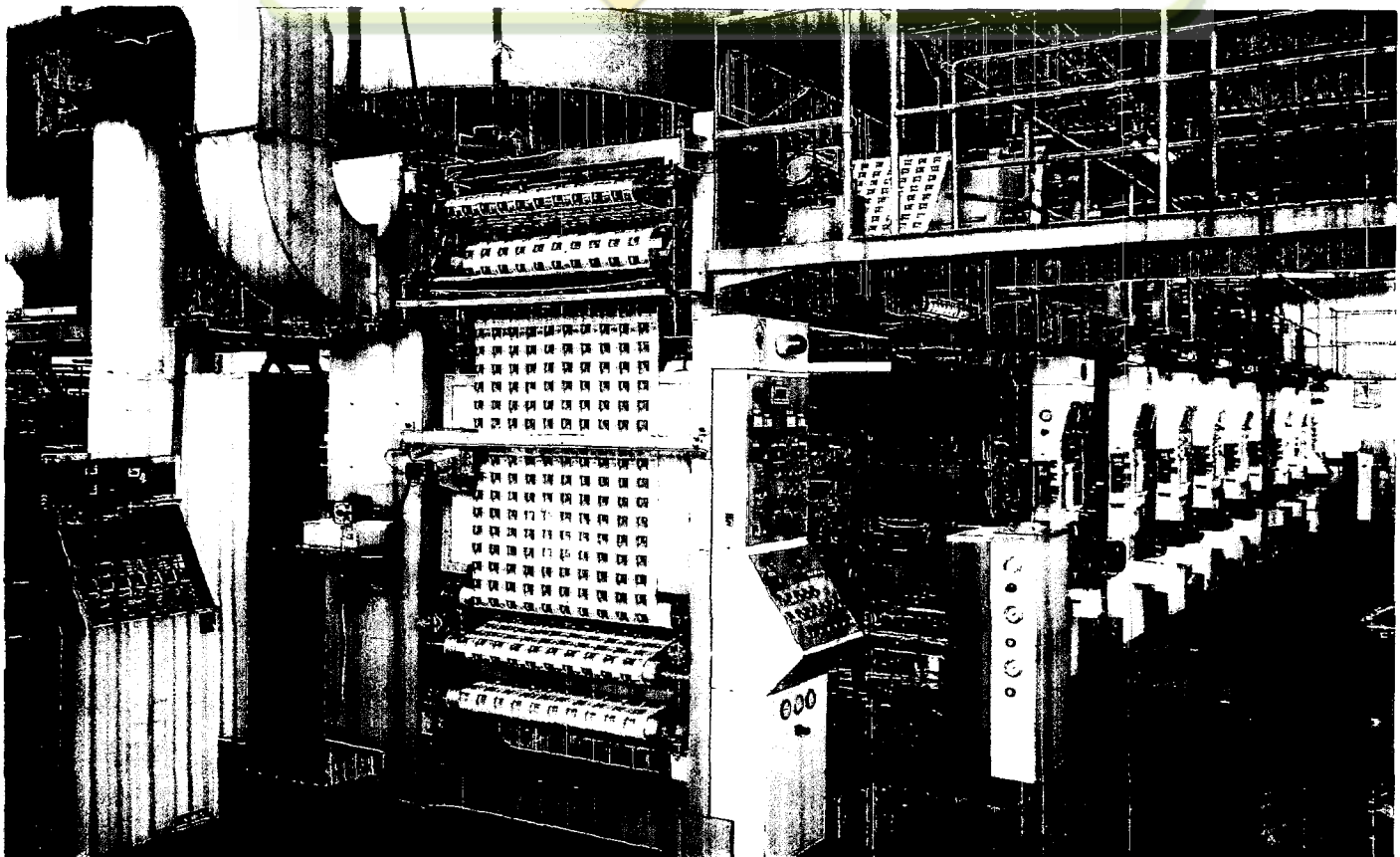
Partial View of the Frontage of Thane Plant

