

KAY POWER AND PAPER LIMITED



**24th
Annual Report
2014-2015**



KAY POWER AND PAPER LIMITED

(Formerly KAY PULP AND PAPER MILLS LTD.)

| | | | |
|-------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| BOARD OF DIRECTORS | : | 1. Mr. Niraj Chandra 2. Ms. Deepa Agarwal 3. Mr. Arvind V. Kulkarni 4. Mr. Kaustubh Wadikar 5. Mrs. Smita Phadke 6. Mr. Sandeep Shahapurkar | Chairman and Managing Director (Till 04.07.2014) (from 08.07.2014) |
| COMPANY SECRETARY | : | Mr. Sagar Mohite | (from 28.05.2014) |
| AUDITORS | : | M/s. GODBOLE & COMPANY Chartered Accountants F-3, Manali Apartment, 4/2, Kesarkar Peth, Satara - : 415002 | |
| BANKERS | : | IDBI Bank Ltd. HDFC Bank Ltd. | |
| REGISTERED OFFICE | : | Gat No. 454/457, Village Borgaon, Tal Dist- Satara - 415519 Maharashtra | |
| CORPORATE IDENTITY NO. (CIN) | : | L21099MH1991PLC061709 | |
| INVESTOR SERVICE CELL | : | Liaison Office : Plot no. B -54, OLD MIDC Area, Satara - 415004 Maharashtra | |
| WEBSITE | : | www. Kaypowerandpaper.com | |

TWENTY FOURTH ANNUAL GENERAL MEETING
MONDAY, 14TH SEPTEMBER, 2015

Time : 3.00 p.m.
Venue : **Registered Office**
Gat No. 454/457,
Village Borgaon,
Tal Dist-Satara-415519
Maharashtra

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto
3. Brief resume of Directors including those proposed to be re-appointed, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
4. Register of Members and Share Transfer Books of the Company will be closed from Monday, 7th September, 2015 to Monday, 14th September, 2015 (Both Days inclusive).
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 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. Shareholders can send all documents/transfers, share certificates and all communications directly to Registrar and Transfer Agent at the address given below:-

Sharepro Services (India) Private Limited,
Unit: KAY POWER AND PAPER LTD
Sam Hita Warehousing Complex,
Warehouse No 52 & 53 Plot No. 13AB,
2nd Floor Sakinaka, Mumbai - 400072
Phone - (022) 67720400/347
Fax - (022) 67720416.

7. The shares of the Company are compulsorily traded in demat. The shareholders who have not dematerialised their shares are requested to opt for dematerialisation of their shareholding by opening DP account with nearest Depository Participant at the earliest, which will facilitate smooth purchase/sale of shares of the Company.
8. The Ministry of Corporate Affairs ("MCA") has started "Green Initiative in Corporate Governance", which provides for paperless compliances by companies through electronic mode. In accordance with provisions of Companies Act 2013, companies can now send documents and other notices to shareholders through electronic mode. Further, SEBI has also amended Clause 32 of the listing agreement to promote paperless compliances.

Therefore we request the Members who have not registered or updated their e-mail addresses so far to register/update their e-mail address with their Depository Participants (DP). Members holding shares in physical mode can then download *E-Communication Registration Form* from our company website fill up the same and send to the Registrar and Share Transfer Agent (RTA) on given address or Email sharepro@shareproservices.com

or kppl.secretarial@gmail.com. Members can also register E-mail ID online at our RTA website www.shareproservices.com (under the green initiative registration section) as well as at our company's website www.kaypowerandpaper.com.

All the communication i.e. Annual Report, Notices and other documents shall be sent to all registered shareholders in electronic form. Please note that these documents shall also be available at the Company's website www.kaypowerandpaper.com for downloading

However, Members who are desirous of obtaining hard copy of the Notice, Annual Reports and other documents may forward their written request to the Company/RTA for the same

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or RTA.
10. Members attending the Annual General Meeting are requested to bring the following for admission to the meeting hall (as applicable).
 - a) Attendance Slip duly completed and signed as per the specimen signature lodged with the Company.
 - b) Members holding shares in dematerialized form, their DP and Client ID number(s).
 - c) Members holding shares in physical form, their folio number(s).

d) Copy of the Annual Report (2014-15).

11. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e. Electric/ Telephone Bill, Driving License or a copy of the Passport and bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are in dematerialised form, this information should be passed on directly to their respective Depository Participants and not to the Company/ RTA
12. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to an Individual Member. Members holding share physical form may utilise the nomination facility available by sending prescribed Form SH. 13 duly filled to our Registrars and Share Transfer Agents viz. M/s. Sharepro Services (India) Pvt. Ltd., Unit: Kay Power and Paper Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400072. Members holding shares in dematerialised form has to send their "nomination" request to the respective Depository Participants.
13. In all correspondence with the Company, members are requested to quote their account/ folio numbers and in case their shares are held in the dematerialised form, they must quote their DP ID. and Client ID. No(s).
14. I. Voting through Electronic Means
 - a) In compliance with the provisions of clause 35B of the Listing Agreement, Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rule 2014 as amended by the Companies



(Management and Administration) Amendment Rules 2015, the Company is offering e-voting facility to all its Members to enable them to exercise their right to vote on all matters listed in this Notice of 24th AGM by electronic means and the business may be transacted through e-voting services.

