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YASH PAPERS LIMITED

ANNUAL REPORT 1998-99



YASH PAPERS LIMITED

BOARD OF DIRECTORS

G. NARAYANA

K. K. JHUNJHUNWALA

G. N. GUPTA Retd. I.R.S.

MANJULA JHUNJHUNWALA

Dr. P. BANERJEE

A. R. NIGHOSKAR

R. N. CHAKRABORTY

VED KRISHNA

A. K. GUPTA

Chairman

Managing Director

Executive Director

Joint Managing Director

Director Finance

COMPANY SECRETARY

Rajiv Kapoor

BANKERS

STATE BANK OF INDIA

THE BENARES STATE BANK LTD.

AUDITORS

KAPOOR TANDON & CO.

Chartered Accountants

KANPUR

REGISTERED OFFICE

47/81, HATIA BAZAR,

KANPUR -208 001

WORKS & CORPORATE OFFICE

YASH NAGAR

P.O. DARSHAN NAGAR,

FAIZABAD -224 135 (U.P.)

PHONE : 05278 -23589, 23777

FAX : 05278 -58062

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HIGHLIGHTS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
	(Rs. in lacs)									
OPERATING RESULTS										
Sales & Other Income	112.17	532.72	786.10	1017.74	1228.71	1619.23	1957.57	1722.05	1744.63	1729.72
Raw Material	77.12	84.21	206.73	268.11	280.97	340.17	346.14	364.98	412.09	407.95
Manufacturing Expenses	77.41	110.24	137.19	218.11	263.90	337.40	339.07	321.60	297.79	288.38
Power & Fuel	51.62	75.32	144.29	222.88	256.75	361.93	412.93	452.70	363.64	276.87
Stores & Repairs	17.91	21.27	35.81	37.05	43.48	45.20	70.48	63.43	63.65	110.92
Salaries & Wages	28.48	31.21	48.65	61.96	86.29	99.10	106.19	103.36	115.07	122.10
Administrative & Selling Exp.	69.33	73.07	89.16	84.89	104.50	145.65	236.87	229.27	220.56	237.10
Interest	9.88	10.78	35.56	49.46	53.74	90.30	122.47	168.01	160.57	147.69
Gross Profit	80.42	126.62	88.72	75.28	139.08	199.48	323.42	18.70	111.26	138.71
Depreciation	19.26	25.42	42.71	47.42	44.48	58.38	69.20	83.72	100.34	103.93
Provision for Taxation	11.00	10.00	8.00	-	-	-	-	-	1.20	3.70
Net Profit/(Loss)	50.16	91.20	38.01	27.86	94.60	141.10	254.22	(65.02)	9.72	31.08
Earning Per Share#	7.38	13.41	2.97	1.41	2.45	3.65	6.58	-	0.25	0.81
Dividend %	15	15	15	10	12	15	5	-	-	-
FINANCIAL SUMMARY										
Assets Employed										
Fixed Assets (At Cost)	324.27	528.78	698.48	1071.33	1339.44	1611.89	2046.67	2088.66	2127.85	2204.25
Fixed Assets (Net)	167.67	347.52	519.47	862.43	1095.75	1323.96	1703.25	1668.27	1612.53	1600.63
Investments	-	-	-	-	2.00	2.00	12.21	5.02	5.26	5.25
Current Assets (Net)	57.57	128.97	171.87	425.22	327.38	329.52	437.02	356.89	427.69	446.10
Total Assets	225.24	476.52	691.34	1287.65	1425.13	1655.48	2152.48	2030.18	2045.48	2051.98
Financed By										
Total Shareholders' Funds	136.84	217.70	306.38	789.31	842.83	961.92	1186.11	1151.83	1166.90	1203.04
Share Capital	71.00	71.00	127.80*	385.75	386.13	\$416.50	\$416.50	\$416.50	\$416.55	386.55
Reserves & Surplus (Net)	65.64	146.70	178.58	403.56	456.70	545.42	799.61	735.33	750.35	816.49
Borrowings	88.40	258.82	384.96	498.34	582.30	693.56	936.37	878.35	878.58	848.94
Long Term	44.96	210.38	244.95	387.98	390.95	527.40	711.94	674.06	605.16	576.41
Short Term	43.44	48.44	140.01	110.36	191.35	166.16	224.43	204.29	273.42	272.53
Debit : Equity	0.65	1.19	1.26	0.63	0.69	0.72	0.79	0.76	0.75	0.70
Other Information										
Production in M.T.	3603	4542	6342	8172	9825	10759	10899	10577	11262	10980

Subdivision of equity shares of Rs. 100.00 into shares of Rs. 10.00 made in 1991-92 and made comparable. EPS has been annualised in 1992-93 for fresh equity shares allotted in December, 1992.

