
48TH ANNUAL REPORT 1997-98

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The Paper Products Ltd.

PPL — THE POWER OF FLEXIBLE PACKAGING.



Sardari Lal Talwar

1912 — 1997

Founder
Chairman & Managing Director
Chairman Emeritus

Guiding Spirit



The Paper Products Ltd.

REGISTERED OFFICE :
504, 506, ANSAL CHAMBERS-II,
6, BHIKAJI CAMA PLACE, NEW DELHI - 110066.

NOTICE is hereby given that the 48th Annual General Meeting of the Company will be held on Friday the 28th August, 1998 at 12.00 Noon at ESSEX FARMS, 4, AUROBINDO MARG, (ADJACENT TO HAUZ KHAS FLY OVER), NEW DELHI-110 016 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 1998, the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Shri Suresh Talwar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri T.R.Tuli, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors of the Company and to fix their remuneration and to consider and pass the following special resolution with or without modification:

"RESOLVED as a special resolution that pursuant to Section 224A and other applicable provisions of the Companies Act, 1956, Messers Mehra Khanna & Co. the retiring Auditors of the Company be and are hereby appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and are hereby authorised to fix their remuneration."

SPECIAL BUSINESS

6. 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 Section 31 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modi-

fication or re-enactment thereof, the Articles of Association of the Company be and are hereby amended to the extent and in the manner detailed hereunder :

- (a). After Article 6 and before Article 7, the following new Article be inserted numbered as 6A.

6A POWER OF COMPANY TO PURCHASE OR RE-SELL ITS OWN SHARES :

Notwithstanding anything contained in Article No.6, subject to the provisions of the Companies Act, 1956 as amended from time to time permitting the Company in this behalf, the Board of Directors may from time to time, and shall if so directed by a resolution passed by the Company at a General Meeting, purchase such quantity or quantities of the fully paid shares or such securities which can be converted into shares of the Company whether or not they are redeemable, at such rate and on such terms as the Board may deem proper or as may be directed by the Company and make payment(s) for such purchases and to keep them alive and/or resell or cancel them from time to time such number(s) of the shares so purchased, at such rate(s) and on such terms as the Board may deem proper."

- (b). After Article 7 and before Article 8, the following new Article be inserted numbered as 7A.

"7A POWER TO ISSUE SHARES WITH NON-VOTING AND DISPROPORTIONATE RIGHTS :

Notwithstanding anything contained in any other Article, but subject to the provisions of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the Company may from time to time and at any time issue to any person(s) as it may deem proper, shares whether equity, preference or any other class, or any other Financial Instruments or Securities, by whatever name called, with non-voting rights and/or the Shares/Instruments/Securities so issued may carry rights as to voting, dividend, capital or otherwise which may be disproportionate to the rights attached to the other shares or securities of the Company."

7. To consider and if thought fit to pass with or without modifications, the following resolution as a special resolution :

"RESOLVED as a special resolution that subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and modifications as may be prescribed or imposed while granting such approvals, permissions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buy-back, from the existing holders of shares and/or other securities given right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) and/or by purchasing the securities issued to the employees pursuant to a scheme of stock option, the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as the securities) from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms and conditions and in such manner as may be prescribed by law from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

8. To consider and if thought fit to pass with or without modification the following resolution as a special resolution:

"RESOLVED THAT in terms of Section 81 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 and as may be enacted from time to time) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreement of Stock Exchanges, where the shares of the Company are listed, and subject to the consent of all concerned authorities, if any to the extent necessary and such other approvals, permissions and conditions and modifications as may be pre-

scribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as "the Board") at its absolute discretion, accorded to the Board to create, offer and issue, to or for the benefit of its employees, officers and working directors or in favour of a trust in terms of a scheme of option to be framed by the Board, such number of equity shares of the Company of the face value of Rupees ten each, not exceeding in number at any time, in the aggregate, 5% of issued equity capital of the Company, as the Board may deem fit, for subscription for cash, in one or more tranches, on terms as may be fixed and determined by the Board prior to issue and offer thereof in consultation with such authorities as may be prescribed or in accordance with such guidelines or other provisions of law as may be prevailing at that time and otherwise ranking pari passu with the equity shares of the Company as then issued and in existence and on such other terms and conditions and at such time or times as the Board may at its absolute discretion deem fit, provided that the issue price of such shares shall be as determined by the Board in accordance with the prevailing laws and specified in the offer at that time, provided further that the aforesaid issue of equity shares may instead be in the form of fully or partly convertible debentures, equity linked warrants or other securities as may be permitted in law from time to time and which are generally regarded as an employee stock option instrument(s).