The facility of casting votes by the members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') will be provided by Central Depository Services (India) Limited (CDSL).

- b) The facility for voting through ballot paper or polling paper shall be made available at the AGM venue also and the members attending the meeting who have not cast their vote by remote e- voting shall be able to exercise their right at the meeting through ballot/ Polling paper.
- c) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

For this purpose, the Company has entered into an Agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting.

The instructions for members for voting electronically are as under:-

A) In case of members receiving e-mail:

- (i) Shareholders should log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,

- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (iv) Next enter the Image Verification as displayed and Click on Login.

- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN- Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field.
- In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

DOB# Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details# Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter **the number ID / Folio no. in the Dividend Bank details field as mentioned in instruction (iii).**

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES

or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Note for non- Individual Shareholders and Custodians.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.



- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

B) In case of members receiving the physical copy:

Please follow all steps from sl. no. (i) to sr. no. (xvii) above to cast vote.

- II. (a) The voting period begins on Friday 11th September 2015 at 9.00 am and ends on Sunday 13th September, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 7th September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (b) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- III. a) M/s. Neha Doshi & Co. Company Secretaries has been appointed as Scrutinizer to Scrutinize voting process in a fair and transparent manner.
- b) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion

of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forth with to the chairman of the company.

- c) The result shall be declared on or after the AGM of the company. The result declared along with the Scrutinizers' Report shall be available for inspection and also placed on the website (www.kaypowerandpaper.com) within prescribed period

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice

Item no. 4

Pursuant to sub-section 1 section 188 of the Companies act 2013 and rules made there under, except with the prior approval of the shareholders of the company by a Special Resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into-

- (i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees one hundred crore, whichever is lower
- (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent of net worth of the company or rupees one hundred crore, whichever is lower.
- (iii) Leasing of property of any kind

exceeding ten percent of the net worth of the company or ten percent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;

- (iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees fifty crore, whichever is lower.

Further Pursuant to sub-section (3) of section 188, where any contract or agreement is entered into by the directors or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting as stated above and if it is not ratified by the board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract and arrangement was entered into, such contract or arrangement shall be voidable at the option of the board.

The proviso to section 188 also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis.

Directors/Board of Directors of the company has entered into the contract/ agreement with the related party M/s. Kay Bouvet Engineering Limited for design, manufacturing, supplying, erecting and commissioning the paper machines worth of Rs. 700, 00,000/- (Seven Crores Only) plus taxes extra on prevailing market price, for expansion of current capacity of paper division of the company from 15000 TPA To 20000 TPA without obtaining the prior approval of shareholders of the company in general meeting for early completion of expansion project. Therefore board of directors of the company has recommended this resolution for ratifying the aforesaid

related party transaction by the shareholders of the company as per the sub section 3 of section 188 of the Companies act 2013.

The aforesaid related party transaction which has entered by a Directors/Board of Directors of the company with the M/s Kay Bouvet Engineering Limited is on prevailing market conditions hence on arm's length basis. The said related party transaction is exceeding the 10% of annual turnover of the company hence contract is considered as a material in nature. The above contract/agreement was entered with the prior approval by the audit committee and board of directors in their meetings held on dated 25th June, 2015.

Information as per the rule 3 of the companies (Meeting of the Board and its powers) second amendment rule, 2014

1. Name of the Related Party - M/s. Kay Bouvet Engineering Limited
2. Name of the Director or Kay managerial Personnel who is related, if any -
 1. Mr. Niraj Chandra
 2. Mrs. Deepa Agarwal
3. Nature of Relationship : Mr. Niraj Chandra holding a position as a Managing Director in both the companies and Mrs. Deepa Agarwal wife of Mr. Niraj Chandra holding more than 2% Shareholding in related party. As well as relatives of aforesaid directors have shareholding interest in related party.
4. Nature, material terms, monetary terms value and particulars of the contract or arrangement : - the contract entered for supplying the design, erecting, manufacturing, supplying and commissioning the paper machine for worth is Rs. 7,00,00,000/- (Seven Crores only) plus taxes extra.



5. The contract has been entered on the prevailing market conditions hence on arm's length basis but exceeding the 10% of annual turnover of the company therefore contract is considered as a material in nature and does not come under the ordinary course of business. The above contract/ agreement was approved by the audit committee and board of directors at their meetings held on dated 25th June, 2015.

As per second proviso to section 188 (1) of the Companies Act 2013, if any member is a related party in any contract or arrangement, then that party shall not vote in the resolution, wherein such contract or arrangement is considered for approval. Therefore, Mr. Niraj Chandra, Chairman and Managing Director and Mrs. Deepa Agarwal, Director of the

company and their relatives who have shareholding interest in related party will not vote in the above resolution.

Except above, none of the other Directors, Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the said Resolution.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the shareholders

By Order of the Board of Directors
For KAY POWER AND PAPER LTD.

Place: Satara
Date: 25th June, 2015

NIRAJ CHANDRA
CHAIRMAN &
MANAGING DIRECTOR