


KAY PULP AND PAPER MILLS LIMITED

True & Certified Copy

FOR KAY PULP AND PAPER MILLS LTD.


(SHAM A. MULYE)
COMPANY SECRETARY



Report  Junction.com

**12th
Annual Report
2002-2003**



KAY PULP AND PAPER MILLS LIMITED

BOARD OF DIRECTORS : Mr. Sushil Chandra
Mrs. Deepa Chandra
Dr. Anil K. Rajvanshi
Mr. A.T. Shaikh
Mr. Niraj Chandra
Nominee of IREDA
Nominee of W.M.D.C. Ltd.
Chairman and Managing Director

DTI CLIM RESAR CHA TION YAN TOR

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
Central Bank of India

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

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

TWELFTH ANNUAL GENERAL MEETING TUESDAY, 30TH SEPTEMBER, 2003

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

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the members of Kay Pulp and Paper Mills Limited will be held on Tuesday, 30th September, 2003 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, 2003 and the Profit and Loss Account for the period 1st July, 2002 to 31st March, 2003 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, following resolution as a Special Resolution.
"RESOLVED THAT pursuant to the provisions of the SEBI (Delisting of Securities) Guidelines, 2003, the resolution passed by the Board of Directors at their meeting held on 31st July 2003 and all other applicable laws, rules, regulations and guidelines and subject to such other approvals, consents and permission as may be necessary in this regard, the consent of the Company be and is hereby accorded to delist the Equity Shares of the Company from Pune Stock Exchange Limited, The Stock Exchange, Ahmedabad and Delhi Stock Exchange Association Ltd., New Delhi."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

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 No.4 in the above notice, is given.
3. Register of Members and Share Transfer Books of the Company will be closed from Thursday, 25th September, 2003 to Tuesday, 30th September, 2003. (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, 382/10, 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 participant 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**

Equity Shares of the Company are at present listed on The Stock Exchange, Mumbai (BSE) and Pune Stock Exchange Ltd., (PSE).

Members had already passed resolution in the Seventh Annual General Meeting authorising the Board of Directors to do necessary things for delisting the equity shares from Ahmedabad and New Delhi Stock exchanges pursuant to the guidelines then issued by SEBI. However, the Board had not acted upon in the matter, but Company had stopped paying listing fees to both these exchanges since 1997-1998 as not a single transaction has occurred on the floors of these exchanges since listing in 1996.

The equity shares of the Company listed on PSE as regional stock exchange, in the year 1995 have been rarely traded and since last 5 years there has been no trading at all.

Securities and Exchange Board of India has issued delisting of Securities Guidelines, 2003 providing for voluntary delisting of shares by the Companies from Stock Exchange/s subject to compliance with certain conditions, inter-alia, approval of shareholders by a Special Resolution passed at its general meeting.

As your Company complies with the stipulations contained in these guidelines, it is proposed to delist its equity shares from Pune Stock Exchange Ltd., The Stock Exchange, Ahmedabad and Delhi Stock Exchange Association Ltd., New Delhi, under these guidelines.

The shareholders will not suffer due to this delisting as no trading is occurring on these exchanges and with screen based trading on Mumbai Stock Exchange, trading in shares can be easily done throughout the country.

Hence, the resolution at item No. 4 of the Notice is recommended for your approval.

None of Directors of the Company are in any way concerned or interested in the resolution.

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN RESPECT OF THE DIRECTOR WHO IS RETIRING BY ROTATION AND BEING ELIGIBLE, HAVE OFFERED HIMSELF FOR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING TO BE HELD ON 30TH SEPTEMBER, 2003.

Mr. Sushil Chandra is having rich experience of more than 40 years with good rapo with various industries which will be beneficial to the Company.

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

Sham A. Mulye

PLACE : Satara
DATE : 31st July, 2003

Company Secretary
& Manager Finance



KAY PULP AND PAPER MILLS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twelfth Annual Report on the business and operations of your Company and Audited Accounts for the period 1st July, 2002 to 31st March, 2003.