* Increase due to issue of bonus shares in the ratio 4:5.

\$ Includes Rs. 30 lacs deposit against Preferential Equity Warrants.



NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of Yash Papers Limited will be held at Hotel, The Landmark, 10, The Mall, Kanpur-208 001 on Saturday, the 31st day of July, 1999 at 1:15 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri G. N. Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri A. R. Nighoskar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s) following resolution as an Ordinary Resolution :

"RESOLVED THAT consent of the Company be and it is hereby accorded to the Board of Directors of the Company in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge and/or hypothecate by way of first charge and/or second charge and/or pari passu, in addition to the mortgages/charges/hypothecations created or to be created by the Company in such form and manner and with such ranking in consultation with the lender(s) and on such terms and conditions as the Board may deem fit, on all or any of the movable and/or immovable properties of the Company wheresoever situated both present and future in favour of lender(s) for their respective term loans/other loans and Banks for their working capital facilities sanctioned or to be sanctioned from time to time to the Company together with interest, commitment charges, liquidated damages, costs, charges, expenses and other monies whatsoever payable by the Company to various lenders in terms of the Loan-Agreements/Hypothecation-Agreement entered into or to be entered into by the Company in respect of loan taken.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise and execute such documents/deeds/agreements etc. as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, appropriate or expedient for giving effect to the above resolution."

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

"RESOLVED THAT Mr. Ved Krishna, who was appointed as an Additional Director and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director be and is hereby appointed a Director of the Company"

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Ved Krishna be and is hereby appointed as a Jt. Managing Director of the Company for a period of five years with effect from 1st August, 1999 on the terms and conditions including remuneration set out in the Explanatory Statement annexed to the Notice."



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8. To consider and, if thought fit, to pass with or without modification(s) following resolution as an Ordinary Resolution

"RESOLVED THAT Mr. Arvind Kumar Gupta, who was appointed as an Additional Director and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director be and is hereby appointed a Director of the Company".

9. To consider and, if thought fit, to pass with or without modification (s) following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Arvind Kumar Gupta be and is hereby appointed as a Director Finance of the Company for a period of five years with effect from 1st June, 1999 on the terms and conditions including remuneration set out in the Explanatory Statement annexed to the Notice."

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

"RESOLVED THAT sanction be and it is hereby accorded to the payment of retirement benefits commencing from 1st August, 1999, to Managing/Whole-time Directors of the Company on their retirement, which benefit, as set out in the Explanatory Statement hereto, will only be provided to them at the discretion of the Board in each individual case on the recommendation of the Board, and which benefits are subject to the terms and conditions set out in the Explanatory Statement."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxy form must be deposited at the Registered Office not less than 48 hours before the time of the Annual General Meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under item No. 5 to 10 set out above is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company shall remain closed from 20th day of July, 1999 to 31st day of July, 1999 (both days inclusive).
5. Pursuant to the Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial years ended on 31st March, 1994, have been deposited to the General Revenue Account of the Central Government. The Members who have not encashed the Dividend Warrant(s) for the said years (s) are requested to claim the same by submitting an application in prescribed Form no. II to the Registrar of Companies U.P., Westcot Building, The Mall, Kanpur -208 001.
6. The unclaimed dividends for the following financial years will be transferred to the Investor Education and Protection Fund of Central Government pursuant to Section 205C of the Companies (Amendment) Act, 1999 in the following month specified against the year:

31st March, 1995 - November, 2002

31st March, 1996 - December, 2003

Shareholders who have not encashed the dividend warrants for the above years may claim or approach the Company for the payment. Once the unclaimed dividend as aforesaid is transferred to the Fund, no claim shall lie against the Fund or the Company.



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7. Members are requested to inform the change, if any, in their registered address to the Company at its Corporate Office at Yash Nagar, P.O. Darshan Nagar, Faizabad-224 135 (U.P.).
8. As per provisions of the Companies (Amendment) Act, 1999 facility for making nominations is now available to the shareholders, debentureholders and fixed deposit holders in respect of the shares, debentures or deposits held by them. The nomination can be made by filing the prescribed Form no. 2B to the Company. Nomination forms are available at the Corporate Office of the Company.
9. The Company has setup in-house **Investor Service Department** at our Corporate Office, Yash Nagar, P.O. Darshan Nagar, Distt. Faizabad-224 135 (U.P.) in order to render prompt and efficient services to all investors. The investors are requested to correspond at the aforesaid address in respect of all communications.

