
51ST ANNUAL REPORT 2000

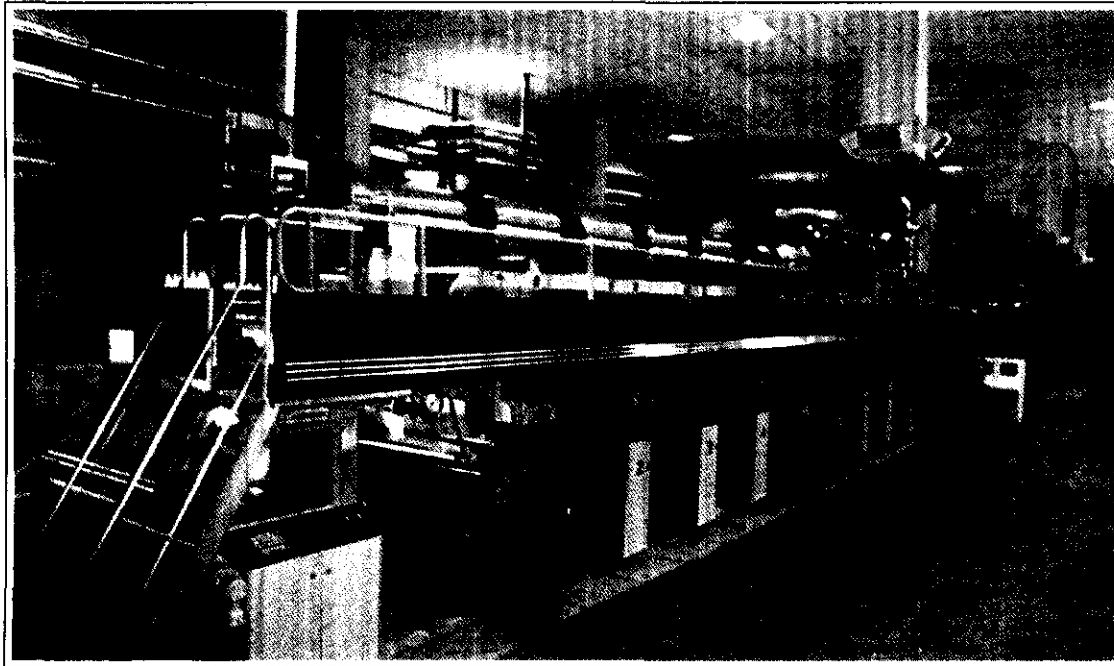
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The Paper Products Ltd.

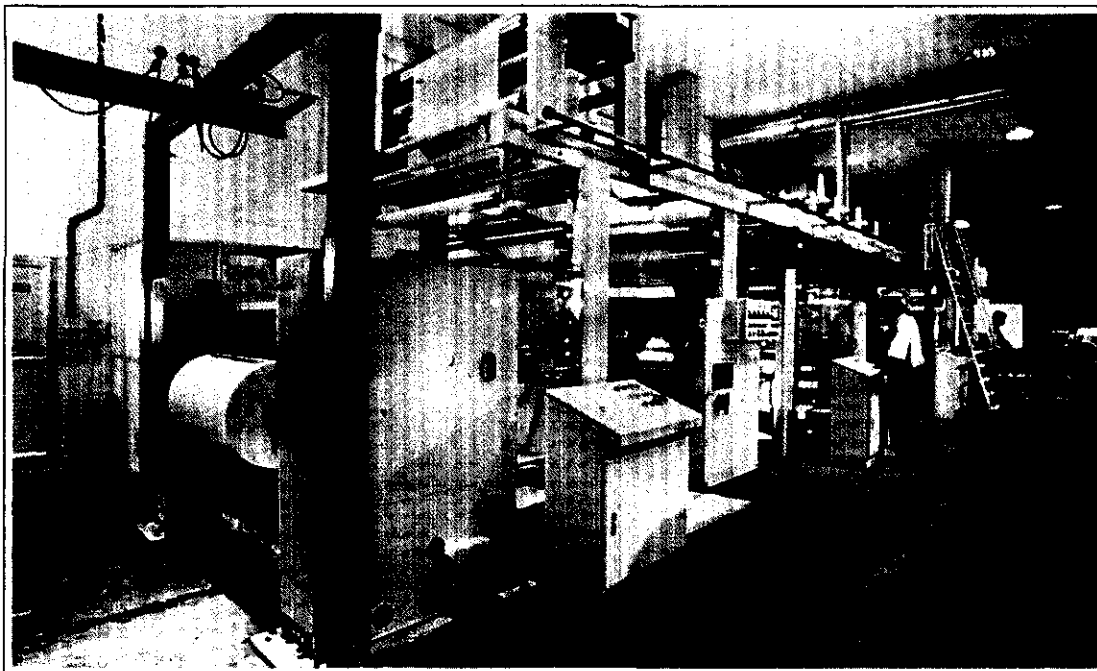
PPL - THE POWER OF FLEXIBLE PACKAGING.

