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AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

18TH ANNUAL REPORT

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TAMIL NADU NEWSPRINT AND PAPERS LIMITED





TAMIL NADU NEWSPRINT AND PAPERS LIMITED

BOARD OF DIRECTORS

Thiru N. NARAYANAN, IAS	Chairman and Managing Director
Thiru M.S. SRINIVASAN, IAS	Director
Thiru P.V. RAJARAMAN, IAS	Director
Thiru T. PITCHANDI, IAS	Director
Thiru V. R. MEHTA	Director
Thiru S. SURYANARAYANAN	Director
Thiru A. VELLIANGIRI	Director (Finance)
Thiru S.C. BHARGAVA	Director (Operations)

AUDITORS

M/s R.G.N. Price & Co.,
Simpson's Building,
Post Box No. 335
861, Anna Salai,
Chennai - 600 002.

BANKERS

Andhra Bank
Canara Bank
Indian Bank

Indian Overseas Bank

Oriental Bank of Commerce

State Bank of India

State Bank of Patiala

Syndicate Bank

The Karur Vysya Bank Ltd.

REGISTERED OFFICE

35, Anna Salai, Guindy,
Chennai - 600 032

FACTORY

Kagithapuram 639 136
Karur Dist.

SHARE TRANSFER AGENT

Karvy Consultants Ltd.,
33, Venkatraman Street,
T.Nagar,
Chennai - 600 017.

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This Annual Report has been printed using "TNPL EXCEL MAPLITHO PAPER" manufactured by TNPL.

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Tamil Nadu Newsprint and Papers Limited will be held on THURSDAY, the 13TH AUGUST 1998 at 10.00 AM at MUSIC ACADEMY, 306 T T K ROAD, CHENNAI - 600 014 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 1998, Balance Sheet as at 31st March 1998 and the Directors' Report and Auditors' Report thereon
2. To declare a dividend
3. To appoint a Director in the place of Thiru A Velliangiri who retires by rotation and being eligible offers himself for reappointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY Resolution:

RESOLVED THAT Thiru M S Srinivasan IAS be and is hereby appointed a Director of the Company.

5. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY Resolution:

RESOLVED THAT Thiru T Pitchandi IAS be and is hereby appointed a Director of the Company.

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

RESOLVED THAT pursuant to the provisions of Section 269 and other applicable provisions of the Companies Act, 1956 and Article 140 of the Articles of Association of the Company and subject to such other approvals, as may be necessary, consent of the members of the Company be and is hereby accorded to the appointment of Thiru N Narayanan IAS as Chairman and Managing Director of the Company w.e.f.16.04.98 on such terms and conditions and such remuneration as may be prescribed by the Government of Tamil Nadu from time to time.

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

RESOLVED THAT Thiru S C Bhargava be and is hereby appointed a Director of the Company.

RESOLVED FURTHER THAT pursuant to Article 143 of the Articles of Association of the Company and applicable provisions of the Companies Act 1956 and subject to such other approvals as may be required if any, approval be and is hereby accorded for appointment of Thiru S C Bhargava as wholetime Director with effect from 28.11.1997 with designation of Director (Operations) and further approval is accorded to payment of remuneration and perquisites to Thiru S C Bhargava as per details given below notwithstanding absence or inadequacy of profits during any financial year:-

SALARY:

Rs.14000/- p.m. as basic pay in the scale of pay of Rs.14000-450-18500 and other allowances and perquisites, the material of which is herein below detailed:

1. Company's accommodation with deduction as per rules of the Company.
2. Provision of Electricity and Water charges as per Company's rules.



3. Dearness Allowance, Surrender Leave Salary, Education Allowance, Production Incentive and Ex-gratia as per rules of the Company.
 4. LTC as per rules of the Company.
 5. Reimbursement of medical expenses for self and family as per rules of the Company.
 6. Payment of membership fees to the professional bodies subject to maximum of two institutes.
 7. Payment of Insurance Premium for Personal Accident and Group Insurance Policies.
 8. Contribution to Provident Fund and Superannuation Fund as per rules of the Company.
 9. Gratuity as per rules of the Company.
 10. Provision of Company's Car with driver as per rules of the Company.
 11. Provision of Company's telephone at the residence. Personal long distance calls for private purpose shall be billed by the Company to the Director.
8. To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL Resolution:
- RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the following clause be added as 67 A after the existing clause 67 of the Company's Articles of Association:
- The Company shall, subject to and in accordance with the provisions of the Companies Act, 1956, and any amendment or re-enactment thereof which authorises the Company so to do, have the power to buy-back any of its own shares, or other securities having underlying voting rights, whether fully paid-up or partly paid-up.
9. To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL Resolution:
- RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company, the consent of the company be and is hereby accorded to the Board to buy-back from the existing holders of shares 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") of the company 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, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time upto an amount not exceeding Rs.10 crores (Rupees Ten crores only) and to keep them alive, cancel and/or re-sell 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 fit and proper.
- 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.

