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KAY PULP AND PAPER MILLS LIMITED

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		

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KAY PULP AND PAPER MILLS LIMITED

BOARD OF DIRECTORS	:	**Mr. Niraj Chandra**	Chairman and Managing Director
		Mr. Anil K.Gupta	
		Mr.Suhas M.Sadekar	
		Mr.T.A.N.Devalkar	SICOM Nominee
		Mr.Sushil Chandra	
COMPANY SECRETARY & MANAGER FINANCE	:	**Mr. Sham A. Mulye**	
AUDITORS	:	**M/S Godbole & Co.** **Chartered Accountants** **410, Guruwar Peth** **Sai chembers, Raj path** **Satara : 415 002**	
BANKERS	:	**State Bank of India**	
REGISTERED OFFICE & WORKS	:	**Gat No.454-457** **Village Borgaon** **Dist. Satara : 415 519** **Maharashtra**	
Investors Service Cell	:	**2, Krishna** **352/10, Boat Club Road,** **Pune : 411 001.**	

SIXTH ANNUAL GENERAL MEETING
SATURDAY, 27TH SEPTEMBER 1997.

Time : 2:30 P.M.
Venue : Registered Office
Gat No. 454 - 457
Village Borgaon,
Dist. Satara : 415 519
Maharashtra

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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 COMPANY'S INVESTORS SERVICE CELL NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of item Nos. 3 to 5 in the above notice is annexed hereto.
3. Register of members and share Transfer Books of the Company will remain closed from Tuesday,16th September ,1997 to Saturday, 27th September, 1997 (both days inclusive)
4. Member holding the shares in identical order of names in more than one folio are requested to write to the Company's Share Department enclosing their Share Certificates to enable the Company to consolidate their holding in one folio.
5. In case, Members wish to ask for any information about accounts and operation of the Company, they are requested to send their queries in writing at least 7 days in advance of the date of the Meeting so that the information can be made available at the time of the Meeting.
6. The documents and/or letters referred to in the Resolutions and in the Explanatory Statement annexed hereto are open for inspection by the Members at the registered Office of the Company on all working days between 10.00 A.M. and 12.00 Noon till the date of the Meeting.
7. The Members are requested to communicate all their correspondence including share transfers to

INVESTORS SERVICE CELL
2, KRISHNA ,
352/10, BOAT CLUB ROAD,
PUNE- 411 001.

Explanatory Statement pursuant to Sec. 173(2) of the Companies Act, 1956

Item No.3

The Board has filled in the casual vacancy of Auditors of the Company caused by the sudden death of, Mr.G.V.Godbole, the proprietor of M/s Godbole & Co., by appointing M/s Godbole & Co., Chartered Accountants, a newly constituted Partnership Firm under the same firm name to takeover the business of erstwhile M/s Godbole & Co. They will retire at the conclusion of the forthcoming Annual General Meeting and have shown their willingness to continue as Auditors, if re-appointed.

The Board recommends the resolution for approval of the Members.

None of the Directors is in any way concerned or interested in passing of the aforesaid resolution.

Item No.4

Pursuant to Section 260 of the Companies Act, 1956 and Article 158 of the Articles of Association of the Company, the Board has co-opted Mr. Sushil Chandra, as an additional Director with effect from 29.03.97. According to Section 260 of the Companies Act, 1956, he will hold office upto the date of this Annual General Meeting . The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, along with the requisite deposit, signifying his intention to propose his candidature for Directorship, liable to retire by rotation.

Mr. Sushil Chandra, is an eminent businessman, having vast experience of around 30 years. It would be in the interest of the Company to continue to avail of his guidence.

The Board recommends the resolution for approval of the Members.

Mr. Sushil Chandra and Mr. Niraj Chandra, who is relative of Mr. Sushil Chandra, are deemed to be concerned or interested in the proposed resolution. None of the other Directors is in any way concerned or interested in passing of the aforesaid resolution.

Item No. 5

In the Fifth Annual General Meeting the Members have increased the borrowing powers of the Board up to Rs.25 crore under section 293 (1) (d) of the Companies Act, 1956.

Keeping in view the expected increase in the operations of the Company due to commissioning of second machine, the Company will have to resort to further borrowings from banks/ financial and other institutions. Company had created charges on the immovable and movable properties of the Company in favour of the Financial Institutions/ Bank for the loans availed and will have to create further charges by way of a security for the future borrowings.

Section 293 (1)(a) provides that the Board of Directors of a Public Company shall not without the consent of the Members in General Meeting, sale, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Mortgaging/Charging by the Company of its immovable and movable properties in favour of lending institutions as aforesaid, will tantamount to disposal of the whole or sustantially the whole of the undertaking of the Company and therefore requireconsent of the Company.

It is considered desirable that the members of the Company accord to its Board of Directors' authority under said Section upto limit of Rs. 25 Crore. The resolution is accordingly recommended for your approval.

Mr. T.A.N. Devalkar, Nominee of SICOM Ltd.,may be deemed to be concerned or interested in the resolution to the extent of financial assistance that may be sanctioned by SICOM Ltd., None of the other Directors is in any way concerned or interested in the proposed resolution.

