

KAY PULP AND PAPER MILLS LIMITED



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**8th
Annual Report
1998-99**



KAY PULP AND PAPER MILLS LIMITED

BOARD OF DIRECTORS : Mr. Sushil Chandra
 Mr. Anilkumar Gupta
 Mr. Suhas M. Sadekar
 Mr. Kishore A. Shivkar Nominee of SICOM LIMITED
 Mr. Niraj Chandra Chairman and Managing Director

COMPANY SECRETARY & MANAGER FINANCE : Mr. Sham A. Mulye

AUDITORS : M/S GODBOLE & COMPANY
 Chartered Accountants
 410, Guruwar Peth
 Sai Chambers, Rajpath
 Satara : 415 002

BANKERS : State Bank of India

REGISTERED OFFICE & WORKS : Gat No. 454/457
 Village Borgaon
 Tal./Dist. Satara : 415 519
 Maharashtra

INVESTORS' SERVICE CELL : 2, Krishna
 352/10, Boat Club Road,
 Pune : 411 001.

EIGHTH ANNUAL GENERAL MEETING SATURDAY, 25TH SEPTEMBER, 1999

Time : 3.00 p.m.
 Venue : Registered Office :-
 Gat No. 454/457,
 Village Borgaon,
 Tal./Dist. Satara : 415 519
 Maharashtra

**KAY PULP AND PAPER MILLS LIMITED****NOTICE**

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of Kay Pulp And Paper Mills Limited will be held at 3.00 p.m. on Saturday, 25th September, 1999 at the Registered Office of the Company at Gat No.454/457, Village Borgaon, Tal./Dist. Satara- 415 519, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sushil Chandra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE INVESTORS' SERVICE CELL NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Register of Members and Share Transfer Books of the Company will be closed from Thursday, 16th September, 1999 to Saturday, 25th September, 1999 (both days inclusive).
3. The Members are requested to get the multiple folios consolidated and also get the shares transferred in joint names if they are held in single name to avoid inconvenience in future.
4. In case, Members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries in writing atleast 7 days in advance of the date of the Meeting so that the information can be made available at the time of the Meeting.
5. The Members are requested to communicate all their correspondence including share transfers to Investors' Service Cell at 2, KRISHNA , 352/10, BOAT CLUB ROAD, PUNE- 411 001.

By order of the Board of Directors

Sham A. Mulye
Company Secretary &
Manager Finance

PLACE : Satara
DATE : 31 July, 1999



KAY PULP AND PAPER MILLS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eighth Annual Report on the business and operations of your Company and Audited Accounts for the Year ended 31st March, 1999.

Financial Performance :

	(Rs. in lac)	
	Year ended	
	31.03.99	31.03.98
Turnover	1092.48	802.97
Gross Profit (PBIDT)	152.33	93.06
Interest	74.50	44.35
Depreciation	67.17	42.42
Profit before tax	10.66	6.29
Previous year taxation	0.81	—
Profit after tax	9.85	6.29
Add : Balance brought forward from previous year	208.77	202.48
Profit carried to Balance Sheet	218.62	208.77

Operations :

The slowdown in the Indian Economy prevailed during the year under review, the cut-throat competition and the increased input costs compelled closure of many paper mills. In spite of this, your Directors are pleased to inform you that your Company has shown remarkable improvement over the performance of the previous year. Company has achieved production of 8900 MTS. against 5709 MTS. of the previous year. The turnover was also higher at Rs.1092.48 lac against Rs.802.97 lac of the previous year. The squeezed margins and higher conversion charges have resulted in to lower profitability, however the net profit was slightly better at Rs.9.85 lac against Rs.6.29 lac of the previous year.

Dividend :

Due to inadequacy of profits, your Directors regret for not being able to recommend any dividend for the year.

Prospects :

The international prices of paper have firmed up and the Dollar-Rupee rate has reached above Rs.43/- per Dollar, making the import of paper dearer. The close-down of some paper mills have reduced glut situation in the market. Revival of export to Srilanka has occurred and good volume is expected during the year 1999-2000.

