

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

PPL believes that good Corporate Governance is essential to achieve long term corporate goals and enhance stakeholders' value. Thus PPL's philosophy on corporate governance is aimed at the attainment of highest level of transparency, accountability and compliance of laws in all facets of operations, leading to best standards of Corporate Governance.

It is PPL's belief that good ethics make good business sense and our business practices are in keeping with this spirit of maintaining the highest level of ethical standards. The implementation of PPL's code of Insider Trading exemplifies this spirit of good ethics.

The Company complies with the requirements of Corporate Governance as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges where its shares are listed.

CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st December 2005.

BOARD OF DIRECTORS

The Board of Directors of the Company comprises a combination of executive and non-executive Directors. The Board is headed by a non-executive Chairman and more than one third of the Board members are 'Independent'. The independent Directors do not have any pecuniary relationship or transactions with the Company, promoters or management, which may affect their judgment in any manner. The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

The policy formulation, evaluation of performance and the control function vest with the Board, while the Board Committees oversee operational issues. The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and financial results. Directors attending the meeting actively participate in the deliberations at these meetings.

The composition of Board, attendance at Board Meetings (BM) held during the financial year under review and the last Annual General Meeting (AGM) and number of Directorships and Memberships / Chairmanships in other public companies are given below:

Name of the Director	Category	FY 2005 Attendance at		As on 31 st December, 2005		
		BM	Last AGM	Other Directorships \$	Other Committee positions	
					Member	Chairman
Mr. K. C. Narang, Chairman	Non-Executive, Independent	5	Yes	2	1	1
Mr. Suresh Gupta * Managing Director & President	Executive	5	Yes	Nil	–	–
Mr. Heikki Takanen *	Non-Executive	1	No	Nil	–	–
Mr. Antony H. Combe *	Non-Executive	3	No	Nil	–	–
Mr. Arunkumar R. Gandhi	Non-Executive, Independent	4	Yes	8	3	2
Mr. P.V. Naryananan	Non-Executive, Independent	5	Yes	2	–	1
Mr. Ramesh K. Dhir	Non-Executive, Independent	5	Yes	Nil	–	–
Mr. C. N. Murthy** (appointed w.e.f. 01/02/2005)	Director - Technical	3	Yes	Nil	–	–
Mr. Vibhu Talwar *	Non-Executive	3	Yes	Nil	–	–
Mr. Evert A. Ariens * (Alternate Director to Mr. Antony H. Combe)	Non-Executive	1	Yes	Nil	–	–
Mr. Sakari Ahdekivi * (Alternate Director to Mr. Heikki Takanen) (appointed w.e.f. 25/10/2005)	Non-Executive	0	No	Nil	–	–

* Represent promoters on the Board of the Company.

** Mr. H. L. Chopra was Director – Technical upto 31/01/2005.

\$ The number of directorships exclude directorships of private limited companies, foreign companies, companies under section 25 of the Companies Act and alternate directorships.

During the year 2005, five Board Meetings were held on 25th January 2005, 26th April 2005, 22nd June 2005, 29th July 2005 and 25th October 2005 respectively and the Annual General Meeting was held on 22nd June 2005.

SECRETARIAL STANDARDS RELATING TO MEETINGS

The Institute of Company Secretaries of India (ICSI) has established Secretarial Standards relating to the meetings of the Board and Committees thereof and Annual General Meetings. At this stage, these standards are only recommendatory and are likely to become mandatory in due course. The secretarial practices of the Company generally comply with these Standards.

COMMITTEES OF THE BOARD:

a) AUDIT COMMITTEE:

- (i) The Audit Committee comprises of three non-executive independent directors, all of them are financially literate and two of them have accounting or financial management expertise. During the Year 2005, four Audit Committee meetings were held on 24th January 2005, 26th April 2005, 29th July 2005 and 25th October 2005 respectively.

The composition of the Audit Committee and the attendance at its meetings is given hereunder:

Composition	P. V. Narayanan Chairman	A. R. Gandhi	K. C. Narang
Number of Meetings attended	4	3	4

- (ii) The terms of reference of the Audit Committee are in line with clause 49 II (C) and (D) of the Listing Agreement and Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee include the following:

- Overseeing Company's financial reporting process and the disclosure of its financial information.
- Recommending appointment or removal of the statutory auditors, fixing of audit fees and approving payments for any other services.
- Reviewing with the management the quarterly and annual financial statements with primary focus on:
 - a. matters required to be included in the Director's responsibility statement
 - b. Accounting policies and practices
 - c. Compliances with accounting standards
 - d. Accounting – based on exercise of judgment by Management
 - e. Qualifications in the draft audit report
 - f. Compliance with the Listing Agreement and legal requirements concerning financial statements
 - g. Significant adjustments arising out of audit
 - h. The going concern assumption
 - i. Related party transactions
- Reviewing with the management, external and internal auditors the adequacy and compliance of internal control systems.
- Reviewing Company's financial and risk management policies.
- Reviewing the internal audit function and reports and major findings of the internal auditors.
- Pre-Audit and Post-Audit discussion with the Statutory Auditors to ascertain any area of concern.