**Hyderabad Plant capacity expansion commissioned
October 2000 - State-of-the-art flexibles production line.**



The Large High Speed Gravure Printing Machine

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Sophisticated High Speed Solventless Laminator

The Paper Products Ltd.



Modern Precision Polishing Machine for Gravure Cylinders - Hyderabad



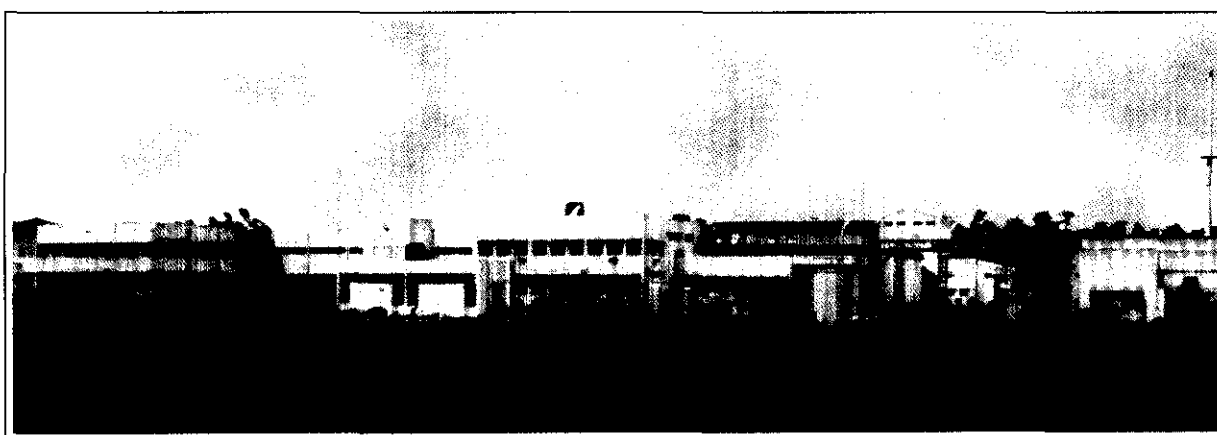
The Hyderabad Plant - Focussed for Growth