Thane Near Mumbai



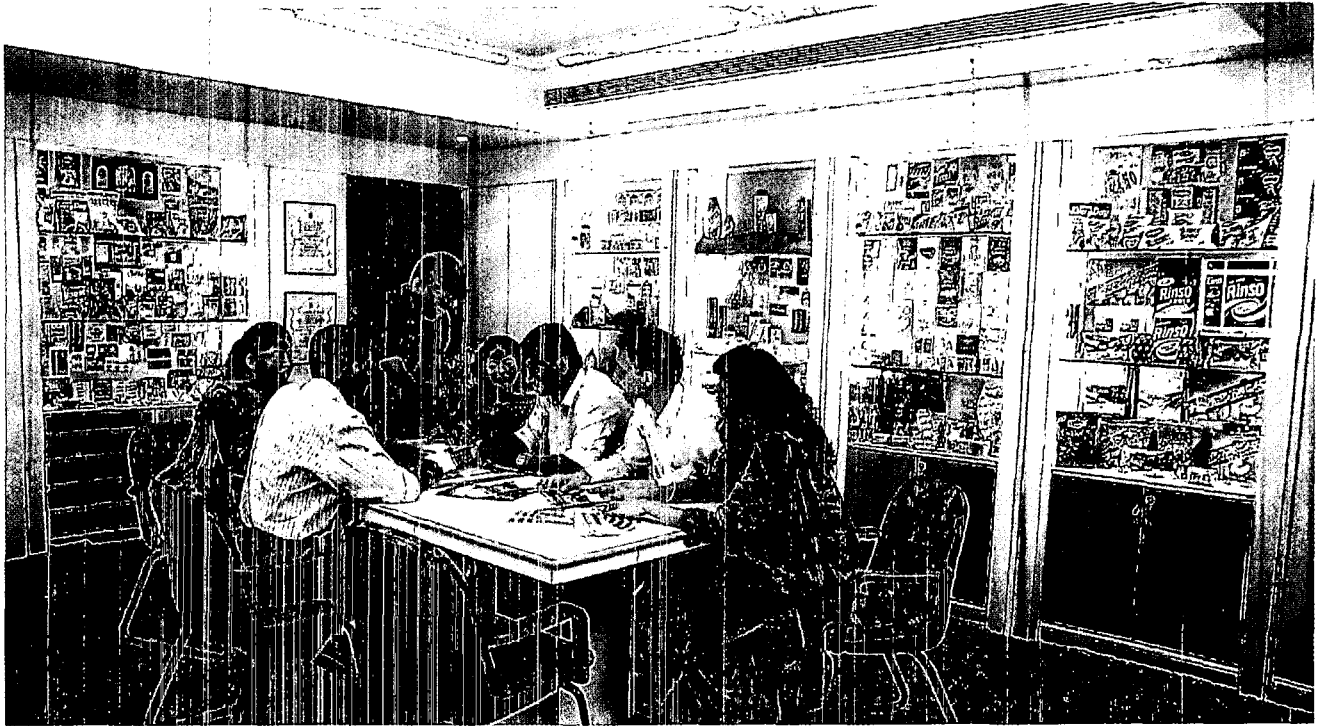
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Metalliser from U.K.

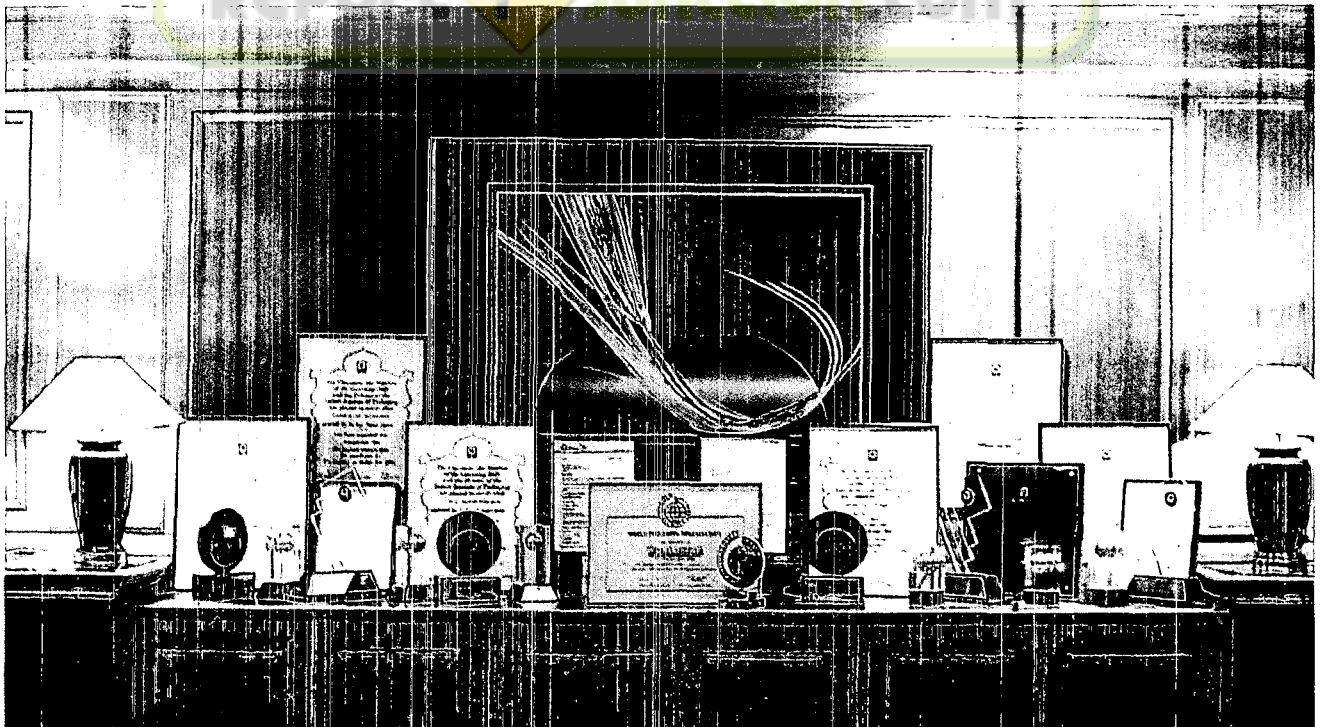


Eight Colour Rotogravure Printer from Japan

Products, Awards And Testimonials



A view of the product exhibition room at the company head quarters in Thane



PPL has over the years been winning science & technology awards, and India Star awards for packaging innovations. In 1995 it also won the internationally prestigious World Star award given by the World Packaging Organisation. The best awards have been the testimonials from satisfied customers.