The CEO, CFO, the Statutory Auditors and the Internal Auditors are invited by the Committee to attend the meeting. Currently, Mr. Parag Vyavahare, Controller-Accounts and Mr. Ravi Chidambaram, Controller Finance are jointly sharing the responsibilities of CFO and they are invited to attend the meeting. Operating managers also attended as and when the Committee desired.

The minutes of the Audit Committee meetings are placed before the Board. The Company Secretary of the Company is the Secretary of the Audit Committee.

b) SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE:

The Committee comprises of two non-executive directors. During the Year 2005, one Shareholders/Investors Grievance Committee meeting was held on 25th October, 2005.

The composition of the Committee and the attendance at its meetings is given hereunder:

Composition	Mr. K. C. Narang Chairman	Mr. Antony H. Combe
Number of Meetings attended	1	1

The Committee has been formed specifically to look into complaints received from shareholders of the Company. During the year, 12 complaints were received and replied to the satisfaction of the shareholders and there were no pending complaints at the end of the year. The status on complaints is also reported to the Board of Directors. The Company Secretary is the Compliance Officer.

c) REMUNERATION COMMITTEE:

The Company has not constituted a Remuneration Committee. The Board of Directors determines the remuneration payable to the whole-time directors taking into account their qualification, expertise and contribution.

The remuneration of Mr. Suresh Gupta, Managing Director & President, Mr. H. L. Chopra, Director - Technical and Mr. C. N. Murthy, Director – Technical, for the year 2005 are as under:

Amount in Rs.

Name of the Directors	Salary	HRA	Perquisites	Commission	Total
Mr. Suresh Gupta	61,84,240	–	28,59,550	–	90,43,790
Mr. H. L. Chopra*	14,15,462	18,000	11,485	–	14,44,947
Mr. C. N. Murthy**	24,21,652	–	8,16,321	–	32,37,973

* Mr. Chopra was Director-Technical till 31st January 2005. Total remuneration of Mr. Chopra includes the gratuity amount actually paid to him after his retirement.

** Mr. Murthy was appointed as Director-Technical with effect from 1st February 2005.

Notes:

- Perquisites include Company's contribution to provident fund, medical and leave travel allowance etc. as well as monetary value of perquisites as per Income Tax Rules and leave encashment, as per Company's Policy.
- Provision for gratuity, which is based on actuarial valuation done on an overall company basis is excluded from above.
- Salary includes incentive of Rs. 8,29,870/- to Mr. Suresh Gupta, Rs. 4,00,000/- to Mr. H. L. Chopra and Rs. 1,68,991/- to Mr. C. N. Murthy under the Management Incentive Program arrived at based on company performance and achievement of specified targets.
- Non-Executive Directors are paid sitting fees for attending Board/ Committee Meetings as approved by the Board within the limits prescribed under the Companies Act, 1956.
- Details of Sitting Fees paid to the Directors during the year 2005 are as follows:

Amount in Rs.

Names of the Directors	Board Meetings	Committee Meetings
Mr. K.C. Narang	25,000	20,000
Mr. Arunkumar R. Gandhi	20,000	15,000
Mr. P.V. Narayanan	25,000	20,000
Mr. Ramesh K. Dhir	25,000	–
Mr. Vibhu Talwar	15,000	–

- The Commission due to the Non-Executive Directors for the year 2005 is as follows:

Amount in Rs.

Names of the Directors	Commission
Mr. K.C. Narang	4,00,000
Mr. P.V. Narayanan	4,00,000
Mr. Arunkumar R. Gandhi	4,00,000
Mr. Ramesh K. Dhir	2,50,000

Compensation payable to each of the independent directors is limited to a fixed amount per year as determined and approved by the Board – the sum of which is within the limit of 1% of the net profits of the company for the year, calculated as per the provisions of the Companies Act, 1956. The compensation payable to independent directors and the method of calculation of the limits as laid down in the Companies Act, are disclosed separately in the financial statements.