Financial Performance:	(Rs.in lac)	
	Period ended 31.3.2003 (9 Months)	30.6.2002 (15 Months)
Loss before interest, depreciation etc	31.14	267.44
Interest	363.23	516.32
Depreciation	149.46	263.94
Bad debts written off	—	264.97
Provision for doubtful debts	—	35.00
Loss before tax	543.83	1347.67
Previous year taxation	—	2.36
Loss after tax	543.83	1350.03
Less : Balance of profit Brought Forward From Previous year	—	239.38
Loss carried to Balance Sheet	543.83	1110.65

Operations :

There was no much improvement in the economy but Company had suffered lot for internal problems during the period under review.

The Power division was non operational during rainy season of July-October, 2002 and was closed down for Alternator problems, till February, 2003.

To aggravate the situation the Alternator's winding burned during restarting and very lower power generation was achieved during the period. Company could generate 41,22,514 units against 70,79,611 units of previous period ended 30th June, 2002.

The working of Paper division was hampered due to stoppage of power generation, compelling Company to resort to use D.G. Set for its functioning from August 2002. Company had produced 2892 M.T. paper against 4610 M.T. of previous period.

The turnover of power division was Rs.95,16,220/- comprising export worth Rs.72,56,809/- and Rs.22,59,411/- for own consumption as against export of Rs.55,93,761/- and Rs.78,00,793/- for own consumption of the previous period.

The turnover of the paper division was Rs.3,32,01,425/- against Rs.6,08,68,396/- of the previous period.

Company had incurred loss of Rs.5,43,83,103/- against loss of Rs.13,50,03,566/- of the previous period.

Dividend :

In view of the losses suffered by the Company during the period under review. It is not possible for your Directors to recommend any dividend.

Prospects :

With the continuous efforts the operations of Power division are since been stabilised and it can continuously generate power up to 4.5 M.W. from October/November 2003 improving the cash-in-flow of the Company. With this continuous power generation, Company hopes to meet the festival demands of paper and achieve better turnover of Paper resulting in to better working of the Company.

BIFR Registration :

The Company's reference under Section 15 (1) of Sick Industrial Companies (Special Provisions) Act, 1985, has been registered by the Board for Industrial and Financial Reconstruction (BIFR) under Case No.183/2003. The hearing for determining Sickness is expected during this year.

Directors :

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

Considering the feable financials of the Company Mr. Niraj Chandra has offered his services as chairman & Managing Director without payment of any remuneration w.e.f. 1st July, 02 till the situation improves.

Directors' Responsibility Statement :-

The Directors confirm :

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- That they 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 Loss of the Company for that period;
- That to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- that they have prepared the annual accounts on a going concern basis.

Corporate Governance :

Pursuant to clause 49 of the Listing Agreement a report on corporate governance alongwith Auditors' Certificate on its compliance is attached as annexure 1 to this report.

Auditors :

You are requested to appoint the Auditors of the Company for the Current Year to hold office from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting. M/S. GODBOLE & COMPANY, retiring auditors being eligible offers for re-appointment.

12th ANNUAL REPORT 2002-2003**Auditors' Report :**

Due to the intermittent working of the Company the cash-inflow was totally disturbed resulting into non-payment of 1) Provident Fund Dues and 2) Income Tax Deducted at Source from contractors during the period 1st July, 2002, to 31st March, 2003 and the same has been stated in the report of the auditors. Efforts are being made to deposit the amounts as early as possible.

Fixed Deposits :

As on 31st March, 2003 no deposits have remained unclaimed.

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 2 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.

Delisting of equity shares from Pune, Ahmedabad and New Delhi Stock Exchanges:

Equity shares of your Company were listed on Pune Stock Exchange, as regional stock exchange and on The Stock Exchange, Mumbai, Ahmedabad and New Delhi. Members had already passed resolution in the Seventh Annual General Meeting authorising the Board of Directors to do the necessary things to delist equity shares from the Ahmedabad and New Delhi stock exchanges and Company had stopped paying listing fees to Ahmedabad and New Delhi stock exchanges

from the year 1997-98 as not a single transaction has occurred on the floors of both exchanges for almost two years since listing in May, 1995. Since last couple of years equity shares of your Company are not quoted on the Pune Stock Exchange also, but listing continued being Regional Stock Exchange.

