



9th ANNUAL REPORT

1 9 9 6 - 9 7

MD	✓			BKC	✓
CS	7/6			DPY	Np
RO	✓			DIY	✓
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		



Board of Directors

Shri K.V. Reddy

Chairman & Managing Director

Shri K.V. Ramana Reddy

Executive Director

Shri B. Sunder Rami Reddy

Director

Shri V. Sreenath Rao

Director

Shri M. Nagaraja

Director

Shri Dilip K Sontakey

Director

Shri G. Ramakrishna Reddy

Whole-Time Director

Auditors

M/s. Khaja Khader Khan & Company

Chartered Accountants

Nellore.

Bankers

Bank of Rajasthan Limited

Bank of Madura Limited

Registered Office

6-3-347/14, Dwarakarpuri,

Panjagutta,

Hyderabad - 500 082.

Registrars & Share Transfer Agents :

M/s. Ikon Visions (P) Ltd.,

Flat No. 33, Sanali Heavens,

8-3-948, Ameerpet, Hyderabad - 500 073.



Nayagara Paper Products (India) Limited**NOTICE**

NOTICE is hereby given that the Ninth Annual General Meeting of Nayagara Paper Products (I) Ltd., will be held on Wednesday the 31st December, 1997 at 10.00 A.M. at Dr. Homi J Baba Community Hall, Dr. A.S. Rao Nagar, ECIL Post, Hyderabad - 500 062 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and loss account for the year ended 31st March, 1997 and the Balance sheet as on that date and the reports of the auditors and Directors thereon.
2. To declare dividend.
3. To elect a Director in place of Mr. V. Sreenath Rao, who retires by rotation and being eligible, offers himself for reappointment.
4. To elect a Director in place of Mr. B. Sunder Rami Reddy, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT in accordance with the provisions of Section 293 (1) (d) of the Companies Act, 1956 and Article 59(a) of the Articles of Association of the Company, the consent of Company in the General Meeting be and is hereby accorded to the Board of Directors of the Company for borrowing at any time or from time to time monies together with monies already borrowed by the company (apart from temporary Loans), upto a limit of Rs. 50 Crores (Rupees Fifty Crores only) in excess of the aggregate of the paid-up share capital of the company and its free reserves, that is to say reserves not set apart for any specific purpose".

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors for mortgaging and/or charging in such form and manner and in such terms and at such time(s) as the Board of Directors may deem fit, the whole or substantially the whole of the undertaking of the company wherever situated, present and future, whether presently belonging to the company or not with a right to take over the management of the business and undertaking of the company in certain events, in favour of any lender including financial Institution(s), Bank(s), Insurance Company(ies), Corporate Body(ies) to secure any loans, advances or deposits agreed to be lent, advanced or made by any of the aforesaid institutions to the company together with the interest, commitment charges and expenses payable by the company to them."

"FUTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, things, deeds and to execute all such documents as the Board may deem fit to give effect to this resolution."

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 Section 31 and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) the Articles of Association of the Company be and are hereby altered as under :

A. Following clause be and is hereby added as new clause to the existing Article 9.

9. d. Subject to the provisions of the Act, and other applicable provisions of law, the Company shall be

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at liberty to issue shares, either equity or any other kind with non-voting rights and the resolution authorising such issue shall prescribe the terms and conditions of the issue.

B. Following clause be and is hereby added as new clause to the existing Article 6 (1)

6 (1) (d). The Company shall have power, subject to and in accordance with all applicable provisions of the Act, and other applicable provisions of law and subject to such other approvals, permissions and sanctions as may be necessary to purchase any of its own fully paid up shares whether or not they are redeemable, on such terms and conditions and upto such limits as may be prescribed by law from time to time and may make payment out of its capital in respect of such purchase, provided that nothing herein contained shall be deemed to effect the provisions of sections 100 to 104 and section 402 of the Act in so far as they are applicable".

9. To consider and if thought fit to pass with or without modification the following resolutions as a special Resolution.

"RESOLVED THAT pursuant to Section 68 of the Companies Act, 1997 and other applicable provisions, if any, of the Companies Act, 1997 (including any amendment to or reenactment thereof) and subject to the other statutory provisions and appropriate consents, permissions and sanctions, as may be necessary from the appropriate authorities or bodies, if any, and subject to conditions and alterations which the Board of Directors of the Company may in its absolute discretion in the interest of the Company, consent be and is hereby given to the Board of Directors to buy back Company's own shares."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the Board be and is hereby authorised to do all such acts, deeds, execute documents, instruments and writings, as it may in its absolute discretion necessary or desirable and pay fees and commission and incur expenses in relation thereto."

"RESOLVED FURTHER THAT the Board be and is hereby further authorised to settle all questions, difficulties and doubts that may arise in regard to the buy back of shares as and when permitted by Government."