7. Mr. K.C. Narang is holding 28,850 equity shares of the Company in his personal capacity. However, the Company has not granted any stock options to its directors.
8. A Chairman's Office with required facilities is being maintained for use of the Non-Executive Chairman.
9. Details of service contracts, notice period and severance fees of full time directors :

	Mr. Suresh Gupta	Mr. C. N. Murthy
Date of contract	6 th July, 1999	1 st February, 2005 *
Notice Period	90 days	90 days
Severance fees	i. Salary and other emoluments for a period of 90 days in lieu of notice. and ii. Base salary for a period equal to one month's base Salary for every year of completed service.	Salary and other emoluments for a period of 90 days in lieu of notice.

* Appointed as Director – Technical. He was initially appointed as General Manager – Operations w.e.f. 2nd January, 1995.

MANAGEMENT

MANAGEMENT REVIEW AND OUTLOOK

This Annual Report has a detailed section on management review and outlook.

DISCLOSURES BY MANAGEMENT

The particulars of transactions between the Company and its related parties as per the Accounting Standard is set out in Note 5 of Schedule 17 forming part of the accounts. These transactions are not likely to have any conflict with the Company's interest. All details relating to financial and commercial transactions where directors may have a potential interest are provided to the Board, and interested directors neither participate in the discussion, nor do they vote on such matters.

Auditors have qualified their opinion on the accounts for the year ended 31st December, 2005 for inclusion of inter unit sales in net sales and raw materials consumption. It is not in compliance with AS-9. This qualification has been accepted as the same treatment has no impact on the profit for the year and the reserves and the same helps one to evaluate the operating profit ratio and asset turnover ratio more accurately.

CEO / CFO CERTIFICATION

Mr. Suresh Gupta, Managing Director and Mr. Parag Vyavahare and Mr. Ravi Chidambaram, who are jointly carrying the responsibility of CFO, have given CEO / CFO certificate to the Board. The Board noted the said CEO / CFO certificate, as per the format given under Clause 49(V), at its meeting held on 31st January, 2006.

CERTIFICATE ON CODE OF CONDUCT

As required under clause 49 of the Listing Agreement, we have laid down Code of Conduct for directors and senior management. They have affirmed compliance with the Code.

SHAREHOLDERS

DISCLOSURES REGARDING APPOINTMENT OR REAPPOINTMENT OF DIRECTORS

- A. According to the Articles of Association of the Company, at every Annual General Meeting of the Company, one-third of two-thirds of the Board of Directors are liable to retire by rotation.

Accordingly, Mr. Ramesh K. Dhir and Mr. Vibhu Talwar shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Mr. C. N. Murthy was appointed as Director-Technical with effect from 1st February, 2005 by the shareholders at the Annual General Meeting held on 22nd June, 2005.

B. Given below are the abbreviated resumes of the two Directors:

Mr. Ramesh K. Dhir (age - 68) is a Fellow Member of the Institute of Chartered Accountants (England & Wales) and also a Fellow of the Institute of Management (U.K.). He possesses a business experience of over 35 years having been employed with KPMG Peat Marwick, London and Armstrong World Industries, a US - Multinational with operations in India and overseas.

Mr. Vibhu Talwar (age - 33) is a graduate in Economics, Mathematics and Computer Science from USA and has been associated with the Company since 1999. Mr. Talwar was previously employed with J. P. Morgan and Company in New York as a specialist in North American and Cross Border Merger and Acquisition related transactions for a period of 5 years.

MEANS OF COMMUNICATION

The Company has always promptly reported to all the Stock Exchanges where the securities of the Company are listed, all the material information including declaration of quarterly / half-yearly and annual financial results in the prescribed formats and through press releases etc.

The financial results and other statutory information are communicated to the shareholders by way of advertisement in English and in Marathi language newspapers as per requirements of the Listing Agreement with Stock Exchanges.

From July 2003, the said results are also made available on the Company's website: www.pplpack.com. Official press releases, Company information, Annual Reports and the extracts of media coverage are displayed on the Company's website.

Since the financial results are published in leading newspapers and on the Company's website, the results are not sent to the households of the shareholders.

SHARE TRANSFER SYSTEM

The Board of Directors have delegated the powers to approve the transfer of shares to a Share Transfer Committee. The Committee comprises of Mr. Suresh Gupta, Managing Director & President, Mr. H. L. Chopra, Director - Technical and Mr. Antony H. Combe, Director. On appointment of Mr. C. N. Murthy as Director – Technical in the place of Mr. Chopra, he replaced Mr. Chopra as a member of the Committee w.e.f. 1st February, 2005. The committee ordinarily meets once in seven days.