MD	✓	BKC	✓
CS	✓	DPY	✓
IC	✓	DEV	✓
TRA	NA	AC	✓
CM	✓	SHI	✓
MB	✓		✓

CHAIRMAN EMERITUS

Shri S.L. Talwar

BOARD OF DIRECTORS

Shri Suresh Talwar

Chairman

Shri Suresh Gupta

Managing Director

Shri Prem Nath Khanna

Shri T.R. Tuli

Shri Ishar Singh Bajaj

Shri K.C. Narang

Shri Apresh Rajan

Director – Secretary

Shri M.V. Doshi

Shri Abdul Jabbar (IDBI Nominee)

BANKERS

ANZ Grindlays Bank Ltd.

Banque Nationale de Paris

Bank of Rajasthan Ltd.

Punjab & Sind Bank

The British Bank of the Middle East

Union Bank of India

AUDITORS

Mehra Khanna & Co

Chartered Accountants

REGISTERED OFFICE

504, 506 Ansal Chambers – II,

6, Bhikaji Cama Place,

New Delhi – 110 066

COMPANY HEADQUARTERS

LBS Marg, Majiwade,

Thane – 400 601

Maharashtra

SALES OFFICES

Ahmedabad

Calcutta

Chennai

Mumbai

New Delhi

FACTORIES

Chennai

Kalyani (West Bengal)

Nagpur

Silvassa

Thane

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DIRECTORS' REPORT

The directors have pleasure in presenting their 47th Annual Report together with the Auditors' Report and the audited statements of accounts for the year ended on 31st March, 1997.

FINANCIAL RESULTS

During the year under review, the gross turnover increased to Rs.18754 lacs from Rs. 15427 lacs in the previous year. The net sales turnover increased to Rs.14891 lacs from Rs.12233 lacs. The profit before tax increased to Rs.1172 lacs from Rs.1029 lacs in the previous year. After providing for:

Income Tax	Rs. 298 lacs
Debenture Redemption Reserve	Rs. 138 lacs

The surplus available is Rs. 1024 lacs including brought forward surplus of Rs.287 lacs. Your Directors recommend for your approval dividend at the rate of Rs.3.00 per share as against Rs.3.00 per share of previous year. As per the Finance Bill 1997, which at the time of writing this report is under consideration of the Parliament a tax of 10% is payable on the dividend declared after 1st June, 1997. The dividend pay-out will absorb Rs.203 lacs (including dividend tax of Rs.18 lacs) as against Rs.160 lacs for the previous year.

After transferring a sum of Rs. 400 lacs to general reserve, a sum of Rs.421 lacs is being carried forward.

Earning per share(EPS) has increased to Rs.14.24 from Rs.11.05 per share in the previous year.

Performance versus projections - Rights shares issued in 1995

The actual achievement as at 31st March, 1997 against the projections shown in the letter of offer dated 6th September, 1995, is given below:-

	Projections	Actuals
Net Sales	Rs. 15139 lacs	Rs. 14891 lacs
Profit after Tax.	Rs. 998 lacs	Rs. 875 lacs

CAPITAL

The paid up share capital as at 31st March, 1997 is Rs.614.42 lacs. During the year 162 shares were forfeited in respect of which the calls remained unpaid despite several reminders, extensions and forfeiture notices. As on 31st March, 1997, 1449 forfeited shares remain un-issued.

SUBSIDIARY

The accounts of the 51% subsidiary of your company -PPL Feedback Packaging Limited are attached separately in this annual report. The working of the subsidiary has been satisfactory.

NON CONVERTIBLE DEBENTURES

To augment long term working capital requirements of the company, your company issued non-convertible debentures amounting to Rs.1000 lacs which were subscribed to by Financial Institutions, Mutual Funds and Regional Rural Banks.

It is confirmed that the non-convertible debentures raised in the past and during the current year have been utilised for purposes for which these funds were raised.

BORROWINGS

During the year, external commercial borrowings amounting to US\$ 10 million were made. Out of the above US\$ 4 million were drawn upto 31st March, 1997 and US\$ 3 million were drawn on 2nd April '97. The balance US\$ 3 million will be drawn on 3rd July '97. Fixed deposits outstanding at the year end aggregate to Rs. 210.59 lacs including Rs. 22.31 lacs received from shareholders.

Unclaimed deposits at the year end were Rs. 9,50,651/- out of which Rs.1,98,895/- have since been repaid/renewed as on the date of this report.