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 to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

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 provisions of Sections 198, 269, 309, 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force and in partial modification of the ordinary resolutions previously passed at General Meetings, from time to time, of the Company the Company hereby approves the salary of Rs. 87500.00 per month w.e.f.

1st April, 1998 inclusive of all perquisites as minimum salary (in the event of inadequacy or absence of profit) payable to Shri Suresh Talwar, Chairman."

10. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution :

"RESOLVED THAT in accordance with provisions of Sections 198, 269, 309, 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force and in partial modification of the ordinary resolutions previously passed at General Meetings, from time to time, of the Company the Company hereby approves the salary of Rs.87500.00 per month w.e.f 1st April, 1998 inclusive of all perquisites as minimum salary (in the event of inadequacy or absence of profit) payable to Sh.Suresh Gupta, Managing Director."

11. To consider and if thought fit to pass with or without modification the following as an ordinary resolution :

"RESOLVED THAT pursuant to and subject to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby accords its approval to the re-appointment of Shri Apresh Rajan as Director-Secretary for a period from 17-10-1998 to 31-03-2000 on a remuneration of Rs. 27500/- per month in the scale of Rs. 25000/- to Rs. 40000/- (with such increases as the Board may from time to time grant). The other terms relating to perquisites, benefits etc. remaining the same as approved by the Company in its Annual General Meeting held on 28th August, 1993 and detailed in the explanatory statement."

12. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to provisions of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of

Directors of the Company (The Board) to borrow any sum or sums of money from time-to-time, where the monies to be borrowed including external commercial borrowing (Foreign Currency) 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 at any time, the aggregate of the paid up capital of the Company and its free reserves (that is to say, reserve not set apart for any specific purpose), provided that the total amount so borrowed shall not at any time exceed Rs.250 Crores (Rupees Two Hundred Fifty Crores only) and that the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time-to-time as to interest, repayment, security or otherwise howsoever as it may think fit."

13. 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 subject to the approval of the Central Government as required under sub section (1B) of section 314 of the Companies Act, 1956 consent of the Company be and is hereby granted to Shri S.N.Khanna, Divisional Manager, Nagpur (related to Justice P N Khanna, Director) to continue to draw salary of Rs.22500/- per month w.e.f 01/07/1998 in the scale of Rs.20000/- to Rs.35000/- (with such annual increments as the Managing Director/Board may consider fit). The other perks remaining the same as approved by the Company and detailed in Explanatory statement.

Further resolved that the Board of Directors be and are hereby authorised to accept such modifications or amendments/conditions as the Central Government may impose while granting sanction."

By order of the Board
for THE PAPER PRODUCTS LIMITED

New Delhi.
Dated : 27th July, 1998

APRESH RAJAN
Director Secretary

NOTES :

1. Explanatory Statement, pursuant to section 173(2) of the Companies Act, 1956, in respect of resolutions set out under items nos. 5 to 13 above, are annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 11th August, 1998 to 28th August, 1998 (both days inclusive).
4. Members are requested to notify change in their address, if any, quoting their folio numbers to the Registered Office of the Company.
5. In accordance with the provisions of Section 205 A of the Companies Act, 1956 the Company has transferred unclaimed dividends upto the financial year ended 31st March, 1994 to the general revenue account of the Central Government. The members concerned may therefore submit their claims in Form No. II to the Registrar of Companies, Delhi & Haryana, Paryavaran Bhawan, CGO Complex, Lodi Road, New Delhi-110003 quoting Company No. 1798.
6. The members are requested to claim their unclaimed dividend, if any, of the financial year ending 31st March, 1995 at the earliest. The unclaimed dividend for the aforesaid financial year will be transferred to Central Government on 31st October, 1998.
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 Certificate(s) to enable the Company to consolidate their holding in one folio.
9. WITH A VIEW TO PROVIDE PROTECTION AGAINST FRAUDULENT ENCASHMENT OF DIVIDEND WARRANTS, THE MEMBERS ARE REQUESTED TO PROVIDE BEFORE 28th August, 1998 THEIR BANK ACCOUNT NUMBERS, NAME AND ADDRESS OF THE BANK BRANCH TO ENABLE THE COMPANY TO INCORPORATE THE SAID DETAILS IN THE DIVIDEND WARRANTS.

Encl : (a) Proxy Form
(b) Explanatory Statement

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 at each Annual General Meeting of 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 and Corporations 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 of the Company is in any way concerned or interested in the resolution.

The resolutions are recommended for approval of the shareholders.