By Order of the Board

K.K. JHUNJHUNWALA
Managing Director

Place : Faizabad
Date : 30.05.99

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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM No. 5

As the Company's own power plant is running smoothly, the Company has surrendered power connection of State Electricity Board on 30th March, 1999 which shall result into saving of minimum consumption guarantee charges. In order to create a standby arrangement of uninterrupted power supply, the Company is proposing to install a 1250 KVA diesel generator set. The Company is also proposing to install a modern boiler by replacement of old boilers and the balancing equipments of the plant. The Company has approached to the financial institutions and banks for financing of the above capital expenditure. Further the Company is also approaching to the financial institutions and banks for retirement of the high interest debts to reduce the interest burden. The banks have also sanctioned increased working capital limits. The borrowings of the Company are required to be secured by suitable mortgage or charge or hypothecation on all or any of the existing and/or future movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company in consultation with the lender(s).

Such mortgage and/or charge and/or hypothecation of the Company's movable and/or immovable properties in favour of the lenders(s) may be regarded as disposal of the undertaking(s) of the Company or substantial part thereof, in terms of Section 293(1) (a) of the Companies Act, 1956.

Section 293(1) (a) of the Companies Act, 1956, provides inter-alia that the Board of Directors of the Company, shall not, without the consent of the Company in the general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking. Hence, the resolution at item No. 5 of the notice is recommended for your approval.

None of the Directors is concerned or interested in this resolution.

ITEM NO. 6 & 7

Mr. Ved Krishna was appointed as an additional director of the Company with effect from 30th May, 1999 by the Board of Directors of the Company and as per provisions of Section 260 of the Companies Act, 1956, he holds office as an additional director of the Company up to the date of ensuing Annual General Meeting of the Company.

The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Ved Krishna as a candidate for the office of director of the Company. The requisite deposit of Rs. 500/- has been duly received from such member.

The Board has also appointed Mr. Ved Krishna as Jt. Managing Director of the Company for a period of five years with effect from 1st August, 1999.

Mr. Ved Krishna has served the Company in past in the capacity of Sr. Vice President and gained adequate experience in the business and operations of the Company. Mr. Ved Krishna is of 24 years age. He has completed B.A. (Hons.) from University of North London and has good work exposure. On account of continuous expansions and increased activities of the Company, the duties and responsibilities of Mr. K.K. Jhunjhunwala, Managing Director have increased considerably. Hence it is considered desirable to appoint him as Jt. Managing Director of the Company.

The terms of appointment and remuneration payable are as under :

1. SALARY:

Rs. 20,000/- per month in the grade of Rs. 20,000-35,000.

Increment will be effective from 1st June each Year, the amount being decided by the Board.

2. PERQUISITES :

(a) In addition to salary, Mr. Ved Krishna shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishings and repairs, medical reimbursements, education allowance;



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leave travel concession for himself and his family; club fees; premium for medical insurance etc.; in accordance with the Rules of the Company or as may be agreed by the Board of Directors and Mr. Ved Krishna; such perquisites will be equal to annual salary or Rs. 4,00,000/- per annum whichever is less.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision for use of the Company's car and telephone at residence (including payment for local calls and long distance official calls) for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

- (b) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per Rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

3. MINIMUM REMUNERATION

If in any financial year the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites will be as specified above but subject to the ceilings set out in Section II of Part II Schedule XIII of the Companies Act, 1956.

4. LEAVE:

On full pay and allowances as per the rules of the Company. Encashment of leave will not be included in the computation of the ceiling on perquisites.

5. Mr. Ved Krishna shall also be entitled to reimbursement of entertainment, travelling, hotel and other expenses actually incurred by him in performance of the duties on behalf of the Company.
6. Any other benefits, facilities, allowances and expenses may be allowed under Company rules/schemes and available to other employees.
7. No sitting fees will be paid for attending the meetings of the Board of Directors of the Company or committees thereof.

The above may be treated as an abstract of the proposed agreement to be entered between the Company and Mr. Ved Krishna pursuant to Section 302 of the Companies Act, 1956. A copy of the proposed agreement is available for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on any working day of the Company. The agreement will be executed after the approval of the members.

Mr. Ved Krishna is concerned or interested in this item. Mr. K. S. Jhunjhunwala and Mrs. Manjula Jhunjhunwala, directors of the Company being related to Mr. Ved Krishna, may be deemed to be concerned or interested in this item. Save as aforesaid, none of the directors of the Company is in any way concerned or interested in this item.

