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**11 th Annual Report
1998 - 99**

Board of Directors

Shri K.V. Reddy
Chairman & Managing Director

Shri K.V. Ramana Reddy
Executive Director

Shri G. Ramakrishna Reddy
Whole-Time Director

Shri M. Nagaraja
Director

Sri V. S. R. Murthy
Director

Auditors
M/s. M. G. Rao & Co.
Chartered Accountants
Hyderabad.

Bankers
Bank of Rajasthan Limited
Corporation Bank

Registered Office
501, Siri Towers
Maitrivihar, Ameerpet,
Hyderabad - 500 038.

Nayagara Paper Products (India) Limited

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of Nayagara Paper Products (India) Limited will be held on Thursday, 30th December, 1999 at 10.00 A.M. at Sundaraiah Vignana Kendram, Bagh Lingampally, Hyderabad - 500 044 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March, 1999 and the Balance Sheet as on that date and the report of the auditors and Directors thereon.
2. To elect a Director in place of Shri M. Nagaraja, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of the Eleventh Annual General Meeting and to authorise the board to fix their remuneration and to pass the following resolution with or without modification.

"Resolved that M/s M G Rao & Company, Chartered Accountants the retiring auditors be and are here by reappointed as the auditors of the company to hold the office till the conclusion of the next Annual General Meeting and the Board is authorised to fix their remuneration in this behalf".

for and on behalf of the Board

Date : 30th November, 1999.

Place : Hyderabad

K. V. Reddy

Chairman & Managing Director

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. 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.
3. The Register of Members and Share Transfer books of the Company will remain closed from Wednesday 29th December 1999 to Thursday, 30th December, 1999 (both days inclusive).
4. Members are requested to inform immediately the change, if any, of address registered with the Company.

for and on behalf of the Board

Date. : 30th November, 1999.

Place : Hyderabad

K. V. Reddy

Chairman & Managing Director

DIRECTORS' REPORT

To
The Members

Your Directors hereby present the Eleventh Annual Report with the Audited Statement of Accounts of the Company for the year ended 31st March 1999

Financial Results :

Due to various factors like the continued depression in the Indian Industry, and increase in price of raw materials without the commensurating increase in the sale price, your Company could not achieve the level of production and sales realisation. In spite of the depressed scenario, your company achieved a sales Turnover of Rs. 2808.00 lakhs resulting in a net profit of Rs. 4.84 lakhs compared to sales of Rs. 3243.64 lakhs and net profit of Rs. 210.34 lakhs.

	Rs. in lakhs	
	1998-99	1997-98
Income	2808.00	3243.64
Profit before tax	5.41	244.34
Provision for Taxation	0.57	34.00
Profit after Tax	4.84	210.34
Surplus brought forward from previous year	116.18	27.93
Provision no longer required	28.30	56.20
Available for appropriation	149.33	294.48
Less : Transfer to General Reserve	4.84	150.00
Proposed Dividend		28.30
Surplus carried to Balance Sheet	144.48	116.18

DIVIDEND :

Due to inadequacy of profits and to preserve the resources, the directors regret their inability to declare any dividend.

OPERATIONS :

During the year under review the company's operation were badly affected due to the overall Industrial depression prevailing in the Indian Industry. The price of our major input i.e. paper had increased by Rs. 3100/- per ton over the previous year. However the increase in price couldn't be passed on to the ultimate customers. The overall markets scenario was quite depressed leading to a large sales outstanding position. Moreover the Income Tax authorities had attached all the bank accounts and debtors of the company in the second half of the financial year under review, leading to a severe liquidity crunch. The Working Capital Management was under pressure and hence the company couldn't achieve the expected results.

FUTURE PROSPECTS :

During the year under review your company couldn't achieve the expected turnover, because of the various factors mentioned earlier.

With the invasion of the Electronic media and the extensive use of Information Technology in various fields the print media and the Paper Industry in particular is passing through a depressed scenario. With the available expertise the company is trying its level best to overcome the present problems.

In the likely event of the Income Tax problems being sorted out, of which the management is confident and the overall paper Industry scenario brightening up the company will be able to post better results in the coming years.

DIRECTORS :

Sri M. Nagaraja Director, retire by rotation and being eligible offers himself for reappointment.

AUDITORS :

M/s M G Rao & Co. Chartered Accountants appointed on 25-3-99 as Auditors of the Company retire at the conclusion of the present Annual General Meeting of the Company and are eligible for reappointment.

A Certificate under Section 224(1B) of the Companies Act, 1956 has been received from the Auditors to the effect that their appointment if made will be in order.

With regards to the observation made by the Auditors in their report of even date the notes to the Accounts referred to therein are self explanatory.

FIXED DEPOSITS :

The Company has not accepted any deposits from the Public and therefore the provisions of Section 58-A of the companies Act, 1956, are not applicable to this company.

PERSONNEL :

There are no employees in the Company drawing a salary of Rs. 3,00,000/- per annum or Rs.25,000/- per month and as such the particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are not furnished.

CONSERVATION OF ENERGY :

It is not applicable to this company as the industry does not fall under the categories mentioned in the Schedule.

TECHNOLOGY ABSORPTION :

Not applicable to this company since it is not carrying out any research and development programmes.

FOREIGN EXCHANGE EARNING AND OUTGO :

Earnings : Total exports Rs.15.65 lakhs.

Outgo : Nil

INDUSTRIAL RELATIONS :

The relations with the employees continued to be cordial during the year. The Directors wish to place on record their deep appreciation of the efficient and loyal services rendered by the employees at all levels.

Y2K COMPLIANCE

The Company's operational process and operating systems as well as the accounting packages are Y2K compliant.

STOCK EXCHANGE LISTING

The Company's Equity Shares are listed in the Hyderabad Stock Exchange Ltd (Regional Stock Exchange) as well as the Bombay Stock Exchange and Ahmedabad Stock Exchange.

Nagar Paper Products (India) Limited

The arrears of the listing fees payable is as follows:

			Rupees
Hyderabad Stock Exchange Ltd	1998-99		Rs. 16, 800
Bombay Stock Exchange	1998-99		Rs. 10,250
Ahmedabad Stock Exchange	1997-98	Rs.7500	
	1998-99	Rs. 7500	Rs.15,000

PAYMENT TO SMALL SCALE INDUSTRIES

The Company is not in arrears of any amount to Small Scale Industries and ancillary industrial undertakings in excess of Rs. 1.00 lakh which has been delayed beyond a period of 30 days.

The Company is regular in payment to small scale Industrial units and Ancillary industrial undertakings and they were paid within 30 days.

ACKNOWLEDGEMENTS :

Your Directors wish to express their grateful thanks to Financial Institutions, Bankers, Distributors and Customers for their continued support to the Company. The Directors also acknowledge with gratitude the continued help and support received from the various departments of the Government of India and the Government of Andhra Pradesh.

The Directors place on record their sincere appreciation of the commitment and contribution made by the Employees at all levels towards the successful operations of the Company during the year.

for and on behalf of the Board

Date : 30th November, 1999.

Place : Hyderabad

K. V. Reddy

Chairman & Managing Director