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

ITEM NO. 7

Buy back of own shares or other securities convertible into equity shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, however, seeks to lay down the operative provisions to regulate the buy back of shares/securities by Companies. Hence it is expected that, in due course of time, the law would be amended to allow such buy back.

It is proposed to buy back shares or other securities giving right to subscribe for shares of the Company, from the existing security holders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) and/or by purchasing the securities issued to the employees of the Company pursuant to the scheme of stock option, subject to necessary enactment in this regard.

The buy back of shares as aforesaid would entail investing of an amount which would not be less than the market value of the shares or other securities giving right to subscribe for shares of the Company and shall be met out of the free reserves and/or the securities premium account and/or out of the proceeds of an issue specifically made for the purpose. The shares so bought back may be cancelled or at the discretion of the Board be re-issued. The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible.

The Board is of the opinion that it will be in the best interest of the Company if shareholders approve the said resolution, should the provisions be enacted, permitting such buy back, so that the Company will be able to implement this resolution.

The resolution, if approved, will be operative for and will be given effect within a period of 15 months from applicable date.

The Directors recommend the resolution for approval of the shareholders.

ITEM NO. 6

It is considered desirable that the Company and its Board of Directors should have the power to purchase Company's own shares for a variety of reasons including when it is found necessary to bring down the overall cost of capital or when the market prices of the Company's shares are unduly depressed and do not reflect the real value thereof. The proposed provision in the Articles of Association by insertion of Article 6A is expected to be beneficial both to the Company and its shareholders. The Board of Directors of the Company shall exercise the powers contained in this Article only after necessary provision for the purpose is incorporated in the Companies Act, 1956 or any statutory modification or re-enactment thereof and in such manner and after complying with the conditions prescribed in such provision and not otherwise.

Insertion of the new Article 7A in the Articles of Association is an enabling provision authorising the Company to issue shares and other securities with non-voting rights and/or with rights disproportionate to the rights attached to the other shares or securities of the Company. The provision is also expected to be beneficial both to the Company and its investors. The Board of Directors of the Company shall exercise the powers contained in this Article only after necessary provision for the purpose is incorporated in the Companies Act, 1956 or any statutory modification or re-enactment thereof and in such manner and after complying with the conditions prescribed in such provision and not otherwise.

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

ITEM NO. 8

The business environment in India is becoming increasingly competitive, in the context of the economic liberalisation programme. It is, therefore, necessary that the Company adopts requisite measures for attracting and retaining qualified, talented and competent personnel for the business operations of the Company. Employees Stock Option Schemes, is designed to foster a sense of belonging amongst personnel, is a well recognised approach world over for staff motivation. It is, therefore, appropriate to consider introducing a Stock Option Scheme for the employees, officers and working directors of the Company. The shares may be allotted to employees, officers and working directors in accordance with a scheme to be framed in that behalf, as per the provisions of law. The proposed resolution is an enabling resolution intended to achieve these objectives.

As required under section 81(1A) of the Companies Act 1956, Articles of Association and listing agreement(s), consent of the Company is being sought.

The Directors recommend the resolution for approval of the shareholders.

The wholtime directors who would be eligible/qualified to avail the benefit of such scheme may be deemed to be concerned or interested in the resolution.

ITEM NO. 9 & 10

At the 46th Annual General Meeting held on 25th July, 1996 the shareholders had approved the re-appointment and terms of remuneration to Shri Suresh Talwar, Chairman and Shri Suresh Gupta, Managing Director.

In accordance with the notification GSR No. 48(E) dated 1st February, 1994 and clarification vide Press Note No. 2/96 dated 16th September, 1996, issued by the Central Government, whereby a new Schedule XIII was introduced, a Company having profits in a financial year may pay any remuneration by way of salary, dearness allowance, perquisites, commission and other allowances which shall not exceed 5% of its net profit for one such managerial person and if there is more than one such managerial person, 10% of its net profit for all of them together.

The said notification also stipulates limits upto which remuneration could be paid by a Company in the event of absence or inadequacy of profits in any year. A Company which in the absence or inadequacy of profits may pay remuneration to whole-time directors by way of salary, dearness allowances, perquisites, and any other allowances, not exceeding the ceiling limit of Rs. 10.50 Lakhs per annum or Rs. 87500.00 per month and in addition thereto the perquisites not exceeding the limits specified under section II of part II of schedule XIII to the Companies Act, 1956.

Consistent with the provisions of Schedule XIII to the Companies Act, 1956 it is now proposed that in the event of loss or inadequacy of profits in any financial year during the currency of their respective tenure, the Company will pay remuneration by way of salary, perquisites and allowances not exceeding the ceiling limits set out in Section II part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

The other terms and conditions of the appointment of the Chairman & Managing Director as approved by the shareholders at the AGM will remain unchanged.