The Latest Generation Digital Electronic Engravure - Hyderabad



Thane Plant - Originator of Innovations

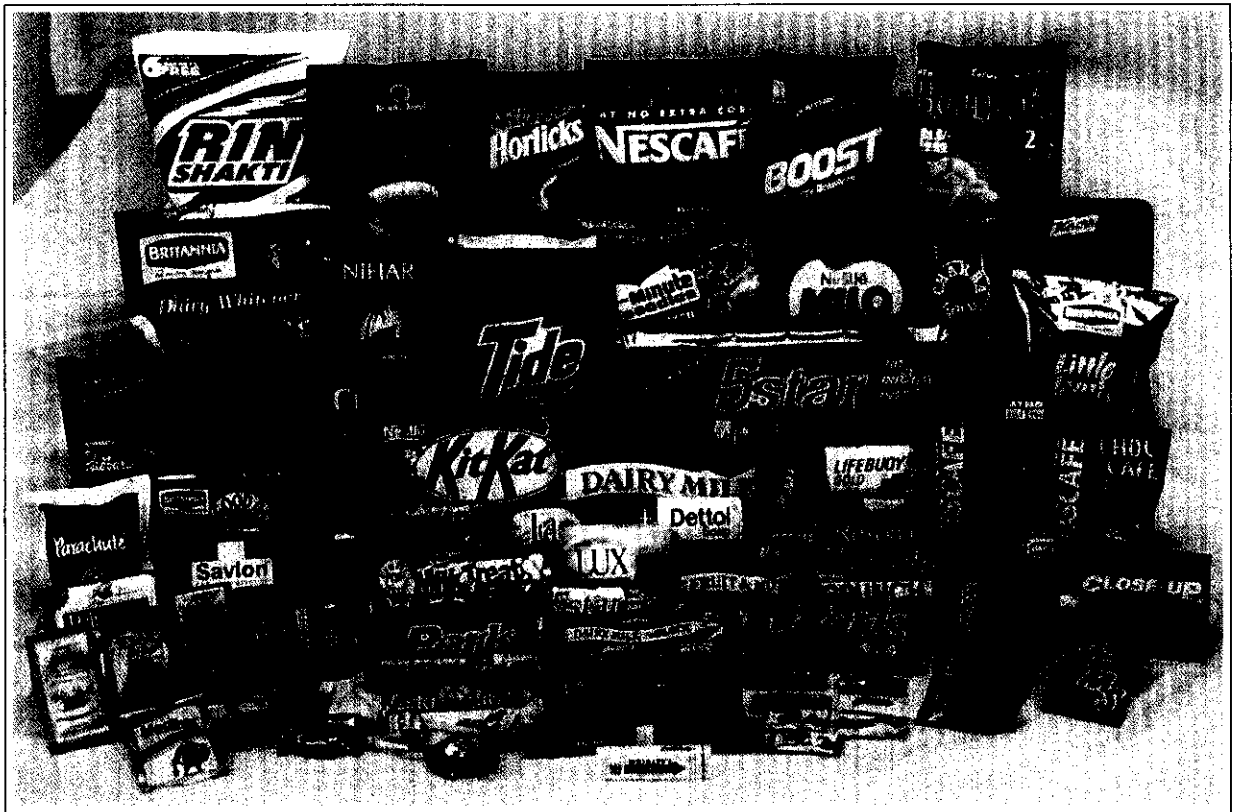


Silvassa Plant - The Standard for Good Manufacturing Practice

The Paper Products Ltd.



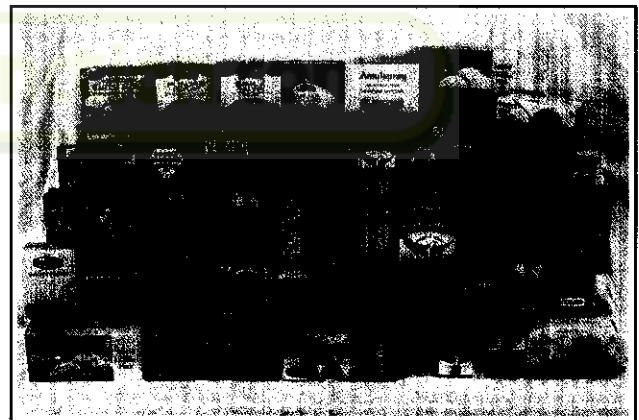
Packaging Technology Groups



Flexibles - A Source of Strength



*A Family of Sophisticated Labels -
To Fit Diverse Product Requirements*

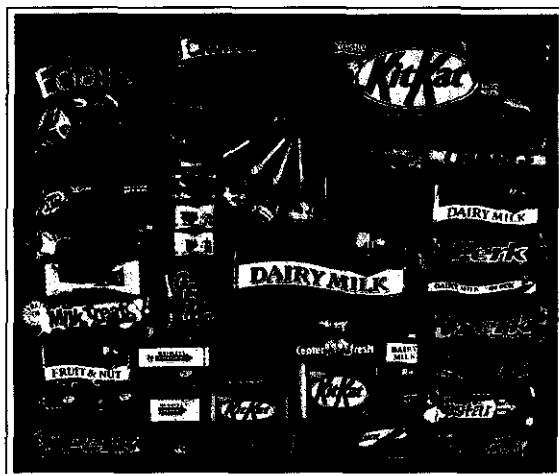


Specialised Cartons - An Opportunity for Major Growth

The Paper Products Ltd.



