

KAY PULP AND PAPER MILLS LIMITED



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**10th annual report
2000-2001**



KAY PULP AND PAPER MILLS LIMITED

BOARD OF DIRECTORS :

Mr. Sushil Chandra	
Mr. Anilkumar Gupta	
Mrs. Deepa Chandra	
Mr. Kishor A. Shivkar	Nominee of SICOM LIMITED
Dr. Anil K. Rajvanshi	Nominee of IREDA
Mr. A.T. Shaikh	Nominee of W.M.D.C. Ltd.
Mr. Niraj Chandra	Chairman and Managing Director

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

AUDITORS : M/S. GODBOLE & COMPANY
Chartered Accountants
Sai Chamber,
410, Guruwar Peth
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.

TENTH ANNUAL GENERAL MEETING MONDAY, 24TH SEPTEMBER, 2001

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

10 th ANNUAL REPORT 2000-2001**NOTICE**

NOTICE is hereby given that the Tenth Annual General Meeting of the members of Kay Pulp and Paper Mills Limited will be held on Monday, 24th September, 2001 at 3.00 p.m. at Registered Office of the Company at Gat No. 454/457, Village Borgaon, Tal./Dist. Satara : 415 519, Maharashtra, to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Report 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.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with schedule XIII to the said act, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Niraj Chandra, Chairman and Managing Director of the Company for a further period of 5 (five) years with effect from 1st January 2002 on salary of Rs.30,000/- per month, with liberty to the Board of Directors to make such alteration/modifications as may be necessary and to give effect to the decisions taken herein."

"RESOLVED FURTHER THAT Where in any financial year, during the tenure of Mr.Niraj Chandra as the Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration specified above, as minimum remuneration, subject to the provisions of schedule XIII to the Companies Act, 1956.

By order of the Board of Directors,
For KAY PULP AND PAPER MILLS LTD.

Sham A. Mulye
Company Secretary
& Manager Finance

PLACE : Satara
DATE : 31st July, 2001

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. 4 in the above notice, is appended.
3. Register of Members and Share Transfer Books of the Company will be closed from Monday, 17th September, 2001 to Monday, 24th September, 2001. (Both days inclusive.)
4. The Members are requested to get the multiple folios consolidated and to make their holdings into joint names to get the inbuilt advantage of joint holdings.
5. 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.
6. 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 - 411001.
7. Dematerialisation : The shares of the Company are compulsorily traded in demat w.e.f. 25th September, 2000. The shareholders who have not dematerialised their shares are requested to opt for dematerialisation of their shareholdings by opening DP Account with nearest Depository participants at the earliest, which will facilitate smooth purchase/sale of Company's shares.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 4**

Mr. Niraj Chandra was appointed as the Chairman and Managing Director of the Company for a period of five years w.e.f. 01-01-1997. Accordingly his term of appointment will expire on 31.12. 2001.

The Board of Directors in their meeting held on 31st July, 2001 have passed resolution for re-appointment of Mr.Niraj Chandra as Chairman and Managing Director of the Company for a further period of five years w.e.f. 01-01-2002. Keeping in view the present financial condition of the Company, Mr. Niraj Chandra had offered to work on the present salary of Rs.30,000/- per month even though the eligible salary as per schedule XIII of the Companies Act, 1956, is Rs.1,25,000/- per month.

The Board of Directors have appreciated the feelings of Mr.Niraj Chandra and opined to modify the salary as and when the situation permits. The Board of Directors recommends the proposed resolution as set out in item No.4 of the notice for your approval.

Mr. Niraj Chandra being recipient and Mr. Sushil Chandra and Mrs. Deepa Chandra being relatives are interested in the resolution. None of the other Directors are in any way concerned or interested in passing the above resolution.

This may be treated as an abstract of the terms of the contract for the purpose of Section 302 of the Companies Act, 1956.

By order of the Board of Directors,
For KAY PULP AND PAPER MILLS LTD.

PLACE : Satara
DATE : 31st July, 2001

Sham A. Mulye
Company Secretary
& Manager Finance



KAY PULP AND PAPER MILLS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report on the business and operations of your Company and Audited Accounts for the year ended 31st March, 2001.