Secretarial Audit is carried out in line with SEBI requirements and reports submitted by Practising Company Secretary confirming that the aggregate number of equity shares of the Company held in NSDL, CDSL and in physical form tally with the issued / paid-up capital of the Company, are placed before the Board and noted from time to time.

INSIDER TRADING REGULATIONS

After the Securities and Exchange Board of India had amended the Insider Trading Regulations in February, 2002, the Company has adopted the PPL Code of Conduct for Prohibition of Insider Trading. Company Secretary is the Compliance Officer for the purpose of these Regulations.

DETAILS OF NON-COMPLIANCE

SEBI issued a letter to the Company, dated 20th September, 2004, alleging violation of Regulations 6(2) and 6(4) for 1997 and Regulation 8(3) for 1998, 1999 and 2000 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations and giving an option to settle the default on payment of Rs. 1,50,000/- under Section 15A of the SEBI Act. The alleged violations pertain to late filing of certain forms. The Company believes that it had substantively complied with the Regulations. However, in absence of the records, the Company had accepted the proposal given by SEBI in the year 2004.

NON-COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

- The Company has not provided for tenure of independent directors.
- The Company has not set up Remuneration Committee as the entire Board has approved the terms of the Wholetime Directors.
- The Company does not send Half-yearly financial performance to each household of shareholders, as it is displayed on Company's website.
- The Audit qualifications if any, are displayed in the financial reports of the Company.
- The Company does not have any formal training program for Board Members.
- There is no separate mechanism for evaluating Non-Executive Board Members.
- The Company does not have "Whistle Blower Policy" for the time being.

ANNUAL GENERAL MEETINGS

The last three Annual General Meetings were held as under:

Year Ended 31 st December	Location	Date	Time
2002	Air Force Auditorium, Subroto Park, New Delhi 110010	27.6.2003	11.00 A.M.
2003	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	24.06.2004	4.00 P.M.
2004	Tejpal Auditorium, Opp. August Kranti Maidan, Gowalia Tank, Mumbai – 400 007	22.06.2005	4.00 P.M.

During these meetings all resolutions including special resolutions were passed unanimously.

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Date : 9th May, 2006

Venue : Rama Watumull Auditorium,
Kishinchand Chellaram College,
Dinshaw Wacha Road, Churchgate,
Mumbai - 400 020.

Time : 4.00 P.M.

FINANCIAL CALENDAR

Financial Year : Calendar Year (1st January to 31st December)

BOOK CLOSURE DATE

The dates of book closure are from 2nd May, 2006 to 9th May, 2006 inclusive of both days.

DIVIDEND DATE

A dividend of Rs. 7/- per share has been recommended by the Board and subject to the approval from the shareholders at the AGM, will be paid on or after 9th May, 2006.

LISTING

The Company's shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The stock codes assigned to the Company's shares at various stock exchanges are as follows:

Stock Exchange	Stock Code
BSE	509820
NSE	PAPERPROD

The ISIN of company's equity shares with NSDL and CDSL is INE275B01018.

Note: Annual Listing Fees for the 12 months ended 31st March, 2006 have been paid to the BSE and NSE.

In compliance with the provision of SEBI (Delisting of Securities) Guidelines, 2003, the shares of the Company were delisted with effect from 14th October, 2005, from the Delhi Stock Exchange Association Limited (DSE) as the trading volume of the company's shares on DSE were negligible during last few years. Though the shares are delisted, we have paid annual listing fees to DSE upto 31st March, 2006.

THE INVESTORS EDUCATION AND PROTECTION FUND (IEPF)

Amount of dividend, fixed deposits, debentures and interest thereon, which remain unpaid or unclaimed upto 30th September, 1998 were deposited with IEPF of the Central Government pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956.

The amounts of dividend paid, fixed deposits that have matured, debentures redeemed and interest accrued thereon, after 30th September, 1998 will be transferred to the IEPF once 7 years are completed from the date on which such payments were due for payment.

It may also be noted that according to the provisions of the Companies Act, 1956, once the unclaimed dividend, matured fixed deposits and redeemed debentures including interest thereon is transferred to the IEPF as above, no claim shall lie in respect thereof.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

As required under clause 49 of the Listing Agreement, the Auditor's certificate on compliance of the corporate governance norms is attached.