Packaging for different consumer product segments



Chocolates & Confectionery



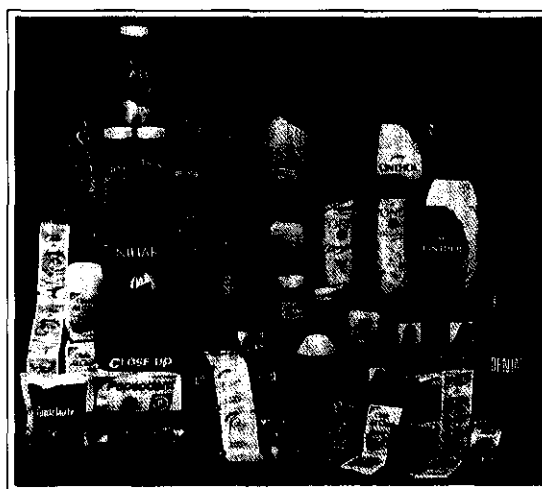
Hot Beverages



Soaps and Detergents



Cold Beverages



Personal Care Products



The Paper Products Ltd.

QUALITY POLICY

We, as a group of people propagate involvement, imbibing and sharing of knowledge. Pride in technical leadership, innovation, and good citizenship are the other pillars of our core culture. From this emerges our mission to continuously improve our products and service. And with continuous development of New Applications, Structures & Products, ensure that our customers regard us as the best in servicing their need world-wide. We believe that Cost efficiency is an integral part of providing our customers with the best value products. Operating profitably maintains our ability to do so in the future.

The guiding principles of our Quality Policy are:

- **Customers are the focus in everything we do** - We assess Customer requirements and expectations and set quality standards for our products and service that surpass their expectations.
- **Growth of our people is vital** - We provide our people with a conducive work environment; equip and upgrade them with appropriate training and empower with necessary authority.
- **Innovation is a strategic initiative** - New Applications, Structures and Products form an integral part of our annual targets.
- **Quality and consistency are of utmost importance** - We attach the highest priority to measuring quality performance levels of our products and service, and continually improve them.
- **Suppliers are our partners** - We maintain mutually beneficial relationships with suppliers of materials and services, and have agreements and practices in place for meeting the needs of our quality policy.
- **Integrity is never compromised** - The conduct of our company is pursued in a manner that it is socially responsible and commands respect for its contribution to society.
- **Cost efficiency is an integral part of quality** - We undertake cost-benefit analysis of activity and materials, and seek out cost reductions as an integral part of being a cost efficient manufacturer providing high quality products and service.

SURESH GUPTA
Managing Director & President

1st October, 2000

The Paper Products Ltd.



BOARD OF DIRECTORS

Mr. Suresh Talwar	- Chairman
Mr. Suresh Gupta	- Managing Director & President
Mr. K. C. Narang	
Mr. Francisco de Miguel	
Mr. Henk Roelof Koekoek	
Mr. K. Pfenninger	
Mr. Beek Henricus Josephus	
Mr. E. A. Ariens	
Mr. H. L. Chopra	- Director Technical
Mr. Vibhu Talwar	

COMPANY SECRETARY

Mr. Manoj J. Malhotra

BANKERS

BNP PARIBAS
Bank of Rajasthan Ltd.
Punjab & Sind Bank
Standard Chartered Grindlays Bank Ltd.
The Hongkong & Shanghai Banking Corporation Ltd.
Union Bank of India

SALES OFFICES

Bangalore
Chennai
Kolkata
Mumbai
New Delhi

FACTORIES

Hyderabad
Nagpur
Silvassa
Thane

AUDITORS

BSR & Company
Chartered Accountants

REGISTERED OFFICE

504, 506, Ansal Chambers-II,
6, Bhikaji Cama Place,
New Delhi - 110 066, India
Fax No. 6182637

CORPORATE OFFICE

LBS Marg, Majiwade,
Thane - 400 601 (Maharashtra), India
Fax No. 5340599/5427050

The Paper Products Ltd.



DIRECTORS' REPORT

The Directors have pleasure in presenting their 51st Annual Report together with Auditors' Report and the audited statements of accounts for the year ended 31st December, 2000.

The current financial year is for a period of twelve months as against the previous financial year of nine months. Hence the figures shown hereunder are not comparable with the previous year's figures.