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

"RESOLVED THAT pursuant to the provisions of Section 370 and other applicable provisions, if any, of the Companies Act, 1956, and the subject to the approval of the Central Government and such other approvals, sanctions and permissions as may be necessary the Board of Directors of the Company be and is hereby authorised to make loans/ give guarantees/ to provide security to any body corporate whether or not under the same management as the Company, as the Board of Directors may deem fit within overall ceiling of Rs. 20.00 crores (Rupees Twenty Crores only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the actual sum as aforesaid upto which each loan/ guarantee be given or security provided and to settle the terms thereof and to do or cause to be done such other acts, deeds and things as it may think necessary or expedient so to do for this purpose."

for and on behalf of the Board

K.V. Reddy

Chairman & Managing Director

Place : Hyderabad

Date : 22nd November, 1997.

Nayagara Paper Products (India) Limited**NOTES :**

1. 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 :
2. The relative explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of business set out under Item No. 6 to 10 is annexed hereto.
3. Instrument of proxies in order to be effective must be deposited at the Company's Registered Office not less than 48 hours before the meeting.
4. The Register of Members and Share Transfer books of the Company will remain closed from Thursday 25th December 1997 to Wednesday, 31st December, 1997 (both days inclusive).
5. Members are requested to inform immediately the change, if any, of address registered with the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. : 6**

The company has ambitious plans of expansion and also contemplates to enter into the export marketing in big way. The Company has also an idea of concentrating on production of high value added items where good margins are possible. Also envisages for setting up of retail outlets to reach closer to the endusers with wide range of products for office and student usage and increase the profitability. Added to this, the Company has lot of diversification plans for faster growth.

Entry into the export market would require import of quality paper in bulk to meet the International Standards as the Company will be eligible for import of duty free paper under advance licence scheme.

All the above plans of expansion, diversification and export market would warrant large amount of funds for sourcing. The company would therefore have to mobilise the required funds from Banks/Financial Institutions/Others. Hence the above resolution.

None of the Directors are in any way concerned or interested in this resolution.

ITEM NO. : 7

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of the public limited company shall not, except with the consent of the company in the general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company. The company would be resorting to borrowings from time to time for the purpose of its business and expansion plans. The Company has already created charge on the existing movable /immovable properties of the company in favour of Banks/Financial Institutions for the loans availed.

In view of lot of expansion, diversification & export plans as explained in Item No. 6, the company would require to mobilise large funds from Banks/Financial Institutions/Others and require to create charge in favour of them. Hence above resolution.

None of the Directors are in any way concerned or interested in this resolution.

ITEM NO. : 8

The Government of India has proposed amendments/ changes in the Companies Act inter alia to enable Companies to issue Non-Voting shares and buy-back of its own shares by companies subject to certain terms & conditions and approval of the members by way of Special Resolution.

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The proposed alteration to the Articles of Association of the Company to empower the Board of Directors to issue non-voting shares as also of buy-back of its shares after amendment of the Companies Act. Keeping this in view, it is proposed to add two new clauses viz., 9d and 6(1)d in the Articles of Association.

As per the provisions of Section 31 of the Companies Act, 1956, a Company may by special resolution alter its Articles of Association. Accordingly, the Directors recommend the resolution for members approval.

A copy of the Articles of Association of the Company showing the proposed alterations is available for inspection at the Registered Office of the Company during office hours on all working days except Sundays between 10.00 A.M and 12.00 Noon, upto the date of the Annual General Meeting.

None of the Directors are in any way concerned or interested in this resolution.

ITEM NO : 9

Section 77 of the Companies Act, 1956 restricts the company to purchase its own shares unless the same is done with a view to reduce its capital in pursuance of Sections 100 to 104 and 402 of the Companies Act, 1956. As the Companies Act, 1956 is going to be amended for buy back of shares the directors feel it would be desirable to have enabling power from the share holders.

This will be operated after the New Companies' Bill is passed and becomes an Act. All such purchases will stabilise the Share price of the Company and will be out of free reserve or Share Premium Account or out of Specific issue for the purpose. This is only an enabling sanction.

None of the Directors are in any way concerned or interested in this resolution.

ITEM NO : 10

Subject to the approval of the Central Government , (applicable only in case of loans where the aggregate of the loans exceeds the percentages prescribed) and subject to the provisions of section 370 of the Companies Act, 1956 authority by a Special Resolution of the lending company is required to make any loans to and/ or give any guarantee or provide any security in connection with any loan made by any person to, or to any other person by, any body corporate, whether or not under the same management.

The company plans to open retail outlets on its own as well as on franchise basis wherein the company may be required to provide security/guarantee on behalf of franchisees.

In the course of normal business, the company may be required to make loans, to give guarantees and provide security for loans to body corporate whether under the same management or not. The Special Resoluion seeks authorisation from the Share Holders in favour of the Board of Directors for making loans upto a limit of Rs. 20.00 Crores and for giving guarantees and providing securities for loans to bodies corporate whether under the same management or not, upto a sum of Rs. 20.00 Crores.

None of the Directors are in any way concerned or interested in this resolution.

for and on behalf of the Board

K. V. Reddy

Chairman & Managing Director

Place : Hyderabad

Date : 22nd November, 1997