STOCK DATA

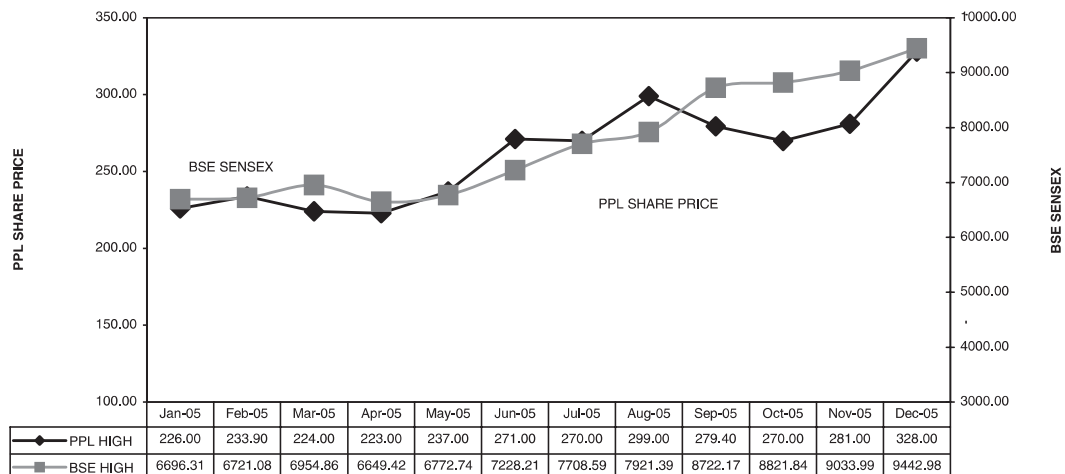
The table herein below gives the monthly high and low prices and volume of the Company's shares traded at the Bombay Stock Exchange Limited (BSE) for the year ended 31st December 2005.

Month & Year	High (Rs.) Per Share	Low (Rs.) Per Share	Volume (No. of Shares)
January 05	226.00	204.10	177,307
February 05	233.90	207.50	109,295
March 05	224.00	210.00	39,591
April 05	223.00	202.50	72,518
May 05	237.00	214.00	90,840
June 05	271.00	225.00	41,423
July 05	270.00	225.15	118,719
August 05	299.00	238.00	69,705
September 05	279.40	245.00	42,836
October 05	270.00	212.65	19,935
November 05	281.00	235.50	35,374
December 05	328.00	275.00	74,465

Note: Volume is the total monthly volume of trade (in numbers) in "The Paper Products Limited" on BSE.

The chart hereinbelow shows the comparison of the Company's share price movement vis-à-vis the movement of the BSE Sensex:

COMPANY SHARE PRICE AND BSE SENSEX - HIGH



DISTRIBUTION OF SHAREHOLDINGS

The tables herein below give the distribution pattern of shareholding of the Company as on 31st December, 2005:

Distribution of shareholding by ownership

Sr. No.	Category	No. of Shares	% of Total Holding
1.	INDIAN PROMOTORS	603,702	4.815
2.	FOREIGN PROMOTORS – Huhtavefa B.V.	7,386,820	58.918
3.	FOREIGN INSTITUTIONAL INVESTORS	1,354,097	10.800
4.	NRI'S & OCB'S	11,972	0.095
5.	BODIES CORPORATES	657,800	5.247
6.	BANKS	1,266	0.010
7.	FINANCIAL INSTITUTIONS	254,743	2.032
8.	MUTUALS FUNDS	555,398	4.430
9.	RESIDENT INDIVIDUALS	1,711,640	13.653
	TOTAL	12,537,438	100.000

Distribution of shareholding by number of shares held

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Upto 500	5,372	89.370	578,301	4.613
501 to 1000	312	5.190	232,236	1.852
1001 to 2000	160	2.662	223,639	1.784
2001 to 3000	63	1.048	158,468	1.264
3001 to 4000	20	0.333	72,382	0.577
4001 to 5000	16	0.266	73,228	0.584
5001 to 10000	24	0.399	188,961	1.507
10001 and above	44	0.732	11,010,223	87.819
TOTAL	6,011	100.000	12,537,438	100.000

DEMATERIALISATION OF SHARES

At present, 96.459% of the Company's shares are held in electronic form and the Company's shares can only be traded in compulsory demat segment in the stock exchanges. The table herein below gives the break up of shares in physical and demat form as at 31st December, 2005:

No. of Shares in physical segment	443,921	3.541%
No. of Shares in demat segment	12,093,517	96.459%
Total	12,537,438	100.000%

OUTSTANDING GDRS/WARRANTS/CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

Not applicable.

DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS

The Company has not obtained any public funding in the last three years.

REGISTRAR AND SHARE TRANSFER AGENT

Your Company's Registrar & Share Transfer Agent is SHAREPRO SERVICES (INDIA) PRIVATE LIMITED. Shareholders correspondence should be addressed to the Registrar & Transfer Agent.

ELECTRONIC CLEARANCE SCHEME (ECS) FOR DIVIDEND

To avoid risk of loss/ interception of dividend warrants in postal transit and / or fraudulent encashment, shareholders are requested to avail of the ECS facility where dividends are directly credited in electronic form to their respective bank accounts. This also ensures faster credit of dividend. Shareholders who desire receipt of their dividend through ECS can obtain the form from the Company's Secretarial Department at the Registered Office of the Company.

Shareholders may also submit their bank details to Registrar and Transfer Agent. This will enable the Company to incorporate this information on dividend warrants to minimise the risk of fraudulent encashment.

ADDRESS FOR CORRESPONDENCE WITH THE COMPANY

The Company has attended to all the Investor's grievances / queries / information requests except for the cases where the Company was constrained due to pending legal proceedings or Court / statutory orders. The Company endeavours to reply to all letters received from shareholders within a week of receipt thereof.

All correspondence may please be addressed to the Registrar and Transfer Agent, SHAREPRO SERVICES (INDIA) PRIVATE LIMITED.

In case any shareholder is not satisfied with the response or do not get any response within reasonable period from the Registrar and Transfer Agent, they may approach the Company Secretary and Compliance Officer at the Registered Office of the Company.

Registered Office:

The Paper Products Limited
Regent Chambers, 13th Floor,
Nariman Point,
Mumbai – 400 021
Tel: +91 22 2282 0969, +91 22 2283 1889
Fax: +91 22 2283 2860
Email: pradeep.pasari@pplpack.com

Registrar and Transfer Agent (RTA)

Sharepro Services (India) Pvt. Ltd.
UNIT : PPL
Satam Estate, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai – 400 099
Tel: +91 22 2821 5168, +91 22 2832 9828,
+91 22 2821 5991, +91 22 2834 7719,
+91 22 2834 8218
Fax: +91 22 2837 5646
Email: sharepro@vsnl.com

COMPLIANCE OFFICER

Mr. Pradeep Pasari is the Company Secretary and the Compliance Officer of the Company.

CORPORATE OFFICE

Thane L.B.S. Marg, Majiwade, Thane (Maharashtra) – 400601

PLANT LOCATIONS

Hyderabad	Plot No.139 & 148, Sri Venkateshwara Co-op. Industrial Estate, Bollaram, Medak District (Andhra Pradesh) - 502325
Nagpur	D-3, Hingna Industrial Estate, Amravati Road, Nagpur (Maharashtra) - 440016
Silvassa	Survey No. 33/1, At Post Umerkoi, Via Silvassa U. T. of Dadra & Nagar Haveli - 396230
Thane	L.B.S. Marg, Majiwade, Thane (Maharashtra) – 400601

Certificate of Compliance with the Code of Conduct for Board of Directors and Senior Management Personnel

The Members of

The Paper Products Limited

I, Suresh Gupta, Managing Director & President of the Company, hereby certify that the Board members and senior management personnel have affirmed that they will comply with the code of conduct.

For The Paper Products Limited

Date : 31st January, 2006

SURESH GUPTA
Managing Director & President

Certificate of Compliance with the Corporate Governance Requirements under Clause 49 of Listing Agreement

To the Members of

The Paper Products Limited

We have examined the compliance of the conditions of Corporate Governance by The Paper Products Limited ("the Company") for the year ended 31 December 2005, as stipulated in Clause 49 of the Listing Agreement of the Company with The Stock Exchange, Mumbai and National Stock Exchange of India Ltd.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof adopted by the Company during the year for ensuring the compliance of the conditions of Corporate Governance referred to above. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion, and to the best of our knowledge and according to the information and explanations given to us, we certify that the Company is in compliance with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements for the year ended 31 December 2005.

Based on confirmation received from the Company's share transfer agent, and representations made by management, we report that no investor grievance is pending for a period exceeding one month against the Company as at 31 December 2005.

We further state that our report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BSR & Associates
Chartered Accountants

Mumbai
Date : 31st January, 2006

Sanjay Aggarwal
Partner
Membership No: 40780