Securities and Exchange Board of India has issued (Delisting of Securities) Guidelines, 2003 which permit Companies to voluntarily delist securities from the Stock Exchange/s, subject to certain conditions, inter-alia, obtaining prior approval of members by a Special Resolution.

As your Company complies with the said conditions, the members are requested to pass the proposed Special Resolution for delisting of shares from Pune, Ahmedabad and New Delhi, stock exchanges.

Equity shares of your Company will continue to remain listed on The Stock Exchange, Mumbai, where the same are traded regularly.

Acknowledgment :

The Management appreciates the contribution of the employees at all levels. The relation 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 LTD., Maharashtra State Financial Corporation, State Bank of India, Central Bank of India, Indian Renewable Energy Development Agency Limited, Suppliers, Customers and Shareholders of the Company in this difficult period and look forward for their continuous support in coming years.

For and on behalf of the Board of Directors

Place : Satara
Date : 31st July 2003

Niraj Chandra
Chairman and
Managing Director

ANNEXURE : 1 CORPORATE GOVERNANCE**1. Company's philosophy on Corporate Governance.**

Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. All employees are guided by a code of conduct which sets for Company's policies on important issues, including relationship with consumers, shareholders, creditors and Government.

2. Composition of Board.

The board of Directors has a mix of Executive and Non executive Directors. The Board comprises of one promoter- executive chairman and managing director and four non executive directors. Two of the four non executive directors are independent directors.

Table 1 - The composition of the Board and other director ships and committee positions held on 31.3.2003.

Sr	Name of the Director	Category	No. of other directorships	committee positions	
				As chairman	As member
1.	Mr.Sushil Chandra	Non executive	NIL	-	-
2.	Mr. Niraj Chandra	Executive	NIL	1	-
3.	Dr.Anil Rajvanshi (Nominee IREDA.)	Non executive independent	NIL	1	-
4.	Mrs.Deepa Chandra	Non executive	NIL	-	1
5.	Mr.A.T.Shaikh (Nominee W.M.D.C.Ltd.)	Non executive Independent	NIL	-	1



KAY PULP AND PAPER MILLS LIMITED

Table 2 - Attendance of Directors at Board meetings and at last AGM.

During the period 01.07.2002 to 31.03.2003, five Board Meetings were held on 27th July, 2002, 28th September, 2002, 29th October, 2002, 6th December, 2002 and 31st January, 2003.

The last Annual General Meeting was held on 14th December, 2002.

Sr.	Name of the Director	No. of Board meetings attended	Attendance at last AGM
1.	Mr.Sushil Chandra	1	Present
2.	Mr. Niraj Chandra	5	Present
3.	Dr.Anil Rajvanshi (Nominee IREDA.)	3	Absent
4.	Mrs.Deepa Chandra	3	Present
5.	Mr.A.T.Shaikh (Nominee W.M.D.C. Ltd.)	3	Absent

3. Audit Committee

The Audit Committee comprises of 3 non executive directors including two independent directors, Dr.Anil Rajvanshi, Chairman and Mr.A.T.Shaikh and Mrs.Deepa Chandra who has good financial and accounting knowledge. 3 Audit Committee meetings were held on 28th September, 2002, 29th October, 2002 and 31st January, 2003.

The Company Secretary acts as the Secretary to the committee.

The Audit Committee is responsible for overseeing the Company's financial reporting process, reviewing with the management the financial statements and adequacy of internal accounting functions and discuss significant findings on the accounting statements. The Committee acts as a link between the management, external auditors and the Board of Directors of the Company.

4. Remuneration Committee

Company has not constituted the remuneration committee as it has no pecuniary relationship or transactions with its non executive directors other than the payment of sitting fees to them for attending the meetings of the Board and the committee thereof.

Directors interest in the Company.