Financial Performance :

	31.3. 2001	(Rs.in lac) 31.3.2000
Turnover	924.93	956.88
Gross Profit (PBIDT)	145.77	144.76
Interest	68.14	66.46
Depreciation	65.34	68.03
Profit before tax	12.29	10.27
Previous year taxation	1.03	0.76
Profit after tax	11.26	9.51
Add : Balance Brought Forward		
From Previous Year	228.12	218.61
Profit carried to Balance Sheet	239.38	228.12

Operations :

During the year under review the economy again took down turn. With the previous experience, Company curtailed the production according to orders and produced 5888 M.Tons of Paper against 7312 M.Tons of previous year. However with better product mix the turnover was of Rs.924.93 lac against 956.88 of the previous year. The net profit was slightly higher of Rs.11.26 lac against Rs.9.51 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.

Co-generation of power :

The erection of Power Plant has been completed. The paper division is mainly running on the captive power generation. However, export to State Electricity Board is withhold for the approval of Maharashtra Electricity Regulatory Commission (M.E.R.C.) M.S.E.B. and Company has approached M.E.R.C. for interim order allowing M.S.E.B. to purchase power from the Company and Company hopes to get the same soon.

Prospects :

The quality of the paper produced by the Company is well accepted by the market, enabling the Company to have continuous orders. With the captive power generation, the power supply is uninterrupted, supporting better paper production. As informed in the last report, once the export to State Electricity Board commences the cash flow will improve substantially, giving better results for the year.

Directors :

A Resolution for re-appointment of Mr. Niraj Chandra as Chairman and Managing Director is included in the notice for your approval.

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

Western Maharashtra Development Corporation Ltd., nominated Mr. A.T. Shaikh on the Board in July, 2001.

Corporate Governance :

In terms of the Listing Agreement with Stock Exchanges, the Company is required to comply the Corporate Governance provisions by 2001-2002. The Company has already taken steps towards complying with the requirements. The Board constituted an Audit Committee which has started functioning during the year.

Directors' Responsibility Statement under Sub-Section (2AA) of Section 217 of the Companies Act, 1956. :

In the preparation of the Annual Accounts:

- the applicable accounting standards have been followed and wherever required proper explanations relating to material departures have been given.
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- the accounts have been prepared on a going concern basis.

Listing with Stock Exchanges :

The Equity Shares of your Company are listed with Pune Stock Exchange Ltd. and The Stock Exchange, Mumbai. Company has paid the listing fee to each of the exchanges.

Due to non trading since initial listing, Company has now discontinued listing with The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd., New Delhi.

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 next Annual General Meeting.

Fixed Deposits :

As on 31st March, 2001, no deposits have remained unclaimed.

Statutory Particulars :

In terms of Section 217 (1) 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 of 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.

10 th ANNUAL REPORT 2000-2001**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 SICOM LIMITED., Maharashtra State Financial Corporation, State Bank of India, Indian Renewable Energy Development Agency Limited,

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, 2001

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, 2001.

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 :
 - i Power & Fuel consumption

	<u>2000-2001</u>	<u>1999-2000</u>
1. Electricity		
a. Purchased (Units)	26,51,466	26,80,894
b. Total Cost (Rupees)	1,23,88,574	1,20,78,805
c. Rate per unit (Rupees)	4.67	4.50
2. Bagasse consumed in Boiler		
a. Quantity (M.Tons)	6,165.000	8,355.346
b. Total Cost (Rupees)	39,73,762	39,27,792
c. Rate per unit (Rupees)	644.57	470.09
ii Consumption per unit of production		
1. Electricity		
a. Electricity (Units)	26,51,466	26,80,894
b. Production (M.Tons)	5,888.237	7,312.318
c. Units per M.Ton	450.29	366.63
2. Bagasse consumed in Boiler		
a. Quantity (M.Tons)	6,165.000	8,355.346
b. Production (M.Tons)	5,888.237	7,312.318
c. Consumption per M.Ton	1.04	1.14

B. Technology Absorption :

1. Research and Development:
Specific areas 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.
3. The Company already possesses the necessary technology to manufacture 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 to explore the foreign markets for exports
2. Total foreign exchange used and earned
a) Earned : Rs. 35,40,289 (Rs.43,62,440) b) Used : Rs. 84,94,397(Rs. 80,10,275)

For and on behalf of the Board of Directors

Place : Satara
Date : 31st July, 2001

Niraj Chandra
Chairman and
Managing Director