FINANCIAL RESULTS

	(Rupees in Million)	
	31st Dec. 2000 (12 Months)	31st Dec. 1999 (9 Months)
Gross Turnover	3252.3	2351.3
Net Sales Turnover	2758.9	1904.2
Profit before Tax	111.2	76.8
Less: Provision for Tax	8.3	6.6
Profit after Tax	102.9	70.2
Add: balance of profit for earlier years	54.3	61.0
Profit available for appropriation	157.2	131.2
Less : Debenture Redemption Reserve	-	30.5
General Reserve	10.4	10.0
Dividend & Tax on Preference Shares	10.3	7.0
Proposed Dividend & Tax on Equity Shares	53.7	29.4
Balance Carried forward	82.8	54.3

During the period under review, the gross turnover was Rs. 3252.3 million as compared to Rs. 2351.3 million in the previous year. The net sales turnover was Rs. 2758.9 million as compared to Rs. 1904.2 million. The profit before tax was Rs. 111.2 million as compared to Rs. 76.8 million in the previous year. After providing for income tax of Rs. 8.3 million, the profit after tax is Rs. 102.9 million. Further after transferring an amount of Rs. 10.4 million to General Reserve the surplus available is Rs. 146.8 million, including brought forward surplus of Rs. 54.3 million. Earning per Equity Share (EPS) was Rs. 7.38.

MANAGEMENT REVIEW AND OUTLOOK

The Management Review and Outlook is attached to the Annual Report for the year ended 31st December, 2000.

DIVIDEND

The Directors have declared an interim dividend on 12%

700,000 Redeemable Cumulative Preference Shares of Rs. 100/- each amounting to Rs. 10.3 million (including dividend tax of Rs. 1.9 million) and no final dividend is recommended on the said Preference Shares. The interim dividend paid shall be fully adjusted as final dividend for the year ended 31st December, 2000.

Your directors recommend a dividend on Equity Shares at 35%, for the year ended 31st December, 2000. The said equity dividend will absorb a sum of Rs. 53.7 million (including dividend tax of Rs. 9.7 million).

SUBSIDIARY

As required under Section 212 of Companies Act, 1956, the audited statement of accounts, along with the report of the Board of Directors of PPL Feedback Packaging Limited and Auditors' Report thereon for the year ended 31st December, 2000 are annexed.

NON CONVERTIBLE DEBENTURES

It is confirmed that the funds raised in the earlier years on Non Convertible Debentures have been utilised for the purposes for which the funds were raised.

During the year, your Company repaid 200,000 - 16.5% Secured Redeemable Non-Convertible Debentures of Rs. 100/- each aggregating to Rs. 20 million issued in 1995.

FIXED DEPOSITS

Out of Deposits as on 31st December, 2000 totalling to Rs. 9.25 million from public and shareholders, 56 matured deposits aggregating to Rs. 1.54 million had not been claimed. Since then 18 of the said deposits aggregating to Rs. 1.06 million have been claimed, paid and/ or renewed.

PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed to this report.

DIRECTORS

Mr. Evert A. Ariens and Mr. Karl Pfenninger retire by rotation and being eligible offer themselves for reappointment. Necessary resolutions for their reappointment form part of the Notice convening the ensuing Annual General Meeting.

During the year Mr. Prabhakar Dev and Mr. Trevor J. Armstrong resigned from the Board. The Board places on

The Paper Products Ltd.



record its appreciation of the valuable services rendered by them during their tenure as members of the Board.

In place of Mr. Trevor J. Armstrong, the Board had appointed Mr. Beek Henricus Josephus on 31st October, 2000 as an Additional Director of the Company and pursuant to Section 260 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company Mr. Beek Henricus Josephus holds office upto the ensuing Annual General Meeting. Notice has been received from a member of the Company proposing the candidature of Mr. Beek Henricus Josephus, Additional Director, for the office of Director at the ensuing Annual General Meeting.

During the year Mr. H.L. Chopra was reappointed as Director - Technical for a period of one year upto June, 2001 on the same terms and conditions as are contained in the notice convening the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY

The Board of Directors hereby confirm that :

- i. In the preparation of the annual accounts for the year ended 31st December, 2000 the applicable accounting standards have been followed and there are no departures;
- ii. Accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st December, 2000 and of the profit or loss of the company for that period;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. Annual accounts for the year ended 31st December, 2000 have been prepared on a going concern basis.