Table 3- Details of remuneration paid to all Directors for the financial period 01.07.2002 to 31.3.2003 are as under; (Rs.)

Sr	Name of the Director	Sitting fee	Salary	commission	Total
1.	Mr.Niraj Chandra	-	-	-	—
2.	Mr. Sushil Chandra	250	-	-	250
3.	Dr.Anil Rajvanshi.	750	-	-	750
4.	Mrs.Deepa Chandra	750	-	-	750
5.	Mr.A.T.Shaikh	750	-	-	750

*In the light of heavy losses suffered by the Company Mr. Niraj Chandra, in consultation with the Board had offered his services as Chairman and Managing Director without payment of any salary from 1.7.2002.

5. Shareholders/Investors grievance committee.

The share transfer committee comprises of Mr.Niraj Chandra, Chairman and Managing Director and Mr.Sham A.Mulye, Secretary of the Company.

The Committee meets at suitable intervals to take on record share transfers received from shareholders in physical mode and ensures despatch of certificate within time limit stipulated by the Listing Agreements with Pune and Mumbai Stock Exchanges.

Mr. Sham A. Mulye, Secretary of the Company has been designated as Compliance Officer.

12 th ANNUAL REPORT 2003-2004**6. General Body Meetings**

Location and time where last 3 Annual General Meetings were held are given below.

AGM for the Financial Year	Date	Time	Venue for all the three AGMs
1999-00	30.09.2000	3.00 P.M.	Regd. Office
2000-01	24.09.2001	3.00 P.M.	Gat No.454/457,
2001-02	14.12.2002	3.00 P.M.	A/P.Borgaon T/D.Satara - 415 519.

No special resolution was put through postal ballot at the last Annual General Meeting.

Disclosures :

- a) The transactions with related parties were undertaken in the normal course of business and were at terms and conditions, which were not prejudicial to the interest of the Company.
- b) Details of non-compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchanges, SEBI or any statutory Authorities or any matter related to Capital Markets:
The Company has complied with all the requirements of the listing Agreement with the stock exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authority on matters relating to capital markets during the last three years. Company had stopped paying Listing fees to Ahmedabad and New Delhi stock exchanges from the year 1997-98 as not a single transaction occurred on the floors of both exchanges for almost 2 years since Listing in May, 1995.

The Company proposes to delist its equity shares from Pune, Ahmedabad and New Delhi stock exchanges pursuant to recent SEBI (Delisting of Securities) Guidelines, 2003 and necessary resolution is included in the Notice for the ensuing Annual General Meeting.

MEANS OF COMMUNICATION:

Recommendation	Compliance
Quarterly Results : Whether published	Yes
Whether it also displays official news releases and presentations made to institutional investors/analysts	No
Whether shareholders information section forms part of the Annual report	Yes

GENERAL SHAREHOLDER INFORMATION :**SHAREHOLDER INFORMATION**

Financial reporting for the quarter ending 30.9.2003 Financial reporting for the quarter ending 31.12.2003 Financial reporting for the quarter and year ending 31.3.2004 Annual general meeting date and time Venue	End of October 2003 End of January 2004 April/June 2004. 30th September, 2003 at 3.00 P.M. Regd. Office : Gat No.454/457, A/P. Borgaon T/D.Satara - 415 519.
Listing of Equity shares on Stock Exchanges at.	Pune and Mumbai Stock Exchanges.
Registrar and share transfers agents Share transfer and communication regarding share certificates, dividends and change of address.	N.A. Liason Office at, 2, Krishna, 352/10, Boat Club Road, PUNE - 411 001.
Stock code The Stock Exchange, Mumbai Pune Stock Exchange Ltd, Pune	30255 KAYPU30255
Book Closure date: ISIN Nos. for the Company's Equity shares in Demat Form: Depositories Connectivity	From 25th September, 2003 To 30th September, 2003 INE961B01013 N.S.D.L. and C.D.S.L.
Complaints received during the year	Received Cleared
a. Complaints received from shareholders	3
b. Letters received from Stock exchange/SEBI	4