The revised terms of remuneration are to be approved by the members in General Meeting and the Directors commend this resolution for adoption by the members.

Excepting Shri Suresh Talwar & Shri Suresh Gupta no other Director is concerned or interested in any way in the said resolution.

ITEM NO. 11

Shri Apresh Rajan was re-appointed as Director-Secretary of the Company for a period of 5 years w.e.f. 17th October, 1993 and approved by the shareholders in the meeting held on 28th August, 1993.

Shri Apresh Rajan will attain the age of 58 years in March 2000. Board recommends re-appointment from 17th October, 1998 to 31st March, 2000 on the remuneration as detailed in the Resolution and the same perquisites as under which were approved by the shareholders earlier.

- (i) Housing : Furnished/Unfurnished Residential Accommodation or House Rent Allowance of 60% of salary in lieu thereof.

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax rules, 1962 not exceeding 10% of salary.

- (ii). Medical reimbursement : Expenses incurred for the appointee and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- (iii). Leave Travel Concession : For the appointee and his family once in a year incurred in accordance with any rules specified by the Company.
- (iv). Club Fees : Fees of the clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- (v). Personal Accident Insurance : Premium not to exceed Rs.4000.00 per annum.
- (vi). Contribution to Provident Fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income tax Act.
- (vii). Gratuity payable should not exceed half month's salary for each completed year of service.
- (viii). Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- (ix). Provision of car for use on Company's business and telephone at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.

Excepting Shri Apresh Rajan no other Director is concerned or interested in any way in the said resolution.

ITEM NO. 12

The Company had at its meeting held on 25th July, 1996 passed a special resolution authorising the Board of Directors to borrow upto Rs. 100.00 Crores (Rupees One Hundred Crores only), to finance the growth activities of the Company. It is proposed to enhance the said borrowing powers to Rs.250.00 Crores (Rupees Two Hundred Fifty Crores only) and

accordingly as required under section 293 of the Act approval of the members is sought for resolution under item no. 12. The Board recommends passing of the resolution by the members.

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

ITEM NO.13

Shri S.N. Khanna, a relative of Justice P.N.Khanna, Director is working in the Company since the year 1958. He was sanctioned the grade of Rs. 10000-800-18000 in the Annual General Meeting of the Company held on 12th August, 1994 since then there has been a steep increase in the cost of living and also increase in the remuneration of other officers and executives of the Company, the Board therefore recommends a salary of Rs.22500/- in the scale of Rs. 20000/- to Rs. 35000/- w.e.f. 1st July, 1998. It attracts the provision of sub section (1B) of section 314 thereby requiring prior approval of the Central Government for payment of such remuneration.

The remuneration and perquisites payable are as under :

1. Salary Rs.22500/- Per month in the scale of Rs.20000/- to Rs.35000/-.
2. Residential Accommodation provided by the Company for which 10% shall be deducted out of his salary.
- 2A. Gas, Electricity, Water and furnishing not exceeding 10 percent of the salary.
3. Bonus as paid to other officers of the Company not covered by the payment of Bonus Act.
4. Medical Reimbursement Expenses incurred for self and family subject to a ceiling of one month's salary per year or three month's salary in a period of three years, and expenditure being incurred for treatment in public hospital.
5. Leave Travel Concession for self and family once in a year to and from any place in India as per rules of the Company.
6. Club Fees - Fees of the clubs subject to a maximum of two clubs, admission and life membership fee to be borne by the said Shri S.N. Khanna.

7. Personal Accident Insurance – premium not to exceed Rs.1000/- per annum.
8. Gratuity not exceeding half month's salary for each completed year of service.
9. Provident Fund: Company's contribution not to exceed 12 percent of the salary.
10. Superannuation Fund: Company's contribution to this fund together with the contribution of Provident Fund, not to exceed 27 percent of the salary.
11. Earned privilege leave on full pay and allowances but not more than one month's leave for every eleven months of service.
12. Telephone Expenses at Residence. However, all long distance personal calls shall be duly logged and paid for by Shri S.N. Khanna.

13. Car – Free use of car on Company's business and for limited personal use. The value of this perquisite to be determined as per Income Tax Rules.

Except Justice P.N. Khanna, none of the Directors of the Company is any way, concerned or interested in the resolution.

By the order of the Board
for THE PAPER PRODUCTS LIMITED

New Delhi.
Dated : 27th July, 1998

APRESH RAJAN
Director Secretary