ITEM NO. 8 & 9

Mr. Arvind Kumar Gupta was appointed as an additional director of the Company by the Board of Directors of the Company in their meeting dated 30th May, 1999 with effect from 1st June, 1999 and as per provisions of Section 260 of the Companies Act, 1956, he holds office as an additional director of the Company up to the date of ensuing Annual General Meeting of the Company.

The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Arvind Kumar Gupta as a candidate for the office of director of the Company. The requisite deposit of Rs. 500/- has been duly received from such member.

The Board has also appointed Mr. Arvind Kumar Gupta as Director Finance of the Company for a period of five years with effect from 1st June, 1999.

Mr. Arvind Kumar Gupta has been with the Company for last 12 years working as Finance Controller. He



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has gained rich experience in the field of Finance, Accounts and Taxation etc. and business of the Company.

The Board is of the opinion that his appointment as director and as a Director Finance would be in the interest of the Company in view of the increased activities of the Company.

The terms of appointment and remuneration payable are as under :

1. SALARY:

Rs. 16,000/- per month in the grade of Rs. 16,000-20,000.

Increment will be effective from 1st June each year, the amount being decided by the Board.

2. PERQUISITES:

(a) In addition to salary, Mr. Arvind Kumar Gupta shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishings and repairs; medical reimbursements; education allowance; leave travel concession for himself and his family; club fees; premium for medical insurance etc.; in accordance with the Rules of the Company or as may be agreed by the Board of Directors and Mr. Arvind Kumar Gupta; such perquisites will be equal to annual salary or Rs. 2,40,000/- per annum whichever is less.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision for use of the Company's car and telephone at residence (including payment for local calls and long distance official calls) for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

(b) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per Rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

3. MINIMUM REMUNERATION:

If in any financial year the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites will be as specified above but subject to the ceilings set out in Section II of Part II of Schedule XIII of the Companies Act, 1956.

4. LEAVE:

On full pay and allowances as per the rules of the Company. Encashment of leave will not be included in the computation of the ceiling on perquisites.

5. Mr. Arvind Kumar Gupta shall also be entitled to reimbursement of entertainment, travelling, hotel and other expenses actually incurred by him in performance of the duties on behalf of the Company.

6. Any other benefits, facilities, allowances and expenses may be allowed under Company rules/schemes and available to other employees.

7. No sitting fees will be paid for attending the meetings of the Board of Directors of the Company or committees thereof.

The above may be treated as an abstract of the proposed agreement to be entered between the Company and Mr. Arvind Kumar Gupta pursuant to Section 302 of the Companies Act, 1956. A copy of the proposed agreement is available for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on any working day of the Company. The agreement will be executed after the approval of the members.

Mr. Arvind Kumar Gupta is concerned or interested in this item. Save as aforesaid, none of the directors of the Company, is in any way, concerned or interested in this item.



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ITEM NO. 10

The Board of Directors of the Company at their meeting held on 30th May, 1999 have approved retirement policy and payment of retirement benefits to its Managing/Whole Time Directors (collectively called whole Time Directors) commencing from 1st August, 1999 under which certain benefits could be provided to such directors of the Company on their retirement as Managing/Whole-time Directors as also as directors of the Company.

The benefits to be provided to the retiring Managing/Whole-time Directors will be at the discretion of the Board in each individual case on the recommendation of the Board and subject to the condition that the retiring director undertakes not to engage in or start, directly or indirectly, any business or activity competing with the business of the Company or employment elsewhere.

The retirement benefits may include compensation in the nature of a monthly payment related to the last drawn salary and length of service with the Company (subject to a minimum of ten years' service) subject to a maximum of the last drawn salary (subject to indexation) and on the death of the director, fifty percent thereof to the spouse for his/her lifetime; a one-time adhoc ex-gratia payment not exceeding a sum of Rs. 10 lacs related to the length of service with the Company, medical benefits for the Managing/whole-time Director and his/her spouse on the same scale which obtained prior to his/her retirement and sale of the Company's car at the book value thereof.

It is considered appropriate as a measure of good corporate practice that the Shareholders' approval be sought to the said payments.

The Resolution is commended for approval by the Shareholders as a Special Resolution.

Mr. K. K. Jhunjhunwala, Mrs. Manjula Jhunjhunwala, Mr. R. N. Chakraborty, Mr. Ved Krishna and Mr. Arvind Kumar Gupta, Directors of the Company may be deemed to be concerned or interested in the resolution at item no. 10 of the Notice.

By Order of the Board

K.K. JHUNJHUNWALA

Managing Director

Place : Faizabad

Date : 30.05.99