Place : Chennai
Date : 15th July 1998

BY ORDER OF THE BOARD
A VELLIANGIRI
DIRECTOR (FINANCE)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective, must be filed not later than 48 hours before the meeting.
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out under Items 4,5,6 and 7 is annexed hereto.
4. The Register of Members and Share Transfer Books will be closed from 16th July 1998 to 13th August 1998 (both days inclusive)
5. Members are requested to notify promptly not later than 16th July 1998 to the Registered Office of the Company or to the Office of Share Transfer Agent, any change in their address.
6. Your Company has entered into an agreement with National Securities Depository Limited (NSDL) to facilitate scripless trading. Members are requested to join the depository system and avail of the benefits.





ANNEXURE TO THE NOTICE

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

Pursuant to G.O.(D)No. 293 Industries (MIH.2) Department dated 22.10.97 Govt.of Tamil Nadu appointed Thiru M S Srinivasan, IAS as Chairman of the Company. The Board of Directors, in exercise of their powers conferred under Article 99(c) passed a resolution appointing Thiru M S Srinivasan IAS as an additional Director on the Board of the Company. As an additional director, he holds his office upto the date of AGM.

Notice has been received under Section 257 of the Companies Act, 1956 from a member of his intention proposing the candidature for directorship of Thiru M S Srinivasan IAS. This may also be treated as individual notice under Sec. 257 (IA) of the companies Act, 1956.

Your Directors recommend this resolution for approval of the members of the Company.

None of the Directors of the company other than Thiru M S Srinivasan IAS is concerned with or interested in resolution.

Item No. 5

Pursuant to G.O.(D)No. 103 (Industries MIB.1) dated 29.04.98 Govt.of Tamil Nadu appointed Thiru T Pitchandi, IAS as Director of the Company. The Board of Directors, in exercise of their powers conferred under Article 99(c) passed a resolution appointing Thiru T Pitchandi, IAS as an additional Director on the Board of the Company. As an additional director, he holds his office upto the date of AGM.

Notice has been received under Section 257 of the Companies Act, 1956 from a member of his intention proposing the candidature for directorship of Thiru T Pitchandi IAS. This may also be treated as individual notice under Sec. 257 (IA) of the Companies Act, 1956.

Your Directors recommend this resolution for approval of the members of the Company.

None of the Directors of the company other than Thiru T Pitchandi IAS is concerned with or interested in resolution.

Item No. 6

Pursuant to G.O.Rt.No. 1458 Public (Special A) Department dated 13.4.98 issued by the Govt.of Tamil Nadu and in terms of Article 139 of the Articles of Association of the Company, the Board of Directors have passed a resolution appointing Thiru N Narayanan IAS as Chairman and Managing Director of the Company with effect from 16.4.98.

Under Sec. 269 read with Schedule XIII of the Companies Act, appointment of Managing Director has to be approved by the Members of the Company in general meeting. The terms and conditions of his appointment including remuneration payable to him are governed by the orders of Govt.of Tamil Nadu vide G.O.Ms.No.167 Public (Special A)Department dated 21.2.94 read with G.O.Ms.No. 495 Finance (BPE) Department dated 18.7.88. Copies of the abovesaid orders are available for inspection by any of the shareholders at the Registered Office of the Company.

Your Directors recommend this resolution for approval of the members of the Company.

None of the Directors of the Company other than Thiru N Narayanan IAS, is concerned with or interested in resolution.

Item No. 7

The Board of Directors of the Company have appointed with effect from 28.11.1997 Thiru S C Bhargava as a wholetime Director with the designation of Director (Operations) on terms and conditions set out in the above proposed resolution in the notice. Appointment of Thiru S C Bhargava as a Director is required to be approved by the members under Section 255 of the Companies Act. Further, appointment of Thiru S C Bhargava as a wholetime Director, and remuneration payable to Thiru S C Bhargava are required to be approved by the members under Section 269 read with the Schedule XIII of the Companies Act, 1956.

Notice has been received under Section 257 of the Companies Act from a member of his intention to the proposed candidature of Thiru S C Bhargava for the Office of the Director. This may also be treated as individual notice under Sec. 257(IA) of the Companies Act, 1956. Your Directors recommend this resolution for approval of the members of the Company.

None of the Directors of the company, other than Thiru S C Bhargava is interested in the resolution.

Item No. 8

It is anticipated that the Companies Act, 1956 will be amended shortly and will incorporate a provision enabling companies to buy back their own shares for reduction of capital or for re-issue, subject to conditions as may be prescribed under the proposed Amendment.

It is proposed that the Articles of Association of the company, be amended to permit the company to buy back its own shares, subject to the necessary statutory approvals and permissions.

Section 31 of the Companies Act, 1956 provides that any change in the Articles of Association should be approved by the Members by a Special Resolution and accordingly consent of the Members is being sought to the proposed amendment to the Company's Articles of Association.

A copy of the Memorandum and Articles of Association of the Company together with the proposed amendment is available for inspection at the Registered Office of the company between 10.00 AM and 12.00 Noon on any working day of the company upto the date of the Annual General Meeting.

The Directors are concerned or interested in these resolutions only to the limited extent of their shareholdings in the company, if any.

Item No. 9

Buy-back of own shares or other securities convertible into equity shares by a Company is presently not allowed under the Companies Act, 1956. The Companies Bill 1997 sought to lay down the operative provisions to regulate the buy-back of shares/securities by Companies. The said bill has not yet become the law. It is expected that in due course of time, the law will be amended to allow such buy-back.

Your Board of Directors is of the opinion that there may be a need to buy-back the shares and securities of the Company for various reasons in the overall interest of the shareholders of the company. It is therefore proposed to enable the company to buy-back shares and other securities upto an amount of Rs.10 crores(Rupees Ten crores only) from the existing security holders and/or from the open market and/or from the lots smaller than market lots of securities(odd lots) and/or by purchasing the securities issued to the employees of the Company pursuant to the scheme of Stock Option and/or pursuant to directions of the Court/other regulatory authorities, subject to necessary enactment in this regard.

The buy-back of securities as aforesaid would entail investing of an amount which would not be less than the market value of the shares or other securities given 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 specially made for the purpose or from such other sources as may be permitted by law.

This resolution, if approved will be operative and given effect to from the applicable date as may be prescribed.



The shares so bought back shall be dealt with as per the then prevailing law/regulations.

The Board is of the opinion that it is in the best interest of the Company if shareholders approve the said resolution, permitting such buy-back so that the company will be able to implement this resolution once the law is amended.

This resolution, if approved, will be operative and given effect to from the applicable date as may be prescribed.

Based on the provisions of the Companies Bill 1997, resolution to be passed at the ensuing Annual General Meeting is valid for a period of 15 months from the date of AGM.

The resolution is an enabling provision aimed at facilitating the Company to buy-back its shares as soon as legally permissible.

Your Directors recommend resolution set out at Item No.9 for your approval.

The Directors are concerned or interested in these resolutions only to the limited extent of their shareholdings in the company, if any.

Registered Office:
35 Anna Salai
Guindy
Chennai 600 032.

By ORDER OF THE BOARD

A VELLIANGIRI
DIRECTOR (FINANCE)



DIRECTORS' REPORT

To the Members

The Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the financial year ended 31st March 1998.

1. FINANCIAL RESULTS

	1997-98 (Rs. in crores)	1996-97 (Rs. in crores)
Sales	421.02	419.38
Operating Profit	106.72	135.13
Interest and Finance Charges	67.60	70.61
Gross Profit (PBDT)	39.12	64.52
Depreciation	42.69	47.14
Net (Loss)/Profit	(3.57)	17.38
Surplus brought forward from previous year	11.39	8.67
Available for appropriation	<u>7.82</u>	<u>26.05</u>

APPROPRIATIONS

Provision for taxation	—	3.28
Transfer from Investment allowance		
Reserve (utilised) account	40.00	—
Transfer to General Reserve	(40.00)	1.00
Proposed Dividend	—	10.38
Surplus Carried to Balance Sheet	7.82	11.39
	<u>7.82</u>	<u>26.05</u>