AUDITORS' REPORT

The auditors have qualified their report in respect of an excise demand and show cause notice. Note 8 (ii) of schedule 18 states the company's position and requires no further clarification. Qualification regarding accounting of inter-unit sales requires no clarification and has no impact on the operational result of the year

AUDITORS

M/s. BSR & Co., Chartered Accountants, the Company's

statutory auditors hold office until the conclusion of the ensuing Annual General Meeting. The Company has been informed by them that if appointed their appointment would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. Your Directors recommend the appointment of M/s. BSR & Co., Chartered Accountants, as the statutory auditors of the Company at the ensuing Annual General Meeting to hold office until the conclusion of next Annual General Meeting of the company on such remuneration and other terms and conditions as may be agreed upon by the Board and Auditors.

DEMATERIALISATION OF SECURITIES

The shares of your Company have been included in the compulsory list for trading in dematerialised form with effect from 28th August, 2000. Your Company has entered into necessary agreements with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can hereinafter trade in the Securities of the Company only in dematerialised form.

AUDIT COMMITTEE

As required under the provisions of Section 292A of the Companies (Amendment) Act, 2000, your Board is taking necessary steps to constitute an Audit Committee.

CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement entered into with Stock Exchanges, the Code of Corporate Governance will be applicable with effect from March, 2002. However the Company has already initiated several measures for an early implementation of the matters governed by the Code.

A SPECIAL WORD

The Board appreciates the hard work put in by all the employees of the Company, and the support of its customers, suppliers, financial institutions and bankers. The Board is grateful for the support and co-operation received from the Company's shareholders.

By Order of the Board
For **THE PAPER PRODUCTS LIMITED**

Place : Mumbai
Date : 30th January, 2001

Suresh Talwar
Chairman



ADDENDUM TO DIRECTORS' REPORT

1. As required under the provisions of Section 292A of the Companies (Amendment) Act, 2000, an Audit Committee consisting of Mr. K.C. Narang, Director, Mr. Henk Koekoek, Director and Mr. Suresh Gupta, Managing Director & President has been constituted. Steps are being taken to comply with the provisions of clause 49 of the Listing agreement, in this regard.
2. The Board of Directors at their meeting held on 27th April, 2001 recommended the revision of remuneration from the said date and reappointment of Mr. Suresh Gupta, Managing Director & President for a further period of five years w.e.f. 20th March, 2002 as per terms and conditions set out in the resolutions. Necessary resolutions for increase in remuneration and reappointment forms part of the Notice convening the ensuing Annual General Meeting.
3. The Board of Directors at their meeting held on 27th April, 2001 recommended the reappointment of Mr. H.L. Chopra, Director - Technical w.e.f. 1st July, 2001 for a further period of one year on same terms and conditions. Necessary resolution for reappointment forms part of the Notice convening the ensuing Annual General Meeting.

Place : Mumbai
Date : 27th April, 2001

Suresh Talwar
Chairman

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE-I

Particulars as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

A. Persons employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 100,000/- p.m.

- Name (A) Designation/Nature of duties (B) Remuneration received Rupees (C) Qualifications (D) Age/ Years (E) Experience including experience in previous concern if any in years (F) Date of commencement of employment (G) Last employment held with designation.
- Shri Suresh Gupta (A) Managing Director & President (B) 4,211,237/- (C) BA (Hons.), MBA (D) 48 (E) 27 (F) 27/01/1988 (G) Almana Group, Doha-Qatar, Executive Director ● Shri C N Murthy (A) Sr. Vice President - Operations (B) 1,234,918/- (C) B. Tech in Mechanical Engineering (D) 50 (E) 29 (F) 02/01/1995 (G) ITC Limited, Branch Manager- PPD ● Shri M K Srinivasan (A) Sr. Vice President - Finance (B) 1,243,775/- (C) M.Com. AICWA (D) 44 (E) 23 (F) 20/02/1993 (G) Montari Industries Limited, Financial Controller.

B. Persons employed for the part of the year and were in receipt of remuneration at a rate not less than Rs. 100,000/- p.m.

None

Note : "Remuneration Received" includes salary, commission, actual expenditure for provision of other benefits, house rent allowance, medical expenses, leave travel expenses, reimbursement of gas, electricity & water charges, contribution to provident fund & other perquisites calculated in accordance with the provisions of Income Tax Act, 1961 & the rules thereunder as applicable.