Co-Generation of Power :

Your Directors are glad to inform you that most of the formalities for the Co-Generation of Power plant for 6 M.W. have been completed and work is going on as scheduled. The trial runs for this Co-Generation are expected by the end of March 2000.

Y2K Compliance :

The entire manufacturing process of the Company is mainly based on manual operations and only financial, Share accounting and administrative activities of the Company are computerised. Company has already taken necessary steps for Y2K compliance of these activities.

Directors :

Mr. T.A.N. Devalkar, Nominee Director of SICOM LIMITED has ceased to be a Director of the Company with effect from 14th June, 1999 and Mr. Kishore A. Shivkar was appointed in his place. Your Directors place on record their appreciation of the valuable guidance given by Mr. T.A.N. Devalkar during his tenure as Nominee Director.

Mr. Sushil Chandra, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

Auditors :

You are requested to appoint the Auditors of the Company for the Current Year to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

Fixed Deposits :

As on 31st March, 1999 deposits aggregating Rs.2,50,000/- (8 depositors) remained unclaimed. Subsequently all were claimed and paid/renewed.

8 th ANNUAL REPORT 1998-99**Statutory Particulars :**

In terms of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant information pertaining to Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo is given in the Annexure to this Report.

None of the employees of the Company was in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Acknowledgement :

The Management appreciates the contribution of the employees at all levels. The relations with labour remained cordial throughout the year. Your Directors place on record their gratitude and appreciation for the co-operation and support received from the SICOM LIMITED, Maharashtra State Financial Corporation, State Bank of India, Suppliers, Customers and Shareholders of the Company and look forward to their valuable contribution in the continued growth of the Company.

For and on behalf of the Board of Directors

Place : Satara
Date : 31st July, 1999

Niraj Chandra
Chairman and
Managing Director

PARTICULARS REQUIRED TO BE DISCLOSED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1999.

A. Conservation of energy :

- a) The Company has installed boiler which uses agriculture residue, bagasse as its fuel.
- b) Power factor is constantly checked to minimise the transmission losses.
- c) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule thereto :

	<u>1998-99</u>	<u>1997-98</u>
I. Power and Fuel consumption		
1. Electricity		
a) Purchased (Units)	44,92,886	33,32,212
b) Total cost (Rs.)	1,95,54,137	1,37,46,713
c) Rate per unit (Rs.)	4.35	4.13
2. Bagasse consumed in Boiler		
a) Quantity (Tons)	18,250	16,532
b) Total cost (Rs.)	16,96,650	19,95,705
c) Rate per Ton (Rs.)	92.97	120.72
II. Consumption per Unit of Production		
1. Electricity		
a) Electricity (Units)	44,92,886	33,32,212
b) Production (Tons)	8,900.743	5,709.169
c) Units per Ton	504.78	583.66
2. Bagasse consumed in Boiler		
a) Quantity (Tons)	18,250	16,532
b) Production (Tons)	8900.743	5709.169
c) Consumption per Ton	2.05	2.90

B. Technology Absorption :

1. Research and Development :
Specific area in which R & D efforts have been put by the Company are :
a. Pulping b. Paper making
2. Benefits derived as a result of the above R & D :
Higher yields & Strengthening of burst factor and bursting strength.
The company already possesses the necessary technology for manufacture of Kraft Paper varieties.

C. Foreign Exchange Earnings and Outgo :

1. Activities relating to exports, initiatives taken to increase export, development of new export markets for product and service and export plans.
The efforts are continuously made and sizeable orders are expected during the current year.
2. Total foreign exchange used and earned (in Rs.) a) Exports : 13,80,336 (FOB) b) Imports : 53,55,805 (CIF)

For and on behalf of the Board of Directors

Place : Satara
Date : 31st July, 1999

Niraj Chandra
Chairman and
Managing Director