BY ORDER OF THE BOARD OF DIRECTORS
For KAY PULP AND PAPER MILLS LIMITED

Sham A. Mulye
Company Secretary
& Manager Finance

Place : Satara
Date : 26th July, 1997

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KAY PULP AND PAPER MILLS LIMITED

NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of KAY PULP AND PAPER MILLS LIMITED will be held at 2.30 P.M. on Saturday, 27th September, 1997 at Registered Office of the Company at Gat No. 454-457, Village Borgaon 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, 1997 and the Profit and Loss Account for the year ended on that date, and Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Suhas M. Sadekar, who retires by rotation and being eligiable, offers himself for re-appointment.

SPECIAL BUSINESS

3. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT M/s. Godbole & Co., Chartered Accountants, appointed by the Board as the new Auditors of the Company in the casual vacancy caused by the death of Mr.G.V.Godbole, proprietor of M/S.Godbole & Co., be and are hereby appointed as Auditors of the Company to hold office from conclusion of this General Meeting until the conclusion of the next Annual General Meeting and that the Board of Directors of the Company be and are hereby authorised to fix their remuneration."

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

   "RESOLVED THAT Mr. Sushil Chandra, who was co-opted as an additional Director by the Board under section 260 of the Companies Act, 1956 and Article No.158 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member signifying his intention to propose him as a candidate to the office of a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

   "RESOLVED THAT the Consent of the Company be and 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 and as may be re-enacted from time to time and the Articles of Association of the Company, to mortgage and/or charge in addition to the mortgages/charges created/to be created by the Company in such form and such manner and with such ranking and at such time and on such terms as the Board of Directors may determine, all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking of the Company together with the power to take over the management of the business and concern of the Company in certain events to or in favour of SICOM Ltd, Maharashtra State Financial Corporation and State Bank Of India and such other Financial Institution and or Banks in connection with various term loans, fund/ non fund base Working Capital Limits , foreign or rupee currency loans or short term financial assistance/ bridge loans for securing the borrowings or financial assistance not exceeding Rs.25 Crore (Rupees Twenty Five crore only.) sanctioned/ to be sanctioned from time to time to the Company.

   "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the lending Financial Institutions\Banks and execute such documents\deeds\writing\ papers\agreements as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid and to do all such acts, deeds and things as may be necessary for giving effect to this resolution.

BY ORDER OF THE BOARD OF DIRECTORS
For KAY PULP AND PAPER MILLS LIMITED

Sham A. Mulye
Company Secretary
& Manager Finance

Place : Satara
Date : 26th July, 1997

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Sixth Annual Report and Audited Accounts of the Company for the financial year ended 31st March, 1997.

Financial Performance :

(Rs.in lac)

	Year ended	
	31.03.97	31.03.96
Turnover	**906.18**	1023.55
Profit before tax	**5.92**	137.88
Provision for taxation	**-**	-
Profit after tax	**5.92**	137.88
Add : Balance Brought Forward From Previous Year	**196.55**	58.67
Profit carried to Balance Sheet	**202.47**	196.55

Dividend :

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

Operations :

During the year under review inspite of higher production, the turnover of the Company remained low at Rs.906.18 lac against Rs.1023.55 lac of the previous year due to drop in selling prices by about 20% to 25%. The fall in selling prices was due to the cut-throat competition prevailed in the sluggish market conditions. Besides this, increased input costs have marred the profitability for the year and the net profit after tax stood at Rs.5.92 lac.

Company could export products worth Rs.96 lac, higher than Rs.53 lac in the previous year inspite of substantial drop in the selling prices in the international market. Directors expect similar rising trend in exports in the current year also, as the product range has got enlarged due to the addition of lower grammage variety.

The stagnant economic scenario took further down turn affecting all industries. Paper Industry being cyclical suffered much. The substantial reduction in customs duty on newsprint and writing-printing paper has resulted in to cheaper import of these varieties, virtually killing its domestic production. As a result, the mills having simultaneous production facility were forced to switch over to Kraft variety, flooding excess supply in already sluggish market resulting in to substantial drop in selling prices.

Projections V/S Performance :

The comparison of actual performance for the year 1996-97 with the projections indicated in the Prospectus dated 2nd, February 1995.

Particulars	Projections	Performance
	(Rs.in lac)	
Turnover	1294.80	906.18
Profit before Tax	270.85	5.92
Profit after Tax	190.39	5.92

The projections could not be achieved due to increased input costs, drop in selling prices and overall slump in the economy.

Prospects :

The implementation of the second machine for lower grammage as reported in the last year was completed and the commercial production has since been stabilised. Your Directors, hope that with the increase in production with these two machines and firming up of international prices of paper, Company will be able to achieve better results during the current year.

Directors :

During the year, Mr. Praveen Chandra, resigned from the directorship of the Company due to pre-occupation. The directors place on record the appreciation for the valuable guidence rendered by him during his tenure as